

EMPLOYEE MEDICAL BENEFITS BOARD
MEETING MINUTES for MONDAY, SEPTEMBER 8, 2014 @ 6:15 PM
NEWTOWN MUNICIPAL CENTER, 3 PRIMROSE STREET, NEWTOWN, CT
MEETING ROOM 1

Present: Mark Mattioli, Donna Van Waalwijk, Jim Loring, Paul Smith, Dan McAloon,
Also Present: Bob Tait, Ron Bienkowski and Steven May (insurance consultant)
and John Voket with The Newtown Bee

Mr. Mattioli called the meeting to order @ 6:13PM

Approval of Minutes: Minutes were accepted with the exception of the spelling of Dan MacAloon should be Dan McAloon. Accepted with changes. Donna VanWaalwijk made a motion to accept, Jim Loring 2nd the motion and all others in favor

Voter Comments: N/A

New Business:

Review updated claim months of June, July and August:

Bob Tait went over his Claims analysis:

June claims were:	\$1,265,000
July claims were:	\$939,000
August claims were:	\$1,042,000

The group observed that the last month of 2013-2014 plan year was a high claim month, and the first two of the 2014-2015 plan year were a little below average, when compared to prior years claims experience.

The July 2012-June 2013 claims totaled \$11,527,000
The July 2013-June 2014 claims totaled \$12,321,000

This represents a **6.89%** increase in claims over the prior 12-month period and \$794,000 increase in claims paid.

Review status of Self-Insurance Reserve Fund

Mr. Tait shared two exhibits, and shared his input regarding the line items impacting each.

- a) A statement of revenues, expenses and changes in fund net position for the year ended June 30, 2014 (UNAUDITED).

June 30, 2013 =	\$2,266,439
July 1, 2014 =	\$2,210,990

During the 12-month period the reserve fund decreased \$55,449 or 2.45%

b) Analysis of Medical self insurance fund for the fiscal year 2014-2015 (as of August 31, 2014)

These reports detail the starting balance, as well as additions and subtractions to/from the medical self insurance reserve fund.

Fund balance as of August 31, 2014 = \$2,249,937

Estimated fund balance @ June 30, 2015 is \$3,220,319. This estimate is based on a 2014-2015 claims estimate of \$12,000,000 and administrative costs of \$1,291,865.

Mr. Mattioli cited a Towers Watson survey of employee premium contributions for large commercial employers. The survey revealed those employees had realized an increase in their average contributions over the last three years from 34% in 2011 to 37% in 2014. Mr. Mattioli asked what the aggregate employee contribution percentage is for Newtown. Mr. May indicated the teachers are at 21% and the Town is at 12%. Mr. Mattioli asked Mr. May if Newtown is in line with its peer municipalities. Mr. May said yes, Newtown is in the same range as its municipal peers. He indicated that municipalities typically raise employee contributions 1-2% of premium each year.

Mr. Mattioli asked if the premium contributions impact Newtown's ability to avoid the 2018 ACA Cadillac excise tax. Mr. May indicated that while Newtown's current program is subject to the 40% tax, the excise tax does not in anyway use employee contributions in the calculation. Mr. Mattioli suggested that an employer's contribution strategy can greatly impact which plan the employee chooses, which in turn can significantly impact the magnitude of any excise tax exposure. Mr. May indicated that HS.A. enrollment had ticked up from 70 contracts last year to 90 this year, accounting for 12% of the group.

Mr. Mattioli asked the consultant if municipalities are making changes to subsidies offered for spousal coverage and whether narrow network products in CT are being used to support a benefit differential in plan designs. Mr. May indicated that the narrow network concept in CT (a small state with a few major hospitals), has not worked. While municipalities are continuing to offer spousal coverage, they are considering changes in spousal contributions.

Mr. McAloon suggested that perhaps one way to delay the impact of any excise tax, could be to renew the group off-cycle prior to 2018. Mr. May indicated that a group is allowed one off-cycle renewal. He said Newtown would want to consider the escalating costs against revenues that would be held constant during such a proposed renewal period.

Mr. Mattioli suggested that an audit be conducted on enrollment, to make sure the appropriate people are enrolled on the plan. Are the COBRAs moving on and off the plan at the appropriate time? Are dependent children aging off the plan appropriately? Is anyone enrolled in the plan who is not an employee of the Town or BOE? Mr. Tait said he would follow-up regarding the idea of an enrollment audit.

Mr. Tait offered to supply the board with a calendar of the future collective bargaining contract renewal dates.

Mr. Loring asked a couple of questions related to the ACA 2018 excise tax and its impact on Newtown. Mr. Mattioli asked that we hold off, and save the specifics of Mr. May's BOF presentation for the 7:30 meeting.

Discuss recommendations for improving governing Ordinance:

Mr. Mattioli asked the group if they wish to make any recommendations of Ordinance changes to the legislative council. The group did not, at this time, wish to make any recommendations.

2015 meeting schedule

The board will have meetings on December 1, 2014 and February 9, 2015. Mr Tait will share the 2015 budget calendar with the group. A decision on the remaining 2015 meetings will be made at the December 1, 2014 meeting.

Announcements:

Mr. Mattioli stated the next meeting is on December 1, 2014 @ 6:15PM and reminded Board members of the Board of Finance meeting will be held in Council Chambers September 8, 2014 at 7:30PM.

