



## Comprehensive Best Offer to Settle

### Information on our health care proposal

It's important to note, Kroger pays most of your health care costs today, and we intend to continue to do so in this next agreement. For complete details on our health care proposal go to [www.krogermidatlanticcba.com](http://www.krogermidatlanticcba.com).

We believe it's important for you to have some facts about health care benefits in general. It will help you understand how your health care costs compare to other companies and will also provide insight to the company's health care proposal.

- Health care costs, generally, increase about 5-8% each year. **Despite these increases, we have maintained your benefit plans and associate contributions without changes since 2014!** Kroger is proposing to contribute more to your health care costs during the 3.5-year term of this next contract.
- According to the Kaiser Family Foundation Employer Health Benefits for 2019, the national average for employee contributions for individual coverage is \$103 and for family coverage is \$501 per month.
- Here is some information on our health care proposal:
  - **Co-insurance and preventive care:** No changes.
  - **Medical and dental:** No changes to your plan designs, including co-pays, co-insurance, deductibles, out-of-pocket maximums, etc. Your benefit plans have been the same since 2014.
  - **Vision:** Improvements effective January 1, 2022.
  - **Prescription:** No changes in your co-pays in 2021. Co-pays will increase effective January 1, 2022. Visit [www.krogermidatlanticcba.com](http://www.krogermidatlanticcba.com) for more details.
  - **Eligibility:** Hours eligibility will increase in 2021 for coverage in 2022.
  - **Weekly Contributions:** No changes until 2022. Visit [www.krogermidatlanticcba.com](http://www.krogermidatlanticcba.com) for more details.
    - Beginning January 1, 2022, associates would see modest annual increases and pay approximately just \$36 a month for individual coverage and \$96 a month for family coverage – see the next page for more details. **Even with these modest increases, these contributions would remain well below the national average for a PPO.**

*This summary provides an overview of Kroger Mid-Atlantic's Comprehensive Best Offer to Settle in West Virginia. This Comprehensive Best Offer to Settle will prevail over any discrepancies between this summary and the actual offer.*



## Proposed Weekly Contributions for 2022 and 2023

	Plan 1		Plan 500		Plan 1000	
WEEKLY CONTRIBUTION: 1/1/2022	With Physical	Without Physical	With Physical	Without Physical	With Physical	Without Physical
Associate Only	\$9.00	\$18.00	\$8.00	\$17.00	\$7.00	\$16.00
Associate + Spouse	\$22.00	\$40.00	\$18.00	\$36.00	\$16.00	\$34.00
Associate + Children	\$19.00	\$28.00	\$15.00	\$24.00	\$13.00	\$22.00
Family	\$24.00	\$42.00	\$20.00	\$38.00	\$18.00	\$36.00
WEEKLY CONTRIBUTION: 1/1/2023	With Physical	Without Physical	With Physical	Without Physical	With Physical	Without Physical
Employee Only	\$11.00	\$20.00	\$10.00	\$19.00	\$9.00	\$18.00
Employee + Spouse	\$25.00	\$43.00	\$21.00	\$39.00	\$19.00	\$37.00
Employee + Children	\$21.00	\$30.00	\$17.00	\$26.00	\$15.00	\$24.00
Family	\$27.00	\$45.00	\$23.00	\$41.00	\$21.00	\$39.00
<b>Monthly Spouse Surcharge</b>	\$200 (effective 1/1/2022) <b>For associates hired before ratification, spouse surcharge may be waived for associate hired before ratification if they provide documentation that their spouse does not have access to any other employer-sponsored health care coverage.</b>					

You can view our entire health care proposal at [www.krogermidatlanticcba.com](http://www.krogermidatlanticcba.com). If you have questions you can also ask your store leader or email [SMMAWestVirginiaNegotiations@kroger.com](mailto:SMMAWestVirginiaNegotiations@kroger.com).

**This offer is contingent upon reaching a ratified agreement no later than November 6, 2020 and is subject to change if not successfully ratified by this date.**

*This summary provides an overview of Kroger Mid-Atlantic's Comprehensive Best Offer to Settle in West Virginia. This Comprehensive Best Offer to Settle will prevail over any discrepancies between this summary and the actual offer.*

Company Best Healthcare Offer  
October 22, 2020

This document represents an offer for a modification of terms regarding healthcare in the negotiations for a successor agreement to the Kroger Charleston Stores Agreement by and between Mid-Atlantic Division of Kroger Limited Partnership I (“Kroger”) and the United Food and Commercial Workers Local 400 (Union).

