

**West Suburban Health Group  
Board Meeting**

Thursday, January 14, 2016, 1:30 PM  
Natick Community Senior Center  
Natick, MA

**Meeting Minutes**

**Board and Alternate Board Members in Attendance:**

Marc Waldman, Board Chair	Town of Wellesley
Dan Morgado, Steering Committee Chair	Town of Shrewsbury
David Ramsay	Town of Dover
Jerry Lane	Town of Dover
Hans Baumhauer	Dover Sherborn RSD
Miriam Johnson	Town of Dedham
Debbie Deegan	Town of Dedham
Mary Bousquet	Town of Holliston
Richard Tranfaglia	Town of Natick
Christopher Coleman	Town of Needham
John Senchyshyn	Town of Wayland
William Hurley	Accept Education Collaborative
Kirsteen Leveillee	So. Middlesex Reg. Voc-Tech School Dist.
Karen Jelloe	Town of Wrentham

**Guests in Attendance:**

Ruth Hohenschau	WSHG Treasurer
Anne Costello	WSHG Assistant Treasurer
Anthony Marini	Lynch, Malloy, Marini, LLP
Matthew Fleming	Lynch, Malloy, Marini, LLP
Donna Lemoyne	Town of Wayland
William Hickey	Harvard Pilgrim Health Care
Jason Fortin	Fallon Health
Dr. Leslie Fish	Fallon Health
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Health Plan Senior Plans
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair, Marc Waldman, called the meeting to order at 1:35 PM.

**Approval of the minutes of the November 24, 2015 meeting:**

Dan Morgado made a motion to approve the minutes.

Motion
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Dave Ramsay seconded the motion. The motion passed by unanimous vote.

**Auditor's report on the FY15 financial statements:**

Tony Marini distributed and reviewed the FY15 audited financial statements and said it was a clean opinion. Mr. Marini said that in planning and performing the audit of the financial reports

they consider the Group's internal controls but do not express an opinion on the effectiveness of the controls. He said that the issues underlying the Segregation of Duties comments is similar to that of other joint purchase groups of the same size.

Mr. Marini said that the Assets exceeded the net position by \$5.9M in 2015 and by \$9.5M in 2014. He said the net position on June 30, 2015 was 5.1% of the fiscal year's claims expenses. Mr. Marini reported a decrease in cash of \$2.6M for 2015. He reviewed the Investment report and suggested continued talks with the investment advisors. He noted that some of the investments had better ratings last year.

Dan Morgado asked Ruth Hohenschau to provide him with a list of the WSHG holdings.

Mr. Marini reviewed the claims incurred but not reported (IBNR) and said the IBNR was \$8.9M last year. He said it was off by approximately \$500K from the estimate and noted that was within the range of tolerance. Mr. Marini said that the run-out claims report was on the back page. He said that he will send a signed copy of the report to Carol Cormier and Ruth Hohenschau for distribution to the Board.

Marc Waldman said there is \$9M to cover costs if WSHG were to close its books. He said the balance is a little low to subsidize the FY17 rates substantially. He said he wants an IBNR estimate without the four units that left WSHG. He said the Fund Balance target will be a lower figure.

Dan Morgado made a motion to accept the auditor's report on the FY15 Financial Statements.

Miriam Johnson seconded the motion. The motion passed by a unanimous vote.

Motion

**Treasurer's Report:**

Treasurer, Ruth Hohenschau, distributed and reviewed the Treasurer's report through December 31, 2015 (unaudited figures). She reported a Fund Balance of \$6,762,549 which was an \$833,858 increase since June 30, 2015. Ms. Hohenschau noted that the IBNR decreased by \$500K. She said that it will be lowered further in a couple of months. She said the ACA Transitional Reinsurance Fee of \$562K was paid, and she reported reinsurance reimbursements of \$1.5M.

Dan Morgado moved to accept the Treasurer's report.

Motion

Dave Ramsay seconded the motion. The motion passed by unanimous vote.

**GBS Reports:**

*Funding Rate Analysis (FRA)* – Carol Cormier reviewed the FRA for the month of November 2015. Ms. Cormier said the Tufts Rate Saver/Benchmark plans had a shortfall of funding of \$392,769. She said the expense-to-funding ratio across all plans on a paid basis was 93.4% with a surplus of funding of \$2,950,300 and noted over \$1M in reinsurance reimbursements were received since the beginning of the fiscal year for claims incurred in the FY15 policy period.

*Reinsurance reports* – Ms. Carpenter briefly reviewed the *FY15 reinsurance report* and said there were 11 members exceeding the \$300K specific deductible with total excess claims of \$4.85M. She said the group is expected to receive additional reimbursements of \$416K. Ms. Carpenter said there is one member exceeding the specific deductible on the *FY16 reinsurance report* with excess claims of \$91K.

*ACA Employer Reporting* – Carol Cormier said that GBS is receiving the member-by-month files from the health plans and will then sort the members by employer. She said some of that work will be done manually. Ms. Cormier said that GBS is asking the employers to sign a hold harmless agreement regarding the files. She said the files for each employer will be added to the GBS secure portal by February 8<sup>th</sup> following receipt of the hold harmless form. Ms. Cormier said that the deadlines to file have been extended and that GBS has sent a notice to the employers with the details.

Karen Jelloe said that she would like to file and send out the employee forms by the original deadline.

There was a discussion and Marc Waldman said that the forms do not have any bearing on the employees filing their income taxes. He said the health plans will be sending out the usual 1099-HC forms.

