

West Suburban Health Group

Board Meeting

Thursday, March 28, 2013 at 1:30 p.m.
Wellesley Town Hall
Wellesley, Massachusetts

Meeting Minutes

Board Members Present:

Marc Waldman, Board Chair	Town of Wellesley
Pete Hoagland, Steering Committee Chair	Town of Sherborn
Michael Boynton	Town of Walpole
Mary Bousquet	Town of Holliston
Dan Morgado	Town of Shrewsbury
David Ramsay	Town of Dover
Gerard Lane	Town of Dover
John Senchyshyn	Town of Wayland
Karen Jelloe	Town of Wrentham
Christopher Coleman	Town of Needham
Maria Rosado	Accept Education Collaborative
Christine Brodeur	Town of Ashland
Martha White	Town of Natick
Christine Tague	Dover Sherborn RSD

Guests in Attendance:

Anne Costello	Assistant Treasurer
Donna Lemoyne	Town of Wayland
Kirsteen Leveillee	South Middlesex RSD
James Lynch	South Middlesex RSD
Bill Dowd	Holliston Resident
Bob Gagliardi	AIG
Manjusha Sheobaran	AIG
John Scholl	Gallagher Benefits Services
Bill Hickey	Harvard Pilgrim Health Care
Suzanne Donahue	Blue Cross & Blue Shield of MA
Fred Winer	Tufts Health Plan
Jim Delisle	Tufts Health Plan
Rob Anderson	Fallon Community Health Plan
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair, Marc Waldman, called the meeting to order at 1:30 PM.

Approval of the Minutes of February 19, 2013:

Michael Boynton moved approval of the February 19, 2013 minutes.

Motion

Mary Bousquet seconded the motion. The motion passed by a unanimous vote.

GBS Reports:

Funding Rate Analysis by Plan - Ms. Cormier reviewed the FY13 Funding Rate Analysis by Plan with data through February. She said that the expense-to-funding ratio was slightly improved at 101.2%. She said she would send the reports to the Board on a monthly basis.

Treasurer's Report:

Treasurer Ruth Hohenschau was not able to attend the meeting. Marc Waldman said that the Board voted full funding of the Legacy plans and noted that there was a draw-down of surplus during the month of February.

There was a discussion about freezing the Legacy plans effective July 1, 2013 and eliminating them on July 1, 2014.

Wellness Committee Report:

Marc Waldman said that the Wellness Committee has been working on ramping up the WSHG Wellness programs and will be sending an RFP to hire a Wellness Consultant.

Mary Bousquet said that the Wellness Committee met and worked on the RFP, which was emailed to the Board. She said that Karen Jelloe, Town of Wrentham and Maryann Davis, Town of Natick volunteered to serve on the Wellness Committee.

Mary Bousquet made a motion to approve Karen Jelloe and Maryann Davis as Wellness Committee members.

Motion

Christopher Coleman seconded the motion. The motion passed by unanimous vote.

Marc Waldman introduced Maryann Davis, HR Director from the Town of Natick, to the Board.

Maryann Davis said that she has worked for the Town of Natick for approximately 20 years and is looking forward to driving down the cost of healthcare by helping to implement and promote wellness programs to the employees. She said she looks forward to working with WSHG.

Mary Bousquet asked the Board to send comments regarding the RFP for a Wellness Coordinator to Betty Dennis by April 5, 2013. She said that the release date of the RFP is April 12, 2013.

Mary Bousquet made a motion to approve up to \$1,500 to advertise the position in the Boston Globe.

Motion

Martha White seconded the motion. The motion was approved by unanimous vote.

Ms. Bousquet asked the Board who they would like to recommend to conduct the interviews.

Dan Morgado suggested that the Wellness Committee conduct the interviews, choose a candidate and make a recommendation to the Board.

The Board members agreed with Mr. Morgado.

Marc Waldman said that the effective start date for the Wellness Coordinator would be July 1, 2013 and said that there would be another Board meeting prior to that date. He said that the Board will be able to award the contract at that meeting. Mr. Waldman said that the FY14 Wellness Budget will also be reviewed at the next Board meeting.

Marc Waldman thanked the Wellness Committee for their work.

Steering Committee’s Recommendation to adopt a Fund Balance Policy:

Marc Waldman said that a draft of the fund balance policy was distributed to the Board on Monday. He said that the Steering Committee is recommending adoption of the policy and asked if anyone had any questions or comments.

Michael Boynton made a motion to adopt the fund balance policy as presented.

