

The Employee Medical Benefits Board held a Regular Meeting Monday, December 2, 2013 in Meeting Room #1 at the Municipal Center, 3 Primrose Street, Newtown, CT.

THESE MINUTES ARE SUBJECT TO APPROVAL BY EMPLOYEE MEDICAL BENEFITS BOARD

Chairman Mark Mattioli called the meeting to order at 6:15 pm.

PRESENT: Ron Bienkowski, James Loring, Mark Mattioli (Chair), Paul Smith and Donna Van Waalwijk.

ALSO PRESENT: Finance Director Robert Tait. **Not Present:** Dan McAloon, Joseph Spurgeon, Consultant with Lindberg and Ripple.

ACCEPTANCE OF THE MINUTES: Mr. Loring moved to accept the minutes of September 23, 2013. Ms. Van Waalwijk seconded the motion. The minutes were approved as written.

REVIEW MOST RECENT CLAIM TREND / REVIEW RESERVE FUND STATUS

Mr. Tait distributed and reviewed his report entitled "Town of Newtown Claims Analysis, a Renewal Cost Summary, and Fund Analysis (see Attachments). The fund balance at July 1, 2013 was \$2,266,439 (audited). The Fund balance reviewed at the September 23rd meeting was \$2.481 million (unaudited). The estimated fund balance for June 30, 2014 is \$2,046,439. Claim payments for the first five months of this plan year total \$5.064 million, roughly \$1 million per month. July 2013 claim payments were higher than any month in the last two plan years. He said that by the February meeting he will have the numbers up through January which will provide a better estimate, for the remainder of this plan year, and Joe Spurgeon will be present to discuss the 2014-2015 renewal.

Mr. Mattioli asked if there has been a substantial change in enrollment. Mr. Tait said not on the Town side. Mr. Bienkowski said the Board of Ed has an additional 10 employees with the SERV grant. Also he noted that enrollment projections for the 2014 plan year are that as of July 2014 the BOE health plan enrollment will be approximately 1% lower than current. Based on this change, he said that Dr. Reed noted concerns about the medical benefit budget and had questions relating to staff reductions and their related medical benefit (could their medical benefits be taken out of the budget). Mr. Tait said that could be done if the Town was on an insured medical plan. However, we are on a self-insured medical plan so reducing medical benefit amounts relating to staff reductions doesn't work. Mr. Tait said if there were 100 people leaving the plan it would make a difference to the Town's contribution to the plan and that a meeting with Mr. Spurgeon, our consultant, would help explain this further. Mr. Mattioli offered to reach out to Dr. Reed or schedule a special meeting prior to February, to help manage expectations related to changes in health plan enrollment and the associated needs of the Self-Funded Health Insurance fund.

Mr. Mattioli asked if the board could be shown the past 36 months in a graph. Mr. Tait will work on that. Mr. Tait said he's kept a balance between BOE and Town expenditures for those months. It is the expectation that at the next meeting, when we have two additional months of experience, the board will make a recommendation on the reserve fund goal for the 2014 plan year.

Mr. Bienkowski said that all new teachers, as part of their negotiated contract, are required to go into the HSA program.

Mr. Mattioli said it is preferred that the reserve fund does not drop below \$2,000,000. The balance at July was \$2.26 million. Mr. Tait said the fund is currently stable. Mr. Loring made the observation that based on Mr. Tait's projection, the fund will contract nearly 20% over the 2013-14 plan year. However, that calculation was based on the unaudited starting figure. Based on the audited figure, the projected decrease in the fund during the current plan year is 10%. \$2,000,000 represents approximately two months of claims payments. The reserve goal has been closer to, but not exceeding, three months of claims.

NEW BUSINESS

2014 Schedule – The board approved that the 2014 schedule as Monday, February 10th, May 5th, September 8th, and December 1st.

Annual Report – Mr. Mattioli asked Mr. Tait to see if the board should submit information for the Annual Report.

