

SELF-INSURANCE COMMITTEE

Wednesday, September 12, 2007
3:00 pm - Town Hall Council Chambers
75 Main Street, Southington, CT

MINUTES

Chairman Harold Kane called the meeting to order at 3:05 o'clock, p.m., with the following in attendance:

John Moise, Francis Verderame, Sherri DiNello, and Robert Triano

Ex-Officio: John Weichsel, Town Manager
 Mark Sciota, Town Attorney
 Emilia Portelinha, Finance Director

Absent: William Della Vecchia, Kathleen Rickard and Arthur Secondo.

HAROLD KANE, Chairman, presiding:

1. Discuss Results of the Health Benefits Consultant RFP

The Chair advised that the Review Committee had selected Ovation Benefits to represent us for the next two years and eight months.

Representatives are here and I would like to have them introduce themselves at this time if they would. And, give us a little background on what they see, what they're going to do, et cetera.

Jay Fiorello explained he had been with the company about three years now. I'll be the consultant for the Town of Southington. Prior to Ovation Benefits, I worked for Oxford Health Plans for five years as an underwriter for Connecticut and New York business, as well as I worked the four years after Oxford with Diversified Group Brokerage which we did strictly self-funded products, medical and RX and dental products. I came to Ovation in November of 2004.

Bill Carew indicated he was one of the founding partners of Ovation Benefits. The company in its current form was formed about five years ago October 1st. Prior to that we had two other organizations, Carew-Driscoll of which I was the main partner of and then another company, Benefit Source, and we came together and formed Ovation five years ago.

Our only business is benefits and 95 percent of that is health benefits because that's where all the big issues and problems and dollars are. So, our business is focused entirely on benefits and 95% on health care. It is the single biggest problem facing most of our clients these days.

We're honored to be chosen to work with you guys and I want to tell you how excited we are about the scope of work we've laid out. You represent a very important focus of ours into the future in terms of where you are focusing your energies and efforts and that is managing the true claim cost that is the claim dollars paid out on behalf of your people.

That's going to come directly back to the relative health of your people. And, so, our mission over the next three years is going to be to reduce the overall risk of the people that you're insuring and work hard to drive down your costs over the long term and at the same time improve the quality of the life for your employees and their families. And, also the productivity they bring to the work place.

It really is an exciting opportunity for us. We do a lot of this type of work in the private sector. For our public sector clients very rarely do we get this focus on the root cause, so I think that's what has gotten us more excited than anything.

It's not going to be an easy task. It's going to take a lot of people rolling up their sleeves. Everybody at this table as well as the people out in the halls of your buildings and schools, but I think we're really excited about having his opportunity.

The Chair said he met with them a week ago up at their office and went over some of the background and some of the data we've collected and some of the things we're doing and have been doing to give them a start in this program. I don't know if they've had an opportunity to take a look at it, or not.

Mr. Fiorello said they have. We actually have looked at quite a few of the union contracts and we also looked at the renewal building out based on our other self funded blocks of business whether we think that your administration fees are fair and accurate. At the moment they do look to be fair and accurate.

As well as we've taken a look at all of your union contracts to determine when we have bargaining coming up and what we can discuss with you as far as bargaining strategies. Primarily based around the idea of how do we implement some wellness standards or just start the ball rolling wellness both on a creative side but also as we know sometimes we need to

introduce them to union contracts to get that extra help in getting it done.

Mr. Fiorello, in absence introduced Carol Constant. She was unable to be here today. But she is the Team Leader for our municipal section. As is customary and her style, she is going to be the account manager for the first six months for Southington because she likes to make sure that everything is built in our systems correctly and making sure that we are staying to task on all of our projects. At which time when she feels that we are adequately underway, a new account manager will be designated. She is a topnotch employee and topnotch advocate for our municipality sector.

