

Finance and Budget Committee Minutes
February 27, 2008 6:00 P.M. Room 312

Councilors in attendance: Cantor, Slifka, Davidoff

Health Program Review

Rick Ledwith, Director of Human Resources, handed out and presented the FY07 year end health program report to the committee. Highlights of the report included:

- Total claims costs, for the Town and BOE, were \$24,695,267 which was an 11.4% increase from the amount paid the previous fiscal year. This is in line with State and National trends.
- Large claims had a significant impact on the claims experience with 76 claims between \$25,000 and \$100,000 and 11 claims over \$100,000. This is almost twice as many catastrophic claims as we generally have in a year.
- While the plan benefits financially from joining the National Employer Pharmacy Purchasing Coalition, prescription drug costs increased from \$5.7 millions to \$6.2 million.
- Mail order drug utilization increased from 17.6% to 22.1% and generic substitution rates increased from 93.6% to 95.1%.

Chris Johnson, Director of Financial Services, handed out and presented the July 1, 2007 actuarial valuation of the Town's other post-employment benefits. The total accrued liability for the Town and BOE is \$86,872,800 and the annual required contribution (ARC) for FY2008 is \$6,274,400. The Committee discussed the consequences and alternative actions that could be examined and taken. The Administration said it would be raising the question of whether or not to establish a trust fund for future retiree benefits during the budget deliberations.