

**Organizational Synergy & Human Resources Committee  
Oct. 22, 2012 Telephonic Meeting**

**Draft Minutes**

Members Present:               Committee Chairman Ryan Bingham  
  David Damer  
  Timothy Griswold

CRRA Management Present: Tom Kirk, President  
  James Bolduc, Chief Financial Officer  
  Eric Womack, Human Resources Manager  
  Moira Benacquista, Board Secretary/ Paralegal

Also Present:                     Kurtis Dennison of R.C. Knox & Company

Committee Chairman Bingham called the meeting to order at 11:06 a.m.

**1. APPROVAL OF MINUTES OF THE JUNE 25, 2012, ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE MEETING**

Committee Chairman Bingham requested a motion to approve the minutes of the June 25, 2012, Organizational Synergy & Human Resources Committee meeting. Director Griswold made the motion, which was seconded by Director Damer.

The motion to approve the minutes was approved by roll call.

**2. REVIEW OF 2013 EMPLOYEE BENEFITS RENEWAL**

Mr. Bolduc said management is in the process of doing its annual update with CRRA's insurance carriers. He said typically the process entails getting an indication out of CRRA's current carrier, as to possible rate changes. Mr. Bolduc said at this point the carrier has indicated what it would do should CRRA not go through the general solicitation process, as Connecticare has access to CRRA's claims data, which would not be available to other carriers in the marketplace.

Mr. Bolduc said based on CRRA's good experience Connecticare is willing to reduce its prices. He said prior to approaching the marketplace or working with CRRA's current carrier for reduced rates management wanted to gain input from the Committee. Mr. Bolduc said Mr. Womack and Mr. Dennison would provide a review of the process.

Mr. Womack referred to the third page of the memo which reviews CRRA's marketing history. He said in 2010 and 2011 CRRA renewed with Connecticare. Mr. Womack said CRRA has a good rapport with Connecticare and the usage rates have been positive enough that management has been able to negotiate some rates down. He said in 2011 CRRA renewed with Connecticare and in 2012 was then

able to get the renewal rate down to 6.37% through a commitment to not market CRRA's business. Mr. Womack explained management is using the same approach this year and ConnectiCare has indicated it will drop the initial renewal rate from a little over 12.6% down to 9%. He noted there may be a further opportunity to attempt to secure a lower percentage point.

Mr. Womack said management has been particularly concerned with the dental plan. He said CRRA's usage rate continues to be high. Mr. Womack said two years ago three of the initial responses to the RFP did not submit a bid as they could not be competitive with CRRA's plan rates. He said management is anticipating a similar response this year and would recommend a third year with its current carrier, Met Life.

Mr. Dennison said the medical trend perspective for the current period is starting to escalate. He said over the period of 2011 medical trends were around the low side of mid-single digits at 5-6% to the high side of 9% overall. Mr. Dennison said the last time CRRA went through the renewal process the rate fell at the end of the low spectral at 6.37%. He said that trend number is starting to come back up to a low rate of around 9-10% to a high rate of 13-14%.

Mr. Dennison said this is partly due to an economic perspective as there was a decreased utilization in the marketplace as users did not want to spend money on health care expenses and put off many elective services. He said those users which put off services now need to get that work done, which causes increases. Mr. Dennison said in addition the impact of the affordable health care act is starting to be seen. He said routine care, which is now covered at cost, the women's health care initiative, covering dependent children up to 26, and the additional taxes and fees have begun to be implemented.

Mr. Dennison said these items are affecting the marketplace and driving those numbers up. He said the roughly 12% rate action on the health plan was not a surprise. Mr. Dennison said he has a good relationship with Connecticare, which is very interested in maintaining CRRA's business as the group has done fairly well over the last two years. He said ConnectiCare is willing to reduce CRRA's renewal rate action down to 9% and he feels another percentage point reduction may also be possible.

