

Employee Medical Benefits Board

****SPECIAL MEETING ****

Minutes

Monday, March 2, 2015

6:15 pm

Newtown Municipal Center

Newtown, CT

THESE MINUTES ARE SUBJECT TO APPROVAL BY THE
MUNICIPAL BUILDINGS STRATEGIC PLAN ADVISORY COMMITTEE

The Employee Medical Benefits Board held a special meeting on Monday, March 2, 2015 in meeting room #1 of the Newtown Municipal Center, Newtown, CT. The meeting was called to order at 6:15 pm.

Present: Mark Mattioli, Donna Van Waalwijk, Jim Loring, Paul Smith, and Dan McAloon

Others Present: Bob Tait , Ron Bienkowski, Joe Spurgeon

1. **Acceptance of Minutes:** Donna Van Waalwijk motioned to accept the minutes. It was noted to correct spelling on line item #3 from 'provie' to 'provide' and 'tend' to 'trend'. Dan McAloon seconded. All Approved.
2. **Old Business:** Elect a Chairman. Dan McAloon motioned to name Mark Mattioli as chairman. Jim Loring seconded. All Approved.
3. **New Business:** **see attachments**

Review Updated Claim Months of December, January, and February:

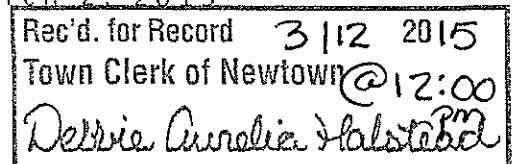
Bob Tait shared the following:

- Claims experience report: December = \$956k; Jan = \$837k; Feb = \$1,093 MM
- Claims are 1.4% less than the prior year.

Review Status of Self-Insurance Reserve Fund: The estimated fund balance for 6/30/15: \$3.121 MM.

The actual revenue as of February 28, 2015 was \$10,992,474. The actual expenses through February 28, 2015 were \$8,534,618.

The fund analysis for fiscal year 2015-2016: On the forecast sheet, Bob Tait reduced the employer contributions by \$300,000 to see what affect it might have. He increased claims by 6.8% based on the trend number he was given to use. If the budget is reduced by \$300,000 the reports would be close to the aimed 25% of total claims.



Insurance Consultant Presentation: Joe Spurgeon updated the projected cost sheet to include the July 2014 numbers. This sheet shows the running costs from 2010-2014. For the current fiscal year, the projected claims was \$13,361,652. With the projected claims, admin fees, and stop loss fees there was a total projected cost increase of 10.20% from the last year.

A few more people are signing up for the HSA plan. There is approximately 10-12% enrollment in the HAS plan. As more people go to the HSA plan, there will be lower claims in the first few months of the fiscal year in that plan.

Review Trend Data: For trend perspective, what the insurance consultants are seeing are trends in the range of 6.6% to 9-10%. Anthem has been pretty consistent with their trend at roughly 7.7%.

Bob Tait and Ron Bienkowski left meeting at 7:21 pm.

Make Reserve Fund Determination for 2015-2016 Plan Year: Taking into account a \$300,000 cut in employer contributions, Bob Tait's exhibit projects the reserve fund will be \$3.12 million on July 1, 2015. With the projected 2015-2016 year program costs in the range of \$14.1 to \$14.5 million, that reserve level is right in the acceptable range, where we believe it should be.

The Anthem renewal uses a 7.7% trend, to arrive at \$14.5 million cost, \$1.3 million of which is admin cost. The reinsurance premiums are increasing 6% this year, compared to 17% last year. The number of claimants over 50k, remained very consistent with last year, at 34, showing that 1.65% of members accounted for 32.5% of the cost, or \$3.9 million (12 months through December 2014).

Motion: Jim Loring motioned to decrease the additional funds going into the reserve for the 2015-2016 fiscal year by \$300,000 per the recommendation of Bob Tait. Mark Mattioli seconded. All approved.

3. Announcements

Anthem will be invited to the next meeting on April 6th.

