

HAROLD KANE SELF INSURANCE COMMITTEE
MINUTES TO MEETING OF AUGUST 24, 2011

The Harold Kane Self Insurance Committee of the Town of Southington held a meeting on August 24, 2011 in the Town Council Chambers, Town Hall, 75 Main Street, Southington, Connecticut. Chairman John Moise called the meeting to order at 3:40 pm.

The following members were present: Sherri DiNello, Jill Notar-Francesco, Dr. Al Natelli, Sal Dominello and Joe Labieniec.

Ex-Officio members present: Garry Brumback and Mark Scioti, Ron Theriault and Christine Gaiser from Ovation Benefits.

Also present: John Myers, Executive Director of the YMCA

Absent were: Emilia Portelinha, Francis Verderame, Sr., and John Barry

1. Approval of the Minutes of the June 22, 2011 meeting:
Mrs. DiNello made a motion to approve the minutes. Mr. Labieniec seconded. Motion passed unanimously.
2. Status on the Employee Wellness Pilot Program
John Myers from the Southington YMCA gave a presentation regarding the status of the Wellness Pilot Program. The matter was fully discussed. New ideas were also discussed such as a new program identifying the highest risk employees and working out a program to assist those individuals. Documentation attached to the Minutes.
3. Review current FY 2011-2012 Self Insurance Budget Status
Ron Theriault reviewed the budget with the committee. All questions were answered. Attached to the Minutes is the budget breakdown.
4. Review of Anthem Projections
Ron Theriault reviewed with the committee the procedure for projections from Anthem and Ovation to the Committee since January, 2008. Documentation is attached to the Minutes.
5. Update on Policy for Self Insurance Fund Reserves
The Town Manager submitted a written proposal to the Committee for a fund reserve policy. The matter was discussed and modifications were made. A motion was made to recommend the policy to the Town Council by Dr. Natelli and seconded by Mrs. Notar-Francesco. Motion approved unanimously.
6. Miscellaneous Discussion
It was decided to keep Ovation Benefits on a month to month basis based upon the current contract consideration. The Committee will move forward with an RFP after the results of the Wellness Pilot Program have been reviewed.

Discussion also took place regarding self-insurance for worker's compensation. The Committee requested the administration to research and report back.

Dr. Natelli made a motion to adjourn. Mrs. Notar-Francesco seconded. Motion passed unanimously. The meeting was adjourned at 5:25 pm.

Respectfully submitted,

Mark J. Sciota
Acting Clerk



SOUTHINGTON WINS

A WELLNESS INITIATIVE FOR TOWN AND BOE EMPLOYEES

August, 2011 Report

Phase 1 – Kicked off the end of September 2010

- Started in 8 Week Program 35
- Continued in 4 Month Offering 20 (4 families)
 - 7 averaged 1 time or less per week
 - 5 averaged 2 times per week
 - 8 averaged more than 3 times per week
- 5 Continuing now
- Potential of 7 more in the fall
 - 3 have said that they will start in September
 - 1 has said they will not be able to join in September
 - 3 have not said one way or another – Y staff to follow up

Phase 1 – Cost Summary

- Monthly charge
 - \$43.50
- Monthly charge minus 10% town arrangement
 - \$39.15
- Four month charge minus \$20 paid by participant
 - \$136.60
- 20 participants
 - \$3,132

Phase 2 – Kicked off the end of October 2010

- Started in 8 Week Program 32
- Continued in 4 Month Offering 22 (7 families)
 - 6 averaged 1 time or less per week
 - 9 averaged 2 times per week
 - 3 averaged more than 3 times per week
- 7 Continuing now
- Potential 8 more in the fall
 - 2 will sign up before September
 - 2 will not sign up
 - 4 have not said one way or another - Y staff to follow up

Phase 2 – Cost Summary

- Monthly charge
 - \$43.50
- Monthly charge minus 10% town arrangement
 - \$39.15
- Four month charge minus \$20 paid by participant
 - \$136.60
- 22 participants
 - \$3,445

Phase 3 –Kicked off end of February 2011

- Started in 8 Week Program 39
- Continued in 4 Month 19 (6 families)
- Will continue 4 Month in September 8
 - over the summer - 2 more have indicated they would like to continue 4 month in September -- 2 have declined and we still need a confirmation from remainder

