



Program Description

The Arlington Retirement Board is an autonomous 5-person board which oversees the town pension system guided by 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 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 2007 Actual	FY 2008 Budget	FY 2009 Request	FY 2009 Fin Com
Personal Services				
Non Contributory	176,026	189,777	173,895	
Contributory	6,276,863	6,516,939	6,749,616	
Total	6,452,889	6,706,716	6,923,511	-

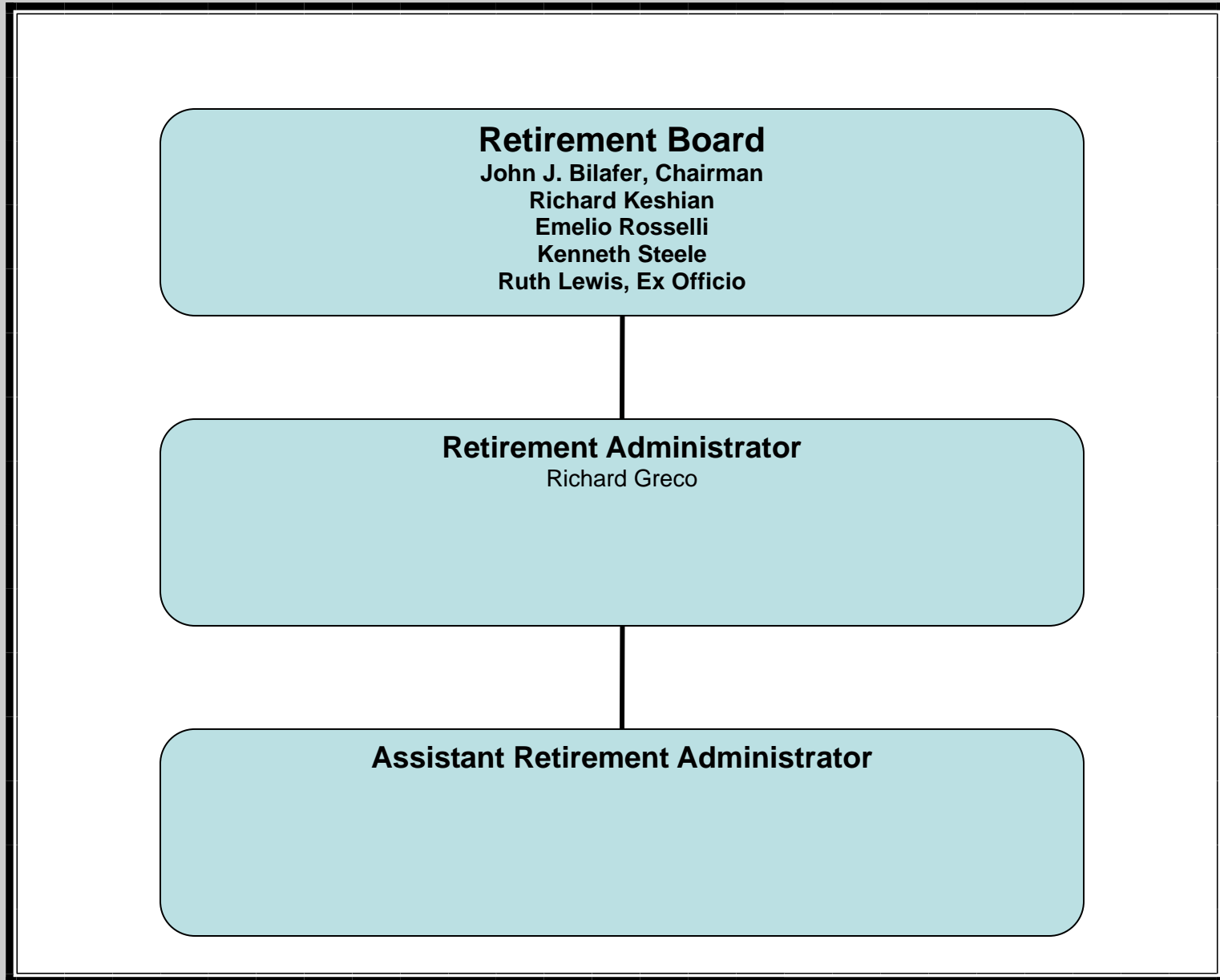
Performance / Workload Indicators				
	FY 2006 Actual	FY2007 Actual	FY2008 Estimated	FY2009 Estimated
Contributory Enrollees				
Active Employees	715	715	715	715
Retired Employees	622	622	622	622
Non-Contributory Enrollees	14	10	9	9

Budget Statement / Future Outlook

The contributory pension budget for FY2009 has been increased by \$232,677. although the recent positive investment performance would allow for a reduction in the appropriation and still keep with a schedule to pay off the unfunded liability by the year 2021, consideration should be given to maintaining a steady 4% increase in the appropriation to avoid an up and down appropriation and to pay off the liability as soon as practical. The Retirement Board has requested a decrease of \$130,426 in the appropriation. Further discussion is warranted concerning this appropriation.

The non-contributory pension budget is projected to decrease \$15,882 due to a reduction in the number of survivors receiving benefits.

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





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

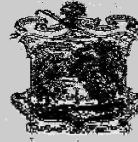
Insurance costs, other than health insurance have remained fairly stable for the past several years.

Health insurance costs are predicted to increase 12.7% in FY 2009. The amounts shown here are net of any enterprise fund charge-offs. Medicare costs are increasing by \$50,000 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 2009 Objectives

- Complete a full audit of the Town's health insurance enrollment including all retirees and active employees by September of 2008.
- Complete full reconciliation of the dental budget by July of 2008.
- 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.

