

SELF INSURANCE COMMITTEE
MINUTES TO MEETING OF JUNE 23, 2010

The Self Insurance Committee of the Town of Southington held a meeting on June 23, 2010 in the Town Council chambers, Town Hall building, 75 Main Street, Southington, Connecticut.

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

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

Absent were: Francis Verderame and Mark Sciota.

Chairman Moise called the meeting to order at 3:30 pm.

1. Approval of Minutes of the April 28, 2010 meeting

Mrs. Notar-Francesco made a motion to approve the Minutes of the April 28th meeting with the e-mailed modifications (which have been attached). Dr. Natelli seconded. Motion passed 6-0 with one abstention.

2. Presentation of the Wellness Program Proposal

Mr. John Myers of the YMCA gave a presentation of a pilot program:

“Southington WINS – A wellness initiative for our employees”. The Southington WINS initiative will: increase productivity through higher attendance, reduce employee injuries, reduce unnecessary healthcare costs, etc. The program would entail six (6) months full membership at the Southington / Cheshire YMCA for just \$20 – plus a chance to earn money while you work out. The pilot program will allow employees to participate in a “FREE 8 Weeks to a Better You” program offered at the YMCA. Upon successful completion of this program, Town employees will be able to enroll in an additional four month membership at the YMCA for \$20. A \$75 reward program would be established for those who come at least 52 times, based on 3 times a week visit over four months. Participants in the 8 week personal fitness program have full access to the YMCA.

The committee members discussed how the program would proceed and the funding for this program. The wellness program would be run past a ‘focus group’ made up of employees from various departments, possibly the Board of Education, Highway and the Library, to get their input on the program. As for funding, the Town is currently paying Ovations for a Wellness Program. They have offered to utilize those funds for this wellness program.

Further discussion ensued regarding the Wellness Program. Mr. Barry expressed his discomfort in utilizing taxpayers’ money to reward employees to work out. Mr. Kane stated that the overall goal of the wellness program is to save money through healthier employees, and that this is money invested to save on insurance costs. Dr Natelli agreed that paying for an employee wellness program will result in healthier employees, reduced workers compensation claims, reduced absenteeism, etc. Mrs. DiNello stated that she is not comfortable with the \$75 cash reward to the employees, but has no issue with paying the YMCA \$20 for employees to work out. There are definite health benefits for individuals who are not currently active. Mr. Barry does not feel as though he has sufficient information on this pilot program, and he still has many unanswered questions. There was further discussion on the \$75 cash reward.

Dr Natelli made a motion to remove the \$75 reward from the proposal and move it forward. Mrs. Notar-Francesco seconded. Motion passed 6-1.

2. Discussion of the COBRA Administration

Mrs. DiNello reported that when Anthem first moved the COBRA administration to Conexis, there were many problems. After the meeting with Anthem, service improved. However in the last two months service has gotten worse and many issues have gone unresolved. Oventions will take these issues back to Anthem.

4. Update on the current FY 2009-2010 Self Insurance Budget Status.

The members reviewed the May 2010 summary of the Self Insurance Fund. Total Claims through May are almost \$1.6 million under budget. Both the Town and Oventions have been trying to determine why claims are currently so much lower than projected. Per Mr. Connors, over the last several years claims have spiked in February, March and April. However, this year claims have been fairly consistent from month to month. Normally claims would decrease due to a decrease in covered individuals, a decrease in the number of claims, or a decrease in large claims. Upon analysis over the last three years, there has been no dramatic change in those variables.

5. Update on the Health Reform Mandates

The Health Reform Act includes a temporary Early Retiree Reinsurance Program (ERRP). Employers are eligible to be reimbursed for early retiree (ages 55-64) health claims for individuals and their families covered after retirement. ERRP will reimburse 80% of claims between \$15,000 and \$90,000 incurred by the eligible retiree within the plan year. An initial application must be filed with the Secretary of Health and Human Services as soon as possible. Anthem and Oventions will provide information for completing the application.