Mr. Loring motioned to adjourn the meeting at 7:05 pm. Ms. Van Waalwijk seconded the motion which was unanimously approved.

Respectfully Submitted by Tammy Hazen, Clerk.

Report 1

Renewal Cost Summary

Newtown Town And Board Of Education

Renewal Effective Date: July 1, 2013 2013-14 (current fiscal year)

Expected Paid Claims by Coverage Category*	
Medical	\$10,517,160
Drug	\$1,499,796
Dental	\$141,540
Vision	\$3,708
Total Expected Paid Claims:	\$12,162,204
Network Access Fee:	\$220,243
Estimated Retention and Stop Loss:**	
Retention Fees	\$260,595
Stop Loss Fees	\$668,336
Estimated Total Retention and Stop Loss Fees	\$928,931
Estimated Total Cost:	\$13,311,378

12,382,447

The Expected Paid Claims represents the actuarial projection of claims cost for the renewal period. These amounts are provided to assist you with estimating claim liability for your budgetary purposes. These projections are also used as the basis for determining the maximum liability for aggregate stop loss coverage.

*Capped at 100% Network Access Fee

*Claims, Retention, and Stop Loss costs were calculated based on contracts as of January, 2013. The Network Access Fee is capped at 100%, a maximum dollar amount of \$220,243.

The health benefit plan(s) reflected in this quote is not considered to be grandfathered under the provisions of the Patient Protection and Affordable Care Act. Non-grandfathered plans are subject to additional provisions under the Patient Protection and Affordable Care Act that do not apply to grandfathered plans. For further information, please contact your account representative.

This renewal rate includes changes to the standard medical plan to ensure compliance with the requirements of the federal health care reform legislation for non-grandfathered plans, including 100 percent coverage of in-network preventive care services.

Your health benefit plan includes new and newly expanded benefits for women's preventive care. Certain services, drugs and supplies will now be paid at 100% in-network. Coverage for these services is included in this renewal. Please see your Account Manager for details.

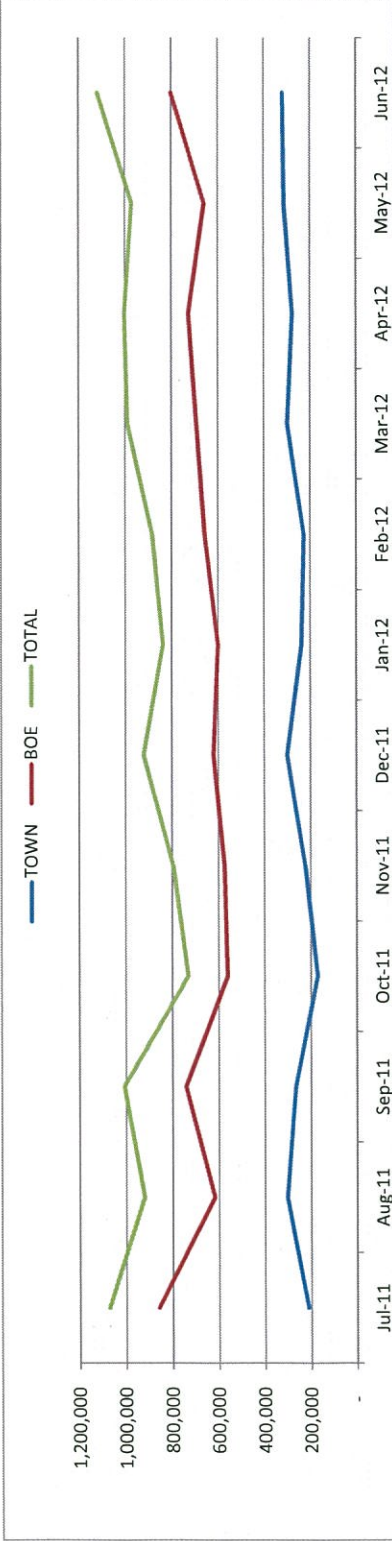
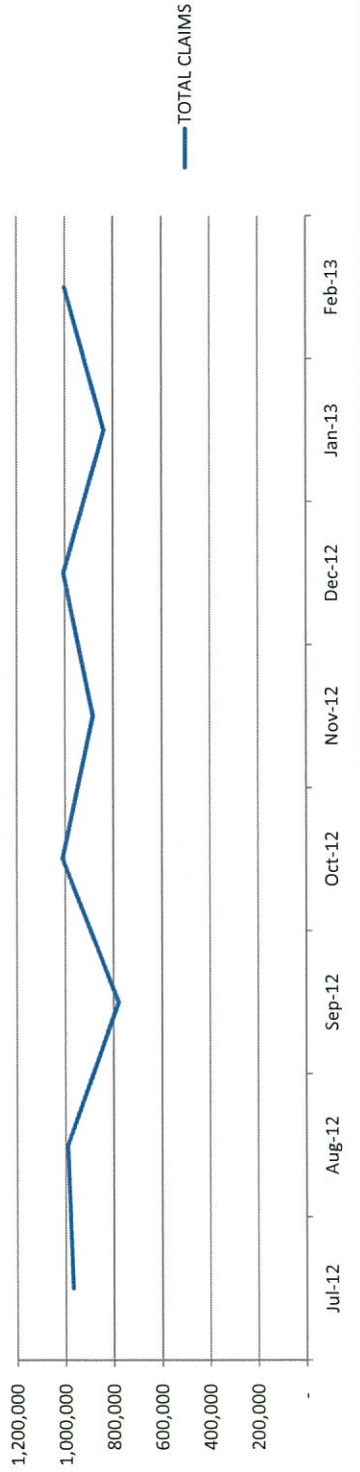


