

**West Suburban Health Group
Board Meeting**

Tuesday, June 16, 2015, 9:30 a.m.

Wellesley Town Hall
Wellesley, MA

Meeting Minutes

Board Members in Attendance:

Marc Waldman, Board Chair	Town of Wellesley
Dan Morgado, Steering Committee Chair	Town of Shrewsbury
Maria Rosado	Accept Education Collaborative
David Ramsay	Town of Dover
Christine Tague	Dover Sherborn RSD
Miriam Johnson	Town of Dedham
Mary Bousquet	Town of Holliston
Martha White	Town of Natick
Richard Tranfaglia	Town of Natick
Elizabeth Dennis	Town of Needham
Debbie Reynolds	Town of Sherborn
Kirsteen Leveillee	South Middlesex RSD
John Senchyshyn	Town of Wayland

Guests in Attendance:

Ruth Hohenschau	WSHG Treasurer
Anne Costello	WSHG Assistant Treasurer
Bill Hurley	ACCEPT Education Collaborative
Linda Clark	Town of Natick
Donna Lemoyne	Town of Wayland
Jim Kern	Town of Dedham
Debbie Deegan	Town of Dedham
Christine Fowler	Town of Shrewsbury
Marianne Davis	Natick Public Schools
Michael Breen	Blue Cross Blue Shield of MA
William Hickey	Harvard Pilgrim Health Care
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Health Plan – Senior Plans
Jason Fortin	Fallon Health
Joe Anderson	Fallon Health
Patrick Flaherty	Fallon Health
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair, Marc Waldman, called the meeting to order at 9:35 AM

Approval of the minutes of the February 12, 2015 meeting:
John Senchyshyn move to approve the minutes as written.

Motion

Mary Bousquet seconded the motion. The motion passed by unanimous vote.

Treasurer's Report:

Ruth Hohenschau distributed the Treasurer's report through May 31, 2015 (unaudited figures) and compared to figures from June 30, 2014. She reported a Fund Balance of \$7,109,737, down from \$9,558,500 at the beginning of the fiscal year. She said the FY15 Net Loss to date was \$2,448,763.

Dave Ramsay noted that the decrease in the fund balance is better this year than last year.

Dan Morgado made a motion to accept the Treasurer's report as presented.

Motion

Dave Ramsay seconded the motion. The motion passed by a unanimous vote.

GBS Reports:

Funding Rate Analysis (FRA) – Carol Cormier reviewed the FRA through April 2015 and said that on a paid claims basis the funding through rate revenue was close to meeting expenses, with an expense-to-funding ratio of 100.1% and shortfall of \$128,183. Ms. Cormier noted that March expenses were high for all plans but especially for Harvard Pilgrim (HPHC) plans. She said she received information from HPHC that WSHG had quite a few members with claims exceeding \$50K that month. Ms. Cormier said that the April HPHC claims were more typical of previous months.

Ms. Cormier reviewed the *BCBS Level Monthly Deposit* report for the fourth quarter of FY15 and said there was a credit balance with BCBS of \$99K.

Reinsurance reports – Karen Carpenter reviewed the reinsurance reports for FY14 with data through April 2015. She said that there were 12 members exceeding the \$300K specific deductible with claims totaling \$5,507,810 and excess claims of \$1,907,810. She said the Group met the \$500K aggregating specific deductible (ASD) and received \$1,407,516 in reimbursements. She said an additional \$294 is owed the Group. She said four of the twelve members are deceased. She 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 4 members exceeding the \$300K specific deductible with excess claims of \$211,527. She said the group received \$84,308 in reimbursements and is expected to receive additional reimbursements of \$127K. Ms. Carpenter said there were 20 members with claims between \$150K and \$300K with claims totaling \$4.3M.

Martha White joined the meeting.

New service from GBS: Carol Cormier said that employers from all the joint purchase groups often request member rosters from GBS's Enrollment and Billing Dept. She said the number of requests is growing and that GBS is going to automate this by providing employers access to their own downloadable monthly member rosters and invoice data in Excel format through a secure web portal. She said employers will be able to create historical records of their enrollment data. She said that there will be an annual fee of \$150 per unit, but that if WSHG purchases the service for all of the member employers, the annual fee per employer would be \$130. She said that GBS would no longer provide the reports on an *ad hoc* basis.

