

2016 Wages and Healthcare Collective Bargaining Review



MCO and the Office of the State Employer have reached a Tentative Agreement (TA) that calls for 5% in wage increases over two years and a slight enhancement to health care language.

The TA addresses wages and healthcare in 2017 and 2018. The TA calls for a 3% base increase in October 2017 and a 2% base increase in October 2018. The TA enhances health care language concerning hearing aids. After that language is added, health care will remain status quo through September 2019, if members approve the TA.

Non-economic provisions were negotiated in fall 2015 and run through December 2018. You may recall that last fall, the Office of the State Employer (OSE) insisted on a one-year contract on wages and health care due to their uncertainty about the federal excise tax on premium

health care plans (known as the Cadillac Tax). The Cadillac Tax effective date has since been postponed. This is why wages and healthcare for 2017 and 2018 were negotiated this year.

Please review this summary so you can fully understand what is being proposed. Every member will have to decide if this agreement meets their needs. **The bargaining team, which is the MCO Executive Board, strongly supports ratification. After years of health care cost increases, this agreement will put some money in members' pockets. With significant raises and no changes to health care costs, this TA takes members forward.**

Thank you, members, for taking the bargaining survey and for voting. Your voice counts.

Summary of changes

WAGES

3.0% base hourly rate increase on October 1, 2017.

2.0% base hourly rate increase on October 1, 2018.

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- **No plan design changes for the State Health Plan (SHP) PPO and HMO.**
- **Updating LOU #15 and incorporating parts regarding the Federal Excise Tax Implications into Article 30 (changes underlined in bold):**

*"The aggregate cost for the SHP PPO and HMO's extending into **2020** must fall below the federal excise tax thresholds established by the IRS under PPACA. The aggregate cost which must be counted toward the applicable **2020** federal excise tax threshold will be calculated in accordance with IRS guidelines...."*

*The Employer agrees to provide notice as soon as administratively feasible, but not later than July 15, **2019**, of the SHP PPO rates and HMO rates for **FY 20**. If the aggregate cost for any one of the health insurance plans offered by the State for enrollment (the SHP PPO or any HMO's) extending into **2020** exceeds federal excise tax thresholds established by the IRS, the parties agree that beginning with the Flexible Spending Account (FSA) enrollment for calendar year **2020**, the medical spending account option will be reduced or eliminated to maintain aggregate cost below the applicable **2020** federal excise tax thresholds, unless prohibited by law, or if doing so would invalidate the plan in whole or in part resulting in additional costs to the employer and/or employees."*

- Add language to Article 30, Section C (a) that one or more Dental Maintenance Organization(s) shall be explored.
- Add to Appendix F that Hearing Aids are a covered benefit in-network under the State Health Plan PPO with a footnote:
"Deluxe hearing aids are covered at the same rate as basic hearing aids with the member paying the remainder. Discount hearing aids are offered through the SHP PPO."