

**West Suburban Health Group  
Steering Committee Meeting**

Tuesday, February 4, 2014 at 10:00 AM

Sherborn Town Hall,  
Sherborn, MA

**Meeting Minutes**

**Steering Committee Members in Attendance:**

Peter Hoagland, Chair	Town of Sherborn
Marc V. Waldman, Board Chair	Town of Wellesley
Dan Morgado	Town of Shrewsbury
Michael Boynton	Town of Walpole
John Senchyshyn	Town of Wayland

**Guests in Attendance:**

Ruth Hohenschau	WSHG Treasurer
Christopher Coleman	Town of Needham
Michael Jaillet	Town of Westwood
Jim Johnson	Town of Walpole
Suzanne Donahue	Blue Cross Blue Shield MA
William Hickey	Harvard Pilgrim Health Care
Jason Fortin	Fallon Health
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Senior Plans
Carol Cormier	Group Benefits Strategies

Chair, Pete Hoagland, called the meeting to order at 10:05 AM.

**Approval of the minutes of December 4, 2013:**

Dan Morgado moved approval of the December 4, 2013 minutes.

Motion

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

**Treasurer's Report:**

Treasurer Ruth Hohenschau distributed financial reports through December 31, 2013 (unaudited figures). She said that the auditor reversed the amount of unpaid claims on June 30, 2013 by \$977K. She reviewed the summary of financials for June, October, November and December 2013. She said that there's been a loss in the Fund Balance; however, she pointed out that the decline was reversing since October and the Fund Balance was improving. She said it had been down by \$2.7 million as of October 31 and was down by \$1.7 million as of December 31.

Marc Waldman said that Carol Cormier's email from the previous day noted that there were no reinsurance receivables due.

Dan Morgado moved to accept the Treasurer's report.

Motion
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Michael Boynton seconded the motion. The motion passed by unanimous vote.

**Review of pricing for proposed Multi-Level Reinsurance Pooling Arrangement (MLRPA):**

Carol Cormier and Marc Waldman reviewed the pricing exhibits from Berkley Insurance.

Michael Boynton asked if any of the costs were start-up costs and asked if the rates would be lower in the second year.

Carol Cormier said that she did not expect costs to be lower in the second year and that the fixed costs were not one-time costs.

Ms. Cormier said that the \$500K Aggregating Specific Deductible that the WSHG has been paying each year way goes away, and so an additional \$500K is built into the MLRPA rates. She said that the annual maximum reimbursement has also been removed. Ms. Cormier said that GBS looked into this concept because in recent years clients have had difficulty in getting reinsurance quotes.

Marc Waldman said that the MLRPA guarantees the WSHG a reinsurance market and that the group could not continue without reinsurance. He said at the last meeting the Committee voted to recommend the participation in the MLRPA to the Board. He asked if anyone wanted to reconsider that vote.

There was no request to reconsider the vote.

For the meeting on February 13 the Committee asked Ms. Cormier to prepare an exhibit showing the reinsurance rate increases over the last several years and the specific deductibles for each year.

**Review of FY15 rate projections for active employee plans:**

Carol Cormier distributed the Rate Projections exhibits and six FY15 Funding Scenarios. She said that rates were projected by the health plans and separately by GBS.

Dan Morgado reviewed his exhibit of how rate projections compared to actual expenses last year. He said Network Blue and Tufts plans have been significantly under-funded. He said he is not in favor of reducing the rate increases for those plans by increasing the rates for Fallon and HPHC.

Marc Waldman said he agreed with Carol Cormier's point in her email of the previous day stating that if WSHG gets the rates wrong for the Harvard Pilgrim plans, the largest plans by far, there will be a big problem the following year. He said GBS projected an 11.9% increase for HPHC and HPHC projected 7.7%.

Michael Boynton said that the GIC is going for 0% rate increases for four years. He said that if the GIC can pull that off, there is no way that municipalities and groups like WSHG could compete and do better than that. He said WSHG might be unsustainable.

There was a discussion of what the Fund Balance target range should be.

Carol Cormier said she calculated the target range using claims from July through December and said the target range is from \$9.7M to \$14.6M (8% to 12% of annualized claims based on claims of the most recent 6 months).

Michael Boynton said he favored Scenario E putting \$2M of Fund Balance at risk.

