

TC BOE Joint Insurance Subcommittee

8/30/16

Enfield Room

4:30 pm

All Present.

New Business-general discussion on health insurance.

What was stated last meeting seems to be happening. It has been quiet. They have not finished the 40 claims yet. They supplied the list. Did not supply overpay or provider list. There is evidence of follow through.

Narrative was provided of what goes into the renewal. The different pieces have been broken out as to where policy can be set if needed. The fund should be rebuilt to be considered healthy. Claims and expenses were covered and an amount was set in the account to cover incumbent not reported reserves. Auditors will be fine with this, but in order to cover for risks and unforeseen costs an additional reserve should be obtained.

In October/November the pieces that are looked at when underwriting for projection of next year's budget = Admin expenses (per head fee) and stop loss (insurance within the self-insured program).

Admin expenses-we have the first three months free this year. Stop loss-premium paid in order to protect against catastrophic claims.

Projected claims = what can be done and built in conservative pieces. Claims are protected forward into the next fiscal year. Standard industry trends are used. How claims run will dictate what the costs/increases will actually be.

Budget should never be set under the expected level.

Expected level for prescription drug and medical is \$17.6 million without claims. At risk up to 25% with is \$22 million. A reserve should be set up for the difference.

The auditors need to see that you have the IB&R, which will have to be paid back if used.

Stop loss premium change, we have a 3rd party instead of Cigna providing and it saved us hundreds of thousands of dollars.

We want to set the budget at 102% of expected. 110% is the reserve level that we want to build to.

The target reserve should stay the same, but once it gets close or over, a change can be considered.

There is a concern about there being a standing policy whether or not the players change. Any company/carrier can do the projections and there is a benefit to having the 3rd party do that. There is no question.

Discussion about setting policy around excess of the reserve.

We will have to start low on what we implement and gradually increase...best approach for our employees based on what is happening in Hartford.

The piece in the comparison with the fully insured verses self-insured...that doesn't come out when until the reserves are built is the flexibility in reserves once they are built to the level that you deem comfortable. It gives risk to the other side, there are guarantees on it, but you don't control it because increases are dictated by the underwriting of the insurance carrier. Now it is going to be controlled with some conservative positions in, hopefully of 3% through 10% that will be built over time.

Is the goal of the committee to now set a policy? There may be a template from Manchester or samples from other towns.

Switching carriers also needs to be addressed.

Does the target reserve number get set? How do deficits and used money get paid? What does the reserve money get dipped into for?

Certain groups of employees (ie smokers) should not be singled out to benefit from any excess reserve money. This would not be fair to an employee who doesn't cause any stress to the system-they would not be able to benefit from the program.

There should be yearly education of Council and BOE as things move and employees change.

The discussion from this meeting should be shared with the perspective groups (both leaderships).

Update about last year's final numbers should be distributed.

Next meeting is set for October 4 at 4:30.