

Health Insurance Trustee Meeting – Minutes
Wednesday, September 26, 2018
4:00PM
Student Services Conference Rm, Administration Building

Member Attendees:

Steve Noone, Peter Berry, Mary Brolin, Margaret Dennehy, Steve Barrett

Non-member Attendees:

Marie Altieri, Tim Harrison, John Petersen, Jodi Phelan

1) Meeting was called to order at 4:03PM by the secretary.

2) Welcome and Introductions

3) Approval of Minutes

There was one clarification and a vote to approve. Unanimously approved.

4) Discussion of Cash Flow

There was a revision to the expected loss based on the actuals for August and July. Sue Shillue believes that we are only seeing about 1/3 of actual claims on the new plans as the claims take time to come through.

There will need to be a vote on Medex costs at the October meeting.

Given the surplus, the question was raised if the Trust would consider voting on rates earlier than normal keeping the town and school's budget schedule in mind. This should be an agenda item for discussion. It was suggested to set a zero increase for initial budget by Tim Harrison. Due to data lag and the new HSA variable, it is not clear if the cost decisions could even be completed at the February meeting with a high level of confidence. John Petersen offered to draft material with historical data in terms of reserve and rates. This information could help in making the rate decisions for the coming year.

There is a need to evaluate the information we look at to set rates - current year, historical, prior year information. The health insurance portion of the Town and School budgets is always solidified late. The health insurance is a huge part of the budget, estimated at 10%. It has a large impact on the budgets. Decisions being made late in the process cause great disruption.

Do we want to assume the volatility of health costs in the operating budgets or in the health trust reserve? It was agreed that we want it in the reserve. This should be a factor in the rates discussion.

5) Discussion of Treasurer's Report

There was a review of the June 30 balance sheet. We are waiting for last claims information from Cook & Co. There were expected differences in costs (mainly administrative). It was noted our interest income almost doubled.

The Health Trust reserve is higher than it should be. This year's lowered rates and known higher claims will help to rectify the amount of the reserve. We will want to adjust and spend down the reserve but not put ourselves in at risk to move to an unfavorable situation. The revenue deceleration should help to address this as part of a controlled drawdown. The Trustees are very aware of how the reserve needs to adjust. Holidays were discussed as another mechanism to help this.

John Petersen asked is there a limitation on the fund size? A guideline of 30% after IBNR after annual expenses. This will go on a future agenda for discussion. We will need to get the exact wording from the Trust agreement.

Marie Altieri consulted the Health Insurance Trust agreement and read section 10.2 Trust Fund Balances. The section reads "The Board shall review and determine within nine (9) months of the last day of each plan year a reconciliation of the trust fund balance. In establishing the reconciled fund balance, the Board shall make an estimate of the cost of run-out claims, which were incurred as of the last day of the plan year, but not paid as of the reconciliation date. A "surplus" will be deemed to exist if the reconciled fund balance, excluding the reserve for the estimated cost of run-out claims, exceeds thirty percent (30%) of the funding requirements of the Trust anticipated for the next plan year.

If there is a certified surplus or deficit fund balance, the Board shall reduce or increase monthly contribution rates for the next year such that the funding requirements of the Trust are satisfied."

After the audit, we can get the true calculation and make a determination of what steps need to be taken. We may have a draft audit by the November meeting, which could give us a calculation to work with.

Margaret Dennehy had a concern in the increase of higher claims from this time last year.

It would be good to set a policy to state what funds can and can not be invested. A draft policy was handed out for review.

Citizens Bank was closed out and moved to Santander. Funds then moved to MMDT where we are seeing 2.2% interest (1.7 million is invested). Santander bumped up their interest rate 1.75 in reaction to keep our business.

Tim Harrison should be on the agenda in November for first quarter review.

6) Update on FY19 HSA Enrollments

There was a better adoption rate than originally expected. We will need to see if the 18% change which was forecasted actually happens.

One quarter of employees moved to the HSA which provided budget relief.

Revenues are down but it will be time before we can see the impact on claims.

We are expecting at least 18 months to see true impact. All employees went to deductible as of 7/1.

There was discussion on how we need to look at the impact to revenue and claims (expenses). For example, are those paid claims or all claims being listed on the Access Blue summary? Can Cook & Co show more specific information? Can HPHC & BCBS show total claims versus what the Trust is paying.

7) Discuss Investment Policy/Procedures

This is a framework for the schools. The Town is drafting their own policies. They have many different funds they need to consider (OPEB, CPA, etc).

Are we looking at short term vs long term investment strategies and what part of the fund would or could be used. Do we need a policy or procedure at all?

8) Next Meeting: October 26, 2018, 8:15AM, November 30th @ 8:15AM

Adjourned at 5:15PM