



Program Description

The **Arlington Retirement Board** is an autonomous 5-person board whose members 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, member's deductions and investment activities for the system as mandated by the Public Employees Retirement Administration Commission guidelines.

Non-Contributory Retiree are living retirees or survivors of retirees who had municipal employment that occurred prior to 1938 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.

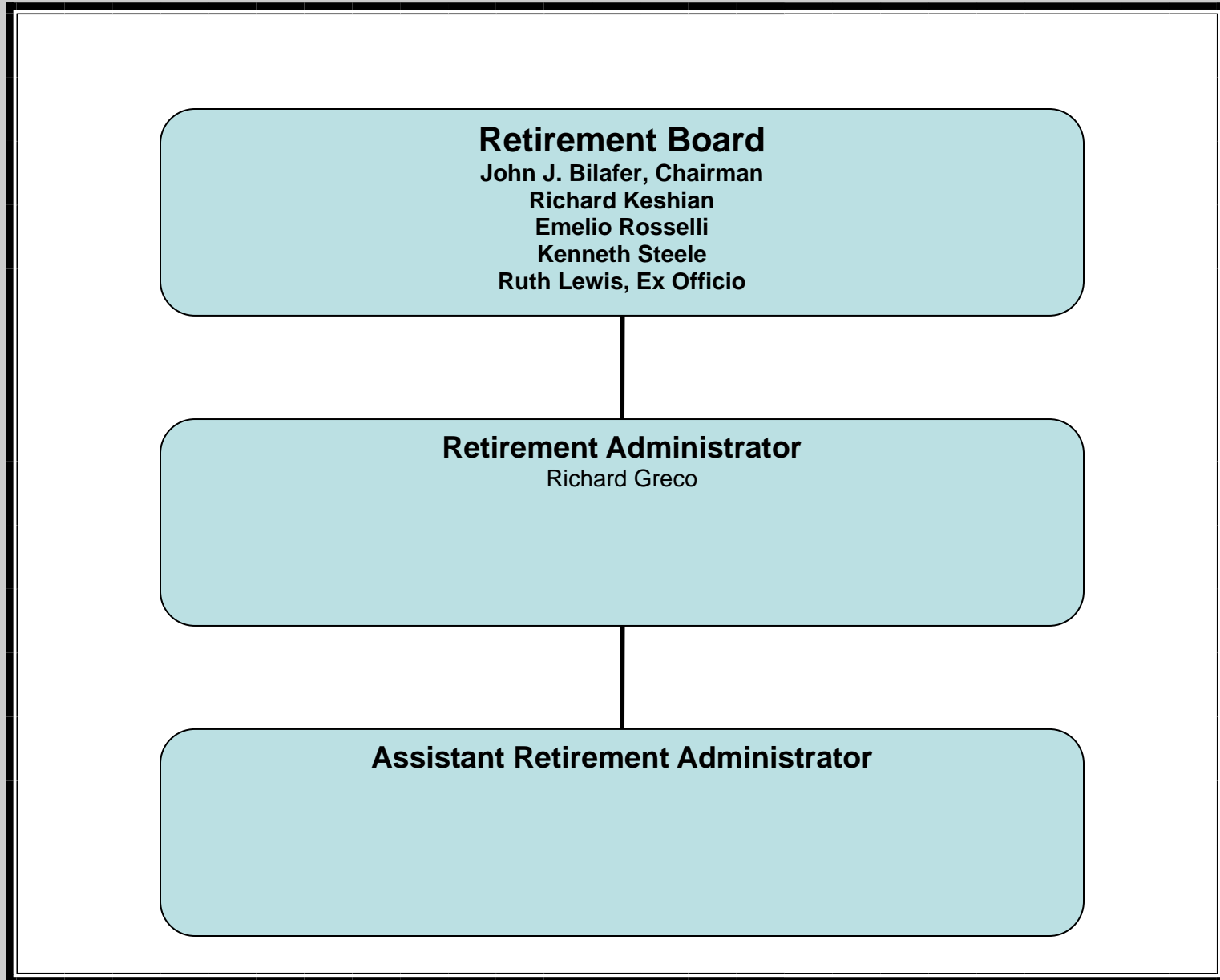
PROGRAM COSTS				
Pensions	FY 2006 Actual	FY 2007 Budget	FY 2008 Request	FY 2008 Fin Com
Personal Services				
Non Contributory	230,691	219,590	189,777	189,777
Contributory	6,056,641	6,276,863	6,516,939	6,516,939
Total	6,287,332	6,496,453	6,706,716	6,706,716

Performance / Workload Indicators				
	FY 2005 Actual	FY2006 Actual	FY2007 Estimated	FY2008 Estimated
Contributory Enrollees				
Active Employees	748	748	750	720
Retired Employees	622	625	630	614
Non-Contributory Enrollees	14	10	10	10

Budget Statement / Future Outlook

All municipal retirement boards are required by state law to be funded by fiscal year 2028.

