

**AMENDMENT  
to the  
AGREEMENT  
Between  
THE CITY OF BOSTON  
and  
THE PUBLIC EMPLOYEE COMMITTEE  
July 1, 2015 through June 30, 2020**

This Amendment to the Memorandum of Agreement between the City of Boston and the Public Employee Committee ("PEC") in effect from July 1, 2015 through June 30, 2020 (herein after the "2015-2020 PEC Agreement"), is entered into on this tenth day of January 2017, by the City of Boston, including the Boston Public Schools ("City") and the PEC (collectively "the Parties").

WHEREAS, the City is a public employer providing certain health insurance coverage to its subscribers (i.e., employees, retirees, surviving spouses and dependents);

WHEREAS, on or about May 4, 2011, the City, by Majority vote of the City Council and approval of the Mayor, accepted M.G.L. c. 32B, Section 19 ("Section 19");

WHEREAS, the City and the PEC entered into an agreement pursuant to Section 19 that set forth the Parties' agreement with respect to health insurance benefits for the City's subscribers for the limited time period of July 1, 2011, through June 30, 2015 ("2011-2015 PEC Agreement");

WHEREAS, the 2011-2015 PEC Agreement was set to expire on June 30, 2015;

WHEREAS, the City and the PEC wished to remain in Section 19 bargaining and entered into a successor to the 2011-2015 PEC Agreement; the 2015-2020 PEC Agreement, which set forth and established the Parties agreement with respect to health benefits for the City's subscribers for the limited time period of July 1, 2015 through June 30, 2020;

WHEREAS, the Parties find it necessary to modify some of the timelines and requirements of the 2015-2020 PEC Agreement outlined in Paragraphs 9 and 10 and Appendix B;

NOW, THEREFORE, the Parties agree as follows:

**(1) Paragraph 9 of the 2015-2020 PEC Agreement entitled Prescription Drug Carve Out RFP. The existing language shall be modified as follows:**

The City and the PEC agree that during the life of the 2015-2020 PEC Agreement the City will issue an RFP to carve out Prescription Drug benefits. The objective of the prescription drug carve out will be to lower costs through competitive pricing terms and not lower costs through limited formularies, pharmacy networks, or modifications to standard pharmacy benefit management practices (i.e., step therapy, quality limits, or prior authorization). The Parties will endeavor to maintain the same formulary for both non-Medicare and Medicare plans; however, some differences may exist as necessary to comply with the Centers for Medicare and Medicaid Services ("CMS") requirements for Medicare prescription drug plans, such as PDP. The RFP is targeted to be completed no later than June 30, 2020.

(2) Paragraph 10 of the 2015-2020 PEC Agreement entitled Medicare RFP. The existing language shall be modified as follows:

The City and the PEC agree that during the life of the 2015-2020 PEC Agreement the City will issue an RFP for Medicare plan design changes and consolidation consistent with the terms contained in the Modified Appendix B of this agreement. The RFP is targeted to be completed with contracts awarded no later than June 30, 2020.

(3) Appendix B is replaced with the Modified Appendix B of this Amendment.

(4) Signatories. The signatories are authorized to bind their principals.

In witness hereof, the City of Boston and the PEC have caused this agreement to be signed on January 10, 2017.

FOR THE CITY:

[Signature]

[Signature]

[Signature] DHR-HBI

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FOR THE PUBLIC EMPLOYEE COMMITTEE:

[Signature] AFSCME 1526

[Signature] USW 5274 9158

[Signature] BPS Custodian

[Signature] BPS of

[Signature] BASAS

[Signature] BPPA

[Signature] BFD 718

[Signature] BPDDBS

[Signature] BTU #66

Paul Smith PAA



## Changes to Medicare Plans

**Premium Share:** As referenced in the 2011-2015 PEC Agreement, for coverage effective July 2015, the retiree premium share for all Medicare plans shall increase by 1%.

Effective July 1, 2017, the retiree premium share for all Medicare plans shall increase by 1%.

**Copays:** Effective July 1, 2017 or later, the copays for Medicare plans shall be changed to the following (to the extent that the plans can comply with this design):

- Office Visits - \$15
- Inpatient Hospital - \$50 per admission (max 1 copay/person/quarter)

The City and PEC also agree to the following:

1. An RFP will be issued for three Medicare plan types (to include an indemnity/nationwide plan, local plan, Medicare Advantage plan) with the plan design changes above. The RFP is targeted to be completed with contracts awarded prior to June 30, 2020.
2. Through the Medicare Plan RFP and Prescription Drug Carveout RFP process, cost savings options such as PDP plans will be evaluated and implemented if savings are generated without significant disruption.
3. Effective July 1, 2017, there shall be no new enrollment into the Master Medical A&B Carveout Plan.
4. No earlier than January 1, 2018, the Master Medical A&B Carveout Plan will be eliminated and replaced with an alternative Medicare Plan with the following plan design requirements:
  - i. Medical co-pay and benefit designs that most closely reflect those of the City's HPHC Medicare Enhance Plan (greatest enrollment plan) in effect on the same date.
  - ii. Pharmacy benefits and co-pay structure that most closely reflect those of the City's HPHC Medicare Enhance Plan (greatest enrollment plan) in effect on the same date, but with a Medicare Part D (or PDP) plan and formulary.
  - iii. Retiree Premium Shares will decrease from 27% to the same contribution percentage in place for the other Medicare plans at that time. This will occur at the time the replacement plan with PDP is implemented and the Master Medical A&B Carveout Plan is eliminated.
5. Throughout the duration of this agreement, the City of Boston shall continue to reimburse fifty-percent (50%) of the cost of Medicare Part B to all retirees who are enrolled in one of the City's Medicare products. The process, procedures, eligibility and all other matters related to Medicare Part B reimbursement shall be consistent with the City's current practice.