

**REGIONAL SCHOOL DISTRICT # 8 HEALTH AND MEDICAL INSURANCE CONSORTIUM
SPECIAL MEETING**

THURSDAY, JUNE 16, 2016

Members Present: Andrew Tierney, Donna Lanza, Tim Van Tasel, Laureen Davids, Robert Siminski, Deb Whitty, Amy Traversa, Haley Wagner, Bob Burbank

Guests: Randy Skoly, Joe O'Connor, Chuck Petruccione, Mal Leichter, Steve May, Larisa Carr

Call to Order and Attendance to Ascertain a Quorum

The meeting was called to order at 9:38 a.m.

ECHIP Presentation

Members introduced themselves and C. Petruccione introduced Larisa Carr and Steve May, ECHIP consulting broker.

S. May reported he took a look at Region 8's most recent renewal, costs and expenses and reviewed how pricing is determined. Each member is rated separately; compare to an average rate, renewal is shared and pooled, with the best helping the worst. The ECHIP group is comfortable with the rating process; each member has their own reserve. If Region 8 joins, will look at information, no savings in the claims base, may be slight difference in discounts between Anthem and CIGNA, will need to change administrator and carrier which will have to be negotiated with the unions.

R. Skoly asked if the risk charge is removed. S. May stated everything is removed and he builds it back up. No premium, no ACA tax in the self-insured arrangement. Risk is spread across the larger ECHIP group. Administrative expenses are building on a larger pool, which lowers the costs.

S. May reviewed the calculation of the renewal. Difference is expense \$1.5 million (17 %) allotted for expenses. ECHIP expense level for current members (with a claim fluctuation margin 4 %) including administrative fees, stop loss, vision and commission would be \$1,110,000 (\$458,000 in savings – 5 % of premium). ECHIP stop loss is \$150,000 at a lesser expense.

R. Siminski asked if the stop loss fluctuates from year to year. S. May estimates renewal average increases of 7.5 – 8 % on stop loss premium. Everest Re is the new stop loss carrier effective July 1, 2016, provides more flexibility.

C. Petruccione stated the group must understand how the finances will work. L. Carr explained that Region 8 will be rated overall as one group, banking is most important part. S. May reviewed the renewal process and timeline, initial renewal in November/December with final numbers in March/April. Advantages in the first year, switch in funding arrangements. IBNR and 2 % contingency fund must be held in the reserve account.

T. VanTasel asked what recommended reserve amount would be. S. May replied a month to a month and a half of claims, 8 % of claims. CIGNA will be completely involved in the transition, enrollment and claims issues. T. VanTasel asked how often the Executive Board Meets and what types of decisions they make. L. Carr replied they meet monthly, except for summer. S. May continued they consider policy for investment fund, stop loss insurance, contingency fund level. T. VanTasel asked how our group would be represented on the Executive Board. L. Carr replied it is a good question, would have to be taken up at the Executive Board. S. May stated there would probably be one representative for the entire group but it will need to be discussed further. T. VanTasel asked if it is better to come in as individuals or as the entire group. S. May stated definitely better as the entire group.

C. Petruccione asked if the group would still need someone to administer the group and funds. S. May stated yes they would, L. Carr does handle administration for ECHIP but not individually for each entity. S. May stated that the administration for the Region 8 group would be up to this group to determine. Need to address some issues and policy, set budget margin, how to handle deficit, spending margins, identify how to handle good and bad stuff.

R. Siminski asked if we can look to further savings by consolidating plans with bargaining units. S. May stated it is something that is encouraged but will not see large savings. R. Siminski asked about claims audits. L. Carr stated it has been discussed and will be considered by the Executive Board going forward. Have not done a full claim audit yet but understand one would be done in future.

R. Skoly asked for clarification on quasi-pooling of all entities. S. May explained the renewal process this year, average rate increase, the model is formularized, and the tiered pooling. S. May stated that his experience has been the members have been more conservative when budgeting the renewal.

R. Skoly stated that the last few renewals from Anthem were reasonable based on claim projections. The administration costs over a two year period for the prior renewal were very high (57%). There was discussion on how to set the budget on a self-insured basis, including claims and administrative fees.

R. Skoly asked if they know what all in expenses are pmpm? S. May calculated and responded 279.75 pepm currently, with ECHIP would be 198.09 pepm.

J. O'Connor asked how many entities in ECHIP. There are nine entities: Tolland, Coventry, Putnam and Plainfield (Boards of Education and Towns) and EASTCONN. J. O'Connor asked about change in benefits. S. May stated they are as close as possible, may be some slight differences. There was discussion of Anthem CIGNA merger. C. Petruccione stated that any insurance company in the market can match benefits; it is a matter of educating the unions. Should be working on language now and for some of the groups should be starting discussions now. S. May explained some differences for self-insured for some state mandates may not be required in self-insured; final appeal to state insurance commissioner goes away – final determination stays with the group. L. Carr offered to come out with someone from CIGNA to have the discussions with the unions, stressing the need to be open

and transparent and provide as much education and information as possible. C. Petruccione stated the difficulty with this group will be a harder sell to the unions as this group has been with Anthem forever. If the unions listen and education is provided it may be well received. S. May has not done any benefit comparison or network match, would look to Brown & Brown to do that, C. Petruccione stated he does not anticipate any problems with that. C. Petruccione asked if there is a problem with 30 different benefit plans existing right now. L. Carr stated that it is not a problem but would be nice to consolidate.

