

INSURANCE CONTROL COMMISSION

TOWN OF SOUTH WINDSOR

Minutes

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January 27, 2016

Madden Room – South Windsor Town Hall

1. Call Meeting to Order

The meeting was called to order at 8:30 a.m.

2. Roll Call

Members Present: Matthew B. Galligan, Town Manager
Carolyn Mirek, Town Council
Keith Yagaloff, Town Attorney, Keith Yagaloff & Associates

Members Absent: Joseph Durette, Board of Education
Edward Havens, Town Council

Also Present: Chris Chemerka, Business Manager, Board of Education
Robert Lindberg, Arthur J. Gallagher & Co.
Patricia Perry, Director of Finance
Vanessa Perry, Director of Human Resource
Fiona Porto, CIRMA Representative

3. Approval of Minutes (September 15, 2015)

Town Attorney Keith Yagaloff made a motion to approve the September 15, 2015 minutes. Councilor Mirek seconded the motion; and they were approved, unanimously.

4. Discussion Items

A. General Discussion – Liability, Automobile, and Property (LAP) and Workers' Compensation Claims

Ms. Fiona Porto from CIRMA explained to the Commission members that there will be a 3% rate increase in the Liability, Automobile and Property (LAP) over the 2015/2016 premiums plus any exposure changes were reduced to 0% and a 5% rate increase in the Workers' Compensation current premium plus any exposure or changes. Ms. Porto then reviewed the Workers' Compensation Developed Losses and Expenses vs. Premium, Workers' Compensation Loss Analysis and Liability-Auto-Property Loss Analysis, as shown in attached **Exhibit A**.

ITEM:

4. A. (Continued)

Town Attorney Yagaloff stated that the number of claims is important but as important is the total value of claims because you have more people making claims that are smaller. The severe injuries are the ones we want to worry about because that will be the greatest impact on the overall claims. The Workers' Compensation claims are sort of flattening out.

Mr. Galligan explained that the Town requires that if an employee gets hurt they fill out the proper form right a way.

Attorney Yagaloff felt that the Manager could hold in the process the behavior of people to try to reduce the number of claims but also to reduce the severity of the injuries. On the Liability part you can also see it trending down.

Ms. Porto informed the Commission that with the Risk Management Department has developed a Slip, Trip and Fall training kit for Board of Education employees that could help to educate employees.

Councilor Mirek questioned if employees would have to sign off on the training after they have watched it? Ms. Porto stated that for this kit she is not sure if a record is kept but would check on that.

Mr. Galligan requested that Mr. Lindberg with Arthur J. Gallagher & Co. be able to present the Health Insurance Claims because he has to leave early.

B. General Discussion – Health Insurance Claims

Mr. Lindberg came forward and reviewed the Town and Board of Education Anthem Claim Activity, Medical, Rx, and Dental; Actual vs. Budgeted Total Costs; Catastrophic Claims Summary and Members with Paid Claims Experience over \$50,000 (includes Prescription Drugs), as shown in attached **Exhibit B**.

The claims have been good continuing through the end of the calendar year. It has been trending up recently. There is less impact from the larger claims. The Anthem Renewal package came in with a total year over year increase of 2%. Pieces of that are being analyzed and a report will be sent out to the Commission. The allocation rate projections will be updated.

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ITEM:

4. B. (Continued)

Mr. Lindberg explained that there was a spike in claims for the Board of Education in October and there is a 50/50 chance that it could break even. Ms. Chemerka stated that usually the Board of Education sees a spike in the summer which did not happen this year. Seems like the spike came later and am anticipating it might just level off.

Mr. Lindberg then stated that the last page of Exhibit B shows the Anthem Utilization Review Report which provides a history of the total dollars paid of the most recent 12 months and prior 12 months and then it splits out the high dollar claimants which is anyone who generated more than \$50,000 during that period of time. The total paid from the employer's side went up almost one million dollars at the same time that your expenses on high dollar claimants went down almost one million dollars. This shows that during this period of time there has been a shift in the utilization and that is something that Arthur J. Gallagher & Co. will keep an eye on because if the base line is changing while the large claims are improving there is some underlying activity. The other item that is interesting is the total high dollar claimant percentage is still well below the normal which shows most of the activity falls in the mid range. This has a direct impact of where you try to set your individual stop loss limit.

Mr. Lindberg informed the Commission that there was a meeting with CREC where 15 communities gathered to discuss a Reinsurance Captive Organization. The goal with these discussions is to create a process to stabilize the individual stop loss limit by pooling communities together. The State is interested in supporting this concept. If the financials can be aligned properly and consensus is reached among the members this will be delivered in July 2016. There is no current financial requirement or exposure to the Town or Board of Education to go through this process and it is felt that there is a high probability that this could work favorably from a risk management standpoint.

Mr. Galligan explained that there are upfront costs so he would be requesting the Town Council to support a grant through CRCOG.

Town Attorney Yagaloff questioned if there is a cap between the stop loss and the policy? Mr. Lindberg stated that in the current program it is unlimited.

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ITEM:

4. B. (Continued)

Mr. Lindberg explained that another pooling concept is the State Partnership Program which is referred to as Partnership 2.0 which is an effort by the State and the Comptrollers Office to encourage municipalities to participate in the pool that would include the State employees and it would be based on the State plan. The partnership language is being reviewed so the State can collect additional administrative fees from groups who are in the partnership as to ensure the State is not subsidizing any of the groups that are in this partnership. The way it is being written it looks like the State can collect anything that they need to in order to not subsidize the plan.

Another item that has transpired since the last meeting is there are two extensions under the Affordable Care Act. The 1091 reporting was deferred for 60 days and the Cadillac Tax has been deferred from 2018 to 2020.

Mr. Lindberg told the Commission that there is an exhibit that is being worked on which will track the history of both the large claimants as well as the underlying usage patterns for the past five years. That will be sent to the Commission when complete.

Town Attorney Yagaloff asked if there is a difference in utilization between the high deductible versus the other plans like the State plan? Mr. Lindberg explained that they see it with their own clients. People start to change their behavior a bit. It depends on how the plan is put together as to whether it changes significantly or not. The middle range, the preventative and the chronic care management pieces people seem to respond to better when they are in the high deductible plan. Also in the high deductible plan, the incentives can be easier to communicate because there are dollars that they see rather than other programs. The emphasis around preventative care and wellness through the federal guidelines and along with the high deductible plan are engaging people and in South Windsor there is an effort to get people involved which supplements the high deductible plan very well. The non-Medicare retirees who participate also seem very engaged.

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ITEM:

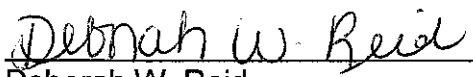
5. Schedule the next Meeting

Mr. Galligan stated that the Commission will be sent a date and time by email.

6. Adjournment

At 9:17 a.m. the meeting was adjourned.

Respectfully submitted,



Deborah W. Reid
Clerk of the Council

SOUTH WINDSOR INSURANCE CONTROL COMMISSION

CIRMA AGENDA January 27, 2016

Exhibit A

Commission Members: Matt Galligan, Edward Havens, Joseph Durette, Keith Yagaloff, Carolyn Mirek

South Windsor: Patty Perry, Chris Chemerka, Vanessa Perry

CIRMA: Fiona Porto

Gallagher & Company: Robert Lindberg

1. Budget Indications

- Liability-Auto-Property
- Workers' Compensation

2. WC and LAP Loss Experience

Line of Business	3 yr Loss Ratio as of 12/31/15	3 yr Loss Ratio as of 11/30/14	Difference	5 yr Loss Ratio as of 12/31/15	5 yr Loss Ratio as of 11/30/14	Difference
WC (Undeveloped)	66%	54%	+12 pts	56%	47%	+9 pts
WC (Developed)	106%	89%	+17 pts	90%	75%	+15 pts
LAP	24%	32%	-8 pts	43%	35%	+8 pts

