

# MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is between the employer representatives of the school districts which are members of the F-E-H Health Benefits Consortium and the local unions which are duly recognized as bargaining agents for the employees in the aforementioned member school districts, subject to ratification by the respective parties.

## Districts

Franklin-Essex-Hamilton BOCES  
Brushton-Moira Central  
Chateaugay Central  
Lake Placid Central  
Malone Central

St. Regis Falls Central  
Salmon River Central  
Saranac Lake Central  
Tupper Lake Central

## Unions

### Teachers:

F-E-H BOCES Teachers' Association  
Brushton-Moira Teachers' Association  
Chateaugay Chapter, NYSUT  
Lake Placid Education Association, NYSUT  
Malone Federation of Teachers  
St. Regis Falls United Teachers Association  
Salmon River Teachers Association  
Saranac Lake Teachers' Association  
Tupper Lake United Teachers

### Non-Instructional:

F-E-H BOCES CSEA  
Brushton-Moira Non-Teaching Association  
Chateaugay Central CSEA  
Lake Placid Central CSEA  
Malone Central School Unit of CSEA  
St. Regis Falls Non-Instructional Association  
Salmon River Central Unit of CSEA  
Saranac Lake Central CSEA  
Tupper Lake Central CSEA

### Administrators:

F-E-H BOCES Administrators' Association  
Malone Central Administrators' Association  
Salmon River Central Administrators & Supervisors Association  
Saranac Lake Supervisory Unit

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1. The parties shall establish a governance structure which provides joint and equal representation for employers and employees effective upon signing of the Memorandum of Understanding. Such joint board will be composed of nine (9) school district representatives and nine (9) bargaining unit representatives.

The parties are currently investigating the proper legal vehicle which must be established in order to effect the intended governance structure. Once that is determined, it is the intent of the parties to take any and all necessary actions to put this joint governance structure in place. Meanwhile, a joint board will be created as defined above. Any decisions made by this joint board will come before the current Board of Directors with the understanding that said decisions shall be approved.

2. Reserves and surpluses during the initial period commencing July 1, 1996 and further referenced in item 14 will be maintained as follows:
  - A. Reserves - equal to 25% of Projected Annual Claims.
  - B. Unencumbered Surplus - 7% of Projected Premiums.

The governing board of the consortium specified in item 1 above shall determine the allocation and use of funds in excess of reserves and/or unencumbered surplus amounts/percentages. It is agreed and understood that no new benefits will be added to the plan prior to July 1, 1999 except as mandated by law.

3. The Consortium will maintain annual premiums for the 1996-97, 1997-98 and 1998-99 school years as follows, (subject to per capita entitlement calculations; see item 12E).

|                 |   |          |
|-----------------|---|----------|
| Single Coverage | - | \$2,280. |
| Family Coverage | - | 6,012.   |
| Single Over 65  | - | 444.     |
| Family Over 65  | - | 852.     |

These premiums cannot be changed during the aforementioned three-year period except under extraordinary circumstances to be determined by the joint governing board or as necessitated by per capita entitlement calculations.

However, in no instance will participating districts be liable for premium increases over and above the Bureau of Labor Statistics for Northeastern United States Medical CPI for the latest 12 month period available as of March 1 in any given year, except as necessitated by per capita entitlement calculations.

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4. The drug co-pay amounts and major medical deductible amounts will be:

A. Drug Co-Pay (*Preferred Choice Plan, effective January 1, 1997*)

Amounts

|          |   |
|----------|---|
| \$3.00   | - Generic   |
| \$5.00*  | - Brand name, if doctor indicates "dispense as written" (DAW) |
| \$0.00** | - Mail order  |

\*1 If a generic equivalent does not exist, the generic co-pay will apply.

\*2 At the employee's option, if doctor does not indicate DAW, then the brand name is available only upon the payment of the brand name co-pay and the difference between the cost of the brand name drug and the generic drug.

\*\* All maintenance drugs must be obtained by mail order and must be the generic variety unless the prescribing doctor indicates DAW.

B. Major Medical Deductible (*Effective January 1, 1997*)

Amounts

\$150/\$450

5. The "triggering event" which would necessitate the governing board to act by March 1, 1999 effective on July 1, 1999 for the 1999-2000 school year and on March 1, for any school year thereafter would be a projected diminishment of reserves and surpluses below the agreed upon levels as specified in item 2 above determined by the Plan's Consultant and subject to independent verification should a majority vote of the governing body demand such, after a premium increase equivalent to the Bureau of Labor Statistics for Northeastern United States Medical CPI for the latest 12 month period available as of March 1 in any given year has been applied in any applicable plan year (school fiscal year).

6. All participating districts in the Franklin-Essex-Hamilton Health Insurance Consortium will establish a flexible spending plan pursuant to IRS Section 125 regulations which shall go into effect no later than January 1, 1997. Such plan shall be administered by a plan administrator initially agreed upon by the negotiating teams. Subsequent to adoption of such plan, the plan's operating procedures shall be determined by the governing board and any applicable IRS Regulation(s). This plan may be utilized for premium payments, dependent care, and unreimbursed medical expenses.

