



Program Description

The Arlington Retirement Board is an autonomous 5-person board which oversees the Town pension system under Massachusetts General Law, Chapter 32. Members of the Arlington Contributory Retirement System are active employees for the Town of Arlington, and the Arlington Housing Authority, who qualify for membership and retired employees who have fulfilled the requirements to be eligible to retire and have retired.

The Retirement Office is responsible for processing retirement and disability applications, a monthly retiree payroll, processing of refunds and transfers of annuity savings accounts, employee estimates of potential future benefits and the accounting for expenses, members' deductions and investment activities for the system as mandated by the Public Employees Retirement Administration Commission guidelines.

Non-Contributory Retirees are living retirees or survivors of retirees who had municipal employment that occurred prior to 1939, and are not members of the Arlington Contributory Retirement System. The Non-Contributory Retirees payroll and appropriation are under the jurisdiction of the Town of Arlington.

Budget Statement

The contributory pension budget for FY2012 has been increased by \$422,714. The non-contributory pension budget is projected to decrease by \$46,115 in FY 2012, with 5 remaining retirees.

Based upon legislation adopted last year, the Retirement Board approved the extension of the pension funding schedule to 2032. Thereby, slightly reducing the FY2012 appropriation.

PROGRAM COSTS

	FY2010 Actual	FY2011 Budget	FY2012 Request	FY2012 Fin Com
Pensions				
Personal Services				
Non Contributory	142,528	156,687	110,572	
Contributory	6,438,609	6,796,154	7,218,868	
Total	6,581,137	6,952,841	7,329,440	-

Performance / Workload Indicators

	FY2009 Actual	FY2010 Actual	FY2011 Estimated	FY2012 Estimated
Pensions				
Contributory Enrollees				
Active Employees	699	677	673	673
Retired Employees	625	626	630	630
Non-Contributory Enrollees	7	6	5	5



Retirement Board

John J. Bilafer, Chairman
Richard Keshian
Kenneth Hughes
Kenneth Steele
Ruth Lewis, Ex Officio

Retirement Administrator

Richard Greco

Assistant Retirement Administrator



Program Description

The insurance budget comprises the cost of providing the following coverages:

Health insurance for town and school active and retired employees.

Life insurance is required to be provided to all employees in the amount of \$5,000 which is split 50% town funded and 50% employee funded.

Medicare costs are the federally required 1.45% of the salary of all employees hired after April 1986. Employees must also contribute 1.45% of their salary.

Indemnity insurance includes property insurance and automobile insurance coverage. Property insurance is provided for all of the town and school buildings and those that are rented are covered for general liability. Automobile insurance is required for all the town and school vehicles.

Public official liability insurance covers all public officials, who in the performance of their official duties, may be sued for those actions.

Unemployment insurance is paid for the actual employees who have been laid off from their positions. Unlike private employers, the town does not pay a premium. The Town hires an outside firm to closely monitor our claims and to appeal any irregularities.

Workers' Compensation covers the costs of employees injured as a result of their employment.

The flexible benefit plan is a Section 125 plan which is provided to the employees for dependent care and health care costs not provided through health insurance coverage. Employees contribute tax free to this plan through payroll deductions. This budget pays for the administration of that plan.

FY 2012 Objectives

- Successfully comply with Federal Health Insurance Reform.
- Maximize collection of Federal subsidies for medicare drug costs (Part D) and early retirement reinsurance program (ERRP).
- Continue to promote and support wellness programs for our employees.
- Continue to aggressively monitor retirees turning 65 and becoming Medicare eligible and ensure enrollment into appropriate plan. Maintain list of those turning 65 in the next sixth months and direct mail them semiannually.
- Continually monitor enrollment to ensure Town is keeping costs in check.
- Continue to offer opt out program for employees.
- Further enhance the new First Point of Medical Contact Program for work-related injuries, saving time and costs in the medical treatment of our employees.

Budget Statement

Health insurance premiums are predicted to rise 8.71% in the first five months of FY2012 and approximately 10% in the latter seven months of FY2012. However, the total appropriation is only increasing by 3%. This is due to two large factors. First, the town will be receiving a \$400,000 early retirement reinsurance program (ERRP) reimbursement to offset retiree health care costs. Also, following this year's open enrollment, the town now has 46 fewer health plan enrollees than the prior year. The cost savings of fewer enrollees, combined with the ERRP reimbursement, explain the 3% total appropriation increase. Unemployment funding has also been increased by \$500,000 due to the personnel reductions anticipated to occur in both the town and school department.

