

June 28 2013

City of Woonsocket Budget Commission

City Hall

169 Main Street

Woonsocket, RI 02895

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

WHEREAS, on March 19, 2013, the Woonsocket Budget Commission ("Budget Commission") enacted the Resolution To Reform Pension And Post-Retirement Benefits ("Retiree Resolution");

WHEREAS, the fiscal conditions described in the preamble to that Retiree Resolution, hereby incorporated by reference, continue to require that taxpayers, employees, retirees, and the state make financial concessions and contributions to ensure the City's fiscal stability and overall welfare, and to avert insolvency proceedings;

WHEREAS, prior to enactment of the Retiree Resolution, members of the Budget Commission and the State Department of Revenue, including its Director, convened an informational meeting with retirees on February 25, 2013 at the Woonsocket High School auditorium, at which they made a formal presentation explaining the status of the unfunded liabilities of the pension fund and the other post-employment benefits commitment, and the strategies necessary to ensure continued payments to retirees of both pensions and health insurance; and at which they distributed information to and answered questions from retirees;

WHEREAS, the Budget Commission, in cooperation with agents and employees of the

Department of Revenue and the City, provided regular information and assistance throughout March 2013, by use of the internet, meetings, letters, and telephonic communications, to enable retirees to enroll in Medicare Part B by the federally imposed deadline of March 31, 2013, and to make informed decisions in selecting health insurance coverage that would supplement Medicare Parts A and B;

WHEREAS, the Budget Commission, at the informational meeting of February 25, 2013, and thereafter, invited retirees to designate persons and/or organizations to represent their interests and meet with representatives of the Budget Commission to discuss the proposed changes to pension and health insurance benefits set forth in the Retiree Resolution, and to negotiate alternatives to those proposals;

WHEREAS, from March 2013 to the present date, representatives of the Budget Commission have engaged in good faith negotiations with certain retirees formerly employed by the City's Fire and Police Departments meeting separately with these Fire Retirees and Police Retirees on multiple occasions from March through June, making available the City's health care consultant and insurance representative, as well as impartial State Health Insurance Program counselors to assist in explaining the proposed city-wide health care plan, and providing to them extensive documentation regarding the fiscal impact of and assumptions underlying the proposed changes to pensions and health care.

WHEREAS, from March 2013 to the present date, representatives of the Budget Commission have engaged in good faith negotiations with certain retirees formerly employed by the Woonsocket Education Department ("WED") and the City's non-public safety departments ("Participating WED and City Retirees"), meeting on nine occasions over that period, and

making available for those meetings and at separate meetings with the retirees themselves the City's health care consultant and insurance representatives for medical and dental coverage;

WHEREAS, on June 6/7, 2013 and June 21, 2013, while continuing to meet with and negotiate alternative proposals to those reflected in the Retiree Resolution, the Budget Commission notified all retirees by letter of the health insurance changes to take effect on July 1st, including options that had become available as a result of negotiations with the Participating WED and City Retirees;

WHEREAS, the Budget Commission and the Participating WED and City Retirees have reached a tentative agreement, by which they seek to modify certain provisions of the Retiree Resolution ("Tentative Agreement");

WHEREAS, this Tentative Agreement has a fiscal impact that is consistent with the five-year deficit reduction plan that will restore fiscal stability to the City;

WHEREAS, this Tentative Agreement advances the mutual goals of the City and Participating WED and City Retirees in securing financial stability for the City through means that are narrowly tailored to have the least drastic financial impact on the Participating WED and City Retirees;

WHEREAS, the Budget Commission seeks to extend this Tentative Agreement to non-Participating WED and City Retirees and some aspects of it to all Police Retirees and Fire Retirees through the instant enactment, and to come to agreement with Police and Fire Retirees through continued negotiations;

WHEREAS, the Budget Commission seeks to continue to negotiate with Participating Fire and

Police Retirees, after enactment of this Amended Resolution, in an effort to reach a settlement that is mutually acceptable to all parties;

NOW, THEREFORE, BE IT RESOLVED BY THE WOONSOCKET BUDGET COMMISSION THAT THE RETIREE RESOLUTION BE AMENDED AS FOLLOWS:

