

**Memo of Understanding on Health Benefits  
For CTA Members  
April 12, 2007**

This Memo of Understanding (MOU) defines health care benefits for members of the San Joaquin Delta College Teachers' Association (Association) provided by the San Joaquin Delta Community College District (District). Eligibility for benefits by retirees is described and defined in Article X of the 2004-07 Master Contract. This memorandum defines benefits that are provided beginning October 1, 2007, and remains in effect only until a successor agreement is negotiated in full. Ratification of this MOU and approval by the Board of Trustees constitutes a tentative agreement on the article on Benefits (Article 10 and Appendix H) for the successor Master Contract in effect from July 1, 2007, to June 30, 2010.

**Health Benefits for Active Members:**

The District will provide a choice of health benefit plans to offer to members that will include a choice of one or more Preferred Provider Option (PPO) and Health Maintenance Organization (HMO) options. Each member is required to select a plan and the level of coverage, and the District will contribute towards the cost of the selected plan up to the amount of the defined contribution. Members do not have the option of not participating or "opting out" of selecting a health benefits plan through the medical benefit provider. California's Valued Trust (CVT) is the current provider, but this proposal recognizes the right of the District and the Association to negotiate any change in providers without altering this agreement. Any change in members' level or cost of benefits resulting from a change in providers must be negotiated between the district and the Association.

Within the restrictions of CVT, the Association will select the plans and corresponding price structure (composite, single plus one, or single plus two dependents) it wishes to offer its members. Effective October 1, 2007, or the first of the month following approval and ratification of this agreement, whichever comes later, benefits paid by the member and/or the District will be for the current month, on a pay-as-you-go basis. Members may individually elect to pay for such benefit costs on a pre-tax basis via payroll deductions through the District's Section 125 Premium Only Plan.

If the cost of the plan selected by a member is less than the defined contribution, the member receives the difference between the amount of the defined contribution and the cost of the plan selected as income. If the cost of the selected plan is more than the defined contribution, the member must pay the difference for the current month through a payroll deduction.

**Defined Contribution:**

Effective October 1, 2007, or the first of the month following approval and ratification of this agreement, whichever occurs later, the District will provide each active member and current and future members who meet eligibility criteria and subsequently retire under the age of Medicare eligibility with a defined contribution for health benefits equal to the October 1, 2007, CVT cost of the Kaiser 7 or Blue Cross 10D plan (whichever is more expensive) plus vision, life insurance, and dental coverage. The amount of the district's monthly contribution for benefits will not be more than \$904 per month for the 12 months beginning October 1, 2007.

The annual defined contribution, which is twelve (12) times the monthly contribution defined above, will be divided and distributed by the number of months the member works, although the benefits will be received each of the 12 months of the benefit year. New eligible members receive benefits described in this MOU beginning the first of the month following 30 days of employment.

Open enrollment for benefits is anticipated to be during the month of September 2007, with benefit changes taking effect on October 1, 2007.

The amount of the defined contribution will increase to the current composite cost for active employees for the Kaiser 7 or Blue Cross 10D plan (whichever is more expensive), plus vision, life insurance, and dental coverage on October 1, 2008, and every October 1 through 2010 only if the complete successor agreement has been successfully negotiated, ratified, and approved. After October 1, 2007, and until the successor agreement is negotiated in full, the monthly defined contribution for benefits to members remains at the level in effect on October 1, 2007.

The level of benefits provided to the members is not linked to any set maximum or formula, i.e. 10% Cap, as was the case with the 2004-07 contract. The District and the Association share the desire to establish equitable benefit plans for all employees, retirees, confidential employees, managers, and trustees. The benefits provided to the members covered in this MOU and in the successor contract is independent of the benefits negotiated and/or provided to any other persons or groups. It is understood that the level and cost of benefits for current retirees are not affected by this MOU.

**Cost of Benefits incurred in 2006-07 not included in proposal**

Upon ratification and approval of this MOU and beginning October 1, 2007, members will not have a share of costs for 2006-07 benefits deducted from their paychecks. The monthly cost of benefits in effect on October 1, 2006, will continue through September 30, 2007.

Upon ratification and approval of this MOU, the Association does not dispute the District's decision to fund benefits for Trustees prior to September 2005 or to provide excess defined contributions back to non-member employees as income beginning with the 2005-06 benefit year. Also upon ratification and approval of this MOU, the Association and the District agree to jointly request PERB to withdraw with prejudice the Complaint in Case No. SA-2340-E in order for this MOU to become effective. Both the Association and the District waive their right to pursue future legal claims regarding these issues.

### **Total Compensation Approach**

The District and the Association recognize that the cost and level of funding of member benefits will affect the resources available for additional negotiable economic contract areas such as salary increases. The District and the Association agree that any salary increases will be negotiated separately based on the remaining district resources.

The District and the Association agree to negotiate both salary and benefits components of this agreement separately but acknowledge that the contract is not in effect until both components of the successor agreement have been successfully negotiated.

### **Continuing Medical Benefits upon Retirement for Current Members:**

All requirements for changes in plans, deadlines for payment, and plan coverage will be provided to current and future employees who retire at least 30 days prior to effective dates.

Members employed by the District prior to the date of ratification and approval that meet the criteria as benefit eligible under section 10.8 of the 2004-07 contract, including the requisite number of years of continuous District service immediately prior to their retirement, and who retire under STRS or CalPERS immediately after leaving the District's employment will be eligible for the following continuing medical benefits upon their separation from the district:

**Active members who met all criteria for continuing lifetime medical benefits after retirement as of September 30, 2006, will upon their retirement from STRS and/or CalPERS and the District be eligible to receive the same level and cost of their benefits as if they had retired on September 30, 2006.**

**All other current active members who retire after September 30, 2006 and who:**

- **Meet the eligibility criteria and are under the age of Medicare eligibility** will receive the same defined contribution as they would receive as an active employee. The retiree must select a benefit plan, and the retiree is responsible for any additional cost of the plan beyond the defined contribution. If the cost of the plan selected is less than the defined contribution, the retiree forfeits the difference to the District for other post-employment benefit costs. If the cost of benefits is greater than the defined contribution, the retiree is responsible for paying the difference.

Members who meet the eligibility criteria and subsequently retire prior to the effective date of this agreement will receive their benefits at the level and costs in effect at the time of their retirement from the District.

- **Meet the eligibility criteria and who have reached the age of Medicare eligibility** will receive a Medicare Supplement Plan (Carve Out plan), which supplements the level of Medicare benefits to the current level of active employee benefits. The cost of the Carve Out plan may not exceed the cost of the defined contribution for active members, and the total level of benefits provided to any retiree by the District will not exceed the benchmark level of benefits provided to an active member. The District reserves the right to modify the plan to ensure equitable, effective and efficient administration. The District will notify the Association 90 days in advance of any such plan modification.
- Members who begin their employment in a benefited position with the District after May 31, 2007, will be eligible for active member health benefits during their employment, but will not be eligible for continuing medical benefits from the district upon retirement.
- Current and future members who retire after May 31, 2007, and who are either eligible to be covered by Medicare or who are not eligible for continuing health benefits upon retirement will have access to available supplemental health plans at District rates for themselves and their dependents that are available to the District. The cost for this coverage will be exclusively the retired member's and/or their dependents.

#### **Responsibility for Liability of Other Post Employment Benefits**

The District and the Association jointly acknowledge that the financial and fiduciary responsibility for the continuing medical benefits for both current and future retired members is exclusively the District's, as is the discretion and authority to fund such obligations is also solely the District's.

