

**TORRINGTON BOARD OF EDUCATION
Grievance Committee Hearing
Special Meeting - May 3, 2010
6:00 p.m.**

355 Migeon Avenue

CALL TO ORDER - The meeting was called to order by Mr. Muschell at 6:07 p.m.

Roll Call:

Attending from Board: Mr. Lyons, Ms. Kosmulski, Ms. Cogswell, Mr. Traub

Also Present: Mr. Vic Muschell, Mr. Bill Joslyn, Mr. Chris Leone, Mr. Matt Valenti,
Mr. Rob Fitzpatrick, Ms. Michelle Radelfioni, Ms. Carrie Phillips,
Ms. Danielle Batchelder, Mr. Jim Moore

Hearing on Level 3 Teacher Grievance - Class Action regarding Health Insurance Contributions

Mr. Muschell asked for an explanation of the grievance and why this issue should be readdressed.

Mr. Fitzpatrick, Benefit Consultant to the Torrington Education Association, stated that it came to their attention in 2009, that the City of Torrington was using health insurance reserve money to pay for other items and materials that were not necessarily earmarked for health insurance. It is their understanding that the plan is a self-insured plan, that the employees pay a premium cost share towards this health insurance plan, and that premium cost share helped in assisting developing those reserves which were spent. The employees were charged a premium cost share based upon projected costs of the plan which were lower than projected which developed the reserve. The monies that the employees paid were under the guise of a premium cost share for their health benefit plan. The City now uses those monies not for health care but for something else. So the employees were being charged to offset services for the City, when that money was to be earmarked for the health insurance plan.

Mr. Muschell asked for proof of this, and Mr. Fitzpatrick responded that the Board minutes state this.

Mr. Muschell asked what has been violated in the contract. Mr. Fitzpatrick responded that according to the contract, the reserves were built up because the cost of the insurance was lower than the amount paid for the insurance.

Mr. Muschell asked if it was Mr. Fitzpatrick's position that the premium share needs to fluctuate each year. Mr. Fitzpatrick responded no. The reserves for 2010 are showing an overfunding in the reserves. The actual premium cost share for the employees is less than the allocation rate going forward. So that example is showing a reduction in the overall cost of the insurance instead of pulling it out for other services.

Mr. Muschell asked for Mr. Fitzpatrick's remedy. Mr. Fitzpatrick responded the remedy is to get the money back from the City from the health insurance reserves and put it back in or lower the cost of the premium cost share and/or cost of insurance for the members of the TEA.

Mr. Muschell asked what particular provision has been violated in the contract. Mr. Fitzpatrick responded to be specific the cost of the coverage is being violated. The cost of the coverage is not what is being charged.

Ms. Batchelder stated she understands what is being said, but a 25% reserve is required. Mr. Fitzpatrick responded that the money that was charged was earmarked based on premium cost shares for the cost of the plan. The cost of the plan over a number of years was not the cost of the plan. In those years following, after a certain reserve level was reached, it should have been offset the following years but it was not.

Mr. Muschell stated this is a Board issue because a grievance has been filed alleging a violation of the contract, and the Board is responsible in responding to that.

Numbers were asked for and Mr. Fitzpatrick responded that the number is \$2.8 million of which the teachers represent about 36% of that over the past 4 years according to Board reports. Next year the insurance surplus is recommended to be used to offset the cost of the taxpayers and probably possible layoffs, but Mr. Fitzpatrick argues that it is not right to charge the employees for this.

Mr. Leone stated that he does not want to get in an argument over this, but what he thinks the superintendent is trying to say is that if the City uses a portion of this reserve to reduce taxes that reduces a Board liability as well. So 5 teachers may not have to be laid off because some of this reserve is being used. The money is used to support the services of the town which includes education. Mr. Fitzpatrick is saying the reserve should be given back to the teachers, whereas the City is spreading it around because that reserve is not only built up from the teachers, it is built up from everybody.

Mr. Fitzpatrick stated that of the \$2.8 million listed in the Board reports, approximately 36% of the employee population, are the teachers. He is saying if the employees of the teacher's union were charged X for a number of years, but X was really Y, it should have been adjusted the following year to Y, which it wasn't.

