

**West Suburban Health Group
Steering Committee Meeting**

Thursday, February 12, 2015 at 1:00 PM

Wellesley Town Hall
Wellesley, MA

Meeting Minutes

Steering Committee Members in Attendance:

Dan Morgado, Chair (by conference call)	Town of Shrewsbury
John Senchyshyn	Town of Wayland
Jerry Lane	Town of Dover
Martha White	Town of Natick
Marc Waldman, Board Chair (ex officio)	Town of Wellesley

Guests in Attendance:

Ruth Hohenschau	WSHG Treasurer
Michael Jaillet	Town of Westwood
Chirstine Tague	Dover shernborn RSD
Donna Lemoyne	Town of Wayland
Bill Hickey	Harvard Pilgrim Health Care
Bill Rowbottom	Blue Cross Blue Shield
Fred Winer	Tufts Health Plan
Jason Fortin	Fallon Health
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair, Dan Morgado connected to the meeting by conference call. Board Chair Marc Waldman presided over the meeting. Mr. Waldman said that there was no quorum. At approximately 10:00 AM he asked the independent financial auditor to review the draft audit report.

FY14 Audit Exit Interview:

Anthony Marini, CPA of Lynch, Malloy, Marini, LLP reviewed the draft audit report for FY14. He said that his firm has given WSHG a clean opinion. He said the net position (fund balance) at the end of FY14 was \$9.56 million which was down from the FY13 net position of \$18.0 million. He said the FY14 net position represents 8.1% of the fiscal year's claims expenses. He said the WSHG intended to reduce its net position and had reduced FY14 projected rates to do this. He said the cash balance on June 30, 2014 was \$4 million. Mr. Marini reviewed the 10-Year Claims Development Information. He then reviewed the Management Letter with the single finding being a weakness in Segregation of Duties. Mr. Marini said that this finding occurs on all the joint purchase group audits.

Mr. Marini left the meeting.

Treasurer's Report:

Treasurer Ruth Hohenschau distributed the Treasurer's report through December 31, 2014 (unaudited figures) compared to figures from December 31, 2013. She reported a Fund Balance of \$8,560,477, down from \$9,558,500 at the beginning of the fiscal year. She noted that member assessment revenue was covering claims and premiums but not completely covering other expenses. She said the FY15 Net Loss to date was \$408,756. Ms. Hohenschau said that the payment of \$862K for the ACA's Transitional Reinsurance Program fees was made in early December.

Marc Waldman said the fund balance was below the target level set in the Fund Balance Policy.

There was a discussion about the Affordable Care Act (ACA) fees.

Marc Waldman said that Ashland and Westwood will be leaving the WSHG on June 30 and going to the GIC. He said Walpole will also be leaving and going to MIIA.

MarthaWhite joined the meeting creating a quorum.

Marc Waldman talked about the GIC's serious budget deficit and said that the GIC will have to make a number of changes including rate increases and plan design changes. He said the GIC Commissioners will meet again tomorrow, and more specific information should be available. He said that upon learning this news about the GIC, he reached out to Ashland and Westwood and gave the two towns until the end of February, as allowed in the joint purchase agreement, to reconsider their decisions about going to the GIC

Michael Jaillet, Town Manager of Westwood, said he was interested to know what the WSHG rates will be before determining whether or not to reconsider the move to the GIC.

Health Plan Reports:

Tufts Health Plan – Erin Hayes said that there is a new state mandate regarding methadone clinics. She said more information will be forthcoming.

BCBSMA – Bill Rowbottom said that Suzanne Donahue retired from BCBS at the end of 2014 and that Michael Breen will be the new Account Executive for WSHG.

Marc Waldman said that there was a quorum.

Approval of the minutes of the November 18, 2014 meeting:

John Senchyshyn moved to approve the minutes as written.

Motion

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

Audit report:

John Senchyshyn moved to recommend that the Board accept the FY14 audit report.

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

Motion

GBS Reports:

Funding Rate Analysis (FRA) Report – Carol Cormier reviewed the report with data through December 2014. She said the expense-to-funding ratio was 101.2% resulting in a funding shortfall of \$773,409. She said the plan with the most enrollments, HPHC Rate Saver, was 4.3% underfunded through December with expenses more than \$1.41 million over the funding from rates. She said the report includes reinsurance reimbursements of over \$1 million and that these were from events of prior years.

Reinsurance reports – Karen Carpenter reviewed the reports of FY14. She said that there were twelve (12) excess claimants with claims totaling \$5,472,799. She said the excess amount (amounts over \$300K per claimant) was \$1,872,799. She said the \$500K Aggregating Specific Deductible had been met and the group has been reimbursed \$1,195,557, and is owed an additional \$177,242. She said that 4 of the 12 claimants are deceased.

Ms. Carpenterr said that there were thirty-seven (37) members with claims between \$150K and \$300K with total claims of \$7.31 million. She said that eight (8) of those members are no longer on the plan. There were no members with claims exceeding \$300K on the FY15 report.

My Medication Advisor (MMA) Reports- Carol Cormier said that the calendar year-end report was prepared by The Abacus Group and was in the packet. She said Net Savings were at \$781,943, about \$308K above projections. She said over \$121K in member co-pays were waived.

