

VESTAL TOWN BOARD WORK SESSION MINUTES
TUESDAY, SEPTEMBER 8, 2015

In Attendance: Supervisor Schaffer, Board Members: Fitzgerald, Majewski, Agneshwar and Messina.

Also Attending: Comptroller Laura McKane, Insurance Consultant Doug Bulman, Town Clerk Emil Bielecki and 3 members of the general public.

The Work Session was convened by Supervisor Schaffer at 6:00 PM.

CONTINUING REVIEW OF THE 2016 TOWN BUDGET

Health Insurance Funding

Comptroller Laura McKane and Insurance Consultant Doug Bulman presented the Board with an outline of the proposed funding for the Town's health insurance program in 2016 and explained how the various components of the self-insurance program are calculated. The following items were highlighted in their presentation:

- The good news is that claims for 2015 are trending lower. Based upon these estimates, the calculated premium equivalent for health insurance in 2016 will be reduced by 1.8% to \$720.67 per month for single coverage and \$1,801.68 per month for family coverage.
- The bad news is that the cost for providing health insurance for retirees (the fully insured carved out Medicare pool) is rising by approximately 15%. Alternative solutions are being explored.
- The total budget amount being requested for health insurance is \$3,411,628.00. This is an increase of 5.8% from 2015. These costs will be apportioned across the benefit lines throughout the town-wide budget.
- The estimated total employee contributions for health insurance for 2016 are \$198,000.00.
- There are a number of new reporting requirements under the Affordable Care Act (ACA), which includes providing each employee with a form 1095-C by January 31, 2016. The information on these forms must be compiled into a database that can integrate with the insurance carrier data and with the payroll data.
- To gather the necessary data for the 1095-C forms as well as to provide additional productivity tools, a software solution called Workterra is being recommended, with Premier Consulting Associates, LLC assisting in the implementation.
- The summary of the cost of the proposed software solution is as follows: one time implementation of \$4,500 and a monthly fee of \$3.95 per employee per month which is roughly \$8,000 annually. The ongoing monthly fee is a relatively small share (.3%) of health care spending for this sector. When weighed against the potential penalties for non-compliance, this is a reasonable solution.
- The next major challenge in the health insurance area is the Cadillac Tax, which is slated to take effect in 2018. This tax (penalty) will be imposed on health insurance plans that exceed a certain cost level. The calculation of that level includes the value of the insurance premiums and the value of certain additional benefits offered by employers. The projections of our costs give us some cause for concern.

Councilwoman Agneshwar expressed concern about the cost of the proposed software solution for compliance with the ACA reporting requirements. Other vendors should be looked at. More importantly, we should see what other municipalities are doing. There is training available online on

VESTAL TOWN BOARD WORK SESSION MINUTES
TUESDAY, SEPTEMBER 8, 2015

how to populate the 1095-C forms. Comptroller McKane indicated that she would talk to the person referenced by Councilwoman Agneshwar and see what other municipalities are doing to comply with ACA reporting requirements.

Councilman Majewski asked if the Town has looked into the feasibility of adding a new category for health insurance that would fit between single coverage and full family coverage. Insurance Consultant Doug Bulman responded that we can look into creating a new tier but cautions that it would result in higher premiums for family coverage. In addition, a new tier could negatively impact the Town when the Cadillac Tax goes into effect in 2018.

Additional Discussion

Councilman Majewski asked about the sales tax outlook. Comptroller McKane replied that to her knowledge, there has been no change in the County sales tax distribution formula. However, based on current projections, she had dropped the sales tax estimate in the 2016 budget. We will be getting our next sales tax payment in October which should give us a better idea as to where we stand.

Supervisor Schaffer stated that his immediate priority in the budget review process is to complete the review of the Fire District budget. He also noted the need to look at technology to reduce labor costs and still be able to provided good services. He also mentioned that this is an election year and he is seeing some false information being disseminated. He suggests that everyone calm down and check the accuracy of what is being said.

Comptroller McKane stated that at the budget review session scheduled for Monday, September 14th, she will begin to provide the Board with a summary of the budget line adjustments made to the initial requests submitted by the departments.

Adjournment

On a motion of Councilman Majewski, seconded by Councilwoman Agneshwar, **the meeting was adjourned at 5:57 PM.** Carried unanimously.

Respectfully submitted,
Emil Bielecki, Town Clerk