

**West Suburban Health Group
Steering Committee Meeting**

Monday, September 14, 2015 at 10:00 AM

Shrewsbury Town Hall
Shrewsbury, MA

Meeting Minutes

Steering Committee Members in Attendance:

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| Dan Morgado, Chair | Town of Shrewsbury |
| Marc Waldman, Board Chair | Town of Wellesley |
| John Senchyshyn | Town of Wayland |
| Jerry Lane | Town of Dover |
| Kirsteen Leveillee | So. Middlesex RSD |
| Betty Dennis | Town of Needham |

Guests in Attendance:

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| Ruth Hohenschau | WSHG Treasurer |
| Donna Lemoyne | Town of Wayland |
| Christine Tague | Dover Sherborn RSD |
| Hans Baumhauer | Dover Sherborn RSD |
| Christine Fowler | Town of Shrewsbury |
| Paula Brady | Town of Shrewsbury |
| William Hickey | Harvard Pilgrim Health Care (HPHC) |
| Michael Breen | Blue Cross Blue Shield of MA (BCBS) |
| Jay Swanson | Blue Cross Blue Shield of MA (BCBS) |
| Erin Hayes | Tufts Health Plan |
| Jason Fortin | Fallon Health |
| Patrick Flattery | Fallon Health |
| Bob Cannon | Fallon Health |
| Kate Sharry | Group Benefits Strategies |
| Carol Cormier | Group Benefits Strategies |
| Karen Carpenter | Group Benefits Strategies |

Chair Dan Morgado called the Steering Committee meeting to order at 10:00 AM.

Approval of the minutes of the May 13, 2015 meeting:

Marc Waldman moved to approve the minutes as written.

Motion

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

Treasurer's Report:

Ruth Hohenschau distributed the Treasurer's report through August 31, 2015 (unaudited figures) and a three-year fiscal year comparison. Ms. Hohenschau compared the June 30, 2015 figures with fiscal years 2013 and 2014. She reported a FY15 Fund Balance loss of \$3,606,511 on June 30, 2015.

Ms. Hohenschau reviewed the Treasurer's report for FY16 through August 31st (unaudited figures) and reported a Fund Balance of \$4,055,928, down from \$5,951,989 at the beginning of the fiscal year 2016. She said the FY16 Net Loss to date was \$1,896,061.

Dan Morgado noted that the expected loss due to run-out claims of the four employers that withdrew on 6/30/15 was better than expected.

Ruth Hohenschau called attention to the FY15 Wellness Program report showing the allocations by governmental unit.

Marc Waldman made a motion to accept the Treasurer's report as presented.

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| Motion |
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Jerry Lane seconded the motion. The motion passed by a unanimous vote.

GBS Reports:

Funding Rate Analysis (FRA) – Carol Cormier reviewed the year-end FY15 FRA noting a shortfall of funding through rates of \$1.78 million. She said the HPHC HMOs had been underfunded by \$3.52 million.

Ms. Cormier reviewed the FRA for the month of July 2015 and said the HPHC plans had a shortfall of funding of \$800K. She said that the runout of claims for the four units that left WSHG was estimated to be about \$1.7M and said the claims should start to be more favorable in August. Ms. Cormier said the Fallon plans experienced funding over expenses of slightly over \$400K. She said the expense-to-funding ratio through the end of the month was 101.4%, with an overall shortfall of funding of \$619K.

Ms. Cormier reviewed the subscriber enrollment counts from FY15 to FY16. She said there was a loss of approximately 1,500 active subscribers and 537 Medicare subscribers due to the exit of the four units. Ms. Cormier said that HPHC lost 1,403 subscribers. She noted that Fallon gained 830 subscribers from the Wellesley transition.

Ms. Cormier reviewed the BCBS Level Monthly Deposit report and said that after one month there was a credit balance with BCBS of \$127,552.

Michael Breen said that he will have the updated BCBS Level Monthly Deposit amount next week.

Reinsurance reports – Karen Carpenter reviewed the reinsurance reports for FY14 with data through June 2015. She said that there were 12 members exceeding the \$300K specific deductible with claims totaling \$5,501,046 and excess claims of \$1,901,046. She said the Group met the \$500K aggregating specific deductible (ASD) and received \$1,407,516 in reimbursements. She said due to some claims adjustments, WSHG was over paid in reinsurance reimbursements in the amount of \$6,469. She said the carrier may ask to be paid back. Ms. Carpenter said there were 37 members with claims between \$150K and \$300K with claims totaling \$7.3 million.

