

MEMORANDUM OF AGREEMENT

Regarding

Health Benefits for 2007 - 2009

For Represented Benefits-Eligible Employees

By and Between King County and

Unions Representing King County Employees

Whereas, the County and the Unions signatory hereto have agreed to a new Healthy IncentivesSM benefits plan for 2007-2009 that will provide an incentive for employees and their covered spouses/domestic partners to make healthier choices and to reach the target of a one-third reduction in the projected increase in medical and pharmaceutical costs; and

Whereas, the Healthy IncentivesSM program has three levels of out-of-pocket expenses that the parties agreed to negotiate; and

Whereas, the parties also agreed to develop rules for administering the wellness assessment that is the gateway for employees to earn silver or gold levels of out-of-pocket expenses; and

Whereas, the parties have negotiated in good faith; now

Therefore, the parties hereby agree to the following benefit plan design changes to the Healthy IncentivesSM program for benefit plan years 2007-2009:

1. **Bronze, Silver and Gold Out-of-Pocket Expense Levels.** Attachment A to this Memorandum of Agreement sets forth the out-of-pocket expenses for each of the three levels for the Group Health and KingCareSM Plans effective January 1, 2007 – December 31, 2009.
2. **Definition of Completion for Earning Gold Out-of-Pocket Expense Level.** The following defines what is completion for the purposes of earning the gold out-of-pocket expense level:
 - a). **Current Employees.**

Benefit-eligible employees on the payroll as of January 1 of each calendar year are required to complete the wellness assessment and participate in a personalized follow-up program.

Benefit-eligible employees who take the wellness assessment by January 31st *and* complete an individual action plan by June 30th will be eligible for the gold out-of-pocket level. If an employee covers a spouse/domestic partner on

the medical plan, the spouse/domestic partner must also take the wellness assessment by January 31st and complete an individual action plan by June 30th.

Based on the data provided in the wellness assessment, Harris HealthTrends, Inc. will assign employees and spouse/domestic partners who take the wellness assessment one of three risk profiles: low, moderate, or high. Completion requirements to attain the gold out-of-pocket expense level is as follows:

- **Low Risk Profile Participants:** Fill out an online or paper log of activities for eight (8) weeks and return the completed log to Harris HealthTrends. Participation must commence no later than March 15th and the log must be returned to Harris HealthTrends no later than June 30th.
- **Moderate Risk Profile Participants:** Accept at least three (3) coaching telephone calls from a health coach at Harris HealthTrends for a period of at least ninety (90) days. The 90-day time period begins with the first coaching call. The 90-day period will be extended as needed until the participant participates in three coaching calls. Participation must be commenced no later than March 15th and the three (3) coaching calls over a period of at least 90 days must be completed no later than June 30th. Moderate risk profile members will be eligible and encouraged to receive an additional three months of coaching at no expense.
- **High Risk Profile Participants:** Accept at least three (3) coaching telephone calls from a health coach at Harris HealthTrends for a period of at least ninety (90) days. Participation must be commenced no later than March 15th and the three (3) coaching calls over a period of at least 90 days must be completed no later than June 30th. High risk profile members will be eligible and encouraged to receive an additional nine months of coaching at no expense.

b). **New Hires.**

Employees hired or who become benefits-eligible after January 1 of each calendar year earn the gold out-of-pocket expense level by completing the wellness assessment within fourteen (14) days of attending New Employee Orientation. Their spouse/domestic partner must also complete the wellness assessment within fourteen (14) days of the employee's attendance at New Employee Orientation for the covered family members to receive the gold out-of-pocket expense level.

c). **Effect of Adding/Dropping a Spouse/Domestic Partner after January 1st of each year.**

- **Adding:** If an employee adds a spouse/domestic partner after January 1st of any calendar year, the spouse/domestic partner will automatically receive benefits at the employee's earned out-of-pocket expense level for the remainder of that benefit year.
- **Dropping:** If an employee drops a spouse/domestic partner after January 1st of any calendar year, the employee will remain at the out-of-pocket expense level both employee and spouse/domestic partner had earned for the remainder of the benefits year.