Phase 3 – Actual Costs TBD

- Monthly charge
 - \$43.50
- Monthly charge minus 10% town arrangement
 - \$39.15
- Four month charge minus \$20 paid by participant
 - \$136.60
- 19 participants as of 08/24/2011; possibly 2 - 6 more participants
 - Estimated Cost \$3,300

Total Cost Summary for Phase 1, Phase 2 and Phase 3:

- Southington YMCA - \$9,900
 - Ovation consultation – 56 hours @ \$150/hour - \$8,400
- Projected Total - \$18,300



SOUTHINGTON WINS

A WELLNESS INITIATIVE FOR TOWN AND BOE EMPLOYEES

'What they are saying'

- Thanks for the program. The Women's Center option is great for me. Hopefully one day I'll feel comfortable going to the BIG Y. I really starting to feel better.
- I thought this program would be just about working out. While I have been getting into a regular routine, I have been able to connect with old friends and meet new friends.
- Not sure I would have done this on my own. Looking forward to getting back into a routine this fall.
- The Y has a nice feel. The staff is very friendly and encouraging
- I've lost 4 pounds since May! And I feel great!!
- Thank you for offering a family component. We look forward to our family visits to the Y.
- The program is amazing. Thanks! I feel great and will be joining in the fall.
- I never realized how many people from town work out at the Y. It's been great to see fellow teachers outside of school.
- Not since college have I felt so into working out! Thanks for getting me back on track.
- Thanks for opportunity to work out with some friendly guidance. Now I need to start working on my diet.
- I am very proud of my accomplishment so far with the SouthingtonWINS program. I have lost 15 pounds and feel more energized.
- I am hooked. There's so much to do at the Y.
- I now work out in the morning and have much more energy to get me through the day.

**Town of Southington
Self Insurance Summary
July 2012**

	TOTAL	GENERAL GOVT	GEN. GOV. RETIREES & H&H	BOARD OF EDUCATION	SEWER FUND	ANIMAL CONTROL FUND	HOUSING AUTHORITY	WATER COMPANY	HEALTH DISTRICT **
Balance Forward: 7/1/2011	4,774,308.24	3,106,522.36	(600,726.09)	1,139,981.42	38,727.05	22,469.37	(63,035.40)	1,130,369.53	0.00
Reverse IBNR * 7/1/2011	0.00								
Cash Balance: 7/1/2011	4,774,308.24	3,106,522.36	(600,726.09)	1,139,981.42	38,727.05	22,469.37	(63,035.40)	1,130,369.53	0.00
Plus Deposits: JULY	242,703.14	67,497.12	10,175.62	157,565.08	3,502.45	244.50	3,718.37	0.00	0.00
Less Claims: JULY	(1,279,353.60)	(215,839.33)	(10,488.00)	(1,020,931.97)	(10,500.25)	(4,755.22)	(778.32)	(16,060.51)	0.00
Less Consultant Fees: JULY	0.00	0.00		0.00					
Balances: 7/31/2011	3,737,657.78	2,958,180.15	(601,038.47)	276,614.53	31,729.25	17,958.65	(60,096.35)	1,114,309.02	0.00

*IBNR is Anthem's estimate of the total claims incurred but not reported as of June 30, 2011 which must be accrued as of year-end for Audit purposes. (estimated 76.5% BOE and 23.5% GG as of June 30, 2011)

**Note - Health District included in General Government amounts for July 2011; Health District new division effective 8/1/11

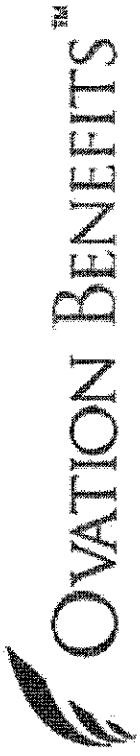
**Self-Insurance Fund
Actual vs Budgeted Receipts
FY 2011 - 2012**

