

MEMORANDUM OF AGREEMENT

June 18, 2026

WHEREAS, the Board of Selectmen of the Town of Marblehead voted on January 31, 2012, to accept M.G.L. c. 32B, §19 (“Section 19”), for the purpose of transferring the Town’s health insurance subscribers to the Commonwealth of Massachusetts Group Insurance Commission, (“GIC”);

WHEREAS, the Town of Marblehead (“Town”) and the duly-formed Public Employee Committee (“PEC”), negotiated such transfer, and ultimately entered into a Memorandum of Agreement covering the period of time beginning July 1, 2024, through and including, June 30, 2026 (“MOA”);

WHEREAS, the Town and the PEC entered into negotiations in calendar year 2025 regarding a successor agreement to the MOA; and

WHEREAS, as a result of such negotiations, the Town and the PEC have reached settlement with respect to the terms and conditions of a successor agreement covering the period of time beginning July 1, 2026, through and including, June 30, 2028, (“Agreement”).

NOW, THEREFORE, the Town and the PEC agree as follows:

1. Effective Date and Duration of Agreement

The Agreement shall take effect on the date the Town and the PEC execute the Agreement and shall remain in effect through June 30, 2028.

2. Health Coverage with the GIC

The Town will continue coverage through the GIC through June 30, 2028. For purposes of this Agreement, the term subscribers (“Subscribers”) shall mean all employees, retirees, surviving spouses and dependents, currently eligible for and receiving health insurance through the Town, and any employees, retirees, surviving spouses and dependents who become eligible in the future.

The Town will provide notice to the GIC of the Town’s continuing coverage of Subscribers to the GIC by sending a copy of this Agreement to the GIC as soon as possible after the Town and the PEC execute the Agreement.

The Town will take all reasonable and necessary actions required by the GIC to effectuate the continuation of coverage no later than July 1, 2026, and to maintain coverage thereafter for the duration of this Agreement.

3. Contribution Splits

Indemnity Plans

For the duration of this Agreement from July 1, 2026 through June 30, 2028, the Town will contribute Sixty-five (65%) percent of the premium or cost for any of the following indemnity plans currently offered by the GIC, which a Subscriber selects and the Subscriber shall contribute Thirty-five (35%) percent. The Parties agree that only plans offered by the GIC will be available to Subscribers.

HMO Plans, PPO Plans, and POS Plans

For the duration of this Agreement, from July 1, 2026 through June 30, 2028, the Town will contribute Eighty-three (83%) percent of the premium or cost for any health maintenance (“HMO”) plans, preferred provider (“PPO”) plans or point of service (“POS”) plans currently offered by the GIC and the Subscriber shall contribute Seventeen (17%) percent. It is agreed that only plans offered by the GIC will be available to Subscribers.

Medicare Supplement Plans

The Town will contribute Seventy-five (75%) percent of the premium and the Subscriber/retiree shall contribute Twenty-five (25%) percent of the premium of the Medicare Supplement Plan that such Subscriber/retiree participates in, which is offered by the GIC.

4. Medicare Enrollment and Medicare Part B Premium Reimbursement

Subscribers who are eligible or who become eligible for Medicare shall transfer to Medicare coverage. A Subscriber who is enrolled in Medicare Part B, shall in December of each year be paid a Medicare Part B lump-sum reimbursement equivalent to Seventy-five (75%) percent of the lowest premium rate for Medicare Part B, and exclusive of any additional increases to the monthly premium due to a Subscriber’s income. The Town shall pay any Medicare Part B premium penalty assessed by the federal government.

The appointed Retiree representative for the PEC will be allowed to draft an informational letter to those retirees who receive the annual reimbursement, referred to by many as the “Christmas check”, to be included with the annual reimbursement. The draft will be provided to the Town Administrator’s review and approval on or before November 15, 2017, and thereafter annually on or before November 1st.

Upon request of the Retiree Representative of the PEC, the Town will provide in a spreadsheet the following information that the Town possesses for each retiree:

- Name
- Previous Bargaining Unit

- Years of Service
- Retirement Date

5. Voluntary Dental, Re-bid and Administration

The Town shall administer, including administration of a new request for proposal as appropriate, a voluntary dental plan that will be available to eligible Subscribers who will pay One Hundred (100%) percent of the premiums. Active employees will have the benefit of pre-tax deductions through payroll. Provision of the voluntary dental plan is contingent upon maintaining the required level of enrollment as determined by the Insurer. An eligible Subscriber who enrolls in this voluntary dental plan will become ineligible to re-enroll in said plan should such eligible Subscriber elect to drop said dental plan coverage, provided however, if such eligible Subscriber has a qualifying event, such eligible Subscriber may rejoin no sooner than two (2) years after dropping the dental plan coverage.

