

**West Suburban Health Group  
Steering Committee Meeting**

Monday, February 6, 2017 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
Michele Craemer	WSHG Wellness Consultant
William McAlduff	Dover-Sherborn RSD
Scott Szczebak	Town of Wellesley
Blythe Robinson	Town of Wellesley
Christine Fowler	Town of Shrewsbury
Donna Lemoyne	Town of Wayland
William Chenard	Town of Natick
Linda Clark	Town of Natick
Linda Loiselle	Abacus Health Solutions
Gus Adams	Abacus Health Solutions
William Hickey	Harvard Pilgrim Health Care (HPHC)
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Health Plan
Julia LeBrun	Fallon Health
Joe Anderson	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 1:10 PM.

**Approval of the minutes of the September 15, 2016 meeting:**

John Senchyshyn moved to approve the September 15th minutes as written.

Motion

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

**Treasurer’s Report:**

Treasurer Ruth Hohenschau said that the FY16 Financial Audit is complete. Ms. Hohenschau distributed and reviewed her financial reports (unaudited figures) comparing the change in fund balance from June 30, 2015 to June 30, 2016. She said that the IBNR in FY16 was \$8.3M and for the first half of FY17 it was \$8.5M. Ms. Hohenschau said that the auditor is recommending increasing it to \$9M.

Ms. Hohenschau reported a fund balance of \$6.2M on June 30, 2016 and a \$3.4M fund balance on December 31, 2016. She said the fund balance has been running at a deficit and noted that it is imperative that the towns and districts pay their member assessments on time, by the end of the first week of every month. Ms. Hohenschau said she did not have enough in the fund to pay the health plan invoices last month.

There was a discussion, and Dan Morgado said that the issue will be addressed at the Board meeting.

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

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

**GBS Reports:**

*Funding Rate Analysis (FRA)* – Carol Cormier reviewed the FRA summary through December 31, 2016 and said that on a *paid claims basis* the expense-to-funding ratio across all plans was 101.8% with expenses exceeding funding by \$921,297. She said that the Fallon Benchmark numbers on page 5 are not correct, but noted that the adjustments that need to be made are not large. She said she received the corrected numbers from Julia LeBrun and updated the rate packet. Ms. Cormier said that the funding deficit includes reinsurance reimbursements of \$1.13M.

*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 \$4.92M and the excess claims amount was \$1,620,956. She said that the amount reimbursed to date was \$1,448,483 and an additional \$172,472 is due to the WSHG.

Karen Carpenter reviewed the *FY17 reinsurance reports*. She said that the total claims for one individual who had claims exceeding the \$300K specific deductible was \$730,750 and the excess claims amount was \$430,750. She said that amount is due to the WSHG.

**Wellness Report:**

Michele Craemer reviewed the participation numbers for the current wellness programs and noted that there were 854 members that completed the *Maintain Don’t Gain* program. She said that there were 1,240 unique members participating in the various programs. Ms. Craemer said that the individual communities were utilizing their individual wellness dollars for various programs such as yoga classes and boot camp fitness trainings.

**myMedicationAdvisor® & Diabetes Reward programs** – Linda Loiselle & Gus Adams, Abacus Health Solutions:

*Diabetes Program update* – Linda Loiselle said that Abacus sent out a new registration incentive flyer to encourage new participation.

*myMedicationAdvisor® (MMA) discussion about Fallon participation* – Linda Loiselle said that the Steering Committee reviewed a savings analysis provided by Abacus regarding the possibility of program eligibility for the Fallon Health plan members. She said in the past, the analysis did not reflect enough of savings to warrant adding Fallon Health to the program. Ms. Loiselle said that the recent analysis showed an estimated \$21K to WSHG and \$7K in member savings. She said the cost would be \$1.25 per member per month and said she asked the Committee to consider adding the plan.

*MMA Report* – Ms. Loiselle reviewed the year-end report and said that program is exceeding projections. She said the estimated group savings was \$808K and \$65K of savings for employees in waived co-pays.

*Proposed Specialty Drug program* – Linda Loiselle introduced Gus Adams and said he came to speak about an expansion of the current MMA program to include Specialty medications.

Gus Adams said that specialty drugs account for 1% of prescriptions, but said that they account for 32% of all prescription drug spending. He referred to an article in “Issue Brief”, an AHIP publication. Mr. Adams said that while the specialty drugs are making breakthroughs in treatment of certain diseases, they are very high in cost. He said that a specialty drug that treats Hep-C, named Olysio, can cost \$50 to \$60 thousand dollars for a 90 day supply. He noted, that Harvoni, which is a specialty drug that can cure Hep-C, is even higher in cost. Mr. Adams said that for the years 2015 to 2018, it is expected that the specialty medication expenses will increase by 16% each year, with total spending comprising more than 50% of the total drug spending by 2018.

Mr. Adams said the program that Abacus Health Solutions is proposing will yield higher savings by shifting from a high volume of lower costing medications to low volume high cost medications. Using the example of the drug Olysio, he said the savings would be about \$20K through the proposed program. He said that Abacus is proposing a savings split of 20% to Abacus and 80% to WSHG on the Specialty medications. Mr. Adams said that a full-time pharmacist has been hired to assist with the member’s adherence and outreach of information.

