

**Employee Medical Benefits Board
Special Meeting
Monday, September 11, 2023
Council Chambers in the Municipal Building, 3 Primrose Street, Newtown, CT
Meeting called to order at 6:15pm**

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

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

Absent: Peter Salonia, Clinton DePoalo

Also Present: Robert Tait, Joe Spurgeon

Minutes - J. Loring moved to approve the minutes of the February 6, 2023 regular Meeting. D. Van Waalwijk seconded, all in favor.

Voter Comments – None

NEW BUSINESS

Review claims – J. Spurgeon reviewed Running Claim History and projection vs actual as well as Reserve Modeling (Attachment A).

Review 2022-23 year end medical self-insurance fund & 2023-24 up to 8/31/23 - R. Tait reviewed 22/23-23/24 (Attachment B). The medical self-insurance fund has decreased mainly because of large claim claimants. Large claim claimants represent 4% of participants while comprising 40% of the claims.

Review other information board members, partners, insurance consultants make available- None

Having no further business, the meeting was adjourned at 6:50pm

Respectfully submitted,
Arlene Miles, Clerk

Self Insurance Fund Continued:

Budgeted contributions to the medical self insurance fund have increased 6% due to claims activity in the medical self-insurance fund.
 The Employee Medical Benefits Board has reviewed the medical self insurance fund and has recommended a 9 % increase in the Town's contribution to the fund.

Self-Insurance Fund Analysis:

TOWN OF NEWTOWN		TOWN OF NEWTOWN	
MEDICAL SELF INSURANCE FUND ANALYSIS @ JAN 31, 2023		MEDICAL SELF INSURANCE FUND ANALYSIS @ JAN 31, 2023	
FISCAL YEAR 2022 - 2023 FORECAST		FISCAL YEAR 2023 - 2024 FORECAST	
FUND BALANCE @ JULY 1, 2022	Audited	ESTIMATED FUND BALANCE @ JULY 1, 2023	ESTIMATED FUND BALANCE @ JULY 1, 2023
ESTIMATED REVENUES		ESTIMATED REVENUES	
EMPLOYER CONTRIBUTIONS:		EMPLOYER CONTRIBUTIONS:	
MUNICIPAL	3,205,000	MUNICIPAL	3,493,450
EDUCATION	8,642,000	EDUCATION	9,419,780
	11,847,000		12,913,230 9.0%
EMPLOYEE CONTRIBUTIONS:		EMPLOYEE CONTRIBUTIONS:	
MUNICIPAL	600,000	MUNICIPAL	618,000
EDUCATION	2,513,000	EDUCATION	2,588,390
	3,113,000		3,206,390 3.0%
RETIREE/COBRA/AGENCY CONTRIBUTIONS:		RETIREE/COBRA/AGENCY CONTRIBUTIONS:	
MUNICIPAL	434,000	MUNICIPAL	447,020
EDUCATION	244,000	EDUCATION	251,320
	678,000		698,340
INTEREST EARNED ON INVESTMENTS		INTEREST EARNED ON INVESTMENTS	
	100,000		125,000
TOTAL REVENUES	15,738,000	TOTAL REVENUES	16,942,960
ESTIMATED EXPENSES		ESTIMATED EXPENSES	
CLAIMS/NAF:		CLAIMS/NAF:	
MUNICIPAL		MUNICIPAL	15,330,000 5.00%
EDUCATION	14,600,000	EDUCATION	
ADMINISTRATIVE FEES:		ADMINISTRATIVE FEES:	
MUNICIPAL		MUNICIPAL	2,000,000
EDUCATION	1,980,000	EDUCATION	
	55,000		55,000
TOTAL EXPENSES	16,635,000	TOTAL EXPENSES	17,385,000
ESTIMATED FUND BALANCE @ JUNE 30, 2023	2,461,441 1.7%	ESTIMATED FUND BALANCE @ JUNE 30, 2024	2,019,401 13%
25% OF TOTAL CLAIMS =	3,650,000	25% OF TOTAL CLAIMS =	3,832,500