Meeting adjourned: meeting was adjourned at 7:08PM. A motion to adjourn was made by Mr. Loring. Mrs. VanWaalwijk 2nd the motion and all others were in favor

TOWN OF NEWTOWN
 MEDICAL SELF INSURANCE FUND ANALYSIS @ AUGUST 31, 2014
 FISCAL YEAR 2014 - 2015 FORCAST

FUND BALANCE @ JULY 1, 2014 2,210,990

REVENUES: JULY 1, 2014 TO AUGUST 31, 2014

EMPLOYER CONTRIBUTIONS	2,066,828
EMPLOYEE CONTRIBUTIONS	157,541
RETIREE/COBRA/AGENCY CONTRIBUTIONS	-
INTEREST EARNED ON INVESTMENTS	-
TOTAL REVENUES	2,224,369

EXPENSES: JULY 1, 2014 TO AUGUST 31, 2014

CLAIMS/NAF	1,981,227	
ADMINISTRATIVE FEES	176,695	
CONSULTANT FEES	27,500	50%
TOTAL EXPENSES	2,185,422	

FUND BALANCE @ AUGUST 31, 2014 2,249,937

ESTIMATED REVENUES: SEPTEMBER 1, 2014 TO JUNE 30, 2015

EMPLOYER CONTRIBUTIONS	9,244,131
EMPLOYEE CONTRIBUTIONS	2,173,694
RETIREE/COBRA/AGENCY CONTRIBUTIONS	654,000
INTEREST EARNED ON INVESTMENTS	5,000
TOTAL ESTIMATED REVENUES	12,076,825

ESTIMATED EXPENSES: SEPTEMBER 1, 2014 TO JUNE 30, 2015

CLAIMS/NAF	10,018,773	<<<<<FROM CLAIMS ANALYSIS
ADMINISTRATIVE FEES	1,060,170	
CONSULTANT FEES	27,500	
TOTAL ESTIMATED EXPENSES	11,106,443	

ESTIMATED FUND BALANCE @ JUNE 30, 2015 3,220,319

TOWN OF NEWTOWN
 MEDICAL SELF INSURANCE FUND ANALYSIS @ AUG 31, 2014
 FISCAL YEAR 2014 - 2015 FORCAST

FUND BALANCE @ JULY 1, 2014 2,210,990

<u>ESTIMATED REVENUES</u>	
EMPLOYER CONTRIBUTIONS:	
MUNICIPAL	2,943,650
EDUCATION + GRANTS	<u>8,367,309</u>
EMPLOYEE CONTRIBUTIONS:	
MUNICIPAL	291,235
EDUCATION	<u>2,040,000</u>
RETIREE/COBRA/AGENCY CONTRIBUTIONS:	
MUNICIPAL	280,000
EDUCATION	<u>374,000</u>
INTEREST EARNED ON INVESTMENTS	5,000
TOTAL REVENUES	<u><u>14,301,194</u></u>

<u>ESTIMATED EXPENSES</u>	
CLAIMS/NAF:	
MUNICIPAL	12,000,000 <<<<<FROM CLAIMS ANALYSIS
EDUCATION	
ADMINISTRATIVE FEES:	
MUNICIPAL	1,236,865
EDUCATION	
CONSULTANT FEES	55,000
TOTAL EXPENSES	<u><u>13,291,865</u></u>
ESTIMATED FUND BALANCE @ JUNE 30, 2015	<u><u>3,220,319</u></u>

25% OF TOTAL CLAIMS = 3,000,000

TOWN OF NEWTOWN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	BOARD OF EDUCATION DENTAL	MEDICAL INSURANCE	TOTALS
OPERATING REVENUES:			
Charges for services.....	\$ 431,521	\$ 13,100,331	\$ 13,531,852
OPERATING EXPENSES:			
Claims incurred.....	421,241	12,156,285	12,577,526
Administration.....	1,316	1,004,857	1,006,173
TOTAL OPERATING EXPENSES.....	422,557	13,161,142	13,583,699
OPERATING INCOME (LOSS).....	8,964	(60,811)	(51,847)
NONOPERATING REVENUES (EXPENSES):			
Investment income.....		5,362	5,362
NET CHANGE IN NET POSITION	8,964	(55,449)	(46,485)
TOTAL NET POSITION - JULY 1, 2013.....	226,161	2,266,439	2,492,600
TOTAL NET POSITION - JUNE 30, 2014.....	\$ 235,125	\$ 2,210,990	\$ 2,446,115

TOWN OF NEWTOWN, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2014

	PENSION TRUST FUND	OTHER POST- EMPLOYMENT BENEFIT TRUST FUND	PRIVATE- PURPOSE TRUST FUND SANDY HOOK PRIVATE PURPOSE TRUST FUND
ADDITIONS:			
Contributions:			
Employer.....	\$ 1,202,909	\$ 245,851	\$
Plan members.....	465,850	330,483	
Others.....	-		50,059
Total contributions.....	1,668,759	576,334	50,059
Investment income (loss):			
Net change in fair value of investments.....	3,737,875	95,072	
Interest and dividends.....	735,667	19,986	
Total investment income (loss).....	4,473,542	115,058	-
Less investment expenses.....	170,876	8,264	
Net investment income (loss).....	4,302,666	106,794	-
TOTAL ADDITIONS.....	5,971,425	683,128	50,059
DEDUCTIONS:			
Benefits.....	1,527,243	383,197	
Assistance payments.....			68,952
TOTAL DEDUCTIONS.....	1,527,243	383,197	68,952
CHANGE IN NET POSITION.....	4,444,182	299,931	(18,893)
NET POSITION - JULY 1, 2013.....	30,197,472	982,273	19,183
NET POSITION - JUNE 30, 2014.....	\$ 34,641,654	\$ 1,282,204	\$ 290

See Notes to Financial Statements.