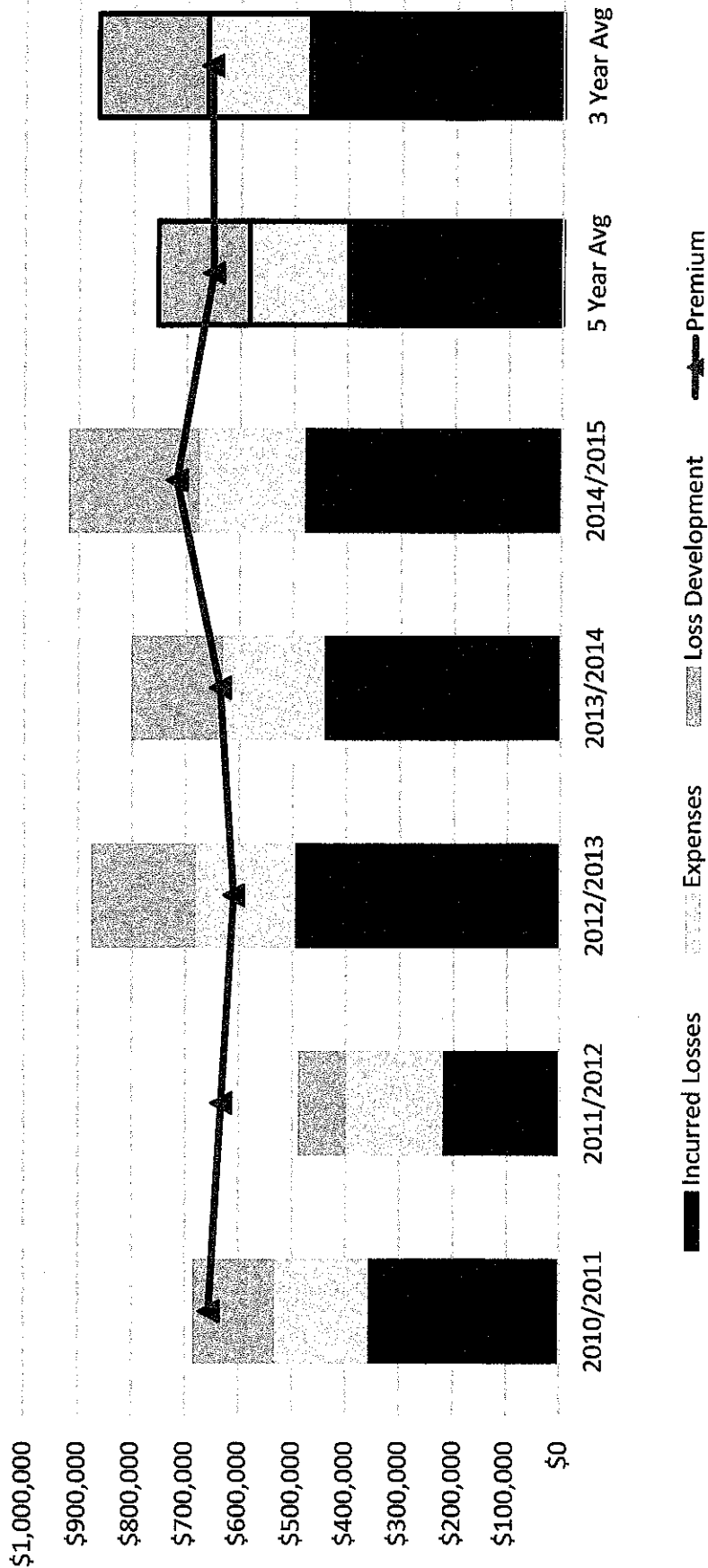
3. Risk Management Activities since last meeting

- 42 Total Participants at 6 CIRMA Workshops
- Provided information regarding bike use for BOE security guards regarding liability.
- Provided recommendations regarding inspections of ropes / adventure course.

4. CIRMA Annual Meeting – 1/29/16

5. Questions

Town of South Windsor and South Windsor Board of Education Workers' Compensation Developed Losses + Expenses vs. Premium 7/1/2010 - 12/31/2015

