

10/26/2018
11:14:58

TOWN OF MEDFIELD
FY2020 DEPARTMENTAL BUDGET REQUEST
WORKSHEET

	FY2018 EXPENDED ACTUAL	FY2019 APPROPRIATED AMOUNTS	FY2020 BUDGET REQUESTS	WARRANT COMMITTEE RECOMMENDS	FY 2020 APPROPRIATED AT TOWN MTG
HEALTH & LIFE INSURANCE					

HEALTH & LIFE INSURANCE					

HEALTH & LIFE INSURANCE					

019142 570500 LIFE INSURANCE PREMIUMS	11,236.40	12,499.00	<u>12,499</u>		
019142 570600 HEALTH INSURANCE PREMIUMS	4,097,123.49	4,428,172.00	<u>4,547,225</u>		
019142 580055 INS ENCUMB OP EXP	.00	.00			
TOTAL HEALTH & LIFE INSURANCE	4,108,359.89	4,440,671.00	<u>4,559,719</u>		
TOTAL FY2020 DEPARTMENTAL BUDGET REQUEST WORKSHEET	4,108,359.89	4,440,671.00			

Fy20 Health & Life Insurance Budget

Enrollment and Premiums

The Health and Life insurance budget requests for fy20 are based on the attached fy20 spreadsheet, which use November 18, 2018 enrollment counts, as this is the last enrollment count we have prior to preparing this budget. Actual enrollments will be updated as the budgets are revised. Medicare supplemental plans for retirees (MIIA/Blue Cross-Blue Shield Medex II plus drug rider and Tufts Medicare Preferred) are based on a calendar year and so are the actual rates for the first six months of fy20. For the last six months of fy20 there will be a new calendar rate which, based on current claims experience, is estimated at three percent (3%). Rates for fy20 active employees plans (MIIA/BC-BS PPO, MIIA/BC-BS HMO, and Access Blue NE Saver (high deductible plan)) are estimated for a twelve-month fiscal year rate increase of five percent (5%), again based on current claims experience. The new rates for active plans will not be available until February or March. At that time the budget will be revised based on the actual rates and enrollment counts. In addition to the premium payments for the Access Blue NE Saver plan the Town is contributing a \$1,200 matching annual Health Savings Account (HSA) contribution for family members and a \$600 matching annual HSA contribution for individual members. This is being done to encourage employees to join the Access Blue NE Saver plan, which has the potential to save both the Town and employees a considerable amount. This first year six (6) individual and two (2) family subscribers enrolled in this new plan and it is anticipated that in future years this will grow considerably.

Budget Adjustments

Since the attached spreadsheets are based on actual enrollments an adjustment in the amount of \$150,000 has been added to the budget totals to account for enrollment increases based on new hires, retirement and replacements, and new enrollments or plan changes of current employees. For example, during the current year there were about 13 new or plan eligible employees in the school department, four new employees in the fire department and several new police officers. There can also be changes in marital status, 26 year-olds switching from their parents plans and other unexpected changes. Not all employees enroll in the Town's health insurance program or this adjustment would be much higher.

Another adjustment has to be made for the premium payments for the first month of fy21 for active plans. Premiums have to be paid a month in advance so the last premium payment in fy20 has to reflect a projected increase in the fy21 rates. A five percent or \$7,500 amount is added to the budget to provide for this adjustment.

The federal Affordable Care Act (ACA) requires each employer to submit an annual report for each employee and their dependents, regardless of whether they actually participate in the Town's health insurance program or not. Each employee must submit data on number and type of dependents, marital status, etc. An amount of \$7,500 has been budgeted to prepare this report for submission. Whether the Town will be required to submit a report next year is uncertain, as ACA regulations are constantly in flux, but, if necessary, it must be prepared and so this amount is included in the fy20 budget.

The Town still has two retired employees, who live out-of-state but obtain health insurance coverage through the Town. This works well for the Town and for these retirees. The amount requested for these premium payments is \$2,880.

Life Insurance

The Town provides a five-thousand dollar (\$5,000) life insurance policy for active and retired employees. In addition, employees can add additional coverage amounts, but they must pay the entire premium for those additional coverages. For many years Boston Mutual has been this plan provider. Last year, for the first time in a number of years, Boston Mutual raised the monthly premium from \$5.60 to \$6.20. The Town’s fifty percent (50%) share of this monthly premium is \$3.10. and increase of 10.7%. This was the first increase in several years and we don’t expect an increase next year, regardless of whom the provider is. Therefore, the fy20 budget request is based on the same premium as the fy19 premium.

FY20 Budget Request

	FY17 Approp.	FY18 Approp. Plus transfers	FY19 Approp.	FY20 Request	\$/% inc./ (dec.)
Health Ins.	\$3,977,394	\$4,058,153 <u>\$ 55,000</u> \$4,113,153	\$4,428,172	\$4,547,220	\$119,048/2.69%
Life Ins.	\$ 11,554	\$ 11,275	\$ 12,499	\$ 12,499	\$ -0- / -0%-
Totals	\$3,996,448	\$4,124,928	\$4,440,671	\$4,559,719	\$119,048/2.68%

FY20 Health & Life Insurance
 (based on rates range provided by MIIA in November, 2018 & actual enrollment for December, 2018)*
 Plan Name

Plan Name	Enrollment		Town Share		Total Ind	Enrollment		Town Share		Total Fam	Combined Total	fy20 Health Insurance Request	
	Individual	Family	Ind rate	Fam rate		Family	Fam rate	Inc./dec.	% Inc./dec.				
MIIA/BC-BS PPO Active * (town share 50%) (est. 5% increase for fy20)	10		\$475.96		\$57,115.20	7		\$1,238.61		\$104,043.24	\$161,158.44	(\$22,798.32)	-12.40%
MIIA/BC-BS PPO Retirees (town share 50%)	11		\$475.96		\$62,826.72	3		\$1,238.61		\$44,589.96	\$107,416.68	\$5,116.08	5.00%
MIIA/BC-BS HMO Active (town share 62%) (est. 5% increase for fy20)	108		\$584.20		\$757,123.20	140		\$1,519.73		\$2,553,146.40	\$3,310,269.60	\$58,795.44	1.81%
MIIA/BC-BS HMO Retirees (town share 50%) (est. 5% increase for fy20)	15		\$471.14		\$84,805.20	7		\$1,225.60		\$102,950.40	\$187,755.60	\$11,088.72	6.28%
Access Blue NE Saver (est. 5% increase for fy20)	6		\$470.29		\$33,860.88	2		\$1,223.39		\$29,361.36	\$63,222.24	(\$63,664.56)	-50.17%
Access Blue NE Saver Retiree (retirees not eligible)	0		\$470.29		\$0.00	0		\$1,223.39		\$0.00	\$0.00	(\$15,609.96)	
HSA Town Contribution*	6		\$600.00		\$3,600.00	2		\$1,200.00		\$2,400.00	\$6,000.00	(\$7,800.00)	-56.52%
MIIA/BC-BS Medex2 (individual plans only) (no increase for first six months of fy20) (est. 3% inc for last six mos. of fy20)	253		\$167.69 (1st 6 mos.) \$172.72 (2nd 6 mos.)		\$516,742.38	0				\$0	\$516,742.38	\$17,596.33	3.53%
MIIA/BC-BS Medex2 LIS (individual plans only)	4		\$150.19 (1st six mos.) \$154.70 2nd six mos.		\$7,317.36	0				\$0	\$7,317.36	\$2,421.10	49.45%
Sub-Total MIIA/BC-BS	413		\$1,523,390.94		\$7,317.36	161		\$2,836,491.36		\$0	\$4,359,882.30	(\$14,855.17)	-0.34%
Tufts Medicare Preferred (est. 3% inc for last six mos. of fy20)	9		\$158.50 (1st six mos.) \$163.26 (2nd six mos.)		\$1,372.50	0				\$0	\$1,372.50	(\$4.86)	-0.03%
Sub-Total Tufts Medicare Preferred	9		\$17,375.04		\$0	0		\$17,375.04		\$0	\$17,375.04	\$137.50	5.00%
Out-of-State Retirees	2					2				\$2,887.50	\$2,887.50		
Retired Library Employee	annually		\$1,312.50		\$1,312.50						\$150,000.00	\$150,000.00	
Retired Library Employee & spouse	monthly		\$131.25		\$1,575.00						\$9,575.00	(\$16,229.63)	-62.85%
Sub-Total Out-of-State Retirees	2					2				\$2,887.50	\$7,500.00	\$0.00	0.00%
Total Health Insurance fy20											\$4,547,219.84	\$119,047.84	2.65%
* Total Life Insurance fy20 (Nov. 18 enrollment & rates)	336		\$3.10		\$3.10						\$12,499.20	\$0.00	0.00%
Total Health & Life fy20 Appropriation											\$4,559,719.04	\$119,047.84	2.68%

budgeted for estimate of new members enrolled in fy20 plus 5% est. one month inc. for July 2018 premiums (July, 20 paid in FY20)

Affordable Health Care Reporting