

2026- 2027 ~~2024-2025~~ HEALTH BENEFITS BARGAINING AGREEMENT
BETWEEN THE
LOS ANGELES UNIFIED SCHOOL DISTRICT AND THE UNIONS/ASSOCIATIONS
REPRESENTING DISTRICT EMPLOYEES
TBD October 5, 2023

I. PURPOSE

The terms and conditions of this 2026 - 2027 ~~2024 - 2025~~ Health Benefits Agreement ("Agreement") constitute the successor agreement to the 2024 - 2025 ~~2024 - 2025~~ Health Benefits Agreement. This Agreement is intended to continue to accomplish the following purposes:

1. Establish and maintain stability in the delivery, annual cost, and level of District contributions to health and welfare benefits;
2. Mitigate, if not remove, the necessity for annual negotiations over matters relating to the cost of health and welfare benefits;
3. Provided through the term of this MOU, sufficient resources to the Health Benefits Committee ("HBC") to allow for 2025 contribution levels ~~the same level of coverage~~ for current employees and retirees and to recognize that the provision of such resources shall be recognized by all parties as part of negotiated total compensation for District employees;
4. Emphasize the critical role of the Health Benefits Committee ("HBC") to contain costs within the annual "budget" for healthcare (plus reserve funds, if any) through plan design and, if necessary, through direct contributions from participants;
5. Incentivize the HBC to continue to find cost savings and enact, in a timely and preventive manner, meaningful changes to District plan designs and to take whatever measures are necessary to "live within" the health and welfare budget as set forth herein; and
6. Address meaningfully the District's growing unfunded liability resulting from other post-employment benefits (OPEB) in accordance with GASB.

II. CONTRIBUTIONS TO THE HEALTH AND WELFARE FUND 2024 & 2025 2026 & 2027 PLAN YEARS

1. Base 2025 Contributions: The per-participant base contribution amounts for 2025 are \$16,834 per active enrollee, \$24,578 per retired pre-Medicare-eligible enrolled, and \$5,555 per retired Medicare-eligible enrollee. This is an estimate as of February 2025. Actual 2025 levels will be available 1st quarter of 2026.

2. 2026 and 2027 Contributions: The contribution levels shall be the finalized 2025 contribution levels.

~~The District shall make contributions to fully fund the per participant costs of the Health and Welfare Agreement for the 2024 and 2025 calendar years, exclusive of any plan design changes that increase benefit costs and inclusive of Administrative costs as outlined in ART III, Section 5. Future contributions shall be subject to negotiations for a successor agreement. Such negotiations shall commence in January 2024 with a facilitator if mutually agreeable to the parties.~~

III. ROLE AND OPERATIONS OF THE HEALTH BENEFITS COMMITTEE ("HBC")

1. Plan Consultant: A consultant shall be mutually selected by the HBC and the District, who will remain in a contractual relationship with the District. If the parties cannot reach mutual agreement, the contract for the consultant shall be recommended by the HBC, subject to District contract approval processes and final approval by the Board of Education. Such approval shall not be withheld except for good and sufficient cause.

2. HBC Responsibility for Plan Design: The HBC shall be responsible for proposing all plan design modifications, including but not limited to co-pays, deductibles, premium contributions, assessments, and selections, addition, termination of health plan/providers for all active and retired employees. Any such changes shall be implemented upon action by the HBC and in accordance with the provisions of this Agreement. The HBC shall not recommend any changes that would expand eligibility; it being understood that questions of eligibility, including for new hires, are decided by each bargaining unit through the unit specific collective bargaining agreements.

a. In alignment with Article I Section 5, on an every other year annual basis, the HBC will direct the consultant to survey current health benefit offerings available to employers, including but not limited to public employers of comparable size and scope.

b. In time for Open Enrollment in Fall 2026, the HBC shall introduce a High-Deductible Health Plan (HDHP) paired with a Health Savings Account

(HSA) as an additional option available to all eligible employees.

