

**West Suburban Health Group
Steering Committee Meeting**

Monday, October 19, 2015 at 10:30 AM

Shrewsbury Town Hall
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
Kirsteen Leveillee	So. Middlesex RSD

Guests in Attendance:

Ruth Hohenschau	WSHG Treasurer
Christopher Coleman	Town of Needham
William Hickey	Harvard Pilgrim Health Care (HPHC)
Michael 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
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 10:30 AM.

Approval of the minutes of the September 14, 2015 meeting:

Kirsteen Leveillee moved to approve the minutes as written.

Motion

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

Treasurer's Report:

Ms. Hohenschau reviewed the Treasurer's report for FY16 through August 31st (unaudited figures) and reported a Fund Balance of \$3,992,386, down from \$5,951,989 at the beginning of the fiscal year 2016. She said the FY16 Net Loss to date was \$1,959,603.

Carol Cormier noted that the loss was largely due to run-out claims of the four employers that withdrew on 6/30/15. She said that the run-out claims are decreasing and the WSHG set the FY15 rates realistically so she is hopeful that the fund balance will start to grow.

Marc Waldman said he expects that the auditor will advise lowering the IBNR.

Jerry Lane made a motion to accept the Treasurer's report as presented.

Motion

Kirsteen Leveillee seconded the motion. The motion passed by a unanimous vote.

GBS Reports:

Funding Rate Analysis (FRA) – Carol Cormier reviewed the FRA for the month of September 2015 and said that it was missing the Fallon September claims data. Ms. Cormier said the HPHC plans had a shortfall of funding of \$25,216.

Ms. Cormier said the medical coding changed from ICD9 codes to ICD10 codes, effective October 1st, 2015. She said some providers had already updated their systems and have been using the new codes for a few months. Ms. Cormier said the change may impact the payment of claims, so the claims numbers may be deflated for a couple of months.

Bill Hickey said the providers have had a year to gear up for the change and said HPHC hasn't seen a lot of rejection of codes so far. He said HPHC has designated certain employees to deal with the change.

The Fallon, BCBS, and Tufts health plan executives agreed with Mr. Hickey's comment.

Ms. Cormier reviewed the runout of claims for the four units that left WSHG and said the total through September was \$1,564,867. She noted that the Fallon claims data on the report is through August since the September data was not available. Ms. Cormier said the actual runout claims data is close to the estimate of \$1.7M.

Reinsurance reports – Ms. Carpenter reviewed the FY15 reinsurance report and said there were 11 members exceeding the \$300K specific deductible with excess claims of \$4,826,752. She said there is no aggregating specific deductible on this policy. She said the group received \$1,024,085 in reimbursements and is expected to receive additional reimbursements of \$502,666. Ms. Carpenter said there were 27 members with claims between \$150K and \$300K with claims totaling \$5.49M.

Review of Joint Purchase Agreement and suggested changes:

Carol Cormier distributed a copy of the WSHG Unreserved Fund Balance Policy and referred to Articles 3 and 12 of the WSHG Joint Purchase Agreement (JPA). She

reviewed the JPA Articles regarding withdrawing from the group and said she put together some revision options for the Committee to consider.

Dan Morgado said that the Town of Shrewsbury's IAC is concerned about the run-out of claims when municipalities choose to exit the group. He said he would like to propose requiring communities that may choose to leave the group in the future to pay a portion of the claims run-out. Mr. Morgado said it isn't right that the communities that remain in the group be held responsible. He said the participating entities are sharing in the reduction of the rates when the fund balance is doing well and are not paying any of the run-out if they leave.

Carol Cormier reviewed an exhibit she prepared with suggestions of revisions to the Agreement. She said she recommends not allowing off-anniversary exits except in unusual circumstances and in that case the unit would be required to pay the all of its run-out claims.

Marc Waldman suggested a less punitive action for municipalities that exit within the terms of the Agreement.

John Senchyshyn said he was not in favor of paying the run-out of claims in addition to not being entitled to the portion of the fund balance if exiting on-anniversary.

Carol Cormier reviewed an exhibit she prepared regarding the liability following WSHG unit terminations. She said the WSHG fund balance target is currently 8% to 12% of its annual claims.

Carol Cormier said the run-out claims following an exit will decrease after the initial first few months and that sometimes there are credits in later months.

Marc Waldman said an estimate of the run-out costs will need to be given to units utilizing Sections 21 – 23 to be deducted from the mitigation savings that is estimated.

Dan Morgado suggested working on the concept of the exit policy for now and the mechanics later.

Carol Cormier suggested that units will pay the run-out of claims for the first month after the exit date if they withdraw per the WSHG JPA rules, i.e. on anniversary with early notification to the Board

Marc Waldman said that the deadline to notify the GIC of intent to join is July 1st for a January 1 enrollment.

Jason Fortin said that the run-out of claims has to be paid for 12 months following the exit of a self-funded client.

Erin Hayes said it is the same for Tufts' insured business and noted that a 60-day notice is required.

Regarding off-anniversary withdrawals, Marc Waldman suggested allowing a January 1, off-anniversary only and requiring the unit to pay all run-out claims with a large first payment. Mr. Waldman said the first payment could be an estimate based on a 1.5 times the average monthly claims of the unit during its last year of participation. He said the balance could be billed 6 months after that. Mr. Waldman said that those that leave on anniversary should pay less. He added that if the fund balance is over the target, a unit that withdraws on-anniversary can request a reduction of the assessment.

Carol Cormier suggested that a unit that withdraws on anniversary could be charged one month, the first month, of run-out claims. She said she would write up draft language for Joint Purchase Agreement changes to consider.

Dan Morgado suggested setting up a stabilization fund.

Marc Waldman said the Steering Committee should take that under consideration.

Carol Cormier suggested changing the current Fund Balance Policy calculation of the targeted amount based on "total monthly claims from July 1 to January 31 divided by 7 and multiplied by 12" to the "total monthly claims for the most recent 12 month period". She said this was established as a guideline for rate-setting but is not practical since the group sets its rates in February. She suggested basing the calculation on the most recent 12 months of paid claims.

Dan Morgado asked for a report of the current funding rate analysis by unit.

Carol Cormier said it has been the JPGs' philosophy that it is a one for one, all for one way of looking at the group.

The Steering Committee agreed that a snapshot would be necessary to figure out the approximate liability of claims should they consider leaving the group.

Carol Cormier said it would take about one month to obtain the data and report back to the Committee.

Marc Waldman said early December would be fine.

Marc Waldman made a motion to amend the Unreserved Fund Balance policy to read "total monthly claims for the most recent 12 month period" as Carol Cormier suggested.

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

Motion

Other Business:

The next Board meeting was scheduled on November 24, 2015 at 1:30 PM, location preferably to be at the Natick Community Center.

Carol Cormier said she would contact Martha White for the availability of the room. In response to a question asked, Carol Cormier recommended using a 10% rate increase for active employee plans when preparing budgets for the health plan renewal.

Both Bill Hickey and Jason Fortin said their fully insured business trend is about 8%.

There was no other business.

John Senchyshyn made a motion to adjourn.

Motion

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

Dan Morgado adjourned the meeting at 12:00 noon.

*Prepared by Karen Carpenter
Group Benefits Strategies*