TOWN OF NEWTOWN
 MEDICAL SELF INSURANCE FUND ANALYSIS @ NOVEMBER 30, 2013
 FISCAL YEAR 2013 - 2014 FORECAST

FUND BALANCE @ JULY 1, 2013	2,266,439
<u>ESTIMATED REVENUES</u>	
EMPLOYER CONTRIBUTIONS:	
MUNICIPAL	2,757,000
EDUCATION + GRANTS (70,000)	<u>7,791,000</u>
EMPLOYEE CONTRIBUTIONS:	
MUNICIPAL	260,000
EDUCATION	<u>1,800,000</u>
RETIREE/COBRA/AGENCY CONTRIBUTIONS:	
MUNICIPAL	280,000
EDUCATION	<u>400,000</u>
INTEREST EARNED ON INVESTMENTS	10,000
TOTAL REVENUES	 <u>13,298,000</u>
<u>ESTIMATED EXPENSES</u>	
CLAIMS/NAF:	
MUNICIPAL	
EDUCATION	12,597,000
ADMINISTRATIVE FEES:	
MUNICIPAL	219,000
EDUCATION	652,000
CONSULTANT FEES	50,000
TOTAL EXPENSES	 <u>13,518,000</u>
ESTIMATED FUND BALANCE @ JUNE 30, 2014	 <u>2,046,439</u>