Meeting Adjourned at 8:20 pm

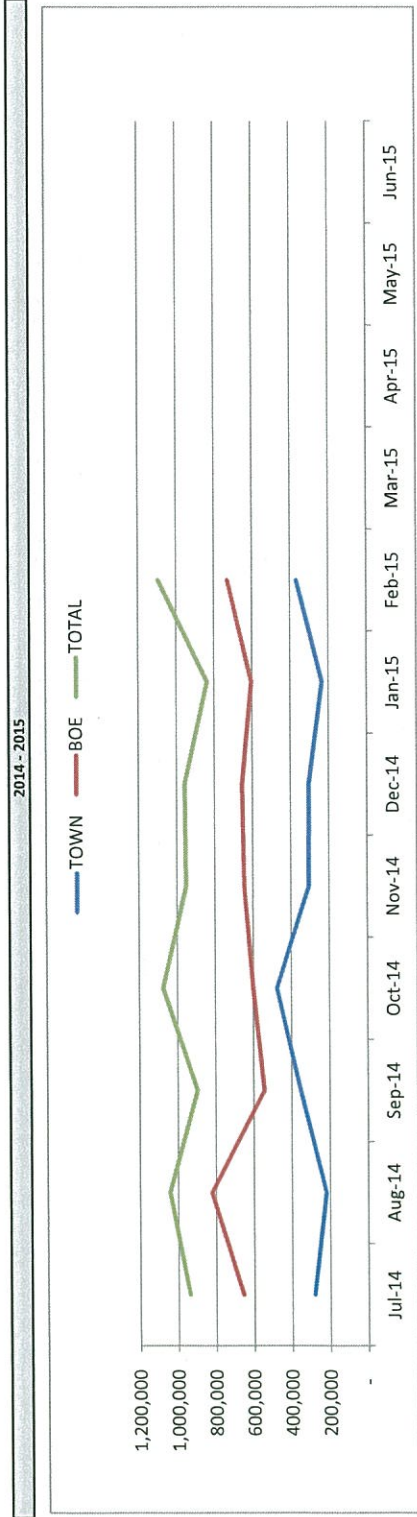
Respectfully Submitted,

Aileen Nosal, Clerk

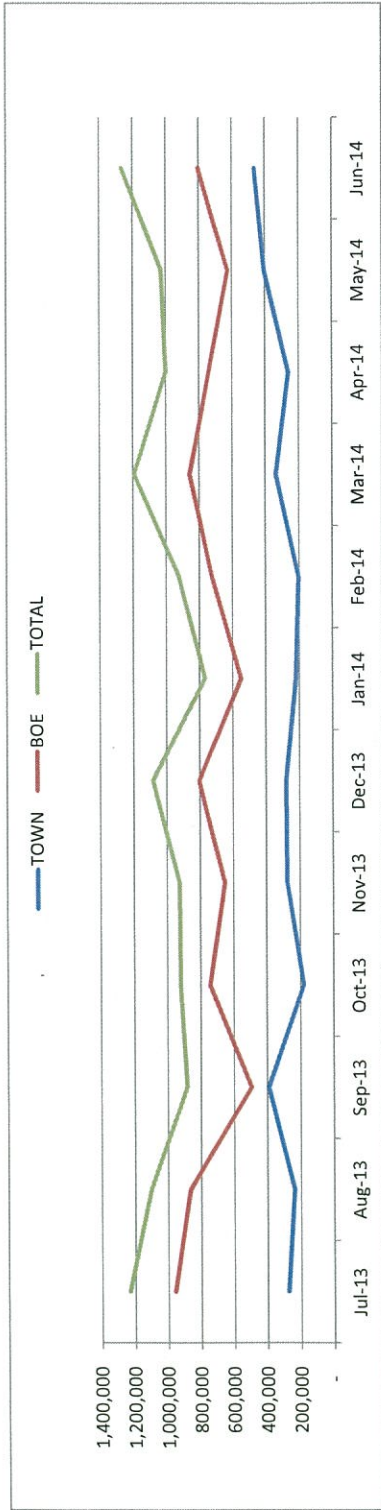
TOWN OF NEWTOWN CLAIMS ANALYSIS

FISCAL YEAR 2012 - 2013													TOTALS	
	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13		
TOWN	247,000	226,000	168,000	198,000	190,000	266,000	242,000	246,000	279,000	282,000	304,000	215,000	2,843,000	25%
BOE	732,000	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	64.8%
FISCAL YEAR 2011 - 2012													TOTALS	
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12		
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	63.7%
FISCAL YEAR 2013 - 2014													TOTALS	
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14		
TOWN	275,000	238,000	389,000	180,000	276,000	280,000	220,000	203,000	336,000	261,000	403,000	462,000	3,523,000	27%