**Article 13 Health and Welfare:**

**Section 1.**

- The following information summarizes a proposal to modify the healthcare benefits for Kroger employees represented by UFCW Local 400 under the Kroger Mid-Atlantic Division Charleston, WV Area Stores CBA.
- Article 13 and Attachment 1 of the “Kroger Mid-Atlantic Charleston, WV Area Stores” will be modified to encompass these changes following ratification

**Section 2. Employee Contributions:**

The Employer will collect the Employee contribution via payroll deduction on a pre-tax basis. It is understood that the Employer will retain the Employee contributions to help offset the full contribution made by the Employer to the Fund.

WEEKLY CONTRIBUTION	With Physical	Without Physical	With Physical	Without Physical	With Physical	Without Physical
Employee Only	\$8.00	\$17.00	\$7.00	\$16.00	\$6.00	\$15.00
Employee + Spouse	\$20.00	\$38.00	\$16.00	\$34.00	\$14.00	\$32.00
Employee + Children	\$18.00	\$27.00	\$14.00	\$23.00	\$12.00	\$21.00
Family	\$22.00	\$40.00	\$18.00	\$36.00	\$16.00	\$34.00
Working Spouse Fee (Weekly)	\$40.00		\$40.00		\$40.00	
<b>WEEKLY CONTRIBUTION: 1/1/2022</b>	<b>Plan 1</b>		<b>Plan 500</b>		<b>Plan 1000</b>	
Employee Only	<u>\$9.00</u>	<u>\$18.00</u>	<u>\$8.00</u>	<u>\$17.00</u>	<u>\$7.00</u>	<u>\$16.00</u>
Employee + Spouse	<u>\$22.00</u>	<u>\$40.00</u>	<u>\$18.00</u>	<u>\$36.00</u>	<u>\$16.00</u>	<u>\$34.00</u>
Employee + Children	<u>\$19.00</u>	<u>\$28.00</u>	<u>\$15.00</u>	<u>\$24.00</u>	<u>\$13.00</u>	<u>\$22.00</u>
Family	<u>\$24.00</u>	<u>\$42.00</u>	<u>\$20.00</u>	<u>\$38.00</u>	<u>\$18.00</u>	<u>\$36.00</u>
Spouse Surcharge*	\$200/mo		\$200/mo		\$200/mo	
<b>WEEKLY CONTRIBUTION: 1/1/2023</b>	<b>Plan 1</b>		<b>Plan 500</b>		<b>Plan 1000</b>	
Employee Only	<u>\$11.00</u>	<u>\$20.00</u>	<u>\$10.00</u>	<u>\$19.00</u>	<u>\$9.00</u>	<u>\$18.00</u>
Employee + Spouse	<u>\$25.00</u>	<u>\$43.00</u>	<u>\$21.00</u>	<u>\$39.00</u>	<u>\$19.00</u>	<u>\$37.00</u>
Employee + Children	<u>\$21.00</u>	<u>\$30.00</u>	<u>\$17.00</u>	<u>\$26.00</u>	<u>\$15.00</u>	<u>\$24.00</u>
Family	<u>\$27.00</u>	<u>\$45.00</u>	<u>\$23.00</u>	<u>\$41.00</u>	<u>\$21.00</u>	<u>\$39.00</u>
Spouse Surcharge*	<u>\$200/mo</u>		<u>\$200/mo</u>		<u>\$200/mo</u>	

\*Spouse surcharge may be waived for associate hired before ratification if they provide that they do not have access to any other employer sponsored health care plans.

**Language for Spouse Surcharge:**

**Spousal Coverage and Spouse Surcharge** – Effective 1/1/2022, Employees averaging at least thirty-six (36) hours or more per week will be eligible to cover spouses. Qualifying full-time employees hired prior to ratification(insert date) electing to provide Health Plan coverage to a spouse waive their spouse surcharge of \$200 per month (deducted weekly) if they can provide proof that the spouse has no other access to employer sponsored health insurance (spouse employees who are also a part of the bargaining unit will still qualify for the discount). The discount, where applicable, is subject to appropriate proof of marriage.

