1. Call To Order
2. Recording Secretary
3. Minutes Of Last Meeting

   Documents: RHIAC MINUTES.PDF
4. Timeline Discussion

   Documents: RHIAC TIMELINE.PDF
5. Mitigation Plan

   Documents: RHIAC MITIGATION PLAN.PDF, RHIAC APPLICATION.PDF
6. New/Other Business Items

   Documents: RHIAC NEW.PDF
7. Adjorn

TOWN RETIREE HEALTH INSURANCE ADVISORY COMMITTEE
OCTOBER 16, 2014
7:00PM

The meeting was called to order at 7:35 PM on Thursday October 16, 2014 in the Board of Selectmen Meeting Room located in the Winchester Town Hall.

Present: Virginia Laats, Retiree Member
Janice Dolan, Retiree Member
John Frongillo, Active Town Employee Member
James Johnson, Board of Selectmen Appointee/Member
Patty Clewley, Finance Committee Appointee/Member
Peter Cheimets, Personnel Board Appointee/Member
John Brouder, Citizen of Winchester at Large Member
Sheila Tracy, Ex-Officio Member (Town Treasurer/Collector)
Stacie Ward, Ex-Officio Member (Town Comptroller)

This was the first meeting of the Town Retiree Health Insurance Advisory Committee (the Committee), therefore the Committee members introduced themselves and provided brief background information involving the Town's retiree insurance matters as well as their understanding of the purpose of the Committee.

The Committee acknowledged the receipt of the following information:

1. Agenda and committee charge prepared by Jim Johnson.
2. Retiree Health Insurance Mitigation Plan – Hardship Application memorandum prepared by Stacie Ward.

The Committee discussed its charge and highlighted areas of concern to add to the agenda and to plan/prioritize for future meetings.

The Committee discussed electing a Chairman. A motion was made by Janice Dolan and seconded by Virginia Laats to nominate Peter Cheimets as the Chairman. No other nominations were made by the Committee. The Committee unanimously elected Peter Cheimets as the Committee Chairman.

The Committee summarized the key items to focus on for the next meeting:

1. Understand and document the history/activity in relation to the retiree health insurance changes. Committee members have been asked to provide their own documentation of the chronological activity from their point of view and involvement.
2. Understand the current policies available to retiree and the make-up/enrollees of each plan.
3. Develop a policy in relation to the Hardship Application plan/process:
   a. At the 2014 Spring Town Meeting, Town Meeting appropriated $55,000 as part of the FY15 Health Insurance budget to provide financial assistance to retirees.

b. A policy of distributing the appropriated funds was not adopted by the Board of Selectmen in anticipation that this Committee would play a role in determining the details of the process and make recommendations.

The next Committee meeting is scheduled for Thursday November 20, 2014 at 7:00 in the Board of Selectmen Meeting Room.

Meeting adjourned at 8:55pm.

Date: October 16, 2014

Respectfully submitted ,

Stacie Ward, Secretary Pro tem

RETIREE HEALTH INSURANCE MATTERS - TIMELINE

Date/Timeframe	Comments/Description
1/23/2009	Buck Consultants issued The Town of Winchester Post Retirement Benefits Analysis as of July 1, 2008. The Unfunded Actuarial Liability (UAL) was reported as $110,278,479 on a pay-as-you-go basis. The UAL was reported as $55,294,384 if the Town pre-funded (i.e. met the annual required contribution).
Spring Town Meeting 2011	Finance Committee made a comprehensive presentation to the Spring Town Meeting wherein it recommended steps to be taken to deal with the liability (including the change in the premium split for retirees).
9/12/2011	Buck Consultants issued The Town of Winchester Post Retirement Benefits Analysis as of June 30, 2011. The UAL was reported to be $93,333,604 on a pay-as-you-go basis. The UAL was reported to be $53,332,544 if the Town pre-funded (i.e. met the annual required contribution). The Town accepted Massachusetts General Law (MGL) Chapter 32B, Section 18 which requires that retirees enroll in a Medicare plan when/if eligible at 65. This MGL adoption was not reflected in the July 1, 2008 UAL. Favorable claims experience also contributed to the UAL reduction on a pay-as-you-go basis.
April 2012	The Other Post Employment Benefits (OPEB) Advisory Committee presented recommendations to the Board of Selectmen regarding the funding of the UAL. A key recommendation of this group was to change the premium split for retirees.
11/5/2012	Board of Selectmen voted: 1). To change retiree health insurance contribution rates (50%/50%) effective July 1, 2014, based on recommendations made by the Finance Committee and OPEB Advisory committee. 2). To adopt modifications to the health care plan design for retirees effective July 1, 2013. 3). To provide a plan to mitigate, moderate or cap the impact of these changes for retirees who are low income and/or who may have big out of pocket health care costs and who would be otherwise disproportionally affected.
Fall Town Meeting 2012	The Town Manager described the recent premium changes to Town Meeting.
Mid-November 2012	The Town Manager sent a letter to all retirees regarding the Board of Selectmen's decision on changing the premium split.

RETIREE HEALTH INSURANCE MATTERS - TIMELINE

Date/Timeframe	Comments/Description
12/17/2012	Board of Selectmen vote to elect to change the health insurance benefits under MGL Chapter 32B S21-23, as amended by Chapter 69 of the Acts of 2011, for the purpose of implementing changes in health insurance benefits it provides to its subscribers.
Post 12/17/12 through the Spring 2013	Management worked on the implementation of the Board of Selectmen vote taken on 12/17/12 regarding the health insurance benefits changes.
7/1/2013	Memorandum of Agreement (MOA) between the Town of Winchester (Town) and Winchester Public Employee Committee (PEC*) was effective 7/1/13. The purpose of the agreement is to implement the changes in health insurance benefits for current employees and retirees pursuant to MGL Chapter 32B S22. These changes were generally to bring the Town plans in line with the most selected option in the state's Group Insurance Commission (GIC) plan. As part of the agreement, the Town agreed: 1). To establish an "Employee Health Care Mitigation Fund" (EHCMF) in the amount of $195,675 which is 25% of the estimated first year savings from the plan design changes. These funds were designated to reimburse HPHC plan members as part of a Health Reimbursement Arrangement (HRA) for costs for out-of-pocket co-pays (once deductibles were met). 2). To leave retiree (including surviving spouses and their dependents) contribution rates unchanged before 7/1/14. 3). To meet quarterly with the PEC to discuss plan operations including the HRA program and other issues as may come before the PEC relative to plan operations. *The PEC was made up of representatives from 9 bargaining units PLUS a retiree representative who had a 10% vote. School Bargaining Units represented 68.98% of the PEC vote.
10/30/2014	Sherman Actuarial Services issued The Town of Winchester OPEB Actuarial Valuation as of June 30, 2013. The UAL was reported to be $59,354,402 on a pay-as-you-go basis. The UAL was reported to be $33,056,940 if the Town pre-funded (i.e. met the annual required contribution). The UAL dropped due to plan changes (GIC model) and changes in the co-share (retirees share = 50%).
Fall Town Meeting 2013	Winchester Retiree Committee communicated to Town Meeting members their opposition to the increase in premiums voted by the Board of Selectmen in November of 2012.

RETIREE HEALTH INSURANCE MATTERS - TIMELINE

Date/Timeframe	Comments/Description
January 2014	The Winchester Retiree Committee and others presented their opposition to the Board of Selectmen. On January 9, 2014, the Chairman of the Board of Selectmen wrote a letter to Jan Dolan (to share with the committee she represents) acknowledging their position.
2/18/2014	A meeting was held at the Library in relation to the retiree insurance matters. Those attending included State Senator Jason Lewis, former Selectman Peter Haley (new Moderator), Town Manager Richard Howard, representatives from the Board of Selectmen as well representatives from the Winchester Retiree Committee, employees and retirees. The group planned to meet again on March 10, 2014.
3/10/2014	A working group met to discuss the Board of Selectmen's draft mitigation plan. The representatives from the Winchester Retiree Committee prepared and presented their own plan. The attendees of the meeting were: Town Manager Richard Howard, Comptroller Stacie Ward, Selectman Jennifer Wilson, Selectman Jim Johnson, employee (fire-fighter/union representative) John Frongillo, retirees Jan Dolan, Virginia Laats, Joan Grenzeback, former Selectman Peter Haley (new Moderator) and State Senator Jason Lewis.
3/24/2014	The Board of Selectmen approved the draft mitigation plan at their meeting. The Board of Selectmen published this draft mitigation plan including a comprehensive explanatory memo and materials on the Town's website. The public was invited to provide written comment due by Friday April 4, 2014 for Board of Selectmen consideration. The Board of Selectmen originally scheduled to vote on the plan at the April 7, 2014 meeting, but this was postponed until the April 22, 2014 meeting (due to the change in Board of Selectmen).
3/27/2014	The Town Manager mailed a notice to all retirees regarding the draft mitigation plan.
4/4/2014	Written comments were received from a variety of sources, including the Winchester Retiree Committee, Finance Committee, Multicultural Network and a variety of individual citizens.
4/22/2014	In accordance with the 11/5/12 Board of Selectmen vote, the Board of Selectmen adopted a mitigation plan for retirees (in addition to the EHCMF noted above related to health plan changes). The plan intention is to mitigate, moderate or cap the impact of premium rate changes for retirees of low income and/or who may have high out-of-pocket health care costs and who would otherwise be disproportionally affected. The plan provided, in summary: 1). Post 2004 retirees cost phased to 50%/50% (1st change 7/1/14, final change 7/1/15).