PROGRAM COSTS

Insurance	FY2010 Actual	FY2011 Budget	FY2012 Request	FY2012 Fin Com
Personal Services				
Group Life	55,703	55,000	55,000	
Group Health	15,843,713	17,523,613	17,622,396	
Unemployment Ins.	390,632	293,450	793,450	
Medicare	746,551	760,000	760,000	
Indemnity	222,217	250,000	250,000	
Liability	42,352	50,000	50,000	
Workers' Compensation	367,174	490,000	490,000	
Flexible Benefit Plan	(3,107)	800	800	
Total	17,665,236	19,422,863	20,021,646	-



Program Description

The **Health Insurance** budget provides for the Town's portion of the cost for providing health insurance benefits to all town employees, retirees and surviving spouses. The Town pays, by vote of the electorate, 75% of the premium for indemnity plans which we are required to provide under Chapter 32B of the Mass General Laws. The Town pays 85% toward the premium of the health maintenance organization (HMO) plans for unionized employees and retirees, and 80% for all non-union town and school employees. Surviving spouses pay 50% of the premium. The Town offers the following plans:

Indemnity Plans (75% employer /25% employee):

- Blue Cross /Blue Shield – Blue Choice
- Blue Cross /Blue Shield - Blue Care Elect (limited enrollment)

HMO Plans (85/15% union and retirees) (80/20% non-union):

- Blue Cross /Blue Shield – HMO Blue
- Harvard Pilgrim Community Health Plan

Medicare Extension Plans:

- Medex III (75/25%)
- Managed Blue for Seniors (85/15%)
- Harvard First Seniority Premiere(75/25%)

Dental Plan:

- Blue Cross /Blue Shield – Dental Blue – this plan is paid 100% by the employee.

The Town is self-insured for all health plans except for Harvard Pilgrim and Managed Blue for Seniors which are premium based. In a self-funded arrangement, the Town pays for actual claims, the cost of administration and a stop-loss policy for catastrophic claims over \$110,000. A trust fund is maintained with a goal of maintaining a reserve equivalent to two to three months of anticipated claims.

Major changes in Medicare for prescription drugs –Medicare Part D—has afforded the Town the opportunity to be reimbursed by the federal government for some of those costs.

FY 2012 Objectives

- Aggressively monitor retirees turning 65 and becoming Medicare eligible and ensure enrollment into appropriate plan. Maintain list of those turning 65 in the next sixth months and direct mail them semi-annually.
- Continually monitor enrollment to ensure Town is keeping costs in check.
- Continue to offer opt out program for employees.
- Explore options for reducing retiree health care costs.
- Work with the Governor and Legislature to implement health care control for municipalities.

Budget Statement

Health insurance premiums are predicted to rise 8.71% in the first five months of FY2012 and approximately 10% in the latter seven months of FY2012. However, the total appropriation is only increasing by 3%. This is due to two large factors. First, the town will be receiving a \$400,000 federal early retirement reinsurance program (ERRP) reimbursement to offset retiree health care costs. Also, following this year's open enrollment, the town now has 46 fewer health plan enrollees than the prior year. The cost savings of fewer enrollees, combined with the ERRP reimbursement, explain the 3% total appropriation increase.

Working with the Governor and Legislature we anticipate passage of legislation to give cities and towns the authority to join the state's health care program (GIC) or implement revised plan design comparable to the GIC. This could save the Town several millions of dollars.



