

**West Suburban Health Group  
Board Meeting**

Tuesday, February 11, 2014

Natick Senior Community Center  
Natick, MA

**Meeting Minutes**

**Steering Committee Members in Attendance:**

Marc Waldman, Chair	Town of Wellesley
Peter Hoagland, Steering Committee Chair	Town of Sherborn
Dan Morgado	Town of Shrewsbury
Elizabeth Dennis	Town of Needham
John Senchyshyn	Town of Wayland
Mary Beth Bernard	Town of Westwood
Martha White	Town of Natick
Dick Tranfaglia	Town of Natick
William Keegan	Town of Dedham
Mary Bousquet	Town of Holliston
David Ramsay	Town of Dover
Gerard Lane	Town of Dover
Jim Johnson	Town of Walpole
Anthony Schiavi	Town of Ashland
Michael Hebert	Town of Ashland
Rose Bragdon	The Education Cooperative
Kirsteen Leveillee	So. Middlesex RSD
Christine Tague	Dover Sherborn RSD

**Guests in Attendance:**

Ruth Hohenschau	WSHG Treasurer
Valorie Donohue	Town of Walpole
Miriam Johnson	Town of Dedham
Debbie Deegan	Town of Dedham
Donna LeMoyné	Town of Wayland
Tricia Schmitt	Dover Sherborn RSD
William Hickey	Harvard Pilgrim Health Care
Suzanne Donahue	Blue Cross Blue Shield of MA
Bill Rowbottom	Blue Cross Blue Shield of MA
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Health Plan – Senior Plans
Jason Fortin	Fallon Health
Joe Anderson	Fallon Health

Carol Cormier  
Chair, Marc Waldman, called the meeting to order at 10:09 AM.

Group Benefits Strategies

**Approval of the Board meeting minutes of October 1, 2013:**

Pete Hoagland moved to approve the minutes of the October 1, 2013 Board meeting.

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

Motion

**Treasurer's Report:**

Treasurer, Ruth Hohenschau, distributed financial statements of October, November, and December 2013 (unaudited figures) and a summary of the financials from June 30, 2013 through December 2013. She said that the figures for June 30 reflect the auditor's adjustments. She said that the fund balance dropped \$2.7 million from June 30 to October 31 but then went down to a \$1.7 million drop at the end of December. Ms. Hohenschau said that the BCBS Level Monthly Deposit was reduced because of the change in Medex to an EGWP.

Ms. Hohenschau reminded the members that payments for member invoices are due by the first of the month and asked that everyone pay on time.

Marc Waldman said that last year when WSHG set its rates it did so anticipating that \$5.9 million of the Fund Balance would be used. He said that it is still early in the year but it appears that less of the Fund Balance will be used than planned. He said that close attention will be paid to this.

Marc Waldman reiterated Ms. Hohenschau's request that members pay their monthly invoices on time.

Pete Hoagland moved to accept the Treasurer's report.

Motion

Mary Beth Bernard seconded the motion. The motion passed by unanimous vote.

**Group Benefits Strategies (GBS) reports:**

*Funding Rate Analysis Report* – Carol Cormier reviewed the report with data through December 2013. She said on a paid basis there was a funding shortfall of \$2.8 million at the end of December. She said that if the same pattern were to continue through June, the shortfall would be \$5.6 million, which is close to the amount of Fund Balance reduction that the group expected for FY14. Ms. Cormier reminded the Board that CY13 is the last year for which WSHG will receive the Retiree Drug Subsidy (RDS) income because WSHG changed Medex, Managed Blue for Seniors, and Medicare Enhance to EGWPs effective January 1, 2014. She said EGWPs are not eligible for RDS. She said employers will have lower rates with the EGWPs, but there will be a loss of revenue for WSHG.

*Reinsurance reports* – Carol Cormier reviewed the reinsurance reports for FY13 with data through December 2013. She said that there were four members exceeding the \$300K specific deductible with claims totaling \$1,999,077 and excess claims of \$799,077. She said the Group met the \$500K aggregating specific deductible (ASD) and received \$296, 864 in reimbursements. She said an additional \$2.2K is owed the group. She said two of the four members are deceased. She said there were 34 members with claims between \$150K and \$300K with claims totaling \$7.2 million.

