

MEETING MINUTES
INSURANCE COMMITTEE
TOWN OF EAST HARTFORD, CT

Town Hall Building Dept. Conference Room

October 29, 2013

Present: Committee members, Chairperson Paul Sousa, Treasurer, Joe Carlson, Anita Morrison and Ellen McCreery (arrived 5:30)

Also present: Cindy Bennett, Risk Manager and guest speaker Todd Goodall, AVP Account Executive, Lockton Companies

The meeting was called to order by Chair Paul Sousa at 5:06.

The minutes of the last committee meeting (June 18, 2013) were reviewed. A motion was made to accept them as written by Paul Sousa and seconded by Joe Carlson.

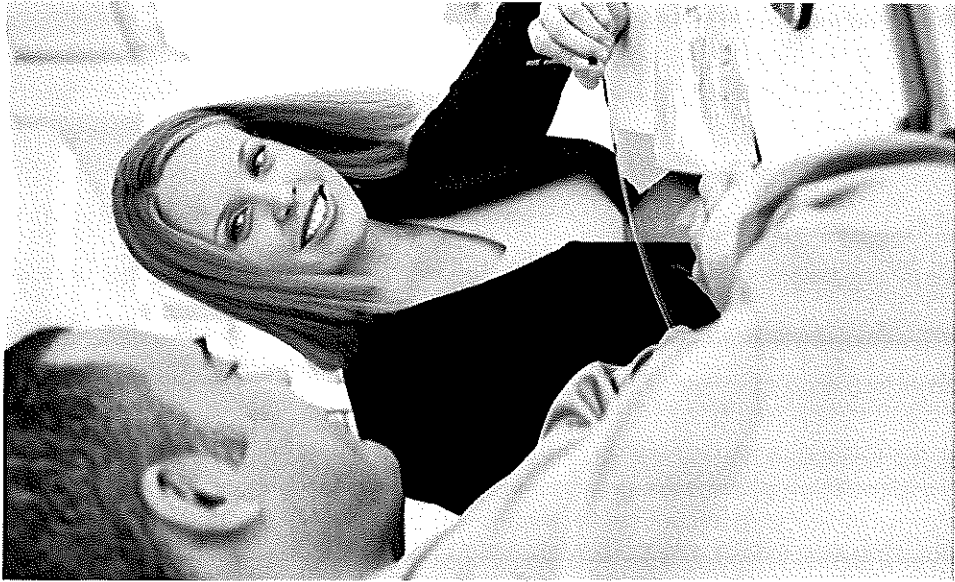
Cindy Bennett updated the committee that the recommended excess workers' compensation retention limit of 1 million, was rejected by the State Commissioners. They thought it was too high and a big jump from the existing \$600,000 retention limit. As of July 1, 2013, we did secure the excess workers compensation with the same carrier, Safety National but with a \$800,000 retention limit.

Cindy Bennett also updated the committee that the Town entered into a 2 yr. rate lock with CIRMA. First year not to exceed a 5.5% rate increase and the second year not to exceed a 6% rate increase. At the next committee meeting in June 2014, CIRMA will present their renewal and we agreed not to bid due to the formal rate lock.

Todd Goodall presented a health care reform discussion. He discussed the different parts of national healthcare, the different compliance dates and how the Town has been working to meet all the regulations. Attached is a copy of the handout.

Meeting adjourned by Chair Paul Sousa at 6:12.

Respectfully submitted, Cindy Bennett, Risk Manager



East Hartford – Insurance Committee

Healthcare Reform Discussion

October 29, 2013



LOCKTON®

L O C K T O N C O M P A N I E S, L L C

AGENDA

Healthcare Reform Regulations

- ❖ **Mandates (2012 – 2018)**
- ❖ **Affordable (2014 2015)**
- ❖ **Qualified (2014 2015)**
- ❖ **Cadillac Tax (2018)**
- ❖ **HealthCare Reform Taxes and Fees**
 - > **PCORI**
 - > **Reinsurance Assessment**
 - > **Health Insurance Industry Fee**

Healthcare Reform Mandates

2012

Regulation

Plan Summary – 4 page “linguistically appropriate” (on/after 9/23/2012 open enrollment)

W – 2 reporting – total health plan value (2012 reporting received Jan. 2013)

Material Plan Changes – 60 day notice prior to effective date

Appeals process – new with external review (most claim payers are in compliance with rule)

Pharmaceutical & Patient Centered Outcomes Research Taxes – (.75% & \$1 PEPY)

Carrier rebates - (as applicable) delivered to employers mid-year (MLR – medical loss ratio)

Women’s health preventive care services - offered at no cost for non-grandfathered plans (plan years on or after 8/1/12)

2013

Regulation

Health FSA - \$2,500 limit

Retiree Drug Subsidy (Part D) – becomes taxable

High Income Earner Taxes – (single \$200,000 / family \$250,000) – Medicare (2.35%), Passive Income Tax (3.8%)

Excise Tax – on durable medical devices – DME (2.3% on DME charges – cost will run through claims).

