

BOARD OF SELECTMEN POLICY WORKSHOP

MEETING MINUTES

Jr. High School Library

July 27, 2009

7:00 PM

Present:

The Board of Selectmen, Chair Paulina Knibbe, Lauren Rosenzweig, Peter Berry, Terra Friedrichs, and Mike Gowing, Town Manager Steve Ledoux and Recording Secretary Maryjane Kenney

Finance Committee: MaryAnn Ashton, Steve Noone, Herman Kabakoff, Bob Evans, Pat Clifford and Brandy Brandon

School Committee: John Petersen, Jonathan Chinitz, Terry Lindgren, Mike Coppelino, Sharon McManus and Superintendent Stephen Mills

PUBLIC HEARINGS AND APPOINTMENTS

BUILDING DEPARTMENT FEE INCREASE DISCUSSION

Chair Knibbe called the meeting into session at 7 p.m. Selectman Berry moved that the town delay the implementation of the building fee increases until September 1st to allow the board to discuss the issue of building fees at a regularly scheduled Board of Selectmen meeting. Selectmen Rosenzweig seconded. Motion was approved 4 to 1 with Selectmen Friedrichs voting no. Selectmen Rosenzweig moved that we approve the consent calendar. Selectmen Berry seconded. Motion was approved 4-1 with Selectmen Friedrichs voting no. Selectmen Friedrichs expressed her concern that the public present at this meeting was not paying attention to the meeting.

HEALTH INSURANCE

Total Compensation

Town Manager, Steve Ledoux, started the Policy Workshop with an overview of total compensation. The compensation package consists of salaries and benefits – primarily health insurance. When looking at how other towns compensate their employees you need to look at both pieces of compensation. For example, Concord has much higher salaries but the town contributes less to the health insurance benefit. When you look at the two together, Concord pays slightly more in overall compensation. Acton is currently in negotiations with most of its employee unions. Details of the negotiations are confidential at this point.

Health insurance premiums are growing at 6.1% while wages are growing at 3.7%. In Acton the schools and towns health insurance equals 20% of the total compensation costs.

Legal Requirements

Paul Hodnett Acton's legal advisor for union negotiations presented - he spoke to the ramifications of Chapter 32B, which authorizes municipalities to provide group medical insurance to their employees; stating that under a trust entity you must treat employees with a uniformity of coverage. Under Section 7 deals with the split between employee and employer, in traditional plans the employer must pay at least 50%. In Acton the school system adopted statute 7A and the current split is 85%/15%. Section 16 allowed for HMO Indemnity plans about 15 years ago, this allows for the employer to negotiate as long as the employee contribution falls between 10% minimum/50% maximum. Section 9 provides for retirees, with the default being the employer pays 100%. Section 9A for retirees permits the town to pay a subsidiary rate which is 50%/50%. Section 9E for retirees permits the municipality to pay more than 50% of the monthly premium. 9E is in

effect in Acton but 9A is in use currently. Insurance is a mandatory subject of bargaining, you have to operate within Chapter 32. The town cannot offer any new insurance plan without negotiating it. Chapter 32B does allow the town to offer compensation for the employee to forgo insurance as long as there is no other funding from the town for that employees insurance. The Town of Acton adopted Chapter 32B in 1992. All retirees now are required if they are eligible for Medicare to leave the towns insurance and go to Medicare. Medicare coverage is not comprehensive and has two parts. Supplemental coverage must be provided by the town for those who require it and it must be comparable to the coverage the retiree had in place before going to Medicare.

Jonathan Chinitz inquired if the Acton teachers union is governed by the same constraints as the municipal unions. Council Paul Hodnett replied they are. So how would change be implemented? They would not be in violation if negotiations took place and went into effect a various times. Change can take place over time. You can pay different rates to implement as long as you are in that 40% range.

Steve Noone stated we have a place holder for collective bargaining agreement at Town Meeting, do Public schools bargaining agreements have to go to Town Meeting? Funding requirements for school is approved by the School Committee and town bargaining funding is approved by Town Meeting. Jonathan Chinitz asked if an individual files a complaint against a ratified agreement can he file suit against what his union voted. Yes, Mr. Hodnett responded, if he wants. Jonathan noted that the minority would in that case have more power than the majority?

