

OPEB: A Pathway Forward

April 20, 2016

Considerations Based on Input & Feedback

- Develop a “Phased” Plan
- Mitigate Potential Impacts to Current Retirees
- Maintain a Quality Benefit Plan
- Establish a reasonable Funding Schedule utilizing any potential savings generated from OPEB Reform

Composition of Enrollees

MEDICARE PLANS (MEDEX/MBS)

- 65 + Years of Age
- 757 Current Enrollees
 - 432 Medex
 - 325 MBS

NON - MEDICARE PLANS (PPO/HMO)

- Under 65 Years of Age
- 212 Current Enrollees
 - 59 PPO
 - 153 HMO

- Includes 64 Retirees 65 years of age or above

Components of the Plan – Medicare Plans

MEDICARE PLANS (MEDEX/MBS)

- 65 + Years of Age
- 757 Current Enrollees
 - 432 Medex
 - 325 MBS

- Merge Medicare Retirees to a single plan (Medex) that provides improved Benefits
 - Town to Continue to Contribute 65% to the cost of providing the benefit throughout the duration of the plan
 - **Impact: 57% (432) of current Medex Plan Enrollees will not be impacted by the change and be held "harmless"**
 - **Impact: 43% (325) of current MBS Plan Enrollees will realize an annual increase of \$809 in exchange for an improved benefit**

Components of the Plan – PPO/HMO Plans

NON - MEDICARE PLANS (PPO/HMO)

- Under 65 Years of Age
- 212 Current Enrollees
 - 59 PPO
 - 153 HMO

- Includes 64 Retirees 65 years of age or above

- Reduce the Town's Contribution to Non-Medicare Retirees' Plans over a 4 Year Phase In Period as follows:
 - Year 1 (FY 2017) – 65%
 - Year 2 (FY 2018) – 60%
 - Year 3 (FY 2019) – 55%
 - Year 4 (FY 2020) – 50.01%
 - **Impact: All PPO Enrollees (28%) will not be impacted by the change in Year 1**

