

**FOURTH AMENDMENT TO WOONSOCKET BUDGET COMMISSION
RESOLUTION TO REFORM PENSION AND POST-RETIREMENT BENEFITS**

(Fourth Amended Retiree Resolution-Police Retirees)

WHEREAS on March 19, 2013, the Woonsocket Budget Commission (“Budget Commission”) enacted the Resolution to Reform Pension and Post-Retirement Benefits (“*Retiree Resolution*”);

WHEREAS on June 28, 2013, the Budget Commission amended the *Retiree Resolution* to reflect, *inter alia*, a Tentative Agreement with Participating WED and City Retirees, as defined in that amended resolution, which is hereby incorporated by reference (“*First Amended Retiree Resolution*”);

WHEREAS on July 19, 2013, the Budget Commission further amended the *Retiree Resolution*, after reaching a negotiated settlement with WED and City Retirees through a Memorandum of Agreement (“MOA I”), which amendment is hereby incorporated by reference (“*Second Amended Retiree Resolution*”);

WHEREAS the Budget Commission now seeks again to amend the *Retiree Resolution* to reflect a negotiated settlement with members and beneficiaries of the Fraternal Order of Police, Lodge #51 (“MOA III”), and to make changes to the benefits provided to Police Retirees (as defined below) who are not covered under MOA III.

NOW, THEREFORE, BE IT RESOLVED BY THE WOONSOCKET BUDGET COMMISSION THAT THIS *FOURTH AMENDED RETIREE RESOLUTION* BE ADOPTED:

1. Definitions:

- a. “Police Retirees” refers to all former employees retired from the Woonsocket

Police Department as of June 30, 2013, or their beneficiaries (to include spouses, survivors and dependents), both non-union and employees who were members of the union.

- b. "City Pension Plan" refers to the locally administered fund that is used to make pension benefit payments, including cost-of-living adjustments, to certain former employees of the City who were members of the City's police and fire departments.
- c. "Pension Retirees" refers to certain Police Retirees who are members of and receive benefits under the City Pension Plan.
- d. "Option 1" refers to the Blue Cross Blue Shield of Rhode Island 100/80 coinsurance plan with a deductible of \$500/\$1,000 (summary plan description attached as Exhibit 1);
- e. "Option 2" refers to the Blue Cross Blue Shield of Rhode Island 100/80 coinsurance plan with a deductible of \$2,000/\$4,000 (summary plan description attached as Exhibit 2).

2. Pension Cost-of-Living Adjustment. For eligible Pension Retirees covered by MOA III (which do not include surviving spouses or any beneficiaries), the City shall make payments in an amount that results from application of a compounded two-percent (2%) cost-of-living adjustment to the pension benefit payments that the Pension Retirees actually received as of July 1, 2014, which adjustments shall be applicable to all pension benefit payments made in fiscal year 2015 (July 1, 2014 – June 30, 2015).

Thereafter, the City shall make payments of a compounded two-percent (2%) cost-of-living adjustment to the pension benefit payments to both the Pension Retirees covered by MOA III and those not covered by MOA III (which do not including surviving spouses or any beneficiaries), for fiscal year 2017 (effective July 1, 2016); fiscal year 2019 (effective July 1, 2018); fiscal year 2021 (effective July 1, 2020), fiscal year 2023 (effective July 1, 2022), and then for each fiscal year thereafter. In addition:

- a. The City shall review experience studies performed by the City's actuary to determine if the mortality table utilized in the valuations is the appropriate mortality table for the police and fire members, and their beneficiaries.
- b. When the annual actuarial valuation of the City Pension Plan discloses, based upon prudent assumptions consistent with actuarial standards, which analysis includes the review as provided for in subsection 2(a) above, that the City Pension Plan has achieved a funding level of eighty percent (80%) or greater, and when the City's actuary further determines that granting a three-percent (3%) compounded cost-of-living adjustment for all future years of the City Pension Plan shall not result in the projected funding level falling below eighty percent (80%), then for each fiscal year thereafter, the City shall apply and make payment of a three-percent (3%) compounded cost-of-living adjustment to the pension benefits to be paid to all Pension Retirees who are entitled to such cost-of-living adjustment (which does not include surviving spouses or any beneficiaries).