PROGRAM COSTS				
Insurance	FY 2007 Actual	FY 2008 Budget	FY 2009 Request	FY 2009 Fin Com
Personal Services				
Group Life	58,029	70,000	72,100	
Group Health	11,341,372	13,424,085	15,132,340	
Unemployment Ins.	86,212	100,000	100,000	
Medicare	590,723	625,000	675,000	
Indemnity	229,375	250,000	250,000	
Liability	45,431	50,000	50,000	
Workers' Compensation	520,679	490,000	490,000	
Flexible Benefit Plan	(3,070)	800	800	
Total	12,868,751	15,009,885	16,770,240	-



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, 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.

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- 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.

Budget Statement / Future Outlook

The healthcare budget for FY2009 is projected to increase approximately 12.7% which is in line with the medical cost inflation index and with the Town's actual claims experience. In FY2008 the budget increased only 7% giving the Town a brief respite from the double digit increases. This was due to negotiated increases in town and school employee contribution increases and increases in employee co-pays for doctor visits and prescription drugs.

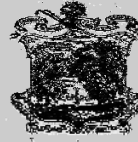
This year we will ask employee groups to explore with the Town the feasibility of joining the GIC, the State's healthcare program, which has the potential for significant savings for both the Town and the employees.



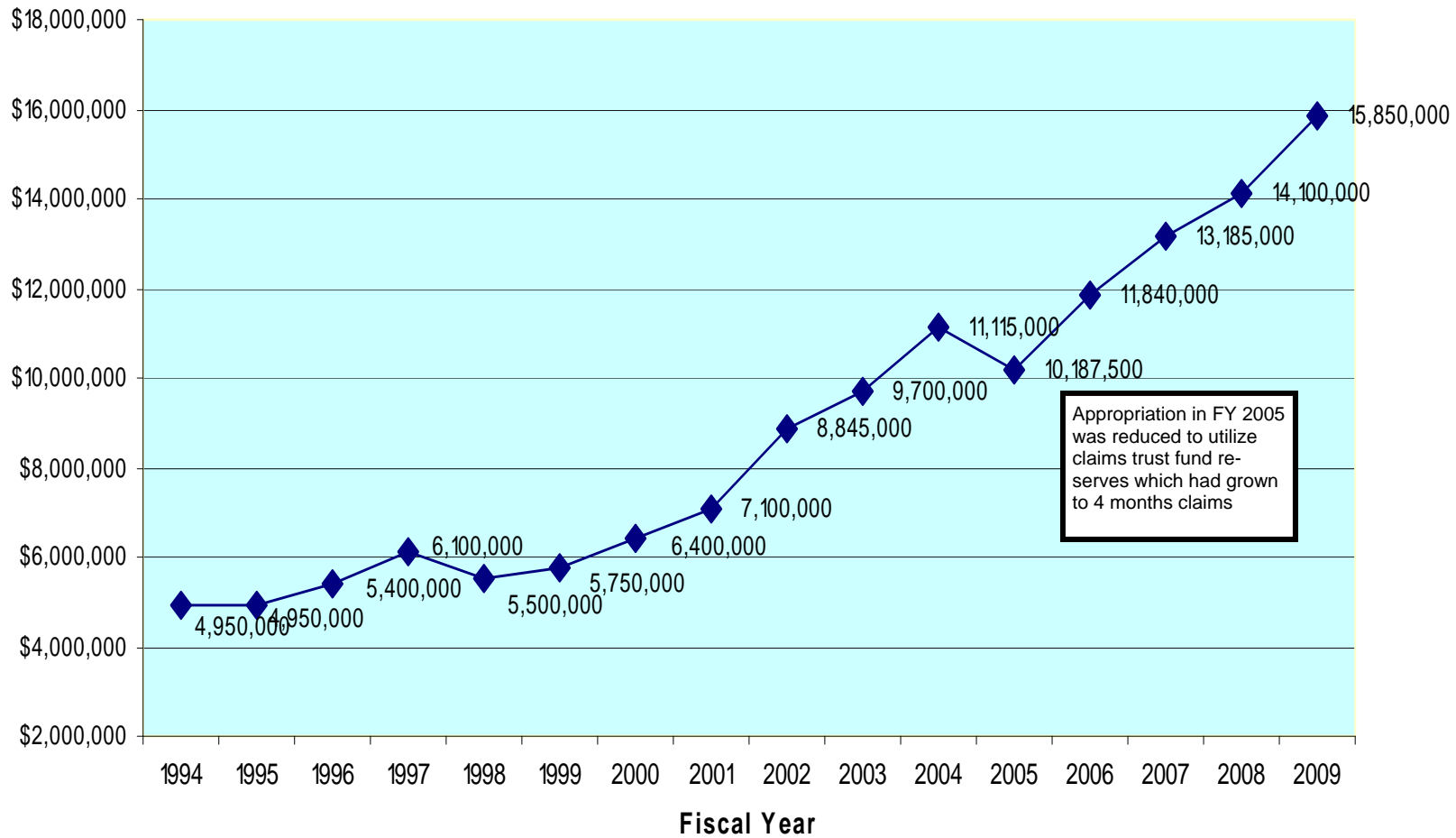
Major Accomplishments for 2007

- Controlled the costs of property insurance, liability insurance and automobile insurance.
- Offered a health insurance opt-out program for all existing enrollees.
- Negotiated an increase in employee co-pays with two additional unions, leaving only one union that has not changed its co-pay structure.
- Negotiated with all town employee groups (except Patrolmen) for new hires to pay minimum of 25% for any healthcare plan.

Performance / Workload Indicators				
	FY 2006 Actual	FY2007 Actual	FY2008 Estimated	FY2009 Estimated
Health Insurance Contracts Managed	1,905	1,922	1,920	1,920
Life Insurance Contracts Managed	1,015	1,017	1,020	1,050
Life Insurance Claims Processed	25	29	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