Date/Timeframe	Comments/Description
4/22/2014 *(continued)*	The plan provided, in summary *(continued)*: 2). Pre-2004 retirees cost phased 70%/30% (1st change 7/1/14, final change 1/1/16). 3). All pre-2004 non-Medicare retirees to migrate to Harvard Pilgrim Health Care (HPHC) Enhance Medicare plan at 70%/30%. 4). A means based mitigation fund of approx. $55k was established as a further safety net for retiree subscribers who would qualify for further mitigation in accordance with ACA income standards. This fund is to be in effect for no less than 3 years but possibly available on an on-going basis depending upon the level of need shown as the plan is put in place. 5). The phase-in results are subject to the usual annual rate increase proposed by HPHC.
Spring Town Meeting 2014	At the Spring Town Meeting, Town Meeting voted the article to set aside the balance of the EHCMF $195k savings ($184k balance at the time) so that the funds would continue until they run out per the MOA with the PEC noted above (7/1/13). Originally they were part of the FY14 annual operating health insurance budget and in order to continue past the fiscal year, this had to be voted by Town Meeting.
Spring Town Meeting 2014	The Town Retiree Health Insurance Committee was formed.
May 14, 2014	The Benefits Coordinator notified all retirees of the Health Insurance Open Enrollment and Updates which included reference to the March 27, 2014 letter noted above sent by the Town Manager and reference to the Board of Selectmen approved mitigation plan.

Sequence of Actions
That Led to Retirees' Response to Retirees' Health Insurance Changes

On **November 5, 2012**, the Winchester Board of Selectmen—without prior notice or public discussion—voted to increase the percentage of health care premiums paid by all retired Town employees to 50 percent, the maximum allowed by state law.

The Selectmen's vote was prompted by a ruling issued in 2009 by the Government Accounting Standards Board (GASB) that requires all cities and towns to calculate the cost of future health care obligations (Other Post-Employment Benefits or "OPEB") and recommendations from the Finance Committee that the Town do so as soon as possible.

In **2012**, the Selectmen opted for a less expensive health insurance plan that created higher co-pays and deductibles for active employees and retirees. They then chose to gain further savings by increasing premium costs for retirees and only for retirees.

The 50/50 policy would have sharply increased costs for most of Winchester's 512 retired employees. Employees who retired before 2004 would have seen their premium share jump 400 percent. Employees who retired after 2004 would have seen a 50-percent increase. Current employees who retired after **July 1, 2014** would have immediately paid 50 percent.

The 50/50 policy would have set aside a long-understood social contract between the Town and its employees that retirees would pay the premium share percentage that was in place at the time they retired—that they could plan their retirement around known pension amounts and health care benefit payments.

The 50/50 policy would also have resulted in a significant inequity between current employees and retirees. Current employees pay 25 percent of their health care premium, but retirees would be paying 50 percent.

Finally, the 50/50 policy would have been devastating for the Town's oldest retirees. Fifty-three of the Town's 512 retirees are over 85. Pensions for employees who retired before 1990 are between $17,000 and $25,000.

The Town mailed a single letter to retirees dated **November 12, 2012**, informing them that the premium share increase would take effect on **July 1, 2014**. The 50/50 plan provided for a "mitigation fund" based on documented means testing. However, little subsequent effort was made to educate the retirees—who are not represented by unions, as are current employees—and no specifics were made available about the mitigation fund.

In early 2013, an ad hoc group of retirees, the Retiree Health Insurance Committee, formed out of concern about the Town's unilateral action and sought to discuss the issue with the Board of Selectmen. However, the Retiree Committee found it very difficult to make their concerns heard.

The Retirees Committee met with the Town Manager on **April 8, 2013**, but their concerns were downplayed. Efforts were then made to contact individual Selectmen, but no responses were forthcoming. After considerable effort, the Retiree Committee was finally allocated ten minutes to speak at the Selectmen's meeting of **October 22, 2013**, and then told that the issue would be "taken under advisement." In late **January 2014**, the Retiree Committee contacted Representative Jason Lewis, who agreed to facilitate a meeting with the Selectmen. Two discussions were held between representatives of the Selectmen and the Retiree Committee: one on **February 18, 2014**, the other on **March 10, 2014**. The Retiree Committee presented three alternatives to the 50/50 plan, but there was no response to the plans.

On **March 24, 2014**, the Selectmen issued their "70/30 mitigation" plan to temper the impact of the 50/50 plan. The 70/30 mitigation plan proposed that most employees who retired before 2004 would incur a 200-percent premium increase phased in over two years. Employees who retired after 2004 would still see a 50-percent increase phased in over two years.

HOW WE GOT HERE

A time line of actions taken by Town of Winchester Retirees

2012

November

Nov. 5 The Board of Selectmen voted to increase the health plan premium cost splits to 50% retiree and 50% town effective July 1, 2014.
Nov. 15 Retirees received a letter informing them of that action

December

Agree to oppose the Nov. 5 vote of the Board of Selectmen

2013

January
Met and formed the Winchester Retirees Health Insurance Committee
It continued to meet regularly from January 2013 until May 2014.

February
Explored strategies to request the Selectmen to rescind their vote

March
Identified Winchester residents who might be supportive of the Retirees issues

April
Met with representatives from the MTA and the WEA
Met with The Winchester Town Manager for the purpose of discussing the action of the Board of Selectmen and the letter sent to each retiree in the health plan.

May
Collected Health Insurance information from other communities that Winchester compares itself to, as well as other communities throughout the Commonwealth and developed charts which demonstrated the financial significance of the increase to Winchester retirees

June

Five representative retirees met with the Winchester State Legislative Delegation, Senator Clark, Senator Jehlen and Representative Lewis and their staff members.
Sent to many school department retirees a letter requesting support for the committee's efforts and a response post card (addresses of municipal retirees were not made available)

July

Refined information obtained from other communities and developed an action plan based on the comparison of Winchester to specific communities
Town offered an expanded "Health Reimbursement Arrangement which allows non-medicare retirees to submit certain medical expenses for reimbursement.

August

Developed a petition to be presented to the Selectmen and determined how to obtain signatures.
Met with MTA representative

September

Met with Shawn Duhamel, Legislative Liaison, Retired State, County and Municipal Employees Association of Massachusetts. The Retirees Committee had questions about the Selectmen's vote to increase the percentage of retirees premium contribution to health insurance in view of the pending H59 bill.
Requested time on the Selectmen's meeting agenda for the purpose of stating our position on the Insurance issue

October

Submitted letters to the Editor of The Winchester Star and Daily Times Chronicle (Winchester Edition) this continued weekly until May of 2014
Retiree representatives spoke at the Winchester Council of Aging meeting for the purpose of presenting the concerns of the Retirees and delivering a Petition signed by more than 600 Winchester citizens requesting that the Selectmen rescind their vote.

November

Composed and mailed a letter to each Town Meeting member, explaining the position of the Winchester Retirees concerning the Health Insurance issue

December

Composed a letter and sent it to residents of Winchester stating the Retirees position on the Health Insurance issue.
Collected information to be published in flyer to be sent prior to Town Meeting

2014

January

Met with Senator Ken Donnelly and Senator Pat Jehlen and their staff
Arranged conversations with "leading" Winchester residents seeking their advice
Attempted to schedule conversations with each Winchester Selectman
Met with The Winchester Senior's Association and spoke about the Retirees concerns.
Met with William Rehrey, Executive Vice President /Legal Counsel and Shawn Duhamel of the Municipal Employees Association of Massachusetts seeking advice as to Health Insurance changes in other communities in the Commonwealth and any legal implications
Met with Representative Jason Lewis

February

Accepted Representative Lewis's recommendation to form a working group with representatives of the Board of Selectmen and representatives of the Retirees Health Insurance Committee which he would convene
Attended the first meeting with Representatives of the Selectmen and Retirees which Jason Lewis convened
Mailed flyer to Town Meeting members and 2000 Winchester citizens which presented the position of the Retirees

March

Attended a Finance Committee meeting
Participated in the second meeting with Representatives of the Selectmen and Retiree Representatives. Jason Lewis convened
Submitted a Warrant Article for Spring Town Meeting
Participated in the League of Women Voters " Hot Topics"
Consulted with John Sullivan, retired Town Moderator

April

Prepared information for Town Meeting Article 16
Attended a Town Meeting Briefing
Attended a Personnel Board meeting
Attended Selectmen's meeting and responded to the Selectmen's vote to approve the 70/30 Mitigation plan
Participated in Town Meeting and spoke to Article 16.
Withdrew Article 16 and planned to offer a motion under Article 40 to create a committee to study Retiree Health Insurance issues.

May

Town Meeting approved the Article 40 motion to form a Town Retiree Health Insurance Committee.

WE HAVE ARRIVED

Winchester OPEB Timeline- FinCom view
October 17, 2014

2006 GASB (Government Accounting Standards Board) issued Statement 45 requiring that government entities measure the size of their OPEB liability

January 2009 Buck Consulting issued Winchester's first OPEB measurement (as of 7/1/2008) identifying a $110M unfunded liability (UAL <1% funded) and a $1.7M annual funding gap (if pre-fund)

May 2009 Town Meeting funded $75K into Retiree Healthcare Liability Fund (Fincom recommended Town Manager's budget, Town Manager requested more time to understand issue)

May 2010 Town Meeting Funded $25K (Fincom recommended Town Manager's budget, Town Manager requested more time to understand issue)

May 2011 Town Meeting Funded $250K (Town Manager recommended $25K, BOS supported Town Manager; Fincom recommended $250K and adoption of a 5 year plan to close the ARC funding gap by increasing annual funding by $250K/year if no action was taken by Town, and amortize liability over 30 years). GASB45 Advisory Committee was formed.

May 2011 Municipal health care reform legislation enacted (Chapter 69 of the Acts of 2011) giving cities and towns will the choice to implement health care plan design changes under a newly-created process.

