

# INSURANCE CONTROL COMMISSION

## TOWN OF SOUTH WINDSOR

Minutes

Page 1

January 30, 2018

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### Madden Room – South Windsor Town Hall

#### 1. Call Meeting to Order

The meeting was called to order at 8:35 a.m.

#### 2. Roll Call

Members Present: Matthew B. Galligan, Town Manager  
Jeffrey Glickman, Town Council  
Michael Paré, Board of Education

Members Absent: Morris Borea, Town Attorney, McGivney & Kluger  
Carolyn Mirek, Town Council

Also Present: Chris Chemerka, Business Manager, Board of Education  
Bob Lindberg, Arthur J. Gallagher & Co.  
Vanessa Perry, Assistant Town Manager/H.R. Director  
Fiona Porto, CIRMA Representative

#### 3. Approval of Minutes (October 5, 2017)

Mr. Michael Paré made a motion to approve the October 5, 2017 minutes. Town Manager Matthew Galligan seconded the motion; and they were approved, unanimously.

#### 4. Discussion Items

The Commission moved Item 4.B before Item 4.A.

##### B. General Discussion – Health Insurance Claims

Mr. Robert Lindberg reviewed the Town and Board of Education Anthem Claim History from July 2017 to June 2018, as shown in attached **Exhibit A**.

Mr. Lindberg said all of the claim data is caught up with the Hartford Healthcare resolution. The monthly data from October 2017 to December 2017 could look strange, but the quarter as a whole is caught up. It did not have a large impact on the Board of Education and the Town. It was more of an annoyance for the members as some claims were not processed right away.

**MINUTES**  
**Insurance Control Commission**  
**Page 2**  
**January 30, 2018**

**ITEM:**

**4. B. (Continued)**

Mr. Lindberg discussed the change in the large claim events. In the fiscal year ending on June 30, 2017, the Town and Board together had eight claimants that reached the individual stop loss limit. The excess claim dollars were \$1.1 million paid out by the stop loss carrier during that fiscal period. Year-to-date, there is only one claimant that has reached the individual stop loss limit, and the claim has been submitted to CT Prime, Inc. For the most recent 12-month period, the excess claims are \$600,000. The overall claim picture is improving. The Town and Board of Education are projected to break even by year-end.

Mr. Lindberg said that they have been trying to resolve trend assumptions with Anthem in order to plan for the next fiscal year. The trend rates have averaged 8% in the past two cycles, but Anthem is higher at the moment. Trends are an estimate that are used as a benchmark along with South Windsor's history. The two pieces of the renewal that Mr. Lindberg is researching are the fixed expenses for managing the program and the actual stop loss premiums. Currently, with CT Prime, the premium structure is below market and the rate increase was also below market. This estimate will not be complete until March because of the nature of the price increase, but the planning assumption is 10%. The fixed expenses are paid to the carrier for plan administration and network maintenance.

Mr. Lindberg said that they received the Anthem renewal package on Friday. Two things are different in this year's renewal. First, they are changing how they charge for one of the fixed expenses from an access fee into a shared savings discount factor. This fixed expense is now a variable expense. In theory, it should be comparable to the network access fee. The second change is the way they are going to process the administration of the billing beginning July.

Ms. Chris Chemerka asked if Mr. Lindberg would like to attend an upcoming meeting in February to review billing fees with Anthem. Mr. Lindberg said that he would attend.

Mr. Lindberg said that he has some information on the healthcare market study. United Healthcare declined to provide a proposal, but Aetna, Anthem, and Connecticare all provided responses. There are quotes with and without stop loss. The carriers are reworking their estimates as they were provided with some large claim information. By the end of this week, the Commission will get a complete summary sheet.

**MINUTES**  
**Insurance Control Commission**  
**Page 3**  
**January 30, 2018**

**ITEM:**

**4. B. (Continued)**

Town Manager Galligan asked if he could be excluded from the summary sheet as he his son works for Aetna in national accounts. Mr. Lindberg said he would not send him the information.

Mr. Lindberg said they are researching the State Partnership Program. The State will not be able to provide actual numbers until April on the July values. One of the big changes from last year to this year were the benefits initiated by SEBAC during the State budget issue last summer. There are many different issues with the State Partnership Program, but it is being researched under due diligence.

Mr. Lindberg said since the Tax Reform Act has been passed, the Cadillac Tax has been pushed back to 2022. Nothing has changed about how the Cadillac Tax will be calculated.

Mr. Lindberg said that the CT Prime Inc. stop loss renewal is pending. The Underwriting Committee is beginning the renewal process, and the final renewal will be finalized in March. Mr. Galligan explained stop loss insurance through CT Prime to the new Commission members.

Mr. Lindberg discussed the market trends. Stop loss runs at a higher rate because of the leverage contract. Over the past five years, South Windsor has been doing better collectively than the marketplace trends. Also, CT Prime is now providing EAP services to the Town of South Windsor. EAP services can help keep claims down.

Mr. Lindberg discussed claims. Currently, claims are at 94% of expected rates. This could go up in the next six months as the Board of Education's HDHP runs from July through June instead of January through December. There has been a slight decrease in enrollment, but it should remain steady throughout the next 12 months.

Mr. Michael Paré asked how much of the high claim activity is driven by employees versus dependents. Mr. Lindberg said he does not have the information with him, but there is a breakdown of that information. Some companies try to utilize spousal charges as well as tobacco surcharges. However, the challenge is implementing those surcharges in bargaining contracts.

