

**West Suburban Health Group**

**Steering Committee Meeting**

May 8, 2013 at 1:30 PM

Sherborn Town Hall

Sherborn, Massachusetts

**Meeting Minutes**

**Steering Committee Members in Attendance:**

Pete Hoagland, Steering Committee Chair	Town of Sherborn
Marc Waldman, Board Chair	Town of Wellesley
Daniel Morgado	Town of Shrewsbury
John Senchyshyn	Town of Wayland
Michael Boynton	Town of Walpole

**Guests in Attendance:**

Ruth Hohenschau	WSHG Treasurer
Erin Hayes	Tufts Health Plan
Suzanne Donahue	Blue Cross Blue Shield
Rob Anderson	Fallon Community Health Plan
Bill Hickey	Harvard Pilgrim Health Care
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair, Pete Hoagland, called the meeting to order at 1:30 p.m.

**Approval of the Minutes of February 19, 2013:**

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

Motion

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

**Treasurer's Report:**

Treasurer Ruth Hohenschau reviewed the financial statements (unaudited figures) through March 2013. She reported a fund balance of \$18,973,045, a decrease of \$3.7M in the unrestricted Fund Balance at the end of March. Ms. Hohenschau said that three towns were late sending their payments in, and said that the total due was \$856K. She said the towns have now paid, but it is not reflected in this month's report. Ms. Hohenschau asked what the rule is about assessing interest for late payments.

Carol Cormier said that the Joint Purchase Agreement gives authority to assess interest for payments more than 30 days past due and said she would send that language to Ms. Hohenschau.

Ms. Hohenschau said that she asked BCBS for a review of the Level Monthly Deposit amount and has not received a response.

Suzanne Donahue apologized and said that she would speak to the underwriters.

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

Motion

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

Carol Cormier noted that the Retiree Drug Subsidy (RDS) used to be received by WSHG for eligible members on active plans. She said that since enactment of Ch. 32B, S. 18A requiring Medicare eligible retirees to enroll in Medicare plans, WSHG will only receive the RDS on retirees in RDS-eligible senior plans.

In response to a question asked, Carol Cormier said that the FY13, current, rates were not expected to be subsidized by the trust fund.

Ruth Hohenschau asked Ms. Cormier to send her samples of how other JPGs record the fund balance and amount over the fund balance target.

**GBS Reports:**

Funding Rate Analysis by Plan - Ms. Cormier reviewed the FY13 Funding Rate Analysis by Plan with data through March. She said that the expense-to-funding ratio was 100.8%. She said most of the plans are underfunded with the exception of the senior plans and the HPHC Rate Saver. Ms. Cormier said that the HPHC Legacy EPO has a shortfall of \$1.07M, but said that there are very few enrollments in that plan. She noted that the report reflects \$273K from reinsurance reimbursements.

Michael Boynton said that the decrease in the fund balance would have been \$2.9M if the member assessments had been paid on time.

BCBS Level Monthly Deposit (LMD) - Ms. Cormier reviewed the BCBS Level Monthly Deposit Quarterly Accounting report with claims paid through March 2013 and said that WSHG had a credit balance of \$865K.

Suzanne Donahue said that she is asking that the LMD be lowered to \$1.150M from \$1,418M.

Reinsurance Reports - Karen Carpenter reviewed the Stop Loss reports for FY12 and said that the Group has met the Aggregating Specific Deductible of \$500K. She said there are 10 claimants on the report and there is \$13,018 in reimbursements due the group as of March 2013. Ms. Carpenter said that reimbursements of \$255,771 have been received. She said there are 29 claimants on the report of claimants that have reached between 50% and 100% of the specific deductible with claims totaling \$5.89M.

Ms. Carpenter reviewed the Stop Loss Report for FY13 and said that there is one claimant on the report with claims totaling \$515,069. She said that the Aggregating Specific Deductible of \$500 has not been met. She said that 18 claimants have reached between 50% and 100% of the specific deductible with claims totaling \$3.7M.

Carol Cormier recommended sending the FY14 Reinsurance RFQ out to Stop Loss Insurance Services, the incumbent broker, and to Gallagher Benefit Services. She said in the past WSHG has marketed the reinsurance to multiple brokers, some of whom seek quotes from the same carriers. She said this has been cited as a reason why carriers are declining to quote. She said that the decision is up to the Committee.

