In 2012 the Memorandum of Understanding (MOU) - the document that details all the changes that were negotiated in a collective bargaining agreement - said pre-Medicare retirees would only be required to pay a set amount for health care for 2012-2015.

According to the 2012 MOU, beginning in 2016, the Company's annual contribution toward the cost of pre-Medicare retiree health care was capped at the 2015 COBRA contribution rate. Anything above those rates would be the responsibility of the retiree.

In other words, beginning in 2016, once the cost of healthcare went above the 2015 Cobra contribution rate, the retiree would be responsible for the difference between the rate (the “cap”) and the total cost.

* **Retiree caps were frozen in the 2012 MOU at the 2015 Contribution cap.**
* **In May of 2025 the company notified the union that there was an 18% spike in medical for retirees and that we pierced the cap limits set forth in the 2012 MOU.**
* **In 2016 it was bargained that the ACHC committee can discuss and establish alternate plans and an HRA**
* **Caps**

1. **$15,447or single coverage.**
2. **$30,893 for single +1 coverage.**
3. **$38,639 for family coverage.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Caps 2012 MOU** | **COST EFFECTIVE 1-1-2026** | **DIFFERENCE** |
| **single** | **$15,447** | **$18,217** | **$2,770** |
| **single +1** | **$30,893** | **$36,434** | **$5,541** |
| **family** | **$38,639** | **$45,543** | **$6,904** |

* **Alternate plan options EFFECTIVE 1-1-2026**

**1 2 3 4**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Current plan 2026** | **Alt Network MEP Post 2012** | **SUREST POST 2012** | **HRA** |
| **single** | **$2,770** | **$1,180** | **$518** | **$15,447** |
| **single +1** | **$5,541** | **$2,361** | **$1,037** | **$30,893** |
| **family** | **$6,904** | **$2,929** | **$1,274** | **$38,639** |

**language below from 2012 & 2016 MOU’S**

**2012 MOU page 28**

b. Calculation of Annual Contribution.

(i) The minimum contribution requirements for retiree medical coverage set forth in paragraph (a) of this Section VIII.4.E.2 will apply annually with monthly contributions.

(ii) For Plan Years 2012, 2013, 2014 and 2015, each such Covered Retiree will only be required to pay the monthly contribution amount relating to each Plan Year pursuant to paragraph (a) above, as applicable, **and shall not be required to pay the excess**, if any, of the cost of retiree medical coverage for the coverage category elected by such Covered Retiree over the Company's annual contribution limits set forth in Section VII.3.B of the 2008 MOU.

(iii) For Plan Years beginning on and after January 1, 2016, the Company's annual contribution toward the cost of coverage for the coverage category and medical option elected by a Covered Retiree shall be capped at the greater of (A) the Company's annual contribution limits set forth in Section VII.3.B of the 2008 MOU or (**B) the COBRA contribution rate established in December 2014 for the 2015 Plan Year for pre-Medicare and Medicare-eligible retirees, as applicable, for the Health Care PPO Option’** Each such Covered Retiree's annual contribution toward the cost of retiree medical coverage (**such amount to be paid by the Covered Retiree on a monthly basis) for each Plan Year beginning on and after January 1, 2016 will be equal to the greater of (1) the excess, if any, of the cost of coverage for the coverage category and medical option elected by such Covered Retiree for such Plan Year over the 2016 Company Contribution Cap,** or (2) the annual contribution amount(s) for such Plan Year, calculated based on the monthly contribution amounts set forth in paragraph (a) above for retiree medical coverage.

