

8c

**David Ormiston**

---

**From:** claudette brochou <cbrochu30@gmail.com>  
**Sent:** Saturday, January 07, 2017 10:59 PM  
**To:** David Ormiston; Linda Cook; Miranda Bergmeier; Christopher Ashley; Dan Goulet; Mary Layton; Stephen Flanders  
**Subject:** unassigned fund balance

Hi Dave,  
Wondering if you were able to obtain the unassigned town fund balance as of Dec 31, 2016?  
Claudette

**David Ormiston**

---

**From:** David Ormiston  
**Sent:** Monday, January 09, 2017 11:16 AM  
**To:** 'claudette brochu'; Miranda Bergmeier  
**Cc:** lcook2825@gmail.com; 'Christopher Ashley'; dangoulet53@gmail.com; Mary Layton; Stephen Flanders  
**Subject:** Fund Balance

Claudette,

Here is the information pertaining to fund balance for the year ending June 30<sup>th</sup>, 2016. It is very important that you understand what these numbers mean and what they pertain to. To use these numbers loosely and without a full understanding is a misuse of the information provided.

The Town of Norwich Selectboard Financial Policy #2 states that the Town of Norwich should maintain an Undesignated General Fund Balance. The Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA) recommends an Undesignated General Fund Balance of 15% of the General Fund operating expenditures

Fund Balance (June 30, 2016)	= \$1,272,948
<u>Prepays &amp; Inventory (2016 Actual)</u>	= \$ 41,827
Total Fund Balance (June 30, 2016)	= \$1,231,121
Used in 2016-17 to offset taxes	= \$ 267,800
	\$ 963,321
Proposed offset to 2017-18 taxes	= \$ 189,317
	\$ 774,004
16% of total FY18 Budget	= \$ 774,004

Thank you,

Dave Ormiston  
Interim Town Manager  
Town of Norwich  
P.O. Box 376  
Norwich, VT 05055  
802-649-1419 x102

Please note that any response or reply to this electronic message may be subject to disclosure as a public record under the Vermont Public Records Act.

**David Ormiston**

---

**From:** David Ormiston  
**Sent:** Monday, January 09, 2017 11:25 AM  
**To:** 'claudette brochu'; Linda Cook; Miranda Bergmeier; Christopher Ashley; Dan Goulet; Mary Layton; Stephen Flanders  
**Subject:** RE: unassigned fund balance

Claudette,

The unassigned fund balance either increases or decreases depending on whether the municipal budget runs a surplus or deficit. Since it is not known whether the budget runs a surplus or deficit until the Fiscal Year End this is calculated only at year end.

Thank you,  
Dave Ormiston

**From:** claudette brochu [<mailto:cbrochu30@gmail.com>]  
**Sent:** Saturday, January 07, 2017 10:59 PM  
**To:** David Ormiston; Linda Cook; Miranda Bergmeier; Christopher Ashley; Dan Goulet; Mary Layton; Stephen Flanders  
**Subject:** unassigned fund balance

Hi Dave,  
Wondering if you were able to obtain the unassigned town fund balance as of Dec 31, 2016?  
Claudette

Thank you,  
Dave Ormiston  
Interim Town Manager  
Town of Norwich

**From:** claudette brochu [mailto:cbrochu30@gmail.com]

**Sent:** Monday, January 09, 2017 11:48 PM

**To:** Linda Cook; Mary Layton; Dan Goulet; Stephen Flanders; Christopher Ashley

**Cc:** David Ormiston; Miranda Bergmeier

**Subject:** health care costs-new info

I wanted to update the board with healthcare info based on Linda's questions to Dave and his response. I did not crunch the numbers to show the total amount the town is overpaying, especially since the info on which employee is enrolled in which plan is not available to me but you can do the rough math. The enclosed table does NOT include Platinum plans since we are not paying 100% of premiums for those plans.

Make NO mistake, with the EXCEPTION of employees in Platinum plans, the town is paying significantly more than what VT HealthConnect is charging. The difference between what VT HealthConnect is charging versus what the town is paying is going into an employee HRA account. To the best of my understanding, the HRA accounts do not need to be spent down by the end of the year but are similar to Health Savings Accounts in which the balance is cumulative over time similar to a traditional savings account. I am unaware of ANY company or town paying similar healthcare costs.

I am submitting this info the the board as an FYI only. No more Listserve posts.

Respectfully,

Claudette Brochu

**David Ormiston**

---

**From:** David Ormiston  
**Sent:** Tuesday, January 10, 2017 10:18 AM  
**To:** 'claudette brochu'; Linda Cook; Mary Layton; Dan Goulet; Stephen Flanders; Christopher Ashley  
**Cc:** Miranda Bergmeier  
**Subject:** RE: health care costs-new info

Claudette,

As you point out, under the answers that I gave to both Linda Cook and the Norwich Selectboard, the employees of the Town of Norwich are enrolled with several different health plans all of which are though Blue Cross/Blue Shield of Vermont. As a matter of fact, the employees have a choice of ten different types of health plans. These plans are set up and offered through Vermont Health Connect and offer differing deductibles, benefits and in return have different premiums. The fact that the employees may choose from ten different health care plans is not a choice of the Town of Norwich but is instead mandated though the Affordable Care Act and the State of Vermont.

