

**West Suburban Health Group  
Board Meeting**

Tuesday, February 14, 2017 at 10:00 AM

Wellesley Town Hall,  
Wellesley, 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
John Senchyshyn	Town of Wayland
David Ramsay	Town of Dover
Jerry Lane	Town of Dover
Jim Kern	Town of Dedham
Miriam Johnson	Town of Dedham
Christopher Coleman	Town of Needham
Martha White	Town of Natick
Mary Bousquet	Town of Holliston
Bill McAlduff	Dover-Sherborn RSD

**Guests in Attendance:**

Anne Costello	WSHG Asst. Treasurer
Christine Fowler	Town of Shrewsbury
Bill Hurley	Accept Education Cooperative
Patrick Hayes	Town of Natick
William Chenard	Town of Natick
Maryanne Davis	Town of Natick Schools
Debbie Deegan	Town of Dedham
Dawn Fattire	Dover-Sherborn RSD
Donna Lemoyne	Town of Wayland
Blythe Robinson	Town of Wellesley
Chuck Murphy-Romboletti	Town of Needham
William Hickey	Harvard Pilgrim Health Care (HPHC)
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Health Plan
Joe Anderson	Fallon Health
Amanda Runne	Fallon Health
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Mike Breen	Blue Cross Blue Shield of MA (BCBSMA)
Jonathan Payson	Blue Cross Blue Shield of MA (BCBSMA)
Bill Rowbottom	Blue Cross Blue Shield of MA (BCBSMA)
Kate Sharry	Group Benefits Strategies (GBS)
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Board Chair Marc Waldman called the Board meeting to order at 10:07 AM.

**Approval of the minutes of the October 13, 2016 meeting:**

John Senchyshyn moved to approve the minutes of October 13, 2016.

Motion

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

**Treasurer's Report:**

Assistant Treasurer, Anne Costello, distributed and reviewed the Treasurer's report through January 31, 2017 (unaudited figures). She reported a one month decrease of \$1.4M and an overall decrease of \$4.1M in the Fund Balance since June 30, 2016. She said the Fund Balance was \$6,236,679 on January 31, 2017.

Carol Cormier noted that the July 2016 claims included the runout of the units that had left WSHG.

Marc Waldman referred to the receivables page and reminded the Board that member payments are due by the first of each month. He said the Treasurer has had difficulty making payments to the health plan carriers due to late member payments. Mr. Waldman said there is enough money to pay the run-out, but the auditor is suggesting increasing the IBNR from \$8.5M to \$9M.

*FY16 Draft Financial Audit* – Marc Waldman said the audit will be complete once the rep letter is signed by Ruth Hohenschau and himself.

Tony Marini said he will send the final audit report out tomorrow. He said the numbers are represented fairly in accordance with the Government Auditing Standards. Mr. Marini said the internal controls were reviewed and wants the Board to be aware of the segregation of duties issue on the Management Letter, which he noted, was typical of all Joint Purchase Groups.

Mr. Marini said the IBNR was reviewed, and he recommends increasing it to \$9M based on the history of claims. He said the cash position as of June 30, 2016 was \$6M and noted that member payments were also down, due to the exit of participants.

Carol Cormier said 4 member units left on July 1, 2015 and 2 left on July 1, 2016. She said the rates were also set too low in FY14 and the government fees and alternative drug claims were not included in the FY15 and FY16 rates.

In response to a request, Carol Cormier said she would send the Board the total run-out amount resulting from the 6 member units that left.

Mr. Marini reported a fund balance of \$6.236M on June 30, 2016.

Marc Waldman said he would work with Ruth Hohenschau and Tony Marini regarding the reasons for the decline.

Dan Morgado moved to accept the auditor's report as final.

Motion

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

**GBS Reports:**

*Funding Rate Analysis (FRA)* – Carol Cormier reviewed the FRA with data through December 31, 2016. She said the expense-to-funding ratio across all plans on a *paid claims* basis was 101.8% with a shortfall of funding of \$921,297. She said almost \$1.7 million of the shortfall was attributable to the Harvard Pilgrim (HPHC) HMO plans.

*Reinsurance reports* – Karen Carpenter briefly reviewed the *FY16 & FY17 reinsurance reports*.

**Wellness Committee Report:**

Marianne Davis reviewed the participation in the wellness programs to include the Maintain Don't Gain and Stress Management Programs. She said the units have been providing resources such as massage chairs and screenings at their health fairs. Ms. Davis said there will be 2 spring challenges this year, one is "Fit & Fierce", a team and competitive challenge. And she said the other may be a walking challenge.

**Abacus reports and proposals:**

Marc Waldman said the Steering Committee reviewed 2 proposals, one was whether or not to add the Fallon Health plans to the My Medication Advisor (MMA) program, and also a specialty drug purchase program. Mr. Waldman said the recent analysis of savings by adding Fallon Health plans to the MMA program revealed better savings now that there is a higher enrollment in those plans.

Mr. Waldman said the Committee also discussed auditing the current MMA program to verify the savings that Abacus Solutions is estimating. He said the Committee feels that an audit independent of Abacus is preferred. Mr. Waldman said he suggested to the MMRA Board that the audit be built through the MMRA with CCMHG and MNHG participating in a common audit. Mr. Waldman said the Committee does not have a recommendation to the Board at this time, but wanted to keep the Board abreast of what they are working on.

The Board favored the direction of the Steering Committee.