September 2011 Buck Consulting issued report (required every 2 years, but Town was a year late with its request). UAL = $93M (biggest reduction due to Adoption of MGL ch. 32 s 18 requiring that Medicare eligible retirees enroll in Medicare at 65). ($1.3M annual gap if prefund)

March 2012 GASB45 Advisory Committee made three recommendations:

1. The Town fund the Annual Required Contribution (ARC) fully by 2016 or before;
2. The Board of Selectmen direct the Town Manager to achieve cost reductions through a combination of lowering plan costs, reducing the share paid by the town, and/or other expense reduction measures the Town Manager may determine;

3. FinCom increase the FY 2013 funding of the GASB 45 line item from $0 (in the Town Manager's budget) to $500k (in line with the funding plan) unless and until the BoS and/or the Town Manager can present a plan or dollar-specific cost reduction for FY 2013.

May 2012 Town Meeting Funded $250K (Town Manager recommended $0). Town Meeting voted yes to FinCom's motion to Accept MGL c.32B s.20-Other Post Employ. Benefits Liability Trust and move funds all previously appropriated funds from Retiree Healthcare Liability Trust.

November 2012 BOS voted to BOS voted to reduce the Town's contribution to retiree healthcare to 50% as of 7/1/2014 and to make changes to plan design effective 7/1/2013. The HMO plan would be GIC-like.

May 2013 Town Meeting Funded $100K (Town Manager recommended $0). Number was based on 11/2012 vote.

July 2013 Town employees/retirees moved to HPHC GIC like HMO products.

November 2013 Sherman Consulting Actuarial report as of 6/30/2013 reflected 11/2012 votes and identified UAL at $59.4M ($1.3M annual gap if prefund)

April 2014 BOS issued mitigation plan increasing contributions for pre-2004 retirees to 70/30, and allotting $55K for other mitigation. UAL = $64M, Annual gap = $300K

April 2014 FinCom wrote to DoR to request a ruling as to whether the proposed plan was allowable under MA law. The Town has not adopted Ch32B s9E which would allow it to contribute more than 50% to retiree *indemnity* plans.

May 2014 Town Meeting Funded $470K (Town Manager recommended $0, and BOS recommended <$300k). Town Meeting Created Retiree Health Insurance Advisory Committee.

March 12, 2012

TO: Winchester Board of Selectmen

CC: Richard Howard, Town Manager; Finance Committee

FROM: GASB 45 Advisory Committee
B. Keveney (Comptroller); K. Ferriter (Audit); B. MacIntosh (Pension Trust); D. Marmon (BoS); D. Pagán (FinCom); S. Tracy (Treasury)

RE: Committee Findings and Recommendations re. OPEB

Executive summary

An actuarial study by Buck Consulting conducted last summer found that Winchester has promised retiree health care benefits (OPEB) amounting to $93 million for which it has set aside virtually no reserves. The Governmental Accounting Standards Board (GASB) is requiring municipalities to recognize. The Commonwealth will likely require towns to fund this liability and the rating agencies are certain to look negatively on a large unfunded liability.

The Finance Committee in 2011 presented a plan to get to full funding by 2016 through increased annual contributions to reserves. The GASB 45 Advisory Committee was established in 2011 to investigate other ways in which the Town might get on track to funding this liability. One very important mechanism to liability reduction analyzed was decreasing annual retiree health care costs.

The first option available to the town is to do nothing to change retiree benefits, but continue with the FinCom proposed plan to increase annual contributions to the GASB trust fund to about $1.3 million annually. The town contributed $250k in FY 2012 and the plan is to contribute $500k for FY 2013 (and increasing each year by $250k until we meet the required annual contribution). This schedule puts significant pressure on the operating budget.

Decreasing retiree health care costs would lower the liability and the magnitude of future cash outlays. Changing plan design to follow the Group Insurance Commission (GIC) plan and lowering the town's share of the cost of the premium to 50% (Town pays half, retiree pays half) reduces the annual required contribution to the level of our current pay-as-you-go expense. This means that the current expected total expense does not change, but we are fully meeting our GASB funding requirement.

Of course, there are a number of options in between.

The GASB 45 Advisory Committee recommends:

- The Town fund the ARC fully by 2016 or before;
- The Board of Selectmen direct the Town Manager to achieve cost reductions through a combination of lowering plan costs, reducing the share paid by the town, and/or other expense reduction measures the Town Manager may determine;
- FinCom increase the FY 2013 funding of the GASB 45 line item from $0 (in the Town Manager's budget) to $500k (in line with the funding plan) unless and until the BoS and/or the Town Manager can present a plan or dollar-specific cost reduction for FY 2013.

Background

The GASB 45 Advisory Committee, established following 2011's spring Town Meeting, reviewed Winchester Other Post-Employment Benefits liabilities in the context of the GASB 45 reporting requirements. In so doing, the committee worked with the town's third party consultant, Buck Consulting (Buck) to understand the current liability and to explore mechanisms to reduce the liability over time.

In the course of our review, it became clear to the committee that the town had inadequately financed an ongoing expense in accumulating retiree benefits and that continuing to do so would not only increase the burden on future years' budgets, but also jeopardize the town's bond rating and thus increase its borrowing rates. The committee therefore worked with Buck to understand mechanisms of reaching full funding.

The committee reviewed the impact on the liability of increasing annual funding as well as various expense reduction approaches. The attached memo includes the annual impacts of i) reducing the share of retiree health care premiums paid by the town, ii) reducing plan costs by 10% (e.g,, through a change to GIC or a GIC-like plan, and iii) both % share reduction *and* lowering of plan costs. These cost reductions are then juxtaposed against a base-line plan to achieve full funding through annually increased outlays as presented to 2011 Spring Town Meeting by the Finance Committee.

The committee recommends that as a baseline, the town continues on the course to full funding by 2016 laid out by the Finance Committee. Furthermore, to reduce the amount needed to reach full funding, the GASB 45 Committee recommends that the Board of Selectmen direct the Town Manager to achieve cost reductions through a combination of lowering plan costs, reducing the share paid by the town, as well as any other expense reduction measures the Town Manager may determine. Using a combination of funding increases and these expense reductions, either introduced in full for FY 2013 or phased in over time, together with some appropriations for GASB 45 will allow the town to both reduce the future outlays and utilize a higher discount rate for determining the present valuing of the liability.

What is GASB 45

The Governmental Accounting Standards Board issues accounting guidance that municipalities use to prepare and record its financial statements. In June 2004, the board issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) (http://www.gasb.org/st/summary/gstsm45.html). This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), etc. in the financial reports of state and local governmental employers. The goal of this guidance was to bring transparency to the liability associated with accumulating OPEB and to encourage governmental employers to fund these expenses through contributions *in the same period in which the expenses were incurred.*

This results in a liability equal to the present value of future OPEB outlays. The size of the liability is determined by the cumulative fund contributions to date, the magnitude of expenditures over time, and the discount rate used in the present value formula. To lower the liability governments may i) increase annual funding, ii) lower future cash outlays, and/or iii) increasethe discount rate. Funding is an annual decision of Town Meeting and is represented in FY 2012 by $250,000 in the GASB 45 line. Future outlays are determined by the type of plans available to participants as well as the percent of the premium paid by the town versus by the retiree.

Current OPEB liability

Towns are required to conduct an assessment of the actuarial liability of its OPEB every two years. Winchester engaged Buck to calculate the OPEB liability as of June 2011. The liability was calculated to be $93.3 million dollars. The town has placed a total of $375,000 into a fund to support future payments, resulting in a net unfunded liability of $92.9 million, and a funded percentage less than 0.5%.

This liability is calculated using a 4.0% discount rate on the projected net expenditures for retirement health care benefits. This represents a blended rate of the unfunded discount rate of 3.5% (the historical rate for short term investments) and the fully funded discount rate of 8.0% (the historical rate for long term investments). Were the town able to use a higher rate of 8%, the gross liability would be calculated at $53.0 million rather $93.3 million. Getting to a full annual contribution would allow the town to use this higher rate and thereby lower the unfunded liability. The appropriate discount rate will need to be reviewed with the Town's external auditors.

"Full funding" is defined by annual contributions by the town totaling the Normal Costs (i.e., the expenses incurred in the current fiscal year for the retiree benefits) and the amortization of the existing unfunded liability (i.e., the annual payment in a

30-year amortization schedule that would bring the liability to full funding). This total amount is defined as the Annual Required Contribution (ARC). The ARC will have different values based on the discount rate used. At the town's current funding level and required 4% rate, the FY 12 ARC was $6.5 million. ($4.1 million in an 8% scenario). The total funding level the town put against this ARC was $2.9 million in benefits payments plus the $250,000 GASB 45 line item, totaling $3.2 million and representing 46% of the current ARC and 74% of the theoretically fully funded ARC. Thus, the shortfall to full funding is $4.1 million less the total budgeted funding of $2.8 million or $1.3 million.

Why fund the OPEB liability?

There are three main arguments to moving the town to a fully funded ARC. The first is a fundamental rule of accounting call the matching principle. As the GASB 45 guidance puts it, "Recognize the cost of benefits in periods when the related services are received by the employer." The benefit the town receives is the labor provided in the current period by its employees, and the expense is the promise of future retiree health benefits. This is analogous to pension benefits earned by current employees but to be paid in the future. Failing to recognize and fund these expenses in the current period (as the town has historically done) pushes this burden to future periods and generations.

The second argument is the actuarial benefit of using a higher discount rate to define the current liability. The rationale for allowing municipalities to use the higher discount rate (and thereby calculating a smaller liability) is that the town has demonstrated a plan to get to and apply full funding to its liability and therefore the amount is a lower risk and therefore it is appropriate to discount the liability using the historical rate for long term investments. Using the "pay as you go" method of funding only the payments for current retirees (which is essentially the path take presently by the town) represents a bigger risk and therefore uses a lower discount rate and increases the liability.

