

MEMORANDUM OF UNDERSTANDING

BETWEEN

MICHIGAN STATE UNIVERSITY

AND

COALITION OF LABOR ORGANIZATIONS AT MSU

Michigan State University (the "University") and the Coalition of Labor Organizations at MSU (the "Coalition"), representing regular employees represented by AFSCME, Local 999; AFSCME, Local 1585; Administrative Professional Association, MEA/NEA; Administrative Professional Supervisors Association; Clerical Technical Union of MSU; Fraternal Order of Police Non-Supervisory Division, Lodge 141; International Union of Operating Engineers, Local 324; and IATSE, Local 274 (the "Coalition"), have reached the following agreements regarding health care, pursuant to the parties' 1998, 2002, 2006 and 2010 Memoranda of Understanding providing for joint labor-management negotiations on health care plan issues:

1. The University and the Coalition have successfully concluded negotiations, with the Coalition acting in the name of its individual constituent unions and associations, concerning health care and base wage issues. This Agreement shall take effect on January 1, 2014, and shall extend to December 31, 2017. Per the Memorandum of Understanding signed April 15, 2013, the health care provisions shall remain unchanged until December 31, 2014, except as provided herein. This Agreement is conditioned on each party's separate ratification of its provisions.
2. Changes to the health care plan
  - A. The prescription drug plan is a four tier program (generic, formulary brand, non-formulary brand, bio-tech) with an annual out-of-pocket maximum of \$1,000 per individual and \$2,000 per family, with the following co-pay structure:

	<u>Up to 34-day</u>	<u>90-day</u>
Generic	\$10	\$20
Formulary	\$20	\$40
Non-Formulary	\$40	\$80
Bio-tech	\$50	\$100

- B. Effective July 1, 2002, office visits for chiropractic services shall be covered under the Community Blue plan with office visit co-pays consistent with other physician office visit co-pays.
    - C. Effective July 1, 2002 and subject to COBRA rights, if applicable, coverage under University provided health care plans will cease at the end of the month of layoff or termination of employment for reasons other than official retirement from the University.

- D. Effective July 1, 2002, and subject to COBRA rights, if applicable, during any unpaid leaves of absence, the University shall not pay for continued dental coverage.
- E. Effective July 1, 2002, the following coverage shall be added to the Community Blue program:
- cover minimal office visits
  - cover flu serum with no co-pay if within network
  - cover prescription contraceptive devices and injections
- F. Effective no later than January 1, 2003, IRS qualified health care spending accounts, consistent with the currently offered plan, shall be made available to employees.
- G. Effective January 1, 2010, MSU employees will be able to enroll eligible children, up to age 26, on a health care plan paid by the University.
- H. Effective July 1, 2010, co-pay amounts for emergency room visits shall be \$250. These co-pays will be waived for;
1. Admittance for an inpatient hospital stay;
  2. Services are received for a medical emergency. A medical emergency is defined as a condition, or signs and symptoms of a condition, that occurs suddenly and unexpectedly that could result in serious bodily harm or threaten life unless treated immediately.
- I. Effective July 1, 2010, co-pay amounts for office visits and osteopathic manipulative treatments shall be \$20; however, if an osteopathic manipulative treatment is received during an office visit the total co-pay shall be \$20.
- J. Effective July 1, 2006, co-pay amounts for treatment at an urgent care facility shall be \$20.
- K. Effective July 1, 2006 newly hired employees shall receive benefit coverage beginning on the first day of the month following the date of hire.
- L. Effective July 1, 2010, employees shall be subject to the following annual health plan deductibles:
1. \$100 single
  2. \$200 family

Note: Deductibles will apply only to Blue Care Network. Health plan deductibles will not apply to services with a fixed dollar co-pay, preventive services, pre/post natal visits, Durable Medical Equipment, Prosthetic & Orthotics and lab services. The deductible does apply to

all other services whether there is a coinsurance or if covered at 100% including colonoscopies and sigmoidoscopies, as these are considered surgical procedures, unless exempted per the Affordable Care Act.

