

BOARD OF FINANCE
BUDGET WORKSHOP
FEBRUARY 21, 2017
GREEN ROOM
MINUTES

Present: J. Scherban, O. Nejdil, L. Saunders, J. Scully Welch, L. Santos and K. Carr

Absent: J. Olsen & D. Traynor

Scherban called the budget workshop to order at 6:30 PM.

Tom Kowalchik with USI reviewed the 2017-18 Early Pre-Renewal Claim Projection, Pre-Renewal Estimate and Rates with the board. A copy of the projections will be attached to the minutes.

The following budgets were reviewed by the board.

Library – Maribeth Breen

- Total budget request was \$774,364. This request is \$23,364 or 3.11 percent increase from last year.
- Reductions in state grant funding and trust account
- Board of Selectmen kept the budget flat and approved a total budget of \$751,000.

Fire Department – Fire Chief Manware

- Total budget request is \$333,000. This budget reflects no increase at this time.

Fire Marshal

- The budget request was for \$115,000 which represents an increase of \$56,000 over last year. The Board of Selectmen reduced the budget to \$59,000. Hesper was not present for the meeting but said he was fine with the budget reduction made by the Board of Selectmen.

Communications – Police Chief DeMaio and Police Commission Chairman Niles

- Board of Selectmen approved a total budget of \$613,378
- Overtime budget was based on a three-year average
- The other equipment increase was for ergonomic chairs.

Animal Control – Police Chief DeMaio and Police Commission Chairman Niles

- Board of Selectmen approved a total budget of \$71,834
- DeMaio would like to hire another PT employee. The department already has one part time employee.
- \$2,000 in training was for 2 days of required training on new equipment.

Police – Police Chief DeMaio and Police Commission Chairman Niles

- DeMaio requested a total budget of \$2,754,919. This budget included the proposed staffing reorganization. This also included \$2,300 for the canine program.
- Custodial staff was moved to another Public Works budget
- The Board of Selectmen reduced the total budget to \$2,629,807. The canine program was eliminated. The command structure was left as is and the major position will be backfilled. The

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department will stay at 26 sworn officers including admin and the 27th officer position will not be filled. Full time salaries were reduced by \$53,799 and \$6,000 from uniform expense. The major's salary was decreased from \$103,328 to \$100,000. DeMaio asked for his original budget request to be restored. DeMaio asked for the canine funding to be restored. The department is already collected \$7,500.

Civil Preparedness

- Total budget of \$5,600

Water & Hydrants

- Total budget of 420,195

Street Lighting

- Total budget of \$126,275

CRAHD

- The Town of Haddam has joined the district so Murphy anticipates seeing a decrease in this budget.
- Total budget of \$150,041

General Government

- The majority of the increase is from Health & Life due to an increase in insurance premiums.
- \$10,000 from town building emergencies was taken out.
- Total budget of \$5,316,477

Other General Government

- Middlesex Hospital Paramedic line item will stay flat.
- Total budget of \$279,020

Debt Redemption

- The total debt redemption for the town is \$1,847,646.

Capital Expenditures – Miner Vincent

- The original department request was \$2,318,863. CEC reduced the budget to \$1,683,084. The Board of Selectmen approved a total budget of \$985,920. The dredging for the town marina was taken out of CEC and will be included in the bonding package.

The budget workshop meeting adjourned at 8:45 PM.

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Respectfully submitted,

Mary Schettino

Administrative Assistant

ECHMC

USI 2017-2018 Early Pre-Renewal Claim Projection
 Experience Period: February 1, 2016 through January 31, 2017

	TOTAL	Medical	Rx	Underwriting Notes
= Total Paid Claims	\$14,253,234	\$12,082,787	\$2,170,447	These are the claims paid in the 12 month period ending 1/31/2017 Remove the entire claims for the large claimants over stop-loss Net Paid Claims: Total Claims - Large Claims This shows the number of months in the experience period This shows the number of months in the experience period Starting point for our claim development for 2017-2018 Total number of employees for all 12 months (each month added together) Claims brought to a PEPM (per employee per month) CIGNA Annual Medical and Rx Trend Used CIGNA Annual Medical and Rx Trend Used Number of Months in the Trend Cycle Compounded Trend Number (Formula to bring the annual trend 12 mo. to a 17 mo. number. Trended Claims for 7/1/2017-6/30/2018 Current number of employees taking coverage for Medical & Rx (contracts) Annualized trended claims (claims PCPM x contracts x 12 months) The stop-loss level is \$150,000 per individual Add back in the large claim dollars to the stop-loss level (untrended dollars) Total annual expected claims for 2017-2018 Any plan design adjustments made in the prior period would have a value of more than 1,000 Total annual expected claims for 2017-2018 including plan design changes
- Large Claims	(\$1,981,616)	(\$1,981,616)	\$0	
= Mature Paid Claims	\$12,271,618	\$10,101,171	\$2,170,447	
/ Number of Months (Experience Period)	12	12	12	
x Number of Months (Annual)	12	12	12	
= Annual Mature Paid Claims	\$12,271,618	\$10,101,171	\$2,170,447	
/ Lagged Inforce Annual		10,869	10,869	
= PEPM Paid Claims Cost		\$929.36	\$199.69	
Annual Trend		8.50%	13.50%	
Midpoint Months		17.00	17.00	
Effective Trend		1.1230	1.1960	
Trended Paid Claims PEPM		\$1,043.67	\$238.83	
x Projected Lives	887	882	887	
= Annualized Trended Claims	\$13,650,998	\$11,108,790	\$2,542,118	
Proposed Pooling Point				
+ Large Claims to Proposed Pooling Level	\$150,000	\$1,200,000	\$0	
= Adjusted Annualized Claims	\$14,850,908	\$12,308,790	\$2,542,118	
x Benefit Plan Design Adjustment		1,0000	1,0000	
= Adjusted Annualized Claims	\$14,850,908	\$12,308,790	\$2,542,118	
Claims for 2016-2017 PCPM Medical & Rx		\$1,208.93		
Claims for 2017-2018 PCPM Medical & Rx		\$1,395.24		
Expected Increase Percentage to expected claims PCPM		15.4 %		
		Current Claims Per Contract Per Month	Renewal Claims Per Contract Per Month	
		% Change Year over Year	% Change Year over Year	

