

**Employee Medical Benefits Board
Regular Meeting
Monday, May 7, 2018 at 6:15pm
Newtown Municipal Center
Newtown, CT**

***THESE MINUTES ARE SUBJECT TO APPROVAL BY THE EMPLOYEE MEDICAL BOENEFITS
BOARD***

The Employee Medical Benefits Board held a regular meeting on Monday, May 7, 2018. The meeting was held in Meeting Room 1, Newtown municipal Center, 3 Primrose Street, Newtown, CT. The meeting was called to order at 6:15pm.

Present: Jim Loring, Donna Van Waalwijk, Jim O'Sullivan

Absent: Dave Stout

Also Present: Ron Bienkowski, Robert Tait, Joe Sturgeon of Lindberg & Ripple

Minutes – D. Van Waalwijk moved to approve the minutes from the 2/12/18 special meeting. J. O'Sullivan seconded, motion unanimously approved.

Voter Comments – NONE

NEW BUSINESS

Appointment of an alternate member – D. Van Waalwijk moved to accept Andrew Paley as a new member of the Employee Medical Benefits Board. J. O'Sullivan seconded, motion unanimously approved.

Review claims up to April 20, 2018 and review of current status of Self-funded insurance Reserve Fund, and estimate for year-end (June 30, 2018) – R. Tait reviewed the claims analysis (Attachment A). He reported that the fund balance is estimated to end up with a \$5.6 million balance at June 30, 2018. Our original goal was a fund balance equalig 25% of claims which represents half of the aggregate stop loss; claims incurred but not reported; and a budget stabilization amount. 25% is the low end, 40% is the high end of the reserve. The auditors will not allow fund balance to go much further above 40%.

Authorize the transfer of an amount from the medical self-insurance fund (balance) to the Other Post Employment Trust Fund (retiree medical benefits) – R. Tait explained that 10 years ago towns would be on a pay as you go basis for retiree medical benefits. The law changed and made municipalities to start accruing the cost like a pension. The only people that have retiree benefits are teachers and they pay 100% of the equivalent premium and Police who pay 50% and spouses are 100%. The benefit ends after they hit Medicare. The BOE contributes \$100,000 to the OPEB trust and the Town contributes \$100,000; plus that years estimated retiree medical claims cost. Recommended contributions to the OPEB is about \$800,000. Out of the \$8 million OPEB accrued liability we are 25% funded. The Pension Committee is the trustee. Because of the large fund balance R. Tait was going to request transferring \$500,000 from this account to the OPEB. Now he is hesitant because the Cadillac tax has not gone away so this will be delayed. At this point it does not require any action.

Review other information board members, partners, insurance consultants make available- J. Spurgeon provided claim projection model (Attachment B). Anthem did lower their trend slightly and they did have a conservative trend. Claims are down slightly and enrollment is about the same.

Having no further business the meeting was adjourned at 7:02pm
Respectfully submitted,
Arlene Miles, Clerk

Attachment H

TOWN OF NEWTOWN CLAIMS ANALYSIS
2017 - 18

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
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
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
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
												TOTALS
												2,843,000
												8,684,000
												11,527,000
												75%
												82%

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
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
BOE	958,000	865,000	493,000	741,000	649,000	804,000	546,000	721,000	856,000	739,000	623,000	803,000
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
												TOTALS
												3,523,000
												8,798,000
												12,321,000
												27%
												73%
												82%

FISCAL YEAR 2014 - 2015												
	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	331,000	221,000	352,000	475,000	307,000	304,000	234,000	365,000	361,000	304,000	340,000	202,000
BOE	834,000	821,000	543,000	599,000	644,000	652,000	603,000	728,000	782,000	801,000	843,000	701,000
TOTAL	1,165,000	1,042,000	895,000	1,074,000	951,000	956,000	837,000	1,093,000	1,143,000	1,105,000	1,183,000	903,000
												TOTALS
												3,843,000
												8,730,000
												12,573,000
												32%
												68%
												82%

