

## APPENDIX D.1

**HEALTH PLAN AGREEMENT**  
**by and between**  
**The Orange County Fire Authority**  
**and**  
**The Orange County Professional Firefighters Association, Local 3631**

IN CONSIDERATION OF the mutual covenants, promises and conditions set forth herein below and pursuant to Article XIII, Section I, of the Parties' 2016-2020 Memorandum of Understanding (MOU), the Orange County Fire Authority ("Authority") and Orange County Professional Firefighters Association, Local 3631 ("OCPFA") agree as follows:

1. The term of this Agreement shall begin on January 1, 2017 and will terminate at 12:00 a.m. on December 31, 2021.

2. Employees' required contributions towards health plan premiums shall be determined by OCPFA, but shall not fall below the percentage of employee contributions in effect in 2008 for Kaiser coverage and Blue Cross coverage unless, to the extent that the Affordable Care Act (ACA) is still the law, such employee contribution must fall below such threshold in order to meet the ACA's affordability threshold under the Federal Poverty Line Safe Harbor. This means that the employee's required contribution toward premiums for the lowest cost plan that offers minimum essential coverage shall not exceed 9.69% (or the applicable percentage set by the ACA for the year) of the monthly Federal Poverty Line for a single individual that is in effect during the six months prior to the start of the plan year. (For example, in December of 2016 the monthly Federal Poverty Line for a single individual is \$990; 9.69% of \$990 is \$95.93. This means that an employee's required contribution toward the lowest cost plan for 2017 must not exceed \$95.93.). For employees who are on approved Family Leave pursuant to the Parties' MOU and applicable law, the OCPFA shall continue to pay health insurance premiums to the same extent the Authority would be required under applicable law or as long as the employee is considered full-time for IRS' ACA reporting by the Authority.

3. The Authority shall contribute to an OCPFA medical benefit trust fund the following amounts for provision and administration of health and related benefits:

- a. The Authority shall contribute toward health benefits (including medical, dental, vision, life and disability insurance benefits) \$1,900 per month effective January 1, 2017 for each actively employed enrollee member of the Firefighter Bargaining Unit.
- b. Employees are not entitled to cash out any of the \$1,900 per month.
- c. OCPFA shall ensure that for purposes of the ACA's affordability determination, the portion of the \$1,900 that makes the lowest cost plan affordable under the Federal Poverty Line Safe Harbor is applied only to health premiums and cannot be applied to life or disability insurance.
- d. Effective January 1, 2019, 2020 and 2021 the Authority contribution to the OCPFA health benefit trust fund shall be increased for each actively employed enrollee member of the Firefighter Bargaining Unit by five percent (5%) per year.

4. OCPFA shall maintain a medical benefit trust fund for the sole purpose of providing health/dental/disability benefit plans, which may include medical prescriptions, vision care, life and/or disability insurance, ("Health Benefit Plans"), for employees and retirees in the Firefighters' Unit. Said medical benefit trust fund shall be administered by medical benefit trustee(s) designated by OCPFA. Funds in said medical benefit trust shall not be co-mingled with other OCPFA funds. It is intended that the administration of the Health Benefit Plans by the trust fund shall not survive the expiration of this Agreement without mutual written consent of the Parties.

5. Beginning with the calendar year ending December 31, 2016 and every year thereafter, OCFA shall reduce future monthly contributions towards health benefits for any excess fund balance being held in the Trust (excluding the 1% Supplemental Benefit Investment Account) as of December 31. "Excess fund balance" shall be defined as any amount that exceeds five-times (for calendar years 2017-2020) and four times (for calendar year 2021 and at the end of this Agreement) the total insurance premiums minus the employee's share of the premium contribution paid for the month of December (per the OCPFA Premium Accounting for December 1) for the year just ended. The amount of the "excess fund balance" shall be determined following completion of the annual audit conducted by OCFA's auditors of the OCPFA Medical Benefit Trust. Once the "excess fund balance" is determined for the prior calendar year, the OCFA shall reduce its monthly contribution for the next six months by one-sixth of the "excess fund balance". The application of these reductions for "excess fund balance" will begin to occur 30 days after completion of the final audit report (e.g., if the determination of the "excess fund balance" occurs in February, then starting in March). In addition, OCFA agrees to contribute an amount equal to the "excess fund balance" from the prior calendar year to the OCFA's Retiree Medical Trust Fund on deposit with, and administered by, OCERS.

