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Coventry has eyes for insurance savings

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COVENTRY — Keeping the same carrier, Coventry town hall and public school officials may have found a new way to save money on their insurance premiums this year.

Coventry is currently evaluating participation in a self-insurance health pool with EastConn and is moving forward with a draft contract as of last week.

With five other towns and with help from the Hampton-based regional education service center, Coventry is trying to switch to being self-insured.

The other towns expressing interest include Tolland, Griswold, Plainfield, Columbia and Putnam.

"We aren't the only ones in the state establishing self-insurance pools," said Coventry Finance Director Elizabeth Bauer, adding Coventry has been mulling the new program for more than nine months.

Currently, the deal is moving forward, said Bauer, adding the projected savings so far from "models" shows Coventry saving up to 7 percent on the current premium increase.

Bauer said she couldn't say if other towns would actually get involved in the new program.

EastConn, one of six educational service centers in Connecticut, is a public, nonprofit agency that has been serving the educational needs of schools, organizations, communities and individuals of all ages in northeastern Connecticut since 1980.

Currently, the deal will go into effect July 1 if the plan stays on track and each town approves it, said Bauer.

The towns still have to agree on a governance structure and "formalize" it, she said.

"The group still has to come together and agree on bylaws," said Bauer.

Without a self-insurance deal, conservative estimates show Coventry's insurance premium increasing at anywhere from 16 to 19 percent.

An insurance premium is the actual amount of money charged by insurance companies for active coverage.

Last week, Bauer and Town Manager John Elsesser presented the idea to the town council.

"The savings from this model will be forever," Bauer said at the council meeting last week. "It won't just go away."

Councilman Joan Lewis said she was "glad to hear" the new idea. "I am pleased that this is happening," Lewis said.

With the change to possibly becoming self-insured, neither the town council, nor the board of education will have to get approval from any of their employee groups, since the carrier is not being changed.

Last year, the board of education and town council saw a \$750,000 savings by switching insurance carriers from Anthem Blue Cross to Cigna, which had to be approved by all employee groups.

In a traditional fully insured health plan, the company pays a premium.

The premium rates are fixed for a year, and they pay a monthly premium based on the number of employees enrolled in the plan.

The company's monthly premium only changes during the year if the number of enrolled employ-

ees in the plan changes.

The cost of a self-funded plan, unlike a fully insured health plan, has fixed components similar to an insurance premium — administration fees, stop-loss premium and variable costs.

The administrative fees, stop-loss premiums, and any other set fees charged per employee are referred to as fixed costs and are billed monthly based on plan enrollment just like an insurance premium.

With self insurance, however, the employer also pays the claims costs incurred by the covered persons enrolled in the plan.

Since this cost varies from month to month based on health care use by the covered persons, there is a chance for savings to be realized if employees don't utilize medical services.

One benefit Bauer sees is the ability to work with the other towns and have "regular discussions about how they are doing things."

"We will also have the ability to have direct and immediate access to our data," said Bauer, adding the town currently can't access its data quickly.

Board of education Chairman Jennifer Beausoleil said this is the town's "only choice."

"Nobody else bid," Beausoleil said, adding she would have liked to have the exact numbers now, instead of having to wait.

"It's unfortunate that it's a long process to get this going. We won't know if it's going to work out and make a commitment to until we present our budget," she said.

"Everyone would like to have firm numbers, but we have to go on estimates that we have at this time," Beausoleil said.