#### M. Autism-Related Coverage

Effective January 1, 2014, services to assess and diagnose and/or treat Autism Spectrum Disorder will be covered subject to the member's medical cost share as applicable, (Deductibles and Co-Pays) as well as the following:

1. Diagnosis after January 1, 2014 must occur through a Center of Excellence defined as Spectrum Health System, University of Michigan Health System or Michigan State University (once operational);
2. Diagnosis prior to January 1, 2014 must have occurred at Henry Ford Hospital, Detroit Childrens Hospital, Spectrum Health, or University of Michigan Health System.
3. Approved services will be payable by the health plan(s);
4. To the extent that funds are available, MSU will be reimbursed from the State of Michigan (SOM) fund for approved claims;
5. The annual dollar limit, per child, will be \$40,000.
6. Eligibility is limited to ages 0-8.
7. If funds through the SOM are not available, current coverage ceases and alternatives for continuation of a program will be discussed through JHCC, as set forth in the procedure in Section 5.C. of this Memorandum of Understanding.

#### 3. Health Care Plans

- A. Effective January 1, 2014, and for 2015 plan year, the current plan design for BCBS/PPO and Blue Care Network programs shall be offered to employees of MSU who are represented by members of the Coalition. For plan years 2016 and 2017, Third Party Administrator services will be reviewed. The University's contribution toward the cost of either program shall be the amount the University pays for the program having the lower rates in each plan year. This will be known as the base plan. In each of the aforementioned plan years, the cost of the base health care plan shall be borne fully by the University for full-time employees and proportionately for part-time employees (in accordance with the conditions for part-time employees set forth in C below). Employees electing to enroll in a plan other than the base health care plan will receive the applicable University single, two-person or family base plan contribution toward the plan cost, with the difference, if any, payable by the employee.

B. The Coalition and the University shall monitor the performance of the health plan programs on an ongoing basis. Performance factors that shall be monitored for each program will include the accuracy of cost projections and data, the cost of each program, the success of cost containment initiatives, cooperation in providing relevant data, responsiveness to other needs and concerns identified by the parties, quality of service, accuracy of claims administration and/or such other factors as may be mutually defined. Notwithstanding what is stated in A. above, as a result of this monitoring process, the Coalition and the University may mutually decide during the life of this Agreement to replace one or both of the aforementioned programs, to designate or change the base plan, to limit or freeze new enrollments in a particular plan, and/or establish or revise the amounts payable by employees enrolling in the plan.

C. Health Care Plan Contributions for Part-time Staff

1. Effective July 1, 2002, part-time staff will receive a proportional University contribution toward the cost of health benefits based on the single, two-person or family premium for the lower cost plan. Part-time staff electing to participate in the University's health care programs shall pay the remaining monthly premium.

a. Bargaining unit members who were employed by the University by June 30, 1998, and who are or become part-time, will be eligible to apply for a special dispensation to the University part-time contribution. In these cases, the University's proportional contribution will be based on the family premium for the lower cost plan. Bargaining unit employees employed after July 1, 1998, are not eligible for a special dispensation.

b. To qualify and apply for a special dispensation to the University part-time contribution, part-time bargaining unit members must submit satisfactory verification that they have no alternative source for health care coverage to the Benefits Office. An employee who falsifies any information in applying for special dispensation to the University part-time contribution, will be responsible for making the University whole for its health care expenditures on his/her behalf.

D. Coverage for married couples and Other Eligible Individuals (OEI) where both are employed by the University.

A married couple or OEI (with both being employed by the University) must elect one of the following options:

1. Each employee may elect single person coverage in either the base plan or optional health care plan. Additional dependents

may be covered under only one MSU health care plan.

2. One employee may elect to cover the spouse or OEI and any additional eligible dependents.

- E. Coverage for married couples and OEI's where only one is employed by the University.

Spouses or OEI's of MSU employees working for an employer other than MSU who have health care coverage available for which they are not required to pay premiums costing more than: \$850 per year, are only eligible to be covered under MSU's health care plan if they are enrolled in their employer's health care plan. The parties will meet once per year to review the status of the dollar limits for spouses/OEI's working for an employer other than MSU.

- F. Eligibility for OEI health care shall be consistent with University policy.

- G. Nothing in this Agreement shall limit the University and the Coalition the ability to access a state, regional or federally sponsored health and/or prescription drug plan(s), or any portion thereof, during the term of this Agreement. The parties agree that they shall have the right to add such a plan(s) to the current health plan and/or prescription drug plan provider(s) with such a plan(s).

