

**West Suburban Health Group**

**Steering Committee Meeting**

December 4, 2013 at 2:00 PM

Wellesley Town Hall

Wellesley, 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
Betty Dennis	Town of Needham

**Guests in Attendance:**

Ruth Hohenschau	WSHG Treasurer
Tracey May	Gallagher Benefits Services
Manjusha Sheobaran	Berkley Insurance Company
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair, Pete Hoagland, called the meeting to order at 2:05 p.m.

**Approval of the Minutes of May 8, 2013:**

Marc Waldman moved approval of the May 8, 2013 minutes.

Motion

Dan Morgado seconded the motion. Betty Dennis abstained.

The motion passed by a majority vote.

**Treasurer's Report:**

Treasurer Ruth Hohenschau reviewed the financial statements (unaudited figures) through October 2013. She reported a fund balance of \$15,205,771, a decrease of \$2.07M in the unrestricted Fund Balance at the end of October. Ms. Hohenschau noted that the Town of Natick paid its \$1.2M premiums late and Accept was behind 3 months. She said they payments are current now. She said two employers were later with payments totaling over \$1.2M. She said the employers recently 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 allows for assessment of 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. She said as of January 1, 2014 the group will no longer be eligible for RDS because at that time all of its plans will incorporate Medicare Part D.

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 FY14 Funding Rate Analysis by Plan with data through October. She said that the expense-to-funding ratio was 103.5%. She said all EPO plans except for Fallon plans are underfunded. She said that the expenses for the four months exceeded the funding by \$1,417,848. She noted that the report reflects \$220K from reinsurance reimbursements from events of prior years. She noted the change to calendar-year reporting for the RDS.

Marc Waldman said that the group will have to decide about RDS distributions to the employers.

Carol Cormier said that the group may want to wait until more data is in and until after rate-setting.

BCBS Level Monthly Deposit (LMD) -Ms. Cormier reviewed the BCBS Level Monthly Deposit Quarterly Accounting report with claims paid through October 2014 and said that WSHG had a credit balance of \$187K at the end of the first quarter of FY14 and has a credit balance of \$306K after one month of the 2<sup>nd</sup> quarter..

There was a discussion about the move of Medex and Medicare Enhance plans to EGWPs (Medicare Part D built in).

Marc Waldman reminded the Committee to budget for FY15 without the Legacy plans since they will be dropped at the end of FY14.

Reports from The Abacus Group – MyMedication Advisor (MMA):

Carol Cormier reviewed the report through September prepared by Abacus Group on the MMA programs. She said that the international RX buying program is exceeding projections and the Alternative Savings Program is running a bit behind projections, probably because the health plans are doing a good job promoting generic medications. She said Abacus reports total net savings for nine months of \$712,669 and employee savings of \$144,776 in waived copays.

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

Marc Waldman explained that an Advisory Committee had been formed made up of representatives of WSHG, CCMHG, and MNHG. He said he has been attending those meetings pertaining to forming a reinsurance pooling arrangement. He said that there have been very few reinsurers interested in bidding for the municipal business and that there has been more lasering and the need to increase deductibles to keep rates down. He said that they are looking at a new model for covering high cost claims, a model that is similar to how the joint purchase groups operate to provide self-funded health benefits. He said that in this case the joint purchase groups would join together to self-fund some of their high cost claims and

reinsure with a carrier at a much higher deductible level. He said this process started a year ago and that the groups have been working with Gallagher Benefis Services, Group Benefits Strategies, Artex Risk Solutions, and Berkley Insurance. He said that the Advisory Committee has made a number of changes to the original proposal including common rating and risk sharing. He said the Committee has reviewed and agreed on a governance document. He said the concept and documents will be reviewed by counsel.

Carol Cormier said that recently the MNHG Steering Committee voted unanimously to recommend the MLRPA to its Board and that she expects a similar vote from the CCMHG Steering Committee at its January meeting. She said that it is likely that the rates will be higher initially but said that the joint purchase groups are eligible for dividends on premiums paid into the pool when claims come in lower than expected.

Marc Waldman introduced Tracey May from Gallagher and Manjusha Sheobaran from Berkley.

