

Joint Board of Education Committee

Special Meeting – 27 January 2020

Attendance:

Chester Board of Education: Dale Bernardoni, Tom Englert, Charlene Fearon, David Fitzgibbons, Kris Pollock and Maria Schreiber

Deep River Board of Education: Mary Campbell, Rob Ferretti, Lenore Grunko and Miriam Morrissey

Essex Board of Education: DG Fitton, Nancy Johnston, Loretta McCluskey, Lon Seidman and Mark Watson

Region 4 Board Of Education: Jane Cavanaugh, Jennifer Clark, Rick Daniels, DG Fitton and Kate Sandmann.

Administration: Brian White Kristina Martineau, Sara Smalley and Richard Huot

Financial Task Force: Virginia Carmany, Keith Crehan, Bud Eckenroth, Duane Gates, Kelly Sterner and Terry Stewart

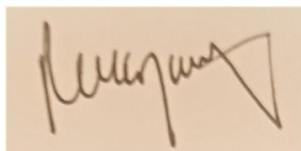
Consultants: Chip Ward and Joe Spurgeon

This special meeting was called to order at 6:00 pm by chairperson Kate Sandmann

Chip Ward presented an overview of the current self-funded health insurance plan.

Joe Spurgeon then reviewed the recent claim history, as well as the district's funding levels. The data that was provided indicated that claims have been higher than anticipated in several of the recent months. This has put a strain on the plan's reserves. He has suggested that there be an increase in the contribution rates as well additional contributions to re-establish a reserve fund. These changes will be considered during the upcoming budget process.

There being no further business, a motion was made by Rick Daniels and seconded by DG Fitton, to adjourn this meeting. APPROVED unanimously. This special meeting was adjourned at 7:15pm.

A handwritten signature in black ink on a light brown rectangular background. The signature is cursive and appears to read "K. Sandmann".

Secretary – Region 4 Board of Education

Health Insurance Fund

Self Insurance Revenues

- Employer Contributions – set by budget
 - Region 4, Supv Dist, Chester, Deep River, Essex BOE
 - Town of Deep River, Town of Essex
- Employee contributions from payroll – set by contract
- Retiree and COBRA contributions – set by contract
- State Teacher Retiree – set by State Statute

- Total for 18-19 – \$7.080 million

Self Insurance Expenses

- Claims, Stop Loss Insurance and Admin Fees from Anthem
 - HSA contributions for employees
 - Medicap premiums for retirees
 - Consultant Fees
 - Miscellaneous Expenses
-
- Total for 18-19 – \$7.859 million
 - Loss for 18-19 of \$779,000

End of Fiscal Year

- Need to have enough assets for
 - Bills received in June but due in July – generally for Anthem claims after 6/25
 - 18-19: \$315,770
 - Incurred but not Received (IBNR)
 - Costs for medical services for covered employees that have not yet even hit Anthem. Typically runs about 1/12 of the annual cost.
 - So if you switch health plans you have enough funds on hand to pay the claims run out from old plans
 - 18-19: \$643,122
 - Additional Cushion for a bad claims year
 - 18-19: \$0 – never planned for
- Total Asset Need for 18-19: ~\$958,000 plus cushion for a bad year

Preliminary 2018-19 Year End

- Funds on Hand - \$445,000
 - Cash on Hand - \$55,000
 - Due From Café Fund - \$ 62,000
 - Due from Region 4 - \$328,000
- Funds Needed - \$958,000 plus cushion for bad claims years
- Gap - \$513,000 plus cushion for bad claims years

Funding Proposals

- Use a conservative budget for FY20-21 Health Expenses as there is no cushion
- Amortize deficit of 5 years – Add \$100,000 to conservative budget for FY20-21 Health Expenses

Regional School District #4
Running Claim History
Net Paid Claims by Month ⁽¹⁾

	2015 - 2016 ⁽¹⁾	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020
July	\$ 502,261	\$ 435,380	\$ 367,551	\$ 436,675	\$ 506,022
August	\$ 355,500	\$ 466,209	\$ 408,708	\$ 625,078	\$ 558,469
September	\$ 383,398	\$ 317,655	\$ 602,439	\$ 247,541	\$ 571,040
October	\$ 543,371	\$ 473,219	\$ 435,533	\$ 564,373	\$ 539,952
November	\$ 551,386	\$ 351,555	\$ 412,015	\$ 651,844	\$ 484,138
December	\$ 698,563	\$ 420,894	\$ 376,020	\$ 418,723	\$ 455,561
January	\$ 469,138	\$ 579,360	\$ 331,978	\$ 499,490	\$ -
February	\$ 665,090	\$ 495,577	\$ 603,190	\$ 545,905	\$ -
March	\$ 594,559	\$ 461,165	\$ 527,577	\$ 386,629	\$ -
April	\$ 478,907	\$ 546,535	\$ 409,867	\$ 602,769	\$ -
May	\$ 539,650	\$ 498,805	\$ 658,902	\$ 852,946	\$ -
June	\$ 284,194	\$ 455,708	\$ 563,249	\$ 664,813	\$ -
TOTAL	\$6,066,017	\$5,502,062	\$5,697,027	\$6,496,787	\$3,115,182
Per Month	\$ 505,501	\$ 458,505	\$ 474,752	\$ 541,399	\$ 519,197
Average Contracts	366	359	348	334	324
Average Members	840	803	784	753	738
Average Cost/Contract	\$16,574	\$15,326	\$16,390	\$19,451	\$19,239
Average Cost/Member	\$7,221	\$6,852	\$7,271	\$8,627	\$8,438
% Change Cost/Contract		-7.5%	6.9%	18.7%	-1.1%
% Change Cost/Member		-5.1%	6.1%	18.6%	-2.2%

