

HEALTH & WELFARE MODERNIZATION SUMMARY

Union and Employer members of the Health & Welfare Board of Trustees have satisfied the terms of the Letters of Agreement for H&W modernization that were part of contract negotiations with Lunds & Byerly's and Kowalski's. Changes will impact all participating employers and all H&W eligible members.

ACHIEVED?

GUIDING PRINCIPLES:



Current benefits will not be reduced



Waiting periods may be shortened to attract and retain employees



Financial integrity and sustainability of H&W benefits will be maintained



New benefit plan design will become effective no later than January 1, 2025



Decisions will be guided by recommendations from Plan Professionals. Union and Employer Trustees will make decisions in the best interest of the Plan for all participants and employers.

HEALTH & WELFARE CHANGES BASED ON LETTERS OF AGREEMENT (LOA):



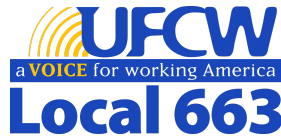
Transition to monthly coverage and eliminating grace weeks

DETAILS OF CHANGE: Through negotiations, employers can choose either a weekly or monthly contribution structure. The plan will change from retroactive to prospective health care coverage and as a result of this change, the grace weeks structure will be eliminated. Individual health reimbursement accounts (HRAs) will be funded for participants who had unused grace weeks as of the date of the change, with funding based on the value of the unused grace weeks so participants will keep the value of their grace weeks.



Coverage termination will follow employment termination, and will not be extended with accrued paid time off benefits

***** Please read documents packet for full details on the Letters of Agreement with Lunds & Byerly's and Kowalski's, the motion on modernization adopted by the Board of Trustees and the letter sent to all participating employers. *****



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Eliminate “tunnel contributions” that were being made prior to benefit coverage taking effect

DETAILS OF CHANGE: Through negotiations, employers will make an increase to the employer contribution rate (“Load Factor”) to account for the fact that tunnel contributions will no longer be made. If the waiting period for part-time coverage eligibility is shortened, the employer and employee contributions will start sooner and the Load Factor will be reduced to reflect the accelerated contribution start date.



No need for a new waiting period if you leave and then return to covered employment within 12 months



Offer tiered coverage and contribution rates for Full-time employees (i.e., Employee, Employee + Spouse, Employee + Child(ren), Family)

DETAILS OF CHANGE: Through negotiations, employers will choose to make contributions based on either a tiered rate structure or a composite rate (the current structure).

In addition, to improve the H&W benefit for participants, the Board of Trustees adopted an annual open enrollment program. Participants with coverage who do not want to make changes to their coverage will not have to enroll. However, eligible employees who previously did not enroll or participants wishing to make changes to their coverage will now have the opportunity to participate in open enrollment in the Fall of 2024.

NEXT STEPS:

- We have met the modernization terms of the LOA for Lunds & Byerly’s and Kowalski’s and have reached out to offer reopeners should they wish to negotiate the options available due to the Board of Trustees’ actions.
- We continue to hear from members that modernization for us means lower deductibles and out-of-pocket maximums and increased or improved benefits. Our Union is committed to improving Health & Welfare benefits. We look forward to engaging members and employers over this issue in the upcoming 2025 negotiations. Please reach out to your Union Representative to learn how you can become active in our Union to win these improvements.

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