



Finance Committee

Finance Committee Meeting Minutes
Monday, August 24, 2009, at 4:00 pm
Larkin Hall at the Provincetown Center for Coastal Studies
Called to Order: 4:00

Membership:

P	E	U	Name	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Thomas Coen, Chair	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Ann Maguire, Vice Chair	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Virginia Ross	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Thomas Thurston	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Frederic Biddle	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Philip Gaudiano	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Gabrielle Hanna	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Daniel Hoort	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	David McChesney	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Erik Yingling, Alternate	<input type="checkbox"/> Voting
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Oliver Kamm, Alternate	<input checked="" type="checkbox"/> Voting

(Note: **P** = Present **E** = Excused **U** = Unexcused)

These minutes are in brief format. This meeting was filmed and is available on DVD at the Provincetown Television office.

Also Present:	Sharon Lynn, Town Manager
Michele Couture, Chair, BoS	David Gardner, Asst. Town Mgr.
Mary-Jo Avellar, Selectman	Pam Hudson, Benefits Administrator
Austin Knight, Selectman	
David Bedard, Selectman	

Order of Business:
1. To attend the Board of Selectmen’s briefing on switching retired employees to Medicare.
2. To consider any other business that may legally come before the Finance Committee.


Medicare for Retirees

This meeting was an informational workshop to find out more about what it would mean to switch the Town's over 65 retirees to Medicare. Ms. Hudson provided the attached background information for the participants in the meeting.

Ms. Hudson made some brief introductory remarks followed by lengthy discussion. The general consensus seemed to be that much more education about the transition needs to take place before any recommendations by either the Board of Selectmen or the Finance Committee can be made.

No other business was discussed and no motions were made.

Next Meeting:	Wednesday, August 26, 2009 @ 6:00 pm
Adjourn:	5:10 pm
Minutes by:	Thomas Coen

Approved by  on October 8, 2009
 Thomas Coen, Chair



**Provincetown Board of Selectmen
AGENDA ACTION REQUEST
August 24, 2009**

1C

Health Insurance for Retirees: M.G.L. c.32B §18

Joint Meeting with Insurance Advisory Commission

Requested by: Insurance Advisory Commission

Action Sought: Discussion

Proposed Motion(s)

Discussion Dependent

Additional Information

Please see attached information from the Insurance Advisory Commission.

Board Action

<i>Motion</i>	<i>Second</i>	<i>Yea</i>	<i>Nay</i>	<i>Abstain</i>	<i>Disposition</i>

Town of Provincetown



Town Hall, 260 Commercial Street
Provincetown, Massachusetts 02657
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Board of Selectmen
Town of Provincetown

August 24, 2009

Dear Selectmen:

M.G.L. c. 32B §3 (*Attachment A*) provides that:

"Prior to the purchase of said insurance, and execution of all such agreements or contracts within the limits established by said sections, the appropriate public authority shall consult with an advisory committee for the purpose of securing the written recommendations of a majority of the membership of said committee.

Said committee shall consist of eight members as follows: seven persons to be duly elected or appointed to membership on such committee by organizations of the employees affected, and one person who shall be a retiree of a governmental unit who shall be duly appointed to membership on said committee by the appropriate public authority." (emphasis added)

As adoption of M.G.L. c. 32B §18 would completely change the health insurance options available to the Town's retirees, the Insurance Advisory Committee has come together to provide you with our written recommendation, which is attached here as *Attachment B*.

Sincerely,

Linda O'Brien, Secretary
Insurance Advisory Committee

cc: Town Manager Sharon Lynn
Finance Director Alix Heilala

List of Attachments:

- A: M.G.L. c.32B §3
- B: Memo of Recommendation
- C: M.G.L. c.32B §18
- D: Comparison of Subscriber Costs
- E: June 21, 1982 Special Town Meeting Articles 13 and 14
- F: Comparison of Savings to Town

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PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE IV. CIVIL SERVICE, RETIREMENTS AND PENSIONS

CHAPTER 32B. CONTRIBUTORY GROUP GENERAL OR BLANKET INSURANCE FOR PERSONS IN THE SERVICE OF COUNTIES, CITIES, TOWNS AND DISTRICTS, AND THEIR DEPENDENTS

Chapter 32B: Section 3. Purchase of group life, accidental death, etc., insurance policies; reinsurance agreements

Section 3. Upon acceptance of this chapter as hereinafter provided, the appropriate public authority of the governmental unit shall negotiate with and purchase, on such terms as it deems to be in the best interest of the governmental unit and its employees, from one or more insurance companies, savings banks or non-profit hospital, medical, dental or other, service corporations, a policy or policies of group life and accidental death and dismemberment insurance covering employees, and group general or blanket insurance providing hospital, surgical, medical and dental benefits covering employees and their dependents as provided under section eleven and section eleven A if applicable and shall execute all agreements or contracts pertaining to said policies or any amendments thereto for and on behalf and in the name of such governmental unit. Said policy, or policies, including policies purchased under authority of sections three A and sixteen, shall contain a requirement that the insurance company, savings bank, nonprofit hospital, medical, dental or other service corporations, other intermediary or health care organizations, shall furnish the governmental unit, or its designee, all nonconfidential claims without diagnosis on a form satisfactory to the governmental unit including, but not limited to, computer tape, disc or unlined paper reports. Said insurer may, pursuant to a contract between said insurer and said governmental unit, charge the governmental unit a reasonable fee to cover the costs of providing the nonconfidential claims in the form requested by the governmental unit. Prior to the purchase of said insurance, and execution of all such agreements or contracts within the limits established by said sections, the appropriate public authority shall consult with an advisory committee for the purpose of securing the written recommendations of a majority of the membership of said committee. Said committee shall consist of eight members as follows: seven persons to be duly elected or appointed to membership on such committee by organizations of the employees affected, and one person who shall be a retiree of a governmental unit who shall be duly appointed to membership on said committee by the appropriate public authority. If the appropriate public authority finds that the committee's recommendations in whole or in part cannot be included within the aforementioned agreements or contracts, at the written request of any member of said committee within thirty days from the effective date of the agreements or contracts, the appropriate public authority shall submit to said member, in writing, the reasons for the rejection of any or all of the recommendations and a copy shall be filed with the commission. The appropriate public authority may execute said agreements or contracts for a period not exceeding five years; provided, however, that the portion of the cost of the premium per month to be borne by the governmental unit shall not exceed the estimated monthly cost for which funds have been appropriated for the then current fiscal year. If a town or district having accepted the provisions of section ten accepts any other section of this chapter but fails to appropriate the funds necessary to implement said provisions, the selectmen, in the case of a town, or the prudential committee or district commissioner, in the case of a district, shall certify the cost to the town or district, as the case may be, in carrying out the provisions of this chapter to the board of assessors who shall include the amount so certified in the determination of the tax rate of that year. If a city accepts the provisions of this chapter as provided under section ten and as further provided under sections seven A and nine E, the annual budget shall include sums necessary to implement said provisions. Arrangements may be made with the carrier or carriers issuing such policy or policies purchased under this chapter to reinsure, by reinsurance agreement, under conditions approved by the appropriate public authority, portions of the total amount of such insurance with such other carriers as may elect to participate in such

insurance.

For the purposes of this chapter, any non-profit hospital service corporation or non-profit medical corporation organized under chapter one hundred and seventy-six A or one hundred and seventy-six B and any dental service corporation organized under chapter one hundred and seventy-six E shall be and is hereby authorized to enter into a reinsurance agreement as herein provided in the same manner as any other insurance company.

Attachment B

Insurance Advisory Committee

Memo

To: Board of Selectmen
From: Insurance Advisory Committee
cc: Finance Committee, Finance Director Alix Heilala, Town Manager Sharon Lynn
Date: August 24, 2009
Re: Adopting M.G.L. c. 32B §18

The Insurance Advisory Committee (IAC), consisting of representatives of AFSCME, PPLF, PAE, Provincetown retirees and non-unionized employees, as well as the Treasurer and the Employee Benefits Administrator, have been meeting regularly since the 2009 Annual Town meeting to consider the adoption of M.G.L. c. 32B §18 (*Attachment C*) and its impact on Town employees and retirees.

As you know, section 18 would mandate that all Provincetown retirees would be required, upon reaching the age of 65, to enroll in Medicare Parts A and B, plus a supplement plan sponsored by the Town. Adoption of this section of the Mass General Laws would result in nearly every retiree paying more for health care coverage than they currently do. The reason for this is that the retiree would pay 100% of the cost of the Medicare Part B premium, which, when added to the 20% of the premium for the supplement plan, results in a premium which is higher than that of any active plan (*please see Attachment D*).

Town Counsel has pointed out, however, that the law is silent on whether the Town may pay any portion of the retiree's Medicare part B premium, which is currently \$96.40 per month. In other words, it is optional.

The Special Town Meeting of June 21, 1982, approved the following motion (*Attachment E*):

Article: 14 Decision to Pay Additional 30% of Employee Health Insurance Costs Affirmed

Mr. White moved that the Town ratify and confirm its vote on Article 61 of the 1982 Annual Town Meeting raising and appropriating the sum of \$85,000 to supplement an additional 30% of Blue Cross/Blue Shield payments for the employees and retired employees of the Town of Provincetown for the present year and every year thereafter. So voted.

The opinion that the committee has heard from the retirees is that the Town should be willing to pay no less than 80% of the retirees' health insurance premiums, as they do for active employees. Should section 18 be adopted, then the Medicare Part B premium will be part of the total premium cost of a retiree's health insurance.

We have also heard that **any** increase over and above the normal annual increases that everyone, active or retired, has to pay will be a hardship for our retirees, the majority of whom receive very small pensions from Barnstable County that in some cases do not even cover the current premium payments.

Per M.G.L. c. 32B §3, we are making the following recommendation:

We respectfully suggest that, at such time that the Board of Selectmen (or the Finance Committee) submits an Article to Town Meeting calling for the adoption of M.G.L. c.32B §18, that said article specify that the Medicare Part B premium will be split between the retiree and the Town at the same percentage as all other health insurance coverage offered by the Town to its employees and retirees.

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Chapter 32B: Section 18. Medicare extension plans; mandatory transfer of retirees

Section 18. In a governmental unit which has accepted the provisions of section ten and which accepts the provisions of this section, all retirees, their spouses and dependents insured or eligible to be insured under this chapter, if enrolled in medicare part A at no cost to the retiree, spouse or dependents or eligible for coverage thereunder at no cost to the retiree, spouse or dependents, shall be required to transfer to a medicare extension plan offered by the governmental unit under section eleven C or section sixteen; provided, that benefits under said plan and medicare part A and part B together shall be of comparable actuarial value to those under the retiree's existing coverage. Each retiree shall provide the governmental unit, in such form as the governmental unit shall prescribe, such information as is necessary to transfer to a medicare extension plan. If a retiree does not submit the information required, he shall no longer be eligible for his existing health coverage. The governmental unit may from time to time request from any retiree, a retiree's spouse and dependents, proof certified by the federal government of their eligibility or ineligibility for medicare part A and part B coverage. The governmental unit shall pay any medicare part B premium penalty assessed by the federal government on said retirees, spouses and dependents as a result of enrollment in medicare part B at the time of transfer into the medicare health benefits supplement plan.

This section shall take effect in a county, except Worcester county, city, town or district upon its acceptance in the following manner:— In a county by vote of the county commissioners; in a city having a Plan D or Plan E charter by a majority vote of its city council; in any other city by vote of its city council, approved by the mayor; in a district, except as hereinafter provided, by vote of the registered voters of the district at a district meeting; in a regional school district by vote of the regional district school committee; and in a town either by vote of the town at a town meeting or, by a majority of affirmative votes cast in answer to the following question which shall be printed upon the official ballot to be used at an election of said town:— “Shall the town require that all retirees, their spouses and dependents who are enrolled in Medicare Part A at no cost to a retiree, their spouse or dependents, or eligible for coverage thereunder at no cost to a retiree, their spouse or dependents, be required to enroll in a medicare health benefits supplement plan offered by the town?”.