The third argument is the impact that not funding the GASB liability has on the town's bond rating. Rating agencies look at the financial health of municipality to judge its ability to pay back debt. Included in the data analyzed is the town's willingness to pay for current expenses rather than to defer them, as well as the size of its unfunded liabilities. The GASB 45 committee was not able to determine specific trigger points for altering the bond rating, but we understand the OPEB liability is an important consideration in the ratings agencies' calculus.

Options for the Town

The Finance Committee put forward to Spring Town Meeting 2011 a path to fully funding the ARC through increasing annual contributions through the GASB line. The funding plan would call for building the GASB line by $250k each year until by 2016 when combined with the expected benefit payments would result in full funding. Demonstrating progress along this path to the Town's auditors would result in their likely agreeing to the Town's use of the higher discount rate prior to 2016 and thereby reducing the liability in current financial statements (as discussed above). The committee endorses this approach as the baseline path forward and in the absence of any other town action on health care expenses.

The committee engaged Buck to get an in-depth understanding of the current report and options for expense reduction available to the town. Subsequently, Buck reviewed several scenarios provided by the committee. The scenarios reviewed included:

- Reduction of plan costs by 10% (e.g., by moving to GIC or GIC-like plan): Year 1 impact of 10% of funding gap (i.e., reducing ARC to $3.9 million)
- Increasing retiree portion of cost-share to a uniform 50% from current mixed schedule: Year 1 impact of 70% of funding gap (i.e., reducing ARC to $3.1 million)
- Affecting both changes simultaneously: Year 1 impact of 100% of funding gap (i.e., reducing ARC to $2.8 million)

A summary of these results is shown in Table 1 and Chart 1 below.

Table 1:

Current					
FY	Benefit payments	GASB contribution	Total outlay	ARC	Funding Shortfall
2012	2,800,000	250,000	3,050,000	4,200,000	1,150,000
2013	3,100,000	500,000	3,600,000	4,300,000	700,000
2014	3,300,000	750,000	4,050,000	4,500,000	450,000
2015	3,600,000	1,000,000	4,600,000	4,700,000	100,000
2016	3,800,000	1,100,000	4,900,000	4,900,000	0

GIC plan changes 7/1/2013 only					
FY	Benefit payments	GASB contribution	Total outlay	ARC	Funding Shortfall
2012	2,800,000	250,000	3,050,000	4,200,000	1,150,000
2013	3,100,000	500,000	3,600,000	4,300,000	700,000
2014	3,000,000	750,000	3,750,000	4,100,000	350,000
2015	3,200,000	1,000,000	4,200,000	4,200,000	0
2016	3,400,000	1,000,000	4,400,000	4,400,000	0

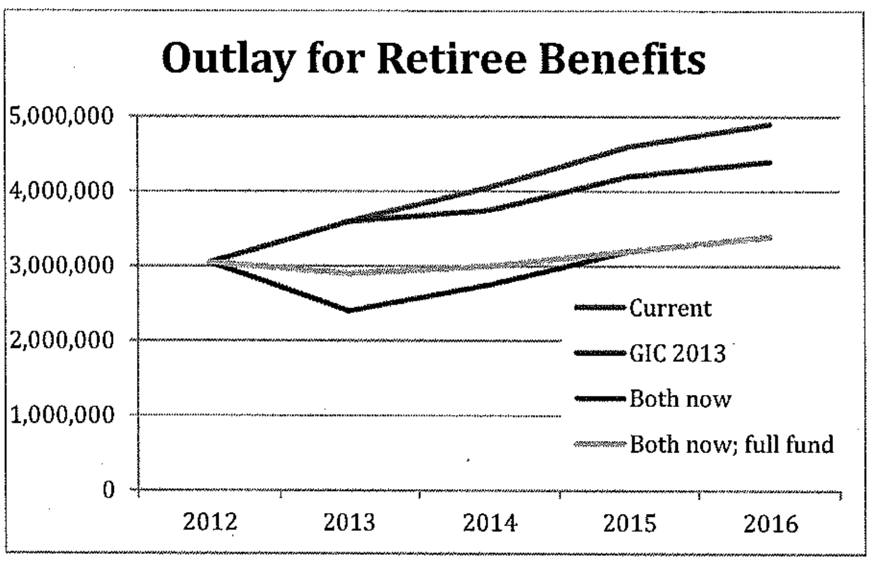
Both GIC-like plan and 50-50 premium split effective 7/1/2012

FY	Benefit payments	GASB contribution	Total outlay	ARC	Funding Shortfall
2012	2,800,000	250,000	3,050,000	4,200,000	1,150,000
2013	1,900,000	500,000	2,400,000	2,900,000	500,000
2014	2,000,000	750,000	2,750,000	3,000,000	250,000
2015	2,200,000	1,000,000	3,200,000	3,200,000	0
2016	2,400,000	1,000,000	3,400,000	3,400,000	0

Both GIC-like plan and 50-50 premium split effective 7/1/2012

FY	Benefit payments	GASB contribution	Total outlay	ARC	Funding Shortfall
2012	2,800,000	250,000	3,050,000	4,200,000	1,150,000
2013	1,900,000	1,000,000	2,900,000	2,900,000	0
2014	2,000,000	1,000,000	3,000,000	3,000,000	0
2015	2,200,000	1,000,000	3,200,000	3,200,000	0
2016	2,400,000	1,000,000	3,400,000	3,400,000	0

Chart 1:



Other considerations

In addition to funding and expense decisions, the town needs to consider the relationship between health care benefits provided to current employee and to retirees, the timing impact of adopting Chapter 69 section 32B and changes to OPEB, the health care trust account in the Town Managers budget, and the political and union bargaining implications of changes to retiree benefits. The GASB 45 Committee reviewed these topics, but determined that the implications and a full understanding of these relationships was better left to town management and counsel.

Recommendations

The committee acknowledges the wisdom of achieving fully funded ARC to:

i – lower current accounting liability
ii – begin to fund future expenses
iii – match current payments with current benefits received (i.e., the impact of current fiscal year's services from the current employees that are future retirees – just as in pension funding)
iv – protect the towns AAA rating

In the absence of town cost reductions, the committee endorses the multi-year increase in the GASB line funding schedule as presented by the FinCom to Spring Town Meeting 2011 (and shown as "Current" in this memo's chart).

This line item is a current and real expense that has been neglected in the past, and should not be viewed as a source of plugging current year budget shortfalls. Providing this funding is the town's fiduciary responsibility.

The GASB 45 fund is equally or more important as a reserve than Free Cash in that its use is proscribed for retiree health care benefits and not general operations. Therefore it shows a firmer commitment to fiscal responsibility than leaving reserves in Free Cash.

The committee fully embraces reducing future town outlays (and thus the Normal Cost) as an alternate means of closing the funding gap by adopting expense reductions and decreasing the liability. Utilizing a combination of immediate or phased-in expense reductions is acceptable. The town should continue to move toward a fully funded ARC by 2016 in step-wise through a combination of increased GASB line item funding and reduced costs.

The committee recommends that FinCom increase the FY 2013 funding of the GASB 45 line item from $0 (in the Town Manager's budget) to $500k (in line with the funding plan) *unless and until* the Selectmen and/or the Town Manager can present a plan or dollar-specific cost reduction for FY 2013.

To: Winchester Town Meeting Members
From: Winchester Finance Committee
RE: Article 14, Other Post Employment Benefits Appropriation
Date: November 15, 2012

Last week, the Finance Committee moved to indefinitely postpone Article 14, which requested an additional $250,000 appropriation to the Other Post Employment Benefits (OPEB) Trust Fund to bring the FY 2013 total allocation up to $500,000.

This decision to postpone was based on the following four healthcare related votes made by the Board of Selectmen during their Monday, November 5, 2012 meeting:

1. That effective July 2, 2014, the Town shall pay 50% of the premium to be paid by retired employees for group health insurance policies.
2. That effective July 1, 2013 the Town shall adopt modifications to its health care plan design for non-Medicare retirees.
3. That effective July 1, 2013 the Town shall modify the Medicare supplement plans to include co-payments, deductibles, and tiered provider network co-payments, similar to those offered by the Group Insurance Commission.
4. That the Town Manager report back to the Board with his recommendations as to whether the Board should adopt the provisions of Section 21 through 23 of Chapter 69 of the Acts of 2011.

Changes 1-3 also requested that the Town provide a plan to mitigate the impact of these changes for all retirees who are low income, and/or who may have high out-of-pocket health care costs and who would otherwise be disproportionately affected.

These motions directed the Town Manager to make changes to plan design and retiree contributions consistent with the recommendations made by the GASB45 Advisory Committee in their March, 2012 Report. The plan changes are scheduled to be implemented in stages, and should move the Town close to funding its Annual Required Contribution in FY15 (Annual Required Contribution or ARC is the amount required on an annual basis to bring the plan to full funding). The Finance and GASB 45 Advisory Committees' shared OPEB objective (as stated in the FinCom's Spring 2011 Town Meeting and the GASB 45 March 2012 memo to the Selectmen) is for the Town to meet its ARC by 2016; so the BOS plan meets that goal. A fully funded ARC:

- matches current payments with current benefits
- begins to fund future expenses
- lowers the accounting liability
- protects the Town's AAA rating

The ARC is the sum of two parts: (1) the normal cost, which is the cost of OPEB benefits attributable to the current year of service (current employees, current costs), and (2) the amortization payment, which is a catch-up payment for past service costs to fund the Unfunded Actuarial Accrued Liability (UAAL) over the next 30 years (all retiree costs and prior years' cost for current employees). The changes mean that the Town will begin to set aside funds to pay for future benefits for current employees, and will set up a payment schedule to fund previously unfunded obligations, just as it does for employee pensions. In approximately 2045, the Town will have properly set aside funds for its previous commitments (amortization of liability would be complete) and would fund only the normal costs after that time. It is important to note that the amount required to fund OPEB is an estimate based on interest rate, participation, and other assumptions, and the ARC (and associated OPEB liability) represent a moving target which will need to be updated every two years, as required by law.