- c. All qualifying eligible participants and dependents shall have access to one medical plan but under no circumstances shall they have coverage under more than one plan.
3. Board Approval of Contracts: All vendor contracts shall be negotiated by the HBC and/or its designated representative(s), in accordance with District procurement rules and related policies. Such contracts shall be subject to Board of Education approval, which shall not be withheld except for good and sufficient cause.
4. Calculations of Defined District Total Annual Contribution: For purposes of determining the District's contribution for any given calendar year to account for increases or decreases in covered participants (excluding AB528, COBRA and Charter School Participants, but including opt-out participants) as set forth below, the District's aggregate estimated contributions set forth below have been converted to a "per participant" contribution and relating to the number of benefitted participants who are active employee enrollees, enrolled pre-Medicare-eligible retirees, and enrolled Medicare-eligible retirees as of ~~November~~ the latest headcount available of the preceding calendar year based upon the SAP census. The total net District Contribution shall be calculated based on the actual per capita cost of active employees plus the actual cost of retirees, multiplied by the actual enrollment of active and retired participants.
5. Components of District Contribution: The District's annual "total contribution" or "total aggregate contribution" amounts as set forth throughout this Agreement represent the complete and total amount of such contribution from all sources.

Therefore, while sources such as interest earned on the health fund, Medicare D reimbursements, or any other rebates or refunds, e.g., EGWP savings, may be utilized by the District to contribute to its total contribution amounts, they shall not be utilized to increase such contribution obligation beyond the amounts set forth herein.

6. Components of Expenditure: The HBC is responsible for managing all health and welfare expenditures within the total annual budget established under this Agreement. The components of expenditure shall include premium and claims costs, administrative fees and expenses, professional services contracts and consultant fees, and other related costs necessary for the operation and maintenance of the health benefits program.

The HBC shall ensure that all expenditures align with the principles of cost containment, and financial sustainability. In instances where projected

expenditures exceed budgeted funds, the HBC shall take appropriate action, including but not limited to plan design modifications, premium sharing, or other cost-saving measures, to maintain fiscal responsibility and ensure the continued viability of the health benefits program.

7. Administrative Costs: The requirement that health benefits expenses "live within" the annual budget as established by the District's annual contribution shall include, as an expense to be covered by the health fund, costs associated with administration of the health fund with the expenses and contributions to be evaluated on an incurred basis. On an annual quarterly basis, the District shall provide the HBC with an itemized report on the administrative costs incurred in the current plan year. With respect to legal costs for outside counsel in defense of claims against the District arising out of decisions or actions by the HBC and/or the District arising under this Agreement, and that are therefore to be treated as administrative costs, the District and HBC shall cooperatively consult regarding selection of such counsel, defense strategies to be employed, scope of work, and estimated costs.

The District shall make available to the HBC all information regarding the funding of benefits including but not limited to per participant contributions levels.

8. Unspent Reserve Funds: Any unspent funds in the health fund (after all of the 2023 costs have been covered) shall remain as an ending use after December 31, 2025 unless mutually agreed for other purposes related to Health and Welfare.

Any unspent funds from the 2022-2023 agreement, after all 2022 and 2023 costs have been paid, shall be maintained as a reserve through the term of this agreement and may only be used to improve or adjust plan designs with consensus agreement by the parties of the HBC and subsequent approval by the Board of Education.

9. HBC's August 1 Obligations: The HBC shall take action and the parties shall ratify Plan agreements by August 1 of the prior year, that result in a total projected health benefits cost for the upcoming year that does not exceed the District's contribution set forth above, plus available beginning balance "reserve fund" revenue carried over from the prior year, if any.

10. Cooperation between HBC and the District: It is agreed that the arrangements and relationships between the HBC and the District are to be approached on a mutually cooperative and professional basis, with full reciprocal disclosure of Plan- related data and practices.