TOWN OF NEWTOWN

MEDICAL SELF INSURANCE FUND ANALYSIS @ JUN 30, 2023

FISCAL YEAR 2022 - 2023 UNAUDITED

FUND BALANCE @ JULY 1, 2022

ESTIMATED REVENUES

EMPLOYER CONTRIBUTIONS:

MUNICIPAL

ADDITIONAL YEAR END AMOUNT

EDUCATION

EMPLOYEE CONTRIBUTIONS:

MUNICIPAL

EDUCATION

RETIREE/COBRA/AGENCY CONTRIBUTIONS:

MUNICIPAL

EDUCATION

INTEREST EARNED ON INVESTMENTS

TOTAL REVENUES

ESTIMATED EXPENSES

CLAIMS/NAF:

MUNICIPAL

EDUCATION

ADMINISTRATIVE FEES:

MUNICIPAL

EDUCATION

CONSULTANT FEES

TOTAL EXPENSES

ESTIMATED FUND BALANCE @ JUNE 30, 2023

25% OF TOTAL CLAIMS =

3,963,750

TOWN OF NEWTOWN

MEDICAL SELF INSURANCE FUND ANALYSIS @ JUN 30, 2023

FISCAL YEAR 2023 - 2024 FORECAST

ESTIMATED FUND BALANCE @ JULY 1, 2023

ESTIMATED REVENUES

EMPLOYER CONTRIBUTIONS:

MUNICIPAL

ADDITIONAL YEAR END AMOUNT

EDUCATION

EMPLOYEE CONTRIBUTIONS:

MUNICIPAL

EDUCATION

RETIREE/COBRA/AGENCY CONTRIBUTIONS:

MUNICIPAL

EDUCATION

INTEREST EARNED ON INVESTMENTS

TOTAL REVENUES

ESTIMATED EXPENSES

CLAIMS/NAF:

MUNICIPAL

EDUCATION

ADMINISTRATIVE FEES:

MUNICIPAL

EDUCATION

CONSULTANT FEES

TOTAL EXPENSES

ESTIMATED FUND BALANCE @ JUNE 30, 2024

25% OF TOTAL CLAIMS =

4,161,938

1,314,000

3,493,450

1,400,000

9,419,780

14,313,230

9.0%

611,820

2,578,090

3,189,910

3.0%

431,570

251,320

682,890

125,000

18,311,030

16,647,750

5.00%

2,250,000

55,000

18,952,750

672,280

4%

Newtown: TOWN and BOARD OF EDUCATION

Running Claim History

Net Paid Claims by Month

	(1)(2)(3)(4)					
	2018 - 2019	2019 -20	2020 -21	2021 -22 ⁽¹⁾⁽⁴⁾	2022 -23 ⁽¹⁾⁽⁴⁾	2023 -24 ⁽¹⁾⁽⁴⁾
July	\$ 930,743	\$ 1,022,721	\$ 782,684	\$ 1,137,821	\$ 765,977	\$ 1,179,253
August	\$ 860,200	\$ 897,093	\$ 1,269,233	\$ 870,723	\$ 965,672	\$ -
September	\$ 767,012	\$ 940,257	\$ 928,936	\$ 1,214,073	\$ 801,083	\$ -
October	\$ 901,173	\$ 1,164,432	\$ 846,649	\$ 1,116,896	\$ 1,088,420	\$ -
November	\$ 859,597	\$ 1,026,411	\$ 1,211,542	\$ 1,370,143	\$ 1,397,503	\$ -
December	\$ 941,132	\$ 933,671	\$ 1,290,761	\$ 1,423,539	\$ 1,081,289	\$ -
January	\$ 1,002,550	\$ 993,564	\$ 1,236,240	\$ 1,155,222	\$ 1,125,605	\$ -
February	\$ 956,407	\$ 999,907	\$ 968,566	\$ 1,155,972	\$ 1,558,738	\$ -
March	\$ 1,475,607	\$ 1,403,005	\$ 1,169,232	\$ 1,182,946	\$ 1,573,464	\$ -
April	\$ 981,788	\$ 609,701	\$ 991,055	\$ 1,218,328	\$ 1,240,872	\$ -
May	\$ 956,670	\$ 662,064	\$ 1,076,984	\$ 1,198,872	\$ 1,403,327	\$ -
June	\$ 1,093,314	\$ 1,021,419	\$ 1,181,847	\$ 1,169,885	\$ 1,344,717	\$ -
TOTAL	\$11,726,193	\$11,674,246	\$12,953,729	\$14,214,421	\$14,346,666	\$1,179,253
Per Month	\$ 977,183	\$ 972,854	\$ 1,079,477	\$ 1,184,535	\$ 1,195,556	\$ 1,179,253
Average Contracts	744	744	748	737	718	698
Average Members	1,969	1,943	1,943	1,903	1,817	1,770
Average Cost/Contract	\$15,770	\$15,691	\$17,312	\$19,300	\$19,993	\$20,274
Average Cost/Member	\$5,956	\$6,008	\$6,668	\$7,469	\$7,897	\$7,995
% Change Cost/Contract		-0.5%	10.3%	11.5%	3.6%	1.4%
% Change Cost/Member		0.9%	11.0%	12.0%	5.7%	1.2%