Mr. Carew represented that at any point in time; we would expect to have probably five or six people working in different aspects in the program. We would consider ourselves to be very much in the planning stages right now in trying to understand what your expectations and focus is and then building out a detailed plan of action to meet those objectives.

We'll probably be able to build out a calendar that'll take us through the end of next year with some degree of confidence. It'll take a month or two to get some of the detailed fleshed. We'd like to have to some agreement with you as to the activities that we'll be focusing in on over first half of our contract. We'll be able to really identify the specific activities probably out through setting the preliminary budget for what would be 2010 which would be in the beginning of calendar of 2009. We should have a feel for what all of our priorities are and the key areas to focus in on.

We'll probably spend the next two-week or so fleshing out. Going back and forth with you. We'll be doing some of the analysis of the information we get and coming back with a detailed proposal for what that calendar should look like.

We've taken a preliminary crack at it, already.

The Chair asked if they could highlight what they are planning to do.

Mr. Fiorello passed around a Client Action Calendar, which outlines the first twelve months or so of our partnership. We tried to list the priorities on Page 1 that we would want to talk about here today and the next couple of meetings. And, what we have identified throughout the RFP process.

1. Wellness Programming. Part of that would be adherence to the WELCOA (Wellness Council of America) benchmarks.

Mr. Carew commented this would be how we would manage the entire relationship and the activities that we're undertaking. This is specific to the wellness initiatives. This would be probably working with a different subgroup of people who would be actively involved in managing that.

Mr. Fiorello continued we would be reporting to you on the timeliness and attendance of the wellness committee meetings and make sure that we're on task. And, report to this Board as far as suggested programming and cost evaluation. That would be outside of what we discussed under the RFP.

2. Healthcare Plan Performance. Review of your current budget this year. Review of the Anthem plan reports that you receive on a monthly basis. We would like to receive those on a monthly basis as we do our own tracking of claims and we make sure that we can tie out with Emilia and that if we do see any problems in the claims, we attack them as early as possible.

We also do an evaluation of how your discount performance is going through Anthem. Anthem has pretty strong discounts, but we like to be able to look at that.

High claimant review, of course, no specific information to any individual (name of medical history) is disclosed. But we do look at the claims on a whole and see if we can't understand where that claim might be going in the future to help you in your budgeting processes.

Any cost containments that may come up.

3. Quarterly Financial Package. We call it a quarterly financial review. I'll be working with Emilia to make sure that it coincides with anything that you've developed to date and anything that could potentially reduce any efforts that you're making already that we can help you out with.

Generally, we review the current year's budget. How we are reconciling to what we had planned out for the year, as well as taking early preliminary looks at what next year's budget should look like.

If we can get all the claims data within the next 30 days, come October, we could already start planning on the fiscal year 2009 budget from an Ovation/Southington standpoint. We always like to get Anthem's take on it, as well, and review their document as December and January roll around. Get their renewal and their take on where they feel claims trends are going and work with you to find out what the appropriate budget is.

Mr. Carew said that is an interesting point where what they actually looks like is going to be shaped very much by what your

needs are. Every customer looks at things a little bit differently and they approach the budget cycle just a little bit differently even though we all work off of the same fiscal year. The process is different. And, the reports you use and your boards are accustomed to seeing, we want to work within what you have to make sure that we're not reinventing the wheel and that you are getting what you need. Part of that will be a discovery to understand what you would like to see on what basis and then with respect to the budget; fitting it into the formats you are accustomed.

That might be a very limited roll for us depending on what your needs are. We'll come to that.

4. Strategic Bargaining for Fiscal Year 2008. We did look at the contracts. We do believe that the paraprofessionals, the administrators, possibly the custodial union, Town police are all coming up to bargain this year, as well as the firefighters may or may not have been settled.

We are very active in the majority of our clients' strategic planning and generally their meetings with the unions to talk about the value of plan design changes, and so forth, and what we might want to do in the future. What municipalities and the marketplace is doing in general.

