

**IAC Meeting Minutes  
Unapproved  
October 26, 2011**

**Present:** Paul McBrearty, Derrick Gemos, Thomas Orcutt, David Roy, Ann Walsh, Barbara Cronin, Paula Martin and Kathleen LeBlanc

**Also Present:** Patricia Dufresne, Valerie Jenkins and Mark Haddad

**I. Dependent Eligibility Audit:**

- a. In 1 year, Fall 2012, the Minuteman Nashoba Health Group will be conducting a health insurance dependent eligibility audit
- b. Human Resources (HR) will have no role in the audit, employees will be contacted by a third party hired by Minuteman Nashoba Health Group (MNHG), Enrollment Audit Solutions.
- c. If an employee has a family plan then that employee will be contacted for the audit and will need to prove eligibility of dependents on their plan
- d. Enrollment Audit Solutions will identify dependents that can not be on plan and will notify the Town of Groton.
- e. The Town will make the decision to terminate dependents were appropriate, Enrollment Audit Solution will not make this decision.

**II. Senior Plan Rates and Changes for CY2012**

- a. There is a decrease in premiums or no change (depending on plan) for retiree plans in CY2012
- b. The TMC and MCP plans have been eliminated by MNHG and Tufts will now offer a Tufts Medicare Preferred Group Supplement Plan instead as well as their Tufts Medicare Preferred HMO plan
- c. This was a proposal made by Tufts and MNHG voted to approve this change
- d. If retiree on a TMC or MCP plan does not want to change plans s/he will be automatically be enrolled in the Tufts Medicare Preferred Group Supplement Plan. Otherwise, they will have to complete necessary forms to change plans.

Ann Walsh asked if retirees would be losing anything in this change?

K. LeBlanc responded that they would see a slight increase to their prescription benefit but retirees, depending on the plan they currently have, will see an increase in other benefits offered through the plan, would be saving on the premium and a retiree can live anywhere and use the plan, no restrictions.

- e. Retiree Open Enrollment begins next week and all retirees have been notified they have 2 weeks to make any changes for CY12.

Group reviewed senior plan rates (see attached)

### **III. Massachusetts Municipal Healthcare Reform – Section 21 (local option)**

- a. Mark Haddad, Valerie Jenkins, Patricia Dufresne and Kathleen LeBlanc have been attending different events trying to get as much information on the new change to healthcare.
- b. Essentially change allows the Town to make changes to plan design outside of collective bargaining.
- c. If Town chooses to do this then the Town would be required to share up to 25% of the first year's anticipated savings.
- d. There is a very specific process and time frames to make these changes under the new law
- e. Minuteman Nashoba Health Group (MNHG) has already made decisions about what plans will be offered in June 2012.
- f. The group voted to eliminate the current Rate Saver and Legacy plans and will only offer Group Insurance Commission (GIC)-like plans (health insurance offered through the State of MA)
- g. Since MNHG has already made these decisions the Town has started to review what our options for the new plan year:
  - i. Option 1: Adopt new law, Section 21, and stay with MNHG. We are hearing Section 21 may have some legal pitfalls as it conflicts with other sections of law and we are not sure what will come from these issues. Additionally, only the unions will be included in the process, non-union groups will not be allowed to participate.
  - ii. Option 2: Do not adopt Section 21 and stay with MNHG. The Town can implement the same process that the new law outlines for plan design, sharing 25%, but we can put it before the IAC that includes representatives for all employee groups, not just the unions such as GELD, the Fire Department and By-law employees.
  - iii. Option 3: Join the GIC. If the Town were to make this decision we would be making a three year commitment to being a part of the GIC and we would need to show that we would save an additional 5% by joining the group. This will be difficult since we need to start the Section 21 process before the GIC will be publishing their rates. Also, GIC can and has made mid-plan year changes without our approval.
  - iv. Option 4: Go out on our own to purchase health insurance. This will more than likely be the most expensive option for us and we are not going to consider this option at this time.
- h. With 3 out of the 4 options we have to come up with a mitigation plan under Section 21 which is the "up to 25% of the first year's anticipated saving" we share with the employees enrolled in health insurance to mitigate the cost associated with these new plans.
- i. Additionally, the mitigation plan outlines the way in which the Town gets that money back to employees.
- j. With the options before us, employees are going to see an increase in co-pays, and, for the first time, deductibles but a decrease in premiums.

