

Thursday, April 25, 2018: **EASTCONN ECHIP Executive Committee Meeting** held at the EASTCONN Central Office, 376 Hartford Turnpike (Route 6) Hampton, CT

Executive Committee Meeting:

Present:

Larisa Carr, EASTCONN

Walter Willett, Tolland

Amanda Backhaus, Coventry

EASTCONN Staff present: Carol Klemyk, Executive Assistant

1. The meeting was called to order: 9:00 AM

2. Approval of Minutes:

MOTION: Walter Willett made motion to approve the minutes from the March 2019 meeting with amendment

SECOND: Amanda Backhaus

VOTE: Unanimous

ABSTENTIONS: None

3. Additions to the Agenda: No Additions

4. ECHIP Consulting Broker Interview

Joe Spurgeon and Ashley Stefanski Lindberg & Ripple

- Discussed the Scope of the job. Bid coming in was substantially lower than everyone else.
- Joe Spurgeon shared worked with Steve May. Revenue is shared with firm, they look at how much time they think they are going to spend, and whether has obligation to send money somewhere else has. Funds come into Principals and split it up. At Milliman, had to support the Milliman office, those resources expensive. Actuary would check the work, and would have to pay an actuary each time. Fee structure would have to be higher, and some would go to national. They are leaner. Ashley Stefanski and Joe Spurgeon. When Joe Spurgeon looks at work he does today, he said 10% is compliance, day to day stuff. Something not getting paid, dealing with the carrier, what is going on with CAC, core reporting is 10% what they do. The other 90% is the financial stuff, and negotiations. The vast majority of that time, will have 6 to 7 groups in Teacher negotiations. That takes some time. Won't have to do a lot of that negotiation stuff. If Putnam in negotiations, pricing from Cigna. Committed to CTCHIP, if broker or group has questions in directions, they are there to support that. Joe Spurgeon sees most of the work "here" in the financial aspect. Price a little "lower" than a "normal" group. We will need individualized rate structures. Town and Board of Southington.
- Without national resources, how do you guarantee things are correct? What is interesting is that what we do is less actuarial

work, it is underwriting work. I am not looking specifically at EASTCONN, how many ER visits you do ... we could focus on ER utilization, but otherwise vast majority is underwriting. Ashley is former underwriter as well. Ashley will check, yeah this makes sense, consistent with progression. 90% is carrier driven. If Milliman was doing huge pension plan, bringing in from multiple sources. Here we are looking at claims data, another good resource is checking against what CIGNA is coming up with. The way I tend to do my budget work, for almost all clients, we are out with projection in November. You may be earlier. Often that first projection is him, not waiting for carrier. What is current. If you say you are getting 17, and projection is 35m, you know there is a problem.

- Shared Claim projection model, presentations make to the client. Experience and claim model are the two most important. How mucky are we with large claimants? Refer to the first box, experience, the first column is the in force year, current budget year, the next column is whatever experience using to make the Projection, create a per capita, etc. Will do moderate, conservative, etc.... what if 18-month trend rather than other. Moderate, Aggressive, Conservative. Trend assumptions. Will do comparisons, claims by month. Are these better than experience period, worse? That helps him drive a client where they need to be. Take the current experience period claims and projecting based on assumptions. He will “drive them there” there are times won’t show an aggressive column, with this group would because different level of experience for each group.
- Models are consistent over time, don’t feel like needs actuary to complete work. We can actually do it. This is a unique hybrid, ECHIP, then underneath Towns and Boards of Education – multiple Towns and Multiple brokers. We use Steve as a secondary model.... Balance that out to make sure they are within a percentage point of each other. How would you do that?
- Joe Spurgeon – in my mind, if I am doing negotiations, I want to do that work, rather than have Ashley do it, b/c I know how I got to my numbers. I may change the sheet, if I don’t do the work, hard for me to take the paper and show it. I will do my own projections, looking at Larisa’s reports, I will create it whether I am ready or not. What is happening with entire ECHIP? How much have Steve’s work, and consultants work, have you been relying on, and most importantly, what is the final expectation. If Joe Spurgeon said 18 million and everyone else comes up with 16 million, what is happening. If everyone .5 million off, although every projection might be close, all of a sudden there is a different hit. How do you share that shortfall? (There is no sharing, separate cash accounts).

- Is there talk about tiered pooling in reserve? In theory it is there, in reality it is not. Putnam, doesn't pool with Town, School system runs separate from the Town. Their PSRs are *their* reserves, and the Towns are the Towns. When Putnam does budget, it is based on their accounts. It may look like a collaborative, it is a confederation.
- Joe Spurgeon – what Steve would do in that case would produce six different projections, plus an ECHIP one.
- All have to have 16% reserve. If Steve said 10 million project, Lockinson said 9, we would split the difference. We tend to be more conservative than the brokers. If Lockinson is 8, and we say 10, is there any requirement that you take 10. As long as there is 16, it won't matter. Had some issues where Town and BOE were sucking up reserve. We typically don't get involved with that. ECHIP holds the account for Putnam, which is why School System has a reserve.
- Joe Spurgeon working with Region 15 co-op right now. They call it a Co-op, but it is really region 15 and the 2 small towns that feed the district. End of day if region says out, it is over. Five-year plan to get reserves to targeted level. We never revisited what it looks like. We thought we can take money out, do this, and this.
- Executed last year, in absence of policy, and then would only do it again if made it policy.

5. Consulting Broker Review

- Discussed the 180, which is coming in at 11.29. Only reporting available is on 175 to 200. Did not get a chance. She reflected fees. 160k is @ 26.85%.
- The claims and expense cost went up from 17.08 to 17.15, our overall aggregated renewal is up to 5.8, and the last version was 5.4 so went up.
- Stop Loss paying for the claims you are generating.
- A level of risk with the 160, and some paranoia with the 180.
- Our claims have gone up. March claims would make the number go up.
- This has to be brought to ECHIP Board.
- Not enough data yet for April, but going up in March, will give them leverage to go up as well.

- Bill Hull feels we should go with 175k, and close to 15% have worked in. Walter Willett feels 175k works, Amanda Backhaus feels 175 works, could go to 180.
- Bill Hull feels Larisa Carr needs to come with rate increase @ 160, percentage and money for each entity, and then what it looks like at 175k, as it is our recommendation.

MOTION: Amanda Backhaus made motion to recommend changing Stop Loss to 175k
SECOND: Walter Willett
VOTE: Unanimous
ABSTENTIONS: None

**6. CD Investment Holdings Sweep Accounts Commercial Banks
Signature Card**

- Reviewed investments.
- Rumors that rates are going down.
- 16% column is 16% of the total case value of the Town and the Board.

7. ECHIP Officers:

- Will recommend Walter Willett moves to Chair.
- Amanda moves to Vice Chair.
- We would like to spread amongst the Towns.
- Discussion over when/how to present the information.
- The vote could occur in September.
- Or have special meeting and do it in June.
- Doing it in email would not be transparent.
- Should be at the meeting, solicit people who are interested, let them know what it entails and take the vote in September.
- Larisa Carr will put agenda item on of ECHIP officers.

8. Combined Insurance

- Horseman Insurance

9. Adjournment:

- Motion: Bill Hull
- Second: Amanda Backhaus
- Vote: Unanimous
- Abstentions: None

Respectfully submitted,

Ann Marie Milette
Administrative Assistant - EASTCONN