

**MINUTES
FINANCE COMMITTEE
TOWN HALL
344 MAIN STREET
GREAT BARRINGTON MA 01230
OCTOBER 27, 2015
6:30 PM**

The chair called the meeting to order at 6:32. Present: chair Michael Wise and members Walter Atwood and Will Curletti. Also participating in the meeting were town manager Jennifer Tabakin, financial coordinator Lauren Sartori and assessor Chris Lamarre.

Minutes of the meeting of September 22, 2015 were approved, without objection.

COMMITTEE BUSINESS: The chair reported that seats on the Regional Agreement Amendment Committee of the Berkshire Hills Regional School District have been designated for members of the towns' finance committees, and he volunteered to take that position. After discussion, Michael Wise was appointed to be this committee's member, without objection. The Committee photo for the town website was postponed until the November 2 joint meeting, because of absences.

REPORTS & STATEMENTS: The town manager reported that the town treasurer, Sandy Larkin, is retiring. The opening will be posted as soon as possible. An operations manual is being prepared, which will help a newcomer to the post.

HEALTH CARE AND INSURANCE:

The financial coordinator reported about the town's participation in the Berkshire Health Group ("BHG"). (The outline of the presentation, which was based on information from the BHG website, is attached to these minutes.) BHG is a joint purchasing group, which is one of the three ways the town could provide health care coverage under Massachusetts General Laws Chapter 32B. Great Barrington has been a member of BHG since 1991. BHG has 12 principal participants, which include the county's regional school districts, each of which has a vote in BHG management, and about 20 smaller ones, which together have one vote.

BHG's goals are affordability and spreading risk. Rates are determined annually, in January or February. The rate decision is dominated by BHG's bigger members. Most of BHG's income is fees paid by its members. There is also some income from investments. Claims account for 94 percent of BHG's expenses. Through BHG, town employees have access to the provider networks of Blue Cross-Blue Shield ("BC-BS"), which administers claims processing. BHG is managed by a consulting firm, Group Benefits Strategies ("GBS"), which, among other things, audits the claims handled by BC-BS. GBS's annual fee is incorporated into BHG rates. GBS is advising BHG about issues such as compliance with the Affordable Care Act. In the last fiscal year, BHG paid claims of \$39 million and incurred other expenses of \$4.1 million, including \$1.9 million paid to BC-BS and \$280,000 paid to GBS.

BHG's investment portfolio of about \$7 million is managed by Olson & Beck, whose fee for this service is a few thousand dollars per year. In the most recent fiscal year, the portfolio returned about eight percent on equity holdings and about two percent on income holdings. BHG's policy is to retain reserves of 15 percent of total assets. BHG's decision a few years ago to draw on the reserves to limit a rate increase was consistent with this policy.

Members of BHG provide coverage for employee and retiree care at different levels, depending on their union agreements. In Great Barrington, most employees are in the BC-BS "ValuePlus"

plan. BHG provides some direct services, such as a wellness coordinator. (Vivian Orłowski, in the audience, suggested that the town use its leverage to expand BHS's wellness work). Great Barrington's share of BHG expenses in the last fiscal year amounted to about \$900,000 for claims, \$50,000 for administration to BC-BS, \$19,000 for the premium for stop-loss insurance to cover unusually large claims (Great Barrington has been responsible for two of BHG's five large stop-loss claims recently), and \$6700 for management to GBS. There are no balance sheet implications for Great Barrington from participation in this self-insuring group, because it is structured to pay claims as they come in.

The other ways for the town to provide coverage would be by participating in the state's Group Insurance Commission coverage ("GIC"; see MGL Ch 32A Sec. 3) or by purchasing group insurance on the market. A disadvantage of the GIC system is that its providers are mostly located in the Boston area. Another is that GIC rates are typically set in September, after town budgets are decided. Market coverage obtained through a member of the Massachusetts Association of Insurance Agents (MAIA) would have to follow GIC standards. Some BHG members have requested market quotes, but agents have declined because they could not be competitive. Nonetheless, Pittsfield recently switched to a market policy.