Ms. Cormier reviewed the reinsurance claims reports for FY14. She said that through December two members had claims over the \$300K deductible with claims totaling \$897,587 and excess claims of \$297,587. She said that the group has not yet met the \$500K ASD for FY14.

**Wellness Committee report:**

Marc Waldman said he met with the Wellness Committee recently. He said they all agreed to move away from the idea of finding a wellness coordinator and agreed that they should scale back to concentrate on specific programs. He said they are looking into the Abacus Healthy Weight/Healthy Heart® program. Mr. Waldman said that the Committee wants to have a Board meeting at which there will be presentations of various wellness programs that employers could replicate such as the Natick Schools programs. He said that the best way to control health care costs is to get and keep people healthy.

**WSHG Website:**

Marc Waldman said that GBS showed the Board examples of websites that other joint purchase groups have, i.e. Cape Cod Municipal Health Group (CCMHG) and Minuteman Nashoba Health Group (MNHG) websites. He said that the WSHG could have a website developed by the developer for MNHG and CCMHG's websites, Cole WebDev, using the same format for \$3,700. He said that Cole WebDev's hosting fee would be \$230 annual and GBS would maintain the site for \$1,500 per year.

Pete Hoagland motioned to establish a WSHG website using Cole WebDev to develop and host the site and GBS to maintain the site at the prices stated by Marc Waldman.

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

**Multi-Level Reinsurance Pooling Arrangement (MLRPA):**

Marc Waldman explained that the reinsurance market for municipalities has been dwindling and become less competitive. He said that part of the impetus to go forward with the reinsurance pooling arrangement is to assure guaranteed access to coverage. He said that GBS was concerned about getting coverage for high cost claims and brought forward the concept of the MLRPA to all the MA joint purchase groups a year or more ago. He said the model changed over that time and three of the groups: WSHG,

CCMHG, and MNHG, have been working on this project with representatives of GBS, Gallagher Benefits, and others. He said the product has been developed, the companies are in place, and there is a proposed Governance Agreement. He said that the Boards of CCMHG and MNHG have voted to participate in the MLRPA but that three groups are required in order for it to go forward. Marc Waldman noted that the initial rates are higher than the WSHG has been paying. He said that as a start-up, caution has been built into the numbers. Mr. Waldman said that the representatives of the three joint purchase groups decided that all of the groups will have the same policy terms and will pay the same rates. He said that for MNHG, the smallest of the groups, this will mean an increase in the deductible. He said that the \$500K Aggregating Specific Deductible will be eliminated. Mr. Waldman referred to the spreadsheets prepared by GBS including a history of premiums, increases, and recoveries. He said that with the pooling arrangement, whatever is not spent goes back to the participating joint purchase groups or is retained in the pool to reduce future rate increases. He compared it to the start-up of WSHG.

Carol Cormier explained the three layers of the pooling arrangement and also said that the annual maximum that's on the current policy will be eliminated.

Pete Hoagland said that the Steering Committee recommends that WSHG join the Multi-Level Reinsurance Pooling Arrangement (MLRPA) as proposed.

Pete Hoagland moved that the West Suburban Health Group join the proposed MLRPA as of July 1, 2014.

Motion
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Dan Morgado seconded the motion.

There was a discussion.

Bill Keegan asked Carol Cormier if there is any reason not to join.

Carol Cormier said that there are always unknowns with new ventures but that reinsurance expense represents only about 1% of WSHG expenses. She said that GBS has been very concerned about the ability to get quotes from carriers and said that WSHG received only one quote for FY14. She said that the MLRPA takes the WSHG out of that process and assures coverage while also providing the opportunity to receive dividends from the pool. She said that the Governance Agreement requires a 3-year commitment. She said she thinks it is very worth trying this arrangement.

Bill Keegan said that he wants to support the pooling arrangement and said he agrees that every year has been a struggle with attaining good quotes.

Dave Ramsay asked how Berkley was selected to reinsure the top tier and how it was decided that claims over \$800K would be ceded to a reinsurance carrier.

Marc Waldman said that Gallagher vetted a number of reinsurance carriers and selected Berkley as the best partner with the best prices.

Carol Cormier said that this is the “plug and play” model. If over time the groups want to replace Berkley, they can do so without disruption to the pooling arrangement. She said that originally the plan was to have each group cover claims up to \$300K, have the pool cover claims from \$300K to \$750K or \$1 million. She said that ultimately with underwriting advice from Berkley the \$800K ceiling on pool coverage was agreed upon.