Motion

John Senchyshyn suggested adding a sentence to the first paragraph under “Unreserved Fund Balance Policy.” He suggested “The Board may adopt an annual unreserved fund balance above or below the target”. Mr. Senchyshyn said he had concerns about inflexibility.

Christopher Coleman suggested adding “health plan rates or targeting a fund balance that they consider to be in the best interest of WSHG.” to the last sentence of the policy.

Christopher Coleman amended the motion to adopt the policy as written with the edits as stated.

Michael Boynton seconded the motion. The motion passed by unanimous vote.

Motion

Marc Waldman asked if anyone wanted to discuss or re-affirm the vote on the FY14 rates now that there is a formal fund balance policy and additional months of claims data.

There was a discussion about the costs that were intentionally not included in the FY14 rate projections.

Dan Morgado suggested discussing the projection process in the fall.

The Board agreed with Mr. Morgado.

Approval of the FY14 Unsubsidized Rates:

Marc Waldman said that the FY14 unsubsidized rates were sent to the Board and said that he would entertain a motion if there were no questions or comments.

Michael Boynton made a motion to approve the FY14 unsubsidized rates as presented.

Motion

Dan Morgado seconded the motion. The motion passed by unanimous vote.

Application for WSHG membership from So. Middlesex Regional Voc-Tech School District:

Marc Waldman said that South Middlesex Regional Vocational Technical School District, also known as Keefe Tech has asked to be considered for membership into WSHG. Mr. Waldman introduced Jim Lynch, Superintendent and Kirsteen Leveillee, Business Director to the Board.

Jim Lynch thanked the Board for consideration of the request. He said that the school committee has reviewed and approved the terms of acceptance to join WSHG, should the offer be extended. He said that their goal is reduce costs and said that the district currently has a 50%/50% contribution split for PPO enrollment and 75% employer/25% employee split for the HMO plan.

Kirsteen Leveillee said that she is the Business Director for Keefe Tech and said that she works with their Insurance Advisory Committee (IAC). She said that the school has successful wellness program

participation and a benefits fair with 100% participation. She said that the district is very active with wellness and noted that the two high cost claimants on one of the reports submitted for WSHG's review are now termed. Ms. Leveillee said that their claims cost is expected to level out.

Marc Waldman said GBS has put together exhibits showing the claims experience and data compared to that of WSHG. He said the report is included in the meeting packet and noted that the rates for the first two years of participation in WSHG will be the unsubsidized rates just approved.

Carol Cormier said that the Legacy plan enrollments are frozen, however the Rate Saver and Benchmark plans would be available to Keefe Tech.

Michael Boynton made a motion to extend an offer of membership to South Middlesex Regional Vocational Technical High School with two years of the unsubsidized rates and limiting enrollment to the Rate Saver, Benchmark, and HPHC PPO plans, noting that the Tufts POS is not available.

Martha White seconded the motion.

Motion

Dan Morgado suggested that the Board review the details and conditions and determine the guidelines and conditions to be utilized for future WSHG membership requests.

Kirsteen Leveillee said that it is expected that most of those enrolled in the HMO plans will migrate to the WSHG HMO Rate Saver plans. She noted that the WSHG PPO rate is higher than their PPO rate and expects minimal enrollment into that plan.

A vote was taken and passed by unanimous vote. It was noted that 11 of the 16 WSHG units were represented.

Carol Cormier said that she would prepare a letter offering membership to the school district for Mr. Waldman to sign..

Marc Waldman said that the law requires that the Summary of Benefits and Coverage's (SBCs) for each of the health plans offered be distributed to all eligible employees and their dependents. He said that they may be sent electronically or posted on an employer's website. Mr. Waldman said that if they are available on a website, the eligible population needs to be notified by letter or postcard of their availability and where to find them.

Carol Cormier said that GBS will distribute a master copy of all of the SBC's. She said if a member requests a copy, that the employer is required to supply the copy within seven days.

Proposed Multi-Level Reinsurance Pooling Arrangement:

Marc Waldman said that over the past few years it has been increasingly difficult to obtain bids for reinsurance. He said that GBS explored alternatives and partnered with Gallagher Benefit Services. Mr. Waldman said that GBS organized a meeting and invited representatives from all of the Joint Purchase Groups (JPGs) in MA to hear a presentation about creating a reinsurance pool across the JPGs. He said that it is possible that it could be up and running as early as July 1, 2013.

Carol Cormier said that there are a number of pooling models, but said the one that will be presented is administratively simple and could be implemented more quickly than other models. Ms. Cormier said that GBS is not receiving any fees or payment of any kind from this arrangement and said that the decision to participate is up to WSHG. Ms. Cormier introduced John Scholl, area President for Gallagher Benefits Services; Manjusha Sheobaran, Area Sales Representative for AIG; and Bob Gagliardi, Sr. VP of AIG Captive Management division to the Board.

