

**West Suburban Health Group  
Steering Committee Meeting**

Thursday, May 12, 2016 at 9:30 AM

Shrewsbury Municipal Office Building  
Shrewsbury, MA

**Meeting Minutes**

**Steering Committee Members in Attendance:**

Dan Morgado, Chair	Town of Shrewsbury
Marc Waldman, Board Chair	Town of Wellesley
John Senchyshyn	Town of Wayland
Jerry Lane	Town of Dover
Christopher Coleman	Town of Needham
Jim Kern	Town of Dedham

**Guests in Attendance:**

Ruth Hohenschau	WSHG Treasurer
Michele Craemer	WSHG Wellness Consultant
Marianne Davis	Town of Natick Wellness Coordinator
Christine Tague	Dover-Sherborn RSD
Scott Szczebak	Town of Wellesley
Donna Lemoyne	Town of Wayland
William Hickey	Harvard Pilgrim Health Care (HPHC)
Mike Breen	Blue Cross Blue Shield of MA (BCBS)
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Health Plan
Jason Fortin	Fallon Health
Patrick Flattery	Fallon Health
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Dan Morgado was detained in another meeting.

Board Chair Marc Waldman called the Steering Committee meeting to order at 9:45 AM.

**Approval of the minutes of the February 18, 2016 and February 23, 2016 meetings:**

John Senchyshyn moved to approve the minutes as written.

Motion

Jerry Lane seconded the motion. The motion passed by majority vote. Jim Kern abstained.

**Treasurer's Report:**

Ruth Hohenschau distributed and reviewed the financial reports (unaudited) with data through April 30, 2016. She said the fund balance increased \$1.8M through the end of April. She said she decreased the IBNR by an additional \$250,000 which she said is a total adjustment of \$750,000 for FY16. Ms. Hohenschau said \$1.6M of reinsurance reimbursements was received.

Carol Cormier noted that there was an increase to the March Fallon claims due to a pending of claims and the 5-week month.

Ms. Hohenschau continued to review the reports and said the last pages of the report contain the summary of cash receipts and disbursements and the wellness expenses by unit.

**GBS Reports:**

*Funding Rate Analysis (FRA)* – Carol Cormier reviewed the FRA through March 2016. Ms. Cormier said all of the plans are adequately funded with the exception of the HPHC EPO. She said there is a \$500K shortfall on that plan. Ms. Cormier said the expense-to-funding ratio across all plans was 96.8% with a surplus of funding on a paid claims basis of \$2.58M.

Ms. Cormier noted that the WSHG senior plans are no longer eligible for the Retiree Drug Subsidy because the WSHG EGWP senior plans have Medicare Part D built in. Ms. Cormier said these plans now have lower premiums.

Marc Waldman said that the HPHC EPO has the least variation and was rated closer to the actual claims expense.

Chris Coleman joined the meeting.

*Reinsurance reports* – Ms. Carpenter reviewed the FY16 reinsurance report and said there were 5 members exceeding the \$300K specific deductible with excess claims of \$561,972. She said there is no Aggregating Specific Deductible on this policy. She said the group has received reimbursements of \$157,596 and is expected to receive additional reimbursements of \$404,376. Ms. Carpenter said there were 19 members with claims between \$150K and \$300K with claims totaling \$7.55M.

Ms. Carpenter said that the group received a total of \$1.54M of reimbursements for the FY15 policy.

Marc Waldman said that the Massachusetts Municipal Reinsurance Arrangement (MMRA) Board met this week and said it is running well. He said the reinsurance broker, Tracey May of Arthur J. Gallagher & Co., reviewed some administrative issues on the part of Berkley Insurance Company regarding claims reimbursement processing. Mr. Waldman said Mr. May, after several discussions with Carol Cormier, sent out an RFP to several carriers for the FY17 policy year. Mr. Waldman said that four bids were received, including one from Berkley. He said the Board of the MMRA gave the broker authorization to work with the low bidder to firm up the quote and to go to the next lowest bidder if that does not work out. Mr. Waldman said that the reinsurance premium costs will not be as high as projected during the rate process.

Carol Cormier explained how the MMRA worked in response to a question.

**Wellness Committee Report:**

Michele Craemer Wellness consultant, distributed and reviewed the wellness report to include the current and upcoming programming. She said that Mary Santiago from the Town of Needham and Gayle McCracken from the Town of Wellesley have joined the Wellness Committee.