ESTIMATED REVENUES		GENERAL GOVT	GEN. GOVT RETIREES & H&H	BOARD OF EDUCATION	SANITARY SEWERS	ANIMAL CONTROL	HOUSING AUTHORITY	WATER COMPANY	HEALTH DISTRICT	
TOTAL	19,725,000	3,153,375	800,000	157,099,625	110,000	12,000	44,000	416,000	100,000	
REVENUE RECEIVED:										
JULY	242,691.47	67,494.37	10,175.62	157,556.16	3,502.45	244.50	3,718.37	0.00	0.00	
AUGUST	0.00									
SEPTEMBER	0.00									
OCTOBER	0.00									
NOVEMBER	0.00									
DECEMBER	0.00									
JANUARY	0.00									
FEBRUARY	0.00									
MARCH	0.00									
APRIL	0.00									
MAY	0.00									
JUNE	0.00									
SUB-TOTALS	242,691.47	67,494.37	10,175.62	157,556.16	3,502.45	244.50	3,718.37	0.00	0.00	
INTEREST ALLOCATION										
	11.67	2.75		8.92						
DEPOSITS IN TRANSIT										
	0.00									
TOTALS	242,703.14	67,497.12	10,175.62	157,565.08	3,502.45	244.50	3,718.37	0.00	0.00	
% OF ESTIMATE:	1.23%	2.14%	1.27%	1.04%	3.18%	2.04%	8.45%	0.00%	0.00%	

Town of Southington
 Self Insurance Fund
 Actual vs Budgeted Expense
 FY 2011 - 2012

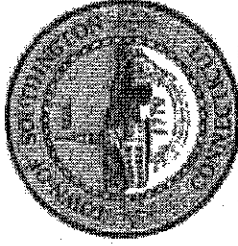
	SPOUSE/RETIREMENT			WATER COMPANY			HEALTH DISTRICT			FY 2012 TOTAL			FY 2011 ACTUAL	FY 2012 vs. FY 2011 ACTUAL VARIANCE
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE		
JULY	778.32	3,669	3,190.68	16,080.51	37,525	21,444.49	0.00	9,020	9,020.00	1,279,353.80	1,779,266	499,904.40	1,899,780.38	(420,426.79)
AUGUST		3,893			36,808			8,848		0.00	1,745,196		1,734,541.18	
SEPTEMBER		3,469			32,802			7,865		0.00	1,555,324		1,456,760.18	
OCTOBER		3,588			33,925			3,155		0.00	1,606,578		1,479,663.82	
NOVEMBER		3,413			32,272			7,759		0.00	1,630,201		1,279,866.92	
DECEMBER		3,594			39,853			3,145		0.00	1,608,596		1,836,591.27	
JANUARY		3,629			34,306			3,247		0.00	1,626,728		1,509,829.58	
FEBRUARY		3,669			34,932			8,340		0.00	1,645,014		1,537,595.12	
MARCH		4,125			39,000			8,375		0.00	1,619,239		1,763,534.59	
APRIL		3,513			33,210			7,963		0.00	1,574,671		1,328,404.06	
MAY		3,397			32,019			7,897		0.00	1,518,218		1,414,899.27	
JUNE		3,761			35,557			6,547		0.00	1,635,585		1,452,467.75	
TOTALS	778.32	44,000	3,190.68	16,080.51	416,000	21,464.49	0.00	100,000	9,020.00	1,279,353.80	19,726,039	489,904.40	18,236,963.10	(420,426.79)
% OF ESTIMATE		1.8%			3.9%			0.0%			5.5%			
CONSULTANT												1,279,353.80		

NOTE - HEALTH DISTRICT
 INCLUDED IN GENERAL
 GOVERNMENT AMOUNTS FOR JULY
 2011; HEALTH DISTRICT NEW
 DIVISION EFFECTIVE 8/1/11



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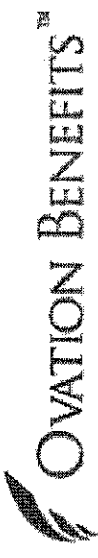


Town of Southington

Budget Projection History – FY2010 and FY2011

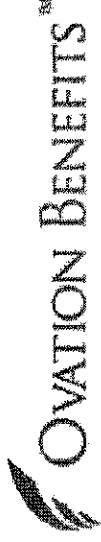
August 24, 2011

DISCUSSION AGENDA



- **Development of FY2009-10 Health Insurance Budget**
- **Development of FY2010-11 Health Insurance Budget**
- **Current Year Budget Projection (FY2011-12)**
- **Supporting documents**