6. Health Benefit Plans provided through the medical benefit trust fund shall be made available by OCPFA to all employees in the representation unit and retirees of the representation unit on an equal basis regardless of membership status. Employees must sign a written authorization for deductions. Annual predetermined rate increases shall be automatically adjusted with the approval of OCPFA, without a requirement for new payroll deduction forms.

- a. In addition to all OCPFA employees and retirees, Health Benefit Plans provided through the medical benefit trust shall also be made available to former Fire Department employees who transitioned to the OCFA and retired from California Public Employees' Retirement System (CALPERS) greater than 120 days from separation from their former Fire Department. These transitioned employees are not eligible for retiree health care benefits from a CALPERS administered plan; therefore, upon separation from OCFA, these retirees will be considered eligible for enrollment for retiree health benefits (health, dental, and vision insurance) from a plan administered by the OCPFA medical benefit trust. The OCFA shall not incur any costs as a result of this Section 6.a. and this Section shall only apply to employees within the OCPFA bargaining group.

7. The level of benefits for each type of plan shall be substantially similar to those provided by the Authority for employees not in the Firefighters' Bargaining Unit during the 12 month period immediately preceding this Agreement.

8. Health Benefit Plans must receive prior approval from the Human Resources Director or designee whose approval shall not be unreasonably withheld. Group policies must be designated as such in the California Insurance Code and issuance must be lawful in this state. OCPFA shall offer health plans that constitute minimum essential coverage and provide minimum value under the ACA's employer shared responsibility provisions. OCPFA shall not offer reimbursement of premiums for health coverage obtained through Covered California, as this constitutes an impermissible employer payment plan under the ACA.

9. Retiree-Only Benefit: Retirees who move out of the group plan area and, therefore, may not be eligible to participate in the group plans, may enroll in an alternative minimum essential coverage plan. Retirees in such individual plans are eligible for retiree medical grant funding under the same conditions as applied to group plan members (the OCPFA/OCFA sponsored plan), provided that they submit a valid proof of payment, i.e. payroll stub showing payroll deduction for insurance or a copy of an insurance invoice accompanied by the paid check used for payment.

10. All costs of providing and administering the Health Benefit Plans shall be the sole responsibility of OCPFA. The Authority shall not be responsible for any cost of providing or administering said plans in excess of the amounts specified in this Agreement. The use of OCFA contributions to cover the administrative costs of the program shall not exceed \$50,000 during calendar year 2009. Each calendar year thereafter, the maximum amount of administrative costs funded using OCFA contributions will be adjusted by the annual percentage change in the Medical Care Services CPI for all urban consumers as of November for the preceding year (i.e., the 2017 administrative fee will be adjusted by the annual change in CPI between November 2015 and November 2016). Administrative costs are defined as costs incurred as a result of administering said plans exclusive of premium payments. The Authority shall continue to take deductions from employees' pre-taxed earnings in accordance with the Group Benefit Plan Agreement and Declaration of Trust for the Orange County Professional Firefighters' Association, IAFF Local 3631.

11. OCPFA will be responsible for ensuring that best investment practices shall be used in accordance with applicable laws and regulations when investing the Trust's funds.

12. OCPFA will be responsible for all accounting practices relating to the disbursement of all trust funds. Accounting practices will be in accordance with industry standards.

13. Upon completion of the annual audit, OCPFA shall provide the Authority with a copy of the annual audit within 30 days of the report's issuance. The annual audit report shall include actual cost of Health Benefit Plan premiums, total amount of contributed funds spent on all plans, and details of how all remaining contributed funds are spent or administered. As used in this Agreement, "remaining contributed funds" means any part of the Authority's contribution that has not been spent on health benefit premiums. All books and records related to the administration and provision of such plans shall be available to audit and/or inspection by the Authority or its agents upon request and a 30-day notice.

14. All regular, full-time, limited-term or part-time (at least twenty (20) hours per week) or probationary employees in classifications represented by OCPFA shall be eligible and offered an opportunity to enroll in the OCPFA plan options. No such employee shall be eligible for Authority-provided Health Benefit Plans.