(1) As of July 2019 Includes BOE Dental

(2) Anthem Reporting Logic Changed Jan. 20, Overall Claims Consistent with Previous Reports but Will Vary by Month

(3) Beginning March 2020, **Potential** Impact in Health Services Associated with the Coronavirus Stay at Home

Protocols. See Additional 2019-20 Plan Year Potential Coronavirus Claim Impact

(4) Anthem has a Known Reporting Issues in the Most Last Reported Month. RX Claims are Understated and Corrected in the Following Month. But Last Month is Understated.

**Newtown: Town and BOE
Anthem Projections vs Actual**

	July-June 2018 - 2019	July-June 2019 - 2020 ⁽³⁾	July-June 2020 - 2021 ⁽³⁾	July-June 2021 - 2022	July-June 2022 - 2023	Thru July July-June 2023 - 2024
I. Carrier Values						
Anthem Expected Claims Expected Plan YTD (July-YTD)	\$12,528,012	\$12,473,724	\$13,542,516	\$14,745,216	\$15,101,909	\$15,369,627 \$1,280,802
Actual Claims						
Gross Claims:	\$12,775,721	\$12,130,249	\$14,449,228	\$16,955,537	\$15,285,916	\$2,041,491
Excess Claims Over Stop Loss:	<u>-\$1,049,528</u>	<u>-\$456,003</u>	<u>-\$1,495,499</u>	<u>-\$2,741,116</u>	<u>-\$939,250</u>	<u>-\$862,238</u>
Actual Net Claims:	\$11,726,193	\$11,674,246	\$12,953,729	\$14,214,421	\$14,346,666	\$1,179,253
Plan Year Differential	\$ (801,819)	\$ (799,478)	\$ (588,787)	\$ (530,795)	\$ (755,243)	\$ (101,549)
% Differential	-6.40%	-6.41%	-4.35%	-3.60%	-5.00%	-7.93%
Stop Loss Premium	\$928,991	\$1,041,599	\$1,325,347	\$1,277,338	\$2,034,051	\$2,320,986
Stop Loss Levels (ISL/ASL)	\$175K/125%	\$175K/125%	\$175K/125%	\$175K/125%	\$175K/125%	\$175K/125%
	ISL MED & RX	ISL MED & RX	ISL MED & RX	ISL MED & RX	ISL MED & RX	ISL MED & RX
II. Non-Catastrophic/Catastrophic Claims						
Total Employer Paid	\$11,726,193	\$11,674,246	\$12,953,729	\$14,214,421	\$14,346,666	\$1,179,253
HDC Employer Paid:	\$3,590,868	\$4,548,594	\$5,103,204	\$5,251,098	\$6,013,142	\$297,022
Non-HDC Employer Paid:	\$8,135,325	\$7,125,652	\$7,850,525	\$8,963,323	\$8,333,524	\$882,231
Members:						
Average Total Members:	1,969	1,943	1,943	1,903	1,817	1,770
HDC Members:	39	49	49	54	64	3
HDC %:						
\$: 30.62%		38.96%	39.40%	36.94%	41.91%	25.19%
Members: 1.98%		2.52%	2.52%	2.84%	3.52%	0.17%
Non HDC PMPM	\$344.32	\$305.61	\$336.74	\$392.51	\$382.26	\$498.44
Year-Over-Year % Change	4.44%	-11.24%	10.19%	16.56%	-2.61%	30.39%
III. Additional Data						
Med and RX Claims Over \$50K Bucketed ¹						
\$50k-75K	\$1,299,621	\$1,397,038	\$1,159,812	\$1,413,498	\$2,058,357	\$122,022
#	21	23	18	23	33	2
\$75-100K	\$355,390	\$771,407	\$854,436	\$1,021,950	\$869,210	\$0
#	4	9	10	12	10	0
\$100-125K	\$751,342	\$694,555	\$629,730	\$757,495	\$420,349	\$0
#	7	6	6	7	4	0
\$125-150K	\$0	\$819,206	\$560,439	\$0	\$938,738	\$0
#	0	6	4	0	7	0
\$150-175K	\$484,515	\$166,388	\$323,787	\$483,155	\$151,488	\$0
#	3	1	2	3	1	0
\$175-200K	\$0	\$0	\$190,121	\$0	\$372,458	\$0
#	0	0	1	0	2	0
\$200-300K	\$547,676	\$508,384	\$1,160,721	\$733,189	\$1,262,957	\$0
#	2	2	5	3	5	0
\$300-400K	\$301,388	\$647,620	\$393,758	\$638,188	\$318,055	\$0
#	1	2	1	2	1	0
\$400K-500K	\$0	\$0	\$417,940	\$434,764	\$0	\$0
#	0	0	1	1	0	0
\$500K+	\$900,464	\$0	\$907,959	\$2,509,976	\$560,780	\$1,037,238
#	1	0	1	3	1	1
Highest Claimant Inactive Members	\$900,464 1	\$275,487 7	\$907,959 2	\$1,111,131 6	\$560,780 2	\$1,037,238 0

