

KENAI PENINSULA BOROUGH SCHOOL DISTRICT'S INITIAL
BARGAINING PROPOSAL TO THE KENAI PENINSULA EDUCATION
ASSOCIATION. FEBRUARY 9, 2015

The current Negotiated Agreement for the 2014-2015 school year shall remain in force and effect through June 30, 2016, subject to the following changes and explanation:

1. A \$500.00 non-TRS signing bonus shall be paid per FTE in the September 2016 paycheck for returning and new teachers employed as of the beginning of September 2016.
2. Article 210 Health Insurance shall be replaced by the attached revised Article 210.
3. In Article 115 Initial Placement on the Salary Schedule, Paragraph B. Step Placement, change "five (5) full years" to "six (6) full years."
4. The 2014-2015 Salary Schedule shall become the Salary Schedule for the 2015-2016 school year with eligible teachers receiving step movement and column placement.

210 HEALTH CARE

The District health care program is self-funded. Program costs are solely a product of administrative expenses and actual claims experience as reported in the District's final annual CAFR.

A Health Care Program Committee (HCPC) shall be composed of four (4) representatives selected by the Kenai Peninsula Education Association, three (3) representatives selected by the Kenai Peninsula Education Support Association, one (1) representative selected by the Kenai Peninsula Administrator Association, and three (3) current employee representatives selected by the Superintendent. The Health Care Committee shall select a chairperson from its membership. The Plan Administrator and Benefits Manager are non-voting advisors to the committee. The HCPC shall select a chairperson from its committee of voting members.

A quorum for the meetings shall require no fewer than nine (9) committee members. The Health Care Program Committee will conduct a formal vote on any matter that could impact the cost or benefits of the health care program or on any matter that would require a change in the summary plan description. Formal votes shall require an eighty percent (80%) vote of the total voting committee members to pass.

The committee shall annually review by-laws in September of each year unless the committee deems that an alternate time would be better. The committee will meet monthly unless this is changed by the committee members in accordance with the committee's by-laws.

The Health Care Program Committee shall be empowered to determine health care benefits different from benefits in the plan in place on ~~January 1, 2013~~ July 1, 2015. The committee will determine and control the health care program for all District employees covered by the program during the term of this agreement including but not limited to the following: benefits and coverage provided, cost containment measures, preferred provider programs, co-payment provisions, evaluating other health insurance programs, and implementing any wellness measures it deems beneficial to employees and the health care program. The District shall not be required to adopt changes made by the HCPC which would result in violations of established laws or regulations.

The Health Care Program Committee shall be advisory to matters related to Broker selection, Third Party Administration and Stop-Loss insurance.

The District shall not be required to adopt changes made by this committee which would result in violations of established laws or regulations.

The District agrees to work with the Health Care Program Committee to provide reasonable time for meetings and provide adequate support, including an expert health care consultant for plan design. Administrative leave will be provided for all participants.

Members who have alternative health insurance coverage meeting the minimum ACA requirements may elect to waive their entitlement to District provided health insurance coverage. Alternative health insurance coverage shall not include District provided coverage which the member is entitled to by reason of his/her status as a spouse or dependent of a District employee who is covered by the District's health insurance plan.

The Affordable Care Act (ACA) will be assessing a 40 percent excise tax on high-cost health plans that exceed the annual limit of \$10,200 for individual coverage and \$27,500 for self and spouse, self and children, or self and family. To minimize costs to the health plan, a two tier structure meeting the ACA criteria will be established for the health plan effective July 1, 2015.

| | Traditional Health Plan (85/15) | High Deductible Health Plan (90/10) |
|--|--|--|
| Deductible | \$200 / Individual \$600 / Family | \$1,500 / Individual \$3,000 / Family |
| Out of Pocket (Not including deductible) | \$1,000 / Individual \$3,000 / Family | \$2,000 / Individual \$4,000 / Family |
| Health Reimbursement Arrangement (HRA) | None | \$750 / Year |

Total District dollar share of health plan costs is based on the negotiated District percentage as applied to actual plan costs. The District will make contributions to the health care program for each participant on a 12-month basis as follows:

~~FY13 80% per eligible employee per month~~

~~FY14 83% per eligible employee per month~~

~~FY15 85% per eligible employee per month~~

FY16 Traditional Health Plan 85% per eligible employee per month

High Deductible Plan 90% per eligible employee per month

The District will independently calculate ~~their~~ its contribution amount separately for both the Traditional Health Plan and the High Deductible Health Plan and report the amounts to the health care committee.