Mr. Leone asked where it says that the excess reserve goes back to the insurance plan. Mr. Fitzpatrick stated he is not saying that. He is saying the costs should have been adjusted.

Mr. Muschell stated the claims have to be budgeted for plus the administration fees which is the allocation rate. The City says this is what the insurance bill is for this year. The teacher's contract says the teachers pay for the cost of the insurance. But Mr. Fitzpatrick is adding an element by saying there should be another calculation here some place to factor in the reserve. Mr. Fitzpatrick stated that is because the cost of the insurance was not what the teachers were charged.

Mr. Leone stated then Mr. Fitzpatrick's issue is not with the Board, but with what the Board was charged. Mr. Fitzpatrick responded that the Board is charged a rate from the City, and then the employee is charged a rate, so this is a step in the process. He is saying that the charge the Board is getting from the City is not necessarily the charge the Board is supposed to be paying.

A member of the committee stated that the 125% is an actuarial calculation of what the claims are going to be, and then there is an excess to make sure that the Board of Ed or the City does not get into trouble if the claims exceed that actuarial level. Mr. Fitzpatrick stated that is correct, but there was money that was built up from when the Board and the City first became self-insured to fund the reserve. The numbers then should be adjusted accordingly. So every year those allocation costs should be adjusted to reflect the overall cost of the plan.

Mr. Leone asked if there wasn't a surplus if that means that people should pay more. Mr. Fitzpatrick responded yes because the allocation rate should be adjusted.

Mr. Muschell stated that the remedy sought is a reduction of the teacher's contributions towards to the cost of the insurance. However, this issue will not be resolved just by stating disagreement. There will need to be some numbers and some definite suggestions made as to what is considered to be a proper remedy. The Board cannot act unless it knows that the remedy is a certain percentage of reduction. The grievance needs to be much more specific with not only what is being sought, but why it is being sought.

Mr. Fitzpatrick stated this plan is not technically an insurance plan, but an administered health benefit plan, which is a pay-as-you-go benefit plan. So if costs come in lower than what was projected, there should be some remedy to relieve the employees. This is an administrative plan so it works differently than an insurance plan.

Mr. Muschell stated that the contract reads that the Board should pay 84% of the cost of the coverage for the 2009-2010 school year. He asked if the issue is that the Board didn't pay 84% of the cost of coverage for the 2009-2010 school year. Mr. Fitzpatrick responded that the issue is the 16% of the cost. The Board actually paid more than 84% if the excess dollars in reserve are funded. So the Board and the teachers have overpaid.

Mr. Muschell stated that the issue has to do with the cost of coverage for the 2009-2010 school year, or any other year, but it's the cost of coverage for that particular year and what the premium share is for the cost of that particular year. Mr. Fitzpatrick responded if cost of coverage is looked at, the surplus is used to offset the projections.

Mr. Muschell stated that in getting back to the cost of the bill. The cost for 2010 was X, and 84% of X was paid, and the teachers paid 16% of X. The next year 2010-2011, another bill will be received and he imagines it will not be adjusted for the surplus. So from the Board's point of view, what is the cost of coverage for 2009-2010. From the Board's point of view, it is the bill that they received. Mr. Fitzpatrick responded the Board and the City are contract holders for the insurance policy. So if the Board and the City fail to look at that bill for what the actual costs were, that is not the teacher's problem. Mr. Fitzpatrick asked if the Board has ever done an audit on their share. The Board responded they are not sure. So Mr. Fitzpatrick stated that the Board is being overcharged as well.

Mr. Muschell stated if this is true then everyone has a piece of the reserve, so where is this reserve in the end. Mr. Fitzpatrick stated he doesn't know. He is only concerned with his portion.

Mr. Muschell stated more information will be gathered, and Mr. Fitzpatrick should make more clear exactly what his remedy is to the problem. Mr. Fitzpatrick stated he will get more specific information, but essentially the remedy is instead of removing the surplus in excess of the insurance costs plus the reserve funding to offset City services, it should come back to the Board to use to offset future cost increases in their insurance. What he is looking for is an adjustment to the cost of the insurance, a reduction in the allocated rate.

ADJOURNMENT

The meeting was adjourned until more information is obtained.