The Arlington Retirement Board is on a funding schedule to be fully funded in fiscal year 2022. Fiscal stability and predictability is provided by an annual valuation which projects the appropriation amount for each year until full funding is achieved.





Program Description

The insurance budget comprises the cost of health insurance coverage, life insurance coverage, public official liability coverage, property insurance and automobile insurance. Additionally this budget funds the cost of Medicare for active town employees and unemployment insurance coverage. There is also a small account for the Flexible Spending Plan.

Health insurance is described in detail on the next page.

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.

Budget Statement / Future Outlook

Insurance costs, other than health insurance have remained fairly stable for the past several years.

Health insurance costs are predicted to only increase 7% in FY 2008. Personnel has requested a full time position solely devoted to health insurance administration which will be funded through this appropriation

FY 2008 Objectives

- Closely monitor costs of all insurance programs.
- Maintain inventory of all properties and vehicles.
- Proactively work to reduce potential risks.

PROGRAM COSTS				
Insurance	FY 2006 Actual	FY 2007 Budget	FY 2008 Request	FY 2008 Fin Com
Personal Services				
Group Life	59,667	70,000	70,000	70,000
Group Health	11,341,372	12,657,192	13,542,138	13,424,085
Unemployment Ins.	59,766	100,000	100,000	100,000
Medicare	540,430	550,000	625,000	625,000
Indemnity	261,317	233,750	254,375	250,000
Liability	44,353	55,000	55,000	50,000
Workers' Compensation	-	390,000	490,000	490,000
Flexible Benefit Plan	(1,214)	1,000	1,000	800
Total	12,305,691	14,056,942	15,137,513	15,009,885



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 – Major Medical
 - 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, that the Town pays for actual claims, the cost of administration and a stop-loss policy for catastrophic claims over \$100,000. 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 2008 Objectives

- Work with the unions to review all health insurance coverage options.
- Maintain sufficient funds in the claims trust fund.
- Determine if an Opt-out Program would be beneficial to the Town and employees.
- Analyze contribution of enterprise funds to offset health insurance costs.
- Analyze joining Group Insurance Commission for health insurance coverage.

Budget Statement / Future Outlook

In 2006 the Town successfully negotiated with several unions changes in the co-payments for prescription drugs, office visits and emergency room visits. Retiree contribution level for HMO coverage was increased from 10% to 15%

Increases in this budget reflect claims experience and additional enrollees. The appropriation for FY2008 shows an increase of 7% from the prior fiscal year. We are experiencing approximately 25 new enrollees each year, in part due to turnover in personnel from retirements. It is anticipated that this will continue if the economy remains weak and private employers are eliminating or increasing costs. The budget is expected to increase approximately 10% a year for the next three years.

The Finance Committee increased the contribution from the Water/Sewer Enterprise fund to account for an underestimation of the retiree costs.

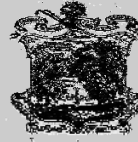
This budget is funding the addition of a benefits administrator in the Personnel Department to insure the proper accounting and auditing of this budget given the increasing complexity of health insurance coverage.



