

**MEMORANDUM OF UNDERSTANDING  
By and Between  
The Township of Waterford  
And the  
Management and Administrative Group**

The Township of Waterford and the Management and Administrative Group hereby agree that the following amendment to Article IX shall take effect for the health care enrollment period of August 2012, and be applicable from that day on, unless modified by the parties, for health care enrollment periods thereafter.

**ARTICLE IX  
INSURANCE**

**A. Hospitalization/Medical**

Eligible employees may choose, during the Township's open enrollment period, one of the following health insurance plans:

1. BCBS PPO HSA with \$10/40/80 RX (Simply Blue)
2. Blue Care Network with \$10/40 RX (BCN)
3. Blue Cross PPO CB 10 with \$10/\$20/\$20 Rx (CB 10)
4. Blue Cross PPO CB 4 with \$10/\$40/\$80 (CB 4)

The information regarding these plans, as the plan costs may vary from year-to-year, will be maintained on-line at the HR connection site ([www.hrconnection.com](http://www.hrconnection.com)).

In accordance with PA 152 of 2011, the Township will pay up to the following premium (or indicated rate) annual costs subject to any statutory increase in the "hard cap" with any excess to be paid by the employee through pay-roll deduction:

Single	\$5,500.00
Two-person	\$11,000.00
Family	\$15,000.00

Employees shall make insurance selections during the Township open enrollment period on the [www.hrconnection.com](http://www.hrconnection.com) website. If an employee fails to timely make a selection, the plan provided will default to "BCN" until the next open enrollment period.

Effective the first of the month following the employee's date of hire probationary employees shall receive health insurance.

Employees who have health insurance provided to them through a spouse or by other means may elect to waive coverage and receive a payment of \$80.00 for each pay period they waive coverage. Should the employee lose the alternative coverage, he/she may rejoin the Township plan at any time.

Employees hired after August 1, 2012 shall pay 3.0% of all wages into the Township Retiree Health Insurance Fund.

#### **B. Retiree Health/Medical Coverage**

1. Employees who retired from the Township prior to August 1, 2012 shall be allowed to maintain the health insurance coverage provided them at the time of their retirement.
2. Any retiree with an effective date of hire with the Township before October 13, 1999 that retires after August 1, 2012 shall be provided with their choice of the health insurance plans available at the time of their retirement. All retirees with an effective date of hire with the Township after October 13, 1999 shall be provided the least expensive coverage that was selected by them in any of the 3 years prior to the employee's retirement subject to the payment of premiums in **Section E. Payment Premiums** and further subject to any legal limitations on receiving or continuing "BCN" coverage. A retiree who was provided "BCN" coverage or retired at or after age 65 (or whose spouse was age 65 at the time of retirement) shall be provided Simply Blue coverage.
3. A retiree may elect to upgrade coverage to any health care plan available at the time of retirement provided the retiree shall pay any premium differential in advance. For example: If the retiree's option was the "Simply Blue" plan and the retiree wanted to select "CB 4", the retiree would pay the difference in premium between the "Simply Blue" and "CB 4" in addition to the premium percentage required in **Section E. Payment Premiums**.
4. "BCN" coverage shall not be available to a retiree or whose spouse at the time of retirement is medicare eligible.
5. A retiree who was at the time of retirement or becomes ineligible for "BCN" coverage shall be provided "Simply Blue" coverage subject to the payment of premiums in **Section E. Payment Premiums**.
6. Retiree coverage includes coverage for eligible dependants between the ages of nineteen (19) and twenty-five (26) as defined by the carrier.

7. A retiree who, as a result of disability, is eligible for medicare benefits prior to age 65 shall sign up for both Medicare Part A and Medicare Part B coverage. If the retiree fails to do so, the retiree will not be covered under the Township-provided health care coverage.
8. All new retirees shall be provided with Delta Dental POS coverage.
9. All such coverage's will not be provided by the Township if available from another source.

**C. Dental Insurance**

Effective the first of the month following the employee's date of hire, the Township shall provide each employee, at the employee's election and expense, eligible spouse and children, with dental benefits providing coverage as described in the Delta Dental Plan.

All new retirees shall be provided with dental benefits providing coverage as described in the Delta Dental Plan.

**D. Flexible Spending Accounts**

The Township shall establish Flexible Spending Accounts (FSAs) as governed by IRS Code 125 regulations. The FSA program year shall be from August 1 through July 31. Maximum contributions per employee are \$2,500 of medical accounts and \$5,000 for dependent care accounts. Upon completion of the program year, all funds remaining in either the medical or dependent care accounts shall revert to the Township to cover program costs as specified under IRS regulations

Probationary employees wishing to maintain Blue Cross/Blue Shield coverage from another contract, transferring to the Township contract, may do so by paying the full premium costs to the Township until the effective date of their Township paid coverage.

The Township can change insurance carriers where the M&A Group agrees that such change would provide comparable or better benefit coverage for employees.

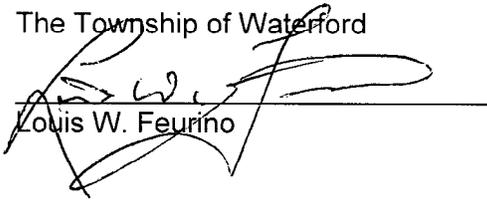
**E. Payment Premiums**

M&A employees with an effective date of hire with the Township after October 13, 1999 and who retire on or after August 1, 2012, shall participate in the cost of the health, dental, and optical premiums based on the following::

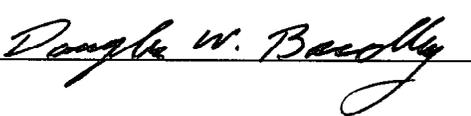
- A. Those who retire with less than fifteen (15) years of service shall pay one hundred percent (100%) of the premiums;
- B. Those who retire with fifteen (15), but less than twenty (20) years of service shall pay fifty percent (50%) of the premiums;
- C. Those who retire with twenty (20), but less than twenty-five (25) years of service shall pay twenty-five percent (25%) of the premium; and
- D. Those who retire with twenty-five (25) or more years of service shall pay twenty percent (20%) of the premium.

Agreed to: 6-21-2012

The Township of Waterford

  
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Louis W. Feurino

M&A Group

  
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