



SCHLOSS HEALTH & BENEFITS

- Separate all elements specifically, which can be up to 20 specific factors
- Use the scoring tool to project premiums, costs and rates going forward
- A final due diligence summary with all findings, analyses, and recommendations.
- A presentation of key findings and recommendations in a meeting with relevant stakeholders.
- Ongoing consultation and clarification meetings, as necessary.

Cost:

- The consulting retainer **\$1,000**, per month, starting on April 1, 2025

Consultant Credentials:

This review will be conducted by:

Steven J. Schloss CIC, CEBS, CLU, CHFC – Experienced professional with extensive expertise in employee benefits, self-funded health plans, and financial risk management.

Amendments:

- **Consultant Role:** Schloss Health & Benefits Consulting (SH&B) will serve solely as a consultant and will not be Involved In any brokerage or placement of coverage, or administrative services. SH&B will not collect any compensation other than the agreed monthly retainer from the Town of Canton, CT.
- **Limitation of Liability:** The consultant shall be held harmless from any deficiencies, errors or omissions from Insurance carriers or plan administrators.
- **Amendment of Agreement:** The agreement may not be amended except in writing by both parties.

Representations and Warranties

- Service Provider represents that it possesses the necessary qualifications and licenses to perform the services outlined in this Agreement.
- Service Provider warrants that all work will be performed in accordance with professional standards and best practices.

Term and Termination

- This Agreement shall commence April 1, 2025 and continue until terminated earlier.
- Either party may terminate this Agreement with 7 days' written notice.
- Termination for cause may occur immediately if either party breaches any material term of this Agreement.

Entire Agreement: This Agreement constitutes the entire agreement between the parties and supersedes all prior representations, understandings, or agreements.



10. Reserves on Hand and Required Change in Reserves to Achieve 2.5 Months of Run-Out Claims:

- Evaluate the current reserves available and determine if they are adequate to cover 2.5 months of claims run out in the event of plan termination, plan disclosure, or other scenarios requiring reserve budgeting.
- Recommend adjustments to reserves to ensure sufficient coverage for this contingency.

11. Review of Stop-Loss and/or Reinsurance Agreements for Potential Gaps in Coverage and Limits to Liability:

- Assess the terms and coverage limits of stop-loss or reinsurance agreements to identify any potential gaps in coverage or areas where the plan could face significant exposure.
- Recommend any necessary adjustments to improve the adequacy of stop-loss coverage.

12. Review of Plan Document, Summary Plan Description (SPD), and Plan Amendments:

- Review the plan document and SPD with focus upon financial terms, benefits, and claims management processes and are accurately reflected and aligned with the plan's financial assumptions.
- Analyze any amendments to the plan for their impact on financial stability, including changes to benefit structures, eligibility, and other critical elements.
- Plan document review is not a Legal review.

13. Provide Consulting under CIC license with developing Broker Services Request for Proposal

- Draft and approval of RFP
- Determine qualified Brokers
- Provide Consulting for Broker Selection

14. Attend Town Healthcare meetings as CIC Consultant

15. Findings and Recommendations:

- Provide a summary of the findings from the financial due diligence process.
- Highlight areas of concern, opportunities for improvement, and any necessary corrective actions.
- Provide actionable recommendations for optimizing the financial sustainability of the self-funded health plan, including suggestions for cost reduction, risk mitigation, and reserve management.

Deliverables:

- A financial scoring tool will be used as follows:
 - Bring all data including claims, fixed costs and premiums to a common element such as Per Contract Per Month or Per Member Per month



4. Review of Fixed Costs for Services Provided for the Health Plan:

- Evaluate fixed costs for additional services required for plan operations, including medical management, wellness programs, employee assistance programs, and other health-related services.

5. Review of Fixed Costs for Stop-Loss or Reinsurance to Protect the Plan Assets:

- Review the terms of the stop-loss or reinsurance policies to assess the protection available for the health plan against high-cost claims.
- Evaluate the cost-effectiveness of these policies in mitigating risks associated with catastrophic claims.
- Determine if there is an excess carrier standing behind the stop-loss provider.

6. Review of Fixed Costs for Terminal Liability Protection and Limitations:

- Review the terminal liability protection mechanisms in place to cover claims incurred after the termination of the plan.
- Ensure that the health plan's liabilities are adequately covered and assess any limitations that may apply.

7. Review of Variable Claims Costs and Projections for Medical and Pharmacy (Rx):

- Assess the trends in medical and pharmacy claims costs, including a review of recent claims data.
- Provide projections for future claims costs based on utilization patterns, plan design, and other key factors influencing claims.
- Determine the adequacy of credits for items such as formulary rebates under prescription drugs.

8. Review of Other Variable Claims Costs for Services Provided by the Plan:

- Evaluate variable claims costs for services beyond medical and pharmacy, such as dental, vision, mental health, and other ancillary services provided by the health plan.
- Project future variable costs for these services based on utilization trends and plan design.