Mr. Dennison said Connecticare has a very credible claims experience with CRRA and because of the trend history Connecticare is willing to allow CRRA to adjust rates accordingly to keep the business. He said moving into a new marketplace may not allow for that flexibility as the carrier would not have a window of experience to draw from. Mr. Dennison said he does not feel that approaching the market will be beneficial to CRRA.

Mr. Dennison said CRRA has not had a good claims experience in terms of the dental plan. He said that program was marketed in 2011 and moved from Guardian to Met Life and realized a 16.5% decrease in doing so. Mr. Dennison said that program ran with a loss ratio of 125% in 2011 and in 2012 with a loss of 110%. He explained with every dollar paid in in the premium the loss ratio is 125% so Met Life is paying \$1.25 in benefit payments. He said the continued loss is because of the fact that CRRA's dental program is underpriced relative to the usage program and the average age of the population is using bigger ticket dental expenses.

Mr. Dennison said it is difficult to realize a little over 10.6% rate actions for the next year, but he does not see an advantage to looking outside Met Life. He said he has asked Met Life to reduce that rate but due to CRRA's usage Met Life is not comfortable doing so.

Mr. Dennison said CRRA is coming in at the high end of the dental usage at 10.6% when plans are typically around 5-6%. He said assuming CRRA renews at 10.6% with its current claim utilization he would expect the plan to run at a 100% loss ratio again. Director Damer asked if he was correct in stating that Mr. Dennison has already asked Met Life if any further reductions were possible. Mr. Dennison said that was correct. Director Damer said Met Life did provide CRRA with a 16.5% discount when it originally switched.

Director Damer asked how the 2013 proposed are versus what has been budgeted. Mr. Womack said the budget number for half of the year for FY'13 is closer to \$690,000 and was based on the current head count.

Mr. Bolduc said there is no action required by the Committee or the board this month. He said management was looking for an indication if the Committee felt the market should be approached. Mr. Bolduc said management will return to the Committee in November with final numbers which will then go to the full Board.

Director Damer said he is in agreement with management's direction. He asked Mr. Dennison to approach Connecticare to see if there is any further savings to be had. Director Damer said he is also in agreement with staying with Met Life as it is not likely there are further dental savings to be had given the loss ratios. He asked if Met Life could possibly provide any further savings and requested the final 2012 actual versus the 2013 budgeted and proposed and final actual dollar amounts as well as the percent increases be presented to the Committee and the Board in November.

Director Griswold asked what CRRA's loss ratio has been with Connecticare. Mr. Dennison said due to the fact that CRRA is fully insured and the size of the group, the loss ratio information is not available. He said it is likely that the claims are running well. Mr. Dennison said as a result of the affordable care act there is a requirement that 85% of the premium dollars must be paid out in a health care benefit. He said if the payout is less than that percentage the carrier is required to issue a rebate to the CRRA. He said the rebates are determined based on the premiums paid in on a particular group that CRRA may be part of. Mr. Dennison said this was the first year rebates were issues and a majority took place on an individual basis.

Director Griswold asked if the employees are responsible for a larger percentage of bigger ticket dental items. Mr. Dennison replied yes. He said preventative care is mostly covered however; restorative care in network is 100% coverage, and 80% coverage out of network, with major services at 60% in network, and 40% out of network. Mr. Kirk noted any complaints received by employees tend to focus on the dental plan coverage.

Mr. Bolduc said a year ago when CRRA was running into big increases the max company pay out was reduced by \$750. He said the high utilization is due to an older group of employees. Mr. Kirk suggested increasing the flex care benefit amount in light of dental increase costs. Mr. Dennison said

that may not be possible as the flexible spending account limits as of this year are being reduced down to \$2,500.

The Committee was in agreement with management's presentation.

### **3. ADJOURNMENT**

Committee Chairman Bingham requested a motion to adjourn the meeting. The motion to adjourn made by Director Damer and seconded by Director Griswold was approved unanimously.

The meeting was adjourned at 11:35 a.m.

Respectfully submitted,

Moira Benacquista  
HR Specialist/Board Administrator