

**TOWN OF CARVER  
BOARD OF SELECTMEN SUBCOMMITTEE  
OPEB (Other Post-Employment Benefits) STUDY COMMITTEE**

**MEETING MINUTES - Tuesday September 30, 2014**

*(Approved by a vote of 3-0-1 on December 9, 2014 – submitted by Stephen Pratt, Chairman on February 4, 2015)*

Meeting opened September 30, 2014 at 6:12pm and adjourned at 8:05pm

Members: Stephen Pratt, Paul Johnson and Paula Nute present (Joseph Patten and Bruce Kaiser absent)

Public or public official: Michael Milanoski present

**Discussion and possible action to be taken on the following items:**

1. Vote to accept as written Minutes of June 24, 2014 meeting (Paul moved and Paula seconded-approved 3-0)
2. Vote to accept as written Minutes of July 22, 2014 meeting (Paul moved and Paula seconded-approved 3-0)
3. Vote to accept as written Minutes of August 19, 2014 meeting (Paul moved and Paula seconded-approved 3-0)

Primary discussion was pertaining to the upcoming joint meeting with the FinCom on October 6<sup>th</sup> and the presentation of the independent Municipal Health Insurance Review analysis by Longfellow Benefits.

Highlights of past 10 years Gateway Health Group included:

- “Cost avoidance” for the Town versus Plymouth County Health Plan (now Mayflower Municipal Health Group-MMHG):
- Switch from Medex II to Medex III will reduce future costs for town and retirees over 65 years old
- Michael offered that current municipal contributions and Health Plans offered through GHG are negotiable and there is no obligation offering Retiree Healthcare (or contribution rates the same as active participants) as retirees are not represented by a union.
- No record Carver accepted provisions of 32B – did it enact the 5%
- Established OPEB Trust funding (FY2015)

Michael indicated current Pay-As-You-Go (PAYG) will cost more money in future budget years as the cost curve increases and may need overrides or debt exclusions. We need to educate “simplicity” or reallocate funds keeping in mind fairness and equity. Nuclear option is to not fund retiree healthcare costs.

Paul felt PAYG and Proposition 2 ½ provisions will lead to service cuts instead of a solution.

In discussion for the BOS initial presentation (October 7<sup>th</sup>) Steve wanted to point out DIRECT OPEB (and Pension) Unfunded Actuarial Accrued Liabilities (UAAL) is a Carver taxpayer financial obligations to the Town of Carver and INDIRECT OPEB (and Pension) UAAL is Carver taxpayer financial obligations to the State, County or other governmental units which Carver affiliates with or receive “on behalf” intra-governmental transfers.

Michael indicated Health Insurance and OPEB is priority one (“laser-focus”\_ for presentation and limit to 15 minutes on order to promote education for residents. It will need to be later for discussions concerning

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pensions and W-2 wages. He concluded “there is no option to do nothing” as we must control future expenditures.

Paul suggested inclusion of quotes/references to articles such as the Mass Taxpayers Foundation (22Sep2014 - [http://www.masstaxpayers.org/sites/masstaxpayers.org/files/Retiree%20Health%20Care%20Costs%20Strain%20Budgets%20in%20State's%20Poorest%20Cities\\_Sept%202014.pdf](http://www.masstaxpayers.org/sites/masstaxpayers.org/files/Retiree%20Health%20Care%20Costs%20Strain%20Budgets%20in%20State's%20Poorest%20Cities_Sept%202014.pdf))

Or the predecessor MTF article from 10October 2013 - <http://www.masstaxpayers.org/sites/masstaxpayers.org/files/Crippling%20Unfunded%20State%20and%20Municipal%20Retiree%20Liabilities%20in%20Massachusetts.pdf>

Back to the BOS presentation (attached), Michael asked for 10 slides. We need a global message to explain the conclusion is a \$9900 Single Family Home Unfunded Liability or future budget cuts. Actual eligibility is the primary issue included in the Bill H.59 “**An Act providing retiree healthcare benefits reform**” - <https://malegislature.gov/Bills/188/House/H59> (Last action reporting date extended to Thursday, July 31, 2014 – never came out of committee to be addressed by full House or Senate during this legislative session)

Legislation submitted by the Governor with recommended changes in providing retiree healthcare benefits reform [Public Service] on February 12, 2013 based upon the OPEB Commission Final Report (January 2013) - <http://www.mass.gov/anf/docs/anf/opeb-commission/opeb-commission-final-report.pdf>

- a. Bill Text - <http://www.mass.gov/legis/journal/desktop/2013/H59.pdf>
- b. Summary of the proposed changes for contributions to future retiree health care benefits provided by both the State and municipalities:
  - i. Increasing the minimum years of service requirement from 10 to 20 years
  - ii. Increasing the minimum age for eligibility to 60 (for Group 1), 55 (for Group 2) and 50 (for Group 4)
  - iii. Prorating benefits on a scale from 50% premium contribution after 20 years to the maximum current retiree benefit (80% of premium for State retirees) at 30 years
  - iv. Exempting current retirees and certain employees who are nearing retirement age from the reforms
  - v. Exempting future ordinary disability retirees from the reform until the 2014 Affordable Care Act exchange is available. At that time, ordinary disability retirees shall receive a 50% premium contribution for 10 to 20 years of service. Beyond 20 years, prorating will apply.
  - vi. Providing future surviving spouses with a minimum 50% employer premium contribution

Next meeting is suggested is October 28<sup>th</sup>. Steve will send invites and make arrangements for a room at Town Hall.

Motion to adjourn meeting at 8:05pm by Paul and seconded by Paula (3-0 to adjourn)