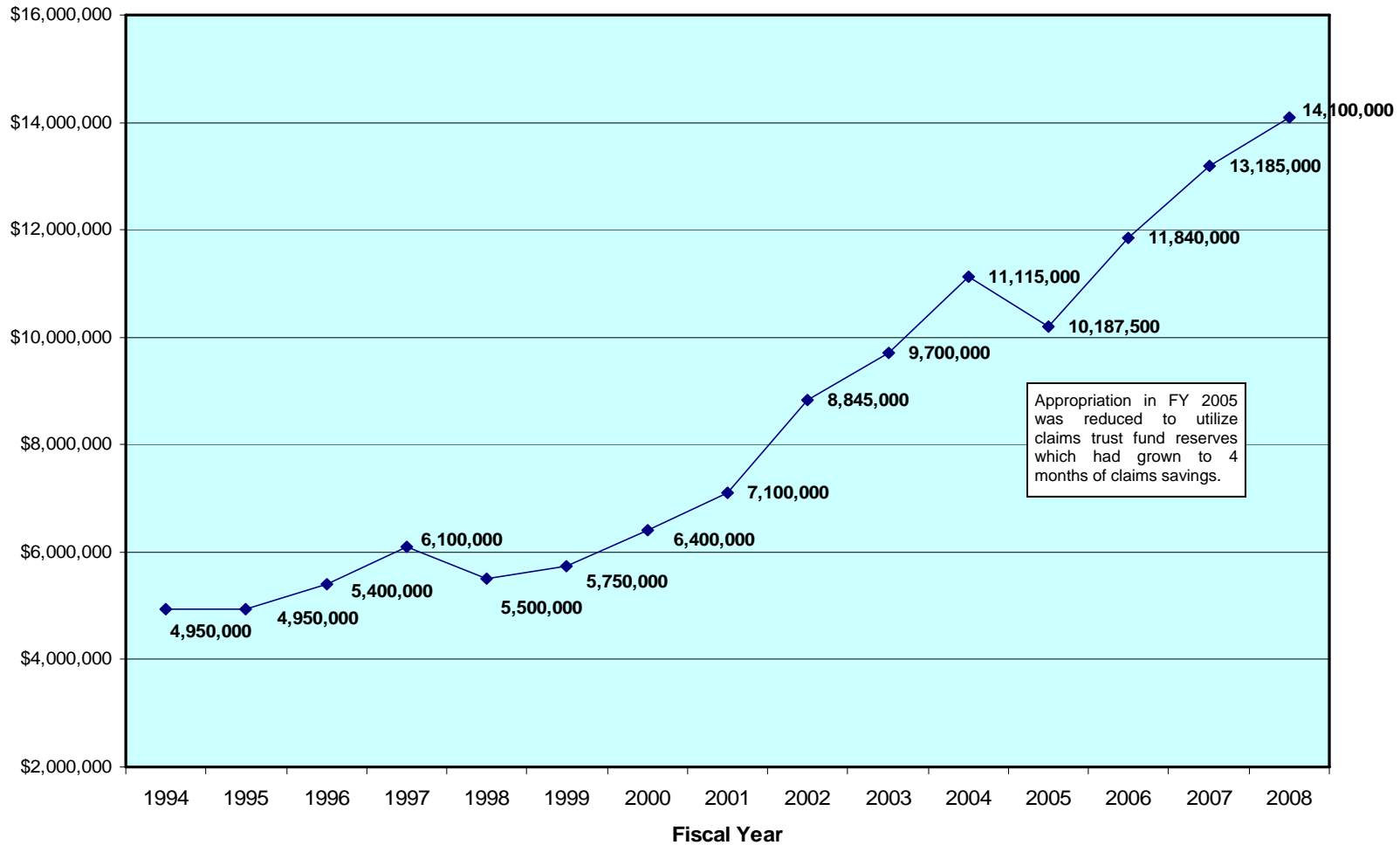
Major Accomplishments for 2006

- Controlled the costs of property insurance, liability insurance and automobile insurance.
- Successfully enrolled the town in the Medicare Part D reimbursement program.
- Negotiated an increase in employee co-pays with the majority of the unions.
- Eliminated the high cost indemnity plan Master Health Plus and replaced it with Blue Care Elect.
- Solicited bids for our health insurance programs and determined that it was not in the best interest of the town and employees to self-insure Harvard Pilgrim.
- Increased the contribution level for retirees in HMO's to 85%.
- Recommended that the cost savings (\$155,000) for the retirees HMO's be placed in the OPEB Fund.

Performance / Workload Indicators	FY 2005 Actual	FY2006 Actual	FY2007 Estimated	FY2008 Estimated
Health Insurance Contracts Managed	1,873	1,905	1,922	1,945
Life Insurance Contracts Managed	1,068	1,015	1,017	1,020
Life Insurance Claims Processed	25	25	29	30



Health Insurance Appropriation History





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