25% OF TOTAL CLAIMS = 3,149,250

TOTAL CLAIMS



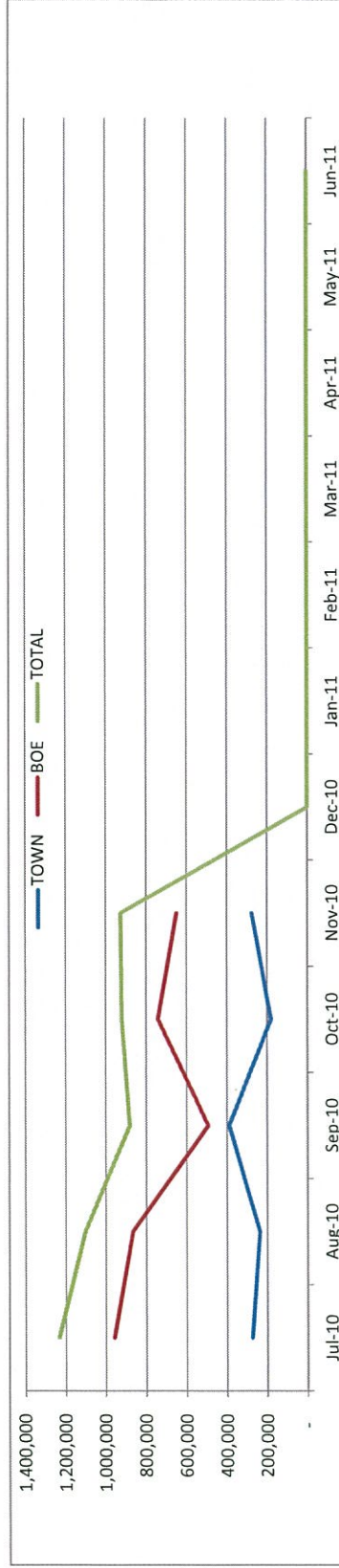
TOWN OF NEWTOWN CLAIMS ANALYSIS

FISCAL YEAR 2012 - 2013														
	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	TOTALS	
TOWN	247,000	226,000	168,000	198,000	190,000	266,000	242,000	246,000	279,000	262,000	304,000	215,000	2,843,000	25%
BOE	722,000	764,000	611,000	812,000	694,000	739,000	596,000	754,000	677,000	763,000	843,000	709,000	8,684,000	75%
TOTAL	969,000	990,000	779,000	1,010,000	884,000	1,005,000	838,000	1,000,000	956,000	1,025,000	1,147,000	924,000	11,527,000	NOV = 40.2%

FISCAL YEAR 2011 - 2012														
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	TOTALS	
TOWN	213,000	304,000	266,000	171,000	223,000	302,000	238,000	227,000	298,000	276,000	312,000	318,000	3,148,000	28%
BOE	860,000	618,000	742,000	561,000	573,000	621,000	601,000	657,000	692,000	726,000	659,000	802,000	8,112,000	72%
TOTAL	1,073,000	922,000	1,008,000	732,000	796,000	923,000	839,000	884,000	990,000	1,002,000	971,000	1,120,000	11,260,000	NOV = 40.2%

FISCAL YEAR 2013 - 2014														
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	TOTALS	
TOWN	275,000	238,000	389,000	180,000	276,000								0%	
BOE	958,000	865,000	495,000	741,000	649,000								0%	
TOTAL	1,233,000	1,103,000	882,000	921,000	925,000								5,064,000	USING 40% EST TOTAL = 12,597,015

2013 - 2014



TOWN OF NEWTOWN
 MEDICAL SELF INSURANCE FUND ANALYSIS @ NOVEMBER 30, 2013
 FISCAL YEAR 2014 - 2015 FORECAST

ESTIMATED FUND BALANCE @ JULY 1, 2014 2,046,439

<u>ESTIMATED REVENUES</u>	
EMPLOYER CONTRIBUTIONS:	
MUNICIPAL	2,867,280 (4%)
EDUCATION	<u>8,102,640 (4%)</u>
EMPLOYEE CONTRIBUTIONS:	
MUNICIPAL	280,000
EDUCATION	<u>1,900,000</u>
RETIREE/COBRA/AGENCY CONTRIBUTIONS:	
MUNICIPAL	280,000
EDUCATION	<u>400,000</u>
INTEREST EARNED ON INVESTMENTS	10,000
TOTAL REVENUES	<u><u>13,839,920</u></u>

<u>ESTIMATED EXPENSES</u>	
CLAIMS/NAF:	
MUNICIPAL	12,987,507 (3.1%)
EDUCATION	
ADMINISTRATIVE FEES:	
MUNICIPAL	900,000
EDUCATION	50,000
CONSULTANT FEES	
TOTAL EXPENSES	<u><u>13,937,507</u></u>