**Vote on proposed amendments to the Joint Purchase Agreement (JPA):**

Marc Waldman said the Board reviewed proposed amendments to the Articles of the WSHG Joint Purchase Agreement (JPA) regarding withdrawing from the group. He said the Appropriate Public Authority of each unit was given more than a 30-day notice of the proposed changes.

Mr. Waldman said South Middlesex Regional Voc-Tech School District has submitted a withdrawal notice to WSHG to be effective July 1, 2016.

Dan Morgado made a motion to approve by a roll call vote the proposed amendments to the JPA, as presented at the previous Board meeting and by email, to become effective today January 14, 2015.

Motion

The vote passed by a majority vote with one abstention. Those in favor of the motion were Marc Waldman, Town of Wellesley; John Senchyshyn, Town of Wayland; William Hurley, Accept Education Cooperative; Miriam Johnson, Town of Dedham; Hans Baumhauer, Dover Sherborn RSD; David Ramsay, Town of Dover; Richard Tranfaglia, Town of Natick; Dan Morgado, Town of Shrewsbury; Karen Jelloe, Town of Wrentham; Christopher Coleman, Town of Needham; and Mary Bousquet, Town of Holliston. Kirsteen Leveillee, South Middlesex Regional Voc-Tech School District abstained.

Marc Waldman said that he spoke to a representative of the Town of Sherborn regarding today's vote, and the individual told him that are looking at their options.

Kirsteen Leveillee said that South Middlesex Reg. Voc-Tech had to do its due diligence and looked at all of its options prior to making the decision to leave the group. She said that she enjoyed being part of the WSHG and working on the Wellness Committee. She said the district's decision to leave was the fiscally responsible thing to do given the savings and negotiation decisions that were made.

Carol Cormier distributed copies of the amended JPA agreement and all of the units in attendance that voted in favor signed the agreements. Ms. Cormier said that an electronic copy of the signed agreements would be sent out by GBS.

**Vote on proposed change for Fund Balance Policy:**

Marc Waldman said that the Steering Committee reviewed the Fund Balance Policy and is making a recommendation to change the current Fund Balance Policy calculation of the targeted amount based on “total monthly claims from July 1 to January 31 divided by 7 and multiplied by 12” to the “total monthly claims for the most recent 12 month period”.

Carol Cormier said this was established as a guideline for rate-setting but is not practical since the group sets its rates in February. She suggested basing the calculation on the most recent 12 months of paid claims.

John Senchyshyn made a motion to amend the Unreserved Fund Balance policy to read “total monthly claims for the most recent 12 month period”.

Motion
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Dan Morgado seconded the motion. The motion passed by majority vote. Kirsteen Leveillee abstained.

**Pharmacy presentation by Dr. Leslie Fish, Pharmacy Director, Fallon Health:**

Marc Waldman said that he invited Dr. Leslie Fish to present information regarding what is happening with pharmacy trends and costs. He said that he heard this presentation and wanted the Board to be informed of the trends and how they may impact the cost of healthcare.

Dr. Fish said that prior to her work at Fallon Health, she worked for 25 years in Pediatric Oncology.

Dr. Fish reviewed the presentation including pharmacy trends and the cost drivers, branded, specialty and generic medications, orphan diseases and medications, common disease states, oncology medications and the management of the new trends.

Dr. Fish said that the current pharmacy rate is 11% and accounts for 10% to 15% of all health care dollars. She said the estimated pharmacy trend for the year 2020 is expected to increase by 30%. She said that the Hepatitis C drugs like Solvaldi are a big cost driver at approximately \$1,000 per pill or \$84K per patient treatment. She said the ingredients cost \$139 while the development of the drug cost \$62 million dollars. Dr. Fish said that Fallon Health has started a “split fill” of certain drugs to avoid a waste of pills if a patient only uses a one month drug supply rather than a 90-day supply. She said that hypercholesterolemia medications are expected to cost \$10,000 a year per patient. Dr. Fish noted that there are 70 million people in the US taking these medications.

Dr. Fish said that increases of up to 9% are expected for branded medications. She said specialty meds such as Enbrel have increased by 25% over the last several months and cost \$4,000 to \$6,000 or more per month. She said that even generic medications have increased in cost by 10% over the past year.

Dr. Fish said some of the ways that Fallon Health is trying to manage and keep costs down is by looking at where the patient is receiving their treatment. She said costs vary depending on where the medication is received. Dr. Fish said they are also looking at copays and tiering levels along with transparency and education.

Dan Morgado suggested looking at the WSHG Rx tiers and possibly adding a 4<sup>th</sup> or 5<sup>th</sup> tier for the specialty medications.

Carol Cormier said that the HPHC plans currently have an open formulary and suggested that the group start by adding a closed formulary.

Marc Waldman suggested looking at a new plan design to take the place of the Rate Saver plan in FY18.

Mr. Waldman thanked Dr. Fish for her presentation to the Board.

**Other Business:**

The next Steering Committee Meeting was scheduled for February 18, 2016 at 10 AM at the Shrewsbury Municipal Office Building. A Board Meeting was scheduled for February 23, 2016 at 1:00 PM at the Natick Community Senior Center.

There was no other business.

John Senchyshyn moved to adjourn the meeting.

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

Marc Waldman adjourned the meeting at 3:15 PM.

*Prepared by Karen Carpenter  
Group Benefits Strategies*