Strategic bargaining will include wellness or wellness incentives to get our wellness plan under way.

Discussion.

HSAs we will be looking into. We would love to take the time to educate everybody on HSAs and how they may be a positive and how they can be a negative.

Discussion.

Regular quoting if we are going from a \$15 to \$20 copay. And, also to look at your contribution strategies. I believe the majority of caps are gone in your contracts. There are some caps that are based on overall salary and wages and I can understand the need for those. We take this very seriously and we definitely hone in on this because it's definitely something that you wouldn't notice in the budget.

Discussion.

Mr. Carew noted that the whole bargaining strategy and process is how really how we implement the plans that we are all going to design here. Getting some of the changes into the agreements can be a very long process, but if we have a plan in place, then we can begin the education early.

The whole bargaining strategy and process is where we will spend some serious and quality time.

5. Eligibility Audit. I know that is something that we're anxious to get started. The first steps are really going to be collecting the census from the Town of Southington. Collect an eligibility listing from Anthem as well as a bill from Anthem and from that we do an initial audit to see if there's low hanging fruit. After that we would want to speak to you about what in-house kind of capabilities you are using as far as technology. What you are using as far as Anthem's technology. Who is responsible for it and what the flow is and to see if there's anything that we can assist you with or help you streamline.

I know we have a positive re-enrollment that we're very interested in doing. I would think that as time progresses we're looking at that more of a winter heading into spring type of initiative after we do our audits and understand the whole process. We can set up a positive re-enrollment for you.

At the beginning of next year maybe even halfway into the following year is an assessment of what really an HRIS software system, whether it would be useful, whether you're using one now.
Discussion.

Mr. Carew explained how the audit would work. It's a one time event which does an evaluation of coverages and a comparison of who is on the rosters and who shouldn't be. Then there is the ongoing method by which we have workflows in place to make sure we stay correct. And, then the periodic documentation that's required to make sure that the people that are on the plan are still eligible for the plan from when they were first put on.

Mr. Fiorello said that is what we have set out as our priorities. We would expect to update on as many as possible at each given meeting.

Meetings will be set up where we can report to you on the progress on our audit or on the wellness initiatives or report on a quarterly basis bring in a report package. This is making sure we are in touch, staying to task and you are getting the support that you need.

You can review this document at your leisure. I will not go through it point by point.
Discussion.

Meetings could be set for the 3rd Wednesday of every month.

Attorney Sciota brought up the wellness program. It was discussed maybe a subcommittee consisting of having a union

representative on those to get everybody onboard. Can you explain to the committee?

Mr. Carew said this is the wellness plan, which would be a separate document we work from. There is a little bit different team involved in this for you. We're envisioning a lot to this so it merits it's own reporting mechanism.

The outline of the document that we use to manage the plan essentially is a data and risk-based approach to wellness.
(Passed around the document)

The idea behind the wellness plan is to have a purpose and a specific set of goals and objectives. It's based on the risk profile of your people. If we're going to reduce medical cost over time, the only way we can really do it is by improving the health of the people. We need to understand the current risks in that population. We'll analyze those risks and then formulate a long-term plan to educate people about those risks, to motivate them to make positive change and then to support them to stay healthy.

We follow the WELCO guidelines as the process by which we manage our wellness programs.

(1) Having the buy in from the senior leadership that is endorsing the program. That would be the individuals and the committees and Boards that have responsibility for really managing your health care dollars. This group would be actively involved in that part.

We are asking for support in promotion and communication and resource allocations. As we build out the specifics of the program, we are going to come up with a lot of different ideas and some of them will have price tags attached to them down the line. Our job is to bring those ideas, help you to understand what those options are and then figure out the ways to put the programs into place.

The resource might be time, it might be people or it might be money. First and foremost we're asking for that commitment which is in itself a resource, as well.

- In terms of delegation practices, we're talking about empowering the Wellness Council with the authority to implement the recommended changes.

