

**West Suburban Health Group
Steering Committee Meeting**

Thursday, September 15, 2016 at 1:00 PM

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
Mary Bousquet	Town of Holliston
Scott Szczebak	Town of Wellesley
Christine Fowler	Town of Shrewsbury
Donna Lemoyne	Town of Wayland
William Hickey	Harvard Pilgrim Health Care (HPHC)
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Health Plan
Jason Fortin	Fallon Health
Amanda Rune	Fallon Health
Michael Breen	Blue Cross Blue Shield of MA
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Steering Committee Chair Dan Morgado called the Steering Committee meeting to order at 1:00 PM.

Approval of the minutes of the July 12, 2016 meeting:

Marc Waldman moved to approve the July 12th minutes as written.

Motion

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

Plan Design for HSA-qualified Plans:

Chair Dan Morgado recognized Marc Waldman and said that Mr. Waldman and Mr. Szczebak had to leave the meeting early and that they asked to have some time to present ideas on plan design changes to the Committee.

Marc Waldman said that Town of Wellesley would have different timing in moving to the HSA-qualified high deductible plans than other units. He said that the Town is looking at the

Benchmark plans now. He said he would like to get a forum together to look at Benchmark plan changes. He said Scott Szczebak, Wellesley's HR Director has prepared a presentation.

Mr. Szczebak distributed and reviewed his presentation materials. He said the WSHG has done a good job but that financial stability should not be the only criteria. He said marketplace sustainability needs to be examined. He said value and price should not be confused and that the benchmark plans do not offer enough value. He said that there must be value to staying with WSHG as opposed to going to other options. He said that WSHG should look to the cutting edge and not just follow the GIC and MIIA. Mr. Szczebak said that the high deductible plans with HSA are innovative but too innovative for Town of Wellesley right now. He said he favored a gradual approach with annual changes to plan design. He said the group should consider employee surveys to find out what employees value, publicizing health utilization reports, offering incentives for using lower cost facilities, and incentives such as premium differentials for engaging in healthy behaviors.

Dan Morgardo thanked Mr. Szczebak for his presentation.

Chris Coleman asked Mr. Szczebak how some of his suggestions might be put into practice.

Carol Cormier said the HSA-qualified plans incorporate the incentives for smart purchasing and healthy behaviors.

Jim Kern said the annual gradual approach to change would be very difficult to implement in a joint purchase group.

Mr. Morgado asked John Senchyshyn to speak about the Town of Wayland's move to eliminate Rate Saver plans and offer only the benchmark deductible plans effective January 1, 2017.

Mr. Senchyshyn said that the town bargained a 2½ -year arrangement through MGL Ch. 32B, S.19. He said the agreement expires June 30, 2019. He said in addition to eliminating the Rate Savers and offering only Benchmark plans, the Town is offering \$450K in mitigation. He said the Town brought up the HSA-qualified high deductible plans as an item for future consideration.

Jason Fortin said Fallon is working with clients on rewards-based incentives to make employees better consumers.

Erin Hayes, Tufts, said that to qualify for premium reduction plans an employer must offer a high deductible plan, i.e. an Individual plan deductible of at least \$1,000.

Carol Cormier pointed out that WSHG presents employees with opportunities to save considerable amounts on pharmacy through the zero-copay *myMedicationAdvisor*® program but said very few employees take advantage of that program even though many of the most popular medications are available.

Dan Morgado said that the WSHG's Benchmark plan will stay the same at least until 7/1/18. He said he wants to see what the GIC will do.

Bill Hickey said that the new GIC Director has referred to the current plans as "platinum plans". He said that it is possible that there will be serious changes in GIC plans down the road.

Marc Waldman and Scott Szczebak left the meeting at this time.

Treasurer's Report:

Treasurer Ruth Hohenschau reviewed the financial reports (unaudited figures) showing the fund balance since June 30, 2013 to August 31, 2016. She said that the fund balance has decreased \$818,324 since June 30, 2016 and is at \$6,328,322. She said that the FY16 audit is underway.

Carol Cormier said that in July and August the WSHG was paying the run-out claims of the Town of Sherborn and the So. Middlesex Regional Voc-Tech School District, both of which withdrew from WSHG on June 30, 2016.

Jerry Lane moved to accept the Treasurer's report as presented.

Motion

Chris Coleman seconded the motion. The motion passed by unanimous vote.

GBS Reports:

Funding Rate Analysis (FRA) – Carol Cormier reviewed the FRA FY16 year-end report. She said that on a *paid claims basis* the expense-to-funding ratio across all plans was 97.6% with a surplus of funding over expenses of \$2.55M. Ms. Cormier reviewed the FRA for the first month of FY17. She said the expense-to-funding ratio was 101.3%. She noted that expenses were higher than revenues in July because of payment of the run-out claims for the two units that withdrew on June 30, 2016.

Reinsurance reports - Karen Carpenter reviewed the *FY16 reinsurance reports*. She said that the total claims for eleven individuals who had claims exceeding the \$300K specific deductible was \$4.87K and the excess claims amount was \$1,570,614. She said that the amount reimbursed to date was \$1,001,133 and an additional \$569,481 is due to the WSHG.

Carol Cormier noted that she included an enrollment report in the packet comparing February and September 2016 enrollments by plan for active employee plans and Medicare plans. She noted a 261 reduction in contracts (-4.3%) for employee plans reductions and 91 contract loss (-2.3%) for Medicare plans. She said that there was a significant shift in active plan enrollments into the Fallon plans which now has 45.3% of enrollments making Fallon the most subscribed carrier. She said total number of contracts in September was 9,645.

