

# INSURANCE CONTROL COMMISSION

## TOWN OF SOUTH WINDSOR

Minutes – Special Meeting

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April 27, 2018

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### 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  
Michael Paré, Board of Education

Members Absent: Morris Borea, Town Attorney, McGivney & Kluger  
Jeffrey Glickman, Town Council

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

#### 3. Discussion Items

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

Mr. Bob Lindberg reviewed the Town and Board of Education Anthem Claim History from July 2014 to June 2018, as shown in attached **Exhibit A**. He introduced Kate Lavoie from Arthur J. Gallagher & Co. She will be attending further Insurance Control Commission meetings as Mr. Lindberg will be retiring.

Mr. Lindberg said that claims have continued to improve since January 2018 and are running 7% lower than expected. The combination of steady declining enrollment, plan migration to High Deductible Health Plans (HDHP), and overall claim activity have contributed to lower claims.

Mr. Lindberg said that while claim activity overall was low from June 2016 to July 2017, there were a few large claims. Those claims have either been resolved or the claimants have moved off the plan. Arthur J. Gallagher & Co. is predicting that both the Town and the Board will see a positive balance against their targets for the year based on the claim components. However, it is possible that there will be one or two large claims that are submitted during the last 90 days of the fiscal year. The good news is that overall claims are improving.

**ITEM:**

**3. A. (Continued)**

Mr. Lindberg said that the projections for the Town and Board of Education are less than trend for Fiscal Year 2018-2019 and more consistent with prior cycles before Fiscal Year 2016-2017. The estimated claims are driven by two things: the actual history and trend assumptions. The trend assumptions have vacillated, but the consensus is that medical trend is 8-10% on an annual basis, and the prescription trend is 10-15% depending on plan design. South Windsor has never tracked as high as trend except for during Fiscal Year 2016-2017.

**3. B. General Discussion – Health Insurance RFP**

Mr. Lindberg said through the review process with the market study, they were able to improve on the fixed expenses to Anthem and obtain a three year guarantee on the ASO fixed fee. The target increase for the CT Prime stop loss premium is 12 to 14% depending on a final decision from the CT Prime Board. South Windsor has avoided two increases since using CT Prime.

Town Manager Matthew Galligan said he is concerned about stop loss because he spoke to another Town Manager who was quoted an amount from Anthem for stop loss. Anthem is concerned about CT Prime's stop loss. Mr. Lindberg said there is some targeted market pricing happening.

Mr. Lindberg said that they may have identified some opportunities to leverage some planned management provisions that Anthem has that can be handled outside the collective bargaining process.

Mr. Lindberg said there was not a financial incentive to change insurance providers this year, but it should be revisited next year. The marketplace has a lot going on with the carriers and the State Partnership Program.

Mr. Lindberg said they will be researching Anthem's prescription activity and trend further. Part of the Anthem projection is a significantly higher trend assumption, and they have announced that they are coming out with their own pharmacy benefit manager.

Mr. Lindberg discussed the tiered network for the State insurance program that was introduced last year. The next 24 to 36 months will be a very dynamic time.

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**3. B. (Continued)**

Mr. Michael Paré asked if all Town employees were on a HDHP. Town Manager Galligan said that is correct.

Town Manager Galligan asked the Commission if there should be a resolution made. Ms. Vanessa Perry said in the past, the Commission made a recommendation instead of doing a resolution.

Town Manager Galligan made a motion to keep Anthem as the provider; Ms. Carolyn Mirek seconded the motion; and it was approved unanimously.

**4. Adjournment**

At 8:48 a.m., Ms. Michael Paré 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