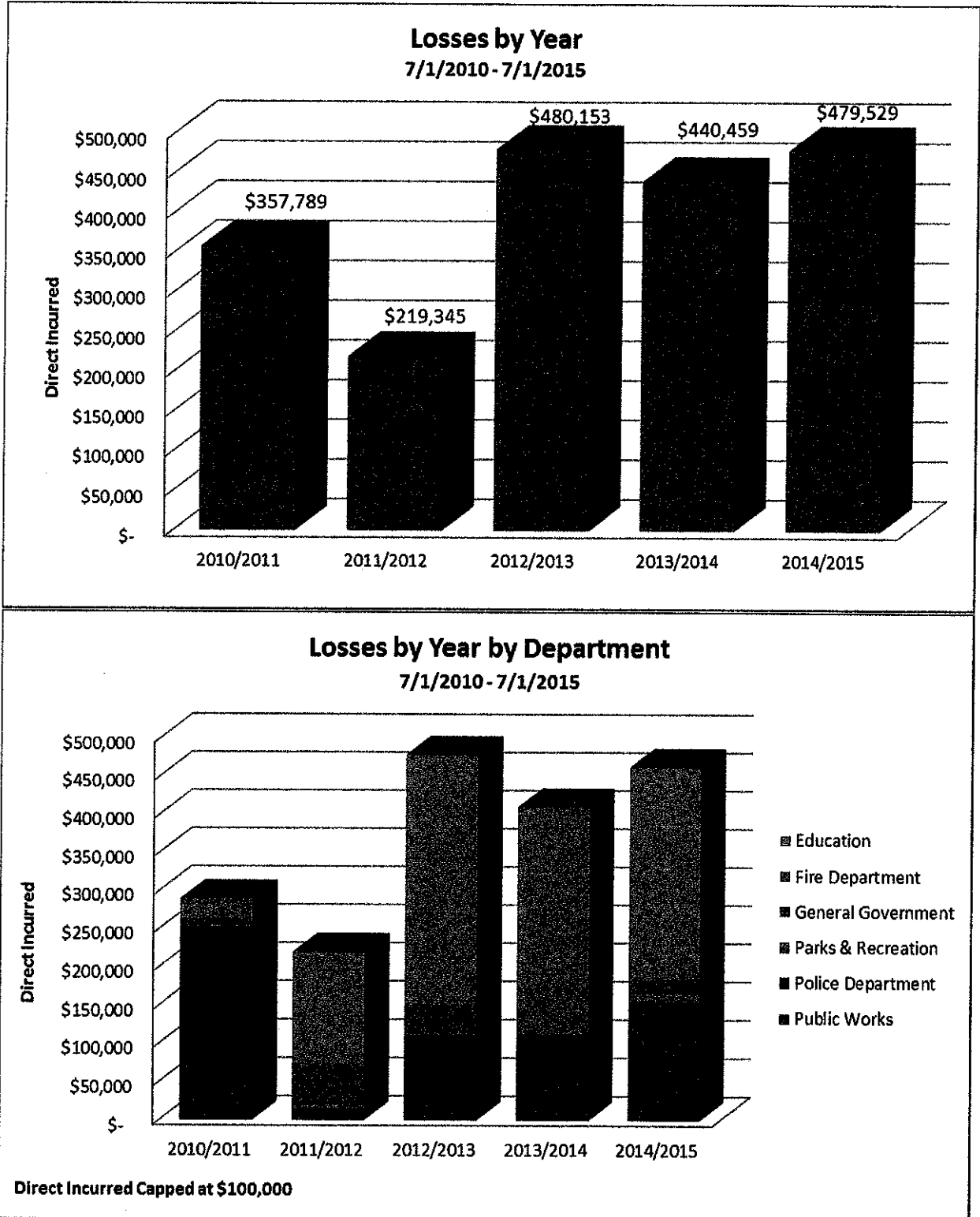


SOUTH WINDSOR INSURANCE CONTROL COMMISSION

Workers' Compensation Loss Analysis

Exhibit A

Losses valued as of 12/31/15

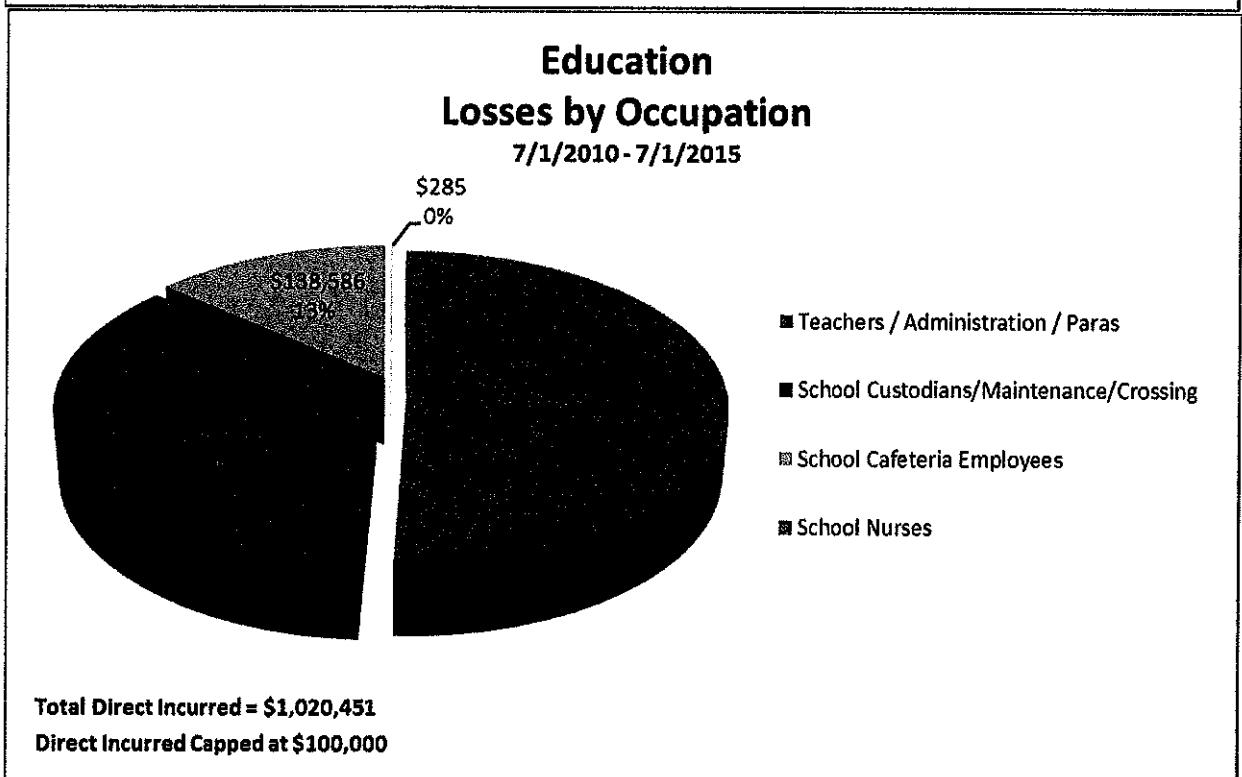
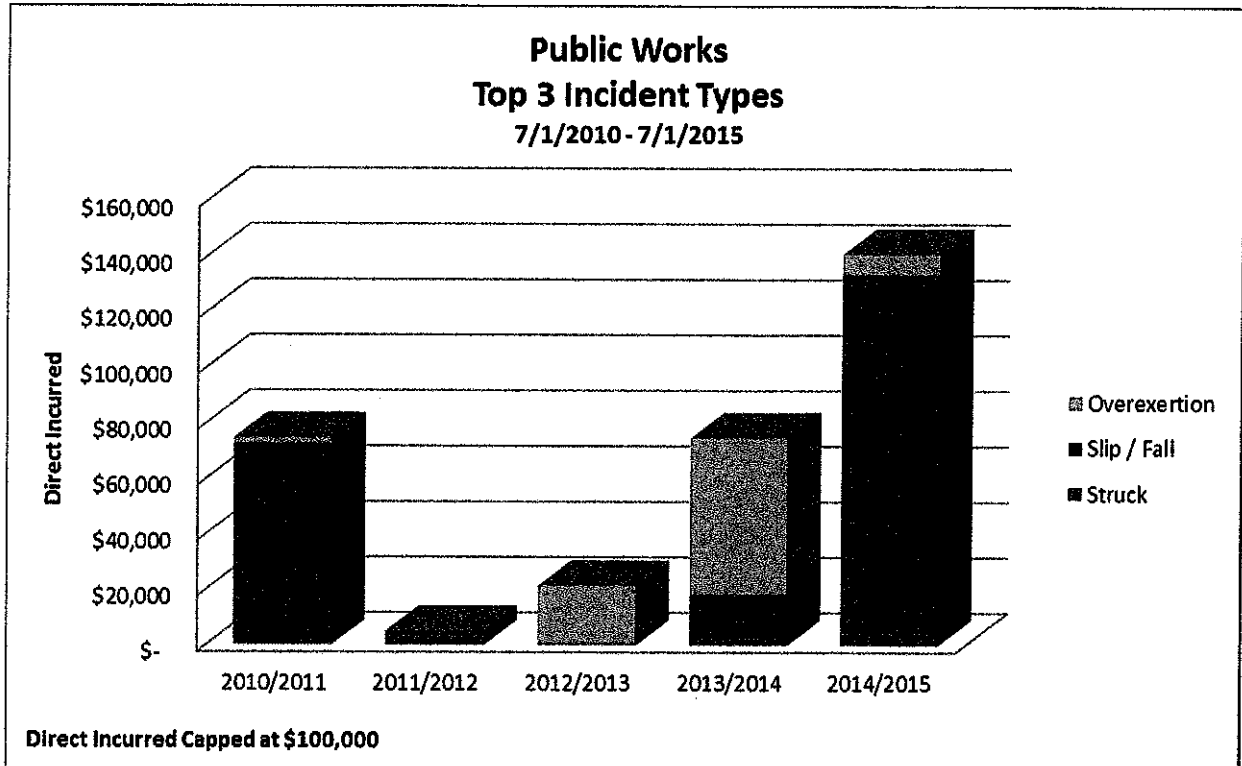


SOUTH WINDSOR INSURANCE CONTROL COMMISSION

Workers' Compensation Loss Analysis

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Losses valued as of 12/31/15

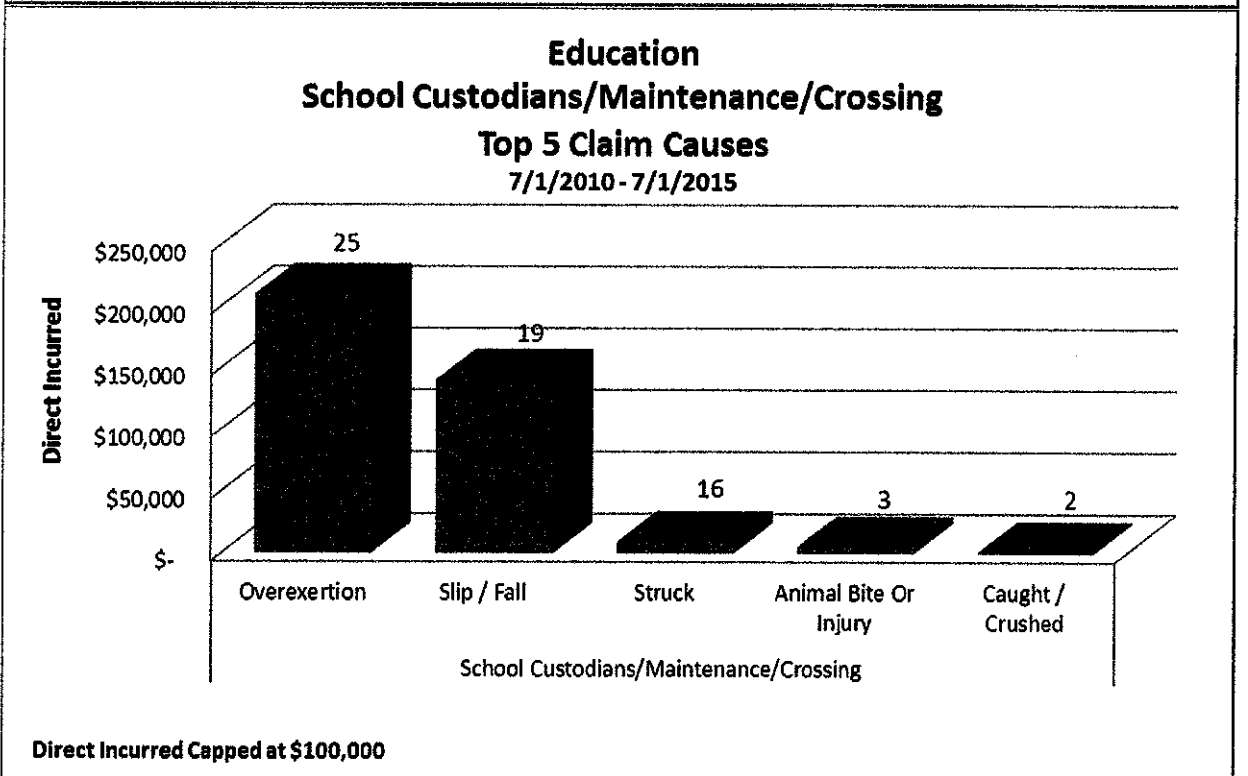
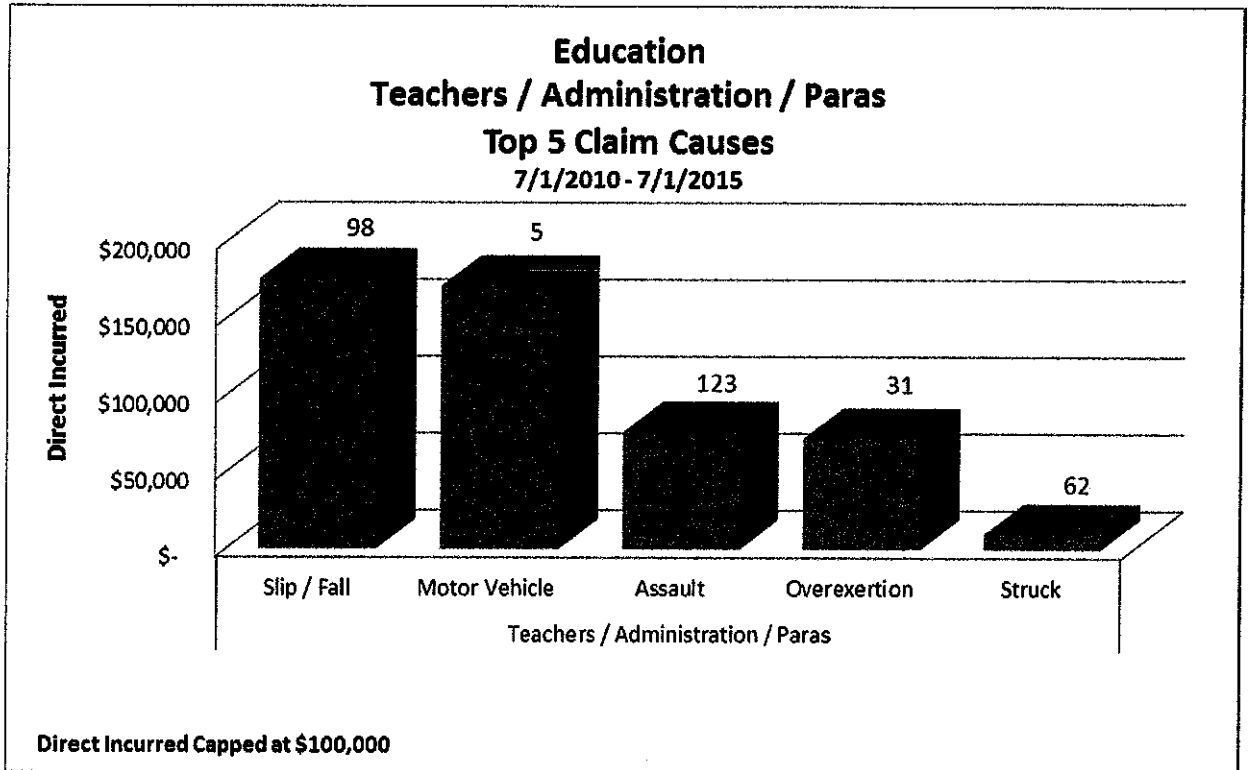


