

**SELF INSURANCE COMMITTEE
MINUTES
DECEMBER 14, 2009**

The Self Insurance Committee of the Town of Southington held a Special Meeting on Monday, December 14, 2009 in the Town Council Chambers, Town Hall, 75 Main Street, Southington, Connecticut. Chairman Harold Kane called the meeting to order at 3:05 o'clock, p.m.

The following members were present: Sherri DiNello, Jill Notar Francesco, Dr. Al Natelli, John Barry, John Moise and Harold Kane, Chairman.

Ex-officio members present: John Weichsel, Mark Sciota and Emilia Portelinha. Also present were Ron Theriault, Katie Baldwin and Tim Connors from Ovation Benefits.

Absent were: Francis Verderame and Joe Labieniec

1. Election of Chairman and Vice-Chairman.

Harold Kane announced he did not want to be Chairman any longer. He would be willing to stay and take a co-chairman and then step down after he finds out the duties of the chairman.

Board members thanked Harold Kane for all of his service over the years.

Chairman Kane gave some background on the committee and how far it's come over the years in saving the town money.

Mr. Barry nominated John Moise as Chairman of the Self Insurance Committee. This is one of the biggest financial drivers in our community, health care, and I think it would be prudent for us to have a Board of Finance member as Chair. Therefore, I make that motion.

Dr. Natelli started discussion about tabling the nomination until the January meeting as he was unaware this was on the Agenda.

After a lively and lengthy discussion Ms. Notar Francesco made a motion to table which was seconded by Dr. Natelli. Motion passed unanimously on a voice vote.

2. Update current FY 2009-2010 Self Insurance Budget status.

Chairman Kane noted this is through October, 2009, based on summary information. We're in pretty good shape. We're \$142,000 in the black based on our calculations. At the moment we're ahead and that's the main thing.

Ms. Portelinha explained for the new members line by line the report that is done on a monthly basis.

Ms. DiNello provided the June 30th statement for new members' information. She explained the BOE figure is part of a timing issue. In December the revenue number will be back up, hopefully, to a breakeven point. We've always looked at this report on a cash basis and we are budgeting on a cash basis. Explained this could include 13 or 14 months of expenses in a traditional 12 month year.

Discussion.

3. Review RFP for Medical Plan effective July 1, 2010.

Chairman Kane said Ovation is working on this and they're waiting for a report for Anthem Blue Cross. Ron Theriault explained the progress of working on the RFP and the information they're waiting for is claim information which is the vital piece of the RFP.

Discussion.

Mr. Connors from Ovation gave a high level look at the scope of the RFP and give you a view of what we're looking at and what we're hoping to accomplish and the timetable with the RFP process.

Mr. Barry asked for a comparison between what Town of Southington employees get for health benefits and what State of Connecticut employees get for health benefits.

Discussion

Dr. Natelli also asked if it could be provided by bargaining unit.

The co-insurance and amount of deductibles are big factors.

Ms. Notar-Francesco also wanted CREC explored, as well.

4. Consider RFP for Health Benefits Consultant.

Moved to the end of the Agenda.

5. Review Anthem projections and determine level of funding for the FY 2011 Budget.

Background will be provided by Ovation for the new members. Report 6 was reviewed and explained by Mr. Theriault. The rates are available from Anthem and will be distributed. The charts were explained by Mr. Connors.

Discussion.

How the self insurance fund is funded was explained by Ms. Portelinha.

Mr. Weichsel commented in these difficult times, I don't think we should have the goal of raising reserves in this fund.

Discussion.

Mr. Theriault would like to table the recommendation to the next meeting.

Discussion of a number not to exceed is 13 percent.

6. Determine Breakdown for the FY 2011 Budget

The percentage for the BOE's share was tentatively revised upward to 76.5 percent as a maximum estimate for budgeting purposes. The revised number will be determined at the January meeting, not higher than 76.5%. This was arrived at after a very lengthy discussion exploring different percentages.

7. Discuss next step in Wellness Program

Mr. Theriault reviewed the Wellness Program here in Southington. It's time to go to the next level. Health insurance costs are not driving your costs up. Health insurance is not your issue. It's your utilization. That is the backbone for an incentive-based wellness program to help motivate people to use the plan to do something different. Change behavior.

The general feeling of management here in Southington is this is the right thing to do. The issue at hand is we need the endorsement of the folks of the union folks because they drive member participation in these programs.

Discussion.

We are at the stage where we are looking at investing monies to get a return on investment - to get our costs down and under control. Using the Mayo Clinic as the backdrop and using town and school money to invest in the future of health care. The future of driving down health care costs down or get them to flatten.

Passed around the bulletin and talking points provided to the Board of Finance Chairman for the September BOF meeting at which point I believe he presented these.

Discussion.

We are at a critical juncture. We either jump on board as a management team grab our partners on the union side and say this is what we're going to do and how we're going to invest our money to save the health care program here in Southington or we're going to continue going down the same road we have for the past ten to fifteen years which is watching the costs go up because people use the plan more often.

The next step is the folks from the self insurance committee going and speaking to the Town Council because we are talking about over \$300,000 investment in incentive programs informed Chairman Kane.
Discussion.

Discussion of different incentives that might be offered.

Discussion of how the program would be funded.

Discussion of how this policy decision will be made.

Extensive discussion of this being a pilot program.

8. Approval of 2010 Meeting Schedule.

Ms. DiNello made a motion to amend the meeting schedule:

- Move the January 27th meeting to January 20th,
- Move the February 24th meeting to February 17th,
- Move the November 24th meeting to November 17th, and
- Move the December 22nd meeting to December 15th, 2010.

Mr. Barry seconded the motion. Motion passed unanimously on a voice vote.

Ms. DiNello amended her motion to include changing the meeting start time at 3:30 pm. Dr. Natelli seconded. Motion passed unanimously on a voice vote.

(Representatives from Ovation left the meeting.)

4. Consider RFP for Health Benefits Consultants

Ovation's three year contract is up this June or July. If we are going to, we have to go out with an RFP very soon. Mr. Weichsel suggested a one year extension in light of the discussion on the

Wellness Program. Attorney Sciota said we ask them to hold year three's price. The Chair said they told him they would renew for \$40,000. Attorney Sciota advised under our policy, you can roll them over for another year if you so desire if they keep the same price. You can recommend that to the Council.

Discussion.

After discussion, it was decided to wait until January to make a decision.

Ms. DiNello informed the committee, Ovation was not the cheapest but they also were not the most expensive. They included a wellness component which was something we were looking at at the time. And, the committee needs to decide if we want to continue down the wellness line --- because you're paying for that --- part of their proposal was to do an audit of our employee base which they did.

If we are looking at doing anything with this wellness, I would hesitate to make a change next year, also. It would be impossible to go into this plan with the hospital and then pull out and not be utilizing Ovation.

Discussion.

Dr. Natelli made a motion to adjourn. Ms. Notar-Francesco seconded. Motion passed unanimously on a voice vote.

(Whereupon, the meeting was adjourned at 4:52 o'clock, p.m.)

Respectfully submitted,

Linda Gianoni
Stenographer