- k. Mark Haddad, Valerie Jenkins, Patricia Dufresne and Kathleen LeBlanc have come up with 2 options:
  - i. Health Reimbursement Arrangement
    - 1. Town of Groton puts money on a debit card based on the employee's enrollment i.e. family plan or individual plan
    - 2. Employee can use the card for qualified health expenses
    - 3. The Town decides the qualified expenses
    - 4. HRA can roll over and under Section 21 you can give back the savings over multi-years
    - 5. The specifics of how an HRA would look for employees has not been decided
    - 6. HRA has to be managed by a third party per IRS regulations
  - ii. Premium Holidays
    - 1. An employee's health insurance deduction would be withheld from their pay check for some number of times during the year
    - 2. The number of has yet to be determined but could be up to 3 times based on the savings the Town shares with the employees

Paula Martin stated that it seems like we are adding another layer of administration with the HRA. She then asked what the cost was for the HRA?

Mark Haddad replied that whatever the cost it will not come out of the 25% and it is not a lot of money.

Ms. Martin then asked if the premium holiday is less expensive?

Valerie Jenkins stated yes, it is just a matter of turning off the deduction in payroll.

Ms. Martin stated that she was in favor of a less cost and burdensome approach.

Mr. Haddad asked for the estimate for the HRA?

Ms. Jenkins stated that she would be budgeting \$7,000. She went on to say that she was using the using the number of employee affected today.

Mr. Haddad stated that he wanted to do what was in the best interests of employees and he would support whatever employees what to do.

Ms. Martin asked about option 1, the HRA. At what point would be the recovery of money if an employee is no longer working for the Town. Do we get the money back?

Mr. Haddad stated the money is not a terminable benefit so it would be ours.

Barbara Cronin asked if we could reduce the premium over a year?

Ms. Jenkins replied stating we could do something like that and requested some time to play with the numbers.

Ms. Martin stated that money is going to be important to figure out, what a person on a family plan and what a person on an individual plan will look like.

Ms. Jenkins stated she has been given early information that indicates that they way we measure savings (under Section 21) is to figure out how much less a new plan is versus the cost of the new plan as it has escalated to the next year's dollars. We need to know what the current plan would have been and we estimate our new plans are some double digit lower. As soon as we get rates we will have a better idea of dollars. We are supposed to get rates right before Thanksgiving.

Mr. Haddad stated the 25% savings is only in the first year. If we go with the HRA, depending on the budget, we may be able to keep the HRA as a benefit. It could potentially carry on down the road and not just be a 1 year savings. Obviously, this will have to go before the budget process.

Ms. Jenkins stated that we are looking to have a friendlier way of going about this change by having a non-Section 21 process. Regardless, we need to ready to make a decision because there are deadlines and time constraints if we have to adopt Section 21.

Mr. Haddad stated the Board of Selectmen can adopt Section 21 at any time.

Kathleen LeBlanc stated that we feel we would want to stay with MNHG as they have been good to us but they will be offering GIC-like plans, regardless we will be looking at the same type of plan with all of the options before us. This is going to happen. Were trying to keep pace with this new law and hope that you are bringing this information back to employees.

- l. In late November we are scheduled to receive the FY13 plan year projections. Ms. Jenkins will then be working with the numbers to determine what that 25% looks like.
- m. Then MNHG will be approving the health plan funding rates in December
- n. December 21<sup>st</sup> is the last date the Board of Selectmen can adopt Section 21 that will allow us the time needed to get through the Section 21 process.
- o. The Town is going to attempt a non-Section 21 route in an attempt at a friendly way to go about this change to health insurance

#### **IV. IAC Role**

- a. Whether we go the Section 21 or a non-Section 21 route, your role under the law is to receive and review the mitigation proposal and make a recommendation

- b. Under section 21, we would then sit with union representation only to negotiate the mitigation proposal. Under a non-Section 21 route, this group's recommendation would act as the decision for the mitigation plan
- c. Under Section 21 the union's vote is weighted and the vote is by majority with retirees getting 10% of the vote by law. The SEIU Local 888 Town Hall and Library union has the largest union and has just under the majority of the vote. Additionally there is only 30 days to negotiate the mitigation proposal.
- d. Under non-Section 21, we would have representatives from all employee groups at the table to discuss and vote on the mitigation plan.
- e. Under Section 21, if no decision is made with the union representatives and retiree representative then the mitigation plan goes to a review panel made up a representative selected by the unions, a representative selected by the Town and a representative selected by the state. Since this is the first time this panel will be in place we do not know how this will or will not turn out. Also, the decision made by this panel is binding
- f. A friendly route, non-Section 21, will allow us to make the best decisions for the group as a whole.
- g. Please share all this information with your union or employee groups so you can make the best recommendation on their behalf.

V. Next Steps

- a. Group decided to meet again after MNHG had rates to share.
- b. Ms. LeBlanc will request the representative from the HRA company
- c. Ms. LeBlanc and Ms. Jenkins will be coordinating educational opportunities for employees to help them through this change
  - i. There will be no changes to the benefits offered but the way in which employees pay for the plans
- d. Aflac representatives to join the next meeting to propose a new Aflac product