

WESTBROOK BOARD OF EDUCATION
EDUCATE, CHALLENGE, & INSPIRE
Wednesday, January 20, 2021
Board of Education Insurance Sub-Committee Meeting 5:00 p.m.
Google Meet

The Insurance Subcommittee meeting of the Westbrook Board of Education will be held on Wednesday, January 20, 2021 @ 5:00 p.m. via Google Meeting. To join the meeting you have the following two options:

Method 1

1. Visit <https://www.westbrookctschoools.org/groups/5650>
2. Click the link provided at the time of the meeting.

Method 2

1. Navigate to <https://www.westbrookctschoools.org>
2. Click "Departments"
3. Click "Westbrook Board of Education"
4. Click the link provided at the time of the meeting.

AGENDA

- I. CALL TO ORDER – 5:00 p.m.
- II. APPROVAL OF MINUTES
 1. October 5, 2020
- III. NEW BUSINESS
 - A. Budget Preview: Benefits (200) and Insurance Projection
 - B. Reserve Account Status as of 1/7/2021
 - C. History of Reserve Account Offsets and Budget
 - D. Insurance Report
 - E. Insurance Renewal Process
 - F. Reserve offset Recommendation
- IV. ADJOURN

Agenda Revised: January 19, 2021

WESTBROOK BOARD OF EDUCATION
EDUCATE, CHALLENGE, & INSPIRE
Monday, October 5, 2020
Board of Education Insurance Sub-Committee Meeting 4:30 p.m.
Google Meet

MINUTES

Members Present: D. Perreault, M. Luft, Z. Hayden, M. Esposito @ 4:41 p.m.
Absent: K. Walker
Also Present: Dr. Patricia Charles, Interim Superintendent; L. Wysocki, Business Manager

- I. CALL TO ORDER – Z. Hayden, BOE Chair opened the meeting by suggesting D. Perreault or M. Luft call the meeting to order until a vote for a Chairperson could be taken, as there wasn't a quorum at the beginning of the meeting. M. Luft volunteered, as temporary Chair, to call the meeting to order at 4:37 p.m.
- II. APPROVAL OF MINUTES
 1. January 14, 2020 – MOTION by D. Perreault to approve the minutes of January 14, 2020 and SECOND by M. Esposito. Vote unanimous.
- III. NEW BUSINESS
 - A. Renewals:
 1. Health/Dental: L. Wysocki reviewed the overall renewal figure of -2.76% for health and dental policies. An email from Tom Kowalchik, USI, clarified components of the premium, as requested by CEA.
 2. Athletic/Student Accident: An email from Kathy Crooker informed us that athletic/student accident insurance premium was renewed with no increase and that Zurich provided a 15% credit due to the cancellation of spring sports.
 3. Rate calculations explanation: Calculations were reviewed and discussed. These details will be shared with the CEA president.
- IV. APPOINTMENT OF CHAIR – Z. Hayden called for official nominations for Chair. D. Perreault nominated Mary Ella Luft – SECOND by M. Esposito. Vote unanimous.
- V. ADJOURN: MOTION by D. Perreault and SECOND by M. Esposito to adjourn at 5:15 pm. Vote unanimous.

Respectfully submitted,

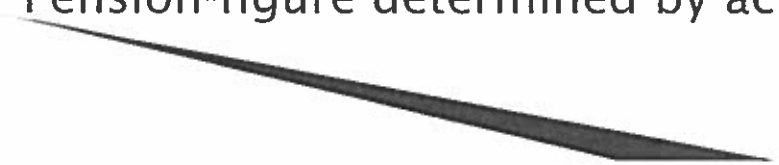
Kim Walker, Board Secretary

Cecilia S. Lester, Board Recording Clerk

BENEFITS

- Life insurance- includes contractual disability coverage as well as life insurance offered by classification.
- Health/Dental-
Broker(USI) has projected a premium increase.

Application of Reserve, determined by established formula.
Application of Cost-Share payments-estimated by current census.

- Social Security/Medicare –rates determined by formula.
 - Pension-figure determined by actuarial report.
- 

BENEFITS:

2020-2021	2021-2022	\$ Diff	% Diff
\$2,168,367	\$3,371,634	\$ 1,203,268	55.49%

	2020-2021	2021-2022	\$ Diff	% Diff
Life	\$ 41,800	\$ 40,282	\$ -1,518	3.60 %
Health/Dental	\$ 1,607,233	\$ 2,815,478	\$ 1,208,245	75.00 %
SS/Medicare	\$ 372,393	\$ 364,168	\$ -8,225	2.20 %
Pensions	\$ 139,941	\$ 144,706	\$ 4,765	3.40 %
Unemployment	\$ 7,000	\$ 7,000	0 change	0.00 %
TOTAL	\$ 2,168,367	\$ 3,371,634	\$ 1,203,268	55.49%