The chair observed that this briefing was requested as background, not because there was a problem with the town's health care coverage. Rather, it was requested in order to check whether there might be unforeseen problems and to scope out options in case problems arose. Sudden changes in health care expenses have upended budgets for other towns and school districts. From the staff presentation, it appears that participating in BHG spreads risks and costs and gains access to networks and expertise at reasonable cost. Although the BHG setup does involve paying both GBS and BC-BS, the GBS management fee attributable to Great Barrington is low, and dealing directly with BC-BS might yield no financial savings or other advantages.

PROPERTY TAX POLICY ABOUT "CLAUSE 41" DEFERRAL AND EXEMPTION FOR SENIORS:

The assessor reported on the options available to the town under these provisions of state law. (The outline of the presentation is attached to these minutes). We now make available the exemption provided by Clause 41C (of Massachusetts General Laws, Ch. 59, Sec. 5). The exemption amount is \$750, of which the state pays \$375 (up to a maximum of 39 exemptions, a figure that was determined when the Clause 41 exemption was first created). In the last fiscal year, 27 Great Barrington taxpayers received a Clause 41C exemption. The result was to abate \$19,875 of tax payments; the state reimbursed \$10,125.

The benefit of this exemption could be expanded by town meeting action. The town has already reduced the age of eligibility to 65. It could raise the exemption amount to \$1000. And it could expand eligibility further, by providing for an annual inflation adjustment to the income limit (which is \$20,000 for an individual and \$30,000 for a married couple), and by raising the asset limits, from \$28,000 to \$40,000 for an individual and from \$30,000 to \$55,000 for a couple.

The committee discussed why the number of exemptions was low. The assessor said that some potentially eligible taxpayers appear to be reluctant to apply. After discussing the fiscal impact of expanding this exemption, which looks to be on the order of \$10,000 and thus would likely have no significant budget implications, the committee concurred to support a recommendation to town meeting to expand eligibility to the statutory maximums, in part to call attention to the availability of the exemption and encourage eligible seniors to apply for it.

Deferral of taxes under Clause 41A is at the discretion of the board of assessors; thus, the town does have a de facto option not to make this relief available. Deferral can happen irrespective of the terms of Clause 41A, if the town and a taxpayer enter an agreement about paying overdue taxes. The statutory terms make Clause 41A deferral limited and unattractive, requiring an

income below \$20,000 and imposing annual interest of eight percent on the deferred amount. The town could make it more attractive, by raising the income cap to the "circuit breaker" level (of \$56,000) and by reducing the interest rate. The assessor reported that Lee has had a few deferral agreements, but only one is outstanding now, which will end soon because the taxpayer is going to a nursing home.

Some towns call attention to the senior deferral option, evidently to regularize the process. In the absence of a program of Clause 41A deferrals, whether to enter a tax collection agreement would be the responsibility of the town treasurer. An explicit town policy to enter deferral agreements might not add much to what the town could and would already do for the taxpayers who would be eligible for it. The town manager noted, however, that the treasurer might benefit from guidelines and expectations about tax collection agreements.

CITIZENS SPEAK TIME: Members of the audience (principally Vivian Orlowski, Eve Schatz and Michelle Loubert) asked numerous questions and offered suggestions to the staff during both presentations from the staff.

The chair adjourned the meeting, without objection, at 8:13. The next meeting is a joint meeting with the Selectboard Monday, November 2, 6:00 PM; the committee's next regular meeting is Tuesday, November 24, 6:30 PM

A handwritten signature in cursive script, appearing to read "Michael Wise", written over a horizontal line.