SOUTH WINDSOR INSURANCE CONTROL COMMISSION

Exhibit A

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Losses valued as of 12/31/15

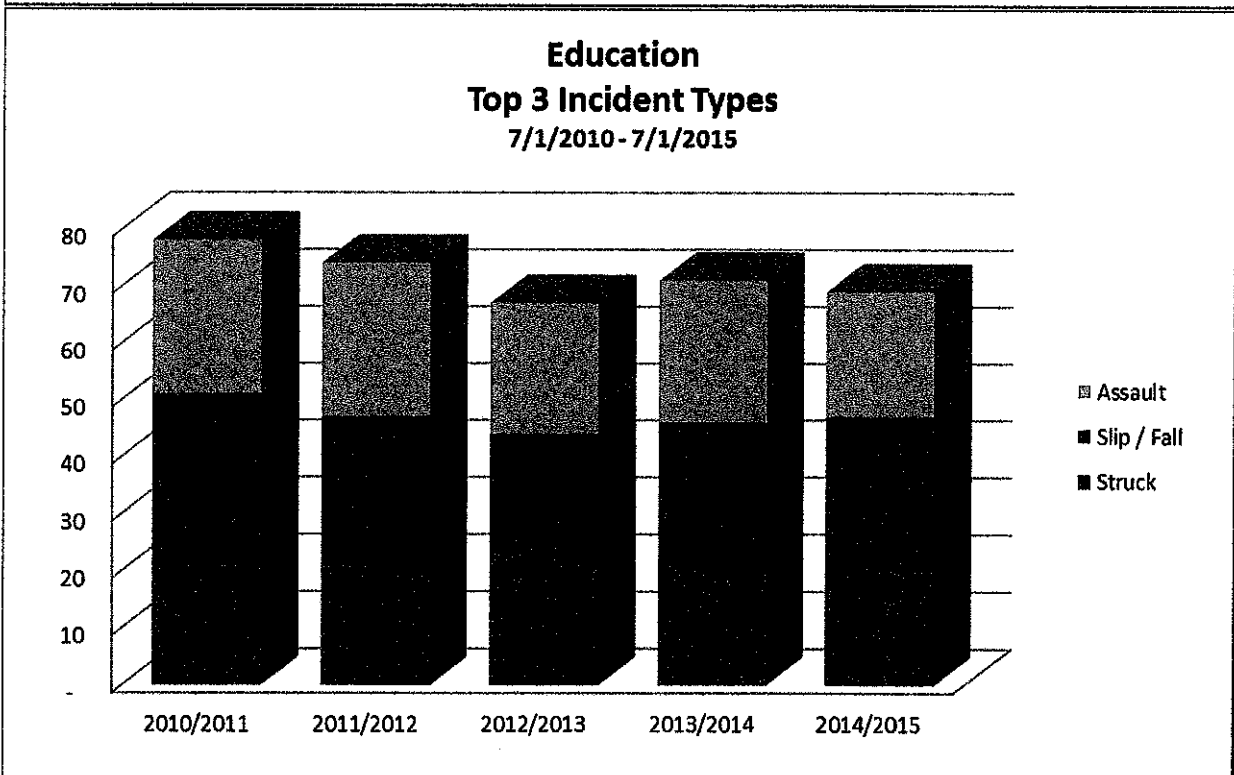
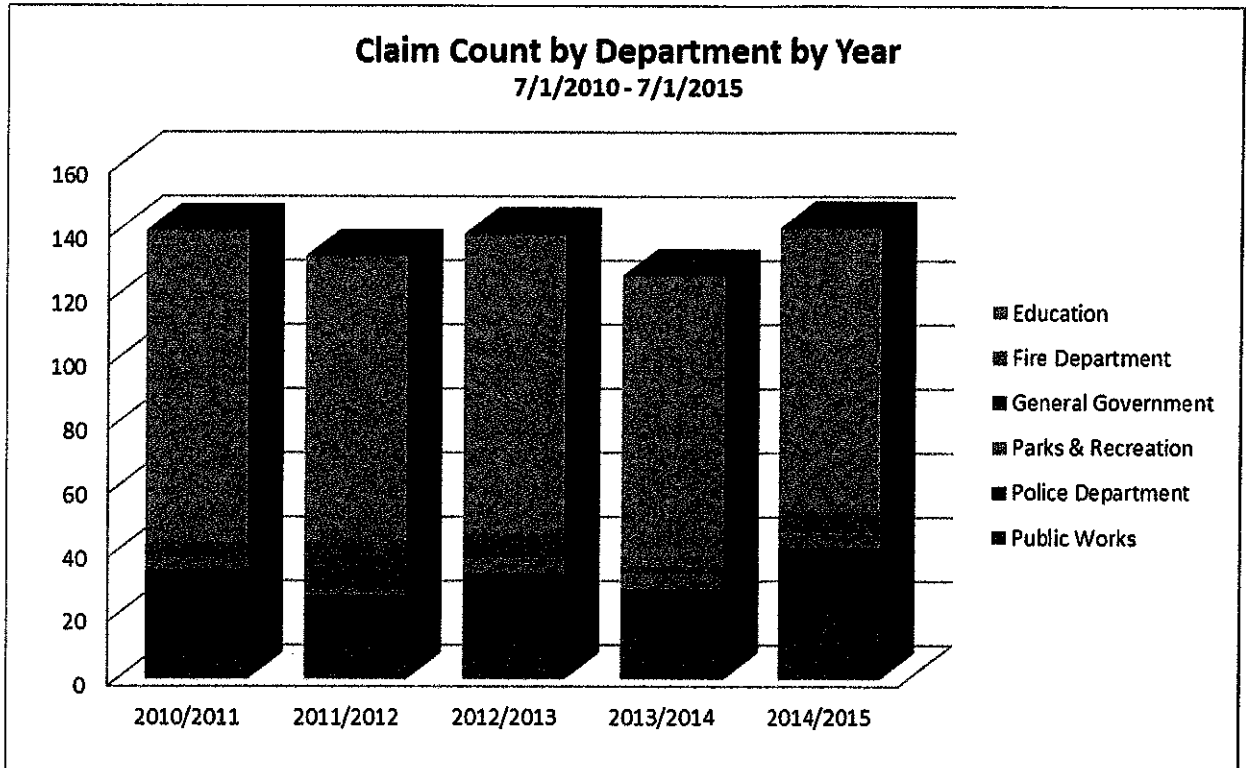


