

**West Suburban Health Group
Board Meeting**

Thursday, February 12, 2015, 1:30 PM

Wellesley Town Hall
Wellesley, MA

Meeting Minutes

Board Members in Attendance:

Marc Waldman, Board Chair	Town of Wellesley
Dan Morgado, Steering Committee Chair	Town of Shrewsbury
Maria Rosado	Accept Education Collaborative
David Ramsay	Town of Dover
Miriam Johnson	Town of Dedham
Gerard Lane	Town of Dover
Christine Tague	Dover-Sherborn RSD
Mary Bousquet	Town of Holliston
Martha White	Town of Natick
Richard Tranfaglia	Town of Natick
Elizabeth Dennis	Town of Needham
Debbie Reynolds	Town of Sherborn
Kirsteen Leveillee	South Middlesex RSD
John Senchyshyn	Town of Wayland

Guests in Attendance:

Ruth Hohenschau	WSHG Treasurer
Anne Costello	WSHG Assistant Treasurer
Michele Craemer	WSHG Wellness Coordinator
Jim Kern	Town of Dedham
Sarah Farrar	Town of Natick
Marianne Davis	Natick Public Schools
Donna Lemoyne	Town of Wayland
Michael Breen	Blue Cross Blue Shield of MA
Bill Rowbottom	Blue Cross Blue Shield of MA
William Hickey	Harvard Pilgrim Health Care
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Health Plan – Senior Plans
Kate Sharry	Group Benefits Strategies
Carol Cormier	Group Benefits Strategies

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

Marc Waldman asked everyone present to introduce themselves.

Bill Rowbottom introduced Michael Breen who is the new BCBS Senior Account Executive for the WSHG.

Approval of the Board meeting minutes of September 18, 2014:

Dan Morgado moved to approve the minutes of the September 18, 2014 Board meeting.

Betty Dennis seconded the motion. The motion passed by unanimous vote.

Motion

Auditor's report on the June 30, 2014 financial statements:

Marc Waldman said that the auditor's report was in the Board packet. He said the auditor presented his report to the Steering Committee at its January 29th meeting and said it was a clean opinion. He said the only issue on the management letter was the usual issue: Segregation of Duties.

Dan Morgado moved to accept the auditor's report for FY14.

Motion

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

Marc Waldman urged the Board members to share the audit report with their Appropriate Public Authorities.

Steering Committee vacancy:

Marc Waldman said that Jim Johnson from Walpole resigned from the Committee since the town will be leaving the WSHG at the end of June.

Dan Morgado said that Marc Waldman is serving on the Steering Committee *ex officio*, and the Steering Committee recommends that he be elected to fill the vacancy left by Mr. Johnson.

Dan Morgado moved to appoint Marc Waldman to the Steering Committee.

Motion

Jerry Lane seconded the motion. There were no other nominations.

The motion passed by unanimous vote.

Treasurer's Report:

Ruth Hohenschau distributed the Treasurer's reports for July 2014 through January 2015 (unaudited figures). She reviewed the Summary of Activity. She said the fund balance was \$8.86 million at the end of January 2015, down from \$15 million at the end of January 2014. She said the fund balance has decreased \$701K since the beginning of the fiscal year. She said the funding rates are covering the claims but not covering the other expenses. She reviewed the Balance Sheet of January 31, 2015.

Dan Morgado noted that the Fund Balance has been halved since June 2013.

Carol Cormier said that when Westwood, Ashland and Walpole withdraw from WSHG on July 1st, the WSHG will be responsible for paying their run-out claims which are estimated to be about \$1.7 million.

Marc Waldman said that the WSHG cannot consider using any of the Fund Balance to lower the FY16 rates.

Dan Morgado made a motion to accept the Treasurer's report.

Motion

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

Group Benefits Strategies (GBS) reports:

Funding Rate Analysis (FRA) Report – Carol Cormier reviewed the report for FY15 with data through December 2014. She said the expense-to-funding ratio was 101.2% and on a paid basis there was a \$773,409 funding shortfall for the six-month period.

Reinsurance reports – Carol Cormier reviewed the reinsurance reports for FY15 with data through December 2014. She said that there was one member with claims exceeding the \$300K specific deductible with claims totaling \$332,966 and excess claims of \$32,966. She said that there were 12 members with claims between \$150K and \$300K.

Wellness Committee report:

Kirsteen Leveillee said that the Wellness Committee has a new member, Scott Szczebak, Town of Wellesley.

Ms. Leveillee talked about iDiet, revised budget structure, and earned wellness credits. She said that BCBS will provide wellness credits as incentives. She asked the other carriers to consider giving wellness credits.

Michele Craemer, WSHG Wellness Coordinator, reported on her activities. She said she has met with all of the wellness liaisons. She said all communities except for one have wellness liaisons. Ms. Craemer said that she wants to identify and target the areas and activities that the employees are interested in.

Marc Waldman congratulated the Wellness Committee on its progress.

FY16 Out-of-Pocket Maximums:

Marc Waldman asked Carol Cormier to provide the background information on this item.