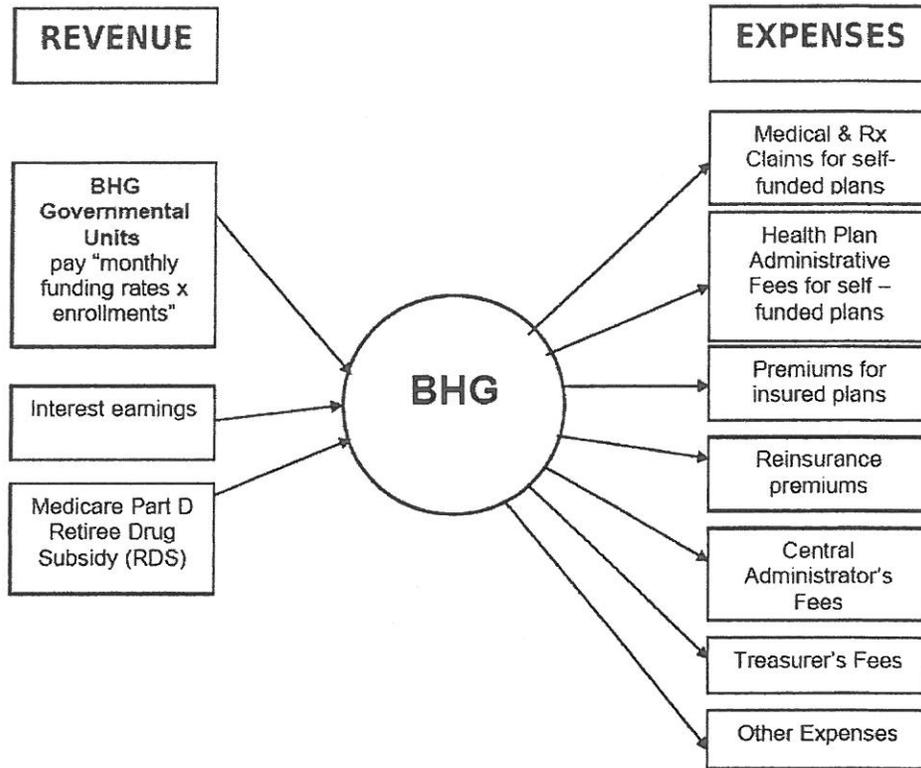
Michael Wise, Chair

BERKSHIRE HEALTH GROUP

- o A Mass. municipal joint purchase group organized under MGL Ch. 32B, Section 12
- o Operational since July 1991
- o Governed by its participating employers through a Board of representatives
- o 12 participating governmental units plus 20 small affiliated units
 - Town of Adams Central Berkshire RSD
 - Town of Great Barrington Mt. Greylock RSD
 - Town of Lenox No. Berkshire Reg. Voc Tech School District
 - Town of Williamstown Southern Berkshire RSD
 - Adams Cheshire RSD Southwick-Tolland RSD (w. Towns of Granville & Tolland)
 - Berkshire Hills RSD
 - Berkshire County Insurance Group (incl. 18 small govt. units)
- o 3,580 health plan contracts (employee/retiree) as of 12/14
- o 6,350 health plan members (employee/retiree plus dependents) as of 2/14
- o 1,912 dental plan contracts & 4,303 dental plan members as of 12/4
- o BHG employers pool risk, and BHG self-funds all health plans with reinsurance protection for high cost claims
 - Claims administrator: Blue Cross Blue Shield of Mass. for health and dental
- o FY15 projected total expenses: ~\$32.3 million
- o FY15 projected paid claims expense for self-funded plans: ~\$30.65 million, 95% of total projected expenses
- o FY15 dental claims expense: ~\$983,900.
- o Disease management programs and wellness programs
 - Part-time Wellness Coordinator based at Berkshire Health Systems
 - Diabetes Care Program
- o Centralized benefits administration, COBRA administration, claims auditing, consulting services, RDS and ERRP Account Management through Group Benefits Strategies (GBS), Auburn, MA.
- o Professional Treasurer/C.P.A.
- o Professional management of trust fund assets
- o Annual independent financial audit



**BERKSHIRE HEALTH GROUP
PAYMENT MODEL**
A Massachusetts Municipal Joint Purchase Group



- Hybrid financial arrangement provides the best features of insuring and self-funding: Member employers pay fixed funding rates to the BHG (predictable monthly costs) and BHG pays expenses (lowest cost arrangement over time).
- Pooled risk arrangement: all employers have same rates regardless of actual claims experience. Exceptions may be made in case of new member employers if risk of new member's covered population is significantly different from that of the BHG aggregate risk experience.