John Scholl said that Gallagher Benefit Services was founded in 1927 and has traded under the NYSE symbol of AJG since 1984. He said that he works out of the Braintree, MA office and said that Gallagher is one of the largest insurance advisors. Mr. Scholl said that Gallagher was recognized as one of 2012 world's most ethical companies by Ethisphere Institute.

Carol Cormier said that WSHG has had stop loss in the past with National Union Fire Insurance, an AIG company.

Manjusha Sheobaran said that AIG has over \$1 billion of in-force premiums and have access to A1 rated national stop-loss vendors. Ms. Sheobaran said they support over 250 risk prevention group programs.

John Scholl spoke about the challenges of obtaining stop loss coverage at a competitive cost. He said the concept that they are presenting is on the same idea as what WSHG is doing now with their health insurance. Mr. Scholl said that this option will provide WSHG with a new option for obtaining reinsurance coverage.

Manjusha Sheobaran said that AIG made a conscious decision not to bid on certain individual municipal reinsurance business. She said that GBS and Gallagher contacted AIG for available options and that the most attractive option is the proposed multi-level reinsurance pooling arrangement (MLRPA). Ms. Sheobaran reviewed how the risk would be distributed in the MLRPA. She said that each JPG would be responsible for paying claims up to their individual specific deductible as they do now. Ms. Sheobaran said that claims between the individual deductible and \$1M (or perhaps \$750,000) would be paid out of the pooled retention layer and all claims above \$1M would be paid out of the reinsurance excess protection policy. Ms. Sheobaran said that each JPG would pay premiums, and part of the premiums would go into the pool and part would pay for the \$1M stop loss policy with AIG. She said that in this model all aggregating specific deductibles and lasers would be removed. Ms. Sheobaran said that if a JPG doesn't use all of its money in the pool, it will earn dividends. She noted that a working capital deposit would also be needed.

Michael Boynton asked what would happen to the capital if it was all used to pay for claims.

Bob Gagliardi said that the JPG would be required to put the capital back at renewal time.

Manjusha Sheobaran said that there will be one or two representatives from each JPG on a Board governing the pooling arrangement. She said that AIG is in the process of finalizing the rates for the FY14 plan year.

Marc Waldman asked if the WSHG Board could vote at this meeting to approve the proposal on a condition that it is approved by other JPGs. He asked the Board if they had comments or questions.

Michael Boynton said that he favored comparing the rates from the incumbent with the pool rates.

Marc Waldman asked the Board if they would give the Steering Committee authorization to research the reinsurance pooling arrangement and make a recommendation to the Board.

Michael Boynton made a motion to obtain bids for the stop loss as usual and then compare with the rates of the pooling arrangement.

Motion

Carol Cormier said that would be similar to comparing an apple to an orange or an insured vs. self-funded arrangement. She said that in an insured arrangement if the claims come in lower than projected, the

insurance company gets to keep the profit; whereas, in the proposed arrangement, the JPG would keep the money.

Mr. Boynton said that he is intrigued but has concerns about the working capital and the other JPG's claim experience. He said he is also concerned about committing to one group.

Carol Cormier said it would be similar to what the towns and units of WSHG are doing now with their health insurance claims.

Marc Waldman asked about experimental procedures and when the Board may override a health plan carrier's decision to pay a certain claim or claims.

Manjusha Sheobaran said that language could be written into the pooling arrangement documents to specify that a group making an exception to pay claims outside of the health plan policy, that those claims would come out of their own reserve fund, unless it were collectively agreed upon.

Michael Boynton withdrew his previous motion and made a new motion to approve authorization to the Steering Committee to further review the reinsurance pooling arrangement, proposal, and agreements, and to make a recommendation to the Board, should other JPGs agree to join.

Motion

Dan Morgado seconded the motion. The motion passed by unanimous vote.

Other Business:

Carol Cormier said that there was an issue with the Harvard Pilgrim (HPHC) RDS applications for the 2009, 2010 and 2011 years. She said that the applications will need to be resubmitted for all three years and said that HPHC has agreed to pay the WSHG for the amount of the refund to CMS.

There was no other business.

Motion

Michael Boynton made a motion to adjourn.

Dan Morgado seconded the motion.

The next WSHG Board Meeting was scheduled on June 13, 2013 at 10:00 AM at the Wellesley Town Hall.

Marc Waldman adjourned the meeting at 3:40 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*