IV. PROCEDURES REGARDING POTENTIAL SHORTFALL IN HEALTH FUND

1. **Monthly Quarterly Report:** The **Plan Consultant** District shall report to the HBC and all participating unions/associations on a **monthly quarterly** basis regarding the status of the Health Fund. Specifically, such reports shall indicate whether the full accrued or incurred (i.e., this means that expenses are to be recognized in the period they are accrued/incurred regardless of when they are paid) expenditures from all components of the Health Plan are projected to exceed budgeted Health Fund revenues and carryover "reserve fund" balances. This determination shall be made based on claims experience and expenses to date, projected according to objective, industry-based and historical trends to yield an annualized projection of total expenditures.
2. **Required Plan Design Changes:** If any **two four** consecutive **monthly** reports project a shortfall, the HBC shall act immediately to implement plan design changes pursuant to this Agreement to negate the projected shortfall within the applicable calendar year. If the HBC fails or refuses to take such action, or if the District asserts that the proposed HBC actions **are is** insufficient to avoid a deficit, the dispute resolution procedure in **Article V Section 2** (Expedited Arbitration Process) shall apply.
3. **Deduction From Contributing For Following Year:** If any of the foregoing actions does not negate the shortfall (defined as exhaustion of total annual District contribution and reserves) in the same fiscal year, and the District must temporarily fund the remaining shortfall, such amount shall be deducted from the District's contribution to the Health Fund for the following year.

V. DISPUTE RESOLUTION PROCEDURES

1. The following types of disputes are subject to the identified resolution procedures set forth below:
 - a. If the HBC fails to take action by August 1 of any given year to contain health and welfare benefit costs within the District contribution obligations/limits and reserve funds, or there is a disagreement over whether the proposed plan changes would contain health and welfare benefit costs within the District contribution obligation/limits ("within the budget" as set forth above), or over whether the District has fulfilled its contribution obligation under this Agreement, see expedited arbitration process in-Section 2 below;
 - b. If there is a dispute as to whether the Board of Education has withheld approval of a timely submitted HBC negotiated vendor contract without good and sufficient cause, see Section 3 below.

- c. If there is a claim asserted by the District that a planned change is illegal, (see Section 4 below);
 - d. If there is a claim asserted by the District that a planned change would be inequitable and/or would adversely impact the best interests of the District and/or its present or future plan participants (see Section 5 below); or
2. Expedited arbitration process for resolving disputes as to whether proposed plan changes will contain Health and Welfare costs within the budget or whether the District has fulfilled its contribution obligation under this Agreement:
- a. The issues in dispute regarding whether proposed plan design changes will contain health and welfare costs within the budget and/or whether the District has fulfilled its contribution obligations under this Agreement shall immediately be submitted to expedited binding arbitration before a three- person panel comprised of one union/HBC representative, one District representative, and a third neutral panel member agreed to by the first two panel members or, failing that, from a list provided by the California State Mediation and Conciliation Service. Such selection shall occur within ~~ten (10) three (3)~~ workdays ~~of August 4 upon any party disputing whether proposed plan design changes will contain health and welfare costs within the budget and/or whether the District has fulfilled its contribution obligations under this Agreement.~~
 - b. Such arbitration shall occur within ~~ten (10) five (5)~~ workdays ~~of August 4 upon selection of the panel members.~~
 - c. The sole issues for arbitration shall be (i) whether the HBC plan design recommendations ~~to~~ contain costs come within the District contribution obligation plus carryover "reserve fund" balances (if any), and/or (ii) whether the District has fulfilled its contribution obligations under this Agreement. The arbitration panel shall have no authority to increase the District's contribution as set forth in this Agreement. The arbitration panel shall issue a written decision no later than three (3) workdays following the hearing.
 - d. If the arbitration panel decides that the HBC's plan recommendations do not come within the District's defined total contribution obligation plus carryover "reserve fund" balances, if any, the panel shall refer the issue of plan design back to the HBC. The HBC shall then have up to ten (10) working days from the date of the panel's decision to submit a new plan recommendation to the Panel and to the District. The arbitration panel shall thereafter have five (5) working days to determine if the amended plan comes within the defined per- participant contribution obligation for the upcoming plan year, and if it does not, the panel, shall prescribe its own amended plan to come within the District's contribution obligation plus carryover "reserve fund" balances if any, which shall be binding on the parties.