Benefits

**Town of Westbrook
Fund 111 Health Insurance Fund
Reserve Account Status**

Reserve Account	Totals	Board	Town
Year	Amount		
2004-05	255,000		
2005-06	276,766		
2006-07	296,087		
2007-08	426,189		
Sub-total FY2005-2008	1,245,692	896,443	349,249
2008-09	567,862	431,513	136,348
2009-10	123,977	163,061	(39,084)
	1,937,530	1,491,017	446,513
2/15/11 Adjustments	174,896	27,705	147,191
Total as of 2/15/11	2,112,427	1,518,723	593,704
2010-11	2,232,359	1,508,807	723,552
2011-12	1,820,774	1,187,392	633,382
2012-13	2,528,618	1,692,877	835,741
2013-14	1,861,885	1,375,376	486,509
2014-15	1,154,271	998,678	155,592
2015-16	1,153,527	1,399,435	(245,908)
2016-17	1,927,679	1,992,417	(64,738)
2017-18	2,442,398	2,358,258	84,140
2018-19	3,337,935	2,981,072	356,863
2019-20 unaudited	3,496,477	2,743,682	752,795
		78%	22%

Analysis of BOE Health Insurance Reserves		
		Projected 6/30/2020
BOE Income		\$ 3,000,500
BOE Expense		2,637,890
Operating Results		<u>\$ 362,610</u>
Audited Reserve 6/30/19		2,981,072
Unaudited Reserve 6/30/20		<u>2,743,682</u>
Committed to FY2020-21		(900,000)
Balance Available		<u>\$ 1,843,682</u>
Minimum reserve	30%	553,104
Target reserve	50%	921,841
Maximum reserve	60%	1,106,209

Reserve Account Balance: June 30,2020

Total \$3,496,477 in account
78% attributed to BOE based on # of active contracts= \$ 2,743,682

Recommended in health reserve account is a minimum of 3 months of claims (or "run off")

Based on 19-20, average monthly claims = \$ 175,140.30 x 3 = \$ 525,420.90

2,743,682-52,5420.90=2,218,261.10 [stop loss = \$125,000 per claim]

Historical Use of Reserve Account Balance:

16-17	17-18	18-19	19-20	20-21	21-22
35%	40%	27.40%	40%	37.80%	40%

Based on formula established by Health Insurance Subcommittee
2010-11 or 2011-12 use of reserve calculations

30% "minimum" 50% "target" 60% " maximum"

Additional Surplus funds to Reserve Account:

16-17 >	\$400,000 extra to reserve in June
17-18>	\$400,000 extra to reserve in June
18-19>	\$450,000 extra to reserve in June
19-20>	\$380,000 extra to reserve in June

Funding Westbrook Board of Education \$125,000 Individual Stop-Loss

Expected Claims and Fees Based on 131 Medical Contracts and 141 Dental Contracts; Actual Claims and Fees Based on Actual Contracts
July 1, 2019 through June 30, 2020

