



Town of Winchester Employee Healthcare and Health Insurance Stabilization Fund Guidelines

Adopted by the Select Board XXX

WHEREAS the Employee Healthcare and Health Insurance Stabilization Fund (the “Fund”) was created by a vote of Town Meeting in Spring 2022 (Article 5) in accordance with Massachusetts General Laws, Chapter 40, Section 5B.

WHEREAS it is the Select Board’s objective to use the Fund to mitigate significant increases to employee health insurance premiums and impacts to the Town’s annual operating budget.

The Select Board have adopted the following guidelines related to the Fund:

- (1) Town Meeting action: In accordance with MGL Chapter 40, Section 5B, all transfers into or out of the Fund require Town Meeting approval.
- (2) Funding source: Each year, the Select Board will consider placing an article on the Fall Town Meeting warrant to move turnbacks from the previous fiscal year’s health insurance budget (now part of Free Cash) into the Fund. The Select Board may also consider the one-time use of Free Cash or other miscellaneous non-recurring revenue not related to these turnbacks as a funding source in unique situations.
- (3) Fund balance upper limit: In considering transfers into the Fund, the Select Board will aim to keep the Fund balance at or below **10%** of the current year health insurance budget.
- (4) Use of funds: Each year, the Town Manager, in consultation with the Select Board, will recommend use of the Fund as part of the Town Manager’s annual financial plan due February 15th. The Town Manager and Select Board will consider use of the Fund when the projected increase in health insurance premiums in the subsequent fiscal year is estimated at or above **5%**. When recommended, use of the Fund will be voted at Spring Town Meeting as part of the annual budget appropriations.
- (5) Fund balance lower limit: In considering transfers out of the Fund, the Select Board will aim to ensure that the fund balance does not drop below **2%** of the current year health insurance budget.