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**\*\*\* PLEASE POST ON TCEA BULLETIN BOARDS \*\*\***

Thursday, May 23, 2019

**TO:** All TCEA members  
**FROM:** Joe Rose, TCEA Attorney  
**RE:** TCEA labor contract negotiations update

Dear TCEA members:

I am writing to provide you with a status update on labor negotiations with representatives of the City of Turlock, which just commenced on May 9.

TCEA representatives have met with City representatives for a first meeting on May 9. The City made a proposal for a 1-year memorandum of understanding with design changes to the health plan.

### **Proposed Health Plan Design Changes**

Overall, the health plan design changes appear to be beneficial and much needed. However, the City is proposing employees pay a sizeable share of the monthly health, dental, and vision premiums that, according to our analysis, would result in a net wage reduction for TCEA represented employees of between 2% on the low end and 19% on the high end, depending upon each individual employee's wage range and step, and health enrollment selection (i.e. employee only, employee plus spouse, employee plus children, or employee plus family).

The average net wage reduction that would result from the City's proposal appears to be about 8% across all categories, with a net wage reduction range of between 3% and 6% for employee-only enrollees.

### **Proposed Elimination of Opt-Out Contributions to Deferred Compensation**

The City has also proposed to eliminate payments to employees who opt-out of the City's group health plan because they have employer-sponsored group coverage through another source such as, for example, a spouse.

A copy of the City's May 9 proposal is attached to this memo so you can determine for yourself how it would affect your own household income.

### **Prior Labor Negotiations on Healthcare**

During the history of negotiations on healthcare plan design changes, TCEA and the City promised each other to work in a “collaborative bargaining process” to design and implement a less expensive healthcare plan by July 1, 2019. That promise is reflected in Section 13:02 of the TCEA MOU, which reads, in relevant part:

#### ***13:02 Collaborative Health Care Bargaining***

*TCEA and the City recognize the need to implement a new health care system and that the goal is to design a less expensive health care plan by July 1, 2019 and 100% of the savings, as determined during the collaborative bargaining process, will be given back to the employees in a manner determined during the collaborative bargaining process.*

We reaffirmed this promise by including this language in our most recent MOU.

As you can see, the City and TCEA promised each other that “100% of the savings” from the less expensive healthcare plan we agreed upon “will be given back to the employees...” We have reminded City representatives of this promise.

### **City’s Budget Condition**

As everyone now knows, the City has stated it has (or had) a large structural deficit that it needs (or needed) to bridge in its Fiscal Year 2019-20 budget. One motivation for the City’s proposal for employees to share in the cost of health premiums was to help the City close its stated budget gap. We are investigating and analyzing the City’s budget condition and seeking information about this contention.

### **Ongoing Negotiations**

Negotiations between TCEA and City management representatives have just begun. We’ve had only one meeting (on May 9). TCEA has not yet made any proposals or counterproposals. Our next meeting is scheduled for June 11. We are gathering and analyzing needed information, and formulating a response based upon direction from your elected Board of Directors.

TCEA is committed to negotiating with City representatives in **good faith** through a **collaborative bargaining process** to find a healthcare solution that addresses the shared and respective interests of City leadership and its workforce represented by TCEA. TCEA is also committed to negotiating in good faith on other matters of concern to TCEA members and City leadership.

**Memorandum of Understanding Expires June 30, 2019**

Our Memorandum of Understanding (MOU) expires on June 30, 2019. We will endeavor to reach a tentative agreement and bring it to you for a secret ballot vote before the MOU expiration date, if possible. Then again, this process could take longer than that, depending upon the progress made during negotiations. If we are still bargaining after the expiration of the MOU then the current MOU terms will remain in effect until we reach a successor agreement (or following exhaustion of legally required impasse procedures, which we sincerely hope to avoid).

**Unfilled Position Eliminations and Threatened Layoffs**

As we all have learned from the City Manager's communications, the City intends to eliminate or not fill some vacant positions, and to eliminate some filled positions. Elimination of filled positions could result in the layoff of TCEA represented employees depending upon application of the Layoff Procedures described in Section 33:00 of the TCEA MOU, on pages 31 through 34.

