

**Belmont Warrant Committee Meeting Minutes**  
**FINAL**  
**January 13, 2010, 7:30 p.m.**  
**Chenery Middle School Community Room**

Present: Chair Curtis; Members Allison, Becker, Bruschi, Callanan, Dash, Libenson, Lynch, Manjikian; BOS Chair Leclerc; School Committee Chair Rittenburg

Town Administrator Younger, Town Accountant Hagg

Members Absent: Epstein, Hofmann, McLaughlin, Millane, Paolillo, and Smith

The meeting was called to order at 7:32 pm by Chair Curtis.

Chair Curtis began by turning the floor over to Town Accountant Hagg to take the WC through the first agenda item.

***Discussion of and Report on Health Insurance Trust and Claims History***

Ms. Hagg began by explaining that Belmont now has 2.5 years of history from which to examine data on the health insurance trust and claims. There is a two month lag in payments which impacts how FY08 appears. This was the first year of the Trust – the previous premium plan picked up payments before July 1, 2007. Belmont pays a flat rate to Harvard Pilgrim every month. Payments are also made for stop-loss insurance and re-insurance funds. If at the end of a quarter, paid claims are less than expected, Belmont receives a reimbursement. If the claims are more than expected, Belmont makes another payment. The employee portion of payments goes to a separate trust fund, which also earns interest.

Although there was a \$2.7M balance overall in both Town and Employee trusts at the end of the first year, we estimated an IBNR (“incurred but not reported”) value on the balance sheet of \$1.2M, leaving a \$1.5M overall estimate of reserve for the end of this year. The current balance is \$3.7M. \$3.2M is town funds and \$546K are employee funds. Chair Curtis clarified that while it appears that the town has a \$3.7M cushion, the cushion is really \$1.7M because IBNR claims exist, and the town will need to pay those out.

There are three components to look at, Town Accountant Hagg continued: HMO, PPO, and enhanced Medicare. Looking over the almost three year historical perspective, the town has paid claims averaging about \$500K a month. There is an administrative fee which is a cost per policy. Chair Curtis asked about the contribution to this trust. The contribution comes from the town towards these expenses. Employee contributions come out of the trust, said Hagg. Member Allison asked if the “contribution-to-trust number” includes town and employee contributions? Hagg replied yes, it is based on the number of contributions.

Ms. Hagg stated that the PPO plan has had declining enrollment, but that those who submit a lot of claims tend to stay with their PPO. Member Allison noted that, at the end of this fiscal year, the trust balance will be significantly lower than it has been. Member Bruschi agreed and said that some years ago when the town was self insured, it went into the red. She noted that the WC will want to watch this very carefully so the town doesn't end up in the red again. We are OK right now, but the trend is changing at the moment. Chair Curtis offered that the town could raise the premium. We will need to track claims closely and not succumb to the temptation to keep the premium cost low. Hagg added that the Insurance Advisory Committee will meet soon to look at these numbers. The Insurance Advisory Committee will make a recommendation to the BOS and the BOS will make the final decision. Member Lynch requested that the WC receive updates from the Insurance Advisory Committee via the BOS.

Chair Curtis observed that perhaps the town could charge more for the PPO plan. The HMO plan is subsidizing the PPO plan, he said. Since the PPO plan is more costly, why not charge them what it costs? Ms. Hagg explained that the rates are blended, but that the PPO has higher rates, and members pay a 50% contribution.

Ms. Hagg explained that, although the overall numbers of Enhanced Medicare policies appear not to have risen over this three-year period, we have another Medicare-based policy that is premium based (First Seniority) outside of the Health Insurance Trust. There are 126 individual policies under that plan.

Chair Curtis noted that the town has built up an impressive reserve and that the premiums ought to cover the claims. The town should not deficit-spend health care, he stressed. Member Allison said she supports this and is concerned that the town maintains "reserves to guard against high claims."

Ms. Hagg concluded with a point about the IBNR which is that, if it isn't covered at year end, it is considered a liability and comes out of free cash.

### ***Subcommittee Assignments***

Chair Curtis handed out the WC subcommittee assignments. He reviewed new member assignments and noted that Member Paolillo has been moved back onto education. He suggested that a useful tool outlining not only what is expected from subcommittees but also how to format the subcommittee report would be Member Allison's forms. Member Allison said she will bring in those forms and the template and distribute to the WC. She added that it would be useful to break into groups to discuss how to organize subcommittee meetings, how to incorporate the information gleaned from the upcoming BOS department head meetings, and to discuss subcommittee direction, goals, etc. (Later in the WC meeting, Wednesday, January 27th was scheduled as the "Subcommittee Training Workshop" to allow time for training and for subcommittees to meet in this way.)