Major Accomplishments for 2010

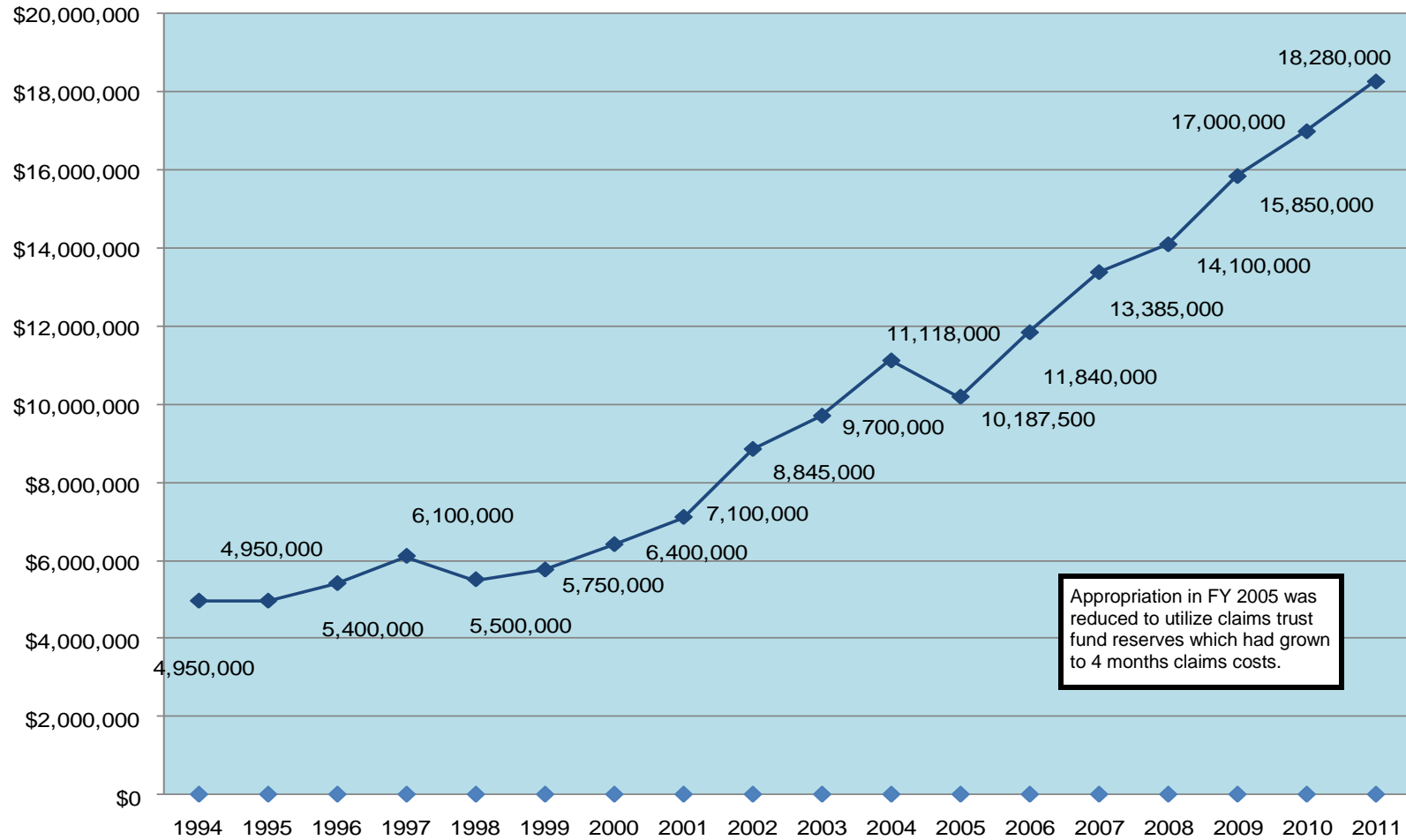
- Controlled the costs of property insurance, liability insurance and automobile insurance.
- Town awarded \$5,000 wellness grant from Blue Cross/Blue Shield in recognition of our health and wellness programs.
- Successfully notified all retirees to ensure compliance with mandatory medicare enrollment.
- Worked aggressively with employee unions to explore cost savings through modification of existing plans or joining the GIC, and got so far as to reach tentative agreement with the PEC.
- Implemented several successful new wellness programs.
- Submitted successful application for federal early retirement reinsurance program reimbursements.

Performance / Workload Indicators

	FY2009 Actual	FY2010 Actual	FY2011 Estimated	FY2012 Estimated
<i>Health & Life Insurance</i>				
Health Insurance Contracts Managed	1,938	1,923	1,878	1,870
Life Insurance Contracts Managed	1,104	1,079	1,067	1,050
Life Insurance Claims Processed	30	10	30	30



Health Insurance Appropriation





Healthcare Trust Fund Balance

End Of	Costs	Trust Fund Balance	
		\$	Equivalent Months
FY2000	\$6,367,486	\$1,349,591	2.5
FY2001	\$7,528,484	\$1,133,159	1.8
FY2002	\$8,338,267	\$1,455,000	2.1
FY2003	\$8,762,535	\$1,631,600	2.2
FY2004	\$8,315,472	\$2,774,597	4.0
FY2005	\$10,098,068	\$2,213,268	2.6
FY2006	\$11,223,129	\$2,324,255	2.5
FY2007	\$12,224,361	\$2,023,198	2.0
FY2008	\$14,323,201	\$1,967,662	1.6
FY2009	\$14,416,629	\$2,676,301	2.2
FY 2010	\$15,388,725	\$3,392,399	2.6