Rockford Area Schools ISD 883

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Memorandum of Understanding
Between Rockford Area Schools, ISD 883
And
School Service Employees Union No. 284

Regarding Transition from Group Health Insurance to ICHRA (Choice Arrangement)

This Memorandum of Understanding (the "MOU") is entered into by and between the Rockford Area Schools, ISD 883 ("District") and School Service Employees Union No. 284 ("SEIU") effective January 1, 2027. This MOU will supersede all language, and financial parameters, contained under Article IX (Group Insurance), Section 4 (Health and Hospitalization Insurance), Subd. 1 (Single Coverage) and Subd. 2 (Family Coverage) of the SEIU Collective Bargaining Agreement (CBA). All other terms and conditions, under Article IX remain unchanged, including Section 1 (Eligibility), Section 2 (Selection of Carrier)*, Section 3 (Claims against the School District), Section 4, Subd. 3 (Insurance Plan for Retirees), Section 4, Subd. 4 (Health Savings Account), Section 5 (Term Life Insurance), Section 6 (Long-Term Disability Insurance), and Section 7 (Dental Insurance).

*Under this MOU, the District has selected a third-party administrator (TPA) to provide plan choices for eligible employees to select their own insurance carrier and insurance plan. For the purposes of the MOU, the District and SEIU will consider our TPA as the insurance carrier.

1. Purpose

   The purpose of this (MOU) is to outline temporary terms and conditions under which the District will transition from the current District-sponsored group health insurance plan to an Individual Coverage Health Reimbursement Arrangement (ICHRA) (Choice Arrangement) for eligible employees. This MOU will be in effect from January 1, 2027 until the sunset date of December 31, 2027.

2. Rationale

   Due to higher than anticipated insurance renewal quotes, which would have included the entire premium increase being passed onto employees, District leaders, in conjunction with SEIU leadership, have agreed that the offering of an ICHRA (Choice Arrangement) would be prudent at this time. In reviewing applicable options, including financial considerations, plan flexibility, and employee choice, both entities mutually agree that an ICHRA (Choice Arrangement) will best serve the interests of our employees by allowing them to choose from a variety of plans that best fit their needs. The ICHRA (Choice Arrangement) would be in lieu of the traditional group health plan that is currently viewed as cost prohibitive to many members.

3. Scope of Eligibility

   This agreement applies to all employees, represented by SEIU, who are currently eligible for health insurance benefits as defined in the current collective bargaining agreement (CBA).

4. ICHRA (Choice Arrangement) Design

- The District shall discontinue offering an employer-sponsored group medical plan to bargaining unit members and establish an ICHRA (Choice Arrangement) as a replacement health insurance option.

- The District will provide the above mentioned ICHRA (Choice Arrangement) for eligible District employees who elect to participate. The plan will begin on January 1, 2027.

- The current dependent tiering structure (Single and Family) contribution tiers shall be suspended.

- Employees enrolled in a qualified high-deductible health plan (QHDHP) shall still be eligible to contribute to a Health Savings Account (HSA).

- The District and SEIU acknowledge that the age-banded contribution/reimbursement methodology is intended to better align with expected age-based premium differences in the individual market.

- For those who elect to participate in the ICHRA (Choice Arrangement) health insurance offering, contributions/reimbursements will be allocated over 24 pay periods.

- Employees may use ICHRA (Choice Arrangement) funds to purchase individual health insurance plans through our third-party administrator (TPA), Benefit Bay. All costs, above and beyond the District contribution, will be borne by the employee and paid via payroll deduction.

5. Employer Contributions/Reimbursements

- The District financial contributions/reimbursements are based on the values found in Appendix A.

- The District shall provide a monthly ICHRA (Choice Arrangement) contribution/reimbursement based on the employee's age as of January 1, 2027, which is the beginning of the health insurance plan year. If a qualifying life event for an employee were to occur that necessitates a change in health insurance, there may be a resulting premium change based on the employee’s age at that time.

- District contributions/reimbursements into the ICHRA (Choice Arrangement) shall be tax-free to the extent allowed by federal law.

- Upon open enrollment, married couples must designate one spouse as the primary health insurance enrollee. The primary enrollee is then entitled to their respective employee, spouse, and child(ren) contribution/reimbursement(s). The secondary spouse is then entitled to only their respective employee contribution/reimbursement. The two contributions/reimbursements will be banded/added together as the total contribution/reimbursement.

6. Plan Administration and Support

    - As our selected TPA, Benefit Bay will manage the administration of the ICHRA (Choice Arrangement) by providing support for the following:

        - Open enrollment
        - Tools used to compare and contrast plans
        - Qualifying life event changes
        - General customer service

    - The District shall be solely responsible for the payment of any and all broker, set-up, and administrative fees and/or commissions incurred in connection with the establishment and administration of the Individual Coverage Health Reimbursement Arrangement (ICHRA).

7. Compliance

    - The ICHRA (Choice Arrangement) shall be administered in good faith and be in compliance with all applicable laws and regulations.

8. Continuation and Review

    - While this MOU is written as a temporary (one calendar year) plan of action, the intent of both parties is to further explore this health insurance option, as well as other health insurance options, for the purpose of including a longer term solution, which may include a revised MOU or the inclusion of new language into the 2027-29 collective bargaining agreement.

    - The District and SEIU agree that, should the parties mutually agree to return to a group insurance plan, the language and employer contributions shall revert to the group insurance provisions contained in the 2026–2028 Master Agreement.

    - This MOU does not establish a practice, nor does it constitute a continuing practice related to employee or employer contributions or any other facets of this agreement. Moreover, this MOU should be considered a one-time agreement in place with the sole purpose of providing employees with a more financially viable alternative to purchase employee health insurance.

9. Collective Bargaining Agreement

    - Except as specifically modified herein, all other provisions of the current CBA shall remain in full force and in effect.

10. Period of Agreement

    - Upon both SEIU ratification and School Board approval, this agreement shall be in place from January 1, 2027 until December 31, 2027 unless superseded by a revised agreement or the ratification of a successor CBA.

11. No Waiver of Rights

    Nothing in this MOU shall be construed as a waiver of any rights or obligations under the current CBA or applicable labor law.

Signatures

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding on the date first above written.

For:	For:
SEIU Rockford Area Schools	Independent School District No. 883
_____ /____ /2026	_____ /____/2026
_____ /____ /2026	_____ /____/2026
_____ /____ /2026	_____ /____/2026

Appendix A

Rockford Area Schools
SEIU Contribution Schedule
January 1, 2027 - December 31, 2027

Appendix A
Rockford Area Schools
SEIU Contribution Schedule
1/1/2027-12/31/2027

Annual Working Hours 1040-1375		
Age band		Yearly Contribution Amount
Less than 26 years old	$	2,108
Ages 27 to 33	$	2,425
Age 34 to 42	$	2,788
Age 43 to 47	$	3,207
Age 48 to 51	$	3,848
Age 52 to 55	$	4,617
Age 56 to 59	$	5,541
Ages 60 and above	$	6,325
Additional yearly contributions from the District		
Spouse	$	688
Child(ren) (each child gets $688 up to 3)	$	688

Annual Working Hours 1376+		
Age band		Yearly Contribution Amount
Less than 26 years old	$	3,833
Ages 27 to 33	$	4,408
Age 34 to 42	$	5,070
Age 43 to 47	$	5,830
Age 48 to 51	$	6,996
Age 52 to 55	$	8,395
Age 56 to 59	$	10,074
Ages 60 and above	$	11,500
Additional Contributions from the District		
Spouse	$	1,250
Child(ren) (each child gets $1250 up to 3)	$	1,250