

Employee Medical Benefits Board Special Meeting

Monday, February 12, 2018

Newtown Municipal Center
Newtown, CT 06470

THESE MINUTES ARE SUBJECT TO APPROVAL BY THE EMPLOYEE MEDICAL BENEFITS BOARD

The Employee Medical Benefits Board held a special meeting Monday, February 12, 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: Donna Van Waalwijk, Jim Loring

Absent: Dave Stott, Jim O'Sullivan

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

Approval of Minutes from previous meeting: Mr. Loring moved to approve the minutes from the November 13, 2017 meeting with the following correction: The last sentence in Review other information board members, partners, insurance consultant make available, the word should read deductible, not detectable. Ms. Van Waalwijk seconded, motion unanimously approved.

Voter Comments: None

NEW BUSINESS

Review claim months of November, December and January 2018 – Mr. Tait reviewed the claims analysis (Attachment A). He explained that there is an OPEB trust which has approx. \$2,000,000 in it. In the future the board may want to transfer funds from the medical insurance fund to the trust to improve the balance sheet. Mr. Tait also suggested reducing the contribution this year to the Medical Self Funded account 7.5% from last years contribution.

Review other information board members, partners, insurance consultant make available – Ms. Spurgeon presented Claim Projection Model (Attachment B). October and November claims were held and not paid until December because of the Hartford health care claims. Anthem is also getting rid of cap and will charge 2% of the claims. They are targeting to come up with the current number but there is no cap

Mr. Spurgeon also provided a Reserve Modeling (Attachment C). Top is the most conservative and the bottom is the most aggressive.

Anthem projections vs Actual (Attachment D). This is tracking from July 14 to the current fiscal year to date. It is tracking as expected.

Vote on Reserve Fund recommendation for the 2018-19 budget – Mr. Loring moved to approve the recommendation of 7.5% decrease in town contributions to the Medical Self Insurance Fund. Ms. Van Waalijk seconded, motion unanimously approved.

COMMUNICATIONS - None

ANNOUNCEMENTS

Having no further business, the meeting was adjourned at 7:05pm

Respectfully submitted,
Arlene Miles, Clerk

Attachment A

TOWN OF NEWTOWN CLAIMS ANALYSIS
2017 - 18

FISCAL YEAR 2012 - 2013												
	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
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	25%
											8,684,000	75%
											11,527,000	56%

FISCAL YEAR 2013 - 2014												
	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>
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	27%
											8,798,000	73%
											12,321,000	57%

FISCAL YEAR 2014 - 2015												
	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>
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
											NAF fees	179,000
											47,000	
											TOTALS	
											3,843,000	32%
											8,730,000	68%
											12,573,000	56%

FISCAL YEAR 2015 - 2016												
	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>
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	29%
											9,705,000	71%
											13,375,000	58%

FISCAL YEAR 2016 - 2017												
	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
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	28%
											8,981,000	72%
											12,396,000	60%

FISCAL YEAR 2017 - 2018												
	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>
TOWN	265,000	269,000	221,000	258,000	260,000	287,000	293,000					
BOE	698,000	723,000	588,000	557,000	651,000	637,000	740,000					
TOTAL	963,000	992,000	809,000	815,000	911,000	924,000	1,033,000	-	-	-	-	-
											TOTALS	
											1,853,000	29%
											4,594,000	71%
											6,447,000	57%

679,000 h.s.a.
29%
71%
57%
Estimated Annual
\$ 12,501,754

TOWN OF NEWTOWN
MEDICAL SELF INSURANCE FUND ANALYSIS @ JAN 31, 2018
FISCAL YEAR 2017 - 2018 FORCAST

FUND BALANCE @ JULY 1, 2017		4,146,007
<u>ESTIMATED REVENUES</u>		
EMPLOYER CONTRIBUTIONS:		
MUNICIPAL	3,181,000	
EDUCATION	8,686,000	11,867,000
EMPLOYEE CONTRIBUTIONS:		
MUNICIPAL	390,000	
EDUCATION	2,100,000	2,490,000
RETIREE/COBRA/AGENCY CONTRIBUTIONS:		
MUNICIPAL	350,000	
EDUCATION	392,000	742,000
INTEREST EARNED ON INVESTMENTS		20,000
TOTAL REVENUES		15,119,000
<u>ESTIMATED EXPENSES</u>		
CLAIMS/NAF:		
MUNICIPAL		FROM CLAIMS
EDUCATION		ANALYSIS
		12,500,000
ADMINISTRATIVE FEES:		
MUNICIPAL		1,060,000
EDUCATION		
CONSULTANT FEES		55,000
TOTAL EXPENSES		13,615,000
ESTIMATED FUND BALANCE @ JUNE 30, 2018		5,650,007
25% OF TOTAL CLAIMS =		3,125,000
		45%