Christine Tague joined the meeting.

Martha White motioned to approve WSHG purchasing the roster service for all member units from GBS at the rate of \$130 per employer for FY16.

Motion

Mary Bousquet seconded the motion. The motion passed by a unanimous vote.

MA Municipal Reinsurance Arrangement (MMRA) Pool:

Carol Cormier said the MMRA has been active for almost one year and said that Marc Waldman was voted to be Chair of the MMRA at the last quarterly Board meeting. She said that the MMRA meeting minutes would be posted on the WSHG website.

Marc Waldman said that the CCMHG, MNHG and WSHG are the three participants of the MMRA. He said that once a member's claim reaches between \$300K and \$800K, reimbursements are paid through the self-funded MMRA. Mr. Waldman said claims in excess of \$800K are reimbursed by Berkley Insurance, the reinsurance carrier. He said it is still too early to evaluate how the MMRA is performing.

Mr. Waldman said the FY16 renewal added 11% to the MMRA rates and increased the collateral amount which is an asset of WSHG.

Carol Cormier noted that she built in a 15% to 16% increase to the reinsurance rates into the calculation of the FY16 health plan rates. She said the quarterly report is included in today's meeting packet.

Wellness Program Report:

Kirsteen Leveillee said WSHG had its first Group-wide walking program with 11 governmental units participating. She said over 500 employees participated. Ms. Leveillee said Michele Craemer, WSHG Wellness contractor sent out a survey to determine what types of programs and activities the employees would like to see offered for FY16. She said the Committee is currently focusing on a summer program. Ms. Leveillee said Ms. Craemer is very responsive and proactive working with all of the wellness liaisons.

Maria Rosado joined the meeting.

Ms. Leveillee said the Committee is actively looking at additional programs that can be offered to the WSHG as a group. She said the Committee will be holding a summit in the Town of Shrewsbury in July to review the claims data and the wellness budget. She said during FY15, the WSHG wellness programs have had several success stories reported. Ms. Leveillee noted that one member who participated went from a weight of 300 lbs. to 200 lbs. over one year.

Marc Waldman said that once the Wellness Committee and programs are established, he would have no issue with moving the individual wellness stipends back into the wellness budget to be used towards group-wide programs.

Maryanne Davis said she would like to recognize the work of the WSHG Wellness Committee members, Sue Colton, Scott Szczebak, Paula Brady, Miriam Johnson and Kirsteen Leveillee.

Marc Waldman thanked all of the Committee members and liaisons for their work.

Affordable Care Act issues:

Cadillac Tax – Carol Cormier said she wants to keep the issue of the Cadillac Tax on everyone’s minds. She said both the Democrats and Republicans alike are dissatisfied with how the tax will be calculated and are looking at making adjustments. Ms. Cormier said she advises the employers to prepare for the tax as it has been presented to date. She said an exhibit of the impact on each health plan was distributed to the WSHG employers at the last meeting and noted that the tax is the employer’s responsibility, not the WSHG’s and not the employee’s. Ms. Cormier said the tax is a 40% surcharge on the premium amounts that exceed the specified limits.

ACA (Affordable Care Act) Employer Reporting - Carol Cormier said it appears that the ACA requires employers of self-funded plans to report at the employer level, not as a Group: however, she said GBS is researching the requirement. Ms. Cormier said even if it were required to report as a group, each employer would still need to complete the reporting and transmit the data for aggregation and compilation. She said she would send more information about the reporting requirements later in the day.

It was subsequently confirmed that the ACA employer mandate reporting is the responsibility of each joint purchase group participating employer.

Steering Committee report on planning for FY17 and beyond:

Marc Waldman said that the Steering Committee met and discussed planning for the future of WSHG.