FISCAL YEAR 2015 - 2016												
	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
TOWN	268,000	291,000	258,000	571,000	288,000	228,000	320,000	268,000	425,000	268,000	221,000	264,000
BOE	1,080,000	817,000	737,000	701,000	655,000	848,000	671,000	753,000	1,005,000	690,000	693,000	1,055,000
TOTAL	1,348,000	1,108,000	995,000	1,272,000	943,000	1,076,000	991,000	1,021,000	1,430,000	958,000	914,000	1,319,000
												TOTALS
												3,670,000
												9,705,000
												13,375,000
												29%
												71%
												84%

FISCAL YEAR 2016 - 2017												
	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
TOWN	327,000	300,000	242,000	375,000	296,000	295,000	218,000	219,000	310,000	260,000	332,000	241,000
BOE	891,000	781,000	619,000	643,000	909,000	800,000	626,000	547,000	833,000	587,000	825,000	920,000
TOTAL	1,218,000	1,081,000	861,000	1,018,000	1,205,000	1,095,000	844,000	766,000	1,143,000	847,000	1,157,000	1,161,000
												TOTALS
												3,415,000
												8,981,000
												12,396,000
												28%
												72%
												82%

FISCAL YEAR 2017 - 2018												
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
TOWN	265,000	269,000	221,000	258,000	260,000	287,000	293,000	314,000	338,000	373,000		
BOE	698,000	723,000	588,000	557,000	651,000	637,000	740,000	683,000	539,000	721,000		
TOTAL	963,000	992,000	809,000	815,000	911,000	924,000	1,033,000	997,000	877,000	1,094,000	-	-
												TOTALS
												2,878,000
												6,537,000
												9,415,000
												31%
												69%
												Estimated Annual
												\$ 12,313,415

TOWN OF NEWTOWN
MEDICAL SELF INSURANCE FUND ANALYSIS @ APRIL 30, 2018
FISCAL YEAR 2017 - 2018 FORECAST

FUND BALANCE @ JULY 1, 2017		4,146,007
<u>ESTIMATED REVENUES</u>		
EMPLOYER CONTRIBUTIONS:		
MUNICIPAL	3,181,000	
EDUCATION	<u>8,686,000</u>	11,867,000
EMPLOYEE CONTRIBUTIONS:		
MUNICIPAL	406,000	
EDUCATION	<u>1,900,000</u>	2,306,000
RETIREE/COBRA/AGENCY CONTRIBUTIONS:		
MUNICIPAL	350,000	
EDUCATION	<u>392,000</u>	742,000
INTEREST EARNED ON INVESTMENTS		<u>20,000</u>
TOTAL REVENUES		<u>14,935,000</u>
<u>ESTIMATED EXPENSES</u>		
CLAIMS/NAF:		
MUNICIPAL		FROM CLAIMS
EDUCATION		ANALYSIS
		12,350,000
ADMINISTRATIVE FEES:		
MUNICIPAL		1,068,000
EDUCATION		
CONSULTANT FEES		<u>55,000</u>
TOTAL EXPENSES		<u>13,473,000</u>
ESTIMATED FUND BALANCE @ JUNE 30, 2018		<u>5,608,007</u>
25% OF TOTAL CLAIMS =		3,087,500
		45%

TOWN OF NEWTOWN
MEDICAL SELF INSURANCE FUND ANALYSIS @ APRIL 30, 2018
FISCAL YEAR 2018 - 2019 FORECAST

ESTIMATED FUND BALANCE @ JULY 1, 2018		5,608,007
<u>ESTIMATED REVENUES</u>		
EMPLOYER CONTRIBUTIONS:		
MUNICIPAL	2,942,425	
EDUCATION	<u>8,034,550</u>	10,976,975
EMPLOYEE CONTRIBUTIONS:		
MUNICIPAL	406,000	
EDUCATION	<u>1,900,000</u>	2,306,000
RETIREE/COBRA/AGENCY CONTRIBUTIONS:		
MUNICIPAL	350,000	
EDUCATION	<u>392,000</u>	742,000
INTEREST EARNED ON INVESTMENTS		<u>20,000</u>
TOTAL REVENUES		<u>14,044,975</u>
<u>ESTIMATED EXPENSES</u>		
CLAIMS/NAF:		
MUNICIPAL		13,152,750 (6.5%)
EDUCATION		
ADMINISTRATIVE FEES:		
MUNICIPAL		1,068,000
EDUCATION		
CONSULTANT FEES		<u>55,000</u>
TOTAL EXPENSES		<u>14,275,750</u>
ESTIMATED FUND BALANCE @ JUNE 30, 2019		<u>5,377,232</u>
25% OF TOTAL CLAIMS =		3,288,188
		41%