(1) 2015-2016 Net Claims by Month Not Available-All Excess Reported in June

**Regional School District #4
Medical, RX and Dental Claims
Projections vs Actual**

**YTD
Thru Dec '19**

	July-June 2015 - 2016	July-June 2016 - 2017	July-June 2017 - 2018	July-June 2018 - 2019	July-June 2019 - 2020
I. Carrier Values					
Expected Claims	\$5,484,948	\$6,371,832	\$5,901,828	\$6,308,904	\$6,490,548
<i>Expected Plan YTD</i>					\$3,245,274
Actual Claims					
Gross Claims:	\$6,219,512	\$5,550,650	\$6,002,486	\$7,011,468	\$3,259,321
Excess Claims Over Stop Loss:	<u>-\$153,495</u>	<u>-\$48,588</u>	<u>-\$305,459</u>	<u>-\$514,681</u>	<u>-\$144,139</u>
Actual Net Claims:	\$6,066,017	\$5,502,062	\$5,697,027	\$6,496,787	\$3,115,182
Plan Year Differential	\$ 581,069	\$ (869,770)	\$ (204,801)	\$ 187,883	\$ (130,092)
% Differential	10.59%	-13.65%	-3.47%	2.98%	-4.01%
Individual Stop Loss Premiu	\$441,020	\$470,240	\$489,048	\$509,549	\$579,721
Individual Stop Loss Level	\$150K	\$150K	\$150K	\$150K	\$150K
II. Non-Catastrophic/Catastrophic Claims					
Total Employer Paid	\$6,066,017	\$5,502,062	\$5,697,027	\$6,496,787	\$3,115,182
HDC Employer Paid: ⁽¹⁾	\$1,695,490	\$1,781,293	\$1,693,739	\$3,059,971	\$1,381,996
Non-HDC Employer Paid:	\$4,370,527	\$3,720,769	\$4,003,288	\$3,436,816	\$1,733,186
Members:					
Average Total Members:	840	803	784	753	738
HDC Members:	20	21	19	30	13
HDC %:					
\$:	27.95%	32.38%	29.73%	47.10%	44.36%
Members:	2.38%	2.62%	2.43%	3.98%	1.76%
Non HDC PMPM ⁽³⁾	\$433.58	\$386.13	\$425.79	\$380.30	\$391.24
Year-Over-Year % Change		-10.94%	10.27%	-10.68%	2.87%
III. Additional Data					
Claims Over \$50K Bucketed					
\$50k-75K	\$ 599,716	\$672,468	\$514,351	\$646,464	\$188,863
#	10	11	9	11	3
\$75-100K	\$ 412,894	\$339,284	\$367,688	\$450,035	\$268,039
#	5	4	4	5	3
\$100-125K	\$ 239,556	\$341,498	\$211,700	\$209,647	\$341,793
#	2	3	2	2	3
\$125-150K	\$ 143,324	\$128,043	\$0	\$553,825	\$283,301
#	1	1	0	4	2
\$150-175K	\$ 0	\$154,701	\$171,724	\$502,927	\$164,903
#	0	1	1	3	1
\$175-200K	\$ 193,552	\$192,420	\$0	\$396,434	\$0
#	1	1	0	2	0
\$200-250K	\$ 0	\$0	\$437,424	\$206,119	\$0
#	0	0	2	1	0
\$250K+	\$ 259,943	\$0	\$296,311	\$609,202	\$279,236
#	1	0	1	2	1
Highest Claimant	\$259,943	\$192,420	\$296,311	\$609,202	\$279,236

'15 & '16 Excess Claims For Different
Reporting than Buckted Claims
Results Vary Slightly

(1) HDC = Net High Dollar Claimant (> \$50,000)

RSD 4
2020 Projection Highlights
January 27, 2020

I. Projection thru November 2019 (Previous Year Dec 2018)

A. Enrollment

1. Average Employee Counts Over the Period are Down 3.1% from 339.75 to 329.33
2. Employee Counts as of the Last Month are Down 3.3% from 336 to 326

B. Experience Period Paid Claims

1. Up 12.7% on a total dollar basis from \$6.41M to \$7.23M
2. Up 16.3% on a per employee basis

C. Large Claims

1. 28 Members over \$50K (up 6 from Previous yr. experience)
2. Up 33% to \$3.66M
3. 8 Claimants over \$150K Stop Loss Level (up 2 from previous yr. experience)
4. \$726K in claims over \$150K (up 18.6% from previous yr. experience)

D. Trend

1. Annual Trend Range: 8.78% to 11.24% (aggressive to conservative)
2. 19 Month Trend Range: 14.3% to 18.4% (aggressive to conservative)

E. Expected Claims

1. Up 13-17.1% on a total dollar basis to \$7.33M-\$7.6M
2. Up 16.8-21% on a per employee basis

F. Admin/NAF Fees/Stop Loss--ESTIMATED-Awaiting Official Anthem Renewal

1. Conservative Estimate \$1M
2. Up 30% on a per employee basis (assumes large stop loss increase)

H. Total Cost

1. Up 14.3-18.1% on a total dollar basis to \$8.3M-8.6M
2. Up 18.3-22.1% on a per employee basis