There are two approaches the Town could take to close the gap between the ARC and the total outlay (current year retiree benefits paid + OPEB line) by 2016. The first would involve no change to the Town's plan structure or contribution rates, and would have closed the gap by steadily increasing the OPEB contribution. The additional $250,000 for FY-2013 in the postponed warrant article, plus larger/increasing appropriations in subsequent years, would have kept the Town on that path. Continuing on that path would have required cuts in current services, concessions from current employees, or an override. (An increasing share of the Town's operating budget has paid for employee and retiree benefits over the past decade, crowding out other spending for current services). The second method involves closing the gap by bringing the cost curve down to meet projected cash outlays; it is this latter approach that reflects the changes as voted by the Selectmen.

The Town will contribute approximately $3M (3% of the Town's budget) for retiree healthcare in the FY13 budget (retiree healthcare spending in the healthcare budget plus specific OPEB funding of $250K). Last spring, Buck Consultants ran several scenarios for the GASB45 Advisory Committee that became the basis for that committee's recommendations to the BOS and Town Manager. The changes voted by the Board of Selectmen will reallocate the $3M of spending in future years and will move the Town (approximately) to the *GIC with 50% co-share* scenario in the Buck and GASB45 Advisory Committee reports. The liability will be reduced by roughly one third to approximately $35M.

The changes proposed by the Town Manager and Board of Selectmen address an issue that we believe is of critical importance to Winchester's long term fiscal health and will end the practice of transferring costs of current services to future generations. Because the timing of implementation of these changes is different from those included in the scenarios previously run by Buck Consulting, we will need to wait for the next update to the actuarial report to understand precisely the impact of these proposed changes. The Finance Committee and Town Manager will work together in the spring of 2013 to ensure that the appropriate actuarial analysis is performed and that the Town funds this benefit according to the proscribed schedule. In the meantime, the Finance Committee is optimistic that these steps taken by the Selectmen will put the Town on a path to fully funding its ARC by 2016. Accordingly, no further action was needed for the FY 2013 budget.

Westport Rivers – Application to sell/provide wine samples at Mahoney's Garden Center Farmer's Market

*Motion: That the Board of Selectmen approve the issuance of a license to Westport Rivers to sell/provide wine samples at Mahoney's Garden Center for the remainder of calendar 2012.

Johnson – Marmon All in Favor. VOTED.

Health Care Plan Design for Retirees

Town Manager informed the Board that there are a series of recommendations contained in each of the motions that will bring the Town's share of health insurance premium contribution for retirees to a 50% level, in line with what is allowed under the statute. The second recommendation, which begins on July 1, 2013, initiates the change in plan design for retirees. Those changes relate to deductibles and copayments, and are more in line with the effort to contain health care costs. Town Manager pointed out that the plan design mirrors the most selected plan in the GIC and includes an increase in deductibles and copayments in order to bring the Town more in line with what is acceptable throughout the Commonwealth.

Town Manager further informed the Board that he will try to put a safety net in place for those retirees who are considered to be lower income, using Federal guidelines for this. He noted that this change will save money in OPEB benefits in the outlying years. He suggested that in tandem with this, an effort will be made to bring overall health care costs in line. Chairman Howley noted that this is a significant decision towards effective management of health insurance costs, yet maintains the quality of coverage for retirees and employees.

*Motion: That effective July 2, 2014, the Town shall pay 50% (one-half) of the premium to be paid by retired employees for policies of group general or blanket insurance providing hospital, surgical, medical, dental, and other health insurance. Provided further, that the Town provide a plan to mitigate, moderate or cap the impact of these changes for all retirees who are low income, and/or who may have high out-of-pocket health care costs and who would otherwise be disproportionately affected.

Marmon – Wilson All in Favor. VOTED.

*Motion: That effective July 1, 2013 the Town adopt modifications to its health care plan design for non-Medicare retirees that will include co-payments, deductibles, tiered provider network co-payments and prescription drug formularies and co-payments, and other cost sharing plan design features that are no greater in dollar amount than the co-payment deductibles, tiered provider network co-payments and prescription drug formularies and co-payments offered by the Group Insurance Commission pursuant to Section 4 or 4A of Chapter 32A in a non-Medicare plan with the largest subscriber enrollment. Provided further, that the Town provide a plan to mitigate, moderate or cap the impact of these changes for non-Medicare retirees who are low income, and/or who may have high out-of-pocket health care costs and who would otherwise be disproportionately affected.

Marmon – Wilson All in Favor. VOTED.

*Motion: That effective July 1, 2013 the Town, for subscribers enrolled in a Medicare plan pursuant to Section 18A, modify the plan to include co-payments, deductibles, tiered provider network co-payments, prescription drug formularies and co-payments, and other cost-sharing plan design features that are no greater in dollar amount than the co-payment, deductibles, tiered provider network co-payments, prescription drug formularies and co-payments offered by the Group Insurance Commission pursuant to Section 4 or 4A of Chapter 32A in a Medicare plan with the largest subscriber enrollment. Provided further, that the Town provide a plan to mitigate, moderate or cap the impact of these changes for Medicare retirees who are low income, and/or who may have high out-of-pocket health care costs and who would otherwise be disproportionately affected.

Marmon – Wilson All in Favor. VOTED.

Johnson – Grenzeback All in Favor. VOTED.

Retiree Health Insurance Mitigation Plan Discussion and Vote

Selectman Grenzeback recused himself from participation in this discussion and left the table. Chairman Wilson outlined the process to be followed this evening, noting that it has been a long and complicated one and her hope is that interested individuals have reviewed the detailed information on the website. The Chairman noted that there is no magical solution to this issue and the outcome may not satisfy all. She explained that the current benefits landscape is complicated and the monthly premiums range from $36/month to $239/month.

Chairman Wilson recalled that in 2009, the Town received an actuarial study that outlined the $93million liability, with the Finance Committee beginning to address this issue with Town Meeting as far back as 2008. She noted that the Finance Committee has continued to advocate for a plan to address this issue and fully fund the liability. A study committee was formed that included representatives from the Board of Selectmen, the Finance Committee, the Audit Advisory Committee and at-large members. Recommendations were presented to Town Meeting and to the Board in 2011 and 2012, suggesting a combination of approaches both to increase funding and to decrease costs. First, the Town could increase its annual contributions to the fund to defray long-term liability which would require that the Town find at minimum, an additional $1million per year in its budget or from additional tax dollars, beyond the pay-as-you-go amount. Town Management advised and the Board of Selectmen agreed that until the time the Town could find additional revenue as with a tax override, this approach was not feasible without spending down reserves or unreasonable service cuts, although will be a part of the future piece of the puzzle.

Chairman Wilson noted that the Town took several actions on the cost side; it changed plan providers and avoided a 10% increase in premiums for the benefit of retirees and the Town. In 2012, the Town, like 259 other communities in Massachusetts, took advantage of the newly enacted Municipal Health Insurance Reform Legislation. This allowed the Town to change its plan design, copayments and deductibles to be consistent with the most highly selected insurance plan offered by the State to its employees. The Town's unions participated in this process and they determined how to allocate $195,000 in avoided expense for the benefit of plan participants, including retirees. During this time, Chairman Wilson explained that Town management met to discuss health care expenses with two groups of union representatives, each of which included a retiree representative. Finally, the Finance Committee and the GASB Study Committee, the cross disciplinary group put together to study the issue, recommended shifting the split in retiree health insurance contributions. The Board considered information provided by its actuaries, its insurance advisor and information about contribution rates from other communities. Chairman Wilson pointed out that notably, only two other communities were identified that had contribution rates as high as Winchester's at 90%.

Chairman Wilson explained that the Board also examined the impact on the various retiree groups. In November, 2012, the Board voted that as of July 2014, premium splits would be changed to the consistent split of 50%-50%, a rate that was already in place for some retirees. She noted that the Board recognized that this might create a financial hardship for some retirees and made its vote subject to the condition that a mitigation plan be adopted to "mitigate, moderate or cap" the impact of the changes for low income and/or high impact retirees. The fund was seeded with approximately $55,000, although the Board anticipated that this amount would be increased substantially as the mitigation plan was designed. Retirees were notified immediately at the time of the vote, and Town Meeting was informed. In 2014 the Board anticipated that its mitigation plan would be primarily means based with a possible phase-in period. The Board expected to use an objective income-based standard for what was an appropriate level of income to spend for health insurance, looking to the Affordable Care Act for confirmation. Those who were being asked to spend more would be reimbursed by the Town. Chairman Wilson noted that the opposition to a means-based plan was widespread and passionate, some of the opposition coming from the retirees themselves, but also from other parts of the community and the concerns about privacy, access and pride are well documented in the comments made by many who attended meetings and through the local media.