Ms. Craemer said the WSHG community-wide wellness challenges included the Step Challenge, Weight Management Challenge and the Physical Activity Challenge. She said that the initiatives resulted in new participation of over 1,000 members. Ms. Craemer said 74% of the 501 participating in the Step Challenge reached their goal of averaging 8,000 steps, 4 times per week. She said a total of 1,300 lbs. was lost across 320 members participating in the Weight Management Challenge. Ms. Craemer noted that the Physical Activity Challenge is still in progress.

Chair Dan Morgado joined the meeting.

Ms. Craemer said additional programs included a Relaxation Program and a Wellness Webinar Series. She said the Summer Wellness Initiative is coming soon.

Ms. Craemer thanked the health plan representatives for their support. She said that Tufts offered use of their Daily Endorphins Wellness Platform. Ms. Craemer said that BCBS implemented a 10-session wellness webinar series, HPHC sent members of the Wellness Committee to the Worksite Wellness Conference, and Fallon Health donated over 500 incentives to the participants of the wellness challenge programs. She said Fallon Health also donated educational handouts for the Relaxation Program.

Ms. Craemer said the Wellness Committee is seeking to level fund the budget for FY17.

Marianne Davis spoke briefly about meeting the Wellness Committee goals to include educating members about appropriate use of the Emergency Room vs. Mini-clinics and the importance of health screenings. She said the wellness programs included nutrition initiatives, stress reduction and fitness initiatives all within the budget. Ms. Davis recognized the wellness contributions of committee members Kirsteen Leveillee and Sue Colton from South Middlesex Regional Voc-Tech.

Chris Coleman thanked the Wellness Committee for their work and said the Town of Needham appreciated all they did there.

**Steering Committee Vacancy:**

Dan Morgado said Chris Coleman will be stepping down leaving a vacancy on the Steering Committee. He asked Carol Cormier to send out an email to the Board to solicit nominations for the position.

**Approval of GBS Contract:**

Marc Waldman said WSHG sent out an RFP for the Insurance Management Services. He said Group Benefits Strategies was the sole bidder and said the contract would be effective September 1, 2016 through June 30, 2017 and would be on a fiscal year basis for the next two years.

Carol Cormier reviewed the Management and Consulting per subscriber rates below and said the COBRA pricing is separate from the main contract.

Type of Coverage	9/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/18 – 6/30/19
Health Plans	\$4.25	\$4.37	\$4.50

**COBRA:**

9/1/2016 - 6/30/2017: \$0.64 per active employee plan subscriber per month,  
7/1/2017 - 6/30/2018: \$0.66 per active employee plan subscriber per month,  
7/1/2018 - 6/30/2019: \$0.68 per active employee plan subscriber per month.

There was a brief discussion.

Marc Waldman made a motion to approve the GBS Contract and rates as described.

Motion

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

**Proposals for Retiree Drug Subsidy (RDS) application re-opening audits:**

Dan Morgado said that three bids were received and asked Carol Cormier to give a summary of the responses. He said the three companies are RDS Services, Part D Advisors, and In-Tech Health Ventures.

Carol Cormier referred to exhibits in the Steering Committee packet and said that the auditors work on a contingency basis to find additional reimbursements. She said there is a small possibility that they may find that the group has been overpaid by RDS. She said all of the vendors state that if the health plan carriers charge to supply the data, that they will pay that fee. She noted that to date, none of the carriers have charged a fee.

There was a discussion about the difference in the contingency fees and Ms. Cormier said that In-Tech Services contingency fee of 20% is the lowest of the three bids. She said that In-Tech Health Ventures did not have prior experience working with BCBS, but is now working with them without issues. Ms. Cormier noted that the contingency fees quoted are lower than they were earlier in the year as the result of negotiation efforts on the part of GBS.

Ms. Cormier said that if they find it is not worthwhile to re-open, they will let the Group know and since the findings have been favoring the plan sponsor, the risk is small.

There was a discussion.

Jim Kerns made a motion to approve the proposal provided by In-Tech Health Ventures on a contingency fee basis of 20%.

Motion

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

**Proposals of independent financial analysis:**

Marc Waldman said that the Board approved obtaining quotes from independent actuaries to complete an analysis on the WSHG Fund Balance and IBNR. He said Aon-Hewitt, Milliman, and The Segal Co. were the three companies that he requested bids from. Mr. Waldman said Aon did not respond. He said that he, Mr. Morgado, and Ms. Cormier reviewed the proposals and the Milliman quote was the lowest and seemed to be the best fit.