BOE	958,000	865,000	483,000	741,000	649,000	804,000	546,000	721,000	856,000	739,000	623,000	803,000	8,798,000	73%
TOTAL	1,233,000	1,103,000	882,000	921,000	925,000	1,084,000	766,000	924,000	1,192,000	1,000,000	1,026,000	1,265,000	12,321,000	63.6%
FISCAL YEAR 2014 - 2015													TOTALS	
	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15		
TOWN	284,000	221,000	352,000	475,000	307,000	304,000	234,000	365,000	-	-	-	-	2,542,000	33%
BOE	655,000	821,000	543,000	599,000	644,000	652,000	603,000	728,000	-	-	-	-	5,245,000	67%
TOTAL	939,000	1,042,000	895,000	1,074,000	951,000	956,000	837,000	1,093,000	-	-	-	-	7,787,000	64.1%

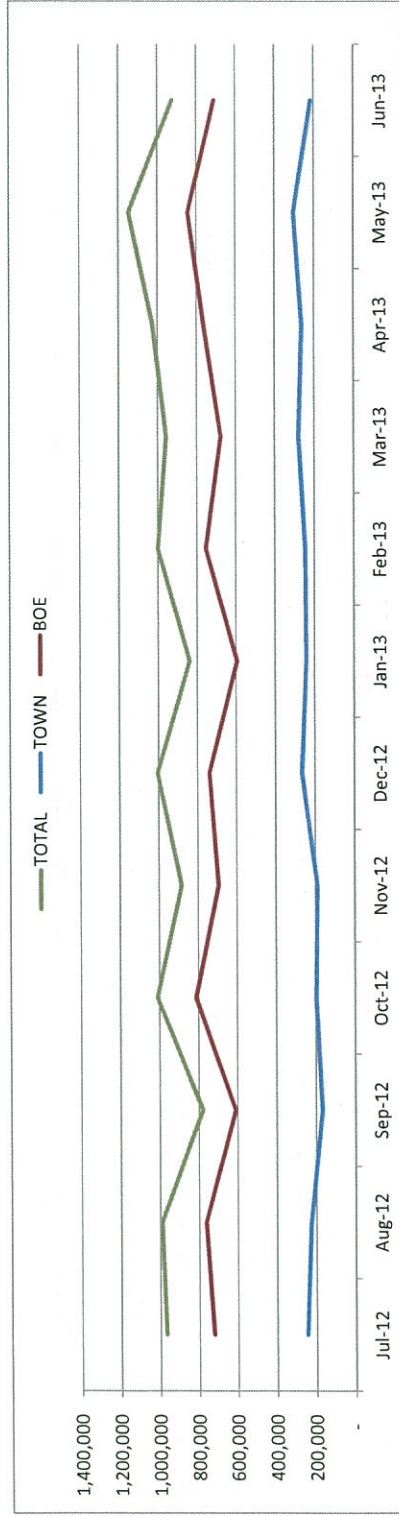
STRAIGHT LINE = 67%



2013 - 2014



FISCAL YEAR 2012 - 2013



TOWN OF NEWTOWN
 MEDICAL SELF INSURANCE FUND ANALYSIS @ FEB 28, 2015
 FISCAL YEAR 2014 - 2015 FORECAST

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

ESTIMATED REVENUES

EMPLOYER CONTRIBUTIONS:

