

THESE MINUTES ARE SUBJECT TO APPROVAL BY EMPLOYEE MEDICAL BENEFITS BOARD

The Employee Medical Benefits Board held a regular meeting Monday, March 5, 2012, in Meeting Room #1 at the Municipal Center, 3 Primrose Street, Newtown. Chairman Mark Mattioli called the meeting to order at 6:03 pm.

**PRESENT:** Mark Mattioli, Donna Van Waalwijk, Dan McAloon, James Loring and Paul Smith

**ALSO PRESENT:** Finance Director Robert Tait and Business Director Ron Bienkowski, and Consultant Joseph Spurgeon of Lindberg & Ripple.

**COMMUNICATION:** Mr. Mattioli welcomed Paul Smith to the board. He also suggested reaching out to the unions as to who the board is and what the purpose of the board is. Mr. Tait said he would have the human resource director send something out.

**ACCEPTANCE OF THE MINUTES:** Ms. Van Waalwijk moved to accept the minutes of 2/15/12. Mr. Mattioli seconded. All in favor.

**NEW BUSINESS:**

**Discussion and possible action:**

- 1. Review performance of self-insured fund from July 2011-January 2012:** Mr. Spurgeon stated Anthem revised their numbers since the last meeting. He went over the historical review of the self insurance plan (Att. A)
- 2. Perform a review of the RFP process, discuss RFP policy for future:** Mr. Mattioli suggested putting a policy in place to conduct an RFP at least once every three years; no longer than three years. Mr. Spurgeon stated that he's unsure if anyone has a policy but he recommends doing an RFP every three years, although some do it every two years. Mr. Spurgeon said he could generate a satisfaction survey to unions and employees.
- 3. Final recommendation on health benefits administrator:** It was not necessary to hold this item as an executive session item, as noticed in the agenda. The following motion was held during the regular meeting: Ms. VanWaalwijk moved to recommend renewal with Anthem as the ASO administrator. Mr. Loring seconded. This includes administrative fees and stop loss premiums of \$1,092,648 based on current enrollment. Mr. McAloon abstained. Motion passed: YES (Van Waalwijk, Mattioli, Loring), ABSTENTION (McAloon).

Mr. Mattioli moved to use \$2,884,000 as the reserve goal for July 2012-June 2013. Ms. VanWaalwijk seconded. This figure assumes a 10.5% trend factor, removes the 2.15% Anthem claim experience decrement and relies on a July 2012-June 2013 plan year claim projection of \$11,536,000 and total projected plan cost of \$12,628,648 (when you add the admin fees and stop loss premium to the projected claims for the period). Motion passed: YES (VanWaalwijk, Mattioli, Loring), ABSTENTION (McAloon).

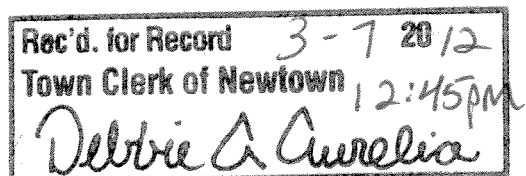
**ANNOUNCEMENTS:** None

**ADJOURNMENT:** Having no further business Employee Medical Benefits Board adjourned their regular meeting at 7:14pm.

Respectfully submitted,

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Susan Marcinek, Clerk

Att. A: Lindberg & Ripple Newtown Town & BOE Self Insurance Plan July 2011 and July 2012 dated 3/5/12



**Newtown: Town and BOE  
Self Insurance Plan  
July 2011 and July 2012  
March 5, 2012**



**Lindberg & Ripple**  
Deeper Insights. Better Solutions.™

**I. July 2010 Projected ASO Cost**

a. Total Projected Claims	\$12,002,724
b. Admin/NAF Fees	\$559,667
c. Stop Loss Fees	<u>\$569,394</u>
d. Total Projected Cost	\$13,131,785

**II. July 2011 Projected ASO Cost**

a. Total Projected Claims	\$11,820,024	-1.52% vs 2010
b. Admin/NAF Fees	\$550,127	-1.70% vs 2010
c. Stop Loss Fees	<u>\$587,598</u>	<u>3.20%</u> vs 2010
d. Total Projected Cost	\$12,957,749	-1.33% vs 2010

**III. July 2011 thru January 2012 Year to Date Actual Claims**

a. Actual Paid Claims	\$5,957,318
d. Average Monthly Claims	\$851,045
c. Projected Monthly Claims	\$985,002 (II.a. divided by 12 months)
d. Claim Improvement	-13.60%