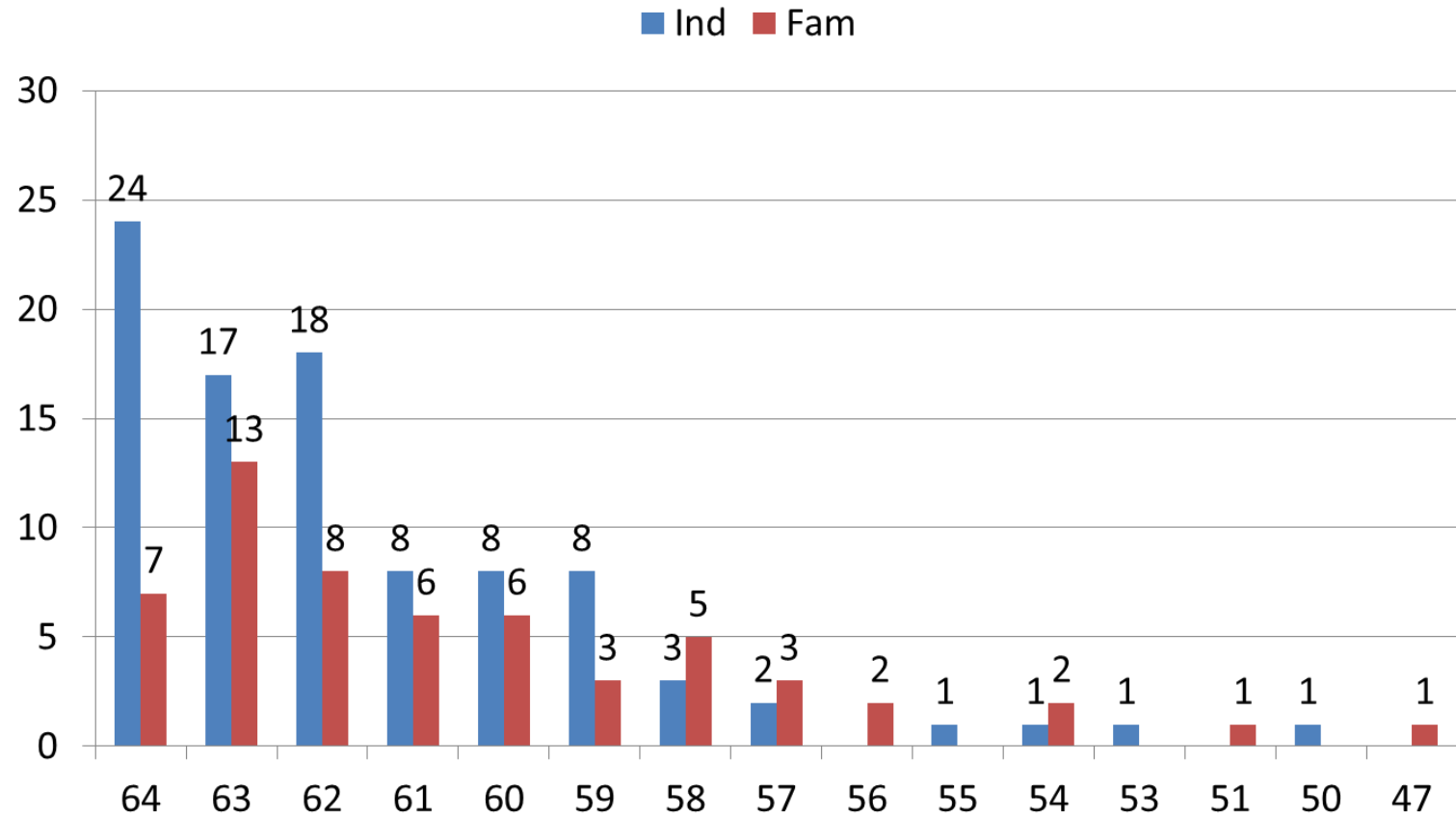
Impacts – Years 1 & 2

Plan Type	Total Enrolled	Annual Premiums	Town's Share Premiums	Town Annual Cost Aggregate	Retiree Annual Cost Per Retiree	Retiree Annual Increase \$	Retiree Weekly Increase \$
Year 1							
MEDICARE PLANS			65.0%				
Medex2 (6 Months)	432	\$3,879	65.0%	\$544,678.99	\$1,358	\$0.00	0
Medex2 (6 Months)	757	\$3,879	65.0%	\$954,449.07	\$1,358	\$0.00	0
Managed Blue for Seniors (6 Months)	325	\$3,802	65.0%	\$401,620.05	\$1,331	\$809.89	\$15.57
NON-MEDICARE PLANS							
Blue Care Elect Family	22	\$24,991	65.0%	\$357,367	\$8,747	\$0.00	\$0.00
Blue Care Elect Individual	37	\$9,325	65.0%	\$224,262	\$3,264	\$0.00	\$0.00
Network Blue Family	56	\$20,009	65.0%	\$728,338	\$7,003	\$2,381.10	\$45.79
Network Blue Individual	97	\$7,422	65.0%	\$467,980	\$2,598	\$1,195.00	\$22.98
Retirees (OPEB) Total	969			\$3,678,695			
				Amount to be Redirected to OPEB Trust Fund		\$504,322	
Year 2							
MEDICARE PLANS			60.0%				
Medex2	757	\$3,879	65.0%	\$1,908,898	\$1,358	\$0.00	\$0.00
Managed Blue for Seniors	0	\$3,802	65.0%	\$0	\$1,331	\$809.89	\$15.57
NON-MEDICARE PLANS							
Blue Care Elect Family	22	\$24,991	60.0%	\$329,878	\$9,996	\$1,249.54	\$24.03
Blue Care Elect Individual	37	\$9,325	60.0%	\$207,011	\$3,730	\$466.24	\$8.97
Network Blue Family	56	\$20,009	60.0%	\$672,312	\$8,004	\$3,381.57	\$65.03
Network Blue Individual	97	\$7,422	60.0%	\$431,981	\$2,969	\$1,566.12	\$30.12
Retirees (OPEB) Total	969			\$3,550,080			
				Amount to be Redirected to OPEB Trust Fund		\$632,938	

Impacts – Years 3 & 4

	Plan Type	Total Enrolled	Annual Premiums	Town's Share Premiums	Town Annual Cost Aggregate	Retiree Annual Cost Per Retiree	Retiree Annual Increase \$	Retiree Weekly Increase \$
Year 3								
MEDICARE PLANS				55.0%				
	Medex2	757	\$3,879	65.0%	\$1,908,898	\$1,358	\$0.00	\$0
	Managed Blue for Seniors	0	\$3,802	65.0%	\$0	\$1,331	\$809.89	\$15.57
NON-MEDICARE PLANS								
	Blue Care Elect Family	22	\$24,991	55.0%	\$302,388	\$11,246	\$2,499.07	\$48.06
	Blue Care Elect Individual	37	\$9,325	55.0%	\$189,760	\$4,196	\$932.48	\$17.93
	Network Blue Family	56	\$20,009	55.0%	\$616,286	\$9,004	\$4,382.03	\$84.27
	Network Blue Individual	97	\$7,422	55.0%	\$395,983	\$3,340	\$1,937.24	\$37.25
Retirees (OPEB) Total		969			\$3,413,315			
Amount to be Redirected to OPEB Trust Fund						\$769,703		
Year 4								
MEDICARE PLANS				50.01%				
	Medex2	757	\$3,879	65.0%	\$1,908,898	\$1,358	\$0.00	0
	Managed Blue for Seniors	0	\$3,802	65.0%	\$0	\$1,331	\$809.89	\$15.57
NON-MEDICARE PLANS								
	Blue Care Elect Family	22	\$24,991	50.01%	\$274,953	\$12,493	\$3,746.11	\$72.04
	Blue Care Elect Individual	37	\$9,325	50.01%	\$172,544	\$4,661	\$1,397.79	\$26.88
	Network Blue Family	56	\$20,009	50.01%	\$560,372	\$10,003	\$5,380.50	\$103.47
	Network Blue Individual	97	\$7,422	50.01%	\$360,056	\$3,710	\$2,307.61	\$44.38
Retirees (OPEB) Total		969			\$3,276,823			
Amount to be Redirected to OPEB Trust Fund						\$906,194		

Migration to Medicare Eligibility (65%)



Current Age of Retirees Enrolled in Non-Medicare Plans

- 68% or 101 Current Non-Medicare Retirees will migrate to Medicare Plans over the next 4 Years (Town to Contribute 65%)

Next Steps

- BoS to discuss and consider voting to:
 - Implement Plan
 - Increase OPEB Funding by appropriating any potential savings
- Future Considerations
 - Collective Bargaining Strategy
 - Discussions with PEC