**FY18 Rate Projections for active employee health plans:**

Marc Waldman said the Steering Committee reviewed in detail the FY18 rate projections from Carol Cormier and the health plan carriers. He said the Committee asked Ms. Cormier for additional rate scenarios, and he referred to the exhibits in the packet.

Mr. Waldman said the first exhibit is the current rates and enrollment with the total annual funding of \$99,802,764. He noted that the Benchmark plan rates and the Rate Saver plan rates have an 8% spread between them. He said the second exhibit labeled "page 19" is the same as the current scenario, but updated with February 2017 enrollment counts, rather than December 2016. He said this scenario accurately depicts the movement of the 503 Town of Wayland subscribers removed from the Rate Saver plans into the Benchmark plans.

Mr. Waldman said the health plan projections are completed by the carrier's underwriters and Carol Cormier completes the GBS projections. He said most years, there is not a big difference between the two, but this year, there is a big difference regarding the HPHC plans.

Mr. Waldman said the Committee narrowed down all of the scenarios presented to the following:

Scenario A1 – Health plan projections with the Alternative Rx, Diabetes program claims & ACA fees included and 8% spread between RS & Benchmark plans, for a composite increase of 6.2% and annual funding of \$106,033,822.

Scenario B1 – GBS projections with the Alternative Rx, Diabetes program claims & ACA fees included and a 8% spread between RS & Benchmark plans, for a composite increase of 13% and annual funding of \$112,774,612.

Scenario D4 – Health plan projections with 8% spread between RS & Benchmark plans, for a composite increase of 12.7%. Rates also include Alternative Rx, Diabetes program claims & ACA fees. Total annual funding of \$112,477,008.

Scenario D6a – Same as Scenario D4, but with the HP plans at 15% increase for a composite increase of 12.5% and annual funding of \$112,285,088.

Marc Waldman said he didn't understand how the Funding Rate Analysis shows the HPHC plans are underfunded by 9%, yet the rate increase HPHC projects is so low.

Bill Hickey said he requested the underwriters to re-look at the projections and at Carol Cormier's projections.

Mr. Waldman said he does not want to underfund the plans and said the Committee is recommending generating at least \$112M annual funding for the plans. He said this is open for discussion.

Carol Cormier explained that the Funding Rate Analysis is reporting on 6-months of claims. She said the rates are developed by looking at 2 years of claims and said the two cannot be compared.

Dan Morgado said the HPHC rates have not been set correctly since FY12. He referred to a historical report exhibit in the packet that he prepared.

Carol Cormier cautioned the Board about setting the rates for the largest enrolled plan incorrectly. She said that would make a big impact on the fund balance.

The Board reviewed the following two scenarios:

D-7 (a) – an alternative scenario using December 2016 enrollments, a 9% differential between the HPHC, BCBS and Tufts plans and a 8% differential between the Fallon RS & Benchmark plans, for a composite increase of 12.5% and annual funding of \$112,250,104.

D-7 (b) – Same scenario as D-7 (a), but with February enrollments for a composite increase of 12.3% and annual funding of \$111,631,815.

Carol Cormier said by adding deductibles to the plans, it is shown that members are better consumers of health care, leading to lowering of costs. She noted that next year, the Rate Saver plans will be eliminated.

There was a discussion.

Carol Cormier said to keep in mind, that an unrealistically low Benchmark plan rate increase for FY18 may lead to a larger increase to those plans in FY19 when the Rate Saver plans will be gone.

The Board agreed to rate the plans, looking at the scenarios with the February enrollments and to eliminate scenario A-1.

Dan Morgado made a motion to approve the FY18 rate projections as shown on Scenario D-7 (b), rounded to the nearest dollar.

Motion

John Senchyshyn seconded the motion.

There was additional discussion, and the Board agreed that they would entertain future motions for off-anniversary movement from the Rate Saver plans to the Benchmark plans.

In response to a discussion about the HSA - qualified high deductible plans, Carol Cormier said GBS would add informational presentations provided by BCBS and Health Equity to the WSHG website.

Ms. Cormier said she applied the decrements provided by the health plans to the Rate Saver plans to determine the HSA plan rates.

A vote was taken on the motion and passed unanimously.

Carol Cormier said all of the health plan carrier's preferred HSA vendor is Health Equity, with the exception of Fallon Health, which utilizes Benefit Strategies. Ms. Cormier noted that Benefit Strategies is not affiliated in any way with GBS.

**Health Plan Reports:**

*Harvard Pilgrim* – Bill Hickey said the health plan representatives will need a list of those units that are adding the HSA plans. He said the list will be used to coordinate educational meetings and for the administration of the vendor.

Carol Cormier said GBS will gather that information.

John Senchyshyn said he favors union members hearing the presentations on the HSA's and the high deductible plan works.

Marc Waldman said he wants the Board to hear the presentations first.

*Tufts Health Plan* – Erin Hayes spoke about 3 new state mandates to include additional Methadone, Lyme Disease and HIV treatments.

After a discussion, Martha White made a motion to approve adding the mandates to all of the plans effective July 1, 2017.

Motion

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

*Blue Cross Blue Shield* – Michael Breen introduced Jonathan Payson as the new WSHG Account Service Representative.

**Other Business:**

There was no other business.

Jerry Lane motioned to adjourn the meeting.

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

Marc Waldman adjourned the meeting at approximately 12:22 PM.

*Prepared by Karen Carpenter  
Group Benefits Strategies*

*WSHG Board meeting, 02/14/17*

*Prepared by Karen Carpenter  
Group Benefits Strategies*