Carol Cormier reviewed the ACA requirements for Out-of-Pocket Maximums (OOP Max) that will impact WSHG plans on 7/1/15. She said OOP maximums are benefits to employees, limiting their out-of-pocket expenditures on services. She said currently the WSHG's HPHC, BCBS, and Tufts plans have OOP maximums on medical services only. She said Fallon required all clients go to a combined medical and prescription drug OOP Max. on 1/1/14. Ms. Cormier said the current medical-only OOP Max for HPHC, BCBS, and Tufts plans is \$2,000 per member, not to exceed \$4,000 per family per plan year.

Ms. Cormier said on 7/1/15 the WSHG will be required to have an OOP Max for prescription drugs (Rx) on all plans. She said the ACA allows separate or combined medical and Rx OOP maximums. She said ACA allows OOP maximums in 2015 to be as high as \$6,600 Individual and \$13,200 Family – combined medical and Rx amounts. Ms. Cormier said the GIC OOP Maximums are \$5,000/\$10,000, combined medical and Rx.

Carol Cormier said the ACA does not require an OOP maximum on out-of-network (OON) services. She said currently the WSHG PPO and POS plans have a \$3,000 per member OOP max on OON services. She said this limit can be reached easily through the deductible and 20% coinsurance. She said this creates the wrong incentive.

Dan Morgado said the Steering Committee recommends separate prescription drug and medical out-of-pocket maximums.

Dan Morgado moved the Steering Committee's recommendation to add a prescription drug OOP Max of \$2,000 per member, not to exceed \$4,000 per family in a plan year, effective 7/1/15.

Motion

John Senchyshyn seconded the motion. The motion passed by unanimous vote.

John Senchyshyn moved to eliminate the out-of-network out-of-pocket maximum on the Harvard Pilgrim PPO plan effective 7/1/15.

Motion

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

Point of Service (POS) Plan:

Marc Waldman said that with the departure of the Westwood, Ashland, and Walpole there will be only one or two subscribers left on the Tufts POS plan.

Dan Morgado said the Steering Committee recommends eliminating the Tufts POS, and he so moved the recommendation for a 7/1/15 effective date.

Motion

Martha White seconded the motion. The motion passed by majority vote. John Senchyshyn abstained.

FY16 Rate Projections:

Marc Waldman said that the Steering Committee reviewed the rate projections from the health plans and from GBS. He said that there were a number of funding scenarios developed and that the recommended scenario had been emailed to the Board. He said since there is no surplus fund balance to use towards the funding of FY16 expenses, all expenses had to be built into the rates. He said in previous years the claims from the alternative prescription drug program and the Affordable Care Act (ACA) fees were not built into the rates, but he said these expenses were included in the FY16 calculations.

Carol Cormier said that BCBS, Fallon, and Tufts offered 0% increases in their administrative fees, and Harvard Pilgrim proposed a 1% increase.

Dan Morgado said he favored raising the rate increase on the HPHC PPO plan to 20%.

Carol Cormier mentioned that the WSHG will have to prepare for the Cadillac Tax since the HPHC PPO rates will exceed the thresholds in 2018 when the tax is scheduled to go into effect. She said this will probably require changes in the rate setting approach in addition to plan design changes.

There was a discussion about the process of making the rate projections. Carol Cormier said that rates were developed with and without historical claims from the 3 withdrawing towns.

It was agreed that cost-saving measures should go on the agenda for the next Steering Committee meetings.

Dan Morgado moved to adopt the FY16 rates proposed in Scenario E, but with the HPHC PPO increase at 20%.

Motion

Martha White seconded the motion. The motion passed by unanimous vote.

There was a discussion of how the fund balance surplus had been used in the past and the fact that it will have to be built up to the targeted range spelled out in the Fund Balance policy.

There was a discussion about the GIC FY16 plan design changes that will be needed to reduce the GIC's budget deficit.

Jason Fortin said the GIC will vote on the changes at its February 13 meeting and will vote on rates at the next meeting.

Marc Waldman said that the GIC changes will affect all municipalities since they are able to adopt the plan design changes to the level of the GIC benchmark plan by using Ch. 32B, Section 21 and 22 to bargain. He said if GIC adopts changes, does the WSHG adopt them as well?

Health Plan reports:

Bill Hickey, Harvard Pilgrim Health Care (HPHC), said that HPHC would like to know whether WSHG will adopt the new state transgender surgery mandate on insurers. He explained the mandate.

Marc Waldman said this had been discussed at a previous meeting and tabled.

Carol Cormier said she had previously distributed the DOI Bulletin summarizing its ruling. She said the DOI says that excluding the gender identity or dysphoria-related treatment will be considered prohibited sex discrimination.

Martha White moved to adopt the transgender surgery mandate.

Motion

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

There were no other reports.

Other Business:

There was no other business.

Dan Morgado moved to adjourn the meeting.

Motion

Jerry Lane seconded the motion. The motion passed by unanimous vote.

Marc Waldman adjourned the meeting at 3:08 PM.

*Prepared by Carol Cormier
Group Benefits Strategies*