



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.

PROGRAM COSTS				
	FY2009 Actual	FY2010 Budget	FY2011 Request	FY2011 Fin Com
Pensions				
Personal Services				
Non Contributory	136,755	156,687	156,687	
Contributory	6,509,447	6,438,609	6,696,123	
Total	6,646,202	6,595,296	6,852,810	-

Performance / Workload Indicators				
	2008 Actual	2009 Actual	2010 Estimated	2011 Estimated
Pensions				
Contributory Enrollees				
Active Employees	713	699	694	694
Retired Employees	623	625	630	630
Non-Contributory Enrollees	8	7	6	6

Budget Statement / Future Outlook

The contributory pension budget for FY2011 has been increased by \$257,514. The recommended appropriation is based upon the assumption that pending legislation will be enacted to allow communities to reach full funding of their pension systems by the year 2040. This allows the appropriation to increase only 4%, as oppose to 6%.

The non-contributory pension budget is projected to remain the same as in FY2010 and has 6 remaining retirees.



Retirement Board

John J. Bilafer, Chairman
Richard Keshian
Emelio Rosselli
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.

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 increase 8% in FY 2011. The amounts shown here are net of any enterprise fund charge-offs.

Medicare costs are increasing by \$37,500 to pay the Town's share of Medicare taxes due to turnover in new personnel. Life insurance costs are increasing due to changes in enrollment in the Town's program.

FY 2011 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.
- Implement two health and wellness programs for employees.
- Participate in exploring with employee groups the feasibility of joining the GIC, the State's health care program.
- Continually monitor enrollment to ensure Town is keeping costs in check.
- Complete reconciliation of life insurance rolls.

PROGRAM COSTS				
	FY2009 Actual	FY2010 Budget	FY2011 Request	FY2011 Fin Com
Insurance				
Personal Services				
Group Life	55,136	72,100	74,500	
Group Health	14,517,217	16,213,361	17,521,613	
Unemployment Ins.	130,583	193,450	193,450	
Medicare	685,705	750,000	787,500	
Indemnity	250,815	250,000	250,000	
Liability	43,282	50,000	50,000	
Workers' Compensation	488,873	490,000	490,000	
Flexible Benefit Plan	360	800	800	
Total	16,171,970	18,019,711	19,367,863	-



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 2011 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.
- Utilize \$5,000 grant from Blue Cross/Blue Shield to implement two new health and wellness programs for employees.
- Participate in exploring with employee groups the feasibility of joining the GIC, the State's health care program.

Budget Statement / Future Outlook

The healthcare budget for FY2011 is projected to increase approximately 8%, which is in line with the medical cost inflation index and with the Town's actual claims experience.

This year we will work with employee groups to explore cost saving measures including joining the GIC, the State's healthcare program, which has the potential for significant savings for both the Town and the employees.



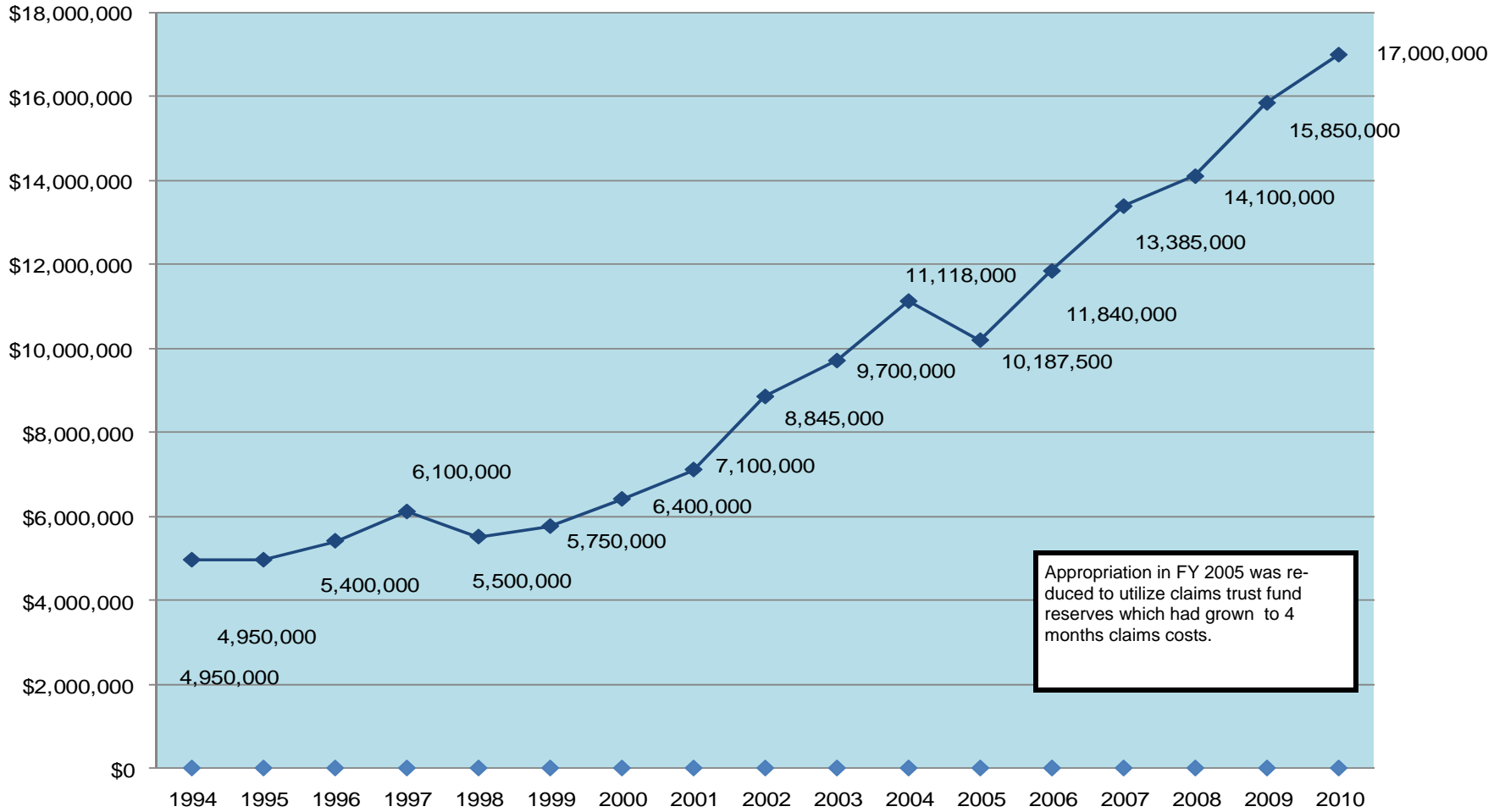
Major Accomplishments for 2009

- Controlled the costs of property insurance, liability insurance and auto-mobile insurance.
- Offered a health insurance opt-out program for all existing enrollees.

Performance / Workload Indicators				
	2008 Actual	2009 Actual	2010 Estimated	2011 Estimated
Health & Life Insurance				
Health Insurance Contracts Managed	1,915	1,938	1,923	1,920
Life Insurance Contracts Managed	1,020	1,104	1,079	1,079
Life Insurance Claims Processed	29	30	10	15



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