Fourth Health and Prescription Drug Plan Agreement

This Fourth Health and Prescription Drug Plan Agreement is made by and between the City of Baltimore (the "City") and the employee organizations designated as exclusive representatives of City employees in bargaining units certified under the Municipal Labor Relations Ordinance, including CUB, AFSCME, FOP, IAFF, and also including MAPS[1] (the "Unions") (hereinafter referred to as the "Agreement").

WHEREAS, the City and the Unions first entered into a Health and Prescription Drug Plan Agreement which was adopted by the Board of Estimates on November 7, 2012 (the "First Agreement"); and

WHEREAS, the First Agreement was succeeded by the Transition Health and Prescription Agreement approved and adopted by the Board of Estimates on April 7, 2016 (the "Transition Agreement"); and

WHEREAS, the Transition Agreement was succeeded by the Third Health and Prescription Drug Plan Agreement approved and adopted by the Board of Estimates on June 13, 2018 (the "Third" Agreement); and

WHEREAS, although the Third Health and Prescription Drug Plan Agreement expired for each of the signatory Unions on December 31, 2020, the City and the Unions desire to continue to address health and prescription drug benefits on a City-wide basis with an agreement to succeed the Third Agreement that shall be effective from July 1, 2025 through June 30, 2028.

IT IS HEREBY AGREED by and between the parties hereto:

1. **Health Insurance Committee Meetings and Activities** The "Health Insurance Committee ("HIC")" shall meet no more than four (4) times in each calendar year. The HIC shall meet at least twice between the months of June and September to discuss:

   a. The fiscal and benefit outcomes of the immediate past plan year;

   b. Health benefit options for the upcoming plan year;

   c. Margin and other factors considered in rate setting for the upcoming plan year;

   d. Premium rates for the upcoming plan year.

[1] The City's obligation with respect to MAPS does not extend beyond what is required under the Baltimore City Charter and Article 12 of the Baltimore City Code.

2. **Information Exchange**

a. *Annual Provider Reports*

Following the conclusion of each plan year and when they become available, and no later than June 15, the City shall provide copies of Annual Provider Reports to the members of the HIC. The Annual Provider Reports shall include information from the prior plan year, including: (1) enrollment data; (2) data relating to claims, including claims exceeding $100,000, and any other relevant information about the health benefit plan's status, benefit delivery, and fiscal outcome. Covered Provider Reports will include: current employees, pre-Medicare eligible retirees, spouses of City employees or pre-Medicare eligible retirees, and dependents of City employees or pre-Medicare retired City Employees.

b. *Gain and Loss Statements*

Once a year, following the close of each plan (calendar) year, as soon as feasible, and, in general, applying generally accepted accounting principles under the rules of the Governmental Standards Accounting Board (the "GASB"), the City shall provide to the members of the HIC an operating gain/loss statement for each self-insured plan. The Unions acknowledge that the calendar year report may not be the final audited report and may be subject to change upon completion of the final audited report.

c. *Final Accounting*

No later than June 30 of each year, the City shall deliver a final accounting, prepared by the Director of the Department of Finance ("Director of Finance") to the members of the HIC that includes information and data related to: (1) enrollment; (2) claims; (3) administrative costs; (4) usage trends; and (5) any other data necessary to calculate any surplus or deficit experienced by the plan for the immediately preceding plan year. The Unions acknowledge that the calendar year report may not be the final audited report and may be subject to change upon completion of the final audited report.