Experience	In-Force Anthem '17. '18	Initial Renewal 18-19	Revised Renewal 18-19
Experience Period Thru:	Mar-17	Dec-17	Mar-18
Gross Paid Claims	\$ 12,015,448	\$ 11,054,680	\$ 11,016,701
Excess Claims	\$ (343,171)	\$ (292,128)	\$ (140,086)
Paid Claims Less Large Claims	\$ 11,672,277	\$ 10,762,552	\$ 10,876,615
Experience Period Contracts	9,122	9,051	9,068
Adjusted Claims PCPM	\$ 1,279.57	\$ 1,189.10	\$ 1,199.45
		-7.07%	-6.26%

Experience Large Claim Data				
Members Over \$50K (\$-Count)	\$ 3,469,221	37 mbrs	\$ 3,413,620	34 mbrs
Of Those Over \$50K Also Over \$175K (\$-Count)	\$ 693,171	2 mbrs	\$ 992,110	4 mbrs
Claims In Excess of \$175K	\$ 343,171		\$ 292,110	
			\$ 840,020	4 mbrs
			\$ 140,020	
Anthem Reports Off Very Slightly From Renewal				

Claim Modeling		Anthem's Result		ABC Trend		Anthem Trend		Moderate Trend	
Trend Months:		15		18		15		15	
Adjusted Claims PCPM	\$	1,279.57	\$	1,189.10	\$	1,199.45	\$	1,199.45	
Annual Trend		9.61%		13.57%		12.46%		10.78%	
Applied Trend		12.2%		21.0%		15.8%		13.7%	
Trended Claims PCPM	\$	1,435.05	\$	1,439.25	\$	1,389.02	\$	1,363.20	
Margin		1.00		1.00		1.00		1.00	
Trended Claims with Margin	\$	1,435.05	\$	1,439.25	\$	1,389.02	\$	1,363.20	
Current Contracts		752		758		758		758	
Projected Trends Claims	\$	12,949,856	\$	13,091,460	\$	12,634,523	\$	12,399,649	
Adjustment--Force to ABC or Bene Adj		1,0007		0.9985		0.9916		1,0000	
Adjusted Projected Claims	\$	12,959,316	\$	13,071,768	\$	12,628,012	\$	12,399,649	
Other Expenses ⁽¹⁾									
Stop Loss	\$	855,006	\$	928,952	\$	928,991	\$	928,991	
Admin	\$	158,652	\$	191,937	\$	191,827	\$	191,827	
NAF/Discount Share	\$	237,815	\$	290,014	\$	277,853	\$	277,853	

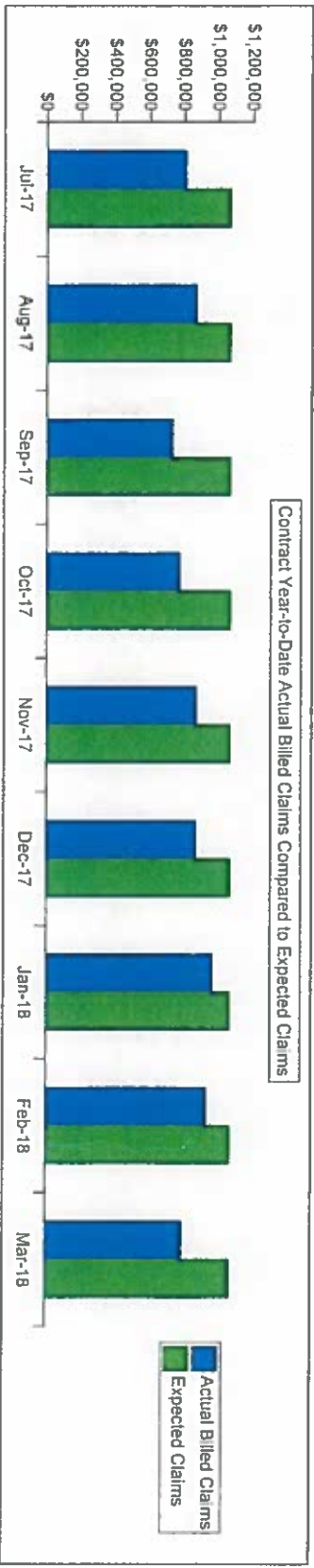
Total Cost				
Projected Total Cost	\$	14,208,789	\$	14,482,671
Contracts		752		758
PCPY	\$	18,894.67	\$	19,106.43
Total Cost Less Discount Share to Match Anthem Report 1	\$	14,192,657	\$	13,648,830

