

Amendment No. 1  
TO THE 2012-2014 MEMORANDUM OF UNDERSTANDING  
BETWEEN AND FOR  
THE CITY AND COUNTY OF SAN FRANCISCO  
AND  
OPERATING ENGINEERS LOCAL UNION NO. 3

**III.M. HEALTH AND WELFARE**

Consistent with the Tentative Agreement signed on July 31, 2013, the parties hereby amend the Agreement as follows:

1. EMPLOYEE HEALTH CARE

205. The City agrees to continue to contribute the applicable rate per month directly into the City Health Service System for each employee who is a member of the Health Service System. The level of benefits is set pursuant to the Charter.

~~2. DEPENDENT HEALTH CARE~~

~~206. The City shall contribute up to \$225 per month per employee to provide for dependent coverage for employees with one or more dependents. However, in the event that the cost of dependent care exceeds \$225 per month, the City will adjust its pick-up level up to 75% of the cost of Kaiser's dependent health care medical premium charged to the employee plus two or more dependents category.~~

~~3. DENTAL COVERAGE~~

~~207. Each employee covered by this agreement shall be eligible to participate in the City's dental program.~~

~~208. Employees who enroll in the Delta Dental PPO Plan shall pay the following premiums for the respective coverage levels: \$5/month for employee only, \$10/month for employee + 1 dependent, or \$15/month for employee + 2 or more dependents.~~

a. **Health Coverage Effective Through December 31, 2013**

1) 4. SINGLE EMPLOYEES

209. From July 1, 2012 to December 31, 2013, for "medically single employees" (Employee Only), (i.e., benefited employees not receiving contributions paid by the City for dependent health care benefits), the City shall contribute all of the premium for the employee's own health care benefit coverage.

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2)4.—DEPENDENT HEALTH CARE

209a. From July 1, 2012 through December 31, 2013, for Dependent Coverage (Employee Plus One; Employee Plus Two More), the *City shall contribute up to \$225 per month per employee to provide for dependent coverage for employees with one or more dependents. However, in the event that the cost of dependent care exceeds \$225 per month, the City will adjust its pick-up level up to 75% of the cost of Kaiser's dependent health care medical premium charged to the employee plus two or more dependents category.*

b. Health Coverage Effective January 1, 2014 Through December 31, 2014

1) SINGLE EMPLOYEES

210. Effective January 1, 2014 through December 31, 2014, for “medically single employees” (Employee Only) enrolled in any plan other than the highest cost plan, the City shall contribute ninety percent (90%) of the “medically single employee” (Employee Only) premium for the plan in which the employee is enrolled; provided, however, that the City’s premium contribution will not fall below the lesser of: (a) the “average contribution” as determined by the Health Service Board pursuant to Charter Sections A8.423 and A8.428(b)(2); or (b), if the premium is less than the “average contribution”, one hundred percent (100%) of the premium.

211. For the period January 1, 2014 through December 31, 2014 only, for “medically single employees” (Employee Only) who elect to enroll in the highest cost plan, the City shall contribute ninety percent (90%) of the premium for the second highest cost plan, plus fifty percent (50%) of the difference between: (a) ninety percent (90%) of the premium for the second highest cost plan; and (b) one hundred percent (100%) of the premium for the highest cost plan. ~~Thereafter, the City shall contribute 90% of the premium for the second highest cost plan for such employees.~~

2)4.—DEPENDENT HEALTH CARE

211a. Effective January 1, 2014 through December 31, 2014, the *City shall contribute up to \$225 per month per employee to provide for dependent coverage for employees with one or more dependents. However, in the event that the cost of dependent care exceeds \$225 per month, the City will adjust its pick-up level up to 75% of the cost of Kaiser's dependent health care medical premium charged to the employee plus two or more dependents category.*

c. Health Coverage Effective January 1, 2015

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211b. Effective January 1, 2015, the contribution model for employee health insurance premiums will be based on the City's contribution of a percentage of those premiums and the employee's payment of the balance (Percentage-Based Contribution Model), as described below:

1) Employee Only:

211c. For medically single employees (Employee Only) who enroll in any health plan offered through the Health Services System, the City shall contribute ninety-three percent (93%) of the total health insurance premium, provided however, that the City's contribution shall be capped at ninety-three percent (93%) of the Employee Only premium of the second-highest-cost plan.

