

APPROVED

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Tuesday, December 15, 2020 10:00 AM – 12:00 PM

Meeting Location: This was a telephonic meeting. Meeting materials may be accessed at the following website:
<https://portal.ct.gov/OPM/Marb/West-Haven-Committee-Meetings-and-Materials>

Call-In Instructions:

Telephone Number: (860) 840-2075

Meeting ID: 756 648 271

Members in Attendance: Kimberly Kennison (OPM Secretary designee), Christine Shaw (State Treasurer designee), Stephen Falcigno, Thomas Hamilton, Robert White

City Officials in Attendance: Mayor Rossi, Frank Cieplinski, Superintendent Cavallaro, Matt Cavallaro, Floyd Dugas (labor attorney), Seth LaVigne (Lockton), Lee Tiernan

OPM Staff in Attendance: Julian Freund, Michael Milone (OPM liaison)

I. Call to Order & Opening Remarks

The meeting was called to order at 10:06 AM.

II. Approval of minutes:

a. November 17, 2020

Mr. White made a motion with a second by Mr. Hamilton to approve the minutes. The motion passed unanimously.

III. Update: Board of Education Health Insurance Analysis

Mr. Milone explained the results of an analysis of Board of Education health insurance expenses and the potential savings from transitioning from the current self-insured Anthem high deductible plan to the State Partnership Plan. The analysis addresses active employees and retirees currently covered through the Anthem self-insured plan, but does not include the over-65 retirees receiving Medicare supplemental benefits through the Zenith plan. Based on current data, shifting current active BOE employees is projected to save approximately \$1.367 million annually, while moving retirees currently in the Anthem plan would cost approximately \$259,000 per year. One option the BOE is considering is moving active employees, but not the retirees currently in the Anthem plan. This scenario requires further analysis to estimate the impact on Anthem rates if only retirees remained to be covered in the Anthem plan. Anthem has been asked for an

estimate of the rates that would result if the actives were moved, but the retirees remained in the plan. There is a potential that the cost of keeping this group in the Anthem plan would result in a higher cost.

Employee contributions to health insurance premium, medical run-off expenses and various labor considerations were also discussed.

Mr. Hamilton asked about the timing of the move and the impact on the BOE contribution to the health savings account. Superintendent Cavallaro explained that the change would occur in July 2021 to coincide with the plan year.

Mr. White asked when the decision regarding retirees needs to be made in order to implement a change effective July 2021. Mr. Cavallaro responded that they have a couple months to work it out.

Mr. White asked about the IBNR expense of the City employees that moved to the Partnership. Mr. Cieplinski explained that the City has absorbed the IBNR expense so far. Ms. Kennison added that the FY 2020 restructuring funds distributed to the City enabled the City to meet its fund balance targets even while covering the IBNR expense. Mr. Cavallaro indicated that the BOE would be looking to break even with IBNR expense in the first year, and achieve the savings from the transition in the following years.

The remaining analysis concerning the potential impact on Anthem rates of moving active employees out of the Plan is anticipated to be available for the January subcommittee meeting.

IV. Update: Corrective Action Plan FY 2019 Audit Findings

In order to address a finding regarding bidding documentation, Mr. Cieplinski said he intends to request funding for a clerical person in the Finance Department to assist with grants records and purchasing records. An RFP for pension investment services is being prepared but has not been issued yet. The finding regarding the Fire Department capital assets will likely be a repeat finding. Mr. Cavallaro reported that the finding regarding the Student Activities fund is expected to also remain an open item. For the next meeting, Ms. Kennison asked for timeframes for addressing the remaining audit findings. The Purchasing position is expected to be filled by an internal employee who is currently assisting with the ADP project.

V. Update: Status of FY 2020 Close and Audit Process

Mr. Cieplinski reported that one outstanding item from the City's actuarial firm remains. The City still anticipates meeting the Dec. 31 deadline for audit submittal. A request for an extension on the audit deadline has been prepared, in the event that an extension is needed. The City has not yet received draft financials or a draft management letter.

VI. Update: ADP Implementation

The launch of the payroll system has been moved to February. The City and BOE are in the process of data testing. An updated status report from ADP is anticipated within the next couple days. Interviews to fill a payroll/benefits position have been scheduled.

VII. Adjourn

A motion was made by Mr. Hamilton, with a second by Mr. Falcigno, to adjourn. The meeting adjourned at 11:12 AM.

