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THE CITY OF SPRINGFIELD, MASSACHUSETTS

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Mayor Sarno

The purpose of this letter is to report on the outcomes of the City's Health Insurance "SWAT team" and make recommendations for possible future actions. The SWAT team's efforts resulted in a reduction of \$1.1 million from the FY12 Adopted Budget and \$2.5 million from the original FY14 request, as well as a monthly procedure that will help reconcile our health care costs in a more timely and efficient manner.

From FY08 – FY13, the City's Health Insurance budget has produced an average year-end surplus of \$1.3 million, or 5.6%. In an effort to more accurately budget for the City's portion of health insurance in FY14, a working group was formed whose goal was to build the FY14 appropriation request "from the ground up" by reconciling the data from MUNIS, Group Insurance Commission (GIC), MA Teachers Retirement Board (MTRB), and Springfield Contributory Retirement Board (SCRB). Simply put, it was to reconcile the health plans employees chose with the amount being paid to the GIC.

The group met regularly during the budget development process from January through May 2013 and accomplished two main goals.

The first goal completed was a reconciliation of the City's insurance roster. Using data supplied by the GIC and SCRIB, the group was able to program a number of automated queries to cross-check the City's data in MUNIS with the monthly GIC invoice. In doing this, the group was able to verify plan enrollment and deduction rates and correct a small number of errors such as incorrect or missing deductions. The automated queries are now being used in the City's monthly reconciliation. Previously, the reconciliation was done manually.

The group then used the updated insurance roster to calculate the City and School insurance budget requests for Fiscal Year 2014. Once actual GIC rates and grant and enterprise offsets were factored in, the City's Fiscal Year 2014 required appropriation was calculated at \$22,431,073. This figure was adopted by the City Council with no reductions and is less than the FY13 adopted budget by \$621,166. This is a reduction of \$2.5 million from the original request and \$1.1 million less than the FY12 adopted budget.

Going forward, the working group will continue to meet on a regular basis. Due to negotiated changes

in collective bargaining agreements, the automated queries will need to be reprogrammed and verified against the GIC and SCRB information. Ongoing meetings will also aid in the submission of the Fiscal Year 2015 budget request. Additionally, this group will be incorporated into the MUNIS implementation team for the Benefits Module as any changes in the way MUNIS tracks and stores information will have an effect on the current reconciliation process.

I would like to acknowledge the working group of former Budget Director LeeAnn Pasquini, Senior Management Analyst Christopher Kulig, Insurance Director Linda Parent, Payroll Director Tom Tedford and School Department Financial Data Administrator John Manzi for their ongoing efforts in this matter. Their partnership exemplifies the kind of team spirit needed to keep Springfield fiscally healthy and responsible.

Respectfully,



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