d). **Return from Unpaid Leave of Absence.**

An employee who returns to work from an unpaid leave of absence in excess of thirty days and who has exhausted his/her FMLA and KCFMLA leave entitlement will be treated as a new hire (and covered under the rules set forth in paragraph 2(b) above) when the employee returns to active status.

e). **Opt Out of Medical returning to medical insurance coverage.**

Employees who are returning to County medical plans after having opted out of medical insurance will be placed in the out-of-pocket expense level that they earned for that benefit year. If they are covering themselves and their spouse/domestic partner, they will be placed at the out-of-pocket expense level that both the employee and the spouse/domestic partner earned for that year.

f). **COBRA/Retirees**

Any employee who purchases the plan as a retiree or a participant who purchases the plan under COBRA will be eligible for the same out-of-pocket expense level as they had earned while in active employment.

3. Criteria for Earning Silver Out-of-Pocket Expense Level

Employees who take the wellness assessment by June 30th but who do not complete an individual action plan will be eligible for the silver out-of-pocket expense level. If an employee covers a spouse/domestic partner on the medical plan, the spouse/domestic partner must also take the wellness assessment by June 30th.

4. Criteria for Earning Bronze Out-of-Pocket Expense Level

Employees who do not take the wellness assessment by June 30th will be eligible for the bronze out-of-pocket expense level. If an employee covers a spouse/domestic partner on the medical plan and the spouse/domestic partner does not take the wellness assessment by June 30th, both the employee and the spouse/domestic partner will be eligible only for the bronze out of pocket expenses level.

5. Appeals

Employees who disagree with the report of completion of the wellness assessment and individual action plans for themselves and their spouse/domestic partner provided by Harris HealthTrends at the end of July may appeal that determination directly with Harris HealthTrends during the month of August. Employees may also request a review and present any supporting documentation to the King County Benefits and Retirement Operations Section (BROS) of the Finance and Business Operations Division of the Department of Executive Services. Either the Union or BROS may bring an issue requiring resolution to the Joint Labor Management Insurance Committee to review and determine if further action, including referral to a different forum, is appropriate.

6. Wellness Assessment & Personalized Follow-up Programs

Completion of the wellness assessment and personalized follow-up program shall be done on employees' own (*i.e.*, non-work) time; non-work time includes employees break and lunch periods as well as before and after work. Employees may use County-issued equipment such as computers and phones to complete their wellness assessment and follow-up programs.

7. Retirees.

The County will explore possible participation by retirees in some or all aspects of the Healthy IncentivesSM Program.

8. Total Agreement.

This Agreement modifies the parties' current Agreement for health insurance plans for 2007-2009. As such the three memoranda of agreement comprise the entire Agreement of the parties with respect to the matters covered herein, and no agreement, statement or promise made by any party which is not included within these two memoranda shall be binding or valid. This Agreement may be modified or amended only by a written amendment executed by all parties hereto.

9. Severability.

The provisions of this Agreement are intended to be severable. If any term or provision of this Agreement is deemed illegal or invalid for any reason, such illegibility shall not affect the validity of the remainder of this Agreement.

10. Term.

This Agreement shall be effective from January 1, 2007 through December 31, 2009.

On behalf of King County:

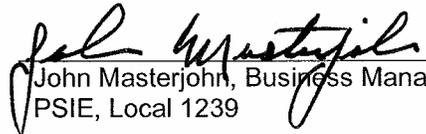
Ron Sims, King County Executive

Date

On behalf of the Unions Participating in the Joint Labor Management Insurance Committee:

 11/17/05

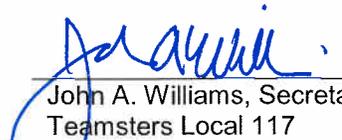
William Dennis, Staff Representative
WSCCCE Council 2 Date

 11-17-05

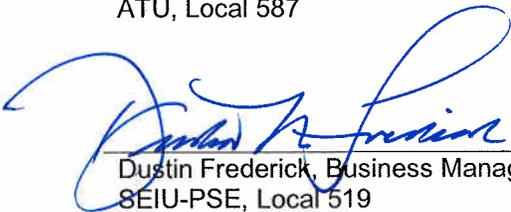
John Masterjohn, Business Manager
PSIE, Local 1239 Date