3. **Premiums/Premium Equivalents.**

a. After the City receives from its consultant the projected premiums and projected premium equivalent rates for the upcoming plan year, the City shall release to the Consultant for the members of the HIC :

i. The formula, methods, and data used by the City's consultant to build rate projections for the ensuing plan year;

ii. A report containing the projected premiums and premium equivalent rates for each provider plan within the program for the upcoming plan year, including both self-insured and fully-insured plans; and

iii. Any available supporting data.

b. The Unions may request a meeting with the City or City's consultant concerning the proposed premium or premium equivalent rates.

c. Request Timeline: The Unions must request a meeting described in Paragraph b of this subsection (i) in writing; (ii) no later than fifteen (15) days following the disclosure of the proposed rates; and (iii) no later than September 10, provided that the annual report required by this section is delivered to the Unions prior to August 25.

d. Meeting Timeline: The meeting described in Paragraph b of this subsection shall be held at least fifteen (15) days prior to the submission of the proposed rates to the Board of Estimates.

e. City's Response Timeline: At least ten (10) days before the submission of the proposed rates to the Board of Estimates, the City shall consider and respond in writing to the Unions and their consultant regarding proposed rates.

4. **Current Plans and Cost Sharing.** The City's Health and Prescription Drug Programs, the Healthcare Providers, and the plan of benefits for each of those City programs (as published in the City of Baltimore Plan Year 2026 Benefits books for active employees and retirees) shall remain unchanged though December 31, 2026. The current statements of benefits are attached hereto as Exhibit A. The current employee/employer split in percentage of premium rates for active employees and dependents, and for all pre-Medicare eligible retirees and dependents, shall remain unchanged through December 31, 2026.[2]

5. **Requests for Proposals.**

a. It is understood that the City intends to issue Request(s) for Proposals ("RFPs"), or other procurement solicitations, for some or all of its plans for plan years during the term of this Agreement, through which the City may solicit proposals from current and/or other health insurance providers, as appropriate and consistent with the City's Charter. Before issuing any RFP, the City shall engage in meaningful discussions with the members of the HIC about which health insurance benefit programs, benefit options, providers, pricing and methods of delivery are in the best interests of the City and all benefit plan participants. In entering into these discussions, the City does not waive its Charter prerogatives to determine providers and pricing, nor shall the Unions waive their rights under the Municipal Labor Relations Ordinance.

b. In addition to the discussions that are described in Paragraph 5.a., above, no less than forty-five (45) days before the release of any RFPs, the City shall notify the Unions of the proposed health insurance benefit options and plan structure(s) to be included in the RFP(s), or other solicitations. After the Unions have been provided with this information, there shall be at least one (1) HIC meeting at which the members of the HIC shall have a meaningful opportunity to review and discuss with the City the RFP, and to propose changes to the proposed RFP(s) to which the City shall give meaningful consideration and response at least five (5) days prior to issuance of each RFP or other solicitation.

c. After the City has received and reviewed the response(s) to an RFP or other solicitation, should the City decide that it wishes to add or eliminate a particular health insurance provider, the City shall so advise the Unions and provide the reasons for its desire to make such a change (e.g., because of proposed premium increases, service to participants, lack of participation in a given plan, efficiency through consolidation, etc.) at least thirty (30) days before such action is recommended to the Board of Estimates. The members of the HIC shall have a meaningful opportunity to discuss within the HIC any such proposed changes before the changes are implemented by the City.

d. The Unions shall be permitted to appoint two (2) representatives (including a retiree representative), in addition to the Unions' designated consultant, which representatives and consultant shall be permitted access to and participate in the process and meetings in development, interviews and scoring of offerors of each of the RFPs.

e. The parties shall be reasonable in exercising their rights under this Paragraph 5 and shall not impair or cause any unreasonable delay to the procurement of new health and prescription drug benefits.

f. In any event, all health and prescription benefit procurements shall be subject and subordinate to Article VI of the City Charter, and the sole authority of the Board of Estimates and the Director of Finance in that process.

