



**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 FY2023 Town total pension appropriation increased by \$785,348 over FY2022.

**PROGRAM COSTS**

<b>Pensions</b>	<b>FY2020 Actual</b>	<b>FY2021 Actual</b>	<b>FY2022 Budget</b>	<b>FY2023 Request</b>
Personnel Services	-	-	-	-
Non-Contributory	16,602	16,986	19,367	-
Contributory	12,543,872	13,246,911	14,041,972	14,846,687
<b>Total</b>	<b>12,560,474</b>	<b>13,263,897</b>	<b>14,061,339</b>	<b>14,846,687</b>

**Performance / Workload Indicators**

<b>Pensions</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Actual</b>	<b>FY2022 Estimated</b>
Contributory Enrollees				
Active Employees	808	838	818	825
Retired Employees	603	598	620	620
Non-Contributory Enrollees	1	1	1	0



**Retirement Board**

Ida Cody, Ex Officio  
Kenneth Hughes, Chair  
Robert Jefferson  
Richard Keshian  
Alfred Fantini

**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.
- Employee Mitigation** is a benefit the Town included in the operating budget as part of the agreement to move to the Group Insurance Commission (GIC). This money is a protection for employees who experience high out-of-pocket claim costs.

**Budget Statement**

The COVID-19 pandemic continued to impact the administration insurance budget. In FY2021 the Town handled over 350 unemployment claims, most of them fraudulent; in FY2022 there has been a dramatic shift back to pre-pandemic levels of activity. The pandemic also made forecasting health insurance rates challenging because of the unusual claims activity during the pandemic.

**FY2023 Objectives**

- The GIC is entering its fifth and final year of its health insurance contracts. We will make special effort to keep our employees and retirees informed of potential changes for implementation in FY2024
- Review the structure of and continue to offer an opt-out program for employees and retirees, which is now utilized by 70 subscribers, thereby providing the Town significant savings

**PROGRAM COSTS**

Insurance	FY2020 Actual	FY2021 Actual	FY2022 Budget	FY2023 Request
Group Life	85,192	85,962	95,069	99,823
Group Health	15,602,975	16,552,722	18,046,412	19,321,552
Unemployment Ins.	46,356	144,869	150,000	150,000
Medicare Payroll Tax	1,372,798	1,420,574	1,490,992	1,659,715
Property Insurance	299,505	344,788	358,000	375,900
Officials Liability	66,766	56,258	55,000	55,000
Workers' Compensation	500,679	536,662	540,000	580,000
Flexible Benefit Plan	39,029	34,886	38,880	38,880
Medicare Penalty	12,610	12,410	15,000	15,000
Employee Mitigation	-	-	-	50,000
Opt Out Program	227,018	215,306	217,996	205,996
<b>Total</b>	<b>18,252,930</b>	<b>19,404,436</b>	<b>21,007,349</b>	<b>22,551,866</b>



**Major Accomplishments for 2021**

- Successfully met all Affordable Care Act Filing deadlines. This is a highly technical and complex process that done incorrectly exposes the town to significant fines.
- Fully transitioned health insurance open enrollment to paperless process with new GIC Portal.
- Provided significant amounts of data to support the production of the town's Other Post- Employment Benefits (OPEB) report.



**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 plans will not be available after June 30, 2022)
  - Fallon Community Health Plan Select Care
  - Harvard Pilgrim Primary Choice Plan
  - Health New England
  - AllWays 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**

FY2023 will be the 11<sup>th</sup> full fiscal year that Arlington has received its health insurance through the Commonwealth’s Group Insurance Commission (GIC). In the spring of 2021 the Town sought proposals from other health insurance carriers. Claims activity during the Covid-19 Pandemic was highly irregular and made forecasting future insurance rates especially challenging. Although the Town received a competitive offer from Harvard Pilgrim the uncertainty of the future and inability of Harvard to provide a multiple year offer to the town made it more prudent for Arlington to continue to receive its insurance through the GIC. The Town requests claims experience data from the GIC every other year and will do so again in the spring of 2023. The Town continues to partner with Union and Retiree Leadership in weighing carrier options and determining whether or not remaining in the GIC is the best decision for the Town.

**FY2023 Objectives**

- Continue to strategize and implement new ways to provide excellent customer service to employees and retirees in Group Health Commission health plans through information and education.
- Partner with Retiree and Union Leadership to explore potential health care plan alternatives.
- Further transition health insurance documentation to paperless and secure transactions.

**Major Accomplishments for 2021**

- Throughout the second year of the COVID-19 Pandemic the Department worked as a team to provide pre-pandemic levels of service to employees and retirees including the second successful open enrollment in lockdown conditions.
- 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 reporting requirements under the Affordable Care Act continue. A failure to accurately produce employee statements and submit corresponding data to the Federal Government would subject the town to significant fines. Managing and producing the data is labor intensive and complex. For the 11th year the Department partnered with the School Human Resources team to successfully meet our Affordable Care Act reporting requirements



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