- Active participation. Wherever you have the opportunity as individuals to participate, it's a strong show of support for the rest of the population when you are there participating in the programs as well.

(2) Creation of the Health and Wellness Council. This is the management group of the program. We really get into some collaboration with the union leadership, the union members as well as non-union participants.

That ends up being the body by which we really manage and implement the program and make important decisions about what it all looks like.

Those are the first couple of things that we would be after you for in terms of getting this plan up and running.

We will be introducing one other wellness specialist: a nurse or a trainer. Depending on where we focus most of our efforts on. We think right now it would be the RN as a member of our team, Laurie Barrett. Jay would be involved and a customer service person involved as well to help coordinate a lot of these details.

Ms. DiNello asked if the Health and Wellness Council would be established first and then we do the assessment. Mr. Carew agreed.

Mr. Carew further explained the assessment part is going to yield a lot of activities we undertake and the focus that we have. Having the committee established prior would be beneficial because they'll go through the education process as to the risks of the population and help formulate the areas of priority and focus. That's a great first step.

Discussion.

Discussion about the union leaders willingness to serve on this Council. Ms. DiNello said she felt some would be looking forward to serving on it. Discussion about structuring the committee.

Mr. Fiorello said they want a group of energetic people who believe in wellness and want to help spread the message. If one union isn't represented, I don't think this program will fall through. Does it help to have union representation to explain this, sure.

Mr. Carew said we want to get the right people around the table to help us with our messaging and are really interested in it. There is a bit of a sales process that needs to occur.

Discussion.

Ms. DiNello explained how she thought the BOE committees could be set up as a two-step process. (Steering committee and then local captains.) Discussion.

Mr. Weichsel said they would give it the college try as far as getting the unions on it.

Discussion of getting the committee organized so we can get on with this wellness program. The Chair said he was a great believer in it and would like to see it go forward.

Mr. Verderame asked if they had experience or if they had several wellness program in place with school population and Town population. Mr. Carew said they did.

Mr. Verderame continued, you then have something already developed, how to approach the program itself. Mr. Carew said they had their first one done over 10 years ago in the Stratford School System.

Explained.

Now, we've gone from that to being a more programmed way of doing it. If you say stress management is an important part of the program, we have a stress management module now we can take out and see what a stress management program might look like with options.

Mr. Carew said they've gotten reasonably good at it. We are learning every day. The newest wave of this is most exciting to us and that is where we can integrate the wellness program into the benefit design.

Explained.

Also, when we go to a HAS program, we have some options.
Explained.

The new generation of plans has been powerful so far and we're really excited about it.

Mr. Verderame asked if they used a proactive care management approach? My concern is that it appears here that everything is prior to any illnesses or trying to avoid any illnesses for people. If you had a program in place, you should be able to obtain their records to determine where there might be a problem, diabetes or things of that nature.

Mr. Carew said this is where the line between what the health insurance carrier does, what is it that Anthem is performing in this area versus what we might be performing. If we go through a health risk assessment campaign, and we capture lab results, then we can take that and feed it to Blue Cross for them to include in their --- they are actually doing the proactive care management. And, right now you are paying Anthem to do some element of this.

How can we use what we learn on the wellness side and help them be more effective at managing those costs? That's where I think the overlap is and where a little bit of the gray area is about where the responsibility for that is.

We're trying to effect change on an individual basis. We'll capture the data in aggregate and we use that from a reporting standpoint and we do have the opportunity to send that to Blue Cross to help them manage your costs for what you are paying them for. We're most interested in that 1:1 interaction where we can help and encourage and support somebody to make the positive changes.

Mr. Verderame pointed out you have to obtain the information first to find out about what their problem is. Mr. Carew responded that is the health risk assessment. That's the key part of that.

We use the Mayo Clinic's health risk assessment which is a questionnaire the employee would take and it would potentially include reporting results of blood tests and cholesterol and those sorts of thing.