15. Any employee who retires while in the OCPFA bargaining unit and who is otherwise eligible under the Authority's retiree medical benefit plan shall have coverage available from the OCPFA Health Benefit Plan. No such employee shall be eligible for Authority-provided Health Benefit Plans.

16. OCPFA shall have an open enrollment at least once a year.

17. The waiting period for Health Benefit Plan coverage may not exceed sixty (60) days.

18. OCPFA may not terminate its Health Benefit Plans during the term of this Agreement. If OCPFA or health provider terminates Health Benefit Plan coverage, the Authority will terminate its contribution for the medical benefit trust fund 30 days prior to plan termination unless OCPFA provides a suitable replacement plan approved by the Human Resources Director or the Deputy Fire Chief whose approval shall not be unreasonably withheld.

19. Employees eligible for coverage under an OCPFA plan as a result of change of Authority representation unit shall be enrolled without regard to pre-existing conditions of illness or injury for plan benefits for themselves and their enrolled dependents. Employees eligible for coverage under an Authority health plan as a result of change of Authority representation unit shall be enrolled without regard to pre-existing conditions of illness or injury for plan benefits for themselves and their enrolled dependents.

20. In the administration and provision of health care plans, OCPFA shall comply with COBRA, HIPAA, ACA, and all other applicable state and federal laws and regulations to the same extent the Authority would be required to comply.

21. OCPFA shall comply with all laws applicable to health and welfare benefit, and/or medical or similar benefit, trust funds and the administration and management thereof.

22. Any dividends paid, premiums refunded or other rebates or refunds made under any plan or policy shall be the property of the Authority; provided, however, that said funds will be transmitted to the OCPFA medical benefit trust fund for medical benefit trust fund purposes.

23. OCPFA shall take all steps necessary to ensure the confidentiality of Health Benefit Plan user information.

24. Except as provided below, plan eligibility shall terminate at the end of the calendar month in which any of the following occur:

- a. Employee terminates. However, this will not interfere with a former employee's right to continue insurance coverage at his/her option as provided for under law.
- b. Change of representation unit.
- c. Disenrollment of a dependent (for the dependent).

However, upon any of the above occurrences, if the employee would still be reported to the IRS as full-time under the ACA, then that employee's Plan eligibility shall continue until the end of the stability period as reported by the Authority, or until coverage by the new OCFA representation unit begins, whichever comes first.

25. The provisions of this Agreement shall not be subject to the grievance and arbitration provisions of the Parties' separate Memorandum of Understanding.

26. Upon expiration or breach of this Agreement, the Authority shall have the right to unilaterally change the plans or assume or assign administration of the plans without meeting and conferring with OCPFA; provided however, that in the event that the Authority makes such a change, benefits provided under new plan(s) shall be substantially similar to the benefits provided under the existing plan(s).

27. OCPFA shall defend, indemnify and hold the Authority harmless from any claims or legal action arising out of, or in any way related to, Health Benefit Plans administered and/or provided pursuant to this Agreement, including any IRS penalties assessed as a result of the ACA's employer shared responsibility provisions or the high cost plan excise tax scheduled to take effect in 2020 if the ACA is still in effect as well as the provision on the high cost plan excise tax. This obligation shall not arise with respect to any claim or legal action brought by OCPFA or employees concerning coverage overlap between the respective Authority and OCPFA plans.


28. This Agreement is the entire, integrated agreement with respect to the subject matter hereof, and supersedes all prior and contemporaneous oral and written agreements and discussions. The Parties also agree that no modification of this Agreement shall be valid unless it is in writing and signed by all of the Parties to this Agreement.

29. This Agreement shall not be construed in favor or against any party, regardless of which party drafted or participated in the drafting of its terms.

30. The parties agree to reopen negotiations if any of the following occurs:


- a. If changes to the ACA occur which modify this Agreement, including additions or potential repeal;
- b. If the ACA is still in effect in 2020 and the Cadillac Tax becomes effective, impacting this Agreement;
- c. If there are other legislative changes that modify this Agreement.

Orange County Professional Firefighters  
Association, IAFF, Local 3631



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President



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Orange County Fire Authority




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