Marc Waldman made a motion to recommend approval of the quote from Milliman.

Motion

Jim Kern seconded the motion. The motion passed by a unanimous vote.

**GBS roster service:**

Carol Cormier said the GBS web portal roster service agreement is expiring on June 30, 2016. She said the proposed agreement is for the same cost of \$130 per WSHG unit or \$1,430 annually based on 11 units.

Jerry Lane made a motion to approve the proposed GBS roster service agreement and fees.

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

Motion
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**Health Plan reports on possible cost effective plan design changes for FY18:**

Dan Morgado said that effective July 1, 2017, the Rate Saver plans will be eliminated and replaced with a new plan design. He said many communities are reviewing their options regarding obtaining health insurance plans. Mr. Morgado said that the health plan representatives were asked to present alternative plan designs to be considered by WSHG for FY18 and beyond.

Prior to the presentations, Ms. Cormier asked Jason Fortin to explain the reason that the March Fallon claims were so high.

Jason Fortin distributed and reviewed a report of history of monthly claims and membership. He said that Fallon has a 14-day claims processing policy that was not strictly being followed. He said that in addition to a 35-day pay period, or 5-week month, that 4 large provider contracts were negotiated. Mr. Fortin said that rather than processing the claims of those providers twice, Fallon held or pended the claims to be processed once following the repricing of the contracts. Mr. Fortin also noted that physician visits increased due to the flu in March.

Ms. Cormier asked that health plans inform the group of claims pending related to contracts in the future.

Erin Hayes told the Committee about a Boston group with unions that went from a full PPO plan to a limited network HMO plan. She offered to have a speaker come to a future meeting to discuss the planning of making these types of changes.

Dan Morgado said these types of plan changes will require utilizing Chapter 158 and union negotiations.

Jim Kern said that the Town of Dedham is looking at all of its options, including high deductible and limited network plans. He said WSHG has an obligation to look at all possibilities including the Group Insurance Commission (GIC). He said the days of thinking that one “fix” to address rising costs will last 10 years is over.

John Senchyshyn said it will take some time for all of the units of WSHG to negotiate and reach the same level of benefits.

Carol Cormier said that Chapter 32B requires governmental units to offer of an indemnity plan. She said that the PPO plan satisfies that requirement.

Marc Waldman suggested that mimicking the GIC is not in the best interest of WSHG after seeing the loss of members. He said that he favors being more creative and noted that those who

want to leave for the GIC will go. He said that being creative past the limits of the GIC will require collective bargaining.

Carol Cormier said that Chapter 32B, Sections 21 to 23 applies only to making cost share changes up to the GIC Benchmark plan level. She said that it does not include moving to limited network plans.

Dan Morgado said that new plans will need to be in place for July of 2017. He said communication of what WSHG is looking to do in the future is important.

The Committee members spoke about what options their districts were looking at to save costs.

Dan Morgado asked about looking at the possibility of a sole carrier and suggested that everyone ask their employees if having multiple insurance carriers is important to them or not. He also said that the Benchmark plans will be replacing the Rate Saver plans in 2018 and suggested naming them the “new” rate saver plans.

Marc Waldman said he favored having a choice of different types of plans.

John Senchyshyn said that unless changes are made to the contribution rates, the savings desired will not be achieved.

Bill Hickey said that moving to a sole carrier will not save money within the group with the exception of a small change in the administrative costs.

The Tufts, Fallon and Blue Cross representatives agreed with Mr. Hickey.

Carol Cormier suggested contributing a percentage to the lowest cost plan and then contributing that same dollar amount to all the other plans, but not less than 50%. She said that this is the most sensible contribution strategy and said she has been promoting for many years. She said that if employees want the more expensive plan, they would pay the difference for it.

Dan Morgado asked each of the health plan representatives to present their ideas of cost containment plans or ideas.

Harvard Pilgrim Health Plan – Bill Hickey distributed and reviewed a chart of alternative plan design changes as compared to the WSHG Rate Saver plan. He reviewed options to include high deductible plans with four-tier prescription copays, with and without coinsurance options, tiered network plans and high deductible HSA (Health Savings Account) plans with and without copays. He said the estimated savings was based on the current expected claims compared to the WSHG Rate Saver plan.