MUNICIPAL	2,967,280
EDUCATION	<u>8,267,309</u>

11,234,589

EMPLOYEE CONTRIBUTIONS:

MUNICIPAL	310,000
EDUCATION	<u>2,034,000</u>

2,344,000

RETIREE/COBRA/AGENCY CONTRIBUTIONS:

MUNICIPAL	265,000
EDUCATION	<u>350,000</u>

615,000

INTEREST EARNED ON INVESTMENTS

5,000

TOTAL REVENUES

14,198,589

ESTIMATED EXPENSES

CLAIMS/NAF:

MUNICIPAL	
EDUCATION	

12,148,206 <<<<<FROM CLAIMS ANALYSIS

ADMINISTRATIVE FEES:

MUNICIPAL	
EDUCATION	

1,085,000

CONSULTANT FEES

55,000

TOTAL EXPENSES

13,288,206

ESTIMATED FUND BALANCE @ JUNE 30, 2015

3,121,373

25% OF TOTAL CLAIMS =

3,037,052

TOWN OF NEWTOWN
 MEDICAL SELF INSURANCE FUND ANALYSIS @ FEB 28, 2015
 FISCAL YEAR 2015 - 2016 FORECAST

ESTIMATED FUND BALANCE @ JULY 1, 2015 3,121,373

<u>ESTIMATED REVENUES</u>	
EMPLOYER CONTRIBUTIONS:	
MUNICIPAL	2,892,280
EDUCATION	<u>8,042,309</u>
EMPLOYEE CONTRIBUTIONS:	
MUNICIPAL	328,600
EDUCATION	<u>2,125,163</u>
RETIREE/COBRA/AGENCY CONTRIBUTIONS:	
MUNICIPAL	265,000
EDUCATION	<u>376,313</u>
INTEREST EARNED ON INVESTMENTS	10,000
TOTAL REVENUES	<u><u>14,039,665</u></u>

<u>ESTIMATED EXPENSES</u>	
CLAIMS/NAF:	
MUNICIPAL	12,974,284 (6.8%)
EDUCATION	
ADMINISTRATIVE FEES:	
MUNICIPAL	1,085,000
EDUCATION	
CONSULTANT FEES	55,000
TOTAL EXPENSES	<u><u>14,114,284</u></u>

ESTIMATED FUND BALANCE @ JUNE 30, 2016 3,046,754

25% OF TOTAL CLAIMS = 3,243,571

TOWN OF NEWTOWN
 MEDICAL SELF INSURANCE FUND ANALYSIS @ FEBRUARY 28, 2015
 FISCAL YEAR 2014 - 2015 FORCAST

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

REVENUES: JULY 1, 2014 TO FEBRUARY 28, 2015

EMPLOYER CONTRIBUTIONS	9,222,559
EMPLOYEE CONTRIBUTIONS	1,430,730
RETIREE/COBRA/AGENCY CONTRIBUTIONS	335,887
INTEREST EARNED ON INVESTMENTS	3,298
TOTAL REVENUES	10,992,474

EXPENSES: JULY 1, 2014 TO FEBRUARY 28, 2015

CLAIMS/NAF	7,787,000	
ADMINISTRATIVE FEES	720,118	
CONSULTANT FEES	27,500	50%
TOTAL EXPENSES	8,534,618	

FUND BALANCE @ FEBRUARY 28, 2015 **4,668,846**

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

EMPLOYER CONTRIBUTIONS	2,012,030
EMPLOYEE CONTRIBUTIONS	913,270
RETIREE/COBRA/AGENCY CONTRIBUTIONS	279,113
INTEREST EARNED ON INVESTMENTS	1,702
TOTAL ESTIMATED REVENUES	3,206,115

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

CLAIMS/NAF	4,361,206	<<<<<FROM CLAIMS ANALYSIS
ADMINISTRATIVE FEES	364,882	
CONSULTANT FEES	27,500	
TOTAL ESTIMATED EXPENSES	4,753,588	