Ms. Carpenter reviewed the FY15 reinsurance report and said there were 11 members exceeding the \$300K specific deductible with excess claims of \$4,722,088. She said there is no aggregating specific deductible on this policy. She said the group received \$258,055 in reimbursements and is expected to receive additional reimbursements of \$1,164,032. Ms. Carpenter said there were 27 members with claims between \$150K and \$300K with claims totaling \$5.45M.

Wellness Program Report & Proposed FY16 Budget: Kirsteen Leveillee distributed and reviewed the proposed Wellness Budget for FY16. She said that the Committee is recommending to level fund the budget for FY16 in the amount of \$127,500, but will restructure the programs. She noted that there were four fewer units in WSHG for FY16. Ms. Leveillee said that the Committee reviewed the incentives that are currently available to members and reviewed the Consultant's contract. Ms. Leveillee said that three group-wide *Wellness Challenges* to include incentives are included in the budget in addition to \$1,000 allotted to each community to help with costs associated with their health fairs. She said \$4,100 has been designated for each community for member incentives as well as \$15K for utilization of the Airbo software and other group-wide activities. Ms. Leveillee said that the Committee is hoping to impact the health care claims in a positive way.

Carol Cormier asked if a Smoking Cessation program would be offered.

Ms. Leveillee said that each of the carriers offer a cessation program and they are health plan specific. She added that it is difficult to get employees to participate in this type of program.

In response to a question, Ms. Leveillee said that several units are utilizing the Airbo wellness awareness tool and said she hopes to get others involved. She said those that are using the program are seeing success in utilization of the tiles. Ms. Leveillee said that the Committee has worked out a discount plan with Airbo that is based on utilization.

Carol Cormier asked Ms. Leveillee to forward her a communication about the program that she could send out to the group.

John Senchyshyn said that Town of Wayland uses its wellness stipend towards health fairs and asked if the \$1,000 for each community was all that they would receive under the new budget.

Ms. Leveillee said that \$4,100 is available per community for individual member initiatives.

Kirsteen Leveillee made a motion to recommend to the Board to approve the proposed FY16 Wellness Budget and Programs as presented.

Motion

Marc Waldman seconded the motion.

Betty Dennis said she would like to see additional information regarding the proposed \$15,000 for the Airbo program and incentives. She said she would not favor budgeting money that would not be available to all communities.

A vote on Ms. Leveillee's motion was taken and passed by a majority.

Ms. Dennis said she thought it would be beneficial if the Board could hear a refresher presentation about the Airbo program.

Planning for FY17 and beyond:

Carol Cormier said she has been collecting the union contract expiration dates from each employer. She said she would put the information into a uniform format and will send it out to the Committee.

Cadillac Tax for 2018 – Ms. Cormier referred to the exhibit in the meeting packet and said that the HPHC PPO plan estimated tax could be as high as \$8,384 per subscriber and recommended looking at solutions to help to avoid the tax.

Jerry Lane noted that FSAs and probably HRAs count towards the Cadillac Tax.

Affordability – Carol Cormier asked the health plan representatives to send her some high deductible plan designs to consider adding as a more affordable plan option. She said if the lowest plan offered exceeds 9.5% of the income of the lowest paid employee, the employer may incur a surcharge if the employee receives a government subsidy for health insurance purchased through the Exchange.

In response to a question, Ms. Cormier said that the Fallon Direct plan may be sufficient to avoid the affordability surcharge. She said it will need to be evaluated.

There was a discussion about offering health plan opt-out incentives.

Carol Cormier said she included a list of 11 items that the Committee may want to consider to help control costs and avoid or reduce the Cadillac Tax and other ACA surcharges.

Ms. Cormier reviewed the list of items to consider including; elimination of the Rate Saver plans and offering only Benchmark plans; moving the PPO subscribers who reside in the service area to a POS or HMO plan and only offer the PPO plan to out-of-area retirees; change the Tufts Navigator EPO plan to a HMO/POS platform, rather than the current PPO platform; look at limiting the number of carriers; consider adding additional limited network plans; change the PPO plan design benefits; look at incentives for members who utilized lower-cost facilities for their high tech imaging services; the employers could re-evaluate their current contribution rates; add “Teledoc” type services; promote the *myMedicationAdvisor*® program.

Erin Hayes compared the differences between the current Tufts Navigator plan, a closed PPO plan (a.k.a. EPO), with that of the Tufts Advantage HMO plan. She said they have the same service area and plan benefits, but a PCP would need to be designated and referrals will be necessary for specialist visits in the Advantage plan. She said a deductible is also required.

There was a discussion about the options presented.