Mr. Verderame further asked if they identified risks that a person may have that. Mr. Carew said: Absolutely.

Mr. Verderame asked if Blue Cross provided that information --- do they have a program for that? Mr. Carew said they do have a program and they're just rolling it out right now as a new module. It's pretty expensive, but they do have programs and services in that area, as well.

Mr. Verderame commented that he thought they had something more than that that has been in place for a number of years. Mr. Carew explained the predictive modeling. They do that part of it. We are not touching any claims data.

Mr. Verderame said the claims data is after the fact and he was interested in pre knowledge of a possibility of helping a person or their family members such as control diabetes or leading up to it. Mr. Carew said that's Anthem's responsibility. You are paying them right now for their services. That's under the managed care part of the program. They call it predictive modeling.

Explained.

Mr. Fiorello said Ovation would be able to get a report from Anthem that states we captured these people that were flagged for possible diabetic, possible heart disease, et cetera. We made a reach out to this many and this many responded to the program. We can get that on our clients any time we request it.

Mr. Verderame again pointed out that is after the situation has developed. After there's been an activity for that patient. But Mr. Carew said it is used to predict future worse events. Explained.

Mr. Fiorello said Ovation's risk assessment is to capture additional information that may be about lifestyle. It may be about heredity and also take your current biometrics as well as recent incidences and help predict that to an even greater extent where we can intervene with social programs or wellness programs.

Outreach programs done by Anthem were discussed. It is a report that can be requested. It is not a standard report done on a monthly basis. Ms. DiNello thought the committee would decide how often the report should be requested from Anthem and then report back to us.

Discussion.

Attorney Sciota it is important to us to know if they reach out to 20 people and only 10 respond, what about the other 10? They're going to be on our nickel. That's important.

The effort Anthem makes in dealing with the individual, we really don't get, commented Mr. Kane.

Mr. Moise said if 20 were contacted and 10 responded and 10 didn't then we push the wellness program that much more.

Mr. Carew said the proactive part of this is that we are trying to avoid costs and the stuff that happens in the claim systems has already occurred. We can slice it and dice it and learn great things from there. We are not going to avoid future ones unless we can catch those and get people to change.

I think this group, has a really fascinating technology they use at Anthem. They can demonstrate it for you. You have to ask for it. It's powerful stuff going on behind the scenes. That proactive care management is a powerful tool.

Mr. Kane wanted to have an informal meeting later and form these committees. That'll take a little effort. In dealing with the union, you're going to deal with them, I assume? Ms. DiNello said she would. Mr. Weichsel said he would be, too.

Ms. DiNello said her teachers had asked to be on a committee, as they understand it might be a future cost avoidance for them. I think they'll be very excited for this opportunity. Discussion.

Mr. Fiorello asked to have a letter for Anthem to give us the interim ability to start collecting data. The Town Manager

said he would provide such a letter to Anthem indicating you have been approved by the Town and you are compiling information.

(Mr. Carew and Mr. Fiorello left the meeting at this time.)

The Chair indicated the only other item to note is we finished last year, as you can see \$4,500 short. We started this year and I just got the report and indicates that the first month doesn't look too hot. We're approximately \$164,000 in the red already. We change month to month and can't base it all on one month.

The Chair asked if there was any other business to come before the committee.

The Chair said he would be in contact with Sherri and John to get them some sort of a wellness committee and get started.

Mr. Weichsel requested a letter explaining to the folks it would be helpful to them as well as maybe to us. Ms. DiNello said when she meets with Jay, she will ask if they have a letter that kind of explains what participation in a Wellness Council means and we can share that with union membership to encourage them.

Mr. Verderame made a motion to adjourn. Ms. DiNello seconded. Motion passed unanimously on a voice vote.

(Whereupon, the meeting was adjourned at 4:06 o'clock, p.m.)