ESTIMATED FUND BALANCE @ JUNE 30, 2015 **3,121,373**

**Newtown: Town and BOE
Self Insurance Plan-July 2015
March 2, 2015**

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

Actual Pd Claims: \$9,651,892 *immature*
% of Expected: 80.41% *immature*

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

Actual Pd Claims: \$10,927,859
% of Expected: 92.45%

III. July 2012 Projected ASO Cost

a. Total Projected Claims	\$11,530,392	-2.45% vs 2011
b. Admin/NAF Fees	\$435,108	-20.91% vs 2011
c. Stop Loss Fees	<u>\$651,989</u>	<u>10.96%</u> vs 2011
d. Total Projected Cost	\$12,617,489	-2.63% vs 2011

Actual Pd Claims: \$11,278,153
% of Expected: 97.81%

IV. July 2013 Projected ASO Cost

a. Total Projected Claims	\$12,162,204	5.48% vs 2012
b. Admin/NAF Fees	\$480,838	10.51% vs 2012
c. Stop Loss Fees	<u>\$668,336</u>	<u>2.51%</u> vs 2012
d. Total Projected Cost	\$13,311,378	5.50% vs 2012

Actual Pd Claims: \$12,065,172
% of Expected: 99.20%

V. July 2014 Projected ASO Cost

a. Total Projected Claims	\$13,361,652	9.86% vs 2013
b. Admin/NAF Fees	\$543,097	12.95% vs 2013
c. Stop Loss Fees	<u>\$763,898</u>	<u>14.30%</u> vs 2013
d. Total Projected Cost	\$14,668,647	10.20% vs 2013

Actual Pd Claims: \$11,280,831 *Thru Jan 2015*
% of Expected: *84.43% Annualized*

VI. July 2014 Initial Projected Anthem ASO Renewal

Experience Period (EP) thru 11/30/13

a. EP Average Members	2,056	0.38% -vs-in-force renewal
d. EP Average Contracts	780	0.66% -vs-in-force renewal
c. Current Members	2,060	-0.72% -vs-in-force renewal
d. Current Contracts	782	-1.01% -vs-in-force renewal
e. Paid Claims	\$12,082,634	-1.91% -vs-in-force renewal
f. Excess Claims	\$306,923	
g. Net Claims	\$11,775,711	-1.53% -vs-in-force renewal
h. Claims PMPM	\$477.37	-1.90% -vs-in-force renewal

Anthem Initial Projection

i. Total Projected Claims	\$13,206,912	-1.16% -vs-in-force renewal (down 0.15% pcpm)
j. Admin/NAF Fees	\$499,041	-8.11% -vs-in-force renewal (down 7.17% pcpm)
k. Stop Loss Fees	\$810,113	6.05% -vs-in-force renewal (up 7.13% pcpm)
l. Total Projected Cost	\$14,516,066	-1.04% -vs-in-force renewal (down 0.03% pcpm)

VII. Town/BOE Break Out (estimated)

	Cost	%
a. Total	\$14,516,066	100%
b. BOE	\$11,032,210	76% From Town and BOE 2014
c. Town	\$3,483,856	24% From Town and BOE 2014

VIII.

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	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Projected Claims	\$ 11,820,024	\$ 11,530,392	\$ 12,162,204	\$ 13,361,652	\$ 13,206,912
Claim IBNR:	\$ 945,602	\$ 922,431	\$ 972,976	\$ 1,068,932	\$ 1,056,553
ASO Corridor:	\$ 1,477,503	\$ 1,441,299	\$ 1,520,276	\$ 1,670,207	\$ 1,650,864
Stabilization:	\$ 591,001	\$ 576,520	\$ 608,110	\$ 668,083	\$ 660,346
Combined Reserve:	\$ 3,014,106	\$ 2,940,250	\$ 3,101,362	\$ 3,407,221	\$ 3,367,763

2015 & 2016 FY Ending Assumes Anthem's Renewal Projection