**2016 MOU page 26**

1. **Additional Medical Option(s) for Covered Retirees Who Are Not Medicare Eligible.**

In addition to the medical options offered to Covered Retirees and dependents who are not Medicare eligible, for 2018 and each subsequent plan year, the Company will establish and offer additional medical option(s) sponsored by the Company for such retirees and their dependents, provided that the Company and the Union have agreed on the design of such medical option(s) no later than June 30 of the year prior to the plan year in which such medical option(s) will be available. **Each year beginning in 2017, the Company and the Union will discuss, through the ACHC, the design of such medical option(s) for the subsequent plan year with the goal of designing medical option(s), in which the cost of coverage is no greater than the 2016 Company Contribution Cap as defined in Section VIIJ.4.E.2.b(iii) of the 2012 MOU for pre-Medicare retirees in the Health Care PPO Option for the coverage category elected ($15,447 for single coverage; $30,893 for single +1 coverage; and $38,639 for family coverage).** The ACHC will discuss the design of such option(s) beginning on or about May 1 of the year prior to each such plan year. The contributions for such medical option(s) shall be subject to **Section VIII.4.E.2.b.(iii) of the 2012 MOU. For purposes of applying Section VIIJ.4.E.2.b.(iii) of the 2012 MOU in 2018 and each subsequent plan year, such option(s) shall be subject to the 2016 Company Contribution Cap for the Health Care PPO Option for the coverage category elected ($15,447 for single coverage; $30,893 for single+1 coverage; and $38,639 for family coverage).** Any such additional medical option(s) will be established and operated in accordance with IRS guidance and applicable law.

**F. Health Reimbursement Account for Covered Retirees with Net Credited Service Date Before August 3, 2008 and who Retired After January 1, 1992 Who Are Not Medicare Eligible.**

Each Covered Retiree with a Net Credited Service Date before August 3, 2008 and who retired after January 1, 1992 may elect during the annual enrollment period for that plan year to obtain medical coverage under a medical plan option sponsored by the Company (the Health Care PPO Option, any option under Section VIII.5.B or any option under the Verizon Alternate Choice Plan) or to opt out of such coverage.

For 2018 and each subsequent plan year, for each such Covered Retiree who opts out of such coverage during annual enrollment and provides proof that he/she has obtained medical coverage under a non-Company sponsored medical plan option, the Company shall establish an HRA within the meaning of IRS Notice 2002-45 and related guidance and allocate a credit in the amount set forth below to such HRA for such plan year, provided that the Company and the Union have agreed on the other terms applicable to such HRAs no later than June 30 of the year prior to the plan year in which such credit will be allocated (e.g., what type(s) of non-Company sponsored plans a Covered Retiree may be enrolled in, in order to receive an HRA credit; whether the credit may be used for eligible expenses incurred after the plan year to which the HRA credit relates; etc.)

If the Company and the Union have agreed on the other terms applicable to such HRAs by September 30 of the year prior to the plan year in which such credit will be allocated, the amount of the Company credit to the I-IRA for the plan year will equal the 20 I6 Company Contribution Cap as defined in **Section VIIl.4.E.2.b(iii) of the 2012 MOU for pre-Medicare retirees for the Health Care PPO Option for the coverage category elected** **($15,447 for single coverage; $30,893 for single +l coverage; and $38,639 for family coverage).**

**Post 2008 NCSD hires Retiree Health Care**

Employees hired after 2008 do not have the same retiree health coverage. They get $576 for every year of service, capped at 25 years of service for a maximum of $14,400/year to buy health insurance. This covers the employee only, not their family members.

**2022 MOU page 11**

VI.D Retirees with Net Credited Service Date On or After August 3, 2008.

Any associate whose Net Credited Service date, as defined in the Pension Plan, is on or after August 3, 2008 and who otherwise did not qualify for any Company-subsidized retiree medical coverage upon his or her initial employment termination, will continue to be subject to the "New Hire" contribution requirements outlined in Section VII.3.C. of the 2008 MOU, as modified by this paragraph. Effective January 1, 2024, any such New Hire will receive upon retirement (or with respect any such New Hire who has retired as of the date of this 2022 MOU, commencing effective January 1, 2024) an annual benefit for medical coverage, for the rest of his or her life, of $576 for each year of Net Credited Service which the New Hire completes that commences on or after August 3, 2008 (up to a maximum of 25 years net credited service). All other provisions of Section VIL3.C of the 2008 MOU will remain unchanged.