6. Waiting/Hiatus Period

Chapter 28 of the Acts of 2023 eliminated the 60-day waiting/hiatus period prior to the effective date of coverage. New employees hired on the first day of the month shall be eligible for coverage immediately upon hire. New employees hired after the first day of the month shall be eligible for coverage effective on the first day of the month following their date of hire.

7. Retiree Dental

The Town shall participate in the GIC Retiree Dental Plan during the term of this Agreement, providing however, the Town shall make no financial contribution to the premium or cost for any of the dental plans offered by the GIC; the retiree Subscriber shall pay one hundred percent (100%) of the premium cost.

8. Flexible Spending Accounts

The Town shall continue the Internal Revenue Code Section 125, Flexible Spending Medical Accounts Program (“Program”), such as Pretax Insurance Premium Payments, Dependent Care Account Plan ‘DCAP’ and Medical Care Account Plan ‘MEDCAP,’ and shall provide for and pay the one-time set up costs to implement the Program. The Town shall pay the annual administrative fee for Subscribers who opt into the program during the term of this Agreement. The Program shall include a voluntary debit card system. Subscribers may set aside funds up to the maximum amount permitted by the Internal Revenue Service.

9. Health Insurance Opt-Out Incentive Program

Eligible employees who voluntarily decline enrollment in the Town's group health insurance plan may elect to participate in the Town's Health Insurance Opt-Out Incentive Program, subject to the following terms and conditions:

1. Eligibility Requirements

To qualify for the opt-out incentive, an employee must:

- a. Be eligible for enrollment in the Town's health insurance plan;
- b. Have been consistently enrolled in the Town's health insurance plan for a minimum of two (2) consecutive years immediately preceding the opt-out election; and
- c. Provide proof of alternate qualifying health insurance coverage acceptable to the Town.

2. Opt-Out Incentive Amounts

Employees who voluntarily waive coverage shall receive the following annual incentive payments:

- Four Thousand Dollars (\$4,000) for waiving an individual/single health insurance plan; or
- Eight Thousand Dollars (\$8,000) for waiving a family health insurance plan.

3. Election Deadline

Employees must notify the Town in writing of their intent to opt out of health insurance coverage.

The written intent must be provided no later than April 30th for a September 30th payment. Elections received after April 30th shall not be eligible for the September 30th payment as they will receive a pro-rated amount based on when they notify the Town of the qualifying event. If notified by:

- May 31st – 90% payment in October
- June 30th – 80% payment in October
- July 31st – 70% payment in October
- August 31st – 60% payment in October
- September 30th – 50% payment in December
- October 31st – 40% payment in December
- November 30th – 30% payment in March
- December 31st – 20% payment in March
- January 31st – 10% payment in March

A retired, pre-Medicare employee on an active plan qualifies for the opt-out until they go into Medicare. All current non-Medicare-eligible retirees that are currently on GIC active plans as of June 1, 2026, will be awarded a \$2,000 lump-sum payment on September 30 of each year.

Recurring payments will be made in September.

4. Payment of Incentive

Approved opt-out incentive payments shall be issued as a lump-sum payment on or about September 30th of the applicable fiscal or plan year, subject to applicable payroll taxes and withholdings.

5. Qualifying Events and Re-Enrollment

An employee who has elected to opt out may re-enroll in the Town's health insurance plan during the plan year only upon the occurrence of a qualifying event as defined by applicable federal or state law and subject to the Town's health insurance enrollment procedures.

6. Repayment Obligation Upon Re-Enrollment

In the event an employee re-enrolls in the Town's health insurance plan during the same plan year for which an opt-out incentive payment was received, the employee shall repay the Town a prorated portion of the incentive payment. The repayment amount shall be calculated based upon the number of months remaining in the applicable plan year at the time coverage becomes effective.

Example: An employee opted out November 1st, but joined health insurance plan on April 1st. The employee would pay back the Town 50% as the prorated share of the incentive payment they received as they will be on the insurance for the remaining 6 months of the fiscal year.

The Town may recover such prorated repayment through payroll deduction or other lawful means authorized by the employee.

7. Town Discretion and Compliance

The Town reserves the right to require documentation verifying alternate coverage and to administer this program in compliance with all applicable federal and state laws, including but not limited to IRS and health insurance regulations.

10. Future Meetings of the PEC

The PEC shall be composed of a union representative from each collective bargaining unit which negotiates with the Town and a retiree representative designated by the Retired State, County and Municipal Employees Association. Each union representative and the retiree representative shall have the option of allowing one additional representative to attend meetings of the PEC and the Town's designee.

Meetings of the Town and the PEC will be held at times and places which are mutually agreed upon by the PEC. In addition, either the Town or the PEC may request a meeting upon seven (7) days notice to the other party, unless there is an emergency that requires shorter notice. Meeting notices in writing will be provided to the Town and to the PEC.