6. Review of the State Legislation on Prescription Drugs.

A new law will allow Towns to join in the State Pharmacy Plan. The State plan offers better discounts and lower pharmacy costs due to the size of the membership pool.

Oventions will do an analysis similar to the one done when the Self Insurance Committee was looking to join the Medco Coalition. Mr. Connors stated that a good time to look at this will be in the fall when the group is looking at the insurance renewal. One thing to keep in mind is that if the Town does pull the pharmacy from Anthem, they will charge the Town higher administrative costs.

7. Any other business

Mr. Barry would like additional information regarding the Wellness Program contract with the YMCA.

Mrs. DiNello recommended that the Wellness sub-committee should meet to determine how to proceed.

Mr. Weichsel made a motion to adjourn. Ms. Notar Francesco seconded. Motion passed unanimously on a voice vote.

The meeting was adjourned at 4:55 pm

Respectfully submitted,

Emilia Portelinha
Self Insurance Committee

Underlined changes to the April 28, 2010 Self Insurance Committee minutes per e-mail on 5/7/2010 from Jill Notar-Francesco:

5. Ovations to provide Anthem Stop Loss Options. Per Ovations, Anthem revised their renewal increase based on the last two months' claims to 6.4%. At the last meeting, Ovations had recommended that the Self Insurance Committee should budget an 11.5% increase for Health Insurance. However, due to the unknown ramifications of the Health Reform bill, the Committee decided to remain at 13%. Now we know that the requirement to insure children up to age 26 will become effective July 1, 2011. Ovations recommended a renewal increase of 10% to play it safe.

Ms. Portelinha cautioned the committee to realize that Anthem's renewal is based on an abnormal drop in claims over the last two months.

The committee reviewed the various Stop Loss options presented by Ovations. Currently the Town has a \$500,000 Individual Stop Loss (ISL) and a 120% Aggregate Stop Loss (ASL). Mr. Theriault proposed that the Town decrease costs and increase protections. Going from a 120% ASL to a 125% ASL will save the Town approximately \$53,000. Currently the Town has 4 individuals with claims over \$125,000 with the highest at approximately \$140,000. The claims appear to be waning. Ovations recommends keeping the Individual Stop Loss (ISL) at \$500,000 and adding prescription claims to medical for the (ISL) which will cost the Town an additional \$2.50 per contract.

Dr Natelli made a motion to add the Self Insurance Committee FY 2010 – 2011 Revised Budget recommendation to the agenda. Dr Natelli also made a motion to add the new Anthem Stop Loss Option effective with the FY 2010 – 2011 renewal to the agenda.

Need to add: Motion passed unanimously on a voice vote.

6. Update on the Health Reform Mandates. The Committee decided to delay the update until the next meeting.

7. Self Insurance Committee Revised FY 2010 – 2011 Self Insurance Fund Budget Increase. Dr. Natelli made a motion to revise the Self Insurance Fund's FY 2010 – 2011 Budget recommendation to a 10% increase over the FY 2009 – 2010 Budget. Mr. Kane seconded.

Mr. Kane: yes.

Mrs. Notar-Francesco: yes.

Mrs. DiNello: yes.

Mr. Labieniec: yes.

Dr. Natelli: yes.

Mr. Moise: yes.

Motion passed 5-0. (Should be 6-0.)

8. Self Insurance Committee decision on the new Anthem Stop Loss option effective with the July 1, 2010 Anthem Renewal

Dr. Natelli made a motion to accept Option 3 as recommended by Ovations for a \$500,000 Individual Stop Loss (ISL) applying to both Medical and Prescription claims, and a 125% Aggregate Stop Loss(ASL). Mr. Kane seconded.

Mr. Kane: yes.

Mrs. Notar-Francesco: yes.

Mrs. DiNello: yes.

Mr. Labieniec: yes.

Dr. Natelli: yes.

Mr. Moise: yes.

Motion passed 5-0. (Should be 6-0.)