7. Parties ratifying this Memorandum of Understanding as outlined in item 15 hereby agree to simultaneously incorporate this Memorandum of Understanding into their respective Collective Bargaining Agreements.

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8. Any "other" agreements entered into by the respective parties that are in conflict with the terms or intent of the agreement reached in this negotiation shall be amended to incorporate the terms and/or intent of said agreement as necessary and/or appropriate.
9. Any rights guaranteed to members and dependents, retirees and their dependents under the Consortium shall not be diminished or altered except as expressly stated in this Memorandum or later approved by the joint governing board.
10. Employee members of the governing board will be released from work to attend any meetings of the governing board or of its subcommittees. Meetings will be held quarterly during the school day except as otherwise agreed to by the governing board.
11. If a majority of the full governing board fails to agree on the meaning or interpretation of any of the terms of this Memorandum and/or the legal document(s) which are created to effect the joint governance structure, the issue shall be submitted to the American Arbitration Association for expedited adjudication of the dispute. The power of the arbitrator shall be limited to the resolution of the meaning and/or interpretation of specific language found in this Memorandum and/or the joint governance document(s) referenced above; and, the arbitrator shall have no power to add to, amend, or delete any of the terms of this Memorandum and/or the joint governance document(s). The decision of the arbitrator shall be final and binding on the parties to this Memorandum.
12. Dual Coverage
  - A. All existing contract language regarding dual coverage remains in effect through June 30, 1997. Effective with the signing of this memorandum, present employees may not change coverage without a change in marital status, gain/loss of dependents or other change in life circumstances affecting health insurance coverage.
  - B. Effective January 1, 1997, new hires and their spouses are restricted to one family coverage or, at their option, two individual coverages. Employee spouses choosing family coverage under this provision will both be named equally as covered employees. For actuarial purposes, claims will be aggregated according to the birthday rule and the total amount will be divided effective at the end of the school year if the spouses are employed in different school districts within the Consortium. The Consortium shall assure that claims for the employee(s), their spouses and dependents for any and all health insurance claims which would have been paid if each employee had opted for a family plan will be paid.

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- C. Effective July 1, 1997, all employees and their spouses are restricted to one family coverage, or at their option, two individual coverages. Employee spouses choosing family coverage under this provision will both be named equally as covered employees. For actuarial purposes, claims will be aggregated according to the birthday rule and the total amount will be divided effective at the end of the school year if the spouses are employed in different school districts within the Consortium.

The Consortium shall assure that claims for the employee(s), their spouses and dependents for any and all health insurance claims which would have been paid if each employee had opted for a family plan will be paid.

- D. New premium rates will be computed effective July 1, 1997 based on the gain/loss of single and family coverage at a level necessary to generate a pool of money as if no change was made. Effective March 1, 1997 and on March 1st each year thereafter, a demographic comparison of the number of employees otherwise eligible for a second family coverage shall be performed. If the number of such employees has changed in comparison to the prior year, then the total pool of money may be increased or decreased accordingly as determined by the governing board. Any adjustment shall be reflected in the following year's premium rates. The freeze on rates for 97-98 and 98-99 does not apply to the redistribution of the total premium dollars. Effective July 1, 1997 and each year thereafter, the total pool of money shall be adjusted to reflect changes in per capita enrollment and all applicable premium increases.

It is agreed and understood that participating districts reserve the right to phase in the necessary premium adjustments over a two (2) year period as follows:

- Billed rates for 97-98 will reflect 50% of the impact of the new premiums.
- Billed rates for 98-99 will reflect 100% of the impact of the new premiums.

- E. The billed rates for 98-99 form the basis upon which the analysis of the plan performance and the projection for 1999-2000 will be made. That is, the maximum increase in district cost shall include any increases resulting from per capita enrollment increases and application of the Medical CPI as defined elsewhere, applied to the new higher rates.

13. Contracts with proposed third party administrators and plan consultants will be bid at the conclusion of the current contracts. The contract for prescription drug coverage will be bid immediately.

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14. There shall be a moratorium on negotiations for employee health insurance contributions or health insurance benefits at the individual district tables commencing upon the ratification of this Memorandum and expiring July 1, 2002. This moratorium does not extend to any other insurance benefits, such as dental, optical, life, disability, etc.
  
15. This Memorandum of Understanding is subject to review prior to October 1, 1996 by legal representatives of both parties. In order to participate in this Memorandum of Understanding, parties must take appropriate action prior to November 1, 1996.

FOR THE UNIONS:

CSEA:

By: Charles Bird  
Charles Bird

By: Mary W. Hanna  
Mary Hanna

By: Betty J. Demers  
Betty Demers

By: Ken Lushia  
Ken Lushia

NYSUT:

By: Lynn Blais  
Lynn Blais

By: Greg Littell  
Greg Littell

By: Pamela B. Martin  
Pamela Martin

By: Deborah A. Taylor  
Deborah A. Taylor, for and on behalf of the  
NYSUT Affiliated Unions

By: Richard R. Van Wormer  
Richard R. Van Wormer, for and on behalf  
of the NYSUT Affiliated Unions

FOR THE DISTRICTS:

By: Gerald Blair  
Gerald Blair

By: Patrick Calnon  
Patrick Calnon

By: David DeSantis  
David DeSantis