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

(2) As of July 2019 Includes BOE Dental

(3) See Important Notes Previous Page re: 19-20 Claims

Newtown: Town and BOE Reserve Modeling

9/11/2023

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

	2017	2018	2019	2020 (3)	2021	2022	2023	PROJECTED 2024
Fiscal Year Ending June 30								
Total Actual/Expected Claims (1)(2)	\$ 11,533,120	\$ 10,965,387	\$ 11,726,193	\$ 11,674,246	\$ 12,953,729	\$ 14,214,421	\$ 14,346,666	\$ 15,369,627
Claim IBNR:	\$ 1,816,466	\$ 1,727,048	\$ 1,846,875	\$ 1,838,694	\$ 2,040,212	\$ 2,238,771	\$ 2,259,600	\$ 2,420,716
ASO Corridor:	\$ 2,883,280	\$ 2,741,347	\$ 2,931,548	\$ 2,918,562	\$ 3,238,432	\$ 3,553,605	\$ 3,586,667	\$ 3,842,407
Stabilization:	\$ 576,656	\$ 548,269	\$ 586,310	\$ 583,712	\$ 647,686	\$ 710,721	\$ 717,333	\$ 768,481
Combined Reserve:	\$ 5,276,402	\$ 5,016,665	\$ 5,364,733	\$ 5,340,968	\$ 5,926,331	\$ 6,503,098	\$ 6,563,600	\$ 7,031,604

Reserve Model: Carrier IBNR/ 75% ASO Corridor

Medical IBNR: 8.00% Actual Settlement or Historical Carrier Approximation
ASO Claim Corridor: 18.75% 3/4 Corridor to 125%
Budget Stabilization: 5.00% Margin

	2017	2018	2019	2020 (3)	2021	2022	2023	PROJECTED 2024
Fiscal Year End June 30								
Total Actual/Expected Claims (1)(2)	\$ 11,533,120	\$ 10,965,387	\$ 11,726,193	\$ 11,674,246	\$ 12,953,729	\$ 14,214,421	\$ 14,346,666	\$ 15,369,627
Claim IBNR:	\$ 975,000	\$ 918,000	\$ 1,027,016	\$ 811,000	\$ 859,000	\$ 1,064,384	\$ 909,780	\$ 1,229,570
ASO Corridor:	\$ 2,162,460	\$ 2,056,010	\$ 2,198,661	\$ 2,188,921	\$ 2,428,824	\$ 2,665,204	\$ 2,690,000	\$ 2,881,805
Stabilization:	\$ 576,656	\$ 548,269	\$ 586,310	\$ 583,712	\$ 647,686	\$ 710,721	\$ 717,333	\$ 768,481
Combined Reserve:	\$ 3,714,116	\$ 3,522,279	\$ 3,811,987	\$ 3,583,633	\$ 3,935,511	\$ 4,440,309	\$ 4,317,113	\$ 4,879,857

Reserve Model: Carrier IBNR/ 50% ASO Corridor

Medical IBNR: 8.00% Actual Settlement or Historical Carrier Approximation
ASO Claim Corridor: 12.50% 1/2 Corridor to 125%
Budget Stabilization: 5.00% Margin

	2017	2018	2019	2020 (3)	2021	2022	2023	PROJECTED 2024
Fiscal Year End June 30								
Total Actual/Expected Claims (1)(2)	\$ 11,533,120	\$ 10,965,387	\$ 11,726,193	\$ 11,674,246	\$ 12,953,729	\$ 14,214,421	\$ 14,346,666	\$ 15,369,627
Claim IBNR:	\$ 975,000	\$ 918,000	\$ 1,027,016	\$ 811,000	\$ 859,000	\$ 1,064,384	\$ 909,780	\$ 1,229,570
ASO Corridor:	\$ 1,441,640	\$ 1,370,673	\$ 1,465,774	\$ 1,459,281	\$ 1,619,216	\$ 1,776,803	\$ 1,793,333	\$ 1,921,203
Stabilization:	\$ 576,656	\$ 548,269	\$ 586,310	\$ 583,712	\$ 647,686	\$ 710,721	\$ 717,333	\$ 768,481
Combined Reserve:	\$ 2,993,296	\$ 2,836,943	\$ 3,079,100	\$ 2,853,993	\$ 3,125,903	\$ 3,551,908	\$ 3,420,447	\$ 3,919,255

Reserve Model: Carrier IBNR/ 50% ASO Corridor--NO BUDGET STABILIZATION

Medical IBNR: 8.00% Actual Settlement or Historical Carrier Approximation
ASO Claim Corridor: 12.50% 1/2 Corridor to 125%
Budget Stabilization: 0.00% Margin

	2017	2018	2019	2020 (3)	2021	2022	2023	PROJECTED 2024
Fiscal Year End June 30								
Total Actual/Expected Claims (1)(2)	\$ 11,533,120	\$ 10,965,387	\$ 11,726,193	\$ 11,674,246	\$ 12,953,729	\$ 14,214,421	\$ 14,346,666	\$ 15,369,627
Claim IBNR:	\$ 975,000	\$ 918,000	\$ 1,027,016	\$ 811,000	\$ 859,000	\$ 1,064,384	\$ 909,780	\$ 1,229,570
ASO Corridor:	\$ 1,441,640	\$ 1,370,673	\$ 1,465,774	\$ 1,459,281	\$ 1,619,216	\$ 1,776,803	\$ 1,793,333	\$ 1,921,203
Stabilization:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Combined Reserve:	\$ 2,416,640	\$ 2,288,673	\$ 2,492,790	\$ 2,270,281	\$ 2,478,216	\$ 2,841,187	\$ 2,703,113	\$ 3,150,774

(1) Fiscal Years Ending 2014-2023 Actual, 2024 From Final Anthem Projection

(2) BOE Dental Claims Added as of Fiscal Year End 2020, Not Included in Prior Fiscal Years

(3) Fiscal Year 19-20 Values Are Likely Lower than Otherwise Expected Due to COVID-19 Reduction of Elective Procedures Related to Government Stay at Home Protocols. It is Expected Many Deferred Services Will be Made Up in Future Periods. This May Reflect in Lower Projected Reserve Values When Compared to Previous or Subsequent Fiscal Years