- c. When the annual actuarial valuation of the City Pension Plan discloses that the City Pension Plan has achieved a funding level of between seventy-five-percent (75%) and seventy-nine-percent (79%), then the City, by and through the Mayor or his or her designee, shall meet and confer with City Pension Plan members and their representatives, as is feasible, including those represented by Lodge #51, to determine if restoring the three-percent (3%) compounded cost-of-living adjustment is feasible and fiscally prudent, after taking into account the actuarial cost and impact of such action on all future years of the City Pension Plan.
3. Medical Benefits-Early Retirees (MOA): The following terms shall apply to all Police Retirees covered by MOA III who are not eligible for Medicare (hereafter “MOA Early Retirees/Beneficiaries”).
- a. Effective July 1, 2013, the existing medical insurance coverage provided by the City shall be replaced, at the election of the MOA Early Retirees/Beneficiaries, with coverage under Option 1 or Option 2. The newly elected coverage shall be one individual plan or a family plan provided in accordance with the terms of the applicable eligibility provisions of the collective bargaining agreement under which the MOA Early Retiree retired.
 - b. MOA Early Retirees/Beneficiaries shall be permitted to change their medical insurance plans between Option 1 and Option 2 during open enrollment periods as established by the third-party administrator, or insurance carrier, as applicable.

- c. MOA Early Retirees/Beneficiaries shall not make deductible payments, co-insurance payments or point of delivery payments for covered medical services or prescription drugs (the latter also known as “co-payments” or “co-pays”), in amounts that are in excess of those currently set forth under Option 1 and Option 2, respectively, as attached hereto.
- d. If the City changes to a different third-party administrator, or insurance carrier, as applicable, MOA Early Retirees/Beneficiaries shall be afforded medical insurance under plans that provide the same or greater quality of benefits and access to medical providers at a cost that is the same as or lower than that afforded under Option 1 and Option 2.
- e. As a condition of medical insurance coverage through the City from July 1, 2013 through June 30, 2017, the MOA Early Retiree/Beneficiary shall make an annual contribution to the cost of medical insurance (“Co-Share Payment”), in the amounts set forth below:
 - i. From July 1, 2013 through June 30, 2014, the MOA Early Retiree/Beneficiary who elects coverage under Option 1 shall make a Co-Share Payment in the annual amount equivalent to twenty percent (20%) of the applicable working rate for fiscal year 2014 (individual or family plan), or under Option 2, a Co-Share Payment in the annual amount equivalent to ten percent (10%) of the applicable working rate for fiscal year 2014 (individual or family plan).

- ii. From July 1, 2014 through June 30, 2015, the MOA Early Retiree/Beneficiary who elects coverage under Option 1 shall make a Co-Share Payment in the annual amount of \$998.95 for an individual plan, or \$2,488.30 for a family plan; or under Option 2, a Co-Share Payment in the annual amount of \$435.99 for an individual plan, or \$1,102.68 for a family plan.
 - iii. From July 1, 2015 through June 30, 2016, the MOA Early Retiree/Beneficiary who elects coverage under Option 1 shall make a Co-Share Payment in the annual amount of \$665.96 for an individual plan, or \$1,658.87 for a family plan; or under Option 2, a Co-Share Payment in the annual amount of \$290.66 for an individual plan, or \$735.12 for a family plan.
 - iv. From July 1, 2016 through June 30, 2017, the MOA Early Retiree/Beneficiary who elects coverage under Option 1 shall make a Co-Share Payment in the annual amount of \$332.98 for an individual plan, or \$829.43 for a family plan, or under Option 2, in the annual amount of \$145.33 for an individual plan, or \$367.56 for a family plan.
 - v. Commencing on July 1, 2017, and for all fiscal years thereafter, the MOA Early Retirees/Beneficiaries shall make no Co-Share Payment.
4. Medical Benefits-Medicare Retirees (MOA III): The medical insurance coverage provided by the City to Police Retirees (which beneficiaries are their spouses and surviving spouses only), who are covered by MOA III and who are Medicare-eligible