DEVELOPMENT OF FY2009-10 HEALTH INSURANCE BUDGET



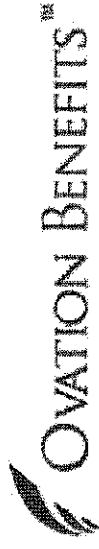
- January/February 2008
 - Anthem projected 16% increase over current year budget. Based on favorable claims history SIC approved projected budget at current plus 14%
- December 2008
 - Based on claims through November 2008, the current year budget was \$63,000 in the black
 - Anthem's not to exceed renewal projection for 2009-10 came in at 8.5% above their 16% projection from the prior year current. This equated to 9.5% above the 14% increase adopted for the present 2008-09 budget year. At that time the Anthem Medical and Rx trend/inflation was 13% annually.
 - Based on favorable claims experience year to date, Ovation projected a potential surplus of \$300,000 for the current fiscal year budget. Ovation's independent renewal projection confirmed Anthem's 2009-10 projection.
- January 2009
 - Claims utilization for December was close to expected though the outlook for large claims had grown optimistic. For this reason the SIC adopted a budget projection of 8.5% over the current year (14% 2008 increase) budget.

DEVELOPMENT OF FY2011 HEALTH INSURANCE BUDGET



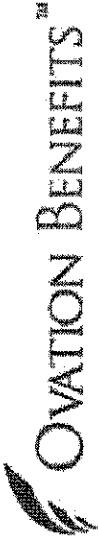
- November 4, 2009
 - Overall Town and Board claims running \$14,000 over budget. However, Board claims \$246,000 over budget to date.
 - Ovation Benefits recommends a full marketing of the medical/Rx and dental insurance plans and would orchestrate a Request for Proposal to the entire marketplace. Result expected to be reported to the SIC end of February 2010. SIC accepts recommendation.
- December 14, 2009
 - Discussion of a budget increase not to exceed 13% based on historical Southington claims and Anthem medical trend of approx. 13%. Anthem projections support this discussion.
- January 10, 2010
 - No material change in claims utilization, SIC approves 20010-11 projected increase of 13%.

DEVELOPMENT OF FY2011 HEALTH INSURANCE BUDGET



- March 2010
 - Health Care Reform Law passes. Potential increases in health benefits for Southington plans included in bill (No lifetime benefits limits, dependents to age 26 and more). Obvious potential cost increase for Southington associated with changes, though amount unknown.
 - Claims utilization through February 2010, \$471,702 under budget Historical Southington claim patterns have shown spring months to be higher than the norm.
 - Based on lower claims in Feb. and Mar., and with HCR unknown costs looming, Ovation recommends 11.5% increase to 2010-11 budget down from 13%. SIC say, "No. With the uncertainty surrounding HCR we should keep the 13%".
- April 2010
 - Claims through March now \$850,000 under budget.
 - RFP results provide saving to fixed costs of nearly \$110,000 plus favorable claims; Ovation pushes Anthem to drop budget increase from the original 13%. Anthem revises 2010-11 budget to +6.4%.

DEVELOPMENT OF FY2011 HEALTH INSURANCE BUDGET



- April 2010 (cont.)
 - After much research with Anthem about Southington's claim history it was revealed that Southington had never experienced a drop off in medical/Rx claims of this significance in the past. The SIC was concerned that if claims utilization spiked over the final quarter of the fiscal year, and they adopt a budget that fully encompasses the huge drop off in claims, it would not be financially responsible. Plus there was still the unknown cost of HCR looming of in the distance. However, Ovation did recommended lowering the proposed budget increase from 13% to 10% to give some credence to the lower claims months of Feb 2010 and Mar 2010. The SIC approved this decrease and Ovation went on record with this recommendation at a May 2010 Town Council meeting.

Budget Year 2010-11



- December 15, 2010
 - Incurred but not report claim came in through October and Southington was still \$1.1 million under budget.
 - Ovation's claim analysis for projecting the 2011-12 budget continued to show improvement in Southington's claims experience. Both Anthem and Ovation recommended sub-zero budget projections for 2011-12.
 - The SIC made a consensus vote to approve a budget of \$19,900,000 (or -5.5%) for the FY 2011-12.