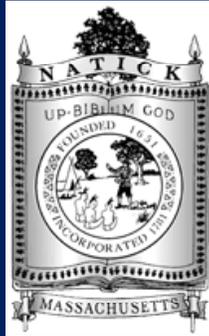


Town of Natick



Benefits Budget Presentation

March 5, 2013



Town of Natick

FY 2014 Preliminary Budget – Benefits

Summary

- Benefits Budget – What is included?
- Health Care
 - Active Plans
 - Retiree Plans
 - Misc. Notes
- Other Changes within the Benefits Budget



Town of Natick

FY 2014 Preliminary Budget – Benefits

Benefits Budget – What is included?

- Includes Health Care for All Active Employees and Retirees
- Also Includes Unemployment Insurance Costs, Workers Compensation (both for Public Safety (111F) and Town Employees), LIUNA Pension Contributions, Retirement Buy-Outs and funding of the Performance Pay-Plan

Town Administrator's FY 2014 Budget Presentation

Town of Natick

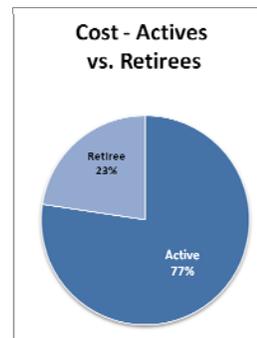


Town of Natick

FY 2014 Preliminary Budget – Benefits

Health Care

- Total Appropriation request - \$13,091,526
- Includes funding for the Town's Contribution for 793 Active and 729 Retired Employees.
- The Town is obligated to provide benefits under law for employees working more than 20 hours per week.



Town Administrator's FY 2014 Budget Presentation

Town of Natick

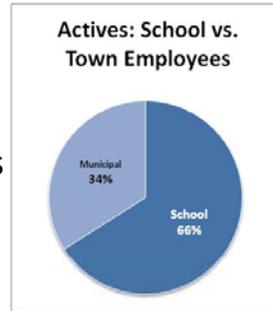


Town of Natick

FY 2014 Preliminary Budget – Benefits

Active Plans

- Total Costs for FY 2014 - \$9,934,959
- Includes funding for 324 Individual and 469 Family Plans (Currently Enrolled) as well as 20 additional plans (10 Individual and 10 Family)
- Also includes:
 - Benefits for 26.5 new hires
 - Three-tiered Safety Net for employees



Town Administrator's FY 2014 Budget Presentation

Town of Natick



Town of Natick

FY 2014 Preliminary Budget – Benefits

Retiree Plans

- Total Costs for FY 2014 - \$3,019,593
- Includes funding for 678 Individual and 51 Family Plans
- Retiree Health Care Plans are divided into two groups –
 - Retirees on Active Plans (those under age 65 and thus ineligible to take a Medicare Plan) There are a total of 154 of those as of 2/2013
 - Retirees on Medicare Plans (or Retiree Plans) There are a total of 575 on those plans as of 2/2013

Town Administrator's FY 2014 Budget Presentation

Town of Natick



Town of Natick

FY 2014 Preliminary Budget – Benefits

Key Notes on Health Care for FY 2014

- Rate Saver Plans increasing 4% over FY 2013
- Maintains but reduces Safety Nets for Active employees from FY 2011, 2012 & 2013
- Changes Town Contribution percentages for most all employees:
 - From 90% to 82.5% for Individual
 - From 80% to 77.5% for Family
 - PPO and varied for Retiree (Medicare) plans remain the same
- All new positions proposed included within Benefits Budget

Town Administrator's FY 2013 Budget Presentation

Town of Natick



Town of Natick

FY 2014 Preliminary Budget – Benefits

Key Notes on Other Areas on Benefits

- Unemployment, FICA/Medicare contribution increasing
- Worker's Compensation is dropping for the Town Employees, increasing for Public Safety
- LIUNA contribution increasing due to rising costs of the supplemental pensions.
- Retirement Buy-Outs decreasing as a result of eliminating/reducing sick-leave buy-back provisions in settled contracts
- Performance Pay-Plan funded for FY 2013
- Long-term Disability funded for Non-union employees