**Any TCEA member adversely affected by a notice of layoff may call my law office at 1-800-456-3767 for assistance and guidance with that process.**

**A Developing Situation**

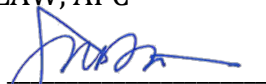
We are all experiencing a developing situation. As more information becomes known to us, we will continue to share it with TCEA members. We intend to engage you, the members, as we move forward. Please be assured that your elected Board of Directors places the interests of TCEA members and their families as paramount through this process and is actively engaged with TCEA's legal team to navigate these waters.

If you have any questions, constructive criticisms, or suggestions, please channel those through one of your elected TCEA Board members so it can be communicated back to your negotiations and legal teams in an organized way. Thank you.

Sincerely,

ROSE LAW, APC

By:



**JOSEPH W. ROSE**

*Attorney for Turlock City  
Employees Association*

**CITY OF TURLOCK  
TURLOCK CITY EMPLOYEES ASSOCIATION  
2019-2020 SUCCESSOR MOU LABOR NEGOTIATIONS**

CITY PROPOSAL

May 9, 2019

As part of the ongoing labor negotiation process, the City makes the following proposal as set forth below. The City reserves the right to make proposals on additional topics during the labor negotiation process.

**1:00 TERM OF AGREEMENT**

July 1, 2019 to June 30, 2020

**13:00 INSURANCE**

Health Insurance Benefits

The City proposes to delete the current contract language and replace with the following:

Beginning on July 1, 2019, eligible bargaining unit members will be provided with the EPO Plan attached hereto as Exhibit A (i.e., the \$250/\$500 Ded. - \$2,500/\$5,000 OOP plan). The monthly tiered premium rates related to said plan shall be as follows for the plan year July 1, 2019 to June 30, 2020:

	<u>Health</u>	<u>Dental</u>	<u>Vision</u>
Employee only	\$780.85	\$37.74	\$12.61
Employee/spouse	\$1,639.79	\$77.36	\$20.17
Employee child(ren)	\$1,483.62	\$64.15	\$20.60
Employee/spouse/child(ren)	\$2,537.77	\$121.60	\$33.20

The City's maximum contribution toward the monthly premium shall be as follows:

	<u>Health</u>	<u>Dental</u>	<u>Vision</u>
Employee only	\$624.68	\$30.19	\$10.09
Employee/spouse	\$1,311.83	\$61.89	\$16.14
Employee child(ren)	\$1,186.90	\$51.32	\$16.48
Employee/spouse/child(ren)	\$2,030.22	\$97.28	\$26.56

Employee Opt Out Amounts

The City proposes to eliminate the deferred compensation amounts related to employees who opt out from health insurance coverage.

**Summary of PPO Plan Benefits**

Plan Year 7/1/2019 thru 6/30/2020

**Proposed Option: adds deductible of \$250 for single enrollee, not to exceed \$500 family**

The City of Turlock Health Benefits Plan believes this coverage is a grandfathered health plan under the Patient Protection & Affordable Care Act (PPACA). As permitted by PPACA, the grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your Plan may not include certain consumer protections of the PPACA that apply to other plans (i.e. the requirement for preventive health services without any cost share). However, grandfathered health plans must comply with certain other consumer protections in PPACA (i.e. the elimination of lifetime limits on benefits). Contact the Plan Administrator at 209.668.5540 if you have questions.

The co-pay stated below represents the patient's co-pay at the time of service.