Under this scenario, the trick becomes - how to provide health insurance equally to each employee and still follow the spirit of the law. A law that encourages them to pick between ten different health care plans with each plan having a different premium and deductible. To do so, we presently offer an "allowance" to the employee for health care benefits. If the employee chooses a plan that has a premium that is greater than the "allowance" then the employee needs to pay the difference. If an employee chooses a plan that has a premium that is less than the "allowance" then the difference between the "allowance" and premium goes toward an HRA or HSA account. The employee does not get the extra "allowance" as a wage but instead the difference goes to the HRA or HSA account. Both the HRA and HSA's can only be used for heath related expenses allowable by the IRS. In the case of an HRA, if the money is not used in any given year then the employee then loses it. In the case of an HSA, the money can be carried over year to year. However, in order to be able to pair an HSA account with a health benefit plan you need to choose a High Deductible Health Care Plan. A person with a high deductible plan will pay more "out of pocket" expenses compared to a person with a low deductible plan such as the Platinum or traditional Gold Plan. The HRA or HSA accounts pay for the "out of pocket" expenses as allowable under IRS rules.

What I haven't heard is any complaints as to how the Platinum or traditional Gold Plan work. In this case, the premium is high enough that the employee needs to pay for the difference between the "allowance" and the premium. Although, if all our employees are on the Platinum Plan we then open ourselves up to the "Cadillac Tax".

If you only want to pay for the premiums and with no differential going towards an HRA or HSA for the high deductible plan that an employee actually chooses - than there is very little incentive for an employee to pick a high deductible plan. Therefore, every employee will pick the Platinum or traditional Gold Plan leaving us no better than we are now. We would still be paying the same "allowance" to everyone.

Therefore, to comply with the spirit of the law, the Town of Norwich allows each employee to choose a plan. The Town then pays an "allowance" for a plan. This allows the employee to choose the plan that works best for him or her. What I also haven't heard is a viable alternative to this method that still functions under the Affordable Care Act and the Vermont Health Connect. However, I also would not spend much time thinking about it because there is a strong consensus that the health care laws will change under the incoming President, President-Elect Trump. If that is the case this whole discussion may become a moot point.

Finally, this is also outlined in our collective bargaining agreement with our unionized employees and is part of our contract with them.

**David Ormiston**

---

**From:** claudette brochu <cbrochu30@gmail.com>  
**Sent:** Tuesday, January 10, 2017 8:33 PM  
**To:** David Ormiston  
**Cc:** Linda Cook; Mary Layton; Dan Goulet; Stephen Flanders; Christopher Ashley; Miranda Bergmeier  
**Subject:** Re: health care costs-new info

Dave,

Just some background... retired RN with a Master's degree and consumer of healthcare. I am well aware of how health insurance works.

My rationale for providing the board with what we are spending on health insurance costs is so that the full board can see exactly what we are spending and not just percentage increases as a line item. It is my understanding that until my specific questions re: health insurance costs were asked, the board (or certain members) had not seen this information so were not aware of exactly how much money were are spending.

The employees not covered under the collective bargaining agreement are being provided the same benefits as employees covered under contract. Thus far, the consensus of the board has been to continue this practice but who is to say it can not be changed? For example, the board could vote to allocate what VTHealthConnect charges in each category(single, couple, etc) for a Gold or Silver plan (the precise dollar amount would be up to the board). If the employee chooses a higher priced plan, the employee covers the difference. This is not a new concept. Cut the allowance for employees not covered under an employment contract.

I beg to differ with you on the HRA. Everything I read is that a HRA CAN be rolled over, it just can not be transferred if an employee ends their employment. Also, HRAs are employer funded, not employee.  
Claudette

On Tue, Jan 10, 2017 at 10:17 AM, David Ormiston <[DOrmiston@norwich.vt.us](mailto:DOrmiston@norwich.vt.us)> wrote:

Claudette,

As you point out, under the answers that I gave to both Linda Cook and the Norwich Selectboard, the employees of the Town of Norwich are enrolled with several different health plans all of which are though Blue Cross/Blue Shield of Vermont. As a matter of fact, the employees have a choice of ten different types of health plans. These plans are set up and offered through Vermont Health Connect and offer differing deductibles, benefits and in return have different premiums. The fact that the employees may choose from ten different health care plans is not a choice of the Town of Norwich but is instead mandated though the Affordable Care Act and the State of Vermont.

Under this scenario, the trick becomes - how to provide health insurance equally to each employee and still follow the spirit of the law. A law that encourages them to pick between ten different health care plans with each plan having a different premium and deductible. To do so, we presently offer an "allowance" to the employee for health care benefits. If the employee chooses a plan that has a premium that is greater than the "allowance" then the employee needs to pay the difference. If an employee chooses a plan that has a premium that is less than the "allowance" then