Rockford Area Schools ISD 883

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Memorandum of Understanding
Between Rockford Area Schools, ISD 883
And
Education Minnesota - Rockford (EMR)

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 Education Minnesota Rockford ("EMR") effective January 1, 2027. This MOU will supersede Article VIII, section 2 and section 3 of the collective bargaining agreement.

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 EMR 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 EMR, 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 EMR 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), Benefitbay. All costs, above and beyond the District contribution, will be borne by the employee and paid via payroll deduction with after tax dollars or salary reduction with pre-tax dollars, or otherwise permitted by applicable law.

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.

- ICHRA contributions/reimbursements shall be age-banded (based on employee's age), utilizing the Rating Area MN08 rates for the ICHRA (Choice Arrangement) Blue Cross Blue Shield Value Gold (207) Benchmark Plan that was selected for the 2027 plan year. Per law, Non-employee spousal contributions/reimbursements are based solely on the age of the employee. The employer will contribute $204/month for each eligible child, up to a maximum of three children ($612/month). No additional contribution/reimbursement will be provided for a fourth or any subsequent children.
  Note: *Most (but not all) ICHRA (Choice Arrangement) plan options carry no additional cost for the employees with greater than three total children.*

- Employees enrolled in any qualified high-deductible health plan (QHDHP), either through Rockford Area Schools or another (i.e., spousal, parent/guardian) qualified high-deductible health plan (QHDHP) shall be eligible to receive a district contribution amount of $2,400 to a Health Savings Account (HSA), payable in two equal installments of $1,200. The verification of enrollment in any non-Rockford Area Schools qualified high-deductible health plans (QHDHP) is required in order to receive the district contribution.
  Note: *This is an additional $1,400 to the existing $1,000 under the current CBA.*

- Any employee not enrolled in any qualified high-deductible health plan (QHDHP) or otherwise unable to contribute to an HSA is eligible for a $500 district contribution into a flexible spending account (FSA) feature of the cafeteria plan sponsored by the district, payable on January 15, 2027.

- Employees are eligible for a district contribution to either the Health Savings Account (HSA) or the flexible spending account (FSA), but not both.

- One half of the district contribution for the Health Savings Account (HSA) shall be contributed as soon as reasonably possible in the first quarter of the 2027 calendar year with the second half of the Health Savings Account (HSA) annual contribution made on or near September 30, 2027. Payments will be made based on your health insurance status as of the payment date.

- The entire district contribution for the flexible spending account (FSA) shall be made as of January 15, 2027 and shall be available for use as of the first day of the 2027 calendar year in accordance with the FSA and applicable laws and regulations. Payments will be made based on your health insurance status as of the payment date.

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

- Upon open enrollment, any district employed married couples must designate one spouse as the primary health insurance enrollee. The primary enrollee is then entitled to cover itself, a spouse, and any child(ren) and will receive the district contribution/reimbursement(s) with respect to the primary enrollee, spouse, and the child(ren). The other spouse is entitled to only its respective employee contribution/reimbursement. The district contributions for the two spouses and any child(ren) shall be added together for the total contribution/reimbursement for the ICHRA (Choice Arrangement).

6. Plan Administration and Support

- As our selected TPA, Benefitbay 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 EMR 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 2025–2027 Master Agreement.

    - The District and EMR agree to research options during the 2027 calendar year to enhance/revise the terms of this MOU.

    - 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 EMR 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 laws.

Signatures

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

For:	For:
Education Minnesota - Rockford (EMR)	Independent School District No. 883
_____ /____ /2026	_____ /____/2026
_____ /____ /2026	_____ /____/2026
_____ /____ /2026	_____ /____/2026

Appendix A

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



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

Age Group	BCBS Value Gold 207 Premium (benchmark plan)	Employee Only	Spouse	Child(ren) Amount per child up to the three (3) oldest children
0-20	$459	$413	$207	$204
21	$459	$413	$207	$204
22	$459	$413	$207	$204
23	$459	$413	$207	$204
24	$459	$413	$207	$204
25	$461	$415	$208	$204
26	$470	$423	$212	$204
27	$481	$433	$217	$204
28	$499	$449	$225	$204
29	$514	$463	$231	$204
30	$521	$469	$235	$204
31	$532	$479	$240	$204
32	$543	$489	$244	$204
33	$550	$495	$248	$204
34	$558	$502	$251	$204
35	$561	$505	$253	$204
36	$565	$508	$254	$204
37	$569	$512	$256	$204
38	$572	$515	$258	$204
39	$580	$522	$261	$204
40	$587	$528	$264	$204
41	$598	$538	$269	$204
42	$609	$548	$274	$204
43	$623	$561	$280	$204
44	$642	$577	$289	$204
45	$663	$597	$298	$204
46	$689	$620	$310	$204
47	$718	$646	$323	$204
48	$751	$676	$338	$204
49	$784	$705	$353	$204
50	$820	$738	$369	$204
51	$857	$771	$385	$204
52	$897	$807	$403	$204
53	$937	$843	$422	$204
54	$981	$883	$441	$204
55	$1,024	$922	$461	$204
56	$1,071	$964	$482	$204
57	$1,119	$1,007	$504	$204
58	$1,170	$1,053	$527	$204
59	$1,195	$1,076	$538	$204
60	$1,246	$1,122	$561	$204
61	$1,291	$1,162	$581	$204
62	$1,320	$1,188	$594	$204
63	$1,356	$1,220	$610	$204
64	$1,378	$1,240	$620	$204
65+	$1,378	$1,240	$620	$204