ECHMC

2017-2018 Early Pre-Renewal Estimate

Experience Period: February 1, 2016 - January 31, 2017

	ASO Fixed Fees Medical	EES	CURRENT CIGNA 2016-2017	PRE-RENEWAL EST. CIGNA 2017-2018
Specific Stop-Loss Fixed Fees				
Contract			Medical, Rx <i>Paid</i>	Medical, Rx <i>Paid</i>
Specific Stop-Loss*			\$150,000	\$150,000
Stop-loss Premium		887	\$136.42	\$163.70
Aggregate Stop-Loss (Max Contract Period Reimbursement)			125%	125%
125% Aggregate Stop-Loss		887	\$5.85	\$7.02
Monthly Specific Stop-Loss Fees			\$126,193	\$151,432
Annual Specific Stop-Loss Fees			\$1,514,322	\$1,817,186
Administration Fee				<i>3rd Year of Three Year Rate Guarantee</i>
Medical Administrative Service Fee		887	\$60.86	\$60.86
Monthly Costs			\$53,983	\$53,983
Annual Cost			\$647,794	\$647,794
Health Care Reform Fees and Taxes for Self-Insured Groups		Contracts		
Estimated Monthly ACA/HCR Tax Liability		887	\$2.98	\$1.82
Monthly Costs			\$2,643	\$1,614
Annual Cost			\$31,719	\$19,372
			\$182,820	\$207,029
			\$2,193,835	\$2,484,352
				13.24%
				\$290,517
			CURRENT 2016-2017	PRE-RENEWAL EST. 2017-2018
EXPECTED CLAIMS				
Medical & ALL Rx Expected Claims Liability		887	\$1,208,93	\$1,395.24
			Monthly Expected Claims	\$1,237,576
			Annual Expected Claims	\$14,850,908
			Claims Percent Change	15.41%
			Claims Dollar Change	\$1,983,057
			TOTAL EXPECTED MEDICAL, RX COSTS & FEES	\$17,335,260
			DOLLAR CHANGE	\$2,273,574
			PCPM	\$1,628.64
			% Difference	15.10%

Clinton: Town and Board of Education

2017-2018 Self-Insured vs. Fully-Insured Rates

Experience Period: January 1, 2016 through December 31, 2016

CLINTON BOE CIGNA: \$20 OFFICE COPAY; \$100 HOSPITAL COPAY PLAN			
	Current Self-Insured Rates 2016-2017	Renewal Self-Insured Rates 2017-2018	Fully-Insured Rates for 2017-2018
Single 75	\$884.13	\$1,016.75	\$1,183.84
Two Person 72	\$1,811.65	\$2,083.40	\$2,425.77
Family 125	\$2,341.99	\$2,693.29	\$3,135.89
Total Monthly "Premium"	\$489,497	\$562,922	\$655,429
Total Annual "Premium"	\$5,873,968	\$6,755,063	\$7,865,147
Percent Change		15.00%	33.90%
Dollar Change		\$881,095	\$1,991,180

TOWN OF CLINTON CIGNA: \$20 OFFICE COPAY; \$100 HOSPITAL COPAY PLAN			
	Current Self-Insured Rates 2016-2017	Renewal Self-Insured Rates 2017-2018	Fully-Insured Rates for 2017-2018
Single 21	\$899.81	\$1,034.78	\$1,204.83
Two Person 11	\$1,856.63	\$2,135.12	\$2,486.00
Family 33	\$2,395.51	\$2,754.84	\$3,207.55
Total Monthly "Premium"	\$118,371	\$136,126	\$158,497
Total Annual "Premium"	\$1,420,449	\$1,633,517	\$1,901,958
Percent Change		15.00%	33.90%
Dollar Change		\$213,067	\$481,509

TOWN OF CLINTON CIGNA: \$20 OFFICE COPAY; HOSPITAL/OPS DED. PLAN			
	Current Self-Insured Rates 2016-2017	Renewal Self-Insured Rates 2017-2018	Fully-Insured Rates for 2017-2018
Single 1	\$836.07	\$961.48	\$1,119.48
Two Person 0	\$1,726.65	\$1,985.65	\$2,311.96
Family 0	\$2,226.67	\$2,560.67	\$2,981.47
Total Monthly "Premium"	\$836	\$961	\$1,119
Total Annual "Premium"	\$10,033	\$11,538	\$13,434
Percent Change		15.00%	33.90%
Dollar Change		\$1,505	\$3,401

All Plans Total Monthly "Premium"	\$608,704	\$700,010	\$815,045
All Plans Total Annual "Premium"	\$7,304,450	\$8,400,117	\$9,780,540
Percent Change		15.00%	33.90%
Dollar Change		\$1,095,667	\$2,476,090