Cost Change				
Projected Total Cost (\$--%)				
Contracts	\$ 273,882	1.93%	\$ (282,106)	-1.99%
		0.80%		0.80%
PCPY		1.12%		-2.76%
				-3.66%
Trend: Anthem=12.31% Med, 16.45% RX, 6% Dental----Moderate=10.6% Med, 16% RX, 6% Dental				

(1) Total Stop Loss Up 8.65% Total \$ and 7.79% Per Employee
Admin and Discount Fees Up 19.07% Total \$ and 18.12% Per Employee
Total Fees Up 11.94% Total \$ and 11.05% Per Employee
Discount Projected by LRI (Anthem Does Not Provide Estimate). Calculated as 2.53% of Claims Discounts. \$5K Cap per Claim but NO Annual Aggregate Cap. Used Actual Discount % from 16-17, Applied to Expected Med & RX Claims for 18-19 with Margin.
Actual Discount Share Could Vary Widely Based on Actual Discounts.

NEWTOWN TOWN & BOE
Contract Year-to-Date Medical/Rx Claims Comparison Summary
Billed Claims From Jul-2017 through Mar-2018

		\$175,000				125 %		
Period	Contracts	Total Claims (Med & Rx)	Claims over ISL	Actual Billed Claims	Cumulative Actual Billed Claims	Expected Claims	Cumulative Expected Claims	Maximum Aggregate
Jul-17	758	\$805,128	\$0	\$805,128	\$805,128	\$1,067,013	\$1,067,013	\$1,333,766
Aug-17	746	\$867,699	\$0	\$867,699	\$1,672,827	\$1,067,013	\$2,134,026	\$1,333,766
Sep-17	763	\$730,973	\$0	\$730,973	\$2,403,800	\$1,067,013	\$3,201,039	\$1,333,766
Oct-17	761	\$775,227	\$0	\$775,227	\$3,179,027	\$1,067,013	\$4,268,052	\$1,333,766
Nov-17	762	\$869,198	\$0	\$869,198	\$4,048,224	\$1,067,013	\$5,335,065	\$1,333,766
Dec-17	763	\$868,548	\$0	\$868,548	\$4,916,772	\$1,067,013	\$6,402,078	\$1,333,766
Jan-18	768	\$965,339	\$0	\$965,339	\$5,882,111	\$1,067,013	\$7,469,091	\$1,333,766
Feb-18	765	\$930,583	\$0	\$930,583	\$6,812,694	\$1,067,013	\$8,536,104	\$1,333,766
Mar-18	762	\$795,090	\$3,560	\$791,530	\$7,604,224	\$1,067,013	\$9,603,117	\$1,333,766
TOTAL	6,848	\$7,607,785	\$3,560	\$7,604,224	\$7,604,224	\$9,603,117	\$9,603,117	\$12,003,896
AVERAGE	761	\$845,309	\$396	\$844,914	\$844,914	\$1,067,013	\$1,067,013	\$1,333,766
								\$1,333,766
								79.18 %



- Contract and Member counts are for Medical Coverage.
- Claims over ISL, credited claims dollars in excess of the Individual Stop Loss (ISL) amount.
- Cumulative Amounts. These amounts are running sums.

- Expected Claims: Annual projection of claims made by Underwriting at renewal
- Total Claims: for Medical (including Vision) and Prescription Drug claims.
- Actual Billed Claims: the net claims amount (Total Claims less "Claims over ISL") billed to the group.
- This report is not meant to replace the contract year settlement.

Claims Compare

