

**MEMORANDUM OF AGREEMENT  
BETWEEN  
BOROUGH OF CLOSTER  
AND  
THE POLICEMEN’S BENEVOLENT ASSOCIATION  
LOCAL 233 (CLOSTER UNIT)**

**REGARDING HEALTH BENEFITS ELIGIBILITY IN RETIREMENT AND HEALTH  
REIMBURSEMENT ACCOUNT PROGRAM**

WHEREAS, the Borough of Closter (“Employer”) and The Policemen’s Benevolent Association Local 233 (Closter Unit) (“PBA”) are parties to a Collective Negotiations Agreement (“CNA”), for the period commencing January 1, 2022 and ending on December 31, 2025, setting forth terms and conditions of employment for a unit of Nonsupervisory employees; and

WHEREAS, pursuant to Article 25.00 of the CNA, Employer, subject an to employee’s Chapter 78 contributions, is obligated to provide and pay for a policy of medical insurance for employees under the New Jersey State Health Benefits Plan; and

WHEREAS, the current plan provided by Employer is NJ SHBP Direct 10; and

WHEREAS, the parties have reached an agreement on the use of a Health Reimbursement Account in lieu of a Medical Reimbursement Account; and

WHEREAS, the parties wish to memorialize the terms of such agreement by their execution and approval of this Memorandum of Agreement.

NOW WHEREFORE THE PARTIES AGREE AS FOLLOWS:

**A. Plan Selection**

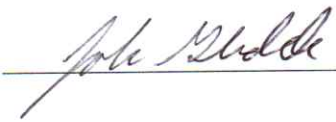
1. Employees and their eligible dependents will be entitled to enroll in any of the medical plans offered under the NJ SHBP. Prescription drug coverage will be offered to all employees and eligible dependents through the NJ SHBP.
2. Beginning on the effective date of a special open enrollment period occurring in calendar year 2024, the NJ Direct 2035 PPO plan will be established as the “baseline” PPO plan for all employees. Employees enrolling in the NJD 2035 plan will be responsible for paying contributions based on the chapter 78 contribution rates.
3. All employee contributions will be deducted on a pre-tax basis.

**B. Health Reimbursement Account (HRA) and Flexible Spending Account (FSA)**

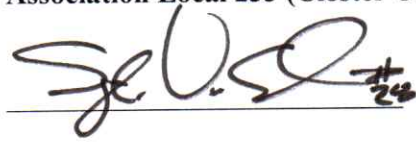

1. The Employer agrees to provide employees with a health reimbursement account (HRA) to employees enrolling in NJ Direct PPO 2035.

- a. The Employer will fund up to \$15,120 into an HRA account for each employee regardless of their level of coverage (single, member/spouse, parent/child or family). This account can be used by the employees to pay the difference in employee out-of-pocket costs between NJ Direct 2035 and NJ Direct 10 including co-pays, deductibles, coinsurance, prescription costs, and out-of-pocket expenses equal to the benefits offered under the NJ Direct 10 plan through the duration of this Agreement, provided the SHBP continues to offer the NJD 10 Plan and the NJD 2035 is the baseline plan for Closter Employer employees. The HRA plan will provide benefits for expenses under medical and prescription coverage only.
  - b. The Employer and/or the PBA has the right to discontinue the use of an HRA for 2025; however, if the Employer discontinues the HRA plan, the baseline plan shall revert to NJ Direct 10, or if the NJ Direct 10 plan is no longer offered, then the top tier plan offered by the State Health Benefit Program at that time.
  - c. This Agreement may be amended only by mutual written agreement . Either party shall notify the other of its desire to re-open and the parties will schedule negotiation within 30 days of such notice.
2. The HRA benefits shall be administered via a debit card provided by the Employer.
- C. The Employer and Union agree this Memorandum of Agreement shall be submitted to the State of New Jersey, Division of Pensions and Benefits, to facilitate a special open enrollment period which shall occur between October 1, 2023 to October 31, 2023.
- 1. The Employer shall provide employees access to informational materials, meetings with health benefits consultants, and meetings with the Union to explain the differences between plans.
  - 2. If possible, open enrollment will be passive. In a passive open enrollment, employees who are currently enrolled in NJ Direct 10, NJ Direct 15 or NJ Direct 2030 PPO will be enrolled in the NJD 2035 plan by default unless they affirmatively select a different plan.
- D. If any provisions in this section are deemed by an agency of the State of New Jersey or a court of competent jurisdiction to be prohibited or held to be void or unenforceable shall deem this entire Agreement be void and unenforceable.

**For Borough of Closter**

  
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**For The Policemen's Benevolent Association Local 233 (Closter Unit)**

  
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**BOROUGH OF CLOSTER**  
**RESOLUTION #23-232**

**RESOLUTION AUTHORIZING**  
**A HEALTH REIMBURSEMENT ACCOUNT (HRA) FOR EMPLOYEES**

**WHEREAS** Employees and their eligible dependents will be entitled to enroll in any of the medical plans offered under the SHBP. Prescription drug coverage will be offered to all employees and eligible dependents through the SHBP, and

**WHEREAS** Beginning with the effective date of a special open enrollment period occurring in calendar year 2023, the NJ Direct 2035 PPO plan (“NJD 2035”) will become the baseline PPO plan for all employees. Employees enrolling in the NJD 2035 plan will be responsible for paying contributions based on the Chapter 78 contribution rates,; and

**WHEREAS**, The Borough agrees to provide employees enrolling in the NJD 2035 who were previously enrolled in the NJ Direct 10, NJ Direct 15 or 2030 plan with a health reimbursement program for 2023. The purpose of this program is to deliver benefits at a level equivalent to the NJ Direct 10 plan; and.

**WHEREAS**, The Borough will fund an HRA account for each employee up to \$15,120.00 regardless of their level of coverage (single, member/spouse, parent/child or family). This account can be used by the employee to pay the difference in employee out-of-pocket expenses between NJD 2035 and NJ Direct 10 including co-pays, deductibles, coinsurance, prescription costs, and all other out-of-pocket expenses that would not have been incurred under the NJ Direct 10 plan for the employee and their dependents.

**WHEREAS**, The HRA program shall be administered through a debit card provided by the Borough and Employees shall not contribute towards the cost of the HRA program.

**WHEREAS**. The Difference Card can provide the benefit management of a HRA program for the 2024 benefit year.

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Council of the Borough of Closter to fund a HRA for those employees enrolled in a NJD 2035 plan and to contract with The Difference Card to provide the management of this program. The implementation of this resolution is conditioned upon the Borough entering into a contract with The Difference Card.

<b>Councilperson</b>	<b>Motion</b>	<b>Second</b>	<b>Yes</b>	<b>No</b>	<b>Absent</b>	<b>Abstain</b>
Councilwoman Amitai			X			
Councilwoman Chung	X		X			
Councilman Devlin			X			
Councilwoman Latner			X			
Councilwoman Witko			X			
Councilman Yammarino		X	X			

Adopted: October 25, 2023

ATTEST:

*Stephanie Evans*  
Stephanie Evans, Borough Clerk

APPROVED BY:

*John C. Glidden, Jr.*  
John C. Glidden, Jr., Mayor

Certified to be a true copy of a Resolution adopted by the Mayor and Council of the Borough of Closter at the Regular Meeting held on October 25, 2023.

*Stephanie Evans*  
Stephanie Evans, Borough Clerk