

CITY OF TAUNTON
HEALTH REIMBURSEMENT ACCOUNT FOR MEDICARE ELIGIBLE RETIREES

The Medex 2 plan uses a standardly recognized three tier co-pay program. The prescription drug co-pays are:

Retail Prescription Drugs (30 day supply): Tier 1 - \$5 / Tier 2 - \$10 / Tier 3 - \$25
Mail Order Prescription Drugs (90 day supply): Tier 1 - \$10 / Tier 2 - \$20 / Tier 3 - \$50

The savings to the Retirees for going to this plan of benefits will be \$638.12. The Insurance Advisory Committee recommended that the City offer some sort of protection for high utilizers of prescription drugs in the form of a Health Reimbursement Account. The City has agreed to provide this benefit through the Human Resources Office. The program will be administered as follows:

1. The City will begin to reimburse current retirees from a Health Reimbursement Account after the retiree has documented out-of-pockets prescription drug co-pay expenses that exceed his or her base year calculation, as defined below. This savings is per subscriber, not per employee.
2. For plan year 2019 (January 1, 2019 through December 31, 2019), the annual savings between the Medex 3 rate, and the Medex 2 rate \$588.12, plus \$50.00 for the deductible, for which retirees will no longer be responsible, for a rounded total of \$638.12 per subscriber.
3. For future plan years the base year calculation will be based on the Medex 3 rate for the calendar year indexed to the inflation rate of the Medex 2 rate on a year to year basis to account for healthcare inflation, multiplied for a full 12 months. The amount will be announced with the renewal rate for each January 1st.
4. The maximum amount to be funded by the Health Reimbursement Account in each plan year shall be an aggregate of \$200,000 for all city retirees. Either party may request the other party to meet to revisit this funding amount on an annual basis, and upon such written request the parties shall meet in good faith for the purpose of ensuring that the amount of the Health Reimbursement Account is both adequate and not excessive; provided, however, that the terms of this agreement shall control until such time as a mutual written modification is reached.
5. The retiree will make the request for reimbursement using the Claim Form attached to this document and available on the City's website.
6. **All requests for annual reimbursements must be submitted to the Human Resources Department, 141 Oak Street, Taunton by January 31st.**