Tracey May compared the original pooling model from last year with the current proposed model. He said that the reinsurance is a very small portion of the operating expenses. He said that the bulk of the high cost claims will be paid from pool money rather than going to the carrier. He reviewed the features of the model and the various layers. He said that the groups would be asked to put up collateral or working capital deposits but that it would not be expected that these funds would have to be touched. He reviewed the fixed costs. He said that reinsurance would be purchased at a high level, i.e. \$800K deductible, which would not be a deterrent to carriers.

Manjusha Sheobaran reviewed slides in the handouts. She likened the model to the groups creating their own insurance company. She said exposure to the pool will be capped at \$800K and that there will be a protective wall on the pool as well. She said that, as the Advisory Committee requested, all three groups will pay the same rates and have the same policy terms including a \$300K specific deductible. She said there will be no lasers and no Aggregating Specific Deductible (ASD). She said the cost of the ASD will be built into the rates which will increase them somewhat.

Tracey May said that Artex will be the captive or pool manager. He said that Artex is a fully owned subsidiary of Arthur J. Gallagher. He said Mike Madden of Artex will be the pool manager and has over twenty years of experience with managing captives for about 200 clients.

Manjusha Sheobaran continued to review the slides. She said that Berkley Insurance will adjudicate and pay all claims and then will seek reimbursement from the pool for claims between \$300K and \$800K. She said this will make the operations the same as the current operations and transactions.

Tracey May said that although the pool will start with three JPGs, there will be the option ongoing to add other groups subject to review and approval by the MLRPA Board.

Carol Cormier pointed out that Group Benefits Strategies will receive no compensation or other money from the proposed arrangement and that it has brought this concept to groups because of concern that they would not be able to get reinsurance quotes in the future.

Dan Morgado moved to recommend to the Board to move forward with the Multi-Level Reinsurance Pooling Arrangement (MLRPA) with CCMHG and MNHG.

Motion

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

Dan Morgado moved that if the MLRPA becomes a reality, Marc Waldman will be the WSHG representative on its Board.

Motion

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

Dan Morgado asked about getting the legal opinion on the documents.

Carol Cormier said she will give them to Attorney Leo Peloquin for review.

**Wellness Committee Update:**

Marc Waldman said that Betty Dennis has resigned from the Committee and thanked her for her service. He said he met with Mary Bousquet, Karen Jelloe, and Marianne Davis regarding the RFP for Wellness Coordinator. He said the Committee concluded it would not go forward with the process and recommends not hiring a wellness coordinator. He said that Marianne Davis, Natick, has a great model for wellness programs including a wellness website for the Natick Schools personnel. He said that after the February Board meeting, WSHG may host a wellness meeting and promote the Natick model. He said that the Committee also wants to look into the Abacus behavioral program for healthy weight/healthy heart. He said it is important that there be a wellness champion in each governmental unit.

Dan Morgado said that wellness programming is going very well in Shrewsbury because they have a wellness champion who promotes programs with enthusiasm.

**Development of a Website for WSHG:**

Carol Cormier said that the developer of the CCMHG andMNHG websites provided a proposal to WSHG. She said that Cole WebDev create the website for \$3,700 provided that WSHG uses the same format/layout as the other two groups. She said annual hosting fee would be \$230.

Marc Waldman moved to recommend the proposal to the Board.

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

**Other Business:**

Carol Cormier said Rob Anderson, Fallon, had asked her if WSHG would request Abacus to do another analysis on whether Fallon members could gain access to the My Medication Advisor program. She said that Abacus had tested the Fallon data on two occasions to see if the WSHG would save money by giving Fallon members access to the My Medication Advisor program. She said the conclusion was that there would be no savings and that Fallon was doing an outstanding job of promoting use of generics. Ms. Cormier said she asked Abacus if they thought a new analysis would produce different results, and they said they did not believe it would. She said she asked Fallon if they would be willing to pay for the analysis.

Jason Fortin, Fallon Account Manager, said that Fallon decided it would not pay for the analysis. He said that Fallon is now looking at a home-grown program and said that he would get back to the group about this later.

There was a brief discussion about the cost to the health plans to re-tool for the Affordable Care Act (ACA).

Marc Waldman said that there was an issue about the ACA requirements and long-term substitute teachers.

Carol Cormier said that one of the attorneys GBS works with recommends offering coverage to long-term substitute teachers.

*WSHG Steering Committee meeting, 12/04/13*

There was no other business.

Marc Waldman adjourned the meeting at 3:37 PM.

*Prepared by Carol Cormier  
Group Benefits Strategies*