Dan Morgado suggested asking for quotes from the brokers used over the past three years.

Carol Cormier said that WSHG has had the same broker for the past three years.

The Steering Committee agreed to the recommendation made by Ms. Cormier.

Ms. Cormier noted that the group is not required to use MGL Ch. 30B to obtain insurance.

Ms. Cormier reviewed the exhibit of reinsurance premiums paid and recoveries received by WSHG since 2005 as prepared by GBS.

**Oral chemotherapy mandate:**

Carol Cormier said that there is a state mandate that requires orally administered anti-cancer medications to be covered on a basis no less favorable than intravenously or injected administered medications. Ms. Cormier said that this would mean there will be a \$0 co-pay for oral chemotherapy medications. She said that BCBS will automatically add the benefit to its plans, but the other carriers give self-funded plan sponsors the option of adopting the mandate or not.

Bill Hickey said that the actuarial-determined cost of adding the benefit is estimated to be two-tenths of a percent and said that HPHC will add the mandate on July 1, 2013 unless told otherwise.

Michael Boynton made a motion to recommend to the Board to approve adding the oral chemotherapy mandate to all the plans effective July 1, 2013 to be consistent with the BCBS coverage.

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

**Mental Health Parity testing:**

Suzanne Donahue said that BCBS completed the Mental Health Parity testing on all of the WSHG BCBS plans over the past two years. She said that BCBS is offering to test the plans again this year at no charge to the group. She noted that the mandate base changes yearly.

The Account Executives from Tufts, Fallon and HPHC all said that their base plans pass the testing and are compliant.

There was a discussion and the Committee did not take any action.

**Multi-Level Reinsurance Pooling Arrangement – further discussion:**

Carol Cormier introduced Tracey May from Gallagher Benefit Services and said that the Committee met Manjusha Sheobaran, AIG, at the Board Meeting. She said that they will present additional financial information to the Committee. Ms. Cormier said that an FY14 RFQ will be sent out, and once the quotes are received, the Committee will review all of the options. In response to a question, she said if two other JPGs want to enter into a pooling arrangement, that it might be possible to do for FY14, although difficult.

Marc Waldman said that one month does not seem like enough time to finalize the documents and do everything that would need to be done to form the arrangement. He said that he would have liked to have seen it happen for this year, but asked if a six month reinsurance policy would be attainable.

Tracey May said that 90% of due diligence has been done. He said that the insurance policy and agreement would need to be signed, leaving only the JPG agreement to be worked out. Mr. May said that most of the JPGs have the same structure and said that there would be more than one month to put the agreement together. He said that the dividends will not be calculated until months later and so that methodology would not have to be agreed upon right away.

John Senchyshyn said that they will need to review the legal opinion that GBS is seeking and asked if the WSHG Joint Purchase Agreement would need to change.

Carol Cormier said that none of the existing Joint Purchase Agreement would need to change.

Manjusha Sheobaran said that each JPG will continue to pay its own reinsurance rates and a portion of that money will go into the pool and a portion will pay for the reinsurance policy (policy for claims exceeding \$750K).

In response to a question asked, Manjusha Sheobaran said that a minimum of three JPGs will need to participate in the pooling arrangement.

Carol Cormier said that MNHG is interested, but noted that they are on a different plan year, i.e. June – May. She said that CCMHG has an interest for FY15.

Michael Boynton suggested holding off on reviewing the financial information. He said that unless the other JPGs are interested in forming the arrangement for FY14, the presentation will not be useful.

Marc Waldman said that hearing the presentation today will save time at the June Board meeting.

Tracey May reviewed the loss ratios and stop loss policy increases. He also reviewed the historical claims overview.

Carol Cormier said that since 2005 \$2M more in reinsurance reimbursements were received than what was paid out in premiums.

Tracey May said that WSHG also has a claimant that has been lasered and an Aggregating Specific Deductible (ASD) on the current policy. He said that under the pooling arrangement there would be no ASDs and no lasers. He said to keep in mind that stop loss expense is typically less than 1% of the total spend.

Manjusha Sheobaran said that all of the pool participants will need to have the same incurred and paid policy term, most likely 12/24.

Carol Cormier said that all of her clients currently have a 12/24 policy.