Town Administrator's FY 2014 Budget Presentation

Town of Natick



Town of Natick

FY 2014 Preliminary Budget – Benefits

Department: Employee Fringe

Appropriation Summary

	2011 Actual	2012 Actual	2013 Appropriated	2014 Preliminary	2013 vs. 2014	
					\$	%
Other Personnel Services						
Worker's Compensation	456,741	444,314	530,000	505,000	-25,000	-4.72%
Unemployment	187,467	201,375	215,000	240,000	25,000	11.63%
FICA (All)	727,919	824,854	750,500	850,000	99,500	13.26%
Drug & Alcohol testing	4,199	2,900	4,500	5,000	500	11.11%
Medical Insurance (s)	12,425,155	12,149,914	12,947,459	13,079,396	131,937	1.02%
Public Safety Medical (111F)	116,927	182,770	200,000	217,500	17,500	8.75%
LIUNA	177,279	178,444	187,550	196,548	8,998	4.80%
Benefits Reserve	0	17,024	50,000	50,000	0	0.00%
Long-Term Disability	0	0	0	18,000	18,000	100.00%
Retirement Buy-Out Program	97,294	125,031	200,000	165,000	-35,000	-17.50%
Total Other Personnel Services	14,192,982	14,126,627	15,085,009	15,326,444	241,435	1.60%
Merit/Performance Raises*	18,750	31,750	24,007	150,000	125,993	524.82%
Total Performance Plan	18,750	31,750	24,007	150,000	125,993	524.82%
Total Employee Fringe	14,211,732	14,158,377	15,109,016	15,476,444	367,428	2.43%

Town Administrator's FY 2014 Budget Presentation

Town of Natick



Town of Natick

FY 2014 Preliminary Budget – Benefits

Employee Health Benefits Summary

	FY 2012	FY 2013	FY 2014 2-Jan	FY 2014 25-Feb
Active				
- Traditional HMO's	\$ 65,292	\$ 16,551	\$ -	\$ -
- Rate Saver HMO's	\$ 8,922,313	\$ 8,713,223	\$ 9,355,348	\$ 9,061,755
Tier #1 Safety Net	\$ 101,317	\$ 123,000	\$ 123,000	\$ 60,000
Tier #2 Safety Net	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Tier #3 Safety Net	\$ 250,000	\$ 150,000	\$ 250,000	\$ 150,000
Sentinel Benefits Administration Fee	\$ 39,960	\$ 41,094	\$ 42,390	\$ 42,822
Reserves: Individual Plan Adds (Mid-Year)		\$ 63,288	\$ 60,876	\$ 58,405
Reserves: Family Plan Adds (Mid-Year)		\$ 146,784	\$ 158,527	\$ 152,640
New Position Adds (Town: 5.5 / School: 20)		\$ 213,016	\$ 433,534	\$ 309,337
Retiree				
- Retiree Health Plans	\$ 3,355,789	\$ 3,162,242	\$ 3,075,747	\$ 3,019,593
Life Insurance (\$4.25/mo. x Total Benefited Employees)	\$ 39,882	\$ 38,862	\$ 40,035	\$ 40,443
Flu Shots	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Occupational Health Nurse	\$ -	\$ 20,000	\$ 20,000	\$ 20,000
Sentinel Benefits (\$65/MO)	\$ 780	\$ 780	\$ 780	\$ 780
Cook & Co - Consultants (\$1,500/QTR)	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Medicare Penalty Re: Section 18 (FY 2012 - \$2,700/mo. Vs. FY 2013 - \$2,510/MO)	\$ 32,400	\$ 30,120	\$ 30,120	\$ 30,120
All other Miscellaneous Items: (Wellness Programming, Luncheon Seminars, Health Fair, etc.)	\$ 10,000	\$ 15,000	\$ 20,000	\$ 20,000
Total Employee Health Benefits	\$ 12,931,233	\$ 12,847,459	\$ 13,723,858	\$ 13,079,396

Town Administrator's FY 2014 Budget Presentation

Town of Natick