Chairman Wilson recalled that with assistance from Senator Lewis, a working group was assembled that consisted of two members from the Board of Selectmen (Selectmen Wilson and Johnson), the Town Manager, the Comptroller and a number of retirees who also engaged the assistance and advice of now Moderator, Peter Haley. The retiree representatives were Jan Dolan, Ginny Laats, Joan Grenzeback and John Frongillo. She offered the Board's thanks to these individuals for their willingness to represent the retiree population through what is now known as the Winchester Retirees Health Insurance Committee. This group met to share ideas on how the mitigation plan might best meet the goal of alleviating financial hardship for those retirees most impacted by the contribution changes. Chairman Wilson indicated that this goal was shared by every person at the table. Through these conversations, and with assistance from Senator Lewis and Mr. Haley, the Winchester Retirees Health Insurance Committee identified the pre-2004 group of retirees as those most vulnerable to the rate change. Those retirees had previously enjoyed splits of 90% - 10% if on Medicare, or 85% - 15% or 71% -29%. As the longest retired, these individuals in general were more likely to have lower pension income than more recent retirees.

The retiree representatives asked whether the Board could replace its means-based mitigation plan with a plan that would offer permanent relief to this identified group of retirees. Town Manager with the help of the Town's professional advisers performed the analysis and the proposal to change the pre-2004 retirees to a split of 70% - 30% instead of 50% - 50% would cost the Town in 2014 dollars approximately $350,000 per year and the Town would sacrifice about $3.5 million to $5million of the long-term liability savings. The Chairman explained that the arrangement would also reduce the impact on the largest population of the current retirees, more than 300 in number and likely those with the lowest income.

Selectman Johnson and Chairman Wilson, the Board's representatives to the working group, along with the Town Manager determined that this was a fair and reasonable balance between the finances of the Town and the burden on the retirees, as well as achieving the goal of mitigating the highest impact. On March 24th the plan was recommended to the full Board. The recommended plan also included a two-year phase in period for all retirees and in addition, advocated for a means-based mitigation fund, smaller than what had originally been planned, but available to all based upon income. This was primarily to address unusual cases. Following the recommendation, the Board voted to release for public comment, this draft mitigation plan offering the features. The plan was published on the Town's website and was mailed to each of the Town's retirees. Written comments were received from sixteen individuals and organizations, including the Finance Committee, the MultiCultural Network, and the Winchester Retirees Health Insurance Committee. These comments were in addition to the extensive comments received by the Board as a whole and individually in the many months leading up to the release of the draft plan. Chairman Wilson noted that this issue has been the subject of extensive and varied comments and the Board is grateful for the robust input. She explained that the Board had originally intended to vote on the plan at their April 2nd meeting, but the Board was happy to amend that schedule at the request of the newest member, Selectman Powers. She explained that the Board is now in the position to vote on the draft plan and invited Ken Lombardi to the table to provide the financial information and the effect of the mitigation plan.

Ken Lombardi informed the Board that there currently are thirty-eight (38) pre-2004 non-Medicare retirees with individual coverage. This population breaks down into twenty-one retirees that appear will not be entitled to Medicare and seventeen (17) that will ultimately be entitled to Medicare. Currently, the membership pays 15% of the premium, approximately $107 / month and would have been the cost on July 1, 2014 however based upon the proposal the share increases to 22½% resulting in a $161.28 premium, increasing again to $214.91 on July 1, 2015. The premium split would then remain at a 70% - 30% split. Mr. Lombardi explained that all of this is based upon current costs and would be subject to change as renewal advice occurs. For the seventeen (17) members who will move to Enhanced, even though the contributory share shifts from 15% to 22½% and then to 30%., most of the population will move into the Enhanced level and all will see a significant reduction in premium contribution as they migrate into Enhanced and enroll in Medicare.

Pre-2004 members who have non-Medicare coverage and enrolled in the HMO, there is not a significant change in cost structure based upon going to the 70% - 30% premium split. There are currently four retirees in this group that have family coverage, and one of the members is not likely to move to Enhanced because they are Medicare ineligible at this time. Cost differences are not significant in this population. For the others that have family coverage in this bracket, there will be a significant cost reduction because they will be going from a family split down to the progression of the 20% premium increasing to 30% premium based upon the agreed upon mitigation proposal.

Mr. Lombardi explained that additionally, the Town Manager's recommendation to lower future retiree costs moves the Enhanced plan to a calendar year arrangement to take better advantage of Medicare rules and regulations and lower costs. The expectation is that the Enhanced rate will level out and possibly reduce on January 1st beginning in 2016. The renewal will be off-cycle and not on the typical fiscal year cycle. For the approximately thirty (30) other non-Medicare retirees that are post-2004, all will migrate to Medicare, but in the meantime their cost goes from $236.40 / month at 33% to $297.29 / month and then to $358.19. With time, this population will migrate to the lower cost plans.

Mr. Lombardi informed the Board that there are nine (9) non-Medicare retirees who purchase a family plan, and at this time the split is currently 66 1/3% and 33 1/3%. As this population migrates to Enhanced, they will also see a cost reduction. Mr. Lombardi explained that the Town Manager, through negotiations with the current insurance provider, Harvard Pilgrim Health Care, was able to secure a two (2) person rate. He noted that there are four of the post-2004 non-Medicare retirees having to pay a family rate. There are fifteen (15) pairs of family members that have non-Medicare coverage that are in the post-2004 category and then on July 1st will see a significant cost reduction as they will not be contributing to a full premium rate but rather contributing to a two-person rate beginning on July 1, 2014. The cost reduction will be from $594.59 down to $322.14.

Mr. Lombardi noted that there are a significant number of retirees, all with family coverage and about seventy-six (76) in number, in all likelihood that will be able to migrate to the Enhanced plan because they will be entitled to Medicare. He explained that the focus this evening is on the Town's Medicare supplement plans however the Town does have a Medicare HMO style arrangement that is available, as well as other senior plans. He indicated that it would be a lower-cost service area program, i.e., must reside in the State.

Town Manager noted that he has provided a brief memo that recommends a plan that is robust and takes into consideration the various constituencies. He indicated that he believes that the plan is reasonable and recommended the Board's endorsement.

*Motion: That the Board of Selectmen, in accordance with the Board of Selectmen's vote of November 5, 2012 pertaining to Health Care Premiums for retirees and in order to provide a plan to mitigate, moderate or cap the impact of premium rate changes for retirees of low income, and / or who may have high out-of-pocket healthcare costs and who would otherwise be disproportionately affected, that effective July 1, 2014 the following mitigation plan be adopted for implementation in accordance with Chapter 32B section 11C, 16, 18A and 19 in accordance with Attachment "A": Mitigation Plan:

1.) All post-2004 retirees (both non-Medicare and Medicare) plans to be cost-phased to 50%-50% (in equal amounts) over a two year (fiscal) basis. This phase-in to apply to all retirees who retire before June 30, 2015.
2.) All pre-2004 retiree plans (both non-Medicare and Medicare) to be cost-phased to 70%-30% (in equal amounts) over 18 months with the first change occurring July 1, 2014 and the second change occurring January 1, 2016. The rate for these plans to be established at 70%-30% going forward instead of 50%-50%.
3.) All pre-2004 non-Medicare retirees to migrate to HPHC Enhance Medicare Plan 70%-30%.
4.) A means-based mitigation fund of approximately $55,000 as a further safety net for retiree subscribers who would qualify for further mitigation in accordance with the Affordable Care Act income standards. This fund to be in effect for no less than three (3) years but possibly available on an on-going basis depending upon the level of need shown as the plan is put in place.
5.) The phase-in results are subject to the usual annual rate increase proposed by Harvard Pilgrim for all subscribers.

Johnson – Fontana

Selectman Powers informed the Board that had he been a sitting Selectman at the time this vote was taken he would have grandfathered all pre-2004 retirees. He explained that it is very aggressive to increase rates to 50%, noting that when Town Manager Howard was Mayor of Malden, the health insurance split was increased to 80% - 20%, and questioned why Winchester felt it was entitled to increase the premium split to 50%. He recalled that he was a member of the Board of Selectmen when PERA was funded, and after thirty-two years, the Town of Winchester is approximately 92% funded; no effort was made to fund the retirement system in one year [Note: The pension is currently approximately 77% funded.]. He suggested that this is a plan that puts the funding of the liability on the backs of the senior citizens. Selectmen Powers pointed out that there is a Town Meeting vote on the horizon and a State vote related to Chapter 32B, therefore suggested that the Board of Selectmen delay voting this evening.

Selectman Fontana commented that this group that consists of the Town Manager, Senior Management, and advisor Ken Lombardi is well-informed and thoughtful and aware of all of the factors related to this complex topic of OPEB. He pointed out that the top category of cost growth in public budgets over the last thirty years is health care services. He explained that this problem is far from over and can be distilled into two categories. He suggested that contributions made today dwarf future contributions. He noted that this liability is not a curve that declines nor is it a curve that stays flat in the future or one that increases at a proportionate rate over time, but rather a curve that is increasing at an exponential rate. Selectman Fontana pointed out that this liability could have severe and drastic consequences if it is not addressed. He noted that the population being served with the health care benefit is increasing, not stabilizing or shrinking; the liability is drastically underfunded.

Speaking to pension reform, Selectman Fontana explained that what eventually happened was a severe change in benefits and contributions; pension reform did not end well for anyone and there were losers across the landscape. He informed the audience that as a member of the Board of Selectmen he gave thought to designing a plan or implementing a policy to deal with this complicated issue that is a significant crisis that is not unrecognized, and at the same time being true and empathetic to retirees, future retirees, employees and taxpayers. He noted that he thought about both grandfathering and freezing benefits, but knew that the further this issue is pushed out the more significant risk that it poses. Selectman Fontana suggested that the way to deal with this is through shared compromise. He indicated that he does not like the statement that this issue has been put on the backs of the retirees because the Board has taken several actions that have been articulated. Selectman Fontana noted that the Board is asking the retirees to be a part of the solution, but has also instituted health care design and plan benefit changes, and the Town now has a balanced budget since Town Manager Howard's arrival where previously the budget had been running in deficit; reserves are in place. He suggested that a shared solution is best rather than dealing with this issue in the future.