As a result of agreeing to consider any such plan(s), the University and the Coalition may mutually decide during the life of this Agreement to replace, change or substitute any existing plan and/or establish or revise the amounts payable by employees enrolling in the plan(s).

The foregoing options remain subject to otherwise applicable conditions and limitations, including those regarding eligibility and proportional benefits.

#### 4. Health Care/Wages

- A. Due to the effective stewardship of the University and the Coalition in keeping the health care spend below national and state increases and at the rate of the health care spend of 2009-2010:

1. 100% of health care savings, calculated under the prior MOU, between July 1, 2010 and June 30, 2013, shall be distributed to CLO members that are regular employees, actively employed as of January 1, 2014. Distribution will be on a pro-rata share based on FTE. Payment shall be made in January 2014.
2. 100% of health care savings, calculated under the prior MOU, between July 1, 2013 and June 30, 2014, shall be distributed to CLO members that are regular employees, actively employed as of January 1, 2015. Distribution will be on a pro-rata share based on FTE. Payment shall be made in January 2015.

- B. The parties agree the cost of the health care plan and the funding available for wage increases are interrelated. Therefore, effective July

1, 2014, the current five percent (5%) health care cap will be discontinued and shall be replaced with the matrix shown below.

For collective bargaining agreements effective between July 1, 2014 and October 1, 2015 (the 2014 cycle), it is agreed that the Base Wage Factor Average increases for each bargaining agent for the term of this Agreement shall be determined as follows:

1. The aggregate cost to MSU of the health care plans for employees of MSU who are represented by members of the Coalition will be computed for the periods July 1, 2012 through June 30, 2013 and July 1, 2013 to June 30, 2014.
  - a) The aggregate cost computation for the period July 1, 2012 through June 30, 2013 (the initial comparison period) will be compared to the aggregate cost computation for the period July 1, 2013 – June 30, 2014 (the ending comparison period) in order to yield a percent increase (or decrease) in Health Care Cost Experience.
  - b) The funds available for Base Wage Factor Average increases shall be based on the percentage increase (or decrease) in Health Care Cost Experience as shown in the following chart:

Health Care Cost Experience			Base Wage FACTOR AVERAGE
0.0%	-	1.0%	2.60%
1.01%	-	2.0%	2.50%
2.01%	-	3.0%	2.30%
3.01%	-	4.0%	2.20%
4.01%	-	5.0%	2.00%
5.01%	-	6.0%	1.90%
6.01%	-	7.0%	1.70%
7.01%	-	8.0%	1.50%
8.01%	-	9.0%	1.30%
9.01%	-	10.0%	1.20%
10.01%	-	11.0%	1.00%
11.01%	-		0.00%

- C. 1. Base Wage Factor Average for collective bargaining agreements effective in the succeeding years of this Agreement

shall be calculated using the following initial and ending comparison periods in order to determine Health Care Cost Experience for the applicable cycle:

<u>Effective Dates of Agreements</u> <u>between:</u>	<u>Initial Comparison</u> <u>Period</u>	<u>Ending Comparison</u> <u>Period</u>
July 1, 2015 – October 1, 2016 (the 2015 cycle)	7/1/2013 – 06/30/14	7/1/2014 – 06/30/15
July 1, 2016 – October 1, 2017 (the 2016 cycle)	7/1/2014 – 06/30/15	7/1/2015 – 06/30/16
July 1, 2017 – October 1, 2018 (the 2017 cycle)	7/1/2015 – 06/30/2016	7/1/2016 – 06/30/17

2. The determination of funds available for Base Wage Factor Average increases for the 2014, 2015, 2016 and 2017 cycles shall be based on the percentage increase (or decrease) in Health Care Cost Experience as determined by using the methodology in 4. B. 1) A., above. The applicable Base Wage Factor Average for that cycle shall be that set forth in the table in 4. B. 1) B., above for the applicable Health Care Cost Experience.