**IV. Potential FY July 2011-June 2012 Ending Claims**

a. Annualized Average	\$10,212,545	-13.60% vs Expecteds	<i>(aggressive)</i>
d. Annualized Average (wi margin)	\$10,416,796	-11.87% vs Expecteds	<i>added 2%</i>
c. Running 12 Trended to YE	\$10,749,037	-9.06% vs Expecteds	<i>[\$10.3Mx4% Trend (10% annual trend for 5 mos)]</i>
d. Running 12 Trended to YE (with margin)	\$10,964,018	-7.24% vs Expecteds	<i>added 2%</i>

**V. July 2012 REVISED Projected Anthem ASO Renewal/RFP Response (thru 2/29/12)**

*Experience Period (EP) thru 1/31/12*

a. EP Average Members	2,103	-0.79%	-vs-in-force renewal
d. EP Average Contracts	814	-1.45%	-vs-in-force renewal
c. Current Members	2,095	-1.04%	-vs-in-force renewal
d. Current Contracts	813	-1.09%	-vs-in-force renewal (down 9 contracts)
e. Paid Claims	\$10,355,985	0.03%	-vs-in-force renewal--up 1.5% on per contract basis
f. Excess Claims	\$20,372		
g. Net Claims	\$10,335,613	1.48%	-vs-in-force renewal--up 2.98% on per contract basis
h. Claims PMPM	\$409.49	2.30%	-vs-in-force renewal--up 2.98% on per contract basis

**LRI Attempt at Anthem Claim Projection**

h. 17 Month Trend (8.46% Annual)	<b>12.19%</b>		<i>*very low trend from Anthem-Industry between 10.5-11%</i>
i. Trended PMPM	\$459.42	-1.26%	-vs-in-force renewal
j. Anthem Claims Adjustment	<b>2.15%</b>		<i>Underwriting adj for anticipated claim improvement &amp; trend offset</i>
k. Adjusted Trend PMPM	\$449.54	-3.38%	-vs-in-force renewal
l. Current Members	2,095		
m. Projected Claims	\$11,301,500	-4.39%	-vs-in-force renewal--\$50K >than Anthem Revised RFP
n. Projected Claims PCPM	\$1,158.42	-3.33%	-vs-in-force renewal

**LRI Attempt at Anthem Claim Projection**

o. 17 Month Trend (10.5% Annual)	14.61%		more consistent with industry norms
p. Trended PMPM	\$469.32	0.87%	-vs-in-force renewal
q. Anthem Claims Adjustment	0%		no adjustment
r. Adjusted Trend PMPM	\$ 469.32	0.87%	-vs-in-force renewal
s. Current Members	2,095		
t. Projected Claims	\$11,798,714	-0.18%	-vs-in-force renewal (\$11.5M if use 8.56% Trend with no claim adj)
u. Projected Claims PCPM	\$1,209.38	0.92%	-vs-in-force renewal

V. July 2012 REVISED Projected Anthem ASO Renewal/RFP Response (thru 2/29/12)-CONT'D

**Anthem Revised RFP Response 2/29/12**

V. Total Projected Claims	\$11,251,488	-4.81%	-vs-in-force renewal (down 3.76% pcpm)
w. Admin/NAF Fees	\$437,435	-20.48%	-vs-in-force renewal (down 19.6% pcpm)
x. Stop Loss Fees	\$655,213	11.51%	-vs-in-force renewal (up 12.74% pcpm)
y. Total Projected Cost	\$12,344,136	-4.74%	-vs-in-force renewal (down 3.68% pcpm)

VI. Town/BOE Break Out (estimated)

	Cost	%
a. Total	\$12,344,136	100%
b. <del>Town</del> BOE	\$9,011,219	73% using Bob T. %
c. BOE <del>Town</del>	\$3,332,917	27% using Bob T. %

VII. Reserve Target

**Reserve Model: Carrier IBNR/ 50% ASO Corridor**

Medical IBNR:	8.00%	Approx 1 Month (Standard Anthem Factor)
ASO Claim Corridor:	12.50%	1/2 Corridor to 125%
Budget Stabilization:	5.00%	Margin

Fiscal Year Ending June 30	2011	2012	2013
Total Projected Claims	\$ 12,002,724	\$ 11,820,024	\$ 11,251,488
Claim IBNR:	\$ 960,218	\$ 945,602	\$ 900,119
ASO Corridor:	\$ 1,500,341	\$ 1,477,503	\$ 1,406,436
Stabilization:	\$ 600,136	\$ 591,001	\$ 562,574
<b>Combined Reserve:</b>	<b>\$ 3,060,695</b>	<b>\$ 3,014,106</b>	<b>\$ 2,869,129</b>