There was a discussion about the Fund Balance projection for June 30, 2014. The Fund Balance as of 12/31/13 was noted at \$16.3M (unaudited).

Michael Boynton said he did not think the Fund Balance would go below \$14.5M by the end of the fiscal year.

Dan Morgado explained why he thought the Fund Balance would be around \$13.2 at the end of the fiscal year.

John Senchyshyn said that his town is under pressure to reduce rates and costs for early retirees in particular.

There was further discussion.

Marc Waldman proposed an 8% increase for Harvard Pilgrim and 4% for Fallon and then adjusting rates for Network Blue and Tufts to create a scenario that uses \$2 million of fund balance based on the scenario with the lower of the health plan vs. GBS projections.

Carol Cormier said that page 2 of the rating packet contained information about costs that were not built into the rates including the My Medication Advisor and Diabetes Rewards claims costs plus the estimate of new Affordable Care Act and State Ch. 224 fees.

Dan Morgado said that he does not think it is fair to subsidize the plans that have not been performing well with money that is the result of good performance by the Fallon plans.

Carol Cormier said she noticed there was an error on the BCBS rates on Scenarios A and C. She reviewed the correct percentages as shown on p. 16 of the rating exhibits. She asked to be able to make the corrections back at her office and present additional

scenarios. She suggested the Committee could meet an hour before the Board meeting on the Feb. 11.

Michael Boynton said he could not wait until the 11<sup>th</sup> for the information.

Michael Boynton moved to use the corrected Scenario C with percentages not higher than the lower of the two projections for each plan with adjustments to those rates such that \$2M of fund balance is used to reduce the rates.

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

Pete Hoagland set a Steering Committee meeting for 9 AM on Feb. 11 at Natick Community Center.

**Health Plan Reports:**

Blue Cross Blue Shield – Suzanne Donahue

Suzanne Donahue stated that minor changes to the Network Blue Options (Rate Saver) plan is required for 7-1-14. The current Out of Pocket maximum does not currently include Office Visit copayments and that effective 7-1-14 all Office Visits copayments will count towards the \$2000 Individual/\$4000 Family OOP maximum. She said the Benchmark plan currently includes the required services to roll up to the OOP maximum so no change needed on that. Ms Donahue stated that effective 7-1-15 all RX member copayments must be counted towards the OOP Maximum. Members will then be more likely to reach the OOP maximum of \$2000/4000 and reach it more quickly. Ms. Donahue said the new ACA standard maximum amounts for OOP Maximums are \$6,350 Individual/\$12,700 Family for 2014. She said the group may wish to consider reviewing and modifying the OOP maximums.

Ms Donahue also stated that the \$500 calendar year maximum on medically necessary wigs and the \$5,000 calendar year maximum on Medical Formulae must be removed 7-1-14.

Tufts Health Plan – Erin Hayes said that what Ms. Donahue said about the Out-of-pocket maximums and other Affordable Care Act requirements applies to the Tufts plans as well. She said that since the Rx copays are going to count towards the OOP Maximum in 2015 some private sector employers are raising their OOP Maximums now.

Ms. Hayes said that Tufts has expanded the Fitness benefit to include yoga, zumba, and other activities. She said the dollar amount, \$150 per member, remains the same. She said she recommends that WSHG make this change.

Harvard Pilgrim - Bill Hickey said that the WSHG plans administered by HPHC were already ACA compliant. He said that unlike BCBS, HPHC does not consider the limits on wigs or low protein formulae to be out of compliance at this time, and are not removing them for July 2014.

Mr. Hickey said that there will be a need to review the out of pocket maximums in light of pharmacy copays being rolled into the maximums in 2015.

Fallon Health – Jason Fortin said that Fallon is changing its name and branding from Fallon Community Health Plan to Fallon Health effective now.

**Other Business:**

Marc Waldman said that Mass. Taxpayers Foundation is doing studies of health plans to see if the so-called Cadillac tax will apply when it goes into effect in 2018.

Bill Hickey said that the AFL-CIO is raising issues about the Cadillac tax.

Michael Boynton introduced Jim Johnson, Assistant Town Administrator, Walpole.  
Pete Hoagland adjourned the meeting at 12:30 PM.

*Prepared by Carol Cormier  
Group Benefits Strategies*