Patient Centered Outcomes Research Tax - (\$2 PEPY)



Healthcare Reform Mandates

check please

2014/2015 Regulation	2017 Regulation	2018 Regulation
<p>1095-B&C – Reporting requirements – (employer will need to produce). Actual reporting is submitted in 2016 for 2015 calendar year.</p> <p>Healthcare Exchange – established for small employers (3.5% sales tax)</p> <p>Waiting Period – 90 day maximum</p> <p>Dependent Eligibility – to age 26 without limitation</p> <p>Essential Health Benefits – no annual dollar limit</p> <p>Automatic Enrollment – (200+ Ees deferred)</p>	<p>Healthcare exchanges – established for all employers (3.5% sales tax)</p>	<p>Cadillac Tax – 40% excise tax on health benefits for “high value” plans.</p>

2014/2015 Regulation	2017 Regulation	2018 Regulation
<p>Play Qualified – 60% actuarial value Affordable – single contribution less than 9.5% of household W-2 <i>(5180)</i> Penalty - \$3,000 / FTE going to the exchange for coverage (capped at \$2,000 / FTE, less the first 30 FTEs Or Pay (no plan is offered) Penalty - \$2,000 / FTE if <u>one</u> FTE goes to the exchange for coverage and uses a subsidy (first 30 FTEs are disregarded in the calculation)</p>	<p>FTE (Full Time Equivalent) - working 30 hours or more per week (3, 6, 12 month look back)</p> <p>Pre-existing Condition Limitation – none for all participants</p>	<p>Out-of-Pocket Maximum – limited to HSA compatible limit (2013 \$6,250 / \$12,500)</p> <p>Wellness Reward – increased from 20% to 30% of full benefit cost (premium equivalent rate)</p>

Health Care Reform Play or Pay Criteria

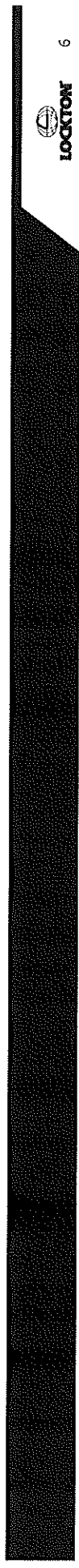
- ❖ Employer must offer at least 95% of its full-time employees and their children minimum essential coverage (MEC), or risk a penalty of:
 - Up to \$2,000/full-time employee per year (IRS identifies a full-time employee as anyone who works at least 30 hours per week on average).
 - Calculation is as follows: Total FTE's – the first 30 FTE's x \$2,000 = Penalty

- ❖ Employer Mandate also requires employer to offer the following to full-time employees
 - Employee-only coverage that meets the following criteria:
 - ✦ Minimum Essential Coverage (at least 60% actuarial value).
 - ✦ Affordability (employee is offered a MEC plan that costs no more than 9.5% of household income for employee only coverage). Employee doesn't have to elect it – it just needs to be offered.
 - If the above criteria are not met and one of the impacted employee's goes to the Marketplace (exchange) and receives a subsidy, the employer will be charged a \$3,000 penalty for that employee.

Next Steps

- ❖ Evaluate employee population to ensure 95% of FTE's are offered Minimum Essential Coverage.
 - If not, what measures will be taken to address the issue?
- ❖ Ensure affordability requirements are being met.
- ❖ Start to prepare for employer reporting requirements.

Addendum



Healthcare Reform Taxes and Fees

Estimates as a % of average premium

	Fully Insured	Self-funded
PCORI	<.1% premium	<.1% premium
Reinsurance fee	2% premium	2% premium
Insurer Excise tax	2.2% premium	NA
Rx Manufacturer fee	<.1% premium	<.1% premium
Medical Mfg. Equip. fee	<.1% premium	<.1% premium
Total 2014	+4.5%	+2.3%

Affordable - 2014
 (East Hartford (Town) – 7/1/12 – 6/30/13)

Medical Plans/Annual Salary	Employee Only (Contribution)	Employee Only (Annual Contribution)	Affordable Threshold (9.5% of Annual Income)
Anthem PPO \$5 (Fire) – weekly	\$25.31	\$1,316	\$13,852
Anthem PPO \$5 (MEU/CSEA)	\$21.04	\$1,094	\$11,517
Anthem HDHP (Non-Union)	\$23.38	\$1,216	\$12,797
Anthem PPO \$5 (1174)	\$24.67	\$1,283	\$13,503
Bronze (3000 / 6000)	\$XX.XX	\$X,XXX	\$XX,XXX

Affordable - 2014

(East Hartford (BOE) – 7/1/12 – 6/30/13)

Medical Plans/Annual Salary	Employee Only (Contribution)	Employee Only (Annual Contribution)	Affordable Threshold (9.5% of Annual Income)
HDHP \$1500 (Custodians - 1933) (weekly – 10.0%)	\$13.75	\$715	\$7,527
HDHP \$1500 (Teachers-per pay) (20 pay periods – 16.0%)	\$51.23	\$1,332	\$14,021
PPO \$20 (Paras – per pay) (20 pay periods – 16.5%)	\$68.52	\$1,371	\$14,426
Comp \$400 (Paras – per pay) (20 pay periods – 13.5%)	\$50.04	\$1,001	\$10,534
Bronze (3000 / 6000)	\$XX.XX	\$X,XXX	\$XX,XXX

Qualified - 2014 (East Hartford (Town) - 7/1/12 - 6/30/13)

Covered Services	PPO-Fire 0458014	PPO 1174	HDHP 1500 / 3000 Non-Union	(Bronze Plan) HDHP 3000 / 6000
Annual Deductible	N/A	N/A	\$1,500 / \$3,000	\$3,000 / \$6,000
Coinsurance	0%	0%	0%	20%
Out-of-Pocket Maximum	N/A	N/A	\$5,000 / \$10,000	\$6,000 / \$12,000
Preventive Care	\$0	\$0	\$0	\$0
PCP Office Visit	\$5	\$15	Deductible Only	Deductible / Coinsurance
Specialist Office Visit	\$5	\$15	Deductible Only	Deductible / Coinsurance
Urgent Care	\$25	\$25	Deductible Only	Deductible / Coinsurance
Emergency Room	\$25	\$25	Deductible Only	Deductible / Coinsurance
Outpatient Surgery	\$0	\$0	Deductible Only	Deductible / Coinsurance
Inpatient Hospital	\$0	\$150	Deductible Only	Deductible / Coinsurance
Lab & X-Ray (non-advanced)	\$0	\$0	Deductible Only	Deductible / Coinsurance
Lab & X-Ray (advanced)	\$0	\$0	Deductible Only	Deductible / Coinsurance
Prescription Drugs				
Retail (Tier 1/Tier 2/Tier 3)	\$5 / \$10 \$5000 single cap	\$5 / \$10 \$5000 single cap	\$10 / \$25 / \$40 After Deductible	Deductible / Coinsurance
MOD (Tier 1/Tier 2/Tier 3)	\$0 \$5000 single cap	\$0 \$5000 single cap	\$20 / \$50 / \$80 After Deductible	Deductible / Coinsurance

Actuarial Value: 0.95 0.935 0.845 0.633

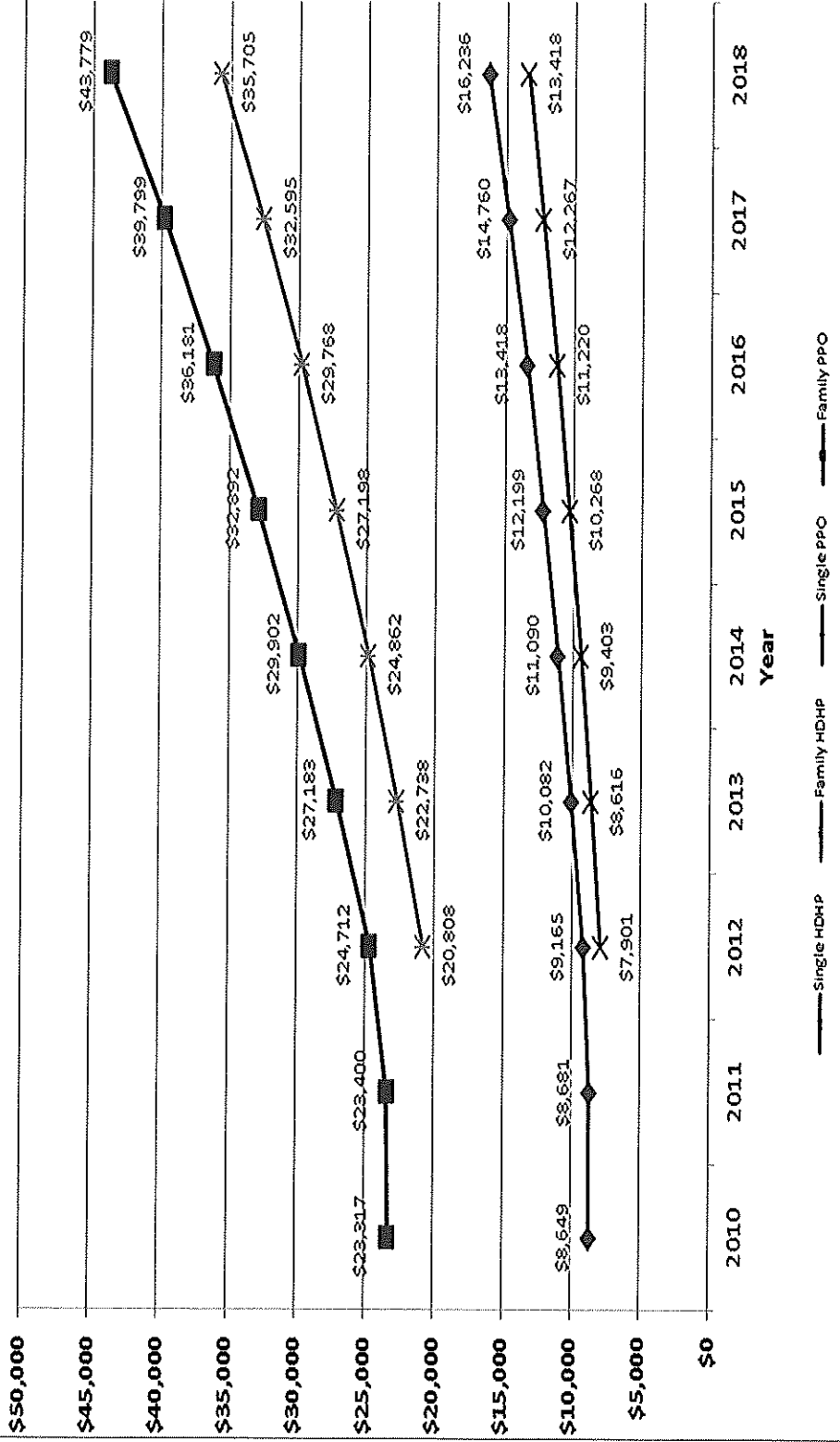
Qualified - 2014 (East Hartford (BOE) - 7/1/12 - 6/30/13)

Covered Services	PPO Paras	COMP \$400 Paras	HDHP 1500 / 3000 Teachers / Custodians	(Bronze Plan) HDHP 3000 / 6000
Annual Deductible	N/A	\$400 / \$1,200	\$1,500 / \$3,000	\$3,000 / \$6,000
Coinsurance	0%	20%	0%	20%
Out-of-Pocket Maximum	N/A	\$2,000 / \$6,000	\$1,500 / \$3,000	\$6,000 / \$12,000
Preventive Care	\$0	\$0	\$0	\$0
PCP Office Visit	\$20	20% after deductible	Deductible Only	Deductible / Coinsurance
Specialist Office Visit	\$20	20% after deductible	Deductible Only	Deductible / Coinsurance
Urgent Care	\$25	20% after deductible	Deductible Only	Deductible / Coinsurance
Emergency Room	\$25	20% after deductible	Deductible Only	Deductible / Coinsurance
Outpatient Surgery	\$50	20% after deductible	Deductible Only	Deductible / Coinsurance
Inpatient Hospital	\$50	20% after deductible	Deductible Only	Deductible / Coinsurance
Lab & X-Ray (non-advanced)	\$0	20% after deductible	Deductible Only	Deductible / Coinsurance
Lab & X-Ray (advanced)	\$0	20% after deductible	Deductible Only	Deductible / Coinsurance
Prescription Drugs				
Retail (Tier 1/Tier 2/Tier 3)	\$5 / \$15 / \$30 \$2000 single cap	\$5 / \$10 / \$25 \$2000 single cap	\$10 / \$25 / \$40 After Deductible	Deductible / Coinsurance
MOD (Tier 1/Tier 2/Tier 3)	\$10 / \$30 / \$60 \$2000 single cap	\$10 / \$20 / \$50 \$2000 single cap	\$10 / \$50 / \$80 After Deductible	Deductible / Coinsurance

Actuarial Value: **0.93** **0.88** **0.845** **0.633**

Cadillac Tax Illustration - Town Medical/Rx (industry trend of 10% 7/1/13 - 6/30/18)

East Hartford - Town
2018 Cadillac Tax
(Single \$10,200 / Family \$27,500)



Cadillac Tax Illustration - BOE Medical/Rx (industry trend of 10% 7/1/13 – 6/30/18)

