

**West Suburban Health Group
Steering Committee Meeting**

Thursday, February 18, 2016 at 10:00 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
Martha White	Town of Natick

Guests in Attendance:

Christopher Coleman	Town of Needham
Donna Lemoyne	Town of Wayland
Christine Fowler	Town of Shrewsbury
Michael Hale	Town of Shrewsbury
Hans Baumhauer	Dover Sherborn RSD
William Hickey	Harvard Pilgrim Health Care (HPHC)
Michael Breen	Blue Cross Blue Shield of MA (BCBS)
Jay Swanson	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
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Dan Morgado called the Steering Committee meeting to order at 10:00 AM.

Approval of the minutes of the October 19, 2015 meeting:

Marc Waldman moved to approve the minutes as written.

Motion

Jerry Lane seconded the motion. The motion passed by majority vote. Martha White abstained.

Treasurer's Report:

Dan Morgado said that the Treasurer was unable to attend today's meeting and referred to Treasurer's reports included in the packet.

Martha White made a motion to accept the Treasurer's report as presented.

Motion

Marc Waldman seconded the motion. The motion passed by a unanimous vote.

Dan Morgado asked everyone to introduce themselves and said coffee was available.

GBS Reports:

Funding Rate Analysis (FRA) – Carol Cormier reviewed the FRA through December 2015. She said the expense-to-funding ratio across all plans was 95.4% with a surplus of funding on a paid claims basis of \$2.46M.

Retiree Drug Subsidy (RDS) application re-opening audits – Carol Cormier referred to exhibits in the Steering Committee packet and explained that RDS Plan Sponsors may, for the purpose of auditing, open RDS applications that have been reconciled and closed. She said that GBS is aware of a number of Plan Sponsors that have done this and it was found that the plan sponsors had not received the full amount of subsidy that was due to them. She said that since the auditors work on a contingency basis, do not require fees if they find it is not worthwhile to re-open, and since the findings have been favoring the plan sponsor, the risk is small.

Dan Morgado asked that this item be added to the Board Meeting Agenda with examples of previous audit results.

Reinsurance reports – Ms. Carpenter reviewed the FY16 reinsurance report and said there were 4 members exceeding the \$300K specific deductible with excess claims of \$228,757. She said there is no aggregating specific deductible on this policy. She said the group is expected to receive reimbursements of \$228,757. Ms. Carpenter said there were 9 members with claims between \$150K and \$300K with claims totaling \$4.3M.

Steering Committee Vacancy:

Dan Morgado said Kirsteen Leveillee stepped down leaving a vacancy on the Steering Committee. He said that Jim Kern, Town of Dedham, has expressed an interest but will need to be appointed to the Board to become eligible to serve on the Committee. Mr. Morgado asked Carol Cormier to send out an email to the Board to solicit nominations for the position.

Wellesley proposal for additional independent financial analysis:

Marc Waldman said that in response to the changes made to the Joint Purchase Agreement and the Fund Balance Policy, and during a conversation with the Wellesley Selectmen, he suggested hiring an independent actuary to do an analysis on the Fund Balance and the IBNR.

Martha White said she was in favor of doing this to be able to respond on the Group's sustainability.

Dan Morgado said that transparency is important and said he was in favor of the analysis.

Martha White made a motion to recommend to the Board to approve obtaining quotes for completing the fund balance analysis.

Motion

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

FY17 rate projections:

Dan Morgado said that the rates adopted by the Board for FY17 will include some expenses, such as the Diabetes Rewards and myMedicationAdvisor® (MMA) Programs claims expenses that were not included in previous years. He said in the past these programs were not included because the Board decided that the savings of the programs exceeded their costs.

Carol Cormier explained that the GBS calculations use paid claims and the carrier's projections use incurred and paid claims. She said that the carriers excluded the 4 units that left the group, while GBS did not. She said she had discussed this with Marc Waldman. Ms. Cormier said that the claims of two of the units were above the WSHG average claims per subscriber, and the other two units had claims per subscriber that were below average. She reiterated that the projections include the Diabetes Rewards and MMA Programs as well as the ACA fees.

Ms. Cormier reviewed the carrier administrative fees and said that BCBS had a 0% increase, HPHC increased its fees by 1%, Tufts increased by 5%, and Fallon's increase was 4%. Ms. Cormier said that the Fallon increase fee is guaranteed for 2 years and includes additional program expenses. She asked Tufts to consider reducing its increase.

Erin Hayes said that their increase balanced out with the other carriers over the past 3 years.

Ms. Cormier reviewed the GBS fees and noted that the GBS contract expired on December 31, 2015.

Dan Morgado said that the Board will need to send out an RFP.

Ms. Cormier said that an amendment to the contract will need to be signed for the interim.

Mr. Morgado asked that the amendment be added to the next meeting agenda.

Ms. Cormier explained how she calculated the claims projections for each plan. Dan Morgado noted that the Board voted to change the co-pays of Benchmark plans to be more similar to the GIC plan effective July 1, 2016. He said that may save about 2%. He suggested that the Benchmark and Rate Saver plans should not have an increase at the

same percentage and favors a larger gap between the two types of plans to incentivize members towards the Benchmark plans.

Carol Cormier said she agreed with Mr. Morgado and continued to review the projections by plan. She noted that the HPHC's projection and the GBS projections had the largest gap.

Bill Hickey said some of the pooled out claims could be a factor because GBS projections use claims on a paid basis, while HPHC uses incurred and paid. He said this would lead to differences in the high cost claims that were pooled out of the claims experience.

Ms. Cormier reviewed the current funding scenario and said that the estimated annual funding based on 12/2015 enrollments is \$101,793,012. She said the composite increase for the carrier projections is 3.5% and the GBS composite increase is 7.0%. Ms. Cormier said that the combined carrier and GBS composite average increase would be 5.3%.

Dan Morgado said that WSHG adopted the average of the two projections for last year's rates.

Bill Hickey noted that HPHC lost nearly 37% of its membership last year due to the shift to the Fallon Health plans and the units that withdrew from WSHG.

Ms. Cormier reviewed Funding Scenario D with a composite increase of 5.57% with an estimated funding of \$107,461,535.

There was a discussion about the spread between the Benchmark and Rate Saver plans and Ms. Cormier said that the current spread is about 4%.

Dan Morgado suggested increasing the spread to 8%, taking into account the 2% savings to the plan changes, 2% for the ACA fees and the current 4% spread.

There was a discussion about the possible migration of enrollment into the Benchmark plans and its impact to the fund balance.

Marc Waldