

MINUTES

Sanbornton Health Insurance Study Committee (HISC)

Meeting Date and Time: Thursday, May 16, 2019 at 2:00 PM

Meeting Place: Meeting Room, Sanbornton Town Offices

The meeting was called to order at 2:03 PM

Roll Call

Regular Members present: Paul Dexter (Employee Rep), Julie Lonergan (Employee Rep), Ray Masse (Citizen Rep), Jim Dick (Citizen Rep), Tom Salatiello (Selectmen's Rep)

Regular Members absent: Budget Committee Rep

(Note: The Budget Committee in regular meeting appointed Craig Weissman as the representative to the Committee. He subsequently sent an email to the Board of Selectmen stating that he would not serve on the Committee. To date, the Budget Committee has not met to appoint an alternate representative. The Budget Committee position remains open until they select a member to participate.)

Others present at the meeting: Katie Ambrose, Town Administrator

New Business

- a. The first order of business was to establish the positions of Chair and Vice Chair for the Committee. It was agreed that one of the citizen reps would serve as Chair and an Employee Rep would serve as Vice Chair. Paul Dexter nominated Jim Dick as the Committee Chair. Ray Masse seconded the motion. The motion passed unanimously.
- b. Chair Dick asked for a volunteer as the Vice Chair. Paul Dexter volunteered. Chair Dick made a motion to appoint Paul Dexter as the Vice Chair. Julie Lonergan seconded the motion. The motion passed unanimously
- c. Jim Dick agreed to keep the minutes for the Committee.
- d. Town Administrator Katie Ambrose provided the Committee with some background information on the current health insurance and Health Reimbursement Account (HRA) plans. The information included the coverage information for the current plan (Harvard IMO Silver 5000) as well as historical data on actual HRA expenditures for 2015-2018. TA Ambrose also pointed out that the insurance coverage is on a calendar year (CY) basis, so the exact expenses from Jan-Jun (the Town Fiscal Year) are not known when the annual budget is prepared. TA Ambrose explained previously that the Town budgets for 10 employees to reach the maximum cap as part of the budget process. TA Ambrose left the meeting after explaining the information packet.
- e. The Committee discussed the current health care plan. Paul Dexter and Julie Lonergan explained how the current plan worked for employees, Under the current plan, the Town pays all premiums and all out-of-pocket expenses (once the deductibles of \$500 per individual or \$1000 per family have been met). For Fiscal Year (FY) 19, with 22 employees, that worked out to be an average budgeted amount of \$21,452 per employee. (Note that the average does not account for different family situations - single, married, children - and is just the straight budget number divided by 22 employees). That number include both the premiums and the HRA costs (based on 10 employees at 100% of out-of-pocket expenses. This may not reflect actual costs, especially for the HRA, which have historically run much lower than the budget.). The plan guarantees a maximum cap on out-of-pocket expenses of \$7900 per individual or \$15,800 per family (for CY 19). Julie Lonergan and Paul Dexter related some of the history of the insurance coverage, including the change in providers two years ago. At that time (CY 2018), the most affordable insurance option included a significant increase in co-payments, so the Board of Selectmen (BoS) at that time decided to include all out-of-pocket costs under the HRA. That coverage was reconfirmed for the CY 2019 coverage.

- f. In reviewing the historical HRA expenditures, Ray Masse noted that the actual HRA expenditures ran from 17-30% of the budgeted amount. Julie Lonergan also noted that the historical data needs to be interpreted understanding the level of Town employee manning - in FY 17 and FY18 there were several unfilled Town positions, which helps explain why health care expenditures were lower.
- g. Chair Dick brought up the fact that any changes to the approach to health insurance funding must be considered from the perspective of total employee compensation. Paul Dexter provided an anecdotal example of a nearby town that requires more contributions from the employees for health care costs, but pays salaries for similar jobs that are 40-50% higher than employee salaries in Sanbornton. He also pointed out that paying higher salaries also requires the Town to contribute more to the retirement fund (an additional 11-30%, depending on employee category) - so there are second order effects if the Town were to consider increasing pay to offset decreased contributions to employee health care costs.
- h. Chair Dick stated that the Committee needs to decide how to approach the various issues that are part of the Committee's charter. It was agreed that one of the outputs of the study needs to be an accurate, clear, and understandable explanation of the current benefits to help the residents of the Town understand how health care fits into the overall employee compensation package.
- i. The Members agreed to study the information provided by TA Ambrose, and develop questions and additional requests for information to be submitted to the Town for the next meeting.
- j. The Committee agreed that the next meeting would be held on Thursday, May 23 at 2 PM at the Town Office.

A motion was made by Ray Masse to adjourn the meeting, seconded by Paul Dexter. Motion passed unanimously.

Meeting adjourned at 3:36 pm.

Respectfully submitted,
Jim Dick