SOUTH WINDSOR INSURANCE CONTROL COMMISSION

Workers' Compensation Loss Analysis

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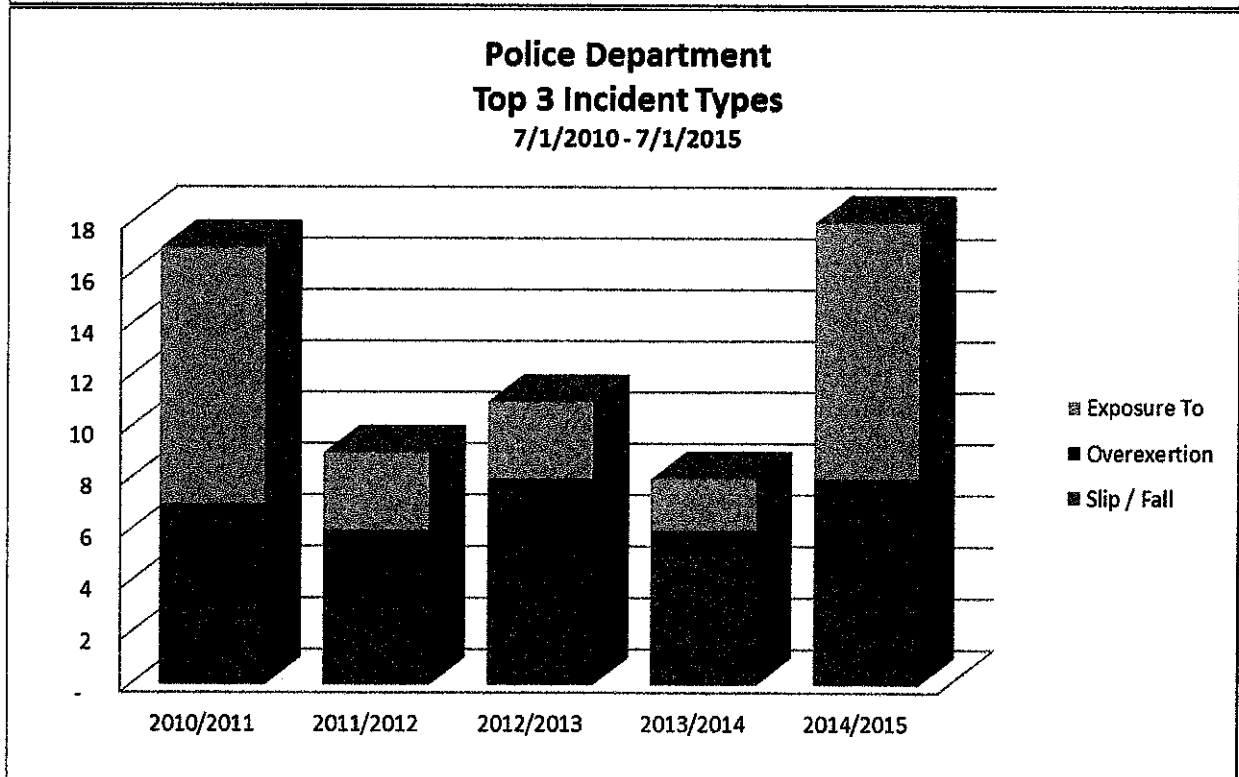
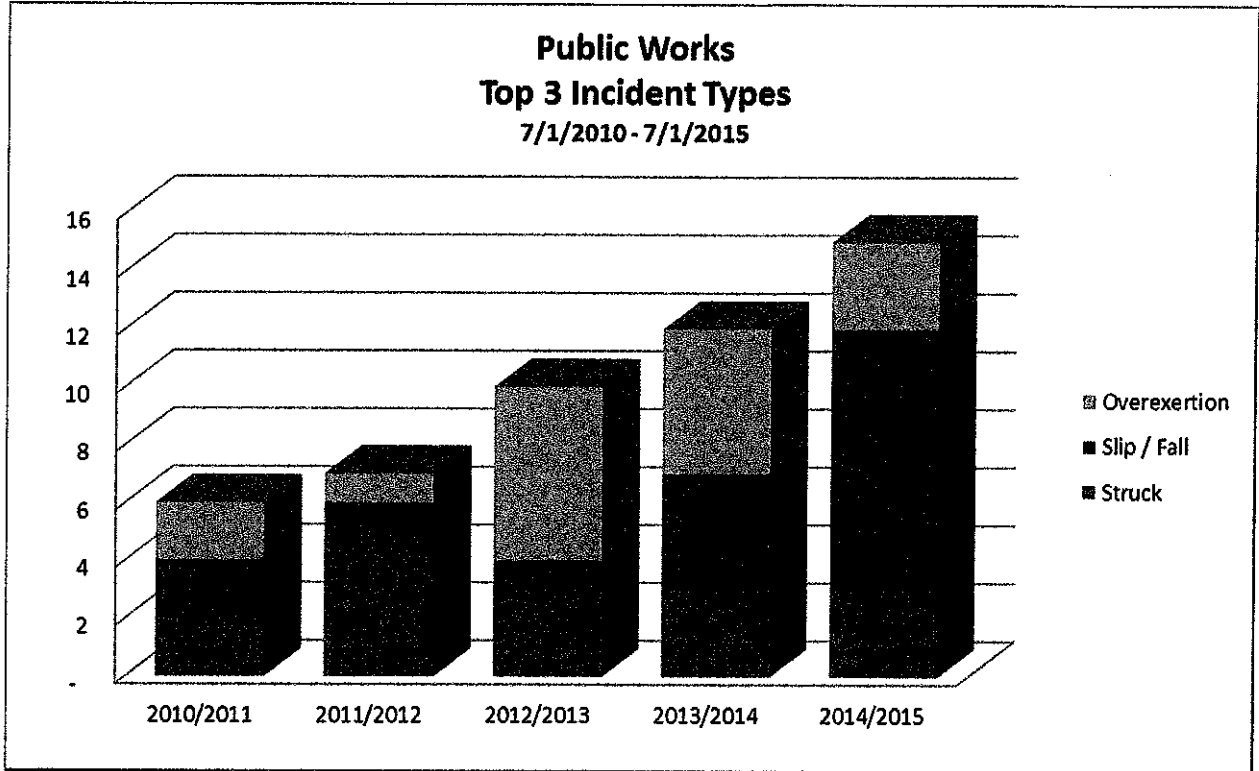


SOUTH WINDSOR INSURANCE CONTROL COMMISSION

Workers' Compensation Loss Analysis

Exhibit A

Losses valued as of 12/31/15

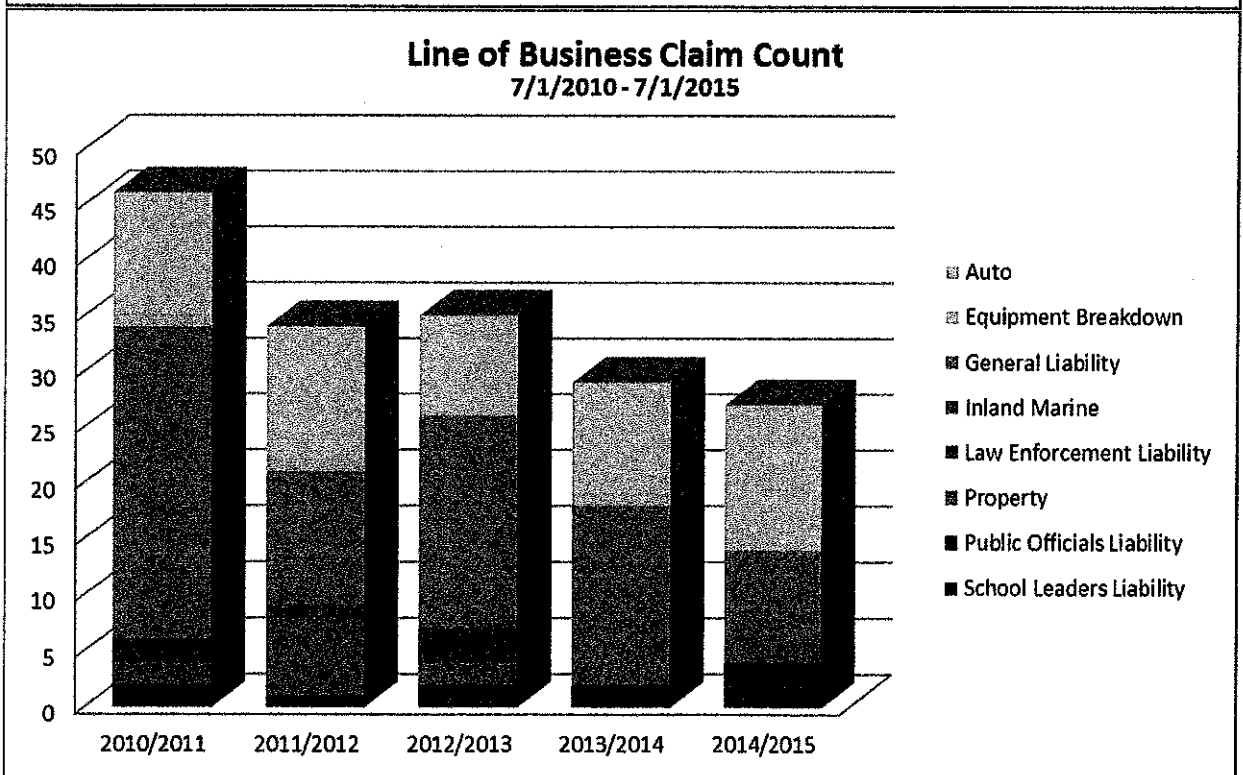
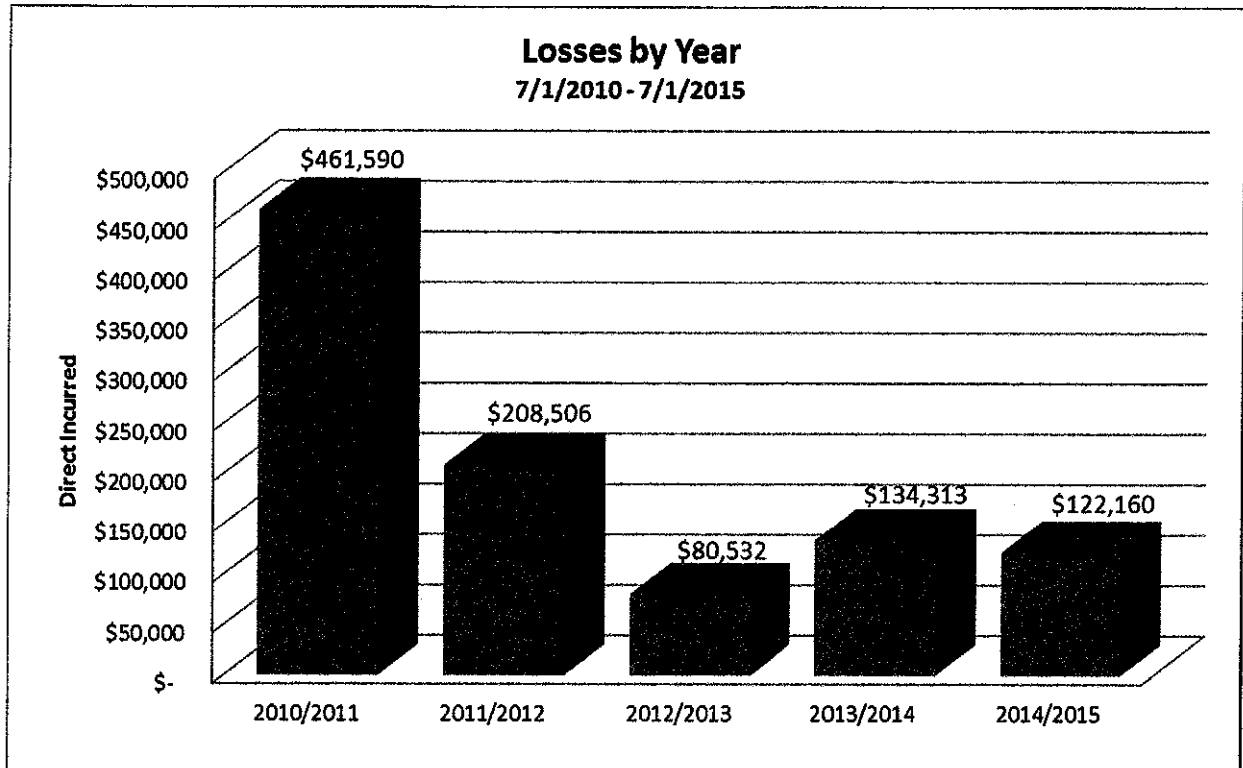