Attachment D

Monthly premiums currently paid by subscribers

Active Plan	Fiscal Year 2010 Monthly Cost to Subscriber
BC/BS MasterMedical Family	\$ 171.20
BC/BS PPO Family	\$ 432.00
HP PPO Family	\$ 135.40
BC/BS HMO Family	\$ 339.60
HP PPO Family	\$ 125.60
BC/BS HMO Family	\$ 315.60
HP HMO Family	\$ 111.00
Medex: 96.40 + 72.20	\$ 296.00
	\$ 105.60
	\$ 282.40
	\$ 168.60

Monthly premium cost to retirees if M.G.L. c.32B section 18 is adopted

Medicare Part B Premium (2009)	BC/BS Medex Enhanced	(100% of Medicare Premium Plus 20% of Supplemental Ins.)	Monthly cost to subscriber
\$ 96.40 + \$ 82.00 =	\$ 178.40 individual		
\$ 192.80 + \$ 164.00 =	\$ 356.80 individual x 2		
Harvard Pilgrim Medicare Enhance			
\$ 96.40 + \$ 74.40 =	\$ 170.80 individual		
\$ 192.80 + \$ 148.80 =	\$ 341.60 individual x 2		

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Attachment E

(Requested by Joel O'Brien and others)
FINANCE COMMITTEE RECOMMENDS

Mr. O'Brien moved to indefinitely postpone Article 11. *So voted.*

ARTICLE 12: To see if the Town will reaffirm its vote of last March Town Meeting to raise and appropriate the sum of \$85,000 to supplement an additional 30% of Blue Cross/Blue Shield payments for the employees and retired employees of the Town of Provincetown for this year and every year thereafter, or to take any action relative thereto.

(Requested by Joel O'Brien and others)
FINANCE COMMITTEE RECOMMENDS

Mr. O'Brien moved to indefinitely postpone Article 12. *So voted.*

ARTICLE 13: To see if the Town will accept the provisions of Massachusetts General Laws Chapter 32B, Section 7A as amended, which authorizes a town, in addition to the payment of fifty per cent of a premium for contributory group life and health insurance of employees in the service of the town and their dependents, to pay a subsidiary or additional rate, and will accept the provisions of Massachusetts General Laws Chapter 32 B, Section 9E as amended, which authorizes a town, in addition to the payment of fifty per cent of a premium for contributory group life, hospital, surgical, medical, dental and other health insurance for employees retired from the service of the town, and their dependents, to pay a subsidiary or additional rate, or to take any action relative thereto.

(Requested by William White and others)
FINANCE COMMITTEE RECOMMENDS

Mr. White moved that the Town accept the provisions of Massachusetts General Laws, Chapter 32B, Section 7A as amended, which authorizes a town, in addition to the payment of fifty per cent of a premium for contributory group life and health insurance of employees in the service of the town and their dependents, to pay a subsidiary or additional rate, and will accept the provisions of Massachusetts General Laws Chapter 32B, Section 9E as amended, which authorizes a town, in addition to the payment of fifty per cent of a premium for contributory group life, hospital, surgical, medical, dental and other health insurance for employees retired from the service of the town, and their dependents, to pay a subsidiary or additional rate. *So voted.*

ARTICLE 14: To see if the Town will ratify and confirm its vote on Article 61 of the 1982 Annual Town Meeting raising and appropriating the sum of \$85,000 to supplement an additional 30% of Blue Cross/Blue shield payments for the employees and retired employees of the Town of Provincetown for the present year and every year thereafter or to take any other action relative thereto.

(Requested by William White and others)
FINANCE COMMITTEE RECOMMENDS INDEF. POSTPONEMENT

Mr. White moved that the Town ratify and confirm its vote on Article 61 of the 1982 Annual Town Meeting raising and appropriating the sum of \$85,000 to supplement an additional 30% of Blue Cross/Blue Shield payments for the employees and retired employees of the Town of Provincetown for the present year and every year thereafter. *So voted.*

ARTICLE 15: moved that the Town vote to raise and appropriate or transfer from available funds the sum of \$1,936. for the purpose of increasing the salary of the Administrator of the Cape End Manor for Fiscal Year 1983 from the amounts appropriated in the budget:

POSITION	FROM	TO	INCREASE
Administrator Cape End Manor	15,064	17,000	1,936

47 (8)

Attachment F

Current Retirees Aged 65 and over

Town share of Current Costs	80% of Medicare Part B	80% of Medex Enhanced
\$698,399.28	\$107,351.04	\$421,152.00



	\$528,503.04
Approximate expected penalty	\$52,000.00
	<hr/>
	\$580,503.04
Approx. savings over current costs: (for FY2010)	\$117,896.24

Unit
bns
net