Carol Cormier said that the MMA program has grown and that the claims should be included in the rates going forward. She said to date the program claims have been paid for from the fund balance. She said she would talk with Linda Loiselle and Joe Wroblewski at Abacus to see if they can provide the monthly claims amounts on a time schedule that will allow GBS to include the expenses in the monthly Funding Rate Analysis reports.

FY16 Out-of-Pocket Maximums (OOP Max):

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 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.. She said the current medical OOP Max for HPHC, BCBS, and Tufts plans is \$2,000 per member, not to exceed \$4,000 per family per 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 medical and Rx OOP maximums, but employers may choose to combine medical and Rx under one OOP maximum as Fallon has done. She said ACA allows OOP maximums in 2015 to be as high as \$6,600 Individual and \$13,200 Family. 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 PPO 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 suggested that WSHG look into this. She said the way it is set up creates the wrong incentive.

Ms. Cormier said she is recommending that WSHG adopt a separate Rx OOP Max. She said if the group were to have a combined medical and Rx OOP Max, the amounts should be higher than the current maximums. She said it will be easier to explain separate OOP maximums as an added benefit to employees, and it will not adversely impact members who may have reached the medical-only OOP max.

There was a discussion.

Jerry Lane moved to recommend to the Board that it adopt a new prescription drug OOP max of \$2,000/member, not to exceed \$4,000 per family for the Harvard Pilgrim, BCBS, and Tufts plans effective 7/1/15.

Motion

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

There was a discussion about the Fallon OOP maximums of \$1,000/\$2,000 on Rate Saver plans and \$2,000/\$4,000 on the Benchmark plans, medical and Rx combined.

Jason Fortin reviewed the impact on Fallon rates of the OOP max. and changes. He said the impact was very minimal.

Carol Cormier said that since Fallon offers the lowest cost plans, it would not be unreasonable to maintain the current OOP maximums.

Bill Hickey said that the addition of Rx to the OOP Max will have very minimal impact on the costs of the HPHC plans.

The Committee discussed the PPO Out-of-Network OOP Max.

It was noted that the intention is to eliminate the Tufts POS on 7/1/15 since 3 of the 4 subscribers are enrolled through one of the withdrawing towns.

John Senchyshyn moved to recommend removing the OON OOP max from the HPHC PPO., effective 7/1/15.

Motion

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

FY16 rates:

Carol Cormier reviewed the enrollments by plan of the three towns that are planning to withdraw from WSHG. She said the majority of the enrollments are in HPHC Rate Saver plan. She said that there will be run-out claims from the members of the three towns for several months and no revenue coming in from those towns. She said HPHC estimated \$1.06M in run-out, and so the total run-out could be close to \$2M. She said that South Middlesex RSD has been paying higher unsubsidized rates for two years, but starting 7/1/15 So. Middlesex will pay the same rates as all other employers.

Marc Waldman said that after the three units leave, the Board should review the Fund Balance Policy for possible changes.

Carol Cormier said that in consultation with Marc Waldman it was agreed that GBS would project the FY16 claims from the prior claims data of all 17 current WSHG employers while the health plans would use prior claims data from the 14 units that will remain in the group after 6/30/15, omitting claims from Walpole, Ashland, and Westwood.

Ms. Cormier reviewed the administrative fee proposals from the four carriers: HPHC proposed a 1% increase; BCBS, Tufts, and Fallon at 0% increase. She reviewed government and other fees and the alternative prescription drug program claims projections provided by Abacus Group. She reviewed the methodology of the claims projections, rate development, and comparisons of the health plan and GBS projections. She said this year she showed the rates with government fees and alternative RX program claims included and not included in the rates. Ms. Cormier reviewed three funding scenarios:

- Scenario A – carrier projections (11% composite increase with ACA fees and Alt. Rx),
- Scenario B – GBS projections, (14.5% composite increase with ACA fees and Alt. Rx).
- Scenario C – the lower of the two projections (11% composite increase).

She said that this year there is no excess fund balance to use to subsidize rates, and she recommended fully funding FY16 expenses through the rates.

There was a discussion about the reasons for the escalating prescription drug trend.

Carol Cormier said that she thought the HPHC projections for their plans were more credible than the GBS projections.

The Committee asked Ms. Cormier to create another funding scenario, a Scenario D, averaging the increases projected by the carriers and by GBS for the EPOs and using the same percent increase for the HPHC PPO as for the HPHC EPOs. The Committee asked Ms. Cormier to email Scenario D to the full Board explaining that it was a full funding rate scenario that the Committee requested and was considering.

The next Steering Committee meeting was scheduled for Thursday, Feb. 12 at 1 PM at Wellesley Town Hall, one half hour before the 1:30 PM Board meeting.

Steering Committee vacancy:

Marc Waldman said that there will be a vacancy on the Committee as the result of the withdrawal of the 3 towns.

It was suggested that Marc Waldman could return as a voting member as opposed to his *ex officio* status. No decisions were made.

Other Business:

Jerry Lane suggested looking into possibly adding additional employers or merging with another joint purchase group.

There was no other business.

Martha White moved to adjourn the meeting.

Motion

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

Marc Waldman adjourned the meeting at 12:11 PM.

*Prepared by Carol Cormier
Group Benefits Strategies*