### Section 3. Eligibility:

All employees covered by the CBA will qualify for 2022 benefits coverage in accordance with the eligibility requirements outlined below. Fuel clerks and courtesy clerks would qualify with the same eligibility rules as regular clerks. Eligibility will be determined by years of service and hours worked, not status.

Employee Category	Plan 1	Plan 500	Plan 1000
ALL ASSOCIATES	Effective 1/1/2022: Eligible first of the month following <u>8</u> years of service. Must average 28 hours per week over 12 months for employee only coverage, 30 hours per week for employee + child(ren) coverage, 36+ hours for employee + spouse or Employee + family coverage	Effective 1/1/2022: Eligible first of the month following <u>5</u> years of service. Must average 28 hours per week over 12 months for employee only coverage, 30 hours per week for employee + child(ren) coverage, 36+ hours for employee + spouse or Employee + family coverage	Effective 1/1/2022: Eligible first of the month following <u>1</u> year of service. Must average 28 hours per week over 12 months for employee only coverage, 30 hours per week for employee + child(ren) coverage, 36+ hours for employee + spouse or Employee + family coverage

Note: New hires expected to work 30+ hours per week through their first year of service will be eligible for Employee only, Employee Spouse, Employee Child(ren) and Employee + Family coverage in Plan 1000 on the first of the month following 60 days of service. Voluntary reduction in hours prior to the completion of the first measurement period will discontinue eligibility.

### Section 4. Administration:

The claims for participants covered by this CBA will be adjudicated by the carriers selected by the board of trustees. Specifically, ASO arrangements will be adopted for all applicable benefits provided by the health and welfare fund, effective no later than **January 1, 2022**.

*Moving forward, Trustees will determine the best option to utilize TPA services.*

**Section 5. Benefits:**

**Core Medical Benefits**

All benefit vendors will be consolidated by 12/31/2021 provided the consolidation is favorable.

**Effective 1/1/2022** the West Virginia group will adopt the following **Pharmacy & Vision changes:**

Plan	Plan 1		Plan 500		Plan 1000	
Rx Plan (KPP)	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network
<b>Eligibility Requirement</b>	<b>Tied to Medical (KPP Benefit)</b>		<b>Tied to Medical (KPP Benefit)</b>		<b>Tied to Medical (KPP Benefit)</b>	
<b>Days Supply - Retail</b>	<b>30</b>		<b>30</b>		<b>30</b>	
Generic	Greater of \$10 or 10% Max: \$60	Not Covered	Greater of \$10 or 10% Max: \$60	Not Covered	Greater of \$10 or 10% Max: \$60	Not Covered
Preferred Brand	Greater of \$20 or 15% Max: \$80	Not Covered	Greater of \$20 or 15% Max: \$80	Not Covered	Greater of \$20 or 15% Max: \$80	Not Covered
Non - Preferred Brand	Greater of \$40 or 30% Max: \$100	Not Covered	Greater of \$40 or 30% Max: \$100	Not Covered	Greater of \$40 or 30% Max: \$100	Not Covered
Specialty Generic	Greater of \$15 or 10% Max: \$90	Not Covered	Greater of \$15 or 10% Max: \$90	Not Covered	Greater of \$15 or 10% Max: \$90	Not Covered
Specialty Formulary	Greater of \$25 or 15% Max: \$150	Not Covered	Greater of \$25 or 15% Max: \$150	Not Covered	Greater of \$25 or 15% Max: \$150	Not Covered
Specialty Non - Formulary	Greater of \$60 or 30% Max: \$180	Not Covered	Greater of \$60 or 30% Max: \$180	Not Covered	Greater of \$60 or 30% Max: \$180	Not Covered
<b>Days Supply - Mail Order Only</b>	<b>90</b>		<b>90</b>		<b>90</b>	
Generic	Greater of \$20 or 10% Max: \$120	Not Covered	Greater of \$20 or 10% Max: \$120	Not Covered	Greater of \$20 or 10% Max: \$120	Not Covered
Preferred Brand	Greater of \$40 or 15% Max: \$160	Not Covered	Greater of \$40 or 15% Max: \$160	Not Covered	Greater of \$40 or 15% Max: \$160	Not Covered
Non - Preferred Brand	Greater of \$80 or 30% Max: \$200	Not Covered	Greater of \$80 or 30% Max: \$200	Not Covered	Greater of \$80 or 30% Max: \$200	Not Covered