TOWN OF NEWTOWN
MEDICAL SELF INSURANCE FUND ANALYSIS @ JAN 31, 2018
FISCAL YEAR 2018 - 2019 FORECAST

ESTIMATED FUND BALANCE @ JULY 1, 2018		5,650,007	
<u>ESTIMATED REVENUES</u>			
EMPLOYER CONTRIBUTIONS:			
MUNICIPAL	2,942,425		7.5% (238,575)
EDUCATION	8,034,550	10,976,975	7.5% (651,450)
EMPLOYEE CONTRIBUTIONS:			
MUNICIPAL	390,000		
EDUCATION	2,100,000	2,490,000	
RETIREE/COBRA/AGENCY CONTRIBUTIONS:			
MUNICIPAL	350,000		
EDUCATION	392,000	742,000	
INTEREST EARNED ON INVESTMENTS		20,000	
TOTAL REVENUES		14,228,975	
<u>ESTIMATED EXPENSES</u>			
CLAIMS/NAF:			
MUNICIPAL		13,312,500	(6.5%)
EDUCATION			
ADMINISTRATIVE FEES:			
MUNICIPAL		1,060,000	
EDUCATION			
CONSULTANT FEES		55,000	
TOTAL EXPENSES		14,427,500	
ESTIMATED FUND BALANCE @ JUNE 30, 2019		5,451,482	41%
25% OF TOTAL CLAIMS =		3,328,125	

		In-Force Anthem '17- '18		Initial Renewal 18-19	
Experience					
Experience Period Thru:		Mar-17		Dec-17	
Gross Paid Claims	\$	12,015,448	\$	11,054,680	-8.00%
Excess Claims	\$	(343,171)	\$	(292,128)	-14.9%
Paid Claims Less Large Claims	\$	11,672,277	\$	10,762,552	-7.79%
Experience Period Contracts		9,122		9,051	-0.78%
Adjusted Claims PCPM	\$	1,279.57	\$	1,189.10	-7.07%

Experience Large Claim Data						
Members Over \$50K (\$-Count)	\$	3,499,221	37 mbms	\$	3,413,620	34 mbms
Of Those Over \$50K Also Over \$175K (\$-Count)	\$	693,171	2 mbms	\$	992,110	4 mbms
Claims in Excess of \$175K	\$	343,171		\$	292,110	
Anthem Reports Off Very Slightly From Renewal						

Claim Modeling		Anthem's Result		ABC Trend		Moderate Trend	
		Trend Months: 15		18		18	
Adjusted Claims PCPM	\$	1,279.57	\$	1,189.10	\$	1,189.10	
Annual Trend		9.61%		13.57%		10.79%	
Applied Trend		12.2%		21.0%		16.6%	
Trended Claims PCPM	\$	1,435.05	\$	1,439.25	\$	1,386.66	
Margin		1.00		1.00		1.00	
Trended Claims with Margin	\$	1,435.05	\$	1,439.25	\$	1,386.66	
Current Contracts		752		758		758	
Projected Trended Claims	\$	12,949,856	\$	13,091,460	\$	12,613,046	
Adjustment--Force to ABC or Bene Adj		1,0007		0.9985		1,0000	
Adjusted Projected Claims	\$	12,959,316	\$	13,071,768	\$	12,613,046	

Other Expenses (1)						
Stop Loss	\$	855,006	\$	928,952	\$	928,952
Admin	\$	156,652	\$	191,937	\$	191,937
NAF/Discount Share	\$	237,815	\$	290,014	\$	290,014

Total Cost						
Projected Total Cost	\$	14,208,789	\$	14,482,671	\$	14,023,949
Contracts		752		758		758
PCPY	\$	18,894.67	\$	19,106.43	\$	18,501.25
Total Cost Less Discount Share to Match Anthem Report 1			\$	14,192,657		

Cost Change					
Projected Total Cost (\$---%)	\$	273,882	1.93%	\$ (184,839)	-1.30%
Contracts			0.80%		0.80%
PCPY			1.12%		-2.08%
Trend: Anthem=13.43% Med, 16.6% RX, 6% Dental-----Moderate=10.5% Med, 15% RX, 6% Dental					

(1) Total Stop Loss Up 8.65% Total \$ and 7.79% Per Employee
Admin and Discount Fees Up 22.18% Total \$ and 21.21% Per Employee
Total Fees Up 12.92% Total \$ and 12.03% 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.