Health Insurance Trust

John Petersen from the Health Insurance Trust presented – The purpose of the Health Insurance Trust is to provide good health care cost effectively for our employees. The trust is self insured and authorized by Mass General Law 32B. Health Care cost for Acton employees this year paid for out of the trust will be \$14.6 million in paid claims. This is approximately 16% of the Town's total budget. The primary Trust revenues come from the Town and the Schools, those employees and retirees. The expenses are paid claims and administrative costs. The Trust offers 5 plans, Master Health Plus, Blue Care Elect, Net Blue (HMO), Harvard Pilgrim Health Care (HMO) and Medex for the retirees. The trust contracts with these companies for negotiated rates. Expense trends vary year to year dependent on many things such as cost out of pocket for services, charges paid from the trust for services rendered and reinsurance premiums less the reimbursements received. These factors vary considerably from month to month. The Trust must maintain unrestricted assets; they are funds in excess of the liabilities. That number now is \$3M (21% of the assets). Could we lower that number, probably we should not, considering the volatility and complexity of setting rates? Selectmen Rosenzweig asked who pays the checks. They are actually being cut by Tess Summers at the schools or John Murray the plan administrators.

Brandy Brandon asked can you encourage better behavior from the enrolled and then get better negotiated rates to show another way savings would be accomplished. Mr. Hodnett responded that the plan designs are something that one can negotiate.

Structure of Current Health Insurance Plan

Marie Altieri presented - Acton currently offers a choice of six Plans with 12 designs for active employees. There are 880 eligible employees with 14% (125) not subscribing. The cost sharing for these plans is 85%/20%. For the retirees the same six plans are offered with a cost sharing of 50%/50%. Additionally if a retiree is Medicare eligible, they must use Medicare. For these retirees there are three additional supplemental

plan options and the cost sharing is 50%/50%. Different plans are offered because plans are oriented towards different care, some are geared towards hospitalization and some geared toward medical visits. By law retirees must be offered equal coverage to the coverage they leave when working. Increases in the "under 65" age bracket are fairly stable but retirees have grown considerably as we have an aging workforce. As noted earlier 31% are over 55. For retirees Medex is nation wide but Tufts is area limited and only available in a few states which is another reason to offer additional supplemental plans. Design of plans is one of the things you can do to help contain your health care costs. There is a dramatic shift to HMO plans. Administrative cost increase will be approximately 2% this year with our current plans from about 6.7%.

GIC Options for Massachusetts Cities and Towns

Group Insurance Commission - Danielle Chaplick was invited to speak on behalf of the Commission – The group is fostered under Administration and Finance, Chapter 67 which strictly deals with Health Insurance. The Commission sets rates and plan design. This year saw a 3.1% increase in premiums, the last 5 years averaged a 6% increase in premiums. If a municipality decides to join the GIC they must adopt Chapter 32B section 19; which provides for a coalition bargaining process. This means Acton would need to create a Public Employee Committee comprised of representatives of the labor unions and retirees. There is an annual October 1 annual deadline to join GIC with a start date of December 1. Implementation to incorporate a municipality into GIC is very complicated; you need birth, marriage certificates and complete reenrollment documentation. Under the GIC the Employee Committee can only negotiate three things; the decision to join, the split between the town and the employees (staying with in the min10%/Max40% for employees) and the decision at the end of the term of membership (The agreement calls for a time frame of 3 year increments that you must remain a member.) whether or not to reenroll. Once joined each municipality has two representatives, management and labor. With each additional 45,000 members additional representatives may be added. The GIC determines Health benefits, design of plans, insurance carriers, doctor co pays, plan deductibles, member's rights and responsibilities and plan costs. These items are not subject to bargaining once the decision to join has been made. The allowable Administrative fee is up to 1%. Contribution rates vary. Co-pays higher and premiums lower. It would take a 70% weighted vote for the town to pull out at the end of a 3 year incremental term. The GIC has a number of carriers with ten plans; 2 indemnity plans, several PPOs and several HMOs. They have seven plans for retirees. They have an open bidding list every five years for vendors. Additionally they offer life insurance and pre tax programs (dependent care and health care spending). The premium rates over the last six years have been held to 61%. This has been accomplished by moderating the rate of premiums by increasing the cost of co-pays and deductibles. Prescriptions prices are set by a formula negotiated with carriers by GIC. They do have wellness plans. The GIC's consultant is Mercer who set the plan designs. In FY 09 there were eleven municipalities in the GIC or 286,000 people.