3. Expedited Arbitration Procedures if the HBC claims that the Board of Education has withheld approval of an HBC negotiated vendor contract without good and sufficient cause:
 - a. This procedure is available only if the vendor contract was submitted to the District on a timely basis (i.e., on or before August 1), and if the procedure is invoked in writing by the HBC no later than five (5) calendar days from the date the Board of Education declines to approve the HBC designated vendor.
 - b. Such issue shall immediately be submitted to expedited binding arbitration, before a panel, selected per Section 2.a and with the arbitration occurring within the time limit of Section 2.b. above.
 - c. The sole issue for arbitration shall be whether the District's Board has withheld such approval without good and sufficient cause. The arbitration panel shall issue a written decision no later than three (3) workdays following the hearing.
 - d. If the panel decides that the Board's action was taken without good and sufficient cause, the panel shall direct the District to approve the vendor contract in dispute. If the panel decides that the Board action was taken for good and sufficient cause, it shall remit the matter to the HBC to negotiate the vendor contract consistent with the cause found, for re-submittal to the Board for its requested approval.
4. Procedure If District Asserts HBC Proposed Action is Illegal:
 - a. If the District asserts that any proposed action of the HBC would be illegal, it shall notify the HBC as soon as possible in writing, together with a summary of legal authorities and reasoning for this assertion.
 - b. The HBC may respond to the District in writing within five (5) workdays with a brief summary of legal authorities and reasoning in support of its position that the proposed HBC action is legal. If the HBC does not submit such writing within this time frame, the HBC shall propose new action which complies with the District's legal opinion. The District shall notify the HBC within five (5) workdays of such HBC response as to whether the District has changed or maintained its opinion on the legality of the proposed HBC action. In any event, the HBC's proposed action shall comply with the District's legal opinion.

5. Mediation procedure if District asserts that a planned change would be inequitable and/or would adversely impact the best interests of the District and/or its present or future Plan participants:
 - a. If the District makes the assertion stated in Section 5 immediately above, it shall notify the HBC as soon as possible, where upon the matter shall be submitted to mediation immediately.
 - b. The parties may agree on a mediator or request a mediator from the California State Mediation and Conciliation Service.
 - c. The mediation shall be held as soon as possible, but in no event later than ten (10) workdays following selection of the mediator.
 - d. The mediation shall last no longer than one (1) day, at the end of which the mediator shall inform the parties verbally of his/her recommendations. The mediator shall provide the parties with a written summary of such recommendation within three (3) workdays following the mediation.
 - e. The parties shall consider the recommendations of the mediator to determine whether agreement can be reached on the HBC's recommendations. To whatever extent agreement cannot be reached, the HBC's planned change (whether modified or not), shall be implemented.
6. Costs: If the timelines set forth above are not met and cause a delay in the open enrollment period and/or January 1 of the upcoming calendar (Plan) year such open enrollment and/or new plan structure shall not occur until such time as the foregoing processes are completed. In such case, the parties' agreement and/or the arbitration panel's decision, or, in any event, the HBC's final action shall include provisions for the recovery of District costs in excess of its required total contribution caused by maintenance of the status quo benefits structure beyond January 1.
7. District Implementation: If after exhaustion of the procedures set forth above, the HBC fails to or refuses to take action to contain health and welfare costs within the District's defined total aggregate contribution level, the District, consistent with an arbitration panel findings (as provided for in [Article V, Section 2.d above V, 2, d](#)), may implement plan design changes and/or premium contributions from current employees through automatic payroll deduction and/or from retiree through direct payment or other means to the extent necessary to contain health and welfare costs within the District's defined total aggregate contribution level. Upon request, the District will consult with the unions before implementing any

such measures to discuss any possible cost savings alternatives. Such consultation shall be completed within thirty (30) calendar days of notice from the District.

VI. WITHDRAWAL FROM HBC

Prior to the November census of participants of any given year, each union shall have the option of informing (in writing) the HBC of its intention to remove its pro-rata share of Health Plan expenditures (based on the active and retired participants represented by each union or by the District) and to establish a separate plan for its participants to be implemented for such removed participants for the second January 1 upcoming (e.g., a notice given October 30, 2025 2023 would be subject to implementation (assuming that it is finalized) effective by January 1, 2027 2025).