1. Definitions:

- a. "WED Retirees" refers to all former employees retired from the Woonsocket Education Department, or their beneficiaries (to include spouses, survivors, and dependents), specifically: (i) administrators who were not members of a collective bargaining unit; (ii) employees who were members of the Woonsocket Teachers Guild, Local 951 AFT (teachers and paraprofessionals); and (iii) employees who were members of Rhode Island Council 94, AFSCME, AFL-CIO, Local 1137 (clerks and custodians).
- b. "City Retirees" refers to all former employees retired from the City, or their beneficiaries (to include spouses, survivors and dependents), specifically (i) non-union classified and non-union non-classified employees; (ii) employees who were members of Rhode Island Council 94, AFSCME, AFL-CIO, Professional and Technical Employees, Local 3851; and (iii) employees who were members of Rhode Island Council 94, AFSCME, AFL-CIO, Local 670.
- c. "Fire Retirees" refers to all former employees retired from the Woonsocket Fire Department, or their beneficiaries (to include spouses, survivors and dependents), both non-union and employees who were members of

International Association of Firefighters, Local 732.

- d. "Police Retirees" refers to all former employees retired from the Woonsocket Police Department, or their beneficiaries (to include spouses, survivors and dependents), both non-union employees and employees who were members of the International Brotherhood of Police Officers, Local 404.
2. Early Retirees (WED, City, Fire and Police Retirees): Effective July 1, 2013, and subject to the exceptions set forth in paragraphs 5 and 6 below, the existing health care coverage provided by the WED and the City to all retirees who have not reached sixty-five (65) years of age (hereafter "Early Retirees"), shall be replaced, at the election of the Early Retiree, with one of two forms of coverage: (a) 100/80 coinsurance plan with deductible of \$500/\$1,000 (summary plan description attached as Exhibit 1) (hereafter "Option 1"); or (b) 100/80 coinsurance plan with deductible of \$2,000/\$4,000 (summary plan description attached as Exhibit 2) (hereafter "Option 2"). The new coverage shall be one individual plan, two individual plans, or a family plan provided in accordance with the terms of the applicable eligibility provisions of the collective bargaining agreement under which the Early Retiree retired. The WED or the City shall pay eighty percent (80%) of the applicable and current working rate of Option 1, and the Early Retiree, twenty percent (20%) of that same working rate. The WED or City shall pay ninety percent (90%) of the applicable and current working rate of Option 2, and the Early Retiree, ten percent (10%) of that same working rate.
3. Medicare (Police Retirees): Effective July 1, 2013, the health care coverage provided to Police Retirees who are Medicare-eligible because they have reached sixty-five

(65) years of age shall end; the new coverage shall be provided through Medicare Parts A and B, with a (i) Medicare supplement or (ii) an alternative health insurance plan that provides additional coverage to Medicare Parts A and B, at the same or lesser cost of the Medicare supplement (“Medicare Supplement”).

- a. The Retiree shall be responsible for making full payment of the monthly premium for Medicare Part B.
- b. The City shall pay 80% of the cost of the Medicare Supplement, and the Retiree shall pay 20% of the cost of the Medicare Supplement.
- c. The Retiree shall be responsible for making full payment for any prescription coverage if the Medicare Supplement does not include such coverage.
- d. The City shall pay any penalties imposed for enrollment in Medicare by Police Retirees as of April 1, 2013, provided that the Retiree enrolled in Medicare Part B on or before July 1, 2013.

4. Medicare (Fire Retirees): Effective July 1, 2013, the health care coverage provided to Fire Retirees who are Medicare-eligible because they have reached sixty-five (65) years of age shall be provided through Medicare Parts A and B, with a Medicare Supplement (as defined in paragraph 3).

- a. The Retiree shall be responsible for making full payment of the monthly premium for Medicare Part B.
- b. The City shall pay 80% of the cost of the Medicare Supplement, and the Retiree shall pay 20% of the cost of the Medicare Supplement.
- c. The Retiree shall be responsible for making full payment for any prescription coverage if the Medicare Supplement does not include such coverage.