There was a discussion and the Steering Committee said they would consider the proposal and get back to Ms. Loiselle and Mr. Adams.

**Town of Sherborn – payment to WSHG as required by the Joint Purchase Agreement:**

Marc Waldman said a copy of the letter from WSHG to the Town of Sherborn regarding their obligation to reimburse WSHG for their July 2016 runout claims is in the meeting packet.

Dan Morgado suggested making a recommendation to the Board to take appropriate actions to collect the amount owed.

Marc Waldman suggested setting up a meeting with Attorney Peloquin to discuss the next steps.

The Steering Committee agreed with Mr. Waldman’s suggestion.

**FY18 Rate projections for active employee plans:**

Carol Cormier introduced Fallon Health representatives, Julia LeBrun and Joe Anderson, and said that Ms. LeBrun will be replacing Jason Fortin as the Fallon Account Executive for WSHG.

Ms. Cormier referred to the FY18 rating packet and said that the Fallon administrative fee increase of 4% in FY17 was a 2 year guaranteed rate. She said that she spoke to Bill Hickey, Harvard Pilgrim, and he went back to the underwriters who lowered their proposed fee increase to 2%. Ms. Cormier said that Tufts and BCBS are increasing their fees by 2%.

Erin Hayes said that the increase of the administrative fee is due to the significant loss of membership to other plans.

Ms. Cormier reviewed the GBS contracted fees and noted the fees were \$2.64 per individual subscriber and \$6.94 per family subscriber.

Ms. Cormier reviewed the myMedicationAdvisor® and Diabetes Rewards Program fees and said the fees were added to the rate projections last year. She said she has shown the projected rates with and without those fees for FY18.

There was a discussion about the Abacus fees and Dan Morgado said he would favor hiring an independent audit company to confirm that the savings estimated are accurate.

Marc Waldman said that he would like to see if MNHG and CCMHG would like to agree to join with WSHG to hire an independent auditing company as part of the MMRA.

Carol Cormier continued to review the FY18 rate projections and noted that the current year is the last year that the Transitional Reinsurance Program fees will be charged.

Dan Morgado referred to an exhibit he created to show a history of the WSHG rate increases, funding surplus and any shortfalls.

Carol Cormier said that the HPHC underwriter's projection for the HPHC EPO was a 2% rate increase as compared to the GBS projection of 15.2%. She said this plan is almost 9% underfunded now and she doesn't understand the underwriter's projection.

Bill Hickey said he will show the underwriters Ms. Cormier's numbers and report their response.

Ms. Cormier reviewed the following funding scenarios:

- Current health insurance annual funding totaling \$99,802,764.
- Scenario A-1 – the health plan carrier projections with a 6.2% composite increase including the ACA and Abacus fees at \$106,033,822 annual funding
- Scenario A-2 – same as A-1, but without the Abacus and ACA fees included

The Committee agreed to review only the scenarios that include the ACA and Abacus fees.

Ms. Cormier continued to review the scenarios:

- Scenario B-2 – the GBS projections with a 13% composite increase and \$112,774,612 annual funding. She said she kept an 8% spread between the Rate Saver and Benchmark plan rates.
- Scenario C-1 – the lower of the projections, except for the HPHC EPO Rate Saver plan.

Carol Cormier suggested first determining what the Committee considers to be the appropriate level of annual funding and then narrowing to the scenarios that are consistent with the desired funding.

Jerry Lane said he would suggest the higher of the 2 projections due to the fund balance situation.

It was the consensus of the Committee to increase the HPHC EPO Rate Saver plan rate above 15%, barring the HP underwriter finding an issue with calculations.

Marc Waldman suggested an annual funding of between \$112M and \$112.5M and noted that the Rate Saver plans will be eliminated on July 1, 2018.

There was a discussion and further review of the rating information.

The Committee requested 2 new scenarios and instructed Ms. Cormier as to the percentage increase ranges.

**Health Plan reports:**

*Tufts Health Plan* - Erin Hayes said that beginning January 1, 2017, Tufts introduced the following cost savings programs to its fully insured business – Cardiac Management, Pre-payment specialty claims audit and inpatient audits, a code review program and provider incentive payments. Ms. Hayes said if WSHG wants to add them, Tufts can add them retroactive to January 1, 2017. Ms. Hayes said that alternatively Tufts can add them at a later date.

There was a discussion and Marc Waldman made a motion to add the programs effective January 1, 2017 and to approve signing the amendment to the administrative service agreement.

John Kern seconded the motion. The motion passed by a unanimous vote.

Motion

*Harvard Pilgrim Health Care (HPHC)* – Bill Hickey said that the carriers are working with the employers to schedule the Open Enrollment health fairs and educational meetings.

Carol Cormier said that the HSA qualified high deductible plans require a serious educational effort. She said GBS will send a survey to the employers to see which employers are likely to add those plans for FY17 or FY18. Ms. Cormier said the health plan representatives will need to know where their educational efforts should be focused.

**Other business:**

John Senchyshyn suggested holding a union summit with the health plan professionals to explain how the new plans work.

There was no other business.

Marc Waldman moved to adjourn.

Motion

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

Chair Dan Morgado adjourned the meeting at 3:20 PM.

*Prepared by  
Karen Carpenter  
Group Benefits Strategies*