

Town Retiree Health Insurance Advisory Committee

March 15, 2018

Meeting called to order at 7 PM on March 15, 2018, in the Winchester Town Hall.

Present: V. Laats, Retiree
J. Dolan, Retiree
J. Frongillo, Active Employee/Firefighter
M. Goluboff, Board of Selectmen
J. Melkonian, FinCom
P. Cheimets, Personnel Board; Chair
J. Brouder, Citizen at Large; Secretary Pro Tem
S. Ward, Ex-Officio; Town Comptroller
S. Tracy, Ex-Officio; Town Treasurer

1. **Welcome** – Chairman Cheimets welcomed the group and called the meeting to order.
2. **Minutes** - Chairman Cheimets asked the Committee to approve the minutes from the January 17, 2018 meeting. Upon motion made and seconded, the minutes from the January 17, 2018 meeting were accepted.
3. **Feedback from the Board of Selectmen Concerning FY19 Cost Increases**
 - a. Selectman Goluboff relayed the Board of Selectmen’s (BoS) concern about the proposed FY19 medical insurance rate hikes received from Harvard Pilgrim. He indicated that the BoS, under the terms of S. 21-23 of MGL 32(b), approved plan design modifications that would reduce a 13.9% FY19 increase down to a 7.9% increase. The RHIC discussed that recent annual cost increases were much lower than FY19:
 - i. FY16 0%
 - ii. FY17 0%
 - iii. FY18 4.9%
 - b. The RHIC discussed the S. 21-23 process and the requirement that 25% of the first-year savings gained by making plan design changes be used for mitigation. The group discussed mitigation examples including premium holidays and Health Reimbursement Accounts (HRAs). Selectman Goluboff estimated that the FY19 mitigation amount available would be approximately \$150,000.
 - c. Selectman Goluboff reiterated that Chairman Cheimets memo to the BoS, reducing and rationalizing retiree premium contributions, was well received by the BoS. He pointed out that the unexpected hike in health care costs for FY19 prompted the BoS to look even more closely at the where the money would come from to fund any reduction of Retiree premium contributions.

- d. J. Brouder suggested that perhaps the Town and the Public Employee Committee (PEC), created as part of the S. 21-23 process, could consider using the available mitigation funds to improve the Retiree contribution percentages, as proposed by the RHIC to the BoS in January 2018.
- e. Chairman Cheimets questioned whether the RHIC itself could play this negotiating role and it was generally decided that it was not the RHIC's role but rather the role of the Town and the PEC to negotiate under the S. 21-23 process. Upon motion duly made and seconded the RHIC approved the following resolution:

The Retiree Health Insurance Committee recommends that the Board of Selectmen continue to seek creative ways to achieve the premium contribution levels proposed in the Committee's memo to the BoS in January 2018.

4. OPEB

- a. Chairman Cheimets asked the group to consider the long-term (OPEB liability) implications of our recommendations. The Committee discussed the approach suggested by former Committee member Jim Johnson which would formally tie OPEB Funding to Pension Funding. When the Pension funding was complete the same annual dollar amount (appropriation) would then move to funding the OPEB liability. It was discussed that other communities are currently using this approach.
- b. The Committee discussed the use of various instruments for funding OPEB, including both revocable and irrevocable trusts. It was discussed that the Town's Auditors (CliftonLarsonAllen) might be asked to present to the Committee at some point in time.

5. Reporting to Town Meeting

- a. Chairman Cheimets suggested that the RHIC needs to start thinking about a report to Spring Town meeting and it was agreed that this would be discussed at the next meeting.

- 6. **Next Meeting-** The next meeting is scheduled for April 12, 2018 at 7 PM. Motion to adjourn; seconded; meeting adjourned.

Respectfully Submitted,
John Brouder