

## **MANCHESTER BOARD OF EDUCATION**

### **BUDGET WORKSHOP**

**Wednesday, January 25, 2017**

6:00 p.m.

Manchester High School – Room 293

**PRESENT:** Caldwell, Conyers, Hagenow, Jacobsen, Pattacini,  
Scappaticci, Thames

**ALSO PRESENT:** Superintendent of Schools Geary, Deputy Superintendent &  
Special Services Radikas, Director of Finance & Management  
Clancy

**ABSENT:** Leon, Stefanovicz

#### **A. CALL TO ORDER**

The meeting was called to order at 6:04 p.m. by Deb Hagenow, co-chair of the Personnel & Finance Committee.

#### **B. PLEDGE OF ALLEGIANCE**

All in attendance participated in the Pledge of Allegiance to the Flag, led by Ms. Hagenow.

#### **C. OPENING REMARKS**

**Ms. Hagenow** noted that Mr. Leon, co-chair of the Committee, was unable to attend this evening.

#### **D. SUPERINTENDENT'S BUDGET PRESENTATION**

**Mr. Geary** had previously presented his recommended budget of \$114,110,227, which represents a 2.9% increase over the current year's budget of \$110,897,460.

Mr. Geary introduced Steve May, who is a consultant from the town regarding our health insurance. Mr. May, who is a benefits consultant from Milliman, noted that the health insurance budget rose \$1.2 million this year, which is a 7.4% increase. Mr. May reviewed that the town and Board of Education are self-insured, which mean that we act as the insurance company and pay an administration fee to Cigna, however we pay the actual claims. We pay CIGNA about \$736,000 to administer the program out of an approximate \$36,000,000 budget for insurance. Mr. May explained that a fully insured plan would mean that CIGNA gets all the premiums and if the payout of claims is less they keep the profit, and if the payout of claims is more then they cover the deficit. The

cost of a fully insured plan is about 5-7% more than being self insured.

Mr. May noted that this year we purchased stop loss coverage which covers any claim over \$500,000. That means that if an employee has a catastrophic illness, the first \$500,000 of the claim is paid by us as usual, but any portion of the cost over \$500,000 is paid by the stop loss insurance. This is the first year we have had this type of plan.

**Mr. Pattacini** noted that the cost for CIGNA to administer the plan went up about 5-7% and he wondered how frequently we go out to bid on that we bid about every 3 years.

Mr. Pattacini wondered what flexibility the Board has in lowering insurance costs and managing costs. Mr. May noted that we are running on trend with where we are expected to be for costs. He explained that the approximate \$36,000,000 is placed in an account from which all claims are paid. Mr. Pattacini wondered if moving to a high deductible plan would help manage costs. Mr. May noted that often that does help manage costs because employees often are more thoughtful about using providers when they have a larger stake in the claim.

Mr. Pattacini wondered how many of our employees are on the high deductible plan. Mr. May was unsure of the figures and will get back to the Board on that. He did note that the trend is for more and more people moving to the high deductible plans.

**Ms. Jacobsen** wondered how much the average employee pays for this type of plan. Mr. May noted that it varies by union, but between 13-20%. The high deductible plan means less premium cost than the traditional insurance.

**Mr. Thames** asked about trends. Mr. May noted that we have been running better than trend for a while and Manchester is used as an example of how to be self-insured to other municipalities. Mr. May reviewed that the margins (profit) from prior years are kept in the TOMIF (Town of Manchester Insurance Fund) account to be used only for health benefits and are used if claims exceed current premiums.

**Ms. Hagenow** was confused about where the money is coming from. Mr. May explained that all premiums are deposited in the TOMIF account and all claims are paid through that account.

Ms. Hagenow asked if generic drugs are cheaper than name brand. Mr. May explained the different tiers of drug costs. Ms. Hagenow asked if we have any incentives to stay healthy. Mr. May pointed out some wellness programs we offer.

**Mr. Pattacini** asked about the reason our costs have gone up more than the

Town's costs. Mr. May noted the Board has more employees. He also pointed out that CIGNA sets the rates.

Mr. Pattacini asked about the balance in the TOMIF account. Mr. May was unsure how much money was in there, however claims from June and July that often do not come in until the next fiscal year have to be paid from that account.

Mr. May reviewed that in the high deductible plan the Town or Board of Education contributes 50% of the deductible to an account and the employee may add to the account or pay out of pocket. The current deductible is \$2,000 per single and \$4,000 per family.

**Mr. Geary** noted that administrators and teachers are only offered this high deductible plan at this time. He also pointed out we cannot underfund insurance.

**Ms. Jacobsen** asked for clarification on how the high deductible plan works. Mr. May noted that the Board gives the employee, in an account, \$1-2,000. The employee can also contribute to the account, but does not have to. The provider bills for services through CIGNA and the employee receives an explanation of benefits and a bill. They can pay that bill through the account or by check. If there is money left in their account at the end of the fiscal year it rolls over to the next year. This is not a flexible spending account that has to be used up by the end of the year. Mr. May noted that the reason this plan costs the employee about 20% less in premiums is because we are shifting costs to the employee and they become more efficient at using benefits. The HSA account travels with the employee, so if they change jobs they can bring their account with them.

Mr. May's charts are available for viewing on the website.

**Mr. Geary** reviewed the substitute budget increase. He noted that we have begun using Delta-T to assist in filling sub spots for paras and occasionally teachers, in addition to Kelly Educational. He provided an electronic chart of staff in all buildings.

**Mr. Thames** wondered why we do not solicit our own subs. Mr. Geary noted the Board had done that many years ago and our fill rate was much lower.

**Mr. Pattacini** noted the town had asked if we are adequately funded in special education, field trips and adaptive furniture. He wondered if there are any areas of growth that are giving Mr. Geary cause for concern. Mr. Geary noted that with this tight budget there is no flexibility at all. He reviewed that special education costs are unpredictable, as are the Alliance Fund and magnet school tuitions. Mr. Geary noted that as our needs become greater, the need for more professional training and professional development increases.

**E. PUBLIC COMMENTS**

None.

**F. CLOSING COMMENTS**

**Ms. Hagenow** thanked Mr. May for his presentation.

**Mr. Geary** noted he will get Mr. Mays responses to the questions left unanswered tonight. The next budget workshop is next Wednesday, February 1, 2017.

**G. ADJOURNMENT**

**The meeting was adjourned at 7:44 p.m.**

Respectfully submitted,

Jason Scappaticci  
Board Secretary