

**ANALYSIS OF COSTS IF TOWN
ADOPTS SECTION 18**

What is section 18

- Section 18 of Chapter 32B requires all medicare eligible retirees who elect to have health insurance to enroll in a medicare supplement plan

What is Medicare?

- Federally provided medical insurance coverage for:
 - Retirees/Spouses 65+ years
 - Disabled < 65 years
 - End-stage Renal Disease
- Part A-Hospital Insurance
 - Available premium-free if you are 65+, and you or spouse paid Medicare Tax for at least 10 years
- Part B-Medical Insurance
 - Available to Part A holders for a current monthly premium of \$115.40

Section 18 Communities

140+ municipalities have adopted Section 18 including:

- Northborough
- Worcester
- Holden
- Burlington
- Chelsea
- Dedham
- Sudbury
- Haverhill
- Needham
- Westborough
- Framingham
- Arlington
- Waltham
- Shrewsbury

WHAT HAS THE TOWN DONE TO DATE?

- TOWN HAS ADOPTED SECTION 18A AT THE 2010 ANNUAL TOWN MEETING TO REQUIRE ALL **FUTURE RETIREES** WHO ELECT TO CONTINUE HEALTH INSURANCE TO ENROLL IN A MEDICARE SUPPLEMENT PLAN

COMPARISON OF CURRENT PLAN COSTS TO SENIOR (Medicare) PLAN

PLAN TYPE	CURRENT MONTHLY RETIREE PAYMENT (20%)	CURRENT MONTHLY TOWN CONTRIBUTION (80%)	PROPOSED MONTHLY RETIREE CONTRIBUTION (20%)	PROPOSED MONTHLY TOWN CONTRIBUTION (80%)
Tufts Individual (14)	\$131.19	\$524.75	\$163.80	\$193.60
Tufts Family (10)	\$341.10	\$1364.39	\$327.60	\$387.20
Fallon Individual (6)	\$143.53	\$574.11	\$168.80	\$213.60
Fallon Family (1)	\$373.18	\$1429.71	\$337.60	\$427.20

Total Monthly Costs

	CURRENT HEALTH INSURANCE COSTS	COST IF GO TO SECTION 18 SENIOR PLAN
Town	\$25,928	\$11,788*
Retiree	\$6,482	\$6,751**

- * includes late penalty fee
- ** Includes part B cost

Cost differentials if adopt section 18

TOTAL INCREASE PER MONTH FOR ALL 42 EMPLOYEES	\$269
TOTAL SAVINGS PER MONTH FOR TOWN	\$14,140

**TOTAL YEARLY SAVINGS TO TOWN IF ADOPT
SECTION 18
\$169,680**

CONSIDER:

- Immediate Savings – monthly premium expense will be reduced
- Long Term Impact – GASB 45 which quantifies unfunded liabilities will be mitigated
- The Town shifts the cost of outpatient health expenditures from the general fund (tax levy) to the Federal government
- Retirees may or may not save money – benefits remain as robust