

## MEMORANDUM OF UNDERSTANDING

Illinois Valley Community College (College), through its duly authorized agent, and IFT Local 810 (Union), through its duly authorized agent, agree to the following:

### RECITALS:

- 1) The College implemented a High Deductible Health Plan (HDHP) available to all employees, including faculty, as of January 1, 2014. Currently, the High Deductible Health Plan has a Health Savings Account (HSA) and Health Reimbursement Account (HRA) available to qualifying employees. Further, the College agreed to contribute a fixed amount to the HSA or HRA for those Union members selecting the high deductible health insurance option (\$2500 Individual/\$5000 Employee plus One or Family coverage with no cap on rollover).
- 2) The plan, as drafted or administered, is out of compliance with IRS regulations, as it relates to certain deductible minimums for the HDHP to be qualified as to HSAs.
- 3) Noncompliance with IRS regulations could have adverse financial ramifications to Union members.

**NOW THEREFORE**, the parties, wishing to become compliant with IRS regulations, agree to the following:

- 1) The College will work with its third-party administrator (BAS) to implement a correction to the High Deductible Health Plan, to bring the HDHP deductible language into compliance with IRS regulations.
- 2) The following shall be applicable to the High Deductible Health Plan (offered by the College to its faculty) during each year of the Collective Bargaining Agreement:
  - a) **Embedded Calculation**  
Deductible amounts (under both the HSA or HRA option) shall be calculated using an "embedded" process (as opposed to an "aggregated" process), as commonly defined in the insurance industry.
  - b) **Deductible - HSA**  
For those members who selected the HSA option, the individual deductible (in network), as well as the individual deductible portion for employees who selected: 1) Employee plus One or 2) Family coverage, shall be no less than the minimum amount required by then current IRS regulations for an individual with Family coverage (in order for the amount contributed to the plan to be excluded from income for employee tax purposes).

For 2014, that amount was \$2500. For 2015, that amount is \$2600 (as opposed to \$2000, which was the amount previously agreed upon by the parties).

Further, the total amount of deductible for those persons who selected: 1) Employee plus One, or 2) Family coverage, shall remain at \$4000 (as previously agreed upon by the parties).

c) Deductible - HRA

For those employees who selected the HRA option, the individual deductible (in network), as well as the individual deductible portion for employees who selected: 1) Employee plus One, or 2) Family coverage, shall remain as previously agreed upon by the parties (\$2000/\$4000).

Further, the total amount of deductible for those persons who selected: 1) Employee plus One, or 2) Family coverage, shall remain at \$4000 (as previously agreed upon by the parties).

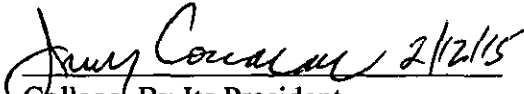
3) Out-Of-Pocket Limits (in network).

The out-of-pocket limits for employees under both the HSA and the HRA options who selected either: 1) individual, 2) Employee plus One, or 3) Family coverages shall remain the same as previously agreed upon by the parties (\$4000/\$8000).

4) The College's annual contribution to the HSA or the HRA shall remain as previously agreed upon.

5) All issues having been resolved, all other provisions of the High Deductible Health Plan shall remain in effect.

December 22, 2014.

  
College, By Its President

  
Union, By Its President