5. Medicare: SSDI (WED and City Retirees): Effective July 1, 2013, the health care coverage provided to WED and City Retirees who are Medicare-eligible because they are receiving Social Security Disability Insurance (“SSDI”) shall end; the new coverage shall be provided through Medicare Parts A and B, with a (i) Medicare supplement and (ii) Medicare Part D prescription coverage at a maximum cost of \$212.00 per month (“Medicare Supplement + Prescription”), or (iii) an alternative health insurance plan that provides additional coverage to Medicare Parts A and B, at the same or lesser cost of the Medicare Supplement + Prescription (“Additional Medicare Coverage”).
- a. The Retiree shall be responsible for making full payment of the monthly premium for Medicare Part B.
 - b. The WED or City shall pay 100% of the cost of Medicare Supplement + Prescription or the Additional Medicare Coverage until the Retiree reaches sixty-five (65) years of age, at which time the Medicare Supplement + Prescription or the Additional Medicare Coverage provided by the WED or City shall end, unless the Retiree is otherwise entitled under the collective bargaining agreement to specified Medicare supplemental coverage, in which case the terms of that agreement shall control.
 - c. The WED or the City shall pay any penalties imposed for enrollment in Medicare by Retirees on SSDI as of April 1, 2013, provided that the Retiree enrolled in Medicare Part B on or before July 1, 2013.
6. Medicare: SSDI (Fire and Police Retirees): Effective July 1, 2013, the health care coverage provided to Fire and Police Retirees who are Medicare-eligible because they

are receiving SSDI shall end; the new coverage shall be provided through Medicare Parts A and B, with a Medicare Supplement (as defined in paragraph 3).

- a. The Retiree shall be responsible for making full payment of the monthly premium for Medicare Part B.
- b. The City shall pay 80% of the cost of the Medicare Supplement, and the Retiree shall pay 20% of the cost of the Medicare Supplement.
- c. The Retiree shall be responsible for making full payment for any prescription coverage if the Medicare Supplement does not include such coverage.
- d. The City shall pay any penalties imposed for enrollment in Medicare by Fire and Police Retirees on SSDI as of April 1, 2013, provided that the Retiree enrolled in Medicare Part B on or before July 1, 2013.

7. Medicare: Early Retiree Spouses (WED Retirees): Effective July 1, 2013, the health care coverage provided to the spouses of WED Early Retirees covered through the Early Retiree on an individual or family plan who are Medicare-eligible because they have reached sixty-five (65) years of age ("Medicare Spouses") shall end; their new coverage shall be under Medicare Parts A and B with either (i) the Medicare Supplement + Prescription or (ii) Additional Medicare Coverage.

- a. The Retiree or Medicare Spouse shall be responsible for making full payment of the monthly premium for Medicare Part B.
- b. The WED shall pay 100% of the cost of the Medicare Supplement + Prescription or the Additional Medicare Coverage until the Retiree reaches sixty-five (65) years of age, at which time this benefit for the Medicare Spouse shall end.

- c. The WED shall pay any penalties imposed for enrollment by Medicare Spouses as of April 1, 2013, provided that the Medicare Spouse enrolled in Medicare Part B on or before July 1, 2013.
8. Medicare: (WED Retirees): Effective July 1, 2013, the health care coverage provided by the WED to Retirees who are enrolled in Medicare and who have satisfied the eligibility requirements under the applicable collective bargaining agreement to receive the specified Medicare supplement, *i.e.*, Plan 65: Medicare Supplement (“Plan 65”), with the Plan 65 Rx Rider offered by Blue Cross Blue Shield of Rhode Island (“Rider”), the total of which is subject to the contribution set forth in the collective bargaining agreement under which they retired, shall instead receive Plan 65 and a prescription drug plan, attached as Exhibit 3, with prescription co-pays of \$5/\$15/\$30, and with the prescription drug plan not to exceed a monthly cost of two-hundred-and-twelve-dollars-and-no-cents (\$212.00) (“Plan 65/Part D”), the total of which shall remain subject to the contribution set forth in the collective bargaining agreement under which they retired.
9. Medicare Retirees (City and Fire Retirees): Effective July 1, 2013, the health care coverage known as “Blue Chip Preferred” that is currently provided to City and Fire Retirees who are enrolled in Medicare Parts A and B shall be replaced by Plan 65 or another plan with the same or lesser cost, in accordance with the terms of the collective bargaining agreement under which the retiree retired.
10. Dental Coverage (WED and City Retirees): The existing dental coverage provided to WED and City Early Retirees (“Dental Benefit Retirees”), shall continue without change until August 1, 2013, at which time the same or a new dental plan shall go

into effect, to be agreed upon by the parties, the annual cost of which shall be shared by the WED on the one hand, and the Dental Benefit Retirees, on the other, under the terms of the Tentative Agreement and Memorandum of Agreement to be executed by the parties.

11. Dental Coverage (Police Retirees): The existing dental coverage provided to Police Retirees shall continue without change until August 1, 2013.

This amendment shall become effective upon its passage.

Approved:



Woonsocket Budget Commission Chair

Attest:



City Clerk