2) Employee Plus One:

211d. For employees with one dependent who elect to enroll in any health plan offered through the Health Services System, the City shall contribute ninety-three percent (93%) of the total health insurance premium, provided however, that the City's contribution shall be capped at ninety-three percent (93%) of the Employee Plus One premium of the second-highest-cost plan.

3) Employee Plus Two or More:

211e. For employees with two or more dependents who elect to enroll in any health plan offered through the Health Services System, the City shall contribute eighty-three percent (83%) of the total health insurance premium, provided however, that the City's contribution shall be capped at eighty-three percent (83%) of the Employee Plus Two or More premium of the second-highest-cost plan.

4) Contribution Cap

211f. In the event HSS eliminates access to the current highest cost plan for active employees, the City contribution under this agreement for the remaining two plans shall not be affected.

5) Average Contribution Amount

211g. For purposes of this agreement, and any resulting agreements under paragraph 212a, to ensure that all employees enrolled in

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health insurance through the City's Health Services System (HSS) are making premium contributions under the Percentage-Based Contribution Model, and therefore have a stake in controlling the long term growth in health insurance costs, it is agreed that, to the extent the City's health insurance premium contribution under the Percentage-Based Contribution Model is less than the "average contribution," as established under Charter section A8.428(b), then, in addition to the City's contribution, payments toward the balance of the health insurance premium under the Percentage-Based Contribution Model shall be deemed to apply to the annual "average contribution." The parties intend that the City's contribution toward employee health insurance premiums will not exceed the amount established under the Percentage-Based Contribution Model.

d. Medically Single Employees Outside of Health Coverage Areas

212. The provisions in paragraphs 210, ~~and 211,~~ and 211c above shall not apply to "medically single employees" (Employee Only) who are permanently assigned by the City to work in areas outside the health coverage areas of Kaiser and Blue Shield for the term of this Agreement. For such "medically single employees" (Employee Only), the City shall continue to contribute one hundred percent (100%) of the premium for the employees' own health care benefit coverage.

e. Agreement Not to Renegotiate Contributions in 2014

- 212a. The terms described in paragraphs 211b through 211g above will be effective in calendar year 2015, and the parties agree not to seek to modify this agreement through the term of any MOU entered into prior to, or in the spring of, 2014.

f. Other Terms Negotiable

- 212b. While the parties have agreed in paragraph 212a not to negotiate any changes to the Percentage-Based Contribution Model, the parties are free to make economic proposals to address any alleged impact of the health contribution levels described above or other health related issues not involving the percentage-based contribution model (e.g. wellness and transparency).

g. Other Agreements

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**212c.** **Should the City and any recognized bargaining unit reach a voluntarily bargained agreement that results in City contributions to health insurance premiums exceeding those provided by the Percentage-Based Contribution Model, the City agrees to offer the entire alternate model to the Union as a substitute.**

213. **h.** The aforesaid payments shall not be considered as part of an employee's salary for the purpose of computing straight time earnings, compensation for overtime worked, premium pay, retirement benefits or retirement contributions; nor shall such contributions be taken into account on determining the level of any other benefit which is a function of or percentage of salary.

**2.3.** DENTAL COVERAGE

**213a.** *Each employee covered by this agreement shall be eligible to participate in the City's dental program.*

**213b.** *Employees who enroll in the Delta Dental PPO Plan shall pay the following premiums for the respective coverage levels: \$5/month for employee-only, \$10/month for employee + 1 dependent, or \$15/month for employee + 2 or more dependents.*

FOR THE CITY

FOR THE UNION

\_\_\_\_\_ Date  
Micki Callahan  
Human Resources Director

12 *January* 9/4/2013  
\_\_\_\_\_ Date  
Dave Gossman  
Operating Engineers, Local 3

\_\_\_\_\_ Date  
Martin R. Gran  
Employee Relations Director

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

\_\_\_\_\_ Date  
*Elizabeth Salveson* 9/23/13  
Elizabeth Salveson  
Deputy City Attorney,  
Office of the City Attorney

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