9. Required Reserves for Incurred but Not Reported (IBNR) Claims:

- Review the existing reserve methodology for IBNR claims and assess whether the reserves are sufficient to cover expected liabilities for claims incurred but not yet reported.
- Provide recommendations for adjusting reserves based upon plan experience.



Scope of Services Proposal for Financial Due Diligence of a Self-Funded Health Plan

Town of Canton Connecticut

Service Provider: Schloss Health & Benefits Consulting, LLC

Prepared By: Steven J. Schloss CIC, CEBS, CLU, CHFC

March 15, 2025

Project Objective:

Provide a financial due diligence review of the Town of Canton self-funded health plan. Focus will be upon financial sustainability, adequacy of reserves, risk management, cost structure of the health plan, adequacy of funding, working rates and employee contributions compared to agreements.

Scope of Services:

The financial due diligence will include an evaluation of the following elements:

1. Review of Fixed Costs for Plan Administration:

- Evaluate the administrative costs associated with managing the health plan, including third-party administrator (TPA) fees, system setup costs, and any other fixed costs related to day-to-day operations.
- Assess the efficiency and reasonableness of the plan administration costs relative to industry standards.

2. Review of Fixed Costs for Advisory Services, Including Fees and Commissions:

- Review and assess the fixed costs related to consulting, actuarial, broker, or other advisory services provided to the health plan.
- Identify any ongoing commissions or performance-based compensation associated with advisors.

3. Review of Fixed Costs for Capitated Pre-Paid Healthcare Services:

- Evaluate the contracts for any capitated or pre-paid healthcare services, including fixed monthly or annual fees.
- Assess the adequacy of the terms in these contracts and their alignment with plan utilization patterns and population health needs.



IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Acceptance:

Please sign below to acknowledge your acceptance of the scope of services and pricing outlined in this proposal.

Client Signature:  Date: 3-31-25

Provider Signature:  Date: 4-1-25

Thank you for considering this proposal. Should you have any questions or require further information, please do not hesitate to reach out.

Sincerely,
Steven J. Schloss CIC, CEBS, CLU, CHFC



TOWN OF CANTON

FOUR MARKET STREET

P.O. BOX 168

COLLINSVILLE, CONNECTICUT 06022-0168

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICE

Mark J. Penney
4 Market Street
Collinsville, CT 06022
mpenney@townofcantonct.org
860-693-7837

April 3, 2025

To Whom It May Concern,

Subject: Authorization to Provide Employee Benefits Plan Information and Data to Steven J. Schloss, CIC, for the Town of Canton, Connecticut

The Town of CANTON, Connecticut, has engaged Steven J. Schloss, a Certified Insurance Consultant in the State of Connecticut, to provide professional advice, counsel, and services (for a fee) regarding our Medical, Life, Accident & Health, Plan Administration, and any other programs offered to plan participants.

We hereby authorize you to provide Mr. Schloss with any requested information necessary to review our plans, including but not limited to the following:

- **Plan Documents:** Plan Document, Summary Plan Descriptions, Plan Amendments, and communications from the carrier, broker, or administrator.
- **Data:** Information regarding paid claims, reserves, changes in reserves, demographic data, premium details, administrative fees, and any other fixed or variable costs associated with our plan (e.g., pooling charges, taxes, broker/agent compensation, bonuses).
- **Renewal Information:** Current and past three years of renewal data, including the methodology used to calculate funding and rates.
- **Request for Proposal (RFP) Responses:** Any formal responses to RFPs for bids over the past five years.

Mr. Schloss will contact you directly to specify the information he requires to begin the review process.

Please note that Mr. Schloss is acting solely as a consultant on behalf of the Town of CANTON, Connecticut. He will not serve as a broker or agent now or in the future. All information provided to Mr. Schloss will remain confidential between carriers, administrators, vendors, and the Town of CANTON. It will not be used for any purpose other than this review unless explicitly authorized by the Town of CANTON.

Point of Contact: For any questions regarding this authorization or the requested information, please contact Mark J. Penney, Chief Administrative Officer, at mpenney@townofcanton.org or 860-693-7837.

Delivery Instructions: The requested information may be sent via mail, hand-delivered, securely emailed, or made available for Mr. Schloss to pick up at a designated location. Please coordinate with Mr. Schloss directly regarding the preferred method of delivery.

Legal Disclaimer: The Town of CANTON expects all information to be provided in compliance with applicable federal and state regulations, including but not limited to HIPAA and other confidentiality provisions. Any information shared under this authorization should be handled with the highest level of security and privacy in accordance with these regulations.

Thank you for your cooperation and assistance.

Sincerely,

Mark J. Penney

Mark J. Penney
Chief Administrative Officer
Town of CANTON, Connecticut
860-693-7837