11. Correspondence and Information

The PEC shall, upon written request, review correspondence between the Town and the GIC or between the Town and a provider of health care under the GIC, provided however, only correspondence that is public in nature and not protected or deemed “private” or “confidential” by any local, state, or federal rule, regulation, policy, law, statute, or code.

12. Health Coverage After June 30, 2028

The participation of the Town and its Subscribers shall continue after June 30, 2028, unless, pursuant to a successor agreement executed by the parties hereto, notice in writing is provided to the GIC no later than December 1, 2027, that the Town will withdraw from the GIC, effective July 1, 2028.

The Town or its designee and the PEC will begin negotiations for a successor agreement pursuant to Section 19 no later than January 3, 2027. In accordance with the notification requirements of the GIC, the Town will notify the GIC no later than December 1, 2027, either that Subscribers will continue coverage through the GIC effective July 1, 2028, at the interval described in the successor Agreement, or that the Town is withdrawing its Subscribers from the GIC effective July 1, 2028.

13. Effect of Agreement

The Agreement shall be binding on all Subscribers and shall supersede any conflicting provisions of any Town policies or any collective bargaining agreements between the Town and any unions representing Town employees.

The Town’s acceptance of Section 19 is conditioned upon transferring its Subscribers to the GIC. If the Town ceases to provide health insurance through the GIC, then in such event, the Town agrees to maintain General Laws, Chapter 32B, Section 19 for the purpose of bargaining group health insurance coverage with the PEC.

14. Cancellation

In the event the Town is delinquent in making payments as required by the GIC and the GIC notifies the Town that it needs to exercise its option to cancel coverage pursuant to Section 19, the Town will immediately notify the PEC, present it a proposal for plans which are at least the actuarial equivalent of those offered by the GIC, and engage in negotiations with the PEC for replacement coverage.

15. Savings Clause

If any provision or portion of this Agreement is found to be unenforceable or unlawful, the remaining provisions or portions shall remain binding.

16. Scope and Modification

This Agreement shall constitute the whole of the Agreement between the Town and the PEC. The Agreement may be modified only by a writing signed by the Town and the PEC.

17. Resolution of Disputes

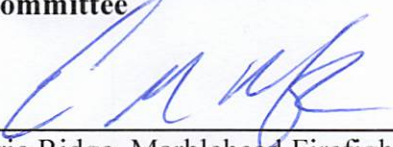
Either party may submit a dispute between the parties concerning the interpretation or application of this Agreement to the American Arbitration Association for arbitration under its Labor Arbitration Rules. A request for arbitration by the PEC must be approved by seventy percent (70%) of the weighted votes of the representatives on the PEC. The costs and fees of any such arbitration, including those of the arbitrator, shall be borne equally by the Town and the PEC, however, that each party shall be responsible for the fees of their own legal counsel.

18. Authorization to Sign Agreement

Each signatory to this Agreement is authorized to bind the union/entity that such signatory represents. The PEC represents that it has the authorization and approval of a majority of the weighted votes of the PEC, and that this Agreement is binding on all Subscribers and all such Subscribers' respective union/entity.

Executed on the date above first written.

**For the Marblehead Public Employee
Committee**


Eric Ridge, Marblehead Firefighters
IAFF, Local 2043


Terri Tauro, MMEU, Local 1776,
IEU-CWA, AFL-CIO

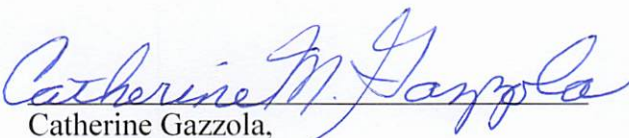
For the Town of Marblehead


Dan Fox, Chair
Select Board


Moses Grader, Vice Chair
Select Board

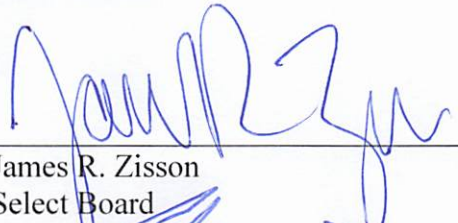

Jonathan Heller,
Marblehead Education Association

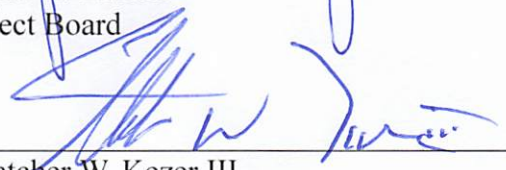

Daniel Gagnon, Marblehead Police Union
MASSCOP, Local 437


Catherine Gazzola,
Retired State, County, and Municipal
Employees Association


Rossana Ferrante
Select Board


Erin M. Noonan
Select Board


James R. Zisson
Select Board


Thatcher W. Kezer III,
Town Administrator