FY17 Wellness Budget:

Dan Morgado said that Paula Brady, a Wellness Committee member, was present. He gave her kudos for her good work on the Committee and within the Town of Shrewsbury.

Dan Morgado said that the Wellness Committee is requesting a level funded FY17 budget.

Jerry Lane moved to approve the Wellness Committee's FY17 budget request.

Motion

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

Town of Sherborn – Liability upon withdrawal:

Dan Morgado distributed the Sherborn claims versus billing exhibit prepared by GBS from the claims feeds provided to GBS by the health plans. Mr. Morgado asked the health plans to

provide the claims and enrollment report to WSHG for Sherborn July runout off of their systems. He said that once received, a bill should be sent to Sherborn.

Request from Town of Wayland for a special open enrollment:

John Senchyshyn said the Town of Wayland is moving its enrolled employees from Rate Saver plans to the Benchmark plans effective January 1, 2017. He said that a few members who are undergoing serious and complex treatments or who will be eligible for Medicare very shortly will be allowed to stay on the Rate Savers beyond January. He said the town has asked the health plans how they will deal with the deductible, Out-of-Pocket Maximums and benefits with annual limits for the six-month period from January through June.

Carol Cormier said that the mechanics will be a bit different for each plan. She said that in some cases, WSHG will have to approve a 6-month plan design with different group numbers, sign the documents, etc.

Erin Hayes said that Tufts has not yet made a final decision on how it will handle the 6-month period.

Jerry Lane moved to approve the off-anniversary Open Enrollment for Town of Sherborn and the mechanisms required by the health plans for the 6-month period.

Motion

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

Milliman Fund Balance Analysis and determining the target:

Dan Morgado said that Carol Cormier edited the Fund Balance policy based on Milliman's recommendations, but he said that she has expressed some concerns.

Carol Cormier said that Milliman recommended moving from a calculation for the fund balance target that is based on a percentage of prior claims to a calculation based on a percentage of projected claims. She said that the problem with the projected claims approach is that the claims projections by the carriers and by GBS can differ significantly. She said WSHG could use an average of the health plan and GBS projections or the higher of the two projections, but for the time being she suggested continuing to base the fund balance target on the most recent 12 months of claims but raising the percentage several percentage points. She said that currently the policy is to have a fund balance that is between 8-12% of claims of the most recent 12 months. She said that could be raised to 12-14%, for example, or higher.

Jim Kern motioned to keep the Milliman recommendation under review and to make no changes to the Fund Balance policy at this time.

Motion

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

Fitness Benefit Utilization:

Health plan representatives reviewed their reports. There were considerable differences in utilization across the plans. Because Fallon extends a fitness benefit to more fitness providers than the other health plan organizations, including school sports programs, Fallon's Fitness benefit utilization was higher than the utilization for other plans.

Plan design for proposed HSA-qualified plans for 7/1/17:

Dan Morgado referred to exhibits comparing the current WSHG Benchmark plans with FY17 proposed changes for FY18, with the proposed HSA-qualified high deductible plans.

Carol Cormier reviewed the exhibits and said that the current Benchmark plan benefits are updated with the proposed co-pay changes to bring them near to the current GIC benchmark plan level. She said that all plan design elements have been agreed upon by the Committee except for the pharmacy copays and Out-Of-Pocket Maximums. She said that the Cape Cod Municipal Health Group (CCMHG) is likely to adopt the HSA-qualified plans for FY18. She said that the CCMHG Steering Committee recently decided to recommend staying with 3 Rx copay tiers and to set the pharmacy copays at \$10/\$30/\$65 for Retail and \$25/\$75/\$165 for Mail Order.

The Committee reviewed the estimated claims decrements for the various RX copay options presented by the health plans.

Bill Hickey said that 4-tier Rx programs do not provide much savings and that some employees can be negatively impacted. He said that many generics have become quite expensive and can move to 2nd or 3rd copay tiers. He said that there is the least amount of disruption with the 3-tier benefit.

Dan Morgado said he wants the most protection from the pharmaceutical companies' price escalation.

Bill Hickey said that the health plans negotiate Rx discounts. He said plan design will not help much to generate savings.

There was a discussion about the employer contribution to the employee's Health Savings Account (HSA).

The health plan account executives confirmed that the overall claims decrements they provided for the HSA-qualified high deductible plans assumed all employers would contribute 50% of the deductible to the HSA.

Bill Hickey said that if the employer contributes more than 50% of the deductible to the HSA, the rates will have to be higher.

There was a discussion.

Chris Coleman moved to recommend to the Board that WSHG require employers offering the HSA-qualified plans to contribute up to 50% of the deductible.

Motion

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

Jim Kern moved to recommend to the Board that the Rx copays be set at \$10/\$30/\$65 for Retail and \$25/\$75/\$165 for Mail Order.

Motion

Chris Coleman seconded the motion. The motion passed by unanimous vote.

Jerry Lane moved to recommend to the Board that it set the Out-of-Pocket maximums at \$6,550 Individual and \$13,100 Family.

Motion

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

There was a consensus that there should be no PPO HSA-qualified plan and that the employers should use the HSA account managers associated with each of the carriers.

Other business:

There was no other business.

John Senchyshyn moved to adjourn.

Motion

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

Chair Dan Morgado adjourned the meeting at 3:45 PM.

*Prepared by
Carol Cormier
Group Benefits Strategies*