**MINUTES**  
**Insurance Control Commission**  
**Page 4**  
**January 30, 2018**

**ITEM:**

**4. B. (Continued)**

Mr. Lindberg said the Town is currently running high. With 150 contracts, the results will not be the same year-in and year-out.

Town Manager Galligan stepped out of the room while the Commission discussed the last page of the packet regarding the Health Plan Market Review. This worksheet is a summary of the responses to the RFP. Mr. Lindberg reviewed the summary with the Commission. Each respondent was asked to quote with and without stop loss integrated. The fixed costs are \$100,000 to \$150,000 lower than what Anthem's would be, and he would like to use this as leverage with Anthem. The next step would be to schedule interviews and thoroughly research each plan to ensure they could provide what the Town is requiring.

Ms. Chemerka asked if the respondents provided three year fee commitments. Mr. Lindberg said that is correct. Ms. Chemerka asked if this could be noted when the Anthem figures are updated. Mr. Lindberg said that would be added.

Ms. Chemerka said that because South Windsor is self-insured, the variable costs are the Town's. That is paid 100% out-of-pocket. Mr. Lindberg said that constraints can be put on the assumptions that are made.

Mr. Lindberg summarized the discussion. Year-to-date, it has been a good year collectively.

Ms. Vanessa Perry asked if Mr. Lindberg is researching the negotiated prescription rates for the carriers. Mr. Lindberg said that will be researched. Ms. Perry asked about researching high cost medical procedures or ongoing treatments.

Councilor Jeffrey Glickman asked what the goal is with the RFP. Ms. Chemerka said that ultimately yes, that is the goal, but there is more education needed such as the transfer process.

Councilor Glickman asked when the employees review the RFP. Ms. Vanessa Perry said the employees do not review the RFP. It is based on the recommendation from the management review group, then it is brought to the Commission. Mr. Lindberg said the review and analysis is done outside of the Commission.

**ITEM:**

**4. B. (Continued)**

Councilor Glickman asked for clarification on contracts and members. Mr. Lindberg said the contracts are any active employee or retirees. The members include the contract holder and their dependents.

Councilor Glickman asked about insurance waivers. Ms. Vanessa Perry said that quarterly insurance waiver payouts are already implemented based on union contracts. Ms. Chemerka said that is separate from this decision-making process.

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

Town Manager Galligan informed the new members about CIRMA. Ms. Porto reviewed the CIRMA Agenda, as shown in attached **Exhibit B**.

Ms. Porto reviewed the Workers Compensation Loss Analysis from July 2012 to July 2017. The majority of the losses comes from the Board of Education because they have the majority of the employee base. On the flip side, the Town performs very well compared to their peers.

Mr. Paré asked if the 2016/2017 data was complete. Ms. Porto said that year is complete, but it is just incurred amounts. The development amounts have not yet been reported.

Councilor Glickman asked if the Town is self-insured through CIRMA. Ms. Porto said it is a pool. Town Manager Galligan said it is basically self-insurance but through a pool with other municipalities. Councilor Glickman asked how the determination is made for each town's payment. Ms. Porto said CIRMA reviews a five-year history. Ms. Chemerka said that CIRMA has been doing so well that municipalities receive rebates. Town Manager Galligan said a certain ratio between claims and reserves.

Councilor Glickman asked about premiums. Ms. Porto said the entire pool determines the rate need for the following year, and then each member is reviewed for specific rate indications. CIRMA's goal is to be stable over time.

**ITEM:**

**4. A. (Continued)**

Ms. Porto said that Risk Management provided a Stewardship Report a few months ago. This Report reviews where and who the losses are coming from. The driving force is custodial services with the Board of Education with overexertion.

Ms. Chemerka said it would be helpful for Councilor Glickman to see a comparison of South Windsor to its peers, as it is actually performing well.

Ms. Porto said CIRMA reviews claim counts and trends. Ms. Chemerka said the Board reviews each claim as it comes in and also reviews the claims quarterly. She also clarified “assault” claims. Generally, those claims come from paraprofessionals or special education teachers who have challenging students. Ms. Porto said that about five years ago, assault claims across most boards of education started rising. Usually, those claims do not bring large dollar amounts.

Ms. Porto discussed the Liability-Auto-Property losses. 2015/2016 had a large uptick as there were several property losses within that year. Ms. Chemerka asked if these are paid out. Ms. Porto said the two school incidents and the bus incident are open, but the property losses within that year are close. Property losses usually close quickly.

Ms. Porto reviewed the risk management breakdown. CIRMA has expanded their training to include online courses. They also ask their members about any areas that can utilize training. Councilor Glickman commented on how CIRMA and the Town are very active.

Ms. Porto summarized the consultative services. The Town and Board of Education ask CIRMA for recommendations and guidance on programs. Town Manager Galligan said CIRMA was very helpful in providing builder’s risk for the elementary school contracts.

**4. C. General Discussion – Health Insurance RFP**

This was discussed towards the end of Discussion Item 4.A.

**MINUTES**  
**Insurance Control Commission**  
**Page 7**  
**January 30, 2018**

**ITEM:**

**5. Schedule the next Meeting**

The next proposed meeting date is March 28, 2018.

**6. Adjournment**

At 9:30 a.m., Councilor Glickman made a motion to adjourn the meeting. Town Manager Galligan seconded the motion; and it was approved, unanimously.

Respectfully submitted,

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Ashley Booth  
Recording Secretary