

FUND 610: HEALTH INSURANCE TRUST (OPEB)

The Town makes post-employment health care benefits available to retirees and funds a portion of the retiree health insurance benefits. In FY2007, the Town established a Health Insurance Trust for the funding of these benefits. The trust was established with an initial deposit of \$16,000,000 transferred from the reserves from the Health Insurance Fund. The Town's Investment Advisory Committee oversees the investment of the assets of this trust.

An actuarial valuation of the retiree health plan was conducted as of October 1, 2022. The Town's Actuarial Accrued Liability as of October 1, 2022 was determined to be \$31,068,482 using a 5.0% discount rate and return on assets and resulting in a funded ratio of 126.3%. The annual budgeted contribution for FY24 is \$789,128.

The Town provides to the retirees self-insured medical and prescription plan(s) and dental plan administered by Cigna.

SUMMARY OF PLAN PROVISIONS

Eligibility

Employees must separate employment with the Town and be eligible to retire under the Town's retirement system. If a retiree does not choose the Town's plan at time of eligibility or drops coverage at any time, they are not eligible to rejoin the Town's plan.

Plan Design

Eligible retirees can choose from one of two Cigna plans: Open Access Plus – Seabreeze or Open Access Plus In-Network – Seaview Plan. A summary of the significant plan provisions for the plan year that begins on January 1, 2023 are provided below:

Cigna Open Access Plus – Seabreeze Plan

	In-Network	Out-of-Network
Deductible	\$500 Ind/\$1,500 Family	\$1,000 Ind/\$3,000 Family
Coinsurance	10%	30%
Out of Pocket Maximum	\$1,500 Ind/\$4,500 Family	\$3,000 Ind/\$9,000 Family
Office Visit Copay	\$25	Ded+30%
Prescription Drugs	\$100 Ded for Non-generic drugs	
Retail Copayment	Generic-\$10, Preferred-\$30, Non-Preferred-50% of Cost	
Mail Order Copayment	Generic-\$20, Preferred-\$60, Non-Preferred-50% of Cost	
Lifetime Maximum	Unlimited	

Cigna Open Access Plus In-Network* – Seaview Plan

	In-Network	*Out-of-Network
Deductible		N/A
Coinsurance		N/A
Out of Pocket Maximum		\$1,500 Individual, \$3,000 Family
Office Visit Copay		\$20
Inpatient Copay		\$500 per admission
Emergency Room Copay		\$115
Prescription Drugs		\$100 Ded for Non-generic drugs
Retail Copayment		Generic-\$10, Preferred-\$30, Non-Preferred-50% of Cost
Mail Order Copayment		Generic-\$20, Preferred-\$60, Non-Preferred-50% of Cost
Lifetime Maximum		Unlimited

*Out of network services are not covered under the Seaview plan

Discount Rate

The actuarial analysis assumes a 5.0% annual discount rate.

Required Monthly Contributions

Contribution amounts are determined by the medical plan chosen, the years of employment service, and the amount of pension earned according to the retiree sliding scale for insurance premiums. Contributions are required to both retiree and dependent coverage. The premium cost sharing between retirees and the Town ranges from 50% to the maximum charge allowable per state statute for the non-Medicare group.

FUND 610: HEALTH INSURANCE TRUST (OPEB)
Revenue and Expense Summary

	FY2021 Actual	FY2022 Actual	FY2023 Budget	FY2023 Projected	FY2024 Budget	% Change
Revenues						
Town Funding	429,858	334,215	331,217	331,217	789,128	138.25%
Retiree Funding	1,205,551	1,122,731	1,200,000	1,056,800	1,107,500	(7.71%)
Miscellaneous Revenue	777,022	302,871	-	110,000	-	-%
Investment Income	5,746,196	(5,188,295)	1,900,000	3,771,000	1,900,000	-%
TOTALS	8,158,627	(3,428,479)	3,431,217	5,269,017	3,796,628	10.65%
Expenses						
Salaries and Wages	63,648	58,468	94,580	80,000	90,219	(4.61%)
Employee Benefits	2,410,897	2,336,969	2,532,891	2,600,006	2,348,459	(7.28%)
Contractual	76,599	97,736	93,763	116,169	92,687	(1.15%)
Commodities	4,896	1,571	1,404	1,754	2,581	83.80%
TOTALS	2,556,040	2,494,743	2,722,638	2,797,929	2,533,946	(6.93%)
Total Revenues Over/(Under) Expenses	5,602,587	(5,923,222)	708,579	2,471,088	1,262,682	
Beginning Net Assets	34,728,236	40,330,823	34,407,601	34,407,601	36,878,689	
ENDING NET ASSETS	40,330,823	34,407,601	35,116,180	36,878,689	38,141,372	

REVENUES

Town Funding

Town's portion of retiree health care expenses; plan funding requirements are determined by experience and actuarial analysis conducted by the Gehring Group

Retiree Funding

The FY24 projected budget for Retiree Funding is based on trending and actual contributions for FY23

Gain/(Loss) On Investments

Gain/Loss on investments represents revenue earned or investment losses on the investments in the trust

EXPENSES

Salaries And Wages

The salary budget is derived from the payroll data for the Full Time Equivalent Employees (FTE) listed in the table below. The FY24 budget includes pay for performance increases and the proposed increase in the ranges.

Employee Benefits

The employee benefit costs include FICA, health insurance, retirement costs, any paid incentives and allowances, and the performance bonus. The health insurance and retirement costs are based on an allocation of the total Town costs by FTE per program.

Contractual

Includes professional and other contracted services.

Commodities

Commodities include office supplies and training expenses associated with professional development. The increase is attributed to additional funding needed to cover the cost of printer cartridges needed for a new printer purchased to replace the Risk/HR copier.

Full Time Equivalent Employees	FY2020	FY2021	FY2022	FY2023	FY2024
Director of Finance	0.050	0.050	0.050	0.050	0.000
Director Of People & Culture	0.000	0.000	0.000	0.000	0.100
People & Culture Division Director	0.000	0.000	0.100	0.150	0.000
People & Culture Manager	0.000	0.000	0.000	0.050	0.050
Talent Development Officer	0.000	0.000	0.000	0.000	0.050
People & Culture Generalist	0.000	0.000	0.050	0.300	0.300
People & Culture Coordinator	0.330	0.330	0.050	0.050	0.350
Administrative Assistant	0.000	0.200	0.050	0.050	0.050
Assistant Director of Human Resources	0.200	0.200	0.000	0.000	0.000
Director of Human Resources	0.100	0.100	0.000	0.000	0.000
Human Resource Specialist (Part Time)	0.050	0.000	0.000	0.000	0.000
People and Culture Analyst	0.100	0.100	0.250	0.050	0.000
People and Culture Specialist	0.000	0.000	0.000	0.300	0.000
	0.830	0.980	0.550	1.000	0.900