

Name of Committee: Override Study Committee Personnel Benefits Subcommittee

Meeting Date: November 15, 2013 Time: 8:00 a.m.

Meeting Location: Town Hall – Room 111

Members Present: Cliff Brown, Janet Gelbart

Staff Present: Sean Cronin, Deputy Town Administrator; Steve Cirillo, Finance Director

Public Present: Carol Levin, Dick Benka, Susan Ditkoff and Mark Gray

Topic: Approval of Minutes

Approval of the minutes was deferred to the next meeting..

Topic: Discussion with Sandra Debow, Director of Human Resources and Chris McLaughlin, Benefits Administrator on employee/retiree health insurance

Sandra Debow explained that participation in the GIC expands the pool and leads to more stable premiums. It requires the establishment of a PEC (public employee committee) consisting of one representative from each union and a representative of the retirees. Votes are weighted by union membership; retirees have a 10% vote. The administration of the plan has proven to be more labor intensive than expected because of increased employee education around the benefits of each plan. There are higher co-pays and deductibles than under the town's own plan, but overall premiums are lower resulting in savings for the town and the employees.

Active employees who are on the town's plan for one year can opt out of coverage. The incentive is \$1,000 for individuals and \$2,500 for families. Approximately 10% of employees have chosen this option. Cliff Brown asked if there is any analysis on why staff do not opt out and whether increasing the incentive would encourage others to do so. Sandra replied that any changes are subject to collective bargaining and that the unions were not as concerned about the amount of the incentives as they are about coverage. The town can poll employees on the issue but she thinks few opt out because the plans provide good coverage at a very low contribution from the employee.

The town offers an HRA to provide employees with some reimbursement for higher co-pays. In FY 13, there were 156 claims at a cost of under \$30,000; in FY 14 to date, there are 56 claims at a cost of \$29,000. When the town initially proposed the HRA, it was offered as a transitional tool to help employees adapt to the GIC. The PEC is interested in maintaining the HRA which might be an issue in negotiations. The current contract renews in 2016, at which time continued membership in the GIC is up for renegotiation.

Cliff asked if there is any impact from the Affordable Care Act. Sandra replied it is negligible for benefits eligible employees because Massachusetts is far ahead of the curve.

Janet Gelbart asked about the town's inclusion in GIC under section 19 instead of under municipal health reform. This would require union agreement, and there is no incentive for them to do so. Under section 19, changes require a 70% vote of the PEC, disputes must go to arbitration, and there is no grandfathering. Municipal health reform requires a lower percentage of the vote, arbitration is tied to actuary equivalence, and grandfathering is allowed. However, if the unions vote to leave the GIC and later negotiate to re-enter, the town would come under the less restrictive municipal reform guidelines.

Under the GIC, employees can choose any plan offered. Rates change annually. The town negotiates the premium split. Chris McLaughlin indicated he can educate employees to the advantages of the lower cost plans, but he cannot advise them to take one plan over another.

Cliff asked if there was room to incentivize staff to choose less expensive plans. The answer is no. There is no way to tell if people choose the more expensive plans because they perceive them to be better or because there is an actual need for additional services. There may be an opportunity to incentivize staff to move from PPOs to HMOs by looking at changes to the HRA.

Janet asked about eligibility for part-time employees. Steve Cirillo responded that the Retirement Board can change the way part-time service is pro-rated for vesting. Under the GIC, staff are benefits-eligible if they work 18.75 hours/week. School employees are benefits eligible if they work 15 hours, which is half-time based on a teacher's schedule of 60 hours bi-weekly.

Sandra indicated that HR is not staffed to do as much education as she would like. Provider presentations on the various health plans take place at the GIC level and staff have to travel to attend rather than having providers come to Brookline.

The meeting adjourned at 9:40 a.m.