Health Plan Comparison Charts & Rates

Compare health plans and decide which is right for you.

Comparison Charts & Rates

ABOUT BHG

GOVERNANCE

FOR EMPLOYERS

FOR EMPLOYEES

WELLNESS

About BHG
BHG Contact List

Board of Directors
Investment Committee

Employer Websites

Blue Cross Blue Shield

BHG Diabetes Care
Program

BERKSHIRE HEALTH GROUP

Rate History from FY10 - FY16

Health Plan	FY10		FY11		FY12		FY13		FY14		FY15		FY16		Change since FY10	Average Change/Yr
Blue Care Elect-Standard Individual Family	\$ 657	5.1%	\$ 736	12.0%	\$ 820	11.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
	\$ 1,761	5.0%	\$ 1,972	12.0%	\$ 2,196	11.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
BlueCareElect-ValuePlus Individual Family	\$ 612	N/A	\$ 685	11.9%	\$ 763	11.4%	\$ 763	0.0%	\$ 763	0.0%	\$ 835	9.4%	\$ 960	15.0%	56.9%	9.5%
	\$ 1,641	N/A	\$ 1,838	12.0%	\$ 2,047	11.4%	\$ 2,047	0.0%	\$ 2,047	0.0%	\$ 2,241	9.5%	\$ 2,576	14.9%	57.0%	9.5%
BlueCareElect-Deductible Individual Family	N/A	N/A	N/A	N/A	N/A	N/A	\$ 707	N/A	\$ 707	0.0%	\$ 774	9.5%	\$ 890	15.0%	25.9%	8.6%
	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1,898	N/A	\$ 1,898	0.0%	\$ 2,078	9.5%	\$ 2,389	15.0%	25.9%	8.6%
BlueChoice-Standard Individual Family	\$ 580	5.1%	\$ 644	11.0%	\$ 677	5.1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
	\$ 1,558	5.1%	\$ 1,729	11.0%	\$ 1,819	5.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
BlueChoice- ValuePlus Individual Family	\$ 517	N/A	\$ 574	11.0%	\$ 604	5.2%	\$ 604	0.0%	\$ 604	0.0%	\$ 661	9.4%	\$ 760	15.0%	47.0%	7.8%
	\$ 1,389	N/A	\$ 1,542	11.0%	\$ 1,622	5.2%	\$ 1,622	0.0%	\$ 1,622	0.0%	\$ 1,776	9.5%	\$ 2,042	15.0%	47.0%	7.8%
BlueChoice-Deductible Individual Family	N/A	N/A	N/A	N/A	N/A	N/A	\$ 553	N/A	\$ 553	0.0%	\$ 606	9.6%	\$ 697	15.0%	26.0%	8.7%
	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1,484	N/A	\$ 1,484	0.0%	\$ 1,625	9.5%	\$ 1,868	15.0%	25.9%	8.6%
NetworkBlue-Standard Individual Family	\$ 497	5.1%	\$ 541	8.9%	\$ 569	5.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
	\$ 1,334	5.0%	\$ 1,451	8.8%	\$ 1,527	5.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
NetworkBlue-ValuePlus Individual Family	\$ 444	N/A	\$ 483	8.8%	\$ 508	5.2%	\$ 508	0.0%	\$ 508	0.0%	\$ 556	9.4%	\$ 639	14.9%	43.9%	7.3%
	\$ 1,189	N/A	\$ 1,294	8.8%	\$ 1,362	5.3%	\$ 1,362	0.0%	\$ 1,362	0.0%	\$ 1,491	9.5%	\$ 1,714	15.0%	44.2%	7.4%
NetworkBlue - Deductible Individual Family	N/A	N/A	N/A	N/A	N/A	N/A	\$ 465	N/A	\$ 465	0.0%	\$ 509	9.5%	\$ 586	15.1%	26.0%	8.7%
	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1,246	N/A	\$ 1,246	0.0%	\$ 1,364	9.5%	\$ 1,568	15.0%	25.8%	8.6%