Plan	Plan 1		Plan 500		Plan 1000	
	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network
VISION PLAN						
Eligibility Requirement	Tied to Medical		Tied to Medical		Tied to Medical	
Spouse / Dependent Care	Yes		Yes		Yes	
Exams (Every 12 Months)	\$10 Copay	Up to \$46 Allowance	\$10 Copay	Up to \$46 Allowance	\$10 Copay	Up to \$46 Allowance
Frames (Every 24 Months)	\$120 Allowance	Up to \$45 Allowance	\$120 Allowance	Up to \$45 Allowance	\$120 Allowance	Up to \$45 Allowance
Lenses (Every 12 Months)	Covered 100%	Up to \$125 Allowance	Covered 100%	Up to \$125 Allowance	Covered 100%	Up to \$125 Allowance
Contact Lenses (Every 12 Months)						
-- Medically Necessary	Covered 100%	Up to \$210 Allowance	Covered 100%	Up to \$210 Allowance	Covered 100%	Up to \$210 Allowance
-- Not Medically Necessary	\$120 Allowance	Up to \$105 Allowance	\$120 Allowance	Up to \$105 Allowance	\$120 Allowance	Up to \$105 Allowance
Children Under 19	Lenses covered 100%. \$120 allowance for frames, then fund pays 80% coins	\$125 allowance for lenses. \$45 allowance for frames.	Lenses covered 100%. \$120 allowance for frames, then fund pays 80% coins	\$125 allowance for lenses. \$45 allowance for frames.	Lenses covered 100%. \$120 allowance for frames, then fund pays 80% coins	\$125 allowance for lenses. \$45 allowance for frames.

## Section 6. Funding (Proposed Method and Language)

Employer Contributions/Funding - The Employer shall continue a “Pass-Through funding” arrangement upon ratification. This means the Fund will pay claims and cover related expenses, sending a regularly scheduled invoice to Kroger Accounting Services. Kroger will remit payment within five (5) days of receipt, unless there is a documented dispute; in such case, Kroger will remit payment of the undisputed amount timely. The Employer agrees to pay to the Fund its portion of plan costs for its covered participants for the term of this agreement and for any extended period of time beyond the term, if such extension is needed and agreed to by the Employer and Union. If either party cancels the extension, Employer agrees to pay to the Fund the plan costs incurred through the end of the month in which the extension agreement is cancelled. Employer will only pay the plan costs incurred on or before the end of the month in which the extension agreement was cancelled. Or, the parties may agree to modify the plan of benefits in order to continue uninterrupted benefits until such time a new agreement is reached.

In addition to the pass-through funding method for funding benefits and administrative expenses, specific to Kroger Associates, through the Fund above, Kroger agrees to contribute such amounts so that, on an ongoing basis, the Fund Office will maintain a cash reserve of \$500,000 at all times during this Agreement. The reserves shall not be used to pay claims on non-Kroger fund participants. The Fund Office will request that all ASO and benefit carriers modify their administrative procedures to provide the fund with adequate time to invoice Kroger for claims and receive payment from Kroger.

Each year the Fund Consultant will calculate the average claim cost per enrolled per month (PEPM) based on the experience pool. These costs will include dental, vision, medical, life insurance, and sick pay. Beginning in 2021, the annual PEPM cost shall not increase by more than 10% (**effective 2023, the ceiling will be 8%**). If PEPM claim costs increase by more than 10% (**8% in 2023**), the Trustees are required to make changes to the Plan for the following year that are equal to the amount that exceeded the 10% (**8% in 2023**) ceiling. This measurement will be done using the twelve (12) months ending on July 31 each year. This information will be presented to the trustees no later than September 15 so that appropriate steps can become effective on January 1.

For example:

2020 PEPM cost = \$800

2021 PEPM cost = \$891

2021 Max PEPM cost with 10% = \$880

Trustees must reduce Employer cost PEPM by \$11 PEPM. Trustees could increase employee contributions by \$2.54 per week in 2022 or make changes including but not limited to benefits and eligibility.

Employer “penny contributions” shall be made for all qualifying associates on the Employer’s active payroll as of the first pay period of each month. Employer “penny contributions” for variable hour employees will be made in accordance with a twelve (12) month measurement and stability period.