ESTIMATED FUND BALANCE @ JUNE 30, 2015 1,948,852

Table 15. Consumer Price Index for All Urban Consumers (CPI-U): Areas priced monthly, by expenditure category and commodity and service group

(1982-84=100, unless otherwise noted)

Item and group	U.S. city average			Chicago-Gary-Kenosa, IL-IN-WI			Los Angeles-Riverside-Orange County, CA			New York-Northern N.J.-Long Island, NY-NJ-CT-PA		
	Index Oct. 2013	Percent change from—		Index Oct. 2013	Percent change from—		Index Oct. 2013	Percent change from—		Index Oct. 2013	Percent change from—	
		Oct. 2012	Sep. 2013		Oct. 2012	Sep. 2013		Oct. 2012	Sep. 2013		Oct. 2012	Sep. 2013
Expenditure category												
All items	233.546	1.0	-0.3	224.422	0.5	-0.3	239.940	-0.1	0.1	257.069	1.1	-0.6
All items (1967=100)	699.601	-	-	670.478	-	-	708.891	-	-	743.150	-	-
Food and beverages	237.794	1.3	.1	230.141	.7	.5	240.226	1.1	.1	246.279	.7	-4
Food	237.871	1.3	.1	229.068	.6	.5	240.224	1.2	.1	245.912	.7	-4
Food at home	234.418	.8	.2	228.608	.3	.7	250.550	1.5	-.1	246.255	1.1	-5
Food away from home	244.350	1.9	.1	224.446	1.1	.1	223.823	.8	.4	252.030	.3	-3
Alcoholic beverages	235.348	1.9	.1	243.660	2.0	.6	225.911	-.2	-.1	247.608	-.3	.1
Housing	228.362	2.1	-.2	222.978	1.6	.0	256.581	2.0	.5	271.244	2.0	-.6
Shelter	264.719	2.3	.1	277.013	2.4	.1	287.706	1.9	.2	334.321	2.6	.0
Rent of primary residence ¹	269.960	2.8	.3	290.843	2.7	.2	299.547	2.6	.2	341.629	3.1	.3
Owners' equivalent rent of residences ¹ ²	272.623	2.3	.3	283.141	2.5	.0	299.907	1.9	.1	341.929	2.6	.4
Owners' equivalent rent of primary residence ^{1 2}	272.599	2.3	.3	283.141	2.5	.0	299.905	1.9	.1	341.759	2.7	.4
Fuels and utilities	225.244	3.2	-2.2	177.629	-2.3	-.8	289.846	5.6	3.3	196.431	2	-5.7
Household energy	193.280	3.0	-3.0	147.390	-4.6	-1.4	262.925	4.4	3.4	191.642	.0	-6.5
Energy services ¹	194.248	3.3	-3.2	149.745	-4.7	-1.5	261.491	4.5	3.5	175.731	1.2	-7.9
Electricity ¹	200.392	3.0	-4.2	127.233	-19.1	-.1	304.117	1.9	5.2	178.410	1.3	-11.6
Utility (piped) gas service ¹	173.329	4.4	.0	166.769	16.8	-3.0	208.670	11.6	-.7	165.024	.9	1.0
Household furnishings and operations ...	124.177	-.9	-.1	99.351	-.7	-.1	118.958	-.4	.3	118.865	-.9	-.3
Apparel	131.070	-.2	1.1	99.201	1.0	-1.6	114.119	-3.6	4.1	128.599	.6	-1.5
Transportation	214.943	-2.4	-1.4	198.889	-2.6	-1.6	209.012	-6.2	-1.6	228.844	-1.3	-1.2
Private transportation	209.879	-2.8	-1.7	195.429	-3.2	-1.9	202.978	-6.7	-1.9	215.657	-2.4	-1.5
Motor fuel	291.812	-10.0	-4.8	312.896	-8.7	-5.5	291.092	-16.3	-6.1	273.313	-10.9	-5.4