John Petersen asked if there is a financial statement for GIC? Danielle was not sure if it was public but will find out. Would school and town join together or as separate entities? Not sure usually one entity, but will check. Pat Clifford, what are the current rates? How much you pay depends on what you pick and the GIC sets the rates. Splits are the only negotiating factors that the municipalities would have to deal with.

Options for Change

Town Manager Steve Ledoux presented – We have seen reviewed the GIC option. Everything is claims driven and we do have an aging force. The average age of the workforce is 48 years and (31%) are over 55, so can we go to higher co-pays. Premiums would be possibly 2.5% lower if the co-pay could be higher. We could change the split. This is a high deductible plan. It could be easier to make a change to higher deductibles with the offer of a “health savings accounts”. This would be subject to bargaining like the other plans presented. It is like a flexible spending account that is pre-taxed money; by law passed in 2003 you can as family put \$5450.00 into such an account and for single person you can contribute \$2700.00. The advantage over a flexible spending account is the Health Savings Account allows you to roll over your money to the following year. None of the claims actually hit the health care account, so it will additionally lower monthly town costs. This is a relatively new concept and would need research. The town could also choose to contribute some amount to the savings funds. Informal coalition bargaining, Currently Steve Ledoux stated only 16 are part of the flexible spending accounts. Selectman Rosenzweig asked if such a plan would include bargaining with the schools and the towns. The answer is yes and we are not sure of the numbers at this point.

SELECTMEN’S BUSINESS

CONSENT AGENDA

ORDER OF TAKING, EASEMENT DOCUMENTS, MAIN STREET, BREWSTER CONANT

Selectmen Rosenzweig moved to approve and Selectmen Gowing seconded. The vote was 4 approved the easement documents and 1 Selectmen Friedrichs voted no.

EXECUTIVE SESSION

None Required

Maryjane Kenney
Recording Secretary

Lauren A. Rosenzweig

Lauren Rosenzweig, Clerk

8/24/09

Date

**BOARD OF SELECTMEN POLICY WORKSHOP
MEETING AGENDA**

NOTE LOCATION:

Jr. High School Library

July 27, 2009

7:00 PM

I. PUBLIC HEARINGS AND APPOINTMENTS

1. 7:00 BUILDING DEPARTMENT FEE INCREASE DISCUSSION
2. 7:05 HEALTH INSURANCE

II. SELECTMEN'S BUSINESS

III. CONSENT AGENDA

3. ORDER OF TAKING, EASEMENT DOCUMENTS, MAIN STREET, BREWSTER CONANT
Enclosed please find materials in the subject regard

IV. EXECUTIVE SESSION

None Required

FUTURE AGENDAS

To facilitate scheduling for interested parties, the following items are scheduled for discussion on future agendas. This is not a complete agenda.

AUGUST 10 & 24 SEPTEMBER 14 AND 21

MINUTES PENDING VOTES

May 18 and June 8 & 22 and July 13

PENDING COMMITTEE APPOINTMENTS

Michael Kreuze, BOH His application has been sent to VCC for interview to be scheduled

Dore' Hunter - CPC, Application has been sent to VCC for interview

Maya Minkin – Historic District Commission – Her application has been forwarded to VCC for Interview

Ronald Rose – Historic District Commission, Design Review – his application has been sent to VCC for interview

David Baratt, Application for Historical Commission has been forwarded to VCC for an interview to be scheduled (VCC has been unsuccessful in contacting Mr. Barrat for an Interview)

Dara Mitchell, EDC, her application has been returned for BOS Action