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Senior Exemptions

Clause 41C (In use)

1. Eligibility Requirements

- Must satisfy tests as to age, domicile, ownership, occupancy, annual income and assets
- Must meet ALL eligibility requirements as of July 1
- If property is owned with someone who is not your spouse then they too, must also satisfy annual income & asset guidelines

2. Age Requirement

- Applicant must be 65 or older prior to the year exemption is sought

3. Ownership & Domicile Requirements

- Must have been domiciled in MA for 10 consecutive years prior to the tax year and have owned and occupied the property for any 5 years
- Ownership interest must be worth at least \$4,000
- Ownership may be sole, joint owner or tenants in common
- If owned with someone who is not your spouse the exemption percentage shall not exceed that of your ownership interest
- If you hold a life estate in the domicile you are considered the owner
- If your domicile is held in a trust, you are owner only if: a) a trustee or co-trustee of that trust **and** b) you have sufficient beneficial interest in the domicile

4. Income Limits

- Income or gross receipts for the previous calendar year cannot exceed a specified limit: Single/\$20,000 Married/\$30,000
Income can be derived from:
 1. Social Security
 2. Pensions and 401K

MDM-1

Jurisdiction: GREAT BARRINGTON
Fiscal Year : 2015

Clause	No. of Exemptions Granted	Tax Dollars Abated on Exemptions	State Reimbursement
17 Surviving Spouses, minors or persons 70 years or over	0	0.00	0.00
17C Surviving Spouses, minors or persons 70 years or over	0	0.00	0.00
17C 1/2 Surviving Spouses, minors or persons 70 years or over	0	0.00	0.00
17D Surviving Spouses, minors or persons 70 years or over	0	0.00	0.00
18 Hardship	0	0.00	0.00
18A Deferred taxes	0	0.00	0.00
22(a-f) Veterans	15	6,000.00	3,375.00
Para Paraplegics & surviving spouses of paraplegics (G.L. 58 §8)	0	0.00	0.00
22A Veterans & surviving spouses	0	0.00	0.00
22B Veterans & surviving spouses	0	0.00	0.00
22C Veterans & surviving spouses	0	0.00	0.00
22D Surviving spouse	0	0.00	0.00
22E Veterans & surviving spouses	11	11,000.00	9,075.00
37 Blind	3	1,312.50	262.50
7A Blind	0	0.00	0.00
41 Certain elderly persons 70 years of age or over	0	0.00	
41B Certain elderly persons 70 years of age or over	0	0.00	
41C Certain elderly persons 70 years of age or over	27	19,875.00	10,125
41C 1/2 Certain elderly persons 70 years of age or over	0	0.00	
41A Deferred taxes -- persons 65 years or over	0	0.00	0.00
42 Surv. spouses of police officers/firefighters killed in the line of duty	0	0.00	0.00
43 Surv. minors of police officers/firefighters killed in the line of duty	0	0.00	0.00
50 Elderly housing (G.L. 59 §5)	0	0.00	0.00
52 Elderly persons water/sewer debt shift (G.L. 59 §5)	0	0.00	0.00
53 Septic system/cesspool (G.L. 59 §5)	0	0.00	0.00
56 Guardsman and Reservists Deployed	0	0.00	0.00
57 Optional Senior Exemption	0	0.00	0.00
TOTAL	56	38,187.50	12,712.50
Chapter 73, §4, Acts of 1986, percentage adopted		0.00	9,221,837.50