6. **Surplus from Self-Insured Plans**. A surplus under this Agreement is the difference between all contributions (including premiums and payments) received from covered employees (including all active employees and dependents), all pre-65 retirees and dependents, and the City in excess of plan expenses and administrative costs, in the aggregate, for all covered health and prescription drug plans. The City's view of the appropriate application of any year-end surplus shall be discussed between the City and the Unions. Surplus funds for fiscal year 2025, and any fiscal year thereafter, may not be applied by the City for any other purpose than (a) the City's medical insurance plans covering active employees, pre-65 retirees and dependents, (b) to sustain the City's health insurance plans by deposit in the Premium Stabilization Fund that is described and defined in this Agreement, or (c) to defer the City's OPEB liability. Surplus funds for fiscal years attributable to the Program's self-insured coverage of currently enrolled active employees shall first be deposited to the account of the Premium Stabilization Fund to maintain that Fund's minimum balance as defined below.

7. **Premium Stabilization Fund.**

a. The City shall maintain a Premium Stabilization Fund ("Fund"). The proceeds of the Fund shall not be comingled with any part of the City's general Operating Fund, but instead, the Fund shall be maintained for the exclusive benefit of the Program. The Fund shall be used to

[2] The City and the Unions agree that the employer/employee split in percentage of premium rates for active employees is a mandatory subject of bargaining.

offset any fiscal year deficit from the self-insured medical and prescription drug plans. Any deficit or surplus calculation will be fully disclosed to the members of the HIC.

b. Any fiscal year surpluses attributable to the Program's self-insured coverage of currently enrolled active employees will be transferred to the Fund until the balance in the Fund equals two (2) months of medical and prescription drug active employees claims for the most recent completed plan year. The Director of Finance will report on the balance of the Fund within six (6) months of the close of the fiscal year to the members of the HIC. The Unions acknowledge that the calendar year report may not be the final audited report and may be subject to change upon completion of the final audited report.

c. When the Fund is equal or greater than the two (2) months of Program medical and prescription drug claims for current active employees for the most recent completed plan year, the City will not add margin as a factor in the pricing of premium equivalents for self-insured benefit plans. The Unions understand that the cost for pre-65 and pre-Medicare retired Employees and dependents are paid from the OPEB Trust Fund only.

8. **Disputes**: All disputes about the application or interpretation of the terms of this Agreement shall first be presented in writing to the HIC, and absent agreement, shall be referred, collectively by the participating employee organizations that are exclusive representatives under the Municipal Labor Relations Ordinance, and/or the City, for a decision by a neutral arbitrator who is a member of the National Academy of Arbitrators using the administrative processes of the American Arbitration Association. The fees and costs of the Association and of the selected neutral arbitrator shall be shared equally between the two (2) parties.

9. **Attachment to Individual Union MOUs** This Agreement (including referenced attachments) shall be included as an attachment to each Union's MOU.

10. **Notice:** For all purposes, notice to the Union shall be sufficient if given to the Unions and to the City of Baltimore through correspondence, in writing, delivered by email addressed to the Director and Chief Human Capital Officer, Department of Human Resources, and the Labor Commissioner.

11. **Term**: This Agreement shall remain in effect through June 30, 2028, and until replaced by a successor agreement.

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MAYOR AND CITY COUNCIL
OF BALTIMORE

By: Deborah L Moore-Carter
Deborah F. Moore-Carter

Date: 11-19-2025

City Union of Baltimore Local 800
Antoinette Ryan-Johnson

By: _____
Antoinette Ryan-Johnson, President

Date: 11/13/2025

AFSCME Maryland Council 3

By: _____
Patrick Moran, President

Date: 11/11/2025

Baltimore Fire Fighters, IAFF, Local 734, AFL-CIO, CLC

By: _____
Matthew Coster, President

Date: 11/11/2025

Fraternal Order of Police, Lodge 3
Michael Mancuso

By: _____
Michael Mancuso, President

Date: 11/11/2025

Baltimore Fire Officers, IAFF, Local 964, AFL-CIO, CLC

By: _____
Joshua L. Fannon, President

Date: 11/11/2025

Managerial and Professional Society of Baltimore, Inc.

By: _____
Nichelle Lashley, President

Date: 11/13/2025