("MOA Medicare Retirees), shall be provided through Medicare Parts A and B, with a Medicare Supplement, as described below:

- a. For the period from July 1, 2013 through June 30, 2014: (i) the MOA Medicare Retiree make full payment of the monthly premiums for Medicare Part B and any Part D prescription drug coverage as applicable; and (ii) the City shall pay eighty percent (80%), and the MOA Medicare Retiree shall pay twenty percent (20%), of the annual premium cost of either the Medicare Supplement "Plan 65" (summary plan description attached as Exhibit 3), or the cost-equivalent plan known as "Blue Chip Plus" (summary plan description attached as Exhibit 4), provided that if the MOA Medicare Retiree seeks coverage through an available plan that is more costly than the cost-equivalent plan to Plan 65, such as "Blue Chip Preferred," he or she may purchase that more costly plan by paying to the City the difference between the cost of Plan 65 and that more costly plan.
- b. Effective July 1, 2014: the City shall pay the following costs on behalf of the MOA Medicare Retiree:
 - i. Payment or reimbursement for the monthly premium for Medicare Part B; and
 - ii. Payment for the annual premium cost of the Medicare Supplement "Plan 65", as that cost may increase or decrease from year to year, or a cost-equivalent plan such as "Blue Chip Plus," provided that if the Medicare Retiree seeks coverage through an available plan that is

more costly than the cost-equivalent plan to Plan 65, such as “Blue Chip Preferred,” he or she may purchase that more costly plan by paying to the City the difference between the cost of Plan 65 and that more costly plan.

- iii. For those Medicare Retirees who do not receive prescription drug coverage through a Medicare Advantage plan such as Blue Chip Plus or Blue Chip Preferred, the City shall pay the premium cost of a Group Part D Prescription Drug Plan (summary plan description attached as Exhibit 5).

- 5. Medical Benefits-Early Retirees (Non-MOA III): Effective July 1, 2015, all Police Retirees not covered by MOA III shall receive medical insurance through the City in accordance with the applicable terms set forth in subparagraphs 3(a) through (d) and (e)(iii) through (v) above.
- 6. Medical Benefits-Medicare Retirees (Non MOA III): Effective July 1, 2013 through June 30, 2015, the medical insurance coverage provided by the City to Police Retirees (which beneficiaries are their spouses and surviving spouses only), who are not covered by MOA III and who are Medicare-eligible (“Non-MOA Medicare Retirees”), shall be provided through Medicare Parts A and B, with a Medicare Supplement. The Non-MOA Medicare Retiree shall make full payment of the monthly premiums for Medicare Part B and any Part D prescription drug coverage as applicable. The City shall pay eighty percent (80%), and the Non-MOA Medicare Retiree-Age, twenty percent (20%), of the annual premium cost of either the

Medicare Supplement "Plan 65" (summary plan description attached as Exhibit 3), or the cost-equivalent plan known as "Blue Chip Plus" (summary plan description attached as Exhibit 4), provided that if the Non-MOA Medicare Retiree seeks coverage through an available plan that is more costly than the cost-equivalent plan to Plan 65, such as "Blue Chip Preferred," he or she may purchase that more costly plan by paying to the City the difference between the cost of Plan 65 and that more costly plan. Effective July 1, 2015, the medical insurance coverage provided by the City to Non-MOA Medicare Retirees shall be provided in accordance with the terms set forth in paragraph 4(b) above.

These amendments shall become effective upon adoption by the Commission.

By: 

For the Woonsocket Budget Commission
Dina Dutremble, Chair

Date: 12/23/2014