Mr. Hickey said the chart depicts a high level set of benefits that would have the greatest savings impact. He noted that increasing the deductibles or adding coinsurance, in addition to adding a 4<sup>th</sup> or 5<sup>th</sup> prescription copay tier has the most impact on savings. Mr. Hickey also said that when increasing the deductibles, the Out-of-Pocket (OOP) maximum will need to be increased as well. He said that the OOP maximums on the chart reflect the Affordable Care Act limits and would include both medical and prescription OOP expenses.

The health plan representatives agreed that with the exception of the DME (Durable Medical Equipment) coinsurance cost share, most of the carriers are moving away from coinsurance plans.

They also said that they would be able to meet the needs of WSHG regarding plan design changes.

Mr. Hickey reviewed the HPHC Best Buy HSA high deductible plan with no copays and said once a member satisfies the \$2,000 Individual and \$4,000 Family plan deductible, they would not have to pay for any services received for the remainder of the year. He said this is the plan that South Middlesex RSD will have effective July 1, 2016. He said the school district is going to contribute 50% to the member's HSA, i.e. \$1,000 for individual plans and \$2,000 for the family plans. Mr. Hickey noted the savings to WSHG if it were to choose this type of plan would be 31.40%. He said that members cannot participate in Flexible Spending Accounts (FSA) at the same time as it is participating in an HSA, but said that in the case of an HSA, it is not a "use it or lose it" account.

Fallon Health Plan – Jason Fortin distributed and reviewed a Qualified High Deductible (QHD) plan in comparison to the WSHG current SelectCare Deductible plan and said that there would be a savings opportunity of approximately 22.7% to change to this plan. He noted that the savings from the Select Care Rate Saver plan to the QHD plan would be about 30%. Mr. Fortin said the QHD offers a 4-tiered prescription copay structure.

Mr. Fortin said that all routine exams including OB-GYN, eye exams and preventative screenings will continue to be covered at 100%. He said that the Fallon plans also include the Smart Shopper tool which is an excellent resource for members to obtain their hospital and high tech imaging services at lower cost providers and receive a portion of their copay back for doing so.

In response to a question, Mr. Fortin said that the Fallon DirectCare plan is a limited network plan and noted that Fallon finds an equal balance of ill people in both the SelectCare and DirectCare plans. He said the DirectCare network includes the most cost and quality efficient providers and facilities.

Tufts Health Plan – Erin Hayes distributed a presentation and said that the first section of the booklet explains what Tufts Health Plan is doing internally to keep costs down. She said those initiatives include value-based provider contracts, pharmacy cost containment, programs supporting a healthy lifestyle and coordination of care.

Ms. Hayes reviewed the Tufts Health Plan Select HMO limited network plan and said they also have HSA compatible high deductible plans. She noted that preventative care is exempt from the deductible. She said Tufts has pharmacy options to include a Specialty Pharmacy 4<sup>th</sup> tier and said there is a range of copays and/or coinsurance to choose from. Ms. Hayes said that the limit on the OOP Maximum is increased by the federal government each year.

Blue Cross Blue Shield – Mike Breen said that he brought comparisons based on the HMO platform and said he didn't bring HSA compatible alternatives. He said he can do those as well as PPO and Benchmark plan comparisons as well. Mr. Breen reviewed four alternative Deductible plan designs that included hospital tiering and coinsurance. He said adding a 4-tier prescription copay structure would save in the decrement range of 0.985 to 0.989 (1.5% to 1.1% savings).

Dan Morgado said he is hearing that the best cost savings feature is the deductible or adding coinsurance which isn't really an industry standard.

Bill Hickey said that coinsurance on the medical is going away, but noted that on the prescription side, coinsurance is being added. He noted that the coinsurance is added with an OOP maximum for member protection. He said that all of the carriers can design plans for the group, but certain things such as tiering of hospitals and formularies cannot be changed.

Carol Cormier said telehealth is another program WSHG may want to consider adding. She said many of the health plans are now offering their own telehealth programs as well as other vendor options.

**Other Business:**

Town of Sherborn and So. Middlesex RSD withdrawals – There was a brief discussion about the withdrawal of the town and district effective July 1, 2016.

Dan Morgado said that the language on withdrawal that is in the WSHG Joint Purchase Agreement as amended on January 14, 2016 should prevail.

There was no other business.

Jerry Lane made a motion to adjourn.

Motion
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Marc Waldman seconded the motion. The motion passed by unanimous vote.

Dan Morgado adjourned the meeting at 12:50 PM.

*Prepared by Karen Carpenter  
Group Benefits Strategies*