Selectman Powers offered the following amendment to the original motion:

*Motion: That the Board of Selectmen amend the pre-2004 retirement plans for both non-Medicare and Medicare participants, to be cost phased in at 75%-25% over two years, with the first change occurring July 1, 2014 and the second change to occur on July 1, 2016; the rates being established at 75% - 25% going forward.

Powers – Johnson

Chairman Wilson informed her colleagues that she feels that a 70%-30% rate split was a good rate to achieve for the pre-2004 retirees and happens to be consistent with the average rate split for communities in Massachusetts. She noted that it also provides some parity to the cost increases between the pre-2004 population and the post-2004 population, based upon dollar amount. Each phase of the implementation now has Medicare retirees whether pre-2004 or post-2004 experiencing between a $35 - $40 increase. She questioned the impact on the OPEB liability if the 75%-25% adjustment were to be made.

Selectman Powers noted that he does not have this impact number, however the OPEB liability is a thirty year liability that the Board is trying to settle in one year, something that he does not feel is proper. Selectman Fontana noted that the problem does not go away, is still significant, and will result potentially in budget cuts, reserve expenditures, override funding, etc.

Insurance consultant Ken Lombardi informed the Board that he cannot comment on the proposal to tweak the contributions put forward by Selectman Powers, but reminded the Board that the single biggest issue that the Town has is the significant number of retirees who are insured as a part of the Town's health plan. He noted that there are 500 individuals covered under the various retiree options and only about 700 active employees, almost a 50-50 split with the number continuing to grow. He indicated that he is not sure that the Town can delay or consider significant changes to their proposal. He suggested that the Board be mindful of the size of the population which continues to grow to the point where if left unattended will create an even bigger issue.

Chairman Wilson pointed out that another piece of relief that will be available to the pre-2004 population is the introduction of the plan that is an HMO-like plan and when implemented will be priced at a favorable contribution rate for both the retiree and the Town, creating an incentive to select the plan. This will allow retirees to mitigate their own cost increase. Chairman Wilson also noted that the Board has been hearing about the burden placed on retirees for a long time and she understands where it comes from. If the mitigation plan is approved this evening, Chairman Wilson noted that the Town will have reduced its long-term liability cost over thirty years from $93million to $64million. She explained that there is still a lot of work remaining and the Board of Selectmen, with assistance from the Finance Committee, Town Meeting and others in the community will need to continue to work to find a way to fund this liability. She suggested that much of this will rest with the taxpayers. She indicated that the taxpayers already support retiree healthcare benefits by funding the budget in millions of dollars annually for the cost of healthcare benefits. Chairman Wilson explained that in the future, the Board will need to look for ways to obtain more revenue or the taxpayers will bear the burden of foregone opportunities in the budget.

Vice Chairman Johnson noted that the Board worked very hard to accommodate everyone with the biggest improvement made being the "spouse + 1" which will reduce what participants pay now. He pointed out that this is a complicated issue and urged people to take their time and read about it.

*On the Amendment to the motion:

In favor:	Powers	
Opposed:	Fontana, Johnson, Wilson	VOTED.

*On the main Motion:

In favor:	Fontana, Johnson, Wilson	
Opposed:	Powers	VOTED.

Chairman Wilson declared a recess at 8:35 PM; she reconvened the meeting at 8:40 PM at which time Selectman Grenzeback rejoined his colleagues at the table.

Hospital Gift Account Funds for Ambulance Purchase

Vice Chairman Johnson noted that the issue of Hospital Gift Account funds being used for the ambulance purchase was recently raised by the Capital Planning Committee. The Finance Committee has also made some minor adjustments to the capital plan, including the ambulance as an add-on. He noted that the MIS request has been reduced and the public safety building firing range eliminated. He informed his colleagues that there is approximately $110,000 as a balance in the Hospital Gift Account and his suggestion is for the Board to consider using the bulk of this amount towards the ambulance purchase in place of Free Cash. There would be a remaining balance of $9973 in the Hospital Gift Account.

In response to Selectman Powers' question as to whether there are any requests for Hospital Gift Funds relating to health or safety issues on the horizon, Town Manager indicated that there are no known requests coming forward. He reported that a PILOT payment will be received later this Spring. Chairman Wilson informed her colleagues that she has no objection to using some of the gift account funds for this purpose, but questioned how this request would fit with the other capital pieces.

Vice Chairman Johnson recalled that the Capital Planning Committee had requested two separate warrant articles with a request to use Free Cash as a funding source. Chairman Wilson indicated that she would like to have a recommendation from the Finance Committee. Selectman Powers suggested that the Finance Committee should be happy with this solution because Free Cash funds would not be used. He explained that the Hospital Gift Account was set up to be used for things of this nature, therefore a consistent usage. Vice Chairman Johnson pointed out that Chief Nash has indicated that the back-up ambulance currently in use will not be certified by the State in the next round of certifications.

*Motion: That the Board of Selectmen authorize the expenditure of $100,000 from the Hospital Gift Account towards the purchase of the Fire Department Ambulance.

Johnson – Powers

Town Manager noted that the MIS reduction was prioritized, although it has been in the queue for a while. He informed the Board that he talked with the IT Director earlier today and he indicated that he will live with whatever funds he receives however the upgrade to the MIS system will be done piecemeal.

Winchester Mitigation Funds for Health Care Costs

FUND BEGINNING AMOUNT	SOURCE	WHO IS ELIGIBLE	USED FOR	HOW LONG	LEFTOVER GOES...
$195,000	25% of amount saved town with plan change; became effective July 1, 2013	*Union members and non-medicare retirees; have to meet deductible; have to submit health history	cat scans, MRI'S, high tech radiation, emergency room, in patient/out patient	Until it runs out or the law changes; (as of 10/28/14 there is $180,000 left)	No leftover
$20,000 FY 2015	Part of FY 2015 $9,795,000 Million health insurance budget	*Non-union members; have to meet deductible; have to submit health history	cat scans, MRI'S, high tech radiation, emergency room, in patient/outpatient	Subject to yearly appropriation	If not used closes to free cash yearly
$55,000 FY 2015	Part of FY 2015 $9,795,000 Million health insurance budget	**Retirees who apply by submitting income tax return or other documentation verifying/supporting their income. Individuals with less than $30,000 total income; retiree and spouse whose total household income is less than $48,000	Defraying health insurance premiums; (Comptroller proposed in draft plan that retirees be paid ahead of time – if they choose not to set it aside for their premiums, that is beyond the town's control)	Subject to yearly appropriation	If not used closes to free cash yearly

* Use form: <u>TOWN OF WINCHESTER HEALTH REIMBURSEMENT ARRANGEMENT REQUEST FORM;</u> file with Jean Marrone, Comptroller's Office

**Use form: <u>TOWN OF WINCHESTER, MASSACHUSETTS RETIREE HEALTH INSURANCE MITIGATION PLAN HARDSHIP APPLICATION</u>

saved as: WHAC final mitigation funds chart
November 10, 2014

TOWN OF WINCHESTER, MASSACHUSETTS
RETIREE HEALTH INSURANCE MITIGATION PLAN
~~HARDSHIP~~ APPLICATION

rebate

A. IDENTIFICATION
Complete this section fully.

Applicant's Name: ______________ Health Insurance Plan: ______________

Retirement Date: ______________ Monthly ~~Deduction:~~ health insurance payment ______________

Mailing Address: ______________ Phone Number: ______________

____

______________ Last 4 digits of SS#: ______________

~~Household Size:~~ ________

~~Household Includes:~~ Household members/dependents ______________
(provide name & relationship)

____

____

____

Need a place to list all health care costs - those covered as well as 'out of pocket (transportation, home health care, over the counter medical supplies, etc)

TOWN OF WINCHESTER, MASSACHUSETTS
RETIREE HEALTH INSURANCE MITIGATION PLAN
~~HARDSHIP~~ APPLICATION
rebate

B. GROSS RECEIPTS FROM ALL SOURCES IN PRECEDING CALENDAR YEAR

Copies of your Federal and State Income Tax returns and other documentation will be required to verify your income.

	Applicant	Spouse/Partner
Retirement/Pension Benefits:		
Winchester Contributory Retirement System		
Massachusetts Teacher's Retirement System		
Social Security		
Other		
Wages, Salaries and Other Compensation		
Net Profits from Business or Profession		
Interest and Dividends		
Other ~~Receipts~~ (please describe) income		
Totals		

Are you receiving any other federal, state or local assistance (i.e. tax relief, fuel assistance, etc.)? If so, please provide a brief description of the assistance and the amount you receive:

TOWN OF WINCHESTER, MASSACHUSETTS
RETIREE HEALTH INSURANCE MITIGATION PLAN
~~HARDSHIP~~ APPLICATION

rebate

C. SIGNATURE

Sign here to complete the application.

This application has been prepared or examined by me. Under the pains and penalties of perjury, I declare that to the best of my knowledge and belief, this application and all accompanying documents and statements are true, correct and complete.

Signature ______________________ Date ______________________

Other comments:

Need a cover letter - crucial

HR person approva form and cover letter?

HR person send HAR form to non medicare folks?

Folks,

I have gotten one set of comments back from the committee. I wanted to share them with everyone. Below, first, is John Brouder's response to the initial email that I sent out. After I read it, I had some questions. My email with questions is shown below John's first reply, followed by John's follow up.

If anyone else has comments they wished shared, please send them along, and I'll distribute them.

Thanks, and see you all next Thursday.

