



REPORT TO CITY COUNCIL

Approved by:

Wendy Silva
Wendy Silva, Director of Human Resources

Arnoldo Rodriguez
Arnoldo Rodriguez, City Manager

Council Meeting of: June 16, 2021

Agenda Number: B-4

SUBJECT:

Side Letter Agreements regarding the City's contribution to health insurance

RECOMMENDATION:

Adopt a minute order:

1. Approving Side Letter Agreements with the Mid Management Employee Group (MM) and the Madera Affiliated City Employees' Association (MACEA) modifying the City's contribution to health insurance effective July 1, 2021; and
2. Authorizing the City Manager to sign the Side Letters

SUMMARY:

The existing Memorandums of Understanding (MOUs) between the City and MM, as well as the City and MACEA representing the General Bargaining Unit (GBU), will expire June 30, 2021. Representatives of the City and respective units are engaging in the meet and confer process to negotiate successor MOUs. In the interim, the City's health insurance will be renewing with new plans and providers effective July 1, 2021. The City and bargaining unit representatives have reached agreement on the terms of a Side Letter Agreement with each unit identifying the City's contribution to be effective for these new plan offerings. The specific Side Letter Agreements are attached to this report, and if approved, will remain in effect until successor MOUs are finalized and adopted by both parties.

DISCUSSION:

The City Council took action at its May 19, 2021, meeting to modify the City's health plan offerings. Specifically, the City will be joining the PRISMHealth pooled program and offering employees a choice of four (4) health plans from two (2) providers: Anthem and Kaiser. While the negotiations for successor MOUs have made significant progress towards reaching

agreement, the City and bargaining units desire to enter into Side Letter Agreements specific to the City’s contribution to health insurance to coincide with the July 1, 2021 health plan year.

Table 1 summarizes the proposed City contribution for each plan and the out-of-pocket premium expense for employees selecting that plan. If approved, the City will also be increasing the amount provided to employees who waive coverage. Waiver of coverage will continue to require proof of other group health coverage.

Table 1: Monthly Health Contributions by City		
<i>Coverage Level</i>	<i>Kaiser</i>	<i>Anthem</i>
Waiver	\$450	
EE Only	\$807.54	\$882.54
EE + 1	\$1,475.99	\$1,612.99
EE + Family	\$2,143.06	\$2,339.06

Table 2: Monthly Employee Premium Out-of-Pocket				
<i>Coverage Level</i>	<i>Kaiser Core</i>	<i>Kaiser Buy-up</i>	<i>Anthem Core</i>	<i>Anthem Buy-up</i>
EE Only	\$0	\$95	\$0	\$85
EE + 1	\$0	\$173	\$0	\$154
EE + Family	\$0	\$248	\$0	\$221

FINANCIAL IMPACT:

The existing health plan proposed an increase of about \$810,000, or 24.7% higher than 2019/20 premiums. Because the City took action and changed the health plan offerings for 2020/21, it is anticipated this increase will be reduced by approximately \$225,000 city-wide by the change to PRISMHealth, making a net increase of about \$585,000 for all City employees, or 17.9 % higher than 2019/20.

Based on current enrollment, the increase to the waiver amount is estimated to cost approximately \$86,000 more per year for all employees. However, it should be noted that substantial savings are experienced by the City should an employee elect the waiver over enrollment.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN:

Pay and benefits for City employees are not addressed in the vision or action plan; the requested action is also not in conflict with any of the actions or goals contained in that plan.

ALTERNATIVES:

If the Council does not take action on the resolution, existing agreement terms will continue until a successor MOU is agreed upon. Under current MOU language, employees would pay for any difference in the City’s 2020/21 contribution and plan premiums effective July 1, 2021.

ATTACHMENTS:

1. Side Letter Agreement #2 between the City of Madera and the Mid Management Employee Group
2. Side Letter Agreement #2 between the City of Madera and the Madera Affiliated City Employees' Association

**SIDE LETTER AGREEMENT #2
BETWEEN THE CITY OF MADERA
AND
THE MID MANAGEMENT EMPLOYEE GROUP**

The parties have conferred, and do hereby agree to the following changes to the Memorandum of Understanding between the City of Madera and the Mid Management Employee Group dated December 4, 2019 to June 30, 2021:

Section 1.

Article 18 – Insurance Benefits is amended to read as follows:

Article 18 – Insurance Benefits

Effective July 1, 2021, the City's defined contribution towards health insurance will be capped as follows. The Kaiser defined contribution will apply to the Kaiser Core and Kaiser Buy-up plans. The Anthem contribution will apply to the Anthem Core and Anthem Buy-up plans. At no time will the City's contribution exceed the combined premium for medical, dental and vision insurance at each enrollment level.

City Contribution	Enrollment Level		
Plan Provider	EE Only	EE+1	EE+Family
Waiver with Proof of Coverage	450		
Kaiser	807.54	1475.99	2143.06
Anthem	882.54	1612.99	2339.06

This Side Letter Agreement is effective upon adoption and shall remain in full force and effect until a successor Memorandum of Understanding between the City of Madera and the Mid Management Employee Group is fully executed by both parties.


Ari Adams (Jun 8, 2021 09:29 PDT)

Ari Adams, President

Jun 8, 2021

Date

Arnoldo Rodriguez, City Manager

Date


John Dalrymple (Jun 8, 2021 10:19 PDT)

John Dalrymple, CEA Representative

Jun 8, 2021

Date

**SIDE LETTER AGREEMENT #2
BETWEEN THE CITY OF MADERA
AND
MADERA AFFILIATED CITY EMPLOYEES' ASSOCIATION**

The parties have conferred, and do hereby agree to the following changes to the Memorandum of Understanding between the City of Madera and the Madera Affiliated City Employees' Association dated December 4, 2019 to June 30, 2021:

Section 1.

Article 27 – Health and Welfare is amended to read as follows:

Article 27 – Health and Welfare

Effective July 1, 2021, the City's defined contribution towards health insurance will be capped as follows. The Kaiser defined contribution will apply to the Kaiser Core and Kaiser Buy-up plans. The Anthem contribution will apply to the Anthem Core and Anthem Buy-up plans. At no time will the City's contribution exceed the combined premium for medical, dental and vision insurance at each enrollment level.

City Contribution	Enrollment Level		
Plan Provider	EE Only	EE+1	EE+Family
Waiver with Proof of Coverage	450		
Kaiser	807.54	1475.99	2143.06
Anthem	882.54	1612.99	2339.06

This Side Letter Agreement is effective upon adoption and shall remain in full force and effect until a successor Memorandum of Understanding between the City of Madera and the Madera Affiliated City Employees' Association is fully executed by both parties.

Dustin Pickett

Dustin Pickett (Jun 4, 2021 10:10 PDT)

Dustin Pickett, MACEA President

Arnoldo Rodriguez, City Manager

Jun 4, 2021

Date

Date

John Dalrymple

John Dalrymple (Jun 4, 2021 11:13 PDT)

John Dalrymple, CEA Labor Representative

Jun 4, 2021

Date