Marc Waldman said that after the MLRPA gets going it is likely that other groups or single municipal employers will want to join.

There was no other discussion.

Marc Waldman called for a vote on Mr. Hoagland’s motion.

The Board voted unanimously in favor of Mr. Hoagland’s motion to join the MLRPA.

Vote on motion

Pete Hoagland moved approval of the MLRPA Governance Agreement.

Motion

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

Dan Morgado moved to appoint Marc Waldman as the WSHG’s primary representative on the MLRPA Board.

Motion

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

Pete Hoagland moved to appoint Dan Morgado as WSHG’s alternate representative on the MLRPA Board.

Motion

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

**FY15 Health Plan Rates for Active Employee Plans:**

Pete Hoagland said the Steering Committee recommends Funding Scenario C-3.

Mr. Hoagland moved adoption of FY15 Funding Scenario C-3.

Motion

Dan Morgado seconded the motion.

Marc Waldman explained the rate setting process. He referred to the rating packet sent to the Board by Ms. Cormier. He said as in years past the WSHG reviews two independent projections for each plan, one from the carriers and one from GBS. He said the recommended scenario is based on Scenario C, which shows the lower of the two projections for each health plan. He said that there are three issues that are of note and up for discussion: (1) the fact that the Steering Committee used the lower of two projections as the basis for its recommendation, (2) whether or not the WSHG should use fund

balance again to reduce rates, and (3) the fact that the Steering Committee's recommendation does not homogenize the rate increases as was done last year, i.e. last year all Rate Saver plans got a 4% rate increase.

Mr. Waldman said that the Steering Committee is recommending using \$2 million of fund balance to reduce FY15 rates for all the HMO plans. He said an 8% rate increase is recommended for the PPO and POS plans with no use of fund balance.

Kirsteen Leveillee asked about the rates for South Middlesex RSD (SMRSD), which is currently paying unsubsidized rates.

Mr. Waldman said that the agreement with SMRSD when it was accepted into the WSHG was that the district would pay the unsubsidized rates for two years and then would be eligible to participate in the fund balance. He said the Steering Committee confirmed this at its meeting.

Carol Cormier said that she would do a separate rate exhibit for SMRSD showing FY14 and FY15 rates and the increase percentages for each plan.

David Ramsay asked why the Steering Committee decided to go with the lower of two projections. He also asked about the forecast for the Fund Balance for June 30, 2015.

Dan Morgado said he projects the fund balance will be about \$13.5M on June 30.

Carol Cormier said in addition to other funding scenarios she has presented a "lower of two projections" scenario for several years because the WSHG wanted to reduce its fund balance. She said based on the FY15 projections for two of the plans she thought the group would want to use fund balance and reduce rates a bit this year again.

Mary Bousquet asked if WSHG could drop the POS plan since it has so few subscribers.

Mary Beth Bernard said that Westwood's collective bargaining agreements obligate the town to keep it through FY15.

Marc Waldman called for a vote on Mr. Hoagland's motion to approve FY15 Funding Scenario C-3.

The motion to approve Funding Scenario C-3 passed by unanimous vote.

Vote on motion
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**Health Plan Reports:**

Marc Waldman said that the WSHG is aware that it must deal with Out-of-Pocket (OOP) maximums to be compliant with the ACA but said the Board would take this up at the next meeting.

Erin Hayes, Tufts Health Plan, said that she will need to know the OOP maximum decisions well in advance of Open Enrollment in order to get the information into the Summaries of Benefits (SOBs). Ms. Hayes said that the highest OOP maximums allowed by the ACA are \$6,350 Individual and \$12,700 Family.

Bill Hickey, HPHC, said that the WSHG will need to add OOP maximums to the in-network portion of the PPO plan.

Marc Waldman said that the group will want to know what the GIC's OOP maximums will be on 7/1/14 since the WSHG has modeled its Benchmark plan on the GIC Benchmark plan.

**Other Business:**

The following meetings were scheduled to be held at Natick Senior Community Center:

- ❑ WSHG Steering Committee meeting on March 18 at 9:00 AM;
- ❑ WSHG Board meeting on March 18 at 10 AM.

There was no other business.

Pete Hoagland moved to adjourn the meeting.

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

Marc Waldman adjourned the meeting at 11:35 AM.

*Prepared by Carol Cormier  
Group Benefits Strategies*