



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

	FY2017 Actual	FY2018 Budget	FY2019 Request	FY2019 Final Budget
Pensions				
Personnel Services	-	-	-	-
Non Contributory	60,018	55,322	18,018	18,018
Contributory	10,659,672	11,268,183	11,887,479	11,887,479
Total	10,719,690	11,323,505	11,905,497	11,905,497

Performance / Workload Indicators

	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Estimated
Pensions				
Contributory Enrollees				
Active Employees	774	774	756	768
Retired Employees	609	610	601	607
Non-Contributory Enrollees	4	4	1	1

Budget Statement

The FY2019 Town total pension appropriation increased by \$581,992 over FY2018. The Non Contributory portion of the budget for FY2018 is at \$18,018 with one Non-Contributory Retiree, a former employees or surviving spouse who worked for the town before 1939 and who therefore never contributed to the Town retirement system but nevertheless receives retirement benefits.



Retirement Board

John J. Bilafer, Chairman
Kenneth Hughes
Richard Keshian
Kenneth Steele
1 Vacancy

Retirement Administrator

Richard Greco

Assistant Retirement Administrator



Program Description

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

- **Health** insurance for town and school active and retired employees.
- **Life** insurance is required to be provided to all employees in the amount of \$10,000 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.

closed to new members since July of 2017. Despite the upheaval of the early winter months of 2018, the GIC ultimately imposed very modest rate increases for Fiscal Year 2019.

FY2019 Objectives

- Monitor GIC trends and work with Union and Retiree leadership to respond effectively to anticipated plan design changes.
- Partner with FSA (Flexible Spending Account)/HRA (Health Reimbursement)
- Work to continue increased use of the Health Reimbursement Account. Review structure of HRA as plans change under the GIC.
- Continue to enhance the new First Point of Medical Contact Program for work-related injuries, saving time and costs in the medical treatment of our employees.
- Continue to offer an opt out program for employees and retirees, which is now utilized by 70 subscribers, thereby providing the Town significant savings.

Budget Statement

In mid-January 2018 the GIC voted to reduce the number of its carriers by half, including the popular Tufts, Harvard and Fallon plan offerings. In response to forceful pushback from labor unions and elected officials, the GIC later reversed that decision. At the time of the publication of this document not only did the GIC restore all of its active plan offerings, it reopened enrollment in the three plans slated for elimination which had
Budget Statement (cont.)

PROGRAM COSTS

	FY2017 Actual	FY2018 Budget	FY2019 Request	FY2019 Final Budget
Insurance				
Group Life	64,501	63,633	63,633	63,633
Group Health	13,876,396	15,351,035	15,020,788	15,020,788
Unemployment Ins.	78,663	200,000	200,000	200,000
Medicare	1,170,114	1,155,000	1,364,821	1,364,821
Indemnity	270,103	297,443	297,443	297,443
Liability	56,514	55,000	55,000	55,000
Workers' Compensation	332,337	500,000	540,000	540,000
Flexible Benefit Plan	64,501	83,368	75,000	75,000
Medicare Penalty	17,314	18,000	18,000	18,000
Opt Out Program	239,400	221,996	215,996	215,996
Total	16,169,843	17,945,475	17,850,681	17,850,681



Major Accomplishments for 2017

- Enjoyed rate stability in the third year of our three year contract for life insurance. The carrier has extended our life insurance rate for a fourth year for calendar 2018. The Town has enjoyed rate stability after restructuring the program, conducting an open enrollment, and offering an enhanced benefit to employees.
- Successfully met all reporting requirements under the Affordable Care Act.
- Provided quick and detailed turnaround of requested insurance information for GASB and other reporting purposes.
- Partnered with Employee Unions to develop better informational materials along with in-person information sessions to better educate employees about the Health Reimbursement Account resulting in a 33% increase in utilization in Fiscal Year 2017 over the previous 12 month cycle.

Performance / Workload Indicators

	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Estimated
Health & Life Insurance				
Health Insurance Contracts Managed	1,909	1,888	1,923	1,905
Life Insurance Contracts Managed	977	992	985	981
Life Insurance Claims Processed	40	16	36	35



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 is a member of the Commonwealth’s Group Insurance Commission, and therefore Town employees are enrolled in the same health plans as all state employees. The Town pays differing contribution splits based upon plan selection, as demonstrated below.*

- Indemnity Plans (75% employer /25% employee):
 - Unicare State Indemnity Plan Basic with CIC
 - Unicare State Indemnity Plan Basic without CIC
- HMO Plans (85/15% employees and retirees w/o Medicare):
 - Fallon Community Health Plan Direct Care
 - Fallon Community Health Plan Select Care
 - Harvard Pilgrim Primary Choice Plan
 - Health New England
 - Neighborhood Health Plan
 - Tufts Health Plan Spirit
- PPO/POS Plans (80/20% employees and retirees w/o Medicare)
 - Harvard Pilgrim Independence Plan
 - Tufts Health Plan Navigator
 - Unicare State Indemnity Plan/Community Choice
 - Unicare State Indemnity Plan/PLUS
- Medicare Extension Plans:
 - Harvard Pilgrim Medicare Enhance (75/25%)
 - Health New England MedPlus (75/25%)
 - Tufts Health Plan Medicare Complement (75/25%)
 - Tufts Health Plan Medicare Preferred (85/15%)
 - Unicare State Indemnity Plan/Medicare Ext. with CIC (75/25%)
 - Unicare State Indemnity Plan/Medicare Ext. without CIC (75/25%)
- Dental Plan:
 - Delta Dental - Two levels of plan offerings – these plans are paid 100% by the employee.

*Employees hired after December 1, 2011 are required to pay 25% toward the cost of their plan. Surviving spouses pay 50%.

Budget Statement

FY2019 will be the seventh full fiscal year that Arlington has received its health insurance through the Commonwealth’s Group Insurance Commission (GIC). Over the course of calendar 2017, the Town and Union and Retiree leadership engaged in a process to examine whether it made sense for the Town to leave the GIC commencing July 1, 2018. In the spring of 2017 the Town requested its claims data from the GIC which was in turn used to request proposals from the various health insurance carriers. In August of 2017 the response of the vendors was reviewed: most of the national carriers declined to bid and of the local carriers that responded the least expensive quote was 7.6% (\$1.4 million) higher than an assumed trend of a 6% increase from the GIC. The result of the analysis was the decision to remain in the GIC.

FY2019 Objectives

- Strategize and implement new ways to provide excellent customer service to employees and retirees in Group Health Commission health plans through information and education.
- Continue to partner with Retiree and Union Leadership to keep abreast of changes make informed decisions about health care options.

Major Accomplishments for 2017

- Successfully teamed with the School Human Resources staff on the administration of benefit plans and auditing practices ensuring fair and consistent treatment of employees.
- The Department has refined and tightened audits of enrollment in all benefits plans to ensure Town is keeping costs in check. The department regularly conducts quarterly person to person audits of GIC enrollment and deductions. There are approximately 2,000 health insurance contracts to be monitored with multiple plan offerings and multiple splits per plan.
- The Department partnered with the School Human Resources team and Payroll Department to refine its data and streamline administration of Affordable Care Act reporting requirements.



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