

# Memorandum

---

**To:** Mayor and Board of Commissioners  
**From:** Hazen Blodgett, Town Manager  
**Date:** May 31, 2007  
**Re:** Approval of town health insurance plan

---

In the May 25 weekly update, the Board was briefed on the fact that while the health insurance plan goes into effect July 1, 2007 Blue Cross/Blue Shield requires a final decision 21 days in advance of the renewal date.

The two major changes in this year's health insurance plan are that employees with dependants will pay 42% of the cost up to 33% in the current year. The deductibles will increase from \$500 to \$1750. Of this amount, the employee share of the deductible will go from \$500 to \$1000 and the town will absorb the remaining \$750 through an HRA (health reimbursement arrangement). We estimate the HRA will cost us \$20,000 but will save significant dollars on the health insurance premium cost. As a result of these changes the net increase in insurance this year to the town is 7%.

**Recommendation:** Approve the proposed Blue Cross/Blue Shield Health Insurance plan.