 11-17-05

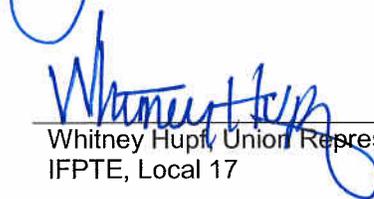
Lance Norton, President/Business Agent
ATU, Local 587 Date

 12-12-05

John A. Williams, Secretary-Treasurer
Teamsters Local 117 Date

 11/17/05

Dustin Frederick, Business Manager
SEIU-PSE, Local 519 Date

 11/17/05

Whitney Hupf, Union Representative
IFPTE, Local 17 Date

 12/9/05

Dan Scott, Secretary-Treasurer
Teamsters Local 174 Date

 1/31/06

Irene Eldridge, Secretary-Treasurer
SEIU, Local 925 Date

 12/05/05

Janet Parks, Labor Representative
Washington State Nurses Association Date

 2/27/06

Doug Justus, President
King County Corrections Guild Date

**Attachment A
Summary of Out-of-Pocket Expenses in King County's Medical Plans**

Feature/Covered Expense	KingCare Bronze	KingCare Silver	KingCare Gold	Group Health Bronze	Group Health Silver	Group Health Gold
Provider choice	You may choose any qualified provider, but you receive higher coverage when you use network providers					
Annual deductible	\$500/person, \$1,500/family	\$300/person, \$900/family	\$100/person, \$300/family	None	None	None
Deductible Carryover	Deductible amounts applied to charges incurred in the last 3 months of the calendar year are carried over and applied to the next year's deductible			Does not apply	Does not apply	Does not apply
Office Visit Copay Standard Specialist	No copays, but you pay coinsurance	No copays, but you pay coinsurance	No copays, but you pay coinsurance	You pay \$50 You pay \$50	You pay \$35 You pay \$35	You pay \$20 You pay \$20
Emergency Room Copay	You pay \$100 (waived if admitted)	You pay \$100 (waived if admitted)	You pay \$100 (waived if admitted)	You pay \$100 (waived if admitted)	You pay \$100 (waived if admitted)	You pay \$100 (waived if admitted)
Inpatient Hospital Copay	No copays, but you pay coinsurance	No copays, but you pay coinsurance	No copays, but you pay coinsurance	You pay \$600 per admission	You pay \$400 per admission	You pay \$200 per admission
After the deductible/copays, the plans pay most covered services at these levels until you reach the annual out-of-pocket maximum	80% network medical claims (you pay 20% coinsurance) 60% non-network medical claims (you pay 40% coinsurance)	80% network medical claims (you pay 20% coinsurance) 60% non-network medical claims (you pay 40% coinsurance)	90% network medical claims (you pay 10% coinsurance) 70% non-network medical claims (you pay 30% coinsurance)	100% network Limited emergency/out-of-area non-network care	100% network Limited emergency/out-of-area non-network care	100% network Limited emergency/out-of-area non-network care

You choose a Group Health primary care physician (PCP) who provides and coordinates most services through the Group Health network; you may also self-refer to Group Health staff specialists; no non-network coverage unless indicated

Feature/Covered Expense	KingCare Bronze	KingCare Silver	KingCare Gold	Group Health Bronze	Group Health Silver	Group Health Gold
Devices, Equipment & Supplies	80% network 60% non-network	80% network 60% non-network	90% network 70% non-network	50%	50%	80%
Annual out-of-pocket maximum	\$1,200/person, \$2,400/family network (plus deductible)	\$1,000/person, \$2,000/family network (plus deductible)	\$800/person, \$1,600/family network (plus deductible)	\$3,000/person, \$6,000/family network and limited emergency/ out-of-area non-network (Pharmacy copays do not apply)	\$2,000/person, \$4,000/family network and limited emergency/ out-of-area non-network (Pharmacy copays do not apply)	\$1,000/person, \$2,000/family network and limited emergency/ out-of-area non-network (Pharmacy copays do not apply)
After you reach the out-of-pocket maximum, most benefits are paid for the rest of the calendar year at this level	100%	100%	100%	100% network ONLY	100% network ONLY	100% network ONLY
Lifetime maximum	\$2,000,000	\$2,000,000	\$2,000,000	No limit	No limit	No limit