Attachment
Newtown: Town and BOE
Reserve Modeling

Reserve Model: Conservative Market Standard Target Values												
Medical IBNR:			15.75% Approx 2 Months Medical-1 Month Dental									
ASO Claim Corridor:			25.00% Full Corridor to 125%									
Budget Stabilization:			5.00% Margin									
Fiscal Year Ending June 30			2012	2013	2014	2015	2016	2017	Projected 2018	Projected 2019		
Total Actual/Expected Claims ⁽¹⁾⁽²⁾			\$ 11,820,024	\$ 11,530,392	\$ 12,065,172	\$ 11,954,114	\$ 12,538,071	\$ 11,533,120	\$ 12,959,316	\$ 13,071,768		
Claim IBNR:	\$ 1,861,654	\$ 1,816,037	\$ 1,900,265	\$ 1,882,773	\$ 1,974,746	\$ 1,816,466	\$ 2,041,092	\$ 2,058,803				
ASO Corridor:	\$ 2,955,006	\$ 2,882,598	\$ 3,016,293	\$ 2,988,529	\$ 3,134,518	\$ 2,883,280	\$ 3,239,829	\$ 3,267,942				
Stabilization:	\$ 591,001	\$ 576,520	\$ 603,259	\$ 597,706	\$ 626,904	\$ 576,656	\$ 647,966	\$ 653,588				
Combined Reserve:	\$ 5,407,661	\$ 5,275,154	\$ 5,519,816	\$ 5,469,007	\$ 5,736,167	\$ 5,276,402	\$ 5,928,887	\$ 5,980,334				

Reserve Model: Carrier IBNR/ 75% ASO Corridor												
Medical IBNR:			8.36% Actual Settlement or Historical Carrier Approximation									
ASO Claim Corridor:			18.75% 3/4 Corridor to 125%									
Budget Stabilization:			5.00% Margin									
Fiscal Year End June 30			2012	2013	2014	2015	2016	2017	Projected 2018	Projected 2019	Projected 2020	
Total Actual/Expected Claims ⁽¹⁾⁽²⁾			\$ 11,820,024	\$ 11,530,392	\$ 12,065,172	\$ 11,954,114	\$ 12,538,071	\$ 11,533,120	\$ 12,959,316	\$ 13,071,768	\$ 13,188,916	
Claim IBNR:	\$ 807,000	\$ 841,000	\$ 896,000	\$ 919,000	\$ 1,036,000	\$ 975,000	\$ 1,083,399	\$ 1,092,800	\$ 1,198,872	\$ 1,208,800	\$ 1,218,728	
ASO Corridor:	\$ 2,216,255	\$ 2,161,949	\$ 2,262,220	\$ 2,241,396	\$ 2,350,888	\$ 2,162,460	\$ 2,429,872	\$ 2,450,957	\$ 2,556,960	\$ 2,567,040	\$ 2,577,120	
Stabilization:	\$ 591,001	\$ 576,520	\$ 603,259	\$ 597,706	\$ 626,904	\$ 576,656	\$ 647,966	\$ 653,588	\$ 684,640	\$ 690,240	\$ 695,840	
Combined Reserve:	\$ 3,614,256	\$ 3,579,468	\$ 3,761,478	\$ 3,758,102	\$ 4,013,792	\$ 3,714,116	\$ 4,161,236	\$ 4,197,345	\$ 4,439,872	\$ 4,456,040	\$ 4,473,688	

Reserve Model: Carrier IBNR/ 50% ASO Corridor												
Medical IBNR:			8.36% Actual Settlement or Historical Carrier Approximation									
ASO Claim Corridor:			12.50% 1/2 Corridor to 125%									
Budget Stabilization:			5.00% Margin									
Fiscal Year End June 30			2012	2013	2014	2015	2016	2017	Projected 2018	Projected 2019		
Total Actual/Expected Claims ⁽¹⁾⁽²⁾			\$ 11,820,024	\$ 11,530,392	\$ 12,065,172	\$ 11,954,114	\$ 12,538,071	\$ 11,533,120	\$ 12,959,316	\$ 13,071,768		
Claim IBNR:	\$ 807,000	\$ 841,000	\$ 896,000	\$ 919,000	\$ 1,036,000	\$ 975,000	\$ 1,083,399	\$ 1,092,800				
ASO Corridor:	\$ 1,477,503	\$ 1,441,299	\$ 1,508,147	\$ 1,494,264	\$ 1,567,259	\$ 1,441,640	\$ 1,619,915	\$ 1,633,971				
Stabilization:	\$ 591,001	\$ 576,520	\$ 603,259	\$ 597,706	\$ 626,904	\$ 576,656	\$ 647,966	\$ 653,588				
Combined Reserve:	\$ 2,875,504	\$ 2,858,819	\$ 3,007,405	\$ 3,010,970	\$ 3,230,162	\$ 2,993,296	\$ 3,351,279	\$ 3,380,359				