Peter

Exchange 1

Peter:

I have a few thoughts on the bullet points that you laid out. You have addressed all of the key issues. As a health care consultant, I have worked with employee groups in a number of Cities, Towns and Regional School Districts which have established mitigation programs and I draw on that experience in presenting these responses.

1. **How do we figure out who falls in the category of possible recipients of some of the money.**

    a. Mitigation is a term that gained currency in municipal health insurance negotiations after the passage of the 2011 Municipal Health Care Reform law (I have pasted a summary of the 2011 law into this email). That law, which amended MGL Ch. 32(b), laid out a process by which municipalities could unilaterally make plan design changes if they agreed to create a mitigation fund consisting of up to 25% of the first year savings achieved by the municipality as a result of the changes. Hundreds of municipal mitigation plans have been established and virtually all consisted of 25% of the (estimated or actual) savings. In most cases the municipality contributed for one year; in a relatively small number of cases contributions (albeit at a lower percentage of savings) continued for a second or third year. The mitigation fund under review in Winchester is not specifically tied to the 2011 statute. Some municipalities have provided premium subsidies to all participants, others have reimbursed new copayments or deductibles; very few of the hundreds of mitigation funds statewide have based reimbursement on any type of 'means test', largely because of how difficult it is to calculate "family income".

    b. It is my understanding that Town Meeting specifically desired to provide a benefit, in the form of premium relief, to retirees facing a financial hardship as a result of the increase in their premium contribution. This suggests that the mitigation fund should be accessed only by people who meet a specific 'means test'.

2. **We will need a notification process, that is, how are we going to notify the people who fall into the category of possible recipients of some of the money.**

    a. In my opinion, the Town is the only entity capable of informing retirees of this possible fund.

3. **We will need to decide on what is adequate notification, if we have not heard from a given person.**

    a. I think two first class letters to each retiree plus notices in the Star & the Times, plus outreach to the Jencks would be adequate.

4. **We need to think about what data that will be required so that whoever is making the eligibility decisions will be properly informed.**

   a. This is the heart of the matter. The group needs to decide who can access this Fund. Among the ~500 retirees there are several different groups

      i. Older retirees who will never be eligible for Medicare; this group must participate in the far more expensive Non-Medicare retiree option plans; many of these people will have the smallest pensions and the largest costs;

      ii. Retirees on Medicare who participate in much less expensive Medicare Supplement plans;

      iii. Younger retirees who have not yet reached the Medicare Age (65) and must participate in the more expensive Non-Medicare plans;

   b. Within each of these three (3) groups, incomes vary significantly. The Town must decide what income to calculate.

      i. Is it pension income only (which could be obtained from the local and State Teachers retirement Board) or,

      ii. total income which would require looking at annual IRS tax filings;

      iii. if someone has family coverage do we look at total family income;

5. **Once eligibility is determine, we will need an approach to working out the amount of money that is distributed to each recipient.**

   a. "first come, first serve" seems inappropriate to me;

   b. I think you announce a period for applying (see 3.a), calculate the number of people who qualify, and distribute a pro-rated amount of money to each individual who qualifies.

6. **We will need some guidance on who can look at the collected data. I image that a lot of the information that will be asked for in determining eligibility will be sensitive. We will need to understand who can see it, and what they can see. This will be important after the eligibility decisions are made and some of us will need to explain those decisions.**

   a. Because of the confidentiality issues many municipalities turned the entire Mitigation Fund process over to third parties who publicize the program, collect applications and disburse funds;

      i. Many employees/retirees are reluctant to share income or health information with the municipality;

   b. However, those third party firms can be pricy – and hiring them can eat into the mitigation funds;

c. If the Town is willing to have a designated employee in the Treasurer's Office perform this function it will cost less

7. We will need to think about approaches toward arriving at a recommendation to the Town about future

Summary of the 2011 Municipal Insurance Law, from the Massachusetts Municipal Association

Legislature enacts municipal health insurance reform

July 1, 2011

As part of its fiscal 2012 state budget, enacted today, the Legislature has approved a long-awaited reform to address the skyrocketing costs of municipal employee health insurance. The governor now has 10 days to review the full budget bill. The MMA issued a statement applauding the Legislature's work in creating "meaningful, fair, and effective reform plan that balances the needs of cities and towns, taxpayers, and municipal employees." MMA Executive Director Geoff Beckwith said the legislation "will save taxpayers money, preserve essential local services, protect municipal union jobs, guarantee equity with state employee health benefits, and provide municipal unions with more bargaining power than state unions."

The reform will allow cities and towns to avoid an estimated $100 million in health insurance increases, while guaranteeing a role for municipal unions at every step in the process. Under the plan, the new local-option would be accepted by a vote of the city council in cities and by the board of selectmen in towns. The community would only have to vote once to opt in. After local acceptance, the appropriate municipal authority (generally the executive) could make health insurance plan design changes or transfer communities into the state's Group Insurance Commission following a structured process.

The executive would develop proposed plan design changes – no plan could have co-pays, deductibles, tiered network co-payments or other plan features that exceed the dollar amounts in the most subscribed plan in the GIC – or a proposal to transfer subscribers into the GIC. The proposal would include estimates of the first-year savings that would result. The executive would then notify the Insurance Advisory Board of the estimated one-year savings and provide documentation. After discussion with the Insurance Advisory Board as to the estimated savings, the executive would convene a meeting of a new public employee committee (PEC), composed of a representative of every union (bargaining unit) as well as a retiree representative. Each participant will have an equal vote, except for the retiree representative, who would have a 10 percent vote.

The executive would provide notice to the PEC detailing the proposed changes, the analysis and estimate of anticipated savings, and a proposal to mitigate, moderate or cap the impact of the changes on subscribers, including retirees, low-income subscribers and subscribers with high out-of-pocket costs who would otherwise be disproportionately affected. The executive and the PEC would have 30 days from the date of notice to negotiate over the proposed plan design changes and the executive's plan on how to share a portion of the first-year savings with employees, especially with retirees and those most affected by the changes. A majority vote of the PEC would be required to reach an agreement.

If there is a written agreement by the end of the 30-day period, the community would proceed to implement the plan as agreed. If there is no agreement, the matter would be referred to a "municipal health insurance review panel," composed of a municipal and labor representative and an impartial third member chosen from a list of individuals with professional experience in dispute mediation and municipal finance or municipal health benefits provided by the Executive Office for Administration and Finance. If there is no agreement on the third member after three business days, the Administration and Finance secretary would choose the third member. If the proposed plan design changes do not exceed the GIC benchmark, the panel would be required to approve the community's immediate implementation of the changes. If the community is seeking to join the GIC, the panel would be required to approve the transfer.

The panel would have 10 days to do the following:
• Confirm the estimated monetary savings, to be substantiated by documentation provided by the executive
• Review the proposal to mitigate, moderate or cap the impact of the changes on subscribers, including retirees, low-income subscribers and subscribers with high out-of-pocket costs who would otherwise be disproportionately affected
• Concur with the community that the proposed mitigation plan is sufficient

The review panel would have the authority to determine if the mitigation proposal is insufficient and would have the authority to require that additional savings be shared with subscribers, but the total cost of any mitigation plan developed by the panel (such as establishing an HRA or other similar steps) could not exceed 25 percent of the first-year savings, even if the mitigation plan is in place for more than one year. The panel would be prohibited from imposing any change to contribution ratios. Once the mitigation funds are expended, all mitigation plan obligations on the part of the community would expire. The decisions of the municipal health insurance review panel would be binding.

Regional and joint purchasing groups would be allowed to establish a common plan design structure, although participating communities would each go through the steps above to notify unions and retirees of the estimated savings, and follow the 30-day negotiation process and 10-day review panel process regarding the plan design changes and structuring the mitigation plan. Under the proposal, the Administration and Finance secretary would promulgate regulations regarding the administrative procedures for the 30-day negotiation period and the municipal health insurance review panel and issue guidelines for evaluating which subscribers would be disproportionately affected by plan design changes or a transfer to the GIC.

After a community completes the process, the plan design changes could be implemented immediately, except in communities where collective bargaining agreements or Section 19 agreements set specific co-pays and deductibles that are different from the new plan. In those cases, communities would have to wait until the initial term of the agreement has expired. For fiscal 2012, the reform plan will give cities and towns three opportunities to transfer subscribers to the GIC – on January 1, April 1 and July 1 – after a four-month notification to the commission. After fiscal 2012, enrollment in the GIC would be allowed to occur each July 1, with notification by the previous Dec. 1. The contribution ratios for employees entering the GIC would remain the same, but any future changes in the contribution ratios would have to be approved through full collective bargaining. As previously announced in both the House and Senate plans, the new law would require all eligible retirees to be enrolled in a Medicare health plan, and governmental units would pay any federal penalties associated with a transfer to Medicare Part B.

Exchange 2:

John,

Before I send this onto the rest of the committee, I wanted to ask a couple of questions.

- First, our committee does not qualify as a "municipal health insurance review panel", right?
- And if it does qualify, would that mean we could override the initial $55K allotted for "mitigation", and push payments up to 25% of the savings?
    - Do you know what 25% of the savings is?
- And finally, the piece you quoted below mentions a 10 day period, but I can't tease out what that is about.
    - Has all that (the 30 days and the 10 days) past, and are no importance the Winchester anymore?

Thanks

Peter

Peter:

<u>Our Committee has no statutory power</u>, under the terms of MGL 32(b), the laws governing the provision of group medical insurance in municipalities.

As such we would have an "advisory" role only and could not "override" decisions previously approved by the Board of Selectmen or by Town Meeting.

I do not know "how much" was saved for FY 15 by the decision to dramatically lower the Town's premium contribution.

Purely from an OPEB perspective, the reduction in the Town's contribution has reduced the long-term OPEB liability by tens of millions.

John Brouder, Partner