At the expiration of this Agreement, the parties may elect to utilize the Maintenance of Reserve funding methodology, then Employer and the UFCW will bargain a contribution rate that will fund the plan of benefits that will be in place for the new agreement and the required reserves equal to IBNR of Employer’s claims and administrative expenses. The Fund Consultant will identify the appropriate trend and a contribution rate needed to fund the plan of benefits and the required IBNR of Employer’s claims and administrative expenses and Employer shall pay such rate adjusted by the Consultant.

In the event, during the term of this agreement, UFCW and Employer negotiate an alternative method on the funding of reversion, the parties may adopt by mutual agreement.

In order to facilitate the proper functioning of the Fund, and to insure that expenses are being paid for all covered participants in accordance with the provisions of the bargaining agreement, the Employer hereby agrees to the necessary examination of those records, appropriate to the functioning of the Fund and as deemed necessary by a certified public accountant, or by any other qualified party to be mutually agreed to by the trustees.

In addition, the Employer may, upon reasonable notice and at its expense, audit the Fund’s enrollment, eligibility data records and expenses for its covered participants on an annual basis.

A separate accounting of Employer income and expenses, in the Fund shall be established and maintained by the Fund Administrator.

The Employer will sponsor and retain liability for the costs of the prescription drug benefit for active employees. Additionally, the Employer will remain responsible for the administration of the prescription drug benefits.

## Pension Proposal

The Employer and the Union entered into a Memorandum of Understanding effective July 1, 2020 (the "Pension MOU"), the terms of which are incorporated herein by reference in their entirety. The Pension MOU establishes all of the terms and conditions of employment as they relate to the provision of retirement benefits provided to eligible employees under this Agreement. Among other things, the Pension MOU provides that, subject to the terms and conditions contained in the Pension MOU, the Employer will cease to have any obligation to contribute to the UFCW International Union - Industry Pension Fund (the "National Fund") for any periods of employment after June 30, 2020. Beginning July 1, 2020, employees in the bargaining unit covered by this Agreement will participate in, and receive retirement benefits through, the UFCW International Union – Industry Variable Annuity Pension Plan (the "VAPP"), and the Company shall be obligated to contribute to the VAPP, each in accordance with, and subject to, the terms and conditions of the Pension MOU. The employees' participation in the VAPP shall be subject to the eligibility, vesting and other terms and conditions of the VAPP's governing documents and the Pension MOU.

~~The Employer shall pay into a jointly administered Employer Union Fund entitled "the United Food and Commercial Workers Union and Industry and Pension Fund" such amounts as specified below for each hour worked by each employee covered by this Agreement except as provided in Section 12.5. There shall be no contribution required for the first year of service. Hours shall include all hours worked and any holiday or vacation hours for which the employee is paid straight time pay under this Agreement, not to exceed forty (40) hours per week. The first contribution under this section shall be due and payable by the twentieth (20th) day of the month following initial eligibility.~~

~~Effective December 1, 2017 employees hired before December 11, 2003 shall receive a pension contribution in the amount of ninety cents (\$0.90) per hour. It is understood by the Union and the Employer the pension benefit (Unit Benefit Value) for this group of employees will not be increased or decreased during the term of this Agreement.~~

~~Effective December 1, 2017, employees hired between December 11, 2003 and November 8, 2006 shall receive a pension contribution in the amount of thirty and eight tenths cents (\$0.308) per hour.~~

~~Effective December 1, 2017, employees hired on/or after November 8, 2006 when eligible for a pension contribution, such contribution shall be in the amount of twenty five and eight tenths cents (\$0.258) per hour.~~

~~Effective December 1, 2017, Courtesy Clerks and Fuel Center Clerks with one (1) year of continuous service will have a pension contribution in the amount of twenty five and eight tenths cents (\$0.258) per hour worked, not to exceed forty (40) hours per week.~~

~~If during the term of this agreement, the National Pension Fund Trustees make the decision to reset the AUCR, and such reset requires a contribution increase to maintain the benefit level that was in effect on October 8, 2017 and the Trustees further determine that such contribution increase must be made prior to the expiration of this agreement in order to avoid a decrease in benefits, then the Employer agrees that the contribution rates shall be increased in an amount needed to maintain the benefit level in effect October 8, 2017 for the remaining term of the contract which expires August 29, 2020.~~