

**Memorandum of Agreement  
By and Between  
King County  
and  
Amalgamated Transit Union, Local 587**

**Subject: Insured Benefits Agreement for Represented Benefits-Eligible Employees,  
2018-2019**

**1. 2018-2019 Insured Benefits Agreement.** On January 1, 2018, this Agreement will follow and replace a Memorandum of Agreement between King County (“County”) and Amalgamated Transit Union, Local 587 (“ATU”) on the subject of insured benefits, which will expire on December 31, 2017, and was coded by the Office of Labor Relations as 410U1016 (the “2017 Benefits Agreement”).

**2. Scope of Agreement.** This 2018-2019 Benefits Agreement shall apply to all employees represented by the ATU who are eligible for insured benefits under Article 11 and R11 of the Collective Bargaining Agreement and Memoranda of Agreement relating to the health care plan and eligibility for insured benefits. All employees that this Agreement applies to shall be referred to as “Employees.”

**3. ATU Protected Fund Reserve.** The ATU Protected Fund Reserve (“PFR”), which supports the County’s defined contribution to ATU’s benefits, shall continue under this Agreement. The PFR is established and maintained solely for the purpose of funding, providing and maintaining insured benefits, and providing a reserve fund to cover increases in the cost of those benefits for Employees. It is further agreed that the County and organizations handling PFR funds have a responsibility to ensure that the PFR funds are being used solely for the insured benefits for Employees.

**4. County Funding Rate.** The County and ATU will negotiate the county funding rate for 2018 and 2019 during main contract negotiations. Any contract settlement will consider the combined costs of wages, benefits, and other economic items as negotiated in 2016-2019 CBA. The parties may make any proposals regarding PFR correction or stabilization.

**5. Insufficient County Funding.** To the extent that the County’s funding identified in paragraph 4 and other yearly non-flex rate revenue (interest earnings, participant benefit access fees, and other plan participant contributions such as COBRA payments), attributed proportionally to Employees covered under the terms of this Agreement, is at any time inadequate to fully fund the cost of providing insured benefits for Employees, the parties agree that the PFR will be used to fund the difference.

**6. Excess County Funding.** To the extent that the County’s funding identified in paragraph 4, and other yearly non-flex rate revenue (interest earnings, participant benefit access fees, and other plan participant contributions such as COBRA payments), attributed proportionally to Employees covered under the terms of this Agreement, provides greater funding than is necessary to fully fund the cost of insured benefits for Employees, the parties agree that the excess shall be added to the PFR.

**7. Calculations.** All calculations that must be made under this Agreement will be based on ATU-specific costs.

**8. Plan Provisions.** Insured benefits provisions (i.e. plan features) and plan designs (i.e. Employee costs) for Employees commencing January 1, 2018 shall remain unchanged from 2017, with the following exceptions.

**A.** Effective January 1, 2018, the emergency room copay for the KingCare plan shall be \$175.

**B.** Effective January 1, 2018, the Spousal Benefit Access fee will be \$150 for KingCare and \$75 for SmartCare (Group Health).

**C. Retiree Medical Subsidy.** Effective January 1, 2018, the medical plan will end the early retiree (pre-Medicare eligible) medical subsidy, meaning that early retirees will be able to purchase insurance from King County at a rate that reflects the costs of the early retirees in the plan. However, early retirees on the plan on December 31, 2017 will be able continue to purchase the King County medical plan at the subsidized rate until they become eligible for Medicare. This provision will be opened if the federal Affordable Care Act (ACA) is repealed or modified such that retirees can no longer purchase medical plans in the marketplace.

**D. Domestic Partner Definition.** Effective January 1, 2018, the definition of domestic partner for the purpose of eligibility for insured benefits will reflect the State of Washington definition. Insured benefits eligibility will only be offered to domestic partners who meet the State of Washington definition.

**9. Scope and Purpose of the Annual Reconciliation Meeting.** The parties will convene an annual reconciliation meeting (the "True Up Meeting") no later than April 15th of each year of this Agreement to review the insured benefits expenditures for the prior year, projected expenditures for the current and future year(s), insured benefits provisions and plan designs for Employees, and any other information or factors that the parties deem relevant.

**10. Modification to Plan Provisions, Plan Designs, and Administration of the Protected Fund Reserve.** If at the True Up Meeting, the PFR is projected to fall below four million dollars (\$4,000,000) in 2019 or (in 2019 for) 2020. the parties are empowered to negotiate and implement modifications to the County's funding rate, insured benefits provisions, plan designs for Employees, and any Employee premium(s) share to be effective on January 1 of the following year.

**11. Dispute Resolution Process.** If Paragraph 10 is triggered, and the parties have signed an agreement on the Employer Contribution rate for 2018 or 2019, but the parties are unable to reach agreement on the Employee premium(s) share, insured benefits provisions, and the plan designs for Employees to bring the projected PFR above four million dollars (\$4,000,000), then the parties may refer the only the unresolved issues of premium(s) share, insured benefits provisions, and the plan designed to either a dispute resolution process (if jointly agreed) or to an interest arbitrator with an expectation of a ruling issued by August 15.

**12. Ending of Healthy Incentives Program.** The parties agree to end the current Healthy Incentives program, which has allowed employees to qualify for gold, silver, or bronze levels of out-of-pocket expense levels based on their participation in a wellness assessment and individual action plans. Commencing in 2017, Employees will not participate in the wellness assessment and individual action plans in order to qualify for lower levels of out-of-pocket

expenses. Effective January 1, 2018, all employees will receive the "gold level" of out-of-pocket expenses, as provided under paragraph 8, and the silver and bronze levels will be eliminated. In place of the Healthy Incentives Program, King County and ATU will jointly develop wellness programs that are specific to the needs of ATU's members; however, participation will in these programs will be voluntary.

**13. Commercial Drivers License Medical Costs.** Medical examinations that are required for the purpose of obtaining or maintaining a Commercial Drivers License will be covered by the health insurance plans. This cost will be paid by King County and will not be charged against ATU's costs.

**14. Accountable Care Networks.** Effective January 1, 2018, King County may offer an Accountable Care Network plan in addition to the KingCare and SmartCare plans. King County will work with ATU to develop a plan design for the Accountable Care Network; if the parties cannot agree to plan design, they will use an alternative dispute resolution process to determine the plan design.

**15. PFR Adjustment.** The County and the Union have had extensive discussions about the funding of ATU's benefits plan and the total cost to provide insured benefits to ATU's members. The parties have already entered into an agreement for the County's benefits funding rate for 2017, increasing the per-employee-per-month amount by 6.2%. To address an ongoing controversy about the perceived unfairness of the funding of ATU's benefits, the parties agree to the following: Of the 6.2%, 4% will be considered in the costing model for establishing a wage settlement.

**16. Total Agreement.** This Agreement constitutes the entire Agreement of the parties with respect to the matters covered herein, and no other agreement, statement or promise made by any party which is not included herein shall be binding or valid. This Agreement may be modified or amended only by a written agreement.

**17. Term.** This Agreement shall be in effect, after approval of the King County Council, from January 1, 2018, through December 31, 2019.

APPROVED this 17 day of JANUARY, 2017.

By: Dow Constance  
King County Executive

For Amalgamated Transit Union, Local 587:

Kenny McCormick  
Kenny McCormick  
President/Business Representative