A. The following additional conditions shall apply:

1. The percent of base wage factor average increases available in each contract cycle shall be the same for each bargaining unit.
2. Except as provided herein for labor agreements effective on and after July 1, 2014 at no time during the life of this Agreement may the University or any agent of the Coalition bargaining units make any proposals regarding the health care plan and/or any direct increase or decrease to base wage-during their separate collective bargaining negotiations.

The University and each bargaining unit shall be free to negotiate on all other matters for their respective union contracts effective on and after July 1, 2014. Failure to reach agreement on an individual union contract shall not invalidate the provisions of this Agreement for its term.

3. The first contract cycle, the 2014 cycle, shall be defined as the period commencing with the first day of the contract year for the first contract in the cycle and ending on the last day of the contract year for the last contract(s) in the cycle, as shown below:

AFSCME Local 999: July 1, 2014 through June 30, 2015

AFSCME Local 1585: August 1, 2014 through July 31, 2015

IATSE Local 274: September 1, 2014 through August 31, 2015

IUOE Local 324: December 16, 2014 through December 15, 2015

Clerical-Technical Union: April 1, 2015 through March 31, 2016

Fraternal Order of Police Non-Supervisory Division, Lodge 141: July 1, 2015 through June 30, 2016

Administrative-Professional Association: October 1, 2015 through September 30, 2016

Administrative-Professional Supervisors Association: October 1, 2015 through September 30, 2016

For each bargaining unit, each succeeding cycle shall begin one year after the previous cycle begins.

5. Continuation of Joint Labor/Management Cooperation on Health Care.
  - A. All parties understand and agree that joint discussions between the Coalition and the University's administration are mutually beneficial and productive, and that such discussions warrant continuation in the future. To continue the successful work achieved through the joint health care committee, the parties will have the president and/or their designees, not to exceed two per union, attend official JHCC meetings to achieve these goals.
  - B. From January 1, 2014, until December 31, 2017, and subject to 5. D below, the University shall continue to acknowledge and work with the Coalition concerning health care issues. The parties shall continue to meet, discuss and negotiate, as necessary or appropriate, concerning all aspects of the University's health care plan for the purpose of identifying and implementing necessary and beneficial changes. The parties shall have the authority to implement changes concerning the health care provisions of this Agreement. There shall be no changes to the wage related provisions of this Agreement without ratification by the memberships of each individual bargaining unit of the Coalition. The University shall continue to share data relating to health care plans with the Coalition and direct that carriers and other health care plan vendors share information concerning the program with the Coalition, and the Coalition shall continue to participate in discussions regarding any and all changes to the current programs that may come under consideration as well as annual rate renewal discussions.
  - C. During the period of this Agreement, from January 1, 2014 until December 31, 2017, the University and the Coalition shall explore additional cost control measures such as:
    1. Pursue strategies to enhance compliance for certain therapeutic drugs and evidence-based medical protocols



2. Mandatory step therapy for bio-tech drugs
3. Continue to look at other vendors and pricing structures
4. Require an up to 34-day trial (no initial 90-day supply) for new maintenance prescription drugs
5. Mandatory mail order
6. Network discounting by restricting retail networks
7. A lower cost health plan. (Which may include a High Deductible Health Plan with a Health Savings Account)
8. Alternative criteria for determining the lowest cost (base) plan
9. Mandatory consultation with Best Doctors prior to identified procedures
10. Copay amounts for emergency room visits
11. Spouse/OEI coverage through another employer
12. Mental health coverage and providers
13. Hearing aid coverage

D. At any time during the term of this Agreement, the University or any bargaining unit may elect to withdraw from joint labor/management cooperation regarding the health care plan by providing written notice to the University and the Coalition no less than three (3) months prior to the effective date of withdrawal. Notwithstanding the withdrawal of a bargaining unit from joint labor/management cooperation, the University and all bargaining units (including the bargaining unit that withdrew) shall honor and maintain the provisions of this Agreement for the remainder of its term.

6. Wellness and Quality of Care issues.

During the life of this Agreement, the University and the Coalition will continue to work together to assess and address issues concerning wellness and quality of care.

- A. This provision requires the parties' participation in identification of evidence-based quality measures and other strategies to educate consumers and ensure health care plan providers are responsible and accountable for providing the highest quality of care.
- B. This provision requires the parties' mutual commitment to joint participation in the development and implementation of a University wellness program and educational programs and activities.
- C. This provision requires strengthening and involving MSU health information and promotion in Joint Health Care Committee activities.