Total employee dollar share of health plan costs is based on the negotiated employee percentage as applied to actual plan costs. Employee participants will be responsible to the health care program on a 12-month basis as follows:

~~FY13 20% per eligible employee per month~~

~~FY14 17% per eligible employee per month~~

~~FY15 15% per eligible employee per month~~

FY16 Traditional Health Plan 15% per eligible employee per month

High Deductible Plan 10% per eligible employee per month

The health care subcommittee comprised of KPEA, KPESA, and KPAA HCPC representatives, shall determine the employee contribution amount separately for both the Traditional Health Plan and the High Deductible Health Plan. The formula to calculate the rate, established by KPEA/KPESA bargaining team is set out in Appendix A.

Health Care Reserve Account: A separate employee health care reserve account shall be established and maintained. The initial amount in this account as of July 1, 2012 ~~will be~~ was \$1,246,835. ~~This amount is based on the 2012 CAFR health care reserve account balance of \$3,603,193 divided by two and subtracting \$554,762 (the employee's portion of the rate holiday).~~ Any interest gained on this account shall be retained in this account. \$750,000 of the employee health care reserve account shall be set aside for use at year end for payment of the employee portion of program costs that exceed employee deposits. If the employee health care reserve falls below \$750,000, an amount needed to replenish the fund to \$750,000 will be calculated by the sub-committee and added to the employee's annual rate in the following year. Any amount in the employee health care reserve exceeding the \$750,000 balance will be used to offset future employee costs as determined by the sub-committee.

Sub Committee - The Association health care committee representatives (KPEA, KPESA, and KPAA) will have the authority to address the usage of any amount remaining above the \$750,000 requirement stated above. These monies can be used to pay down the employee share of the health care employee contribution or can be placed in the Employee Health Care Reserve account to pay down future costs or overages.

Benefits are afforded to the employee, spouse and all eligible dependents.

As of July 1, 2015, all employees who work ~~twenty (20)~~ thirty (30) or more hours per week or at least .50 .75 FTE are eligible for year round health benefits and are required, as a condition of employment, to participate in the KPBSD health plan. Any employee who as of July 1, 2015, has been working between twenty (20) and thirty (30) hours per week or between .50 and .75 FTE, and has previously been receiving health benefits, shall be grand parented as eligible for health benefits for the remaining length of time they are employed by the District. All such effected employees shall have a one-time option to opt of health benefit coverage before their start of employment for the 2015-2016 school year.

~~Employees first hired with the District on or after July 1, 2010, for at least twenty (20) hours per week or .50 FTE, but less than thirty (30) hours per week or .75 FTE, may opt out of health care coverage altogether.~~

~~The choice to opt out will be made upon initial employment and will be irrevocable* unless a person is rehired after employment has been terminated more than 1 school year.~~

*Guidelines involving "qualifying event" and "pre-existing conditions" will be followed in accordance to the health plan document:

<http://www.kpbsd.k12.ak.us/employees.aspx?id=10156>

The District shall maintain a "reward" system to protect the plan from inaccurate charges by Service Providers. The District and employee shall evenly divide any monetary benefits resulting from the correction of such charges. Errors made by the plan administrator are ineligible for this reward.

A flexible benefit account program, under the provision of Section 125 of the Internal Revenue Service Code, will continue.

Dental and vision benefits shall be provided separately from medical and prescription benefits. Employees shall have the option to elect not to receive dental and vision coverage. The cost of the dental and vision benefits shall be included in the calculation of the employer and employee contribution amounts. The employer and employee contributions will be the same for an employee who receives dental and vision coverage as it is for an employee who elects not to receive dental and vision coverage.