H. Wagner asked about COBRA coverage, with employees currently on Anthem COBRA would they switch to CIGNA. S. May stated they would come over to CIGNA. H. Wagner asked who would administer. Would be a discussion between the Town and CIGNA directly.

T. VanTasel asked about regulatory controls that may be coming, anything to be concerned about. S. May stated they have seen evidence that Anthem does not like to play and have put up road blocks because they would be competing against themselves, CIGNA recognized it is something to help the communities. S. May stated that the margins are diminished and mentioned the potential state mandated health insurance may be a concern. There are other insurance vendors that are willing to bid on the ECHIP group. Discussion on State plan.

R. Siminski asked about time table and critical path if the Region 8 group were to join ECHIP. L. Carr provided information including a time line. There was discussion of the theoretical rate to be billed and assessed to employees.

Approval of Minutes:

R. Siminski moved, seconded by T. VanTasel, to approve the May 19, 2016, meeting minutes as presented. The motion passed with A. Traversa abstaining.

Claims and Loss Ratio Information

C. Petruccione distributed claims information, reporting a 90.6 % loss ratio for 12 months.

Collective Bargaining Updates

T. VanTasel reported a tentative agreement with teachers union, going to BOE June 28. B & B did a great comparison of BOE Plan vs. State plan. There was not a large difference in amount. C. Petruccione stated not fundamentally opposed to state plan, but concerned about claims experience going forward.

Discussion of two changes that will need to be discussed with the unions. Fully funded to self-funded and change from Anthem to CIGNA. C. Petruccione stated that the benefits can be controlled with the switch to CIGNA, but cannot control the networks. Can ask doctors and encourage members to recruit doctors that are not in the network. Usually the issue with network match is with specialists rather than primary care physicians.

R. Siminski reported starting RHAM Principals in the fall, would like to see ECHIP proceed so it can part of the negotiations.

Election of Officers

R. Siminski nominated A. Tierney to continue as Chairman. D. Lanza read the section of the Consortium Agreement relating to the election of officers which was followed by discussion on how to proceed.

R. Siminski was nominated and he accepted the nomination. A. Tierney moved that per the agreement language R. Siminski be Chairman of the Region 8 health insurance consortium. Second by R. Burbank. The motion passed unanimously.

A. Tierney opened the floor for nominations for the Vice Chairman. T. Van Tassel moved that Donna Lanza be Vice Chair. Second by R. Siminski. The motion passed unanimously.

Discussion on secretary, there were no volunteers. D. Lanza volunteered to take minutes and do work she has done for the next year. A. Tierney stated that the Consortium should have a clerk at some point in the future. R. Burbank suggested working on consideration of how to rework the language of election of officers, start process to clear it up and make reasonable before bringing back to the Boards. All agreed to add to the agenda for the term and how officers are selected.

R. Siminski asked to add an item to agenda regarding discussion of decision to self-insure. There was discussion about with self-funded with renewal, claims and go up and renewal estimate can go up.

The group consensus was that Donna Lanza serve as the Vice Chairman/Secretary for the year as it is further determined how to proceed.

A. Traversa moved, seconded by R. Siminski, to look at officers and term limits at the next meeting. The motion passed unanimously.

Other Business

A. Tierney stated the need to decide how to proceed for future and each entity should talk with their respective boards. Work on what it will take to comply with ECHIP timeline. R. Siminski stated he will present to his Board meeting Monday night to inform them it is under consideration.

L. Davids asked if we will have any idea of amount for reserves. Budget at same level with anticipated increase, there is a lag in claims, do not need to budget additional for funding the reserves. Will work with Brown & Brown to establish the reserves. C. Petruccione explained how the self-insured group would be structured.

A. Traversa asked about all the different plans if they are equitable, or if there are rich plans. T. Van Tassel gave example 9 10 11 percent premium cost share in Marlborough vs. high teens for Hebron, not just about the insurance, must look at cost-shares. Discussion of differences in the plans and working to streamline the plans offered, and options for mitigating costs.

R. Siminski reminded that group must be cognizant of the plans with the effect of the Cadillac tax, plan to put something in place to help avoid the Cadillac tax.

J. O'Connor suggested that over the summer B & B look at all the plans, union language, and target to model plan(s) and going self-insured. Consensus is to look at plans to determine the target plans.

Next Consortium meeting is scheduled for July 14, 2016.

PCORI Fees – C. Petruccione discussed the requirements for PCORI fees. He does not believe that any of the entities fall under any of the three criteria.

R. Siminski reminded people to consider their substitutes if working more than 30 hours per week.

Adjournment

T. Van Tassel moved, seconded by A. Traversa, to adjourn the meeting at 11:39 a.m. The motion passed unanimously.

Respectfully submitted,

Donna Lanza