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**CITY OF MINNEAPOLIS**

**And**

**INTERNATIONAL ASSOCIATION OF  
MACHINISTS AND AEROSPACE WORKERS,  
DISTRICT LODGE NO. 77, AFL-CIO  
(Machinists)**

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**LETTER OF AGREEMENT  
2023 Health Plan**

**WHEREAS**, the City of Minneapolis (hereinafter “City”) and the I.A.M.A.W., District Lodge #77 (hereinafter “Association”) are parties to a Collective Bargaining Agreement that is currently in force; and

**WHEREAS**, the Parties desire to provide quality health care at an affordable cost for the protection of employees, which requires a modification to the current CBA as it relates to the funding of the Health Plan beginning January 1, 2023;

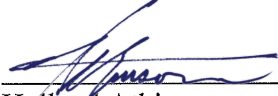
**NOW, THEREFORE BE IT RESOLVED**, that the parties agree as follows for the period January 1, 2023 through December 31, 2024:

1. The City will offer a medical plan with six (6) provider options. Medica Elect is a managed care model, Medica Choice is an open access model, and Fairview, North Memorial, HealthEast Vantage with Medica, Park Nicollet First with Medica, Ridgeview Community Network and Clear Value (Hennepin Health) are accountable care organizations (ACOs). Medica Self-Insured (“Medica”) is providing certain administrative services, including claims processing, for all plan options. Notwithstanding any provision in the CBA to the contrary, coverage for an employee who meets the eligibility requirements set forth in the CBA shall start on the first day of the month following the employee’s date of hire, provided the employee has timely submitted the proper enrollment forms.
2. The City will continue a dual medical premium equivalent system that provides incentives for wellness program completion. The monthly medical premium equivalents for subscribers who earn the required wellness program points by August 31, 2022 (the “wellness premiums equivalents”) will be lower than the premium equivalents for subscribers who do not earn the required wellness program points by August 31, 2022 (the “standard premium equivalents”). Any changes to the wellness program requirements, including those implemented for 2023, will be as agreed upon by the Benefits Subcommittee of the Citywide Labor Management Committee. For 2023, the “wellness premium equivalent” will also apply to all employees who are newly enrolled in the medical plan after June 1, 2022. The wellness program requirements for 2023 (specifically the 3,000-point threshold to earn the incentive and the point structure are set forth on the MyMedica.com member portal) are as agreed upon by the Benefits Sub-committee of the Citywide Labor Management Committee.
3. For the period January 1, 2023 through December 31, 2023, the City will pay \$622.00 per month for employees who elect single coverage under the medical plan. For the period January 1, 2023 through December 31, 2023, the City will pay \$1,680.00 per month for employees who elect family coverage under the medical plan. The total monthly rate and the respective employer and employee monthly contributions for the period for the period January 1, 2023 through December 31, 2023 are as set forth in Appendix A.
4. The City will continue the Health Reimbursement Arrangement (“the HRA”) which was established January 1, 2004 to provide reimbursement of eligible health expenses for participating employees, their spouse and other eligible dependents; and the Voluntary Employees’ Beneficiary Association Trust (the “Trust”) through which the HRA is funded.
5. The Plan shall be administered by the City or, at the City’s sole discretion, a third-party administrator.

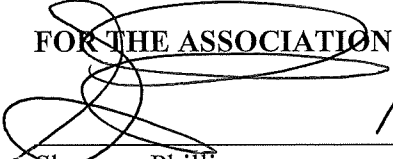
6. The City shall designate a Trustee for the Trust. Such Trustee shall be authorized to hold and invest assets of the Trust and to make payments on instructions from the City or, at the City's discretion, from a third-party administrator in accordance with the conditions contained in the HRA. Representatives of the City and up to three representatives selected by the Minneapolis Board of Business Agents shall constitute the VEBA Investment Committee which shall meet periodically to review the assets and investment options for the Trust.
7. The City shall pay the administration fees for HRA members who are current employees and other expenses pursuant to the terms of the HRA. HRA members who have separated from service will be charged the administration fee.
8. The City will make a contribution to the HRA in the annual amount of \$1,200.00 for employees who elect single coverage and \$2,400.00 for employees who elect family coverage in the City of Minneapolis Medical Plan. Such City contribution shall be made in semi-monthly installments equal to one-twenty fourth (1/24) of the designated amount and shall be considered to be contract value in the designated amount.
9. The Parties agree that, except for City contributions to the HRA, incentives, discounts or special payments provided to medical plan members that are not made to reimburse the member or their health care provider for health care services covered under the medical plan (e.g. incentives to use health club memberships or take health risk assessments) are not benefits for the purposes of calculating aggregate value of benefits pursuant to Minn. Stat. § 471.6161, Subd. 5.
10. Future cost sharing of medical premium equivalent costs between the employer and employees for the medical plan premium equivalents will be determined by the Benefits Sub-committee of the Citywide Labor Management Committee; however, absent an agreement to the contrary, the City shall bear 82.5% of any aggregate medical premium equivalent increase and the employees shall bear 17.5% of any aggregate medical premium increase.
11. The association shall continue to be involved with the selection of and negotiations with the medical plan carrier or, so long as the City is self-insured, the third-party administrator of the City's plan.
12. This agreement does not provide the association with veto power over the City's decisions.
13. This agreement does not negate the City's obligation to negotiate with the association as described by Minn. Stat. § 471.6161, Subd. 5.
14. The terms of this agreement shall be incorporated into the Collective Bargaining Agreement as appropriate without additional negotiations.

**THE PARTIES** have caused this Letter of Agreement to be executed by their duly authorized representative whose signature appears below:

**FOR THE EMPLOYER:**

  
 \_\_\_\_\_  
 Holland Atkinson                      10/11/22  
 Director, Labor Relations              Date

**FOR THE ASSOCIATION:**

  
 \_\_\_\_\_  
 Sherman Phillips                      10-11-2022  
 Business Representative              Date