

**SELF INSURANCE COMMITTEE
February 13, 2008**

Minutes

Chairman Harold Kane called the meeting order at 3:10 o'clock, p.m. with the following in attendance:

Jill Notar-Francesco and Sherri-Lin DiNello

Also Present: John Weichsel, Town Manager
 Mark Sciota, Deputy Town Manager/Town Attorney
 Emilia Portelinha, Director of Finance

From Ovation: Ronald Theriault
 Jay Fiorello

From Anthem: Scott Millea

Absent: Arthur Secondo, John Carmody, Wayne Stanforth, Glenn Klocko
 and Fran Verderame

AGENDA:

1. Discussion and approve funding required for FY 2008-2009 Self Insurance Budget

The Chair indicated the main topic would be to talk about the distribution between the BOE and the rest of the Town. The new proposal came in from Anthem Blue Cross and they are recommending a 16 percent increase. That is the biggest increase we have seen since we have been dealing with the self insurance program. They base this on trends noted in the past ten to thirteen months.

Discussion.

The Chair indicated he has spoken to Scott Millea from Anthem about reducing some of the costs that go into this percentage. Mr. Millea has been doing some exercises in that are to see if there is any way to reduce the total anticipated cost.

Two or three weeks ago down at the Pyne Center, we discussed with Sherri DiNello and Ovation the possibility of doing a 14 percent rather than a 16 percent increase. That is putting us in jeopardy to the tune of about \$300,000 less than what Anthem has recommended.

Our December figures are not any better than they have been in first part of the year and Scott says January figures are not any better. We're still in the hole over \$500,000 anticipated for this fiscal year right now. Even if we went to \$1,000,000 more,

that certainly wouldn't up our costs by 16 percent anticipated for the next year but they also count in a trend in the health costs.

I will let Scott talk for a minute and see if he has come up with any way to reduce the percentage or give us back any money.

Mr. Millea, from Anthem, indicated the 16 percent increase is a projection of what we feel your claims will do off the prior 12 months. It is not a guaranteed 16 percent but it is our best guess by what we have seen in the last 12 months projected out.

There is a claim hump that we did see starting in March of 2007 that continued straight through the summer and dipped down a little bit in September. Two of the last four months it was back up. As we do for all our public sectors, we will continue to look at this on a month by month basis and we have no problem going back and redoing our projection. I can't do anything with the claims projection. If I lower it to 10 percent, then when it comes in at 16 percent, you are in the hole on your budget.

Mr. Millea indicated he had a conversation with Mr. Kane and Jay from Ovation about administrative fees. And there is approval to lower those by a little over \$25,000 in fixed costs. That is the only piece of it that I have control over. That is what you pay Anthem to run the program.

(Mr. Weicshel entered the room.)

Now, over the last seven years we have come pretty close in our projection every year. The one year that we didn't it was because of the claim spike like this.

Extensive discussion about the projected 16 percent increase.

Ms. DiNello brought up inflation being a factor in the high cost claims. Extensive discussion followed.

Discussion followed regarding the high cost claims classified at over \$75,000.

Benefits of the Wellness Program in Towns were discussed as being a way to reduce the costs of health care. It is very difficult to expect a Wellness Program to be in effect for one or two years and expect to drop the claims instantly. It happens over time.
Discussion.

Right now we are putting out the information on education and promotion about what type of programs are out there that the employees currently can take advantage of with Anthem to help them be better consumers of health care. There is the idea of offering incentives to do something with health care. When the contracts come up for renewal, that is where you will see the return on investment, more than education and promotion.

When asked, Mr. Millea indicated other municipalities are in the high single digits for renewals.

Ms. DiNello offered that when doing her budget, taking into consideration conversations in January, she put 14 percent into her budget.

Extensive discussion.

Mr. Weichsel suggested mirroring the BOE and going with 14 percent on the Town side, and take our chances. Mr. Kane asked for a consensus to go with 14 percent and hope for the best. All voting members agreed to go with 14 percent. Mr. Kane said it was too bad a full committee wasn't present as there could be more input.

2. Review the status of the current FY 2007-2008 Self Insurance Budget

Mr. Kane indicated we have already discussed where we are still over at least a half a million through this year based on our own estimates month by month.

3. Discuss the Employee Wellness Program

Mr. Therriault indicated the Southington Health Awareness Council (SHAC) has been meeting every month. We are working off a working document called: 3-year Strategic Plan which I passed around to you today.

The focus this year, as I mentioned earlier, is really on education and promotion; an active promotion both on the Town and BOE side. Over the past two month, we have put together Wellness Boards, bulletin boards, consisting of different health and wellness material that the committee has and wants to put on the boards. The whole idea is to populate these boards with information about Anthem and their wellness programs offered. Information the employee could actually use if they want to get, for instance, a new ID card, or find out about the 24-Hour Nurse line. We are promoting healthful information for employees where folks can get this information on these Wellness Boards.

The next venture being worked on right now, before our next meeting, which is February 27th, is as with every Town and School system Ovation is working with, to have this information posted on the website and then we will promote that as well.

We are in a heavy campaign identifying who we are and making sure this becomes a household name in Town and getting this information out front with the employees as much as possible.

The next phase of this whole thing will be asking the employees to do something. Very simply put, whether the incentive is to take a health risk assessment or whether we will do the next round of health screening for all 1200 employees so we can the aggregate results of the risks, our Council has not determined that, yet.

Education is not going to stop.

Mr. Kane advised that one of the ideas that he and Scott Millea discussed on the administrative fee side is to distribute the administrative costs on a 12 month basis and move it to a monthly time payment rather than an upfront payment. This would improve cash flow in the early portion of the year. Scott will let us know where we are on that.

Discussion.

Another thing was providing incentives to doing positive and healthy things. This might be a way to get involved and see how they work.

Having no further business, the meeting was adjourned by Chairman Kane at 4:00 o'clock, p.m.