year end
19-20

July 1, 2019 through June 30, 2020 Overall Fund Analysis - Board of Education Only																
	1	1a	1b	2	3	4	5	6	7	8	9	10	11	12	13	14
	Board Monthly Funding	Board Amount Borrowed from Reserve	Total Board Funding (Board Funding Plus Amount from Reserve)	Board Projected Expected Medical Claims	Board Actual Incurred & Paid Medical Claims	Board Projected Expected Rx Claims	Board Actual Incurred & Paid Rx Claims	Board Projected Expected Dental Claims	Board Actual Incurred & Paid Dental Claims	Board Actual Paid Discount Share*	Board Expected Retention Costs (includes actual Discount Share, Broker Service Fee and ACA Taxes)	Board Actual Paid Retention Costs (includes actual Discount Share, Broker Fee and ACA Taxes)	Claims over \$125,000 stop-loss paid by S/L Insurance	Board Actual Monthly Out-of-Pocket Costs	Board Medical & Rx Claims Loss Ratio Only	Board Surplus or (Deficit) Total Claims and Fees
Jul-19	\$218,375	\$58,489	\$276,863	\$167,738	\$154,213	\$52,970	\$84,870	\$10,361	\$9,478	\$6,088	\$43,766	\$41,023	\$0	\$192,584	107.51%	(\$15,721)
Aug-19	\$218,376	\$58,489	\$276,864	\$167,738	\$115,253	\$52,970	\$30,786	\$10,361	\$10,764	\$5,145	\$42,822	\$43,085	\$0	\$199,887	65.67%	\$76,977
Sep-19	\$218,377	\$58,489	\$276,865	\$167,738	\$167,814	\$52,970	\$34,322	\$10,361	\$7,302	\$4,338	\$42,016	\$43,888	\$0	\$253,326	86.94%	\$23,539
Oct-19	\$218,378	\$58,489	\$276,866	\$167,738	\$221,817	\$52,970	\$56,919	\$10,361	\$13,393	\$7,410	\$45,088	\$46,966	\$0	\$339,095	119.89%	(\$62,229)
Nov-19	\$218,379	\$58,489	\$276,867	\$167,738	\$100,779	\$52,970	\$27,350	\$10,361	\$9,075	\$4,183	\$41,861	\$44,007	\$0	\$181,211	54.71%	\$95,656
Dec-19	\$218,380	\$58,489	\$276,868	\$167,738	\$108,299	\$52,970	\$44,469	\$10,361	\$5,502	\$4,499	\$42,177	\$44,591	\$0	\$202,861	64.77%	\$74,007
Jan-20	\$218,381	\$58,489	\$276,869	\$167,738	\$127,684	\$52,970	\$41,660	\$10,361	\$8,781	\$8,605	\$46,283	\$48,971	\$0	\$227,096	71.29%	\$49,774
Feb-20	\$218,382	\$58,489	\$276,870	\$167,738	\$124,670	\$52,970	\$34,275	\$10,361	\$8,551	\$5,634	\$43,312	\$46,000	(\$1,163)	\$210,334	66.91%	\$66,537
Mar-20	\$218,383	\$58,489	\$276,871	\$167,738	\$105,395	\$52,970	\$41,173	\$10,361	\$4,871	\$5,638	\$43,316	\$46,004	(\$19,298)	\$178,246	61.74%	\$98,626
Apr-20	\$218,384	\$58,489	\$276,872	\$167,738	\$77,416	\$52,970	\$27,879	\$10,361	\$198	\$2,902	\$40,579	\$43,267	(\$22,770)	\$126,091	44.37%	\$150,782
May-20	\$218,385	\$58,489	\$276,873	\$167,738	\$66,487	\$52,970	\$43,004	\$10,361	\$0	\$3,523	\$41,200	\$43,889	(\$22,294)	\$130,086	46.09%	\$146,787
Jun-20	\$218,386	\$58,489	\$276,874	\$167,738	\$134,224	\$52,970	\$44,538	\$10,361	\$8,272	\$5,417	\$43,095	\$45,794	(\$22,530)	\$210,299	75.25%	\$66,576
TOTALS	\$2,620,560	\$701,863	\$3,322,423	\$2,012,852	\$1,504,151	\$635,638	\$511,345	\$124,328	\$56,185	\$63,383	\$515,515	\$540,486	(\$91,055)	\$2,551,114	70.0%	\$771,309

Surplus

Column 1 - Monthly Funding (included amount transferred from reserve)
Column 2 - Projected Expected Medical Claims by Month (based on contracts at renewal)
Column 3 - Actual **Incurred and Paid** Medical Claims by Month including claims over the stop-loss (stop-loss claims are removed in #11)
Column 4 - Projected Expected Rx Claims by Month (based on contracts at renewal)
Column 5 - Actual **Incurred and Paid** Rx Claims by Month
Column 6 - Projected Expected Dental Claims by Month (based on contracts at renewal)
Column 7 - Actual **Incurred and Paid** Dental Claims by Month
Column 8 - Actual Anthem Discount Share Paid by Month
Column 9 - Projected Expected Retention Costs by Month (based on contracts at renewal)
Column 10 - Actual Total Paid Retention Costs (Administrative Costs) by Month
Column 11 - Claims Incurred over \$125,000 and paid by Stop-Loss Insurance
Column 12 - Actual Total OUT-OF-POCKET COSTS (Column 3 minus Column 8, plus Columns 5, 6, and 7)
Column 13 - Medical Loss Ratio by Month by Total Costs Actual Medical & Rx Claims minus Any Large Claims Over the Stop-Loss divided by the Expected Medical & Rx Claims
Column 14 - The Surplus or (Deficit) by Month

\$17.00 Broker Service Fee PEPM (Employee)
\$0.00 PCORI PEPM (Employee) - July-Dec.
(figures included in columns 9 and 10 above)

\$2,478.63 Total Monthly For Broker Service Fee
\$0.00 Jul-Dec PCORI Taxes per Month
(health care reform taxes based on 145 contracts)



INSURANCE RENEWAL PROCESS

- Review reserve account status
- Estimated budget figure (typically 10% recommended by broker to begin)
- Negotiations begin with Carrier(s)
- BOE decides \$ to offset budget proposal

Negotiations
Refined (claims
reviews)
Plans
"shopped" if
requested

On going claims review

- Premium rates finalized
- Town & BOE rates desegregated
- Employee/Retiree contributions determined
- Actual monthly deposit to reserve account established for July 1

NOTE: Individual coverages reviewed that could affect employee/retire contributions that change dollars to reserve account

Potential Status Canges:

- Single to couple, couple to family or family to couple (children age out)
- Marriages/births
- Divorces/deaths
- Age out/Medicare eligible or children max age out



BUDGET PROCESS