Gasoline (all types)	290.306	-10.1	-4.9	309.886	-8.8	-5.6	284.881	-16.5	-6.1	272.028	-11.0	-5.5
Gasoline, unleaded regular ³	288.934	-10.4	-5.0	304.094	-9.2	-5.6	286.387	-16.6	-6.2	273.633	-11.5	-5.6
Gasoline, unleaded midgrade ^{3 4}	299.119	-9.3	-4.9	325.012	-8.2	-5.5	268.838	-16.6	-5.8	275.821	-10.3	-5.1
Gasoline, unleaded premium ³	283.554	-9.1	-4.5	301.430	-7.1	-5.6	268.606	-15.8	-6.2	271.835	-9.3	-4.9
Medical care	428.082	2.3	.0	443.417	1.5	.2	413.429	1.4	.1	426.844	3.1	-.7
Recreation ⁵	115.202	.4	.0	108.656	-1.4	-1.7	103.724	-.2	.6	119.264	.5	.7
Education and communication ⁵	136.860	1.6	.1	139.819	1.5	.4	144.766	1.5	-.3	141.379	.8	.0
Other goods and services	402.693	1.6	.0	381.375	2.5	-.1	371.296	-.5	-1.1	398.320	1.0	.6
Commodity and service group												
All items	233.546	1.0	-.3	224.422	.5	-.3	239.940	-.1	.1	257.069	1.1	-.6
Commodities	187.168	-1.1	-.6	172.764	-1.1	-.8	179.363	-3.5	-.5	193.053	-1.3	-1.0
Commodities less food and beverages ...	160.436	-2.6	-1.0	142.016	-2.3	-1.6	145.831	-6.5	-.9	157.796	-2.8	-1.5
Nondurables less food and beverages	210.641	-3.7	-1.4	191.742	-2.7	-2.5	192.375	-8.5	-1.3	201.605	-3.4	-2.0
Durables	111.314	-.6	-.3	94.838	-1.4	-.2	100.181	-2.1	-.1	102.184	-1.3	-.4
Services	279.582	2.4	.0	273.300	1.6	.0	292.938	2.1	.5	311.958	2.4	-.3
Special aggregate indexes												
All items less medical care	224.105	.9	-.3	215.035	.5	-.4	232.178	-.2	.1	249.591	1.0	-.5
All items less shelter	223.993	.4	-.4	206.934	-.4	-.5	219.128	-1.2	.1	226.908	.3	-.9
Commodities less food	163.122	-2.5	-1.0	146.032	-2.1	-1.6	149.595	-6.3	-.8	161.490	-2.7	-1.4
Nondurables	224.824	-1.3	-.7	212.720	-1.0	-1.0	218.163	-3.8	-.6	226.301	-1.3	-1.2
Nondurables less food	212.184	-3.4	-1.3	195.854	-2.5	-2.3	196.517	-8.0	-1.2	204.720	-3.2	-1.9
Services less rent of shelter ²	305.726	2.5	-.2	283.630	.7	-.2	308.614	2.2	.9	298.376	2.3	-.7
Services less medical care services	266.094	2.3	.0	260.275	1.6	.0	282.399	1.9	.5	302.602	2.4	-.3
Energy	238.524	-4.8	-4.0	211.644	-7.0	-3.9	281.642	-10.2	-3.0	225.512	-5.6	-6.0
All items less energy	234.905	1.6	.2	227.364	1.3	.0	238.753	1.0	.4	261.979	1.7	-.1
All items less food and energy	235.162	1.7	.2	227.879	1.4	-.1	238.825	.9	.5	266.581	1.9	.0

¹ This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

² Indexes on a December 1982=100 base.

³ Special index based on a substantially smaller sample.

⁴ Indexes on a December 1993=100 base.

⁵ Indexes on a December 1997=100 base.

- Data not available.

NOTE: Index applies to a month as a whole, not to any specific date.