

**Patricia Garcia, Ph.D.**  
Superintendent of Schools  
355 High Street, Unit B  
Willimantic, CT 06226  
Phone: (860) 465-2310 / Fax: (860) 465-2311  
[pGarcia@windham.k12.ct.us](mailto:pGarcia@windham.k12.ct.us)

**Every student, every day,  
in every classroom!**



**Lynne Ide**  
Chair of the Board of Education  
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**Dr. Murphy Sewall**  
Vice Chair of the Board of Education  
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**Dr. Jaime Gomez**  
Secretary of the Board of Education

## **Update on the Health Insurance Reserve Fund**

From: Board of Education Chair Lynne Ide  
Board of Finance Chair Tom White

Date: April 25, 2019

There is misinformation circulating throughout the community regarding the Board of Education and the health insurance reserve fund. Here are the facts clarifying what is happening, and what actions are being taken by the Board of Education.

### **Background**

- The Town of Windham and the Board of Education established an account in 2012 that was created to pool the risk for medical insurance for Town of Windham and Windham Public School employees of the Board of Education.
- When the account was established, there were no policies or procedures established by the Town and the Board of Education regarding the management, oversight, and funding of the portion of this account known as the reserve.
- There are questions about how decisions were made regarding maintenance and management of the Board of Education's portion of the health insurance reserve fund. Note that the questions raised pertain only to this reserve fund. The Board of Education's accounting records are audited every year by an independent third party, and no issues have been identified in these annual audits.
- It is important to understand that at no time were the health claims of the Board of Education employees not paid in full, or at risk of not being paid.

### **Plan of Action**

- The Board of Education has authorized its legal counsel to procure the services of an independent, professional forensic accounting service to investigate how decisions were made regarding the maintenance of the health insurance reserve fund, and make recommendations for corrective action. The Board of Education has no direct involvement in conducting this study.
- The Board of Education has informed the Board of Finance of its commitment to this plan, and will keep the Board of Finance apprised by working with its appointed representative.
- Upon receipt of the independent forensic accounting report, the Board of Education is committed to taking appropriate corrective action.
- The Board of Education will report the outcome of this study and its resulting action to the Board of Finance.

### **Moving Forward**

- Representatives from the insurance brokerage who manages this health insurance fund advise that the Town of Windham and Board of Education establish written policies and procedures guiding how the insurance fund will be managed.
- The Board of Education is working with the Town to adopt policies and procedures regarding management of the health insurance fund as managed by both the Town and Board of Education. Together, the Town and the Board of Education will set reserve fund goals and establish a plan to fund reserves to an appropriate level.