Reserve Model: Carrier IBNR/ 50% ASO Corridor--NO BUDGET STABILIZATION												
Medical IBNR:			8.36% Actual Settlement or Historical Carrier Approximation									
ASO Claim Corridor:			12.50% 1/2 Corridor to 125%									
Budget Stabilization:			0.00% Margin									
Fiscal Year End June 30			2012	2013	2014	2015	2016	2017	Projected 2018	Projected 2019		
Total Actual/Expected Claims ⁽¹⁾⁽²⁾			\$ 11,820,024	\$ 11,530,392	\$ 12,065,172	\$ 11,954,114	\$ 12,538,071	\$ 11,533,120	\$ 12,959,316	\$ 13,071,768		
Claim IBNR:	\$ 807,000	\$ 841,000	\$ 896,000	\$ 919,000	\$ 1,036,000	\$ 975,000	\$ 1,083,399	\$ 1,092,800				
ASO Corridor:	\$ 1,477,503	\$ 1,441,299	\$ 1,508,147	\$ 1,494,264	\$ 1,567,259	\$ 1,441,640	\$ 1,619,915	\$ 1,633,971				
Stabilization:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Combined Reserve:	\$ 2,284,503	\$ 2,282,299	\$ 2,404,147	\$ 2,413,264	\$ 2,603,259	\$ 2,416,640	\$ 2,703,313	\$ 2,726,771				

(1) Fiscal Year End 2012-2017 Actual, 2018 and 2019 Anthem Projected, 2019 Projected as of Feb 5th
(2) Does Not Include BOE Dental Claims

Attachment D

Newtown: Town and BOE Anthem Projections vs Actual

	Thru Dec			
	FYTD			
	July-June			
	2017 - 2018			
I. <u>Carrier Values</u>	July-June 2014 - 2015	July-June 2015 - 2016	July-June 2016 - 2017	July-June 2017 - 2018
Anthem Expected Claims	\$13,361,652	\$13,206,912	\$13,109,832	\$12,959,316
Expected Plan YTD (July-YTD)				\$6,479,658
Actual Claims				
Gross Claims:	\$12,355,869	\$12,861,033	\$12,155,291	\$4,984,243
Excess Claims Over Stop Loss:	-\$401,755	-\$322,962	-\$622,171	\$0
Actual Net Claims:	\$11,954,114	\$12,538,071	\$11,533,120	\$4,984,243
Plan Year Differential	\$ (1,407,538)	\$ (668,841)	\$ (1,576,712)	\$ (1,495,415)
% Differential	-10.53%	-5.06%	-12.03%	-23.08%
Stop Loss Premium	\$763,898	\$810,113	\$835,662	\$855,006
Stop Loss Levels (ISL/ASL)	\$175K/125%	\$175K/125%	\$175K/125%	\$175K/125%
	ISL MED ONLY	ISL MED & RX	ISL MED & RX	ISL MED & RX
II. <u>Non-Catastrophic/Catastrophic Claims</u>				
Total Employer Paid	\$11,954,114	\$12,538,071	\$11,533,120	\$4,984,243
HDC Employer Paid:	\$3,969,717	\$3,606,038	\$3,382,230	\$977,472
Non-HDC Employer Paid:	\$7,984,397	\$8,932,033	\$8,150,890	\$4,006,771
Members:				
Average Total Members:	2,053	2,011	1,968	1,964
HDC Members:	40	41	42	11
HDC %:				
\$:	33.21%	28.76%	29.33%	19.61%
Members:	1.95%	2.04%	2.13%	0.56%
Non HDC PMPM	\$324.09	\$370.13	\$345.14	\$340.02
Year-Over-Year % Change		14.20%	-6.75%	-1.48%
III. <u>Additional Data</u>				
Med and RX Claims Over \$50K Bucketed ¹				
\$50k-75K	\$ 1,132,335	\$1,406,906	\$1,362,423	\$245,225
#	18	24	23	4
\$75-100K	\$ 512,619	\$251,894	\$1,002,837	\$334,169
#	6	3	12	4
\$100-125K	\$ 554,655	\$680,030	\$216,634	\$115,615
#	5	6	2	1
\$125-150K	\$ 546,695	\$567,208	\$275,336	\$128,535
#	4	4	2	1
\$150-175K	\$ 173,413	\$0	\$0	\$153,928
#	1	0	0	1
\$175-200K	\$ 551,938	\$368,005	\$181,045	\$0
#	3	2	1	0
\$200-300K	\$ 494,821	\$200,382	\$244,323	\$0
#	2	1	1	0
\$300-400K	\$ 0	\$0	\$0	\$0
#	0	0	0	0
\$400K-500K	\$ 404,989	\$454,516	\$0	\$0
#	1	1	0	0
\$500K+	\$ 0	\$0	\$721,835	\$0
#	0	0	1	0
Highest Claimant	\$404,989	\$454,516	\$721,835	\$153,928
Inactive Members	4	3	3	0

(1) Bucketed Large Claims From Updated Anthem Reports (May vary slightly from Section I)