GIC FY16 plan design changes and impact of those changes applied to WSHG plans – Dan Morgado said the Committee reviewed how the market and GIC decisions may

impact WSHG. He said the four units that left WSHG will have an impact on the group, with a reduction in enrollments of approximately 20%. He said the full financial impact will not be known for another two years. Mr. Morgado said the Committee looked at and discussed ways that WSHG can remain a viable option for its entities *versus* a move to the GIC or other arrangement. He said alternative plan designs and the possibility of eliminating the Rate Saver plans was discussed. Mr. Morgado said the Board Meeting was planned to be able to obtain the opinions and thoughts of all of its members. He acknowledged that there may be some labor agreements in place for 2 to 3 more years which may not allow some of the changes under consideration until their expiration. He noted that Town of Shrewsbury's agreement is through July of 2016.

Carol Cormier said she will be collecting the bargaining agreement dates from all of the units. Ms. Cormier reviewed the plan designs of WSHG with the GIC benefits as of 7/1/15 and the savings decrements provided by the health plans should the Board decide to make changes to that level. She said the current WSHG Benchmark plans are similar to last year's GIC plan design. Ms. Cormier noted that the enrollment numbers on the exhibit included the exiting units and the Town of Wellesley enrollments as they are currently. She said it is expected that there will be significant migration of Wellesley employees to Fallon Health plans based on changes to the Town's contribution strategy.

In response to a question, Mr. Morgado said that a strategy to make the Benchmark plans more desirable would probably not work since there is not enough of a difference in rates to incentivize movement.

Ms. Cormier said that the GIC made a decision to change its PPO (Preferred Provider Organization) plans to POS (Point-of-Service) plans for FY16. She said legal advice may need to be obtained to find out if WSHG can do the same using Sections 21-22.

It was subsequently confirmed by legal counsel that Sections 21-22 may not be utilized by governmental units to move the PPO plans to POS plans. Such a move would require the traditional bargaining process (Ch. 150E).

Marc Waldman noted that any plan design changes that the governmental units make to the level of the GIC Benchmark plan will always be one year behind the GIC. He said it is due to the lateness of the GIC's announcement of its changes and rates and that the GIC does not need to bargain changes.

Carol Cormier continued to review the plan design exhibit and the savings that may be realized per each health plan carrier. She said the price of services continues to rise each year and that if no changes are made to fixed co-pays, the cost of health care will continue to increase only for the employers.

Marc Waldman said the initial move to the Benchmark plans is a cost shift to the employees. He said either Sections 21-22 or 150E bargaining can be used, and noted that

25% of the savings realized utilizing Sections 21-22 will need to be returned to the employees during the first year through a mitigation plan.

Mr. Waldman said that the units leaving WSHG for the GIC are now entering the GIC with a different set of plan designs than what they had expected since the GIC made changes for FY16 after the units had bargained with their employees. The Board discussed the pros and cons of staying in WSHG versus joining the GIC.

Dan Morgado said WSHG will need to be aggressive with its plan designs to be able to sustain viability. He said the fund balance is declining and there is a need to reduce costs or increase premiums. Mr. Morgado asked the Board to think about options such as eliminating the Rate Saver plans or adjusting the plan designs.

Bill Hickey said plan design changes will only have an impact on utilization behavior with a very large participation. He said the biggest impact to change utilization behavior is seen with large deductible plans of \$3,000 or higher. Mr. Hickey said the GIC's decision to change its PPO plans to POS plans resulted in more people enrolling into the Unicare plan, which is a cost increase.

John Senchyshyn said that the towns are looking at their bottom lines. He said if WSHG does not stay competitive, the towns will seriously consider the GIC.

Carol Cormier reminded the Board members that if they are going to utilize Sections 21-22, to be sure to adopt the sections prior to the Board taking a vote.

Dan Morgado asked the Board to think about what has been discussed and come back to the next meeting with ideas of what WSHG will look like in 2016 and 2017. He said maintaining good relationships with the unions is important.

A Steering Committee meeting was scheduled for September 14th at 10 a.m. at Shrewsbury Town Hall. A Board meeting was scheduled for September 24th at 9:30 a.m. at the Natick Senior Center.

Other Business:

There was no other business.

Martha White made a motion to adjourn.

Motion

Dave Ramsay seconded the motion. Dan Morgado adjourned the meeting at 11:36 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*