SOUTH WINDSOR INSURANCE CONTROL COMMISSION

Liability-Auto- Property Loss Analysis

Exhibit A

Losses valued as of 12/31/15





TOWN OF SOUTH WINDSOR

Insurance Control Commission

Discussion Outline: January 27, 2016

I. Overview – Results are good but trending up

II. Experience Update

- Plan Year Results – Estimated 2015-2016
- Large Claim Review
 - \$49,000 paid from Anthem ISL Pool
 - One claimant above ISL through December
 - Five claimants above 50% “trigger”

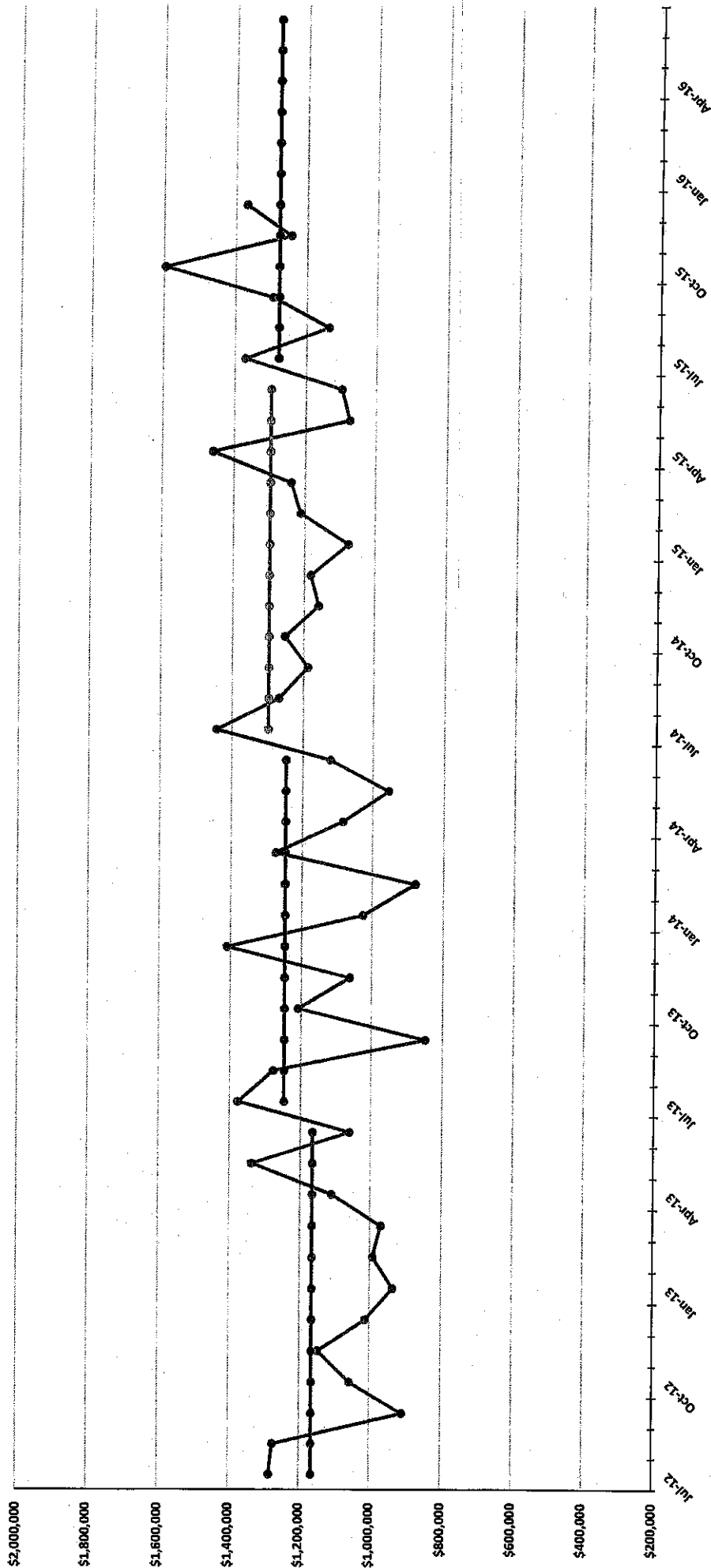
III. Anthem Renewal: July

- Anthem Renewal: Initial package is +2% in Year over Year Gross Costs
- ACA Reinsurance Fees included in Renewal/Allocation Rates (last cycle)

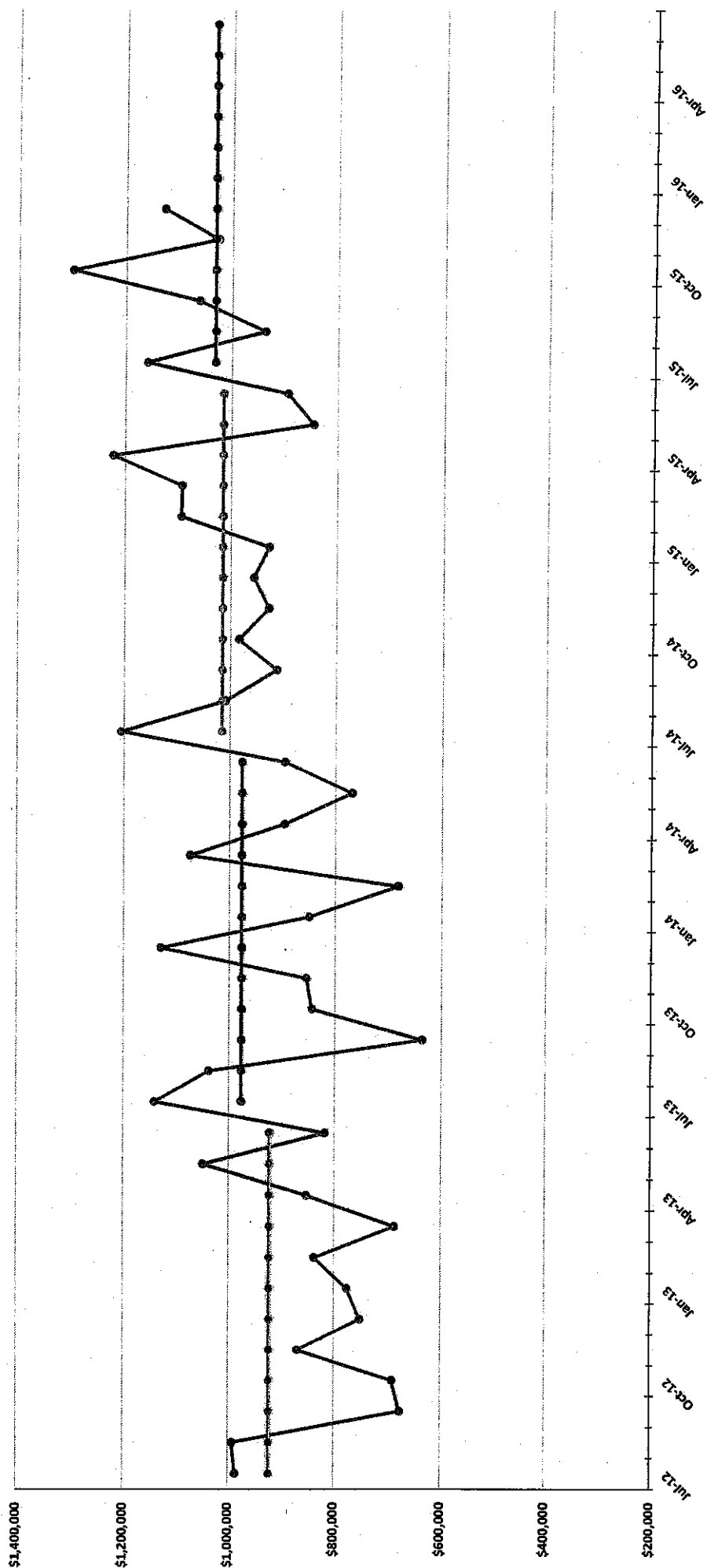
IV. General Discussion

- ACA Reporting Requirement Update (Form 1095C)
- ACA Cadillac Tax Deferred to 2020
- Activity in Hartford regarding State Employee Plan
- Activity involving CREC Captive for ISL Reinsurance

