

BOARD OF EDUCATION OF HARFORD COUNTY

INFORMATIONAL REPORT

DECISION ON FUNDING THE MABE OPEB INVESTMENT TRUST

MAY 10, 2021

Background Information:

In December 2007, the Board of Education decided that “monies in excess of funding requirements in the Harford County Health Care Consortium Rate Stabilization accounts, Medicare Part D reimbursements, and unspent funds from the Harford County Public Schools’ flexible spending plan are to be transferred to the MABE OPEB Investment Trust as they become available and will be designated for this purpose in the future.”

Discussion:

While it is important that the Board of Education considers funding the OPEB Investment Trust, it is also important to consider other priorities and initiatives when evaluating any excess funds, specifically in the Harford County Health Care Consortium Rate Stabilization accounts. Currently all Medicare Part D reimbursements are directed towards the OPEB Investment Trust. With the implementation of the Medicare Advantage Plan for retirees, HCPS will not receive any of these reimbursements after calendar year 2022. With the savings realized from the Medicare Advantage Plans it will be necessary to budget the contribution to the MABE OPEB Investment Trust. That contribution will be included as part of each fiscal year’s proposed budget.

The health insurance settlement happens annually each fall, evaluating actual claims paid by CareFirst compared to premiums they received. Any surplus or deficit is reconciled through the Rate Stabilization accounts. Once the required balance is established for each consortium member’s balance, each member of the consortium may need to deposit funds to the account in the event of a shortfall. In the event of a surplus, funds may be withdrawn. With the current Board directive, noted above, those funds would be transferred to the MABE OPEB Investment Trust.

Superintendent’s Recommendation:

The Superintendent recommends that the Board of Education rescind the language above and replace it with the following language: “Funding the MABE OPEB Investment Trust will be established, annually, as part of the operating budget. Any surplus beyond the funding requirements in the Harford County Health Care Consortium Rate Stabilization accounts will be brought before the Board of Education after each annual reconciliation and settlement. The Superintendent will recommend a spending plan for use of any available funds which will include but not be limited to transferring funds to the MABE OPEB Investment Trust.”