

# Massachusetts Municipal Reinsurance Arrangement (MMRA)

## Board Meeting

November 3, 2016 at 11:30 AM

Arthur J. Gallagher & Co. Offices  
1900 Crowne Colony Drive, Ste. 308,  
Quincy, MA

### Primary and Alternate Board members present:

Marc Waldman, Chair	West Suburban Health Group (WSHG)
Dan Morgado	West Suburban Health Group (WSHG)
Noreen Mavro-Flanders	Cape Cod Municipal Health Group (CCMHG)
Francis "Skip" Finnell	Cape Cod Municipal Health Group (CCMHG)
Donna Madden	Minuteman Nashoba Health Group (MNHG)
Anthony Logalbo	Minuteman Nashoba Health Group (MNHG)

### Guests present:

Tracey May	Arthur J. Gallagher & Co. (AJG)
Michael Madden	Artex Risk Solutions, Inc.
Manjusha Sheobaran ( <i>by conference call</i> )	Grey Matter Risk
Dean Vaden	Consilium Solution
David Williams	Consilium Solution
Carol Cormier	Group Benefits Strategies (GBS)

Chair Marc Waldman called the meeting to order at 11:40 AM.

### Approval of the minutes of the May 10, 2016 MMRA Board meeting:

Noreen Mavro-Flanders moved to approve the minutes as written.

Motion

Donna Madden seconded the motion. The motion passed by unanimous vote.

### Consilium Solution:

Tracey May introduced Dean Vaden, President, and David Williams, Regional Vice President of Sales of Consilium. Mr. May said that Consilium negotiates pricing for out-of-network (OON) services.

Dave Williams said that Consilium is a national company. He reviewed an organizational chart and a progression of savings chart. He talked about reference-based pricing, specifically targeting to a percentage of what Medicare pays.

Dean Vaden said that he doesn't see that the value of PPO networks will hold up for much longer. He said it makes sense to negotiate to a percent of Medicare payments and with no balance billing.

Tracey May said that Consilium does not charge a retainer and gets paid 15% of savings.

Mr. Vaden gave some example of savings and said that promise of prompt payment can sometimes result in deeper savings.

Carol Cormier said that the only group at the table that has a PPO with more than a handful of members is Cape Cod Municipal Health Group (CCMHG).

Tracey May said that if reports on Out-of-Network utilization and costs are provided to Consilium, they could provide an estimate of savings.

Marc Waldman said that timely payment could be a problem. He asked if the Joint Purchase Groups would become the payers.

There was a discussion about the payment process.

Tracey May said that a workflow process for payments would have to be prepared.

Board members agreed that the concept was worth exploring and should be added to the next meeting's agenda.

There was a discussion about whether or not the service would be subject to procurement laws.

Mr. Vaden and Mr. Williams left the meeting at this time.

#### **Review of MMRA Financial Reports:**

Mike Madden, Artex Risk Solutions and the MMRA's captive manager, said that going forward quarterly reports will be generated and provided 45 days after each quarter ends. He said he would send the reports to GBS for distribution to the Board.

Noreen Mavro-Flanders asked that program expenses be included in the reports.

Mr. Madden said the program expenses were in the numbers and could be broken out with more detail. He said 10% of premium went to Berkley Insurance, 3% of premium to taxes, 3% to Gallagher and 2% to Artex.

Mike Madden reviewed the Sept. 30, 2016 Quarterly Management reports of the 2014 Treaty Year (FY2015). He said that this policy is now closed. He noted the \$1,306,163 Participant Fund Ending Balance, and said that Berkley Insurance will release each Joint Purchase Group's share of this money to them by December 31, 2016. He said that \$494,404 of the \$1,804,567 collateral ("non-premium funding") had been used to cover losses.

Mike Madden reviewed the report on the 2015 Treaty Year (FY2016). He said this policy is still open and that it has been a less successful year than TY14. He said that the expected losses (Losses, Case Reserves plus IBNR) exceed the Loss Fund plus Investment Income by \$1,463,317.

There were no losses to date on the 2106 Treaty Year (FY17) policy.

Manjusha Sheobaran answered questions and said that Berkley's profit in Treaty Year 2014 was more than corrected in TY15.

There was a discussion about the TY2014 Participant Fund Ending Balance of \$1,306,163.

Tony Logalbo moved to leave \$1,306,163 in the Captive to help pay for Treaty Year 2017 (FY18) Non-premium Funding.

Motion

Dan Morgado seconded the motion. The motion passed by unanimous vote.

Tracey May said he will write a history of the first year of the Captive.

**Growing the MMRA:**

Tracey May said that the current arrangement in which the three joint purchase groups pool risk and allocate expenses based on premiums written, i.e. a one-for-all and all-for-one arrangement, works for the original three MMRA participants, but he said he thinks new members to the MMRA should be evaluated and rated based on their own claims experience. Mr. May said that in looking at possible new participants, the MMRA Board should want like-minded entities that understand the long-term value of the arrangement.

Marc Waldman said that the WSHG and also CCMHG will be making plan design changes for July 1, 2017, and gave a brief overview of what was happening with WSHG.

Mike Madden said that volume is value and increasing the number of participants will help all participants.

Dan Morgado suggested that with added members, the original members should get a break on the non-premium funding.

Carol Cormier listed some possible new participants.

There was a discussion about managing prescription drug (Rx) costs.

Tracey May said he would send out information about what can be done to manage Rx costs.

**Other Business:**

Chair Marc Waldman set the next MMRA Board meeting for May 9, 2017 at 11:30 AM.

Motion

Tony Logalbo moved to adjourn.

Noreen Mavro-Flanders seconded the motion.

Mr. Waldman adjourned the meeting at 2:30 PM.

*Minutes prepared by Carol Cormier  
Group Benefits Strategies*