7. Retiree health care and dental plan coverage for regular employees hired on and after July 1, 2002.

- A. Upon official retirement from MSU (age 62 with at least 15 years of service credit or 25 years of service credit at any age), an official retiree may then enroll (or continue enrollment) in the health care and dental plan coverage available to MSU retirees. MSU will contribute, only for the official MSU retiree, 100% of the University contribution (excluding any Medicare premiums) toward the lowest cost MSU health care and dental plan. Enrollment in MSU health care and dental plan coverage may be continued for any eligible spouse, OEI and/or dependent(s) if the official MSU retiree pays the full applicable premium cost for the coverage.
- B. Employees hired on or after July 1, 2010, meeting retirement eligibility as described in 7.A. shall have access to abovementioned coverage at the retiree's sole cost. The University shall make no post-retirement contribution toward the coverage.
- C. In the event of the death of an official MSU retiree, or an employee who meets the requirements to be an official MSU retiree, the surviving spouse, OEI and/or dependent(s), if any, may continue health care and dental plan coverage through MSU by paying the full applicable premium cost.

If there is no surviving spouse or OEI, eligible dependents may elect COBRA continuation coverage, if applicable.

The surviving spouse/OEI cannot subsequently add a new spouse/OEI and/or dependent(s) to their MSU health care and dental plan coverage.

- D. The Coalition may establish a program that allows employees to allocate/contribute untaxed funds for payment of retiree health care expenses. Should the Coalition establish said fund, MSU will honor employee requests for payroll deductions to be used for this program.

8. Any changes to this Memorandum of Understanding must be by mutual agreement of the University and the Coalition.

FOR MICHIGAN STATE UNIVERSITY

FOR THE COALITION  
of LABOR ORGANIZATIONS at MSU

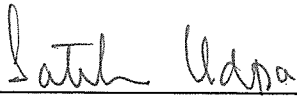
  
James D. Nash, Director  
Office of Employee Relations

  
Charles Heckman  
Coalition of Labor Organizations at MSU

Date: 11-7-13

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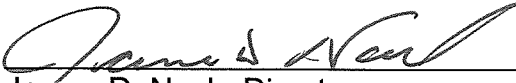
FOR MICHIGAN STATE UNIVERSITY



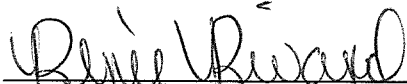
Dr. Satish Udpa, Executive Vice President  
For Administrative Services



Sharon E. Butler, Assistant Vice President  
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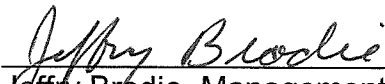
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Renée Rivard, Director  
Benefits



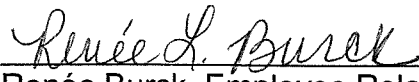
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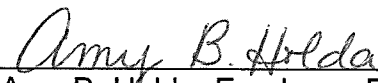
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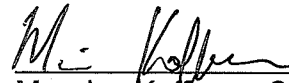
FOR THE COALITION OF LABOR  
ORGANIZATIONS AT MSU



Charles Heckman, President  
AFSCME Local 999



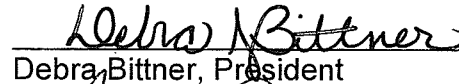
James Rhodes, Jr., President  
AFSCME Local 1585



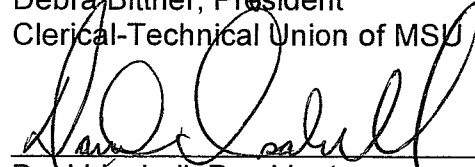
Maurice Koffman, Chairperson  
Administrative Professional Association



Jim Hensley, President  
Administrative Professional Supervisors  
Association



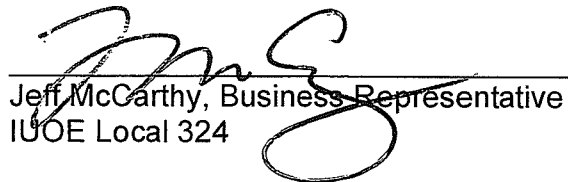
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Matthew Woolman, President  
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