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Kimberly Keil, Assistant Redding Town Clerk
2 Pages

REDDING BOARD OF EDUCATION SPECIAL MEETING
John Read Middle School Community Room

On YouTube:

https://www.youtube.com/channel/UCSJhKa9oQfe3lydov_I-EvA

January 19, 2023 – 6:15 p.m.

Minutes

ATTENDANCE

Board members: Parkin, Hoffman, Belfatto (6:47PM), Sadana (6:19PM), Shanahan; Remote: Gibbons, Oulton

Administration: McKinnon, Scrofani

Others: Joseph 'Jay' Fiorello of Brown & Brown (Remote)

CALL TO ORDER

C. Parkin called the Redding Board of Education Special meeting to order at 6:18 p.m.

DISCUSSION AND POSSIBLE ACTION/PRESENTATION: Jay Fiorello presented from Brown & Brown on Redding/Easton/Region9 health insurance portfolio. There is a team dedicated to CT who are very familiar with the state, its plans and Taft-Hartley health funds. They represent a large group of municipalities in a 100% consulting capacity. ER9 purchased medical and dental benefits for approximately 390 employees and their families through a partially self-funded health plan administered by Anthem providing a fixed cost (administrative and stop-loss) pricing. Despite several poor claim periods, the longer term savings is significant. Each entity (Redding, Easton, and Region 9/Central Office) pay their own portion of fixed costs. The goal is to save over the state plan or other fully insured options. Using the state plan as a benchmark the current plan has saved the district \$4.95 million. Projected savings through June 30, 2024 is estimated at \$7.4 million.

Self-funded performance for ER9 was reviewed year over year. Specifically FY 2021-2022. Question is asked about the look back period to gain estimates on next 6 months, which is generally 12 months and it is noted that occasionally 24 months are used, so we use the past 2 year work record. It is also noted that a high deductible health plan is more expensive the 2nd 6 months of the year as it is likely that employees have met or exceeded the deductible and the plan is paying more claims. Redding alone is reviewed. 134 insured and the same time period reviewed showed a light loss (\$89,796) vs the state plan. Unique for the past 2 years as pre-2020 we saved over the state plan. Question is raised regarding the state plan rates being conceptual or actual. All rates through FY 2022-2023 and next year based on rates quoted by the state in November 2022. Self-funded claim trends are reviewed. Spike in claims is seen February 2021 through February 2022. Of note are the pharmacy trends are at an increase of 70.32% due to specialty medications. It is thought that in the near future pharmacy will be 30-35% of the trend as opposed to 10-15%.

Budgeting for next year with Anthem's projection including employee contributions netted out to \$3,642,788 for FY 2023-2024. Anthem's new rates should be available in about 2 weeks, and it is noted they have been relatively flat. This is due to our rates being included in the pool with Region 9 which has outperformed Redding over the past couple of years. It is generally accepted practice to collect from employees based on Anthem's allocation rates as they are an unbiased third party to employers and employees. Anthem's rates are based on Region 9, past 12 months including high claimants. They will include claims trends for the state of CT and look at stop-loss trends. Statewide annual trend seems to be ~7.6% increase. Focused on the critical years of FY 2019-20 and FY 2020-21 where COVID may have slowed doctor visits, we actually saw additional \$400k and \$760k claims respectively. FY 2021-22 saw a decrease in high claimants, with FY 2022-23 projected claims, with caution, we can estimate this will drop further.

Reviewed Region 9 Self-funded High-Cost Claimants (HCC) more closely. With ~375 covered in a partially self-funded plan (we do buy stop-loss) we are currently winning over fully funded plans. At that size we are susceptible to budget issues if there are high claimant runs, so we must be prepared to manage the budget variations. Health insurance and healthcare costs are on the rise. Looking back 8 years ago at claims under \$1 million it is likely that the claims totaling \$2 million are for the same services and care. It just costs that much more now. Drivers of this are linked to a smaller hospital system where Yale and Hartford Health own most of the facilities, inflation (including recouping lost revenue during COVID), specialty pharmacy and gene therapy. Question is raised whether stop-loss applies to the aforementioned and should we be purchasing that from an external stop-loss carrier. These services present difficulties with regards to what they expect the municipality to pay up front and often have excluded services not covered by stop-loss. Redding HCC's were reviewed. Tracking 5 HCC's over \$50k, one being \$100k, which is an improvement over the last 18 months. Will review with Anthem. Four current HCC's for FY 2021-22 were reviewed.

Recommendations: Maintain healthy population (health screens, bargain in better rates for preventative care); Bid entire program (best in class network, discounts, rebates and fees); Introduce pharmacy benefit edits (prior authorization/quantity limits, manage formulary, specialty manufacturers assistance, specialty channel, limited pharmacy). All of which has been practiced in the private sector for years. This will be brought back to the collective bargaining team.

Budgeted number for FY 2023-2024 of \$3,642,788 was discussed with the addition of a reserve of 20%, or \$750k. Bid goes out 2/1/2023 with an anticipated return of 3/1/2023. Timeline of how this fits into our budget process will be discussed offline.

ADJOURNMENT

A Motion was made for Adjournment by M. Hoffman and C. Sadana. Hearing no objections, C. Parkin adjourned the meeting.

The meeting was adjourned at 7:33 p.m.
Submitted by Stephanie Oulton
Secretary, Redding Board of Education

Recorded by,
Stephanie Oulton