VII. COMMITMENT TO EQUITY

Determine how existing policies support the commitment to equity and determine the costs to make improvements to the following:

1. Gender affirmation care;
2. Family formation benefits;
3. Increased mental health benefits; and
4. Wellness Programs

VIII. OPEB (OTHER POST-EMPLOYMENT BENEFITS)

On no less than a semi-annual basis, in alignment with Article I, Section 6, OPEB shall be agendized on the regular HBC meeting.

ALTERNATIVES TO REDUCE THE UNFUNDED LIABILITY FOR RETIREE BENEFITS (GASB 75) AND TO DISCUSS WAYS TO REDUCE THE PERCENTAGE OF SPENDING ON HEALTH CARE AS A PERCENTAGE OF THE DISTRICT'S TOTAL BUDGET

1. The parties agree to the establishment of a subcommittee, equally seated and comprised of three (3) representatives appointed by the District and three (3) representatives appointed by the unions' party to this Agreement through the auspices of the HBC. The Unions shall choose the chairperson. The subcommittee shall be established within three months of the execution of this Agreement.

2. Agenda: The committee shall meet no less than quarterly, and more often if mutually agreed. The committee shall meet to discuss alternatives for reducing the District's unfunded liability for retiree benefits that is the subject of GASB 75 and of finding ways to ensure that the percentage of spending on healthcare as a total percentage

of the District's budget does not increase. The agenda, including specific subjects that either party desires to discuss, shall be developed through input and submissions from the respective representatives.

3. Recommendations: Within twelve (12) months from the establishment of the subcommittee referenced herein, a written report containing the alternatives discussed, together with any specific recommendations, shall be submitted to the HBC and the Superintendent. Any such recommendations related to plan design change may be implemented by the HBC through its normal procedures pursuant to this Agreement.

IX. IMPACTS OF LEGISLATION

The parties shall, upon the written request of either the District or the union (collectively), meet and negotiate over the impact (if any) of newly adopted state or national legislation or regulations upon the Health Plans or this Agreement, including but not limited to any legislation or implementing regulations arising under the Health Care Reform and Affordable Care Act of 2010, or Court decisions affecting such legislation or regulations, including but not limited to reopening of current terms of this Agreement to respond to such matters.

X. TERM OF AGREEMENT

This Agreement shall cover the Health Benefit Plan years for 2026 & 2027 2024 & 2025 and expire December 31, 2027 2025. The parties agree to begin bargaining for a successor healthcare agreement in TBD January 2024.

XI. EXPIRATION OF AGREEMENT

In the absence of a subsequent negotiated agreement, the District's per enrollee contribution levels of the most recent Plan year shall remain in effect, and the District may unilaterally implement premium contributions from current employees through automatic payroll deduction and/or from retirees through direct payment or other means to the extent necessary to contain health and welfare costs within the District's contribution levels, subject to upward adjustment due to existing ending reserve fund balances (if any), and/or to downward adjustment to reflect prior year expenditures which exceeded the then-current contribution obligation (if any).

XII. ENTIRE AGREEMENT

This document contains and embodies the final and entire agreement between the parties governing the provision of Plan benefits to District employees for 2026 & 2027 2024 & 2025, replacing and superseding all prior negotiations, proposals, and the

2024 - 2025 ~~2022—2023~~ Health Benefits Agreement, except that it shall have no impact on the terms and conditions of the previous MOU. The parties shall not be bound by any requirements or understandings dealing with the financial provisions for the 2026 & 2027 ~~2024 & 2025~~ Health Benefits that are not explicitly stated in this Agreement. This Agreement may be amended or supplemented, but only by mutual written agreement.

IT IS SO AGREED:

On behalf of Los Angeles Unified School District _____
Date

On behalf of Associated Administrative Los Angeles _____
Date

On behalf of California School Employees Association _____
Date

On behalf of LA/OC Building Trades _____
Date

On behalf of Los Angeles School Police Association _____
Date

On behalf of Los Angeles School Police Management Association _____
Date

On behalf of SEIU _____

On behalf of Teamsters Local 572 _____
Date

On behalf of United Teachers Los Angeles _____
Date

Adopted and Approved by the Board of Education on _____
Date

By: _____
Scott Schmerelson ~~Jackie Goldberg~~, Board President