RIVERSIDE COMMUNITY COLLEGE DISTRICT
and
RIVERSIDE COMMUNITY COLLEGE DISTRICT
CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION, CHAPTER 535
MEMORANDUM OF UNDERSTANDING

RCCD PPO Plan Prescription Drug Copayments, Pharmacy Care Management Program, and 65+ Retiree Healthcare Premium Contributions

May 8, 2019

This AGREEMENT is made and entered into on May 8, 2019 by and between the Riverside Community College District and the Riverside Community College District California School Employees Association, Chapter 535.

This Memorandum of Understanding (hereinafter, "MOU") represents an understanding related to the RCCD PPO Plan prescription drug copayments, pharmacy care management program, and 65+ retiree healthcare premium contributions. The MOU is entered into by and between the Riverside Community College District (hereinafter, "College District") and the Riverside Community College District CSEA, Chapter 535 (hereinafter, "CSEA"). Both the College District and the CSEA remain steadfast in maintaining the highest possible quality of healthcare coverage for employees and will ensure that the changes agreed to not negatively affect the quality of CSEA healthcare options.

1. PRESCRIPTION DRUG COPAYMENT INCREASE

The CSEA and the College District agree to raise the RCCD PPO Plan copayment on BRAND NAME prescription drugs (formulary and non-formulary) from $2 to $10 per prescription for retail purchases and from $2 to $20 per prescription for home delivery purchases. The cost of GENERIC drug options will remain at $2 per prescription for retail purchases and at $4 per prescription for home delivery.

2. PHARMACY CARE MANAGEMENT PROGRAM (PCM)

The College District and the CSEA agree to contract for Keenan Pharmacy Care Management (KPCM) and the KPCM Specialty Drug Program, or a similar PCM program, to provide an independent, unbiased layer of clinical management to ensure that the best possible drug therapies are chosen, based on their clinical effectiveness and cost to patients and the plan, through careful review by physicians and consultation with members. The College District and the CSEA agree to maintain the current practice in the RCCD PPO Plan in that the final decision in selecting prescription drugs rests with the member and their consulting physician. This policy remains in effect and will not be undermined by this agreement. The PCM firm may only make a recommendation to the physician and the member, but cannot force any decision or recommendation on the member or the consulting physician.

3. PROJECTED SAVINGS

It is recognized that participation in a PCM could result in annual savings for the RCCD PPO Plan; however, since participation is entirely voluntary the sample results illustrated in the attached table are not guaranteed. The College District and the CSEA agree that any realized savings will be used to reduce the RCCD PPO Plan healthcare premium contributions for 65+ retired employees to the levels indicated below. Any additional savings will be set-aside as a reserve in a holding account that is solely dedicated to the reduction of 65+ retiree healthcare contributions. The balance in the reserve holding account shall not fall below 30% of a rolling three year average of annual savings and will be used to provide for fluctuations arising from participant acceptance of the new drug prescription recommendation under the PCM. Any savings greater than the 30% reserve balance will go to further reduce 65+ retiree healthcare contributions by successive reductions of retiree contributions as mutually agreed upon by the College District and the CSEA.

4. 65+ RETIREE HEALTHCARE PREMIUM CONTRIBUTIONS SAVINGS UTILIZATION CLAUSE

The College District guarantees that the 65+ retiree healthcare premium contributions for single participants and for single participant plus one dependent shall be reduced by 50% from the rates in effect for the FY 2018-2019 RCCD PPO Plan year beginning October 1, 2018 for single participants ($6,444.25) and for single participants plus one dependent ($12,928.74). Thereafter, depending on the amounts saved by implementation of the PCM program and increased prescription drug copayments, successive year reductions will be in 10% increments, not to exceed 90% from the FY 2018-2019 RCCD PPO plan year, but will only be implemented by mutual agreement between the College District and the CSEA. The rates in effect for the FY 2018-2019 RCCD PPO Plan year will be reduced based on the following timeline:

- 50% to $3,222.13 and $6,464.37 – Effective with the 2020-2021 RCCD PPO plan year beginning October 1, 2020.

To participate in reduced 65+ retiree contributions, new 65+ retired participants in the RCCD PPO Plan must have been enrolled in the RCCD PPO Plan for the equivalent of 10 years prior to reaching age 65. If retirees were not enrolled for the equivalent of 10 years, new 65+ retired participants will make contributions at the rates in effect for the FY 2018-2019 RCCD PPO Plan year as noted above.

The District and Association agree to these terms effective for the 2019-2020 RCCD PPO Plan year beginning October 1, 2019.

This MOA is subject to approval in accordance with CSEA Policy 610.

For the District: Chancellor Wolde-Ab Isaac, Ph.D. — Date 5/16/19

For CSEA, Chapter 535: President Gustavo Segura — Date 5/16/19

Gary Snyder, CSEA Labor Rep. — Date 5/16/19