Tracey May said that Option #2 would increase the Specific Deductible from \$300K to \$350K with no laser or ASD. He said that it is financially favorable for all companies with the exception of company #5. He said he labeled the exhibit using “companies and #'s” rather than naming the JPGs for privacy reasons. Mr. May said that if all JPGs join and claims are favorable and there is a 80% paid loss ratio (PLR), a dividend of \$462,310 realized. He said it would be up to the JPGs if they wanted to add \$25K to their current Specific Deductible.

Mr. May reviewed the 2013 projected and proposed policy on pages 5 and 6 of the presentation.

Manjusha Sheobaran noted that the proposed stop loss policy deductible was brought down to \$750K from \$1M since the last meeting with WSHG. She said that there were not many claimants that currently exceeded \$1M in claims. She reviewed the fixed costs and expenses.

Tracey May discussed the required collateral and said it is accounted for separately for each group.

Manjusha Sheobaran said that the reinsurance market on a whole is doing well and said it is only the municipal market that is experiencing the difficulties in obtaining quotes. She said that is because the municipal accounts are currently underpriced. She said that at some point there will need to be a rate adjustment. Ms. Sheobaran said that the proposed pooling arrangement will take the groups out of the market and into managing their own reinsurance.

There was a discussion about the fees and commissions that would be paid to AIG and Gallagher Benefit Services in the pool arrangement.

Tracey May said that no fees will be paid to GBS. He said that he would provide three sets of documents for the Committee to review.

Ms. Sheobaran said that the documents are the participation agreement for the rental cell, the National Union Fire policy and the reinsurance agreement. She said that the government document is not included here today, but said that she will email it to Carol Cormier for distribution.

Marc Waldman suggested creating a statement of principles to agree to with checks and balances.

Manjusha Sheobaran said that she will put together a list.

Dan Morgado said that reinsurance may not be available in the future and said that they should make preparations for it.

The Committee thanked Mr. May and Ms. Sheobaran, and they left the meeting.

Carol Cormier said that GBS engaged an attorney to give an opinion regarding authority of the JPGs to enter into this type of reinsurance pooling arrangement as proposed.

**Changing Medex and Medicare Enhance to EGWPs and the discontinuation of the International Rx and Diabetes Rewards Programs:**

Carol Cormier said that members on the programs administered through the Abacus Group will no longer be able to utilize those programs once Medex and Medicare Enhance become EGWPs. She reviewed the proposed phase-out communications from the Abacus Group that may be sent to members currently utilizing the programs. Ms. Cormier said that communications will be sent to the members notifying them that participation in the programs would end in December and would provide instructions about existing mail order prescriptions and where to go with questions. She said that promotional communications to retirees will cease effective September 30<sup>th</sup> and said all correspondence to the members will terminate December 31, 2013. Ms. Cormier said that scripts filled in December will be filled through the end of the first quarter of 2014. She said existing scripts will terminate upon their renewal in the first quarter.

Suzanne Donahue said that Abacus would need to send a list of those impacted users to be able to send out a communication to them.

Carol Cormier said that a general communication to the retirees will include information directing members to contact their benefit office with any questions.

**Dependent Eligibility Audit Update:**

Carol Cormier said that as of May 1, 2013, 89% of dependents were found to be eligible. She said that 1.0% asked to be voluntarily removed and 0.1% of dependents were determined to be at risk. Ms. Cormier said that all documents need to be received by May 30<sup>th</sup>. Ms. Cormier said that Kate Sharry from Enrollment Audit Solutions (EAS) will be present at the June Board meeting to present the final report.

**Other Business:**

Michael Boynton said that he had two requests from the towns IAC. He said one was to see if hearing aid coverage could be added to the active health plans and the other was adding a subscriber plus one tier.

Rob Anderson said that 2-person plans have been found to be actuarially higher costing than a family plan.

Carol Cormier told of two studies that were done for other joint purchase groups showing that the 2-person families had the highest per contract cost and per member costs compared to Individual and Families of 3 or more.

There was no other business.

John Senchyschyn made a motion to adjourn.

Motion
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Michael Boynton seconded the motion.

Pete Hoagland adjourned the meeting at 3:40 PM.

*Prepared by Karen Carpenter  
Group Benefits Strategies*