Chair Curtis said that subcommittees will need to elect a chair. He also advised subcommittees to understand the programs that each subcommittee is responsible for: what the programs are, what they cost, and how these programs interrelate with other things. Know fully, he said, all that gets impacted if a program is eliminated. Member Bruschi said a starting point would be for WC members to attend the upcoming BOS meetings, if possible. Member Liberson noted that, given the deficit, the town will have an override or departments will need to spend less. In the public safety world, actual programs could get cut, or programs could continue, but fewer resources will be allocated to those programs. Member Allison offered that there is an entirely different way to do this, by looking at the structural reform question and by means testing programs, services, and benefits. BOS Chair Leclerc said that this was the impetus for the earlier BOS/department head meeting. We want to stimulate innovation, he said, and learn the department heads' ideas on how to provide similar services with fewer resources. By the time the budget was received in prior years, it was too late to discuss innovation.

### ***Subcommittee/New Member Training***

Chair Curtis and the WC briefly discussed whether the new member training format should remain the same or differ. Wednesday evening, January 27<sup>th</sup>, 7:30 p.m., was the date selected for the Subcommittee Training Workshop, to be held in the BOS meeting room at Town Hall. [The WC will not meet next Wednesday, January 20<sup>th</sup>.]

### ***Discussion of Whether and How to Communicate Budget Issues/Choices to Voters and Town Meeting Members***

Chair Curtis said the Vision Committee is interested in getting budget issues communicated out to voters and Town Meeting members. The WC has not typically taken an active role in educating the voters. We have not typically held meetings to edify the community. The WC and subcommittee meetings take up a lot of time and we may not have capacity to take on the role of communicating budget issues to the community.

The WC discussed the possible role it could play, what outreach meetings might look like, what the goals of such meetings might be, and when to proceed with such meetings. Highlights from the conversation are as follows:

- Precinct meetings with the BOS, WC and SC chairs have been well attended and useful in the past.
- TM members need to be kept in the loop, especially with regard to the deficit. They need to receive information and have a forum in which to ask questions prior to the actual TM date.
- It should be determined whether these are input or update meetings. If input, it would be useful to hear from program recipients regarding what might get cut.

- We need to do a better job with the WC report and get it out on time, which would give TM members 2 or 3 weeks to read the report.
- A meeting could be held and it would last until each and every audience member questions is answered.
- February is too soon to hold such meetings.
- Plans need to be realistic about what can be done well as this is a committee of volunteers, most of whom have full time day jobs.
- Hold “theme meetings” (e.g., fire suppression). The department head could attend with the subcommittee to elicit a dialogue.
- There is a need also to look at town employees: salary/benefits/productivity. Benefits and wages are increasing. Productivity is an issue across the board.
- It would be helpful to identify community groups that can assist in this education outreach, e.g. The League of Woman Voters. Can we create uniform power points, uniform themes?
- TM members could be utilized to go out to the community. A more focused outreach would be more effective.
- TM members are not the only ones who go out and vote for/against overrides. Let’s reach out to residents in general.
- Utilize the Belmont Citizen more effectively to disseminate budget information.
- Utilize the internet to disseminate accurate information, perhaps via the Town of Belmont homepage. Have a link to budget information, a Q and A section, etc.
- Provide the WC report on-line as well and encourage questions and comments from readers thereby allowing residents who find it difficult to get to meetings to be heard.

### *Other*

Chair Curtis asked if it was the general sense of the WC that Treasurer Carman ought to get the best deal for Belmont with regard to the overall borrowing strategy for the Wellington Debt Exclusion. Ought his goal to be to borrow the least amount at the lowest cost? The WC agreed that he should lock in now at the lowest interest rates for the lowest cost to the town overall. Member Allison noted that long-term interest rates are unlikely to be as low as they are now for the foreseeable future.

Town Administrator Younger asked about Minuteman requesting funding for a feasibility study. BOS Chair Leclerc said that Minuteman is enticing its member towns to fund a feasibility study and that he was approached by Mr. Scali to consider funding a feasibility study. Member Bruschi advised Chair Leclerc to not hesitate getting in contact with the 15 other communities to address this request.

### *Minutes of 1/6/2010*

The minutes approval of January 6, 2010 was postponed.

Member Callanan moved to adjourn at 9:02 pm.

Submitted by Lisa Gibalerio  
WC Recording Secretary