John Senchyshyn said that it is difficult to evaluate its options without knowing what the WSHG plan designs and rates will be for FY17. He said that the town will be taking a vote to adopt Ch. 32B, Sections 21-23 on Monday. He said the Town may ask the WSHG Board to consider allowing a mid-year withdrawal should it decide to leave after hearing the direction of the WSHG.

Marc Waldman said he would like WSHG to make its decisions in the best interest and retention of all of the communities participating in the Group.

Carol Cormier said that the Joint Purchase Agreement would have to be amended to allow for a mid-year withdrawal.

Dan Morgado said he is concerned about FY17 rates and would like to be able to plan for any possible run-out of claims associated with communities that may choose to leave the group.

Carol Cormier said the amendment of the JPA could include billing a unit that withdraws off-anniversary for its run-out claims.

Dan Morgado summarized the discussion and said he sees three major options. He said changing the current Benchmark plans to the new GIC benchmark plan level; eliminate the Rate Savers and at an agreed-upon date; and agreeing to amend the JPA to allow for a mid-year withdrawal. He said he does not favor a mid-year exit because it is not fiscally responsible.

Jerry Lane said it should be added that the run-out of claims be the responsibility of the exiting unit.

Marc Waldman said the decision should be made at the September Board meeting.

Carol Cormier suggested making cost-share changes and possibly adding limited network plans.

Marc Waldman asked Mike Breen, BCBS, for a plan design similar to the new GIC benchmark plan design for consideration.

Dan Morgado suggested making changes that can be made with Ch. 32B, Sections 21 and 22.

Betty Dennis said she favors closing the Rate Saver plans to new enrollees on July 1, 2016 and then making Benchmark plan design changes and the elimination of the Rate Saver plans the following year.

Marc Waldman made a motion to recommend to the Board to change the Benchmark plans to the GIC level on July 1, 2016 across all carriers, close the Rate Saver plans to new employees and new early retirees at their retirement date, and to eliminate the Rate Saver plans on July 1, 2017.

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

Dan Morgado said that the active out-of-pocket maximums will need to be re-evaluated and the plans will need to be rated correctly.

CY16 fully insured Senior Plan rates:

Carol Cormier reviewed the rates for the Fallon Senior Plan, the Tufts Medicare Preferred HMO and Tufts Medicare Supplement plans. She said that the Fallon Senior plan rate is increasing by 7.7% to \$322. Ms. Cormier said the Tufts Medicare Supplement plan is increasing 3.6% to \$342, and the Tufts Medicare HMO plan is increasing 1.9% to \$267. She said that she hasn't received the BCBS Managed Blue for Seniors rate yet.

Mike Breen said he thinks he will have the rates for the Managed Blue and Medex plans next week.

Ms. Cormier said the Fallon Senior plan benefit changes for CY16 include an increase to the Emergency Room visit copay from \$50 to \$75. She said the retail prescription copays are increasing from \$10/\$25/\$50 to \$10/\$30/\$65 and the mail order prescription copays are increasing from \$20/\$50/\$100 to \$20/\$60/\$162.50.

Ms. Cormier reviewed the HPHC Medicare Enhance rate projections and said the medical services of this plan are self-funded and the prescription portion of the plan is a

fully insured Medicare Part D plan. Ms. Cormier reviewed the projections and said that HPHC is recommending a funding rate of \$333.66 and GBS's projection and recommended rate is \$341.81.

There was a discussion.

Marc Waldman made a motion to recommend to the Board the rate of \$342 for the HPHC Medicare Enhance plan.

Motion

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

Bill Hickey said the Medicare Part D plan portion of the Medicare Enhance plan was purchased by Aetna Insurance. He said Aetna is replacing Coventry as the Pharmacy Benefits Manager (PBM). He said letters will be mailed to all members, who will also receive new ID cards. He said the provider network and copays will remain the same. Mr. Hickey said for mail order prescriptions, Express Scripts will transfer current prescriptions to Aetna.

Health Plan Reports:

Blue Cross Blue Shield – Michael Breen introduced Jay Swanson and said that due to a reorganization of clients, he will be replacing Bill Rowbottom as the BCBS Account Representative working with WSHG. He said that Jay Swanson has worked with BCBS for many years and said he is certain to provide excellent service to the group.

Fallon Health – Bob Cannon recommended that the WSHG employers ask their previously non-Medicare eligible retirees to certify that they are still not eligible. He said the eligibility status can change due to different reasons such as through their spouse or a disability.

Other Business:

There was no other business.

Marc Waldman made a motion to adjourn.

Motion

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

Dan Morgado adjourned the meeting at 12:25 p.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*