	Proposed In-Network	Proposed Out-of-Network
<b>Lifetime Maximum Benefit per Person</b>	Unlimited lifetime benefits	
<b>Deductible<sup>1</sup></b>		
Individual	\$250	\$400
Family	\$500	\$800
<b>Co-insurance Percentage</b>	10%	40%
<b>Out of pocket maximum<sup>2</sup></b>		
Individual	\$2,500	\$5,000 <sup>2</sup>
Family	\$5,000	\$10,000 <sup>2</sup>
<b>Office visits (primary or specialist)</b>	\$20 per visit; deductible waived	40% after deductible
<b>Well baby care<sup>3</sup></b>	No charge	Not covered
<b>Preventive Care<sup>3</sup></b>	No charge	Not covered
<b>Urgent Care Visit</b>	\$25 per visit; deductible waived	40% after deductible
<b>Minor surgery in doctor's office</b>	10% after deductible	40% after deductible
<b>Other Physician Services</b>	10% after deductible	40% after deductible
<b>Outpatient basic x-ray and lab</b>	\$15 per visit; deductible waived	40% after deductible
<b>Complex imaging (i.e. MRI, CT Scan)</b>	10% after deductible	40% after deductible
<b>Inpatient Hospital</b>	10% after deductible	40% after deductible
<b>Inpatient Hospital Visit by Physician</b>	10% after deductible	40% after deductible
<b>Maternity coverage</b>	Same as any other illness	Same as any other illness
<b>Hospital Emergency Room</b>	\$150/visit + 10% after deductible (copay waived if admitted)	
<b>Ambulance</b>	10% after deductible	10% after deductible
<b>Home Health Care (100/visits per year)</b>	10% after deductible	40% after deductible
<b>Hospice Care</b>	10% after deductible	40% after deductible
<b>Rehabilitation services</b> (physical therapy, occupational, cardiac, speech and pulmonary)	10% after deductible; 12 visit combined max per plan year; add'l visits require pre-auth	40% after deductible; 12 visit combined max per plan year; add'l visits require pre-auth
<b>Outpatient Hospital or Surgery Center</b>	10% after deductible	40% after deductible
<b>Chiropractic coverage (26/visits per year)</b>	\$20 per visit, deductible waived	40% after deductible
<b>Skilled Nursing Facility (120 days/confinement per year)</b>	10% after deductible	40% after deductible
<b>Outpatient Mental/substance abuse</b>	\$20 per visit; deductible waived	40% after deductible

This is not an all-inclusive list of benefits. For complete details of the Plan, refer to your SPD. If there is a discrepancy between this and the SPD, the SPD supersedes this document.

**Summary of PPO Plan Benefits**

Plan Year 7/1/2019 thru 6/30/2020

**Proposed Option: adds deductible of \$250 for single enrollee, not to exceed \$500 family**

The City of Turlock Health Benefits Plan believes this coverage is a grandfathered health plan under the Patient Protection & Affordable Care Act (PPACA). As permitted by PPACA, the grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your Plan may not include certain consumer protections of the PPACA that apply to other plans (i.e. the requirement for preventive health services without any cost share). However, grandfathered health plans must comply with certain other consumer protections in PPACA (i.e. the elimination of lifetime limits on benefits). Contact the Plan Administrator at 209.668.5540 if you have questions.

The co-pay stated below represents the patient's co-pay at the time of service.

	<b>Proposed In-Network</b>	<b>Proposed Out-of-Network</b>
<b>Inpatient Mental/substance abuse</b>	10% after deductible	40% after deductible
<b>Durable Medical Equipment</b>	10% after deductible	40% after deductible
<b>Prescriptions at the Pharmacy (34-day supply)</b>		
Generic Prescriptions	\$10 co-pay	For Rx, you must pay and get reimbursed if you use an out of network provider. Penalty may apply, depending on the medication.
Preferred Brand Name	\$25 co-pay	
Non-preferred Brand Name	\$40 co-pay	
<b>Mail-Order Prescription Drugs (120-day supply)</b>		
Generic Prescriptions	\$10 co-pay	Mail order only available through a participating mail order provider
Preferred Brand Name	\$25 co-pay	
Non-preferred Brand Name	\$40 co-pay	

**The participating provider network may change; the provider network TBD and communicated to all covered.**

# City of Turlock

## Summary of PPO Plan Benefits

Plan Year 7/1/2019 thru 6/30/2020

<sup>1</sup> **Proposed family deductible:** deductibles are applied to single individuals up to the stated maximum per person/per family. One person in a family must meet their deductible outright. The remainder of the covered family members can collectively meet the family maximum deductible for the remainder of the plan year. This will follow ACA guidelines.

<sup>2</sup> **Proposed family out-of-pocket maximum:** one person will meet their individual stated out of pocket maximum. Once one out of pocket limit is met for that one individual, the remainder of the covered family members all contribute to the family out of pocket maximum limit, up to the stated limit for the remainder of the plan year. This will follow ACA guidelines. Out of network benefit limited to what the plan would normally pay a PPO provider; any "balance billing" will have no plan limit.

<sup>3</sup> Current grandfathered plan includes the following preventive care visits: Annual well women GYN exam and Pap smear; annual prostate exam and prostate specific antigen test (PSA) for a male age 50 or older; mammograms for breast cancer screening at the following ages/frequencies: a baseline mammogram for a woman age 35-39; a mammogram every 2 years for a woman age 40-49, or more frequently if recommended by a Physician; an annual mammogram for a woman age 50 or older; periodic well child checkups and immunizations for a covered Dependent child during the child's first 2 years of life.

<sup>4</sup> Under the grandfathered plan, co-pays and co-insurance for mental health and substance abuse do not apply to the out of pocket maximum.

<sup>5</sup> When adding preventive care, this will be added per ACA Guidelines.

Employees must choose a primary care physician within the network of preferred providers. Outcomes are far superior when the patient has an established relationship with a primary care physician. You must work with your doctor and confirm the doctor's office is reaching out to medical management team (from the back of your card) for any pre-authorizations or medical management provided by the Plan. Failure to obtain pre-authorization for some services will result in a penalty of 50%.



# City of Turlock

## Proposed Preventive Care Benefits

Plan Year 7/1/2019 thru 6/30/2020



### Preventive Care for Children (birth to 18 years)

#### Physical exams

- Newborn screenings
- Vision screening
- Hearing screening
- Developmental and behavioral assessments
- Oral health assessment
- Screening for lead exposure
- Hemoglobin or hematocrit (blood count)
- Blood pressure
- Height, weight and body mass index (BMI)
- Cholesterol and lipid level screening
- Screening for depression
- Screening and counseling for obesity
- Behavioral counseling to promote a healthy diet
- Screening for sexually transmitted infections
- Pelvic exam and Pap test, including screening for cervical cancer

#### Immunizations:

- Hepatitis A & B
- Diphtheria, Tetanus, Pertussis
- Varicella (chicken pox)
- Influenza (flu)
- Pneumococcal (pneumonia)
- Human Papillomavirus (HPV)
- Haemophilus Influenza type b (Hib)
- Polio
- Measles, Mumps, Rubella (MMR)
- Meningococcal (meningitis)
- Rotavirus

### Preventive Care for Adults (19 years and older)

#### Physical Exams

- Eye chart vision screening
- Hearing screening
- Cholesterol and lipid level screening
- Blood pressure
- Height, weight and BMI
- Screening for depression
- Diabetes screening
- Prostate cancer screening including digital rectal exam and PSA test
- Breast cancer screening, including exam and mammography
- Pelvic exam and Pap test, including screening for cervical cancer
- Screening for sexually transmitted infections
- HIV screening
- Bone density test to screen for osteoporosis
- Colorectal cancer screening including fecal occult blood test, barium enema, flexible sigmoidoscopy, screening colonoscopy and CT colonography (as appropriate)
- Aortic aneurysm screening (men)
- Screenings during pregnancy (including but not limited to, hepatitis, asymptomatic bacteriuria, Rh incompatibility, syphilis, iron deficiency anemia, gonorrhea, chlamydia and HIV)

- Intervention services (includes counseling and education)
  - Screening and counseling for obesity
  - Genetic counseling for women with a family history of breast and/or ovarian cancer
  - Behavioral counseling to promote a healthy diet
  - Primary care intervention to promote breastfeeding
  - Counseling related to aspirin use for the prevention of cardiovascular disease (does not include coverage for aspirin)
  - Screening and behavioral counseling related to tobacco use
  - Screening and behavioral counseling related to alcohol misuse

#### Immunizations

- Hepatitis A & B
- Diphtheria, tetanus, pertussis
- Varicella (chicken pox)
- Influenza (flu)
- Pneumococcal (pneumonia)
- Human Papillomavirus (HPV)
- Measles, Mumps, Rubella (MMR)
- Meningococcal (meningitis)
- Zoster (shingles)

This list is not all inclusive. The U.S. Department of Health and Human Services has provided lists of preventive services that must be covered by most health insurance plans, as required by the ACA for non-grandfathered plans. Lists are available for adults, women, and children, as covered services depend on age/gender. Visit [www.hhs.gov/healthcare/facts/factsheets/2010/07/preventive-services-list.html](http://www.hhs.gov/healthcare/facts/factsheets/2010/07/preventive-services-list.html) for full lists of covered preventive care services.