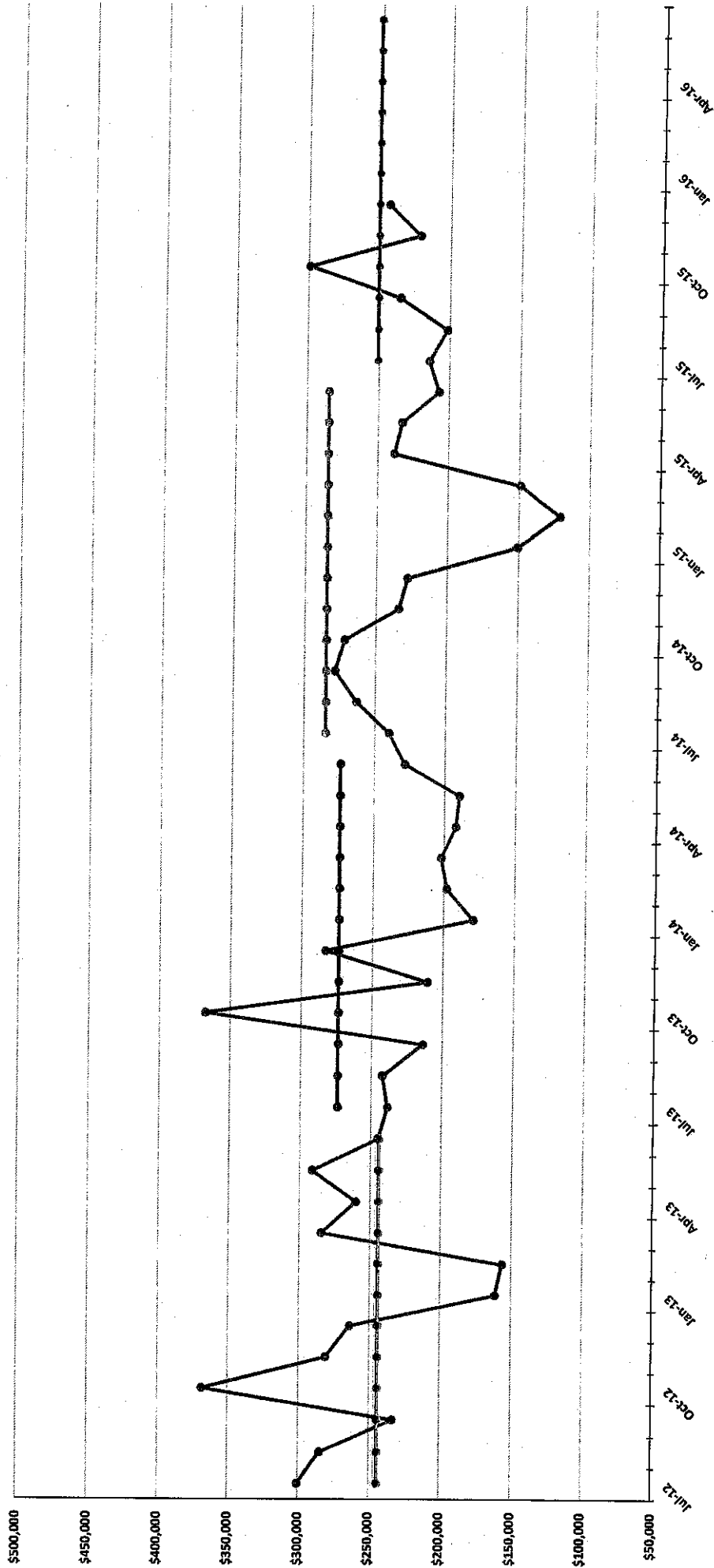
**South Windsor: Town & Board of Education
Anthem Claim Activity - Medical, Rx, & Dental
July 2012 - June 2016**



**South Windsor Board of Education
Anthem Claim Activity - Medical, Rx, & Dental
July 2012 - June 2016**



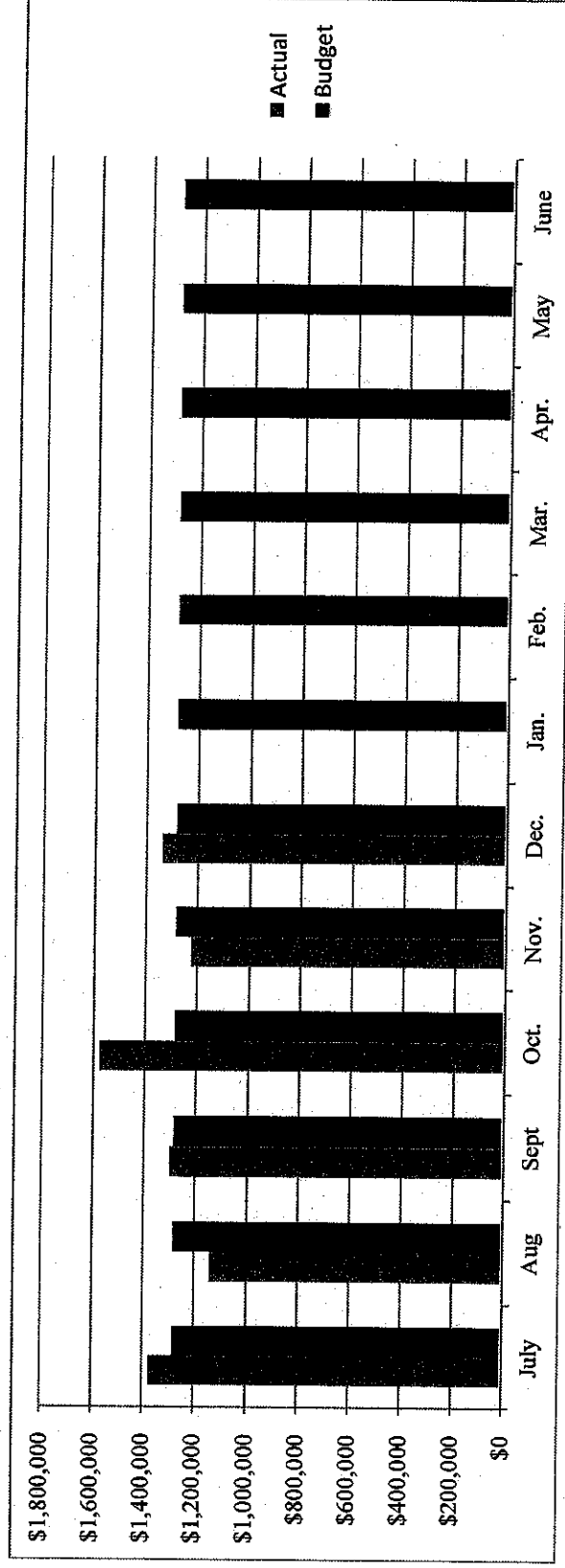
**Town of South Windsor
Anthem Claim Activity - Medical, Rx, & Dental
July 2012 - June 2016**



SOUTH WINDSOR: TOWN and BOARD OF EDUCATION

Actual vs. Budgeted Total Costs

July 1, 2015 - June 30, 2016



Notes:

Monthly Budget = \$1,278,500

Actual claims experience through December 2015.

Year-to-Date			
		Actual	Budget
Total Costs		\$7,929,202	\$7,671,000
		Difference	
		(\$258,202)	

Year-End Projection			
		Projected	Budget
Total Costs		\$15,603,000	\$15,342,000
		Difference	
		(\$261,000)	

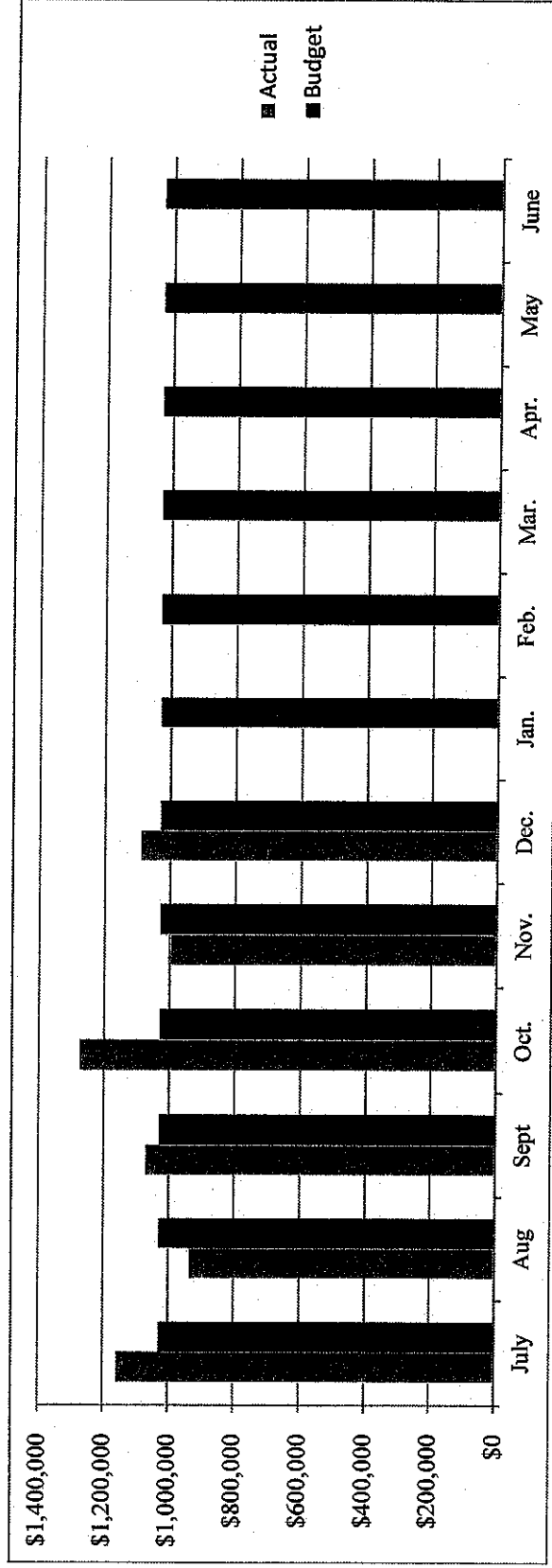
Figures above include net claims for Medical, Rx, and Dental.

Fixed Plan Costs, HSA Deposits and other Expenses are not included.

SOUTH WINDSOR: BOARD OF EDUCATION

Actual vs. Budgeted Total Costs

July 1, 2015 - June 30, 2016



Notes:

Monthly Budget = \$1,028,250

Actual claims experience through December 2015.

Year-to-Date			
		Actual	Budget
Total Costs		\$6,523,824	\$6,169,500
		Difference (\$354,324)	

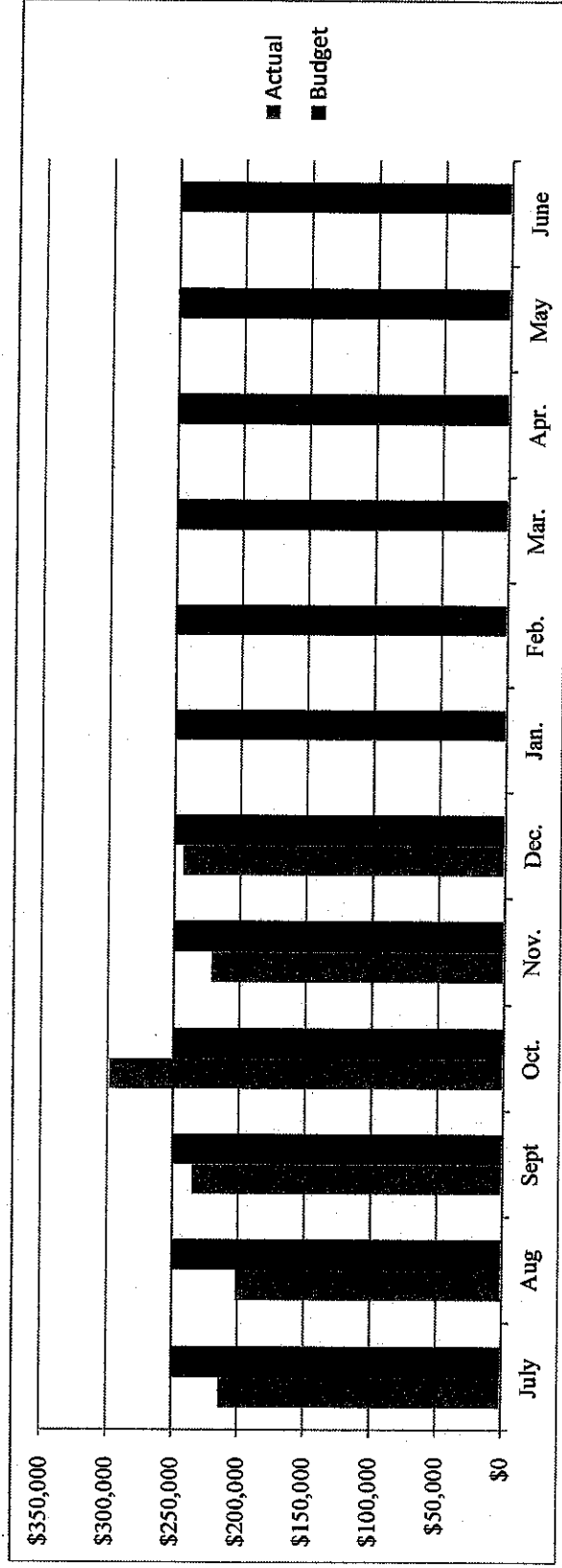
Year-End Projection			
		Projected	Budget
Total Costs		\$12,600,000	\$12,339,000
		Difference (\$261,000)	

Figures above include net claims for Medical, Rx, and Dental.
Fixed Plan Costs, HSA Deposits and other Expenses are not included.

TOWN OF SOUTH WINDSOR

Actual vs. Budgeted Total Costs

July 1, 2015 - June 30, 2016



Notes:

Monthly Budget = \$250,250

Actual claims experience through December 2015.

Year-to-Date			
	Actual	Budget	Difference
Total Costs	\$1,414,378	\$1,501,500	\$87,122

Year-End Projection			
	Projected	Budget	Difference
Total Costs	\$3,003,000	\$3,003,000	\$0

Figures above include net claims for Medical, Rx, and Dental.
Fixed Plan Costs, HSA Deposits and other Expenses are not included.

OUTH WINDSOR TOWN AND BOARD OF EDUCATION

atastrophic Claims Summary

illed Claims From Jul-2015 through Dec-2015

Year-to-Date Claimants exceeding 50% of Individual Stop Loss (Specific)

Group ISL = \$175,000

50% of Group ISL = \$87,500

Member Status	Relationship to Subscriber	Member	Newborn Ind	SIP Rel Code	Medical	Drug	Ancillary	Total Claims	Claims Over ISL	Actual Billed Claims
ctive	SPOUSE	03560919981010380088	N	518	\$239,541	\$20,072	\$0	\$259,612	\$84,621	\$174,992
ctive	CHILD	10234720020531228616	N	518	\$136,402	\$5,651	\$23	\$142,075	\$0	\$142,075
ctive	CHILD	20070320091002935224	N	518	\$125,125	\$14,930	\$0	\$140,055	\$0	\$140,055
ctive	SUBSCRIBER	21164620031024070349	N	518	\$135,121	-\$190	\$224	\$135,156	\$0	\$135,156
ctive	SUBSCRIBER	01484619980912979757	N	518	\$99,736	\$12,093	\$0	\$111,829	\$0	\$111,829
					\$735,925	\$52,555	\$247	\$788,728	\$84,621	\$704,107

- If group does not purchase ISL insurance from Anthem, this report will show members with claims over \$50,000.

- Member Status: Active = member is enrolled in the group's medical plan, "Non-Active" = member is no longer enrolled in the group's medical plan.

- Member ID: Encrypted Member IDs will remain the same from one period to the next.

- This report is not meant to replace the contract year settlement.

- Claims over ISL: credited claims dollars in excess of the Individual Stop Loss (ISL) amount.

- Actual Billed Claims: the net claims amount (Total Claims less "Claims over ISL") billed to the group.

- Newborn Ind: If "Y" then it is possible Parent and Baby claims are combined. This will be resolved by Underwriting during contract year settlement.



Health Insights
DataView Direct

Catastrophic

2.D.1

1/9/2016

In Connecticut, Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans, Inc. In Maine, Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans, Inc. In New York, Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans, Inc. In Pennsylvania, Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans, Inc. In Rhode Island, Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans, Inc. In Vermont, Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans, Inc. In Wisconsin, Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans, Inc. In all other states, Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans, Inc. This report contains confidential information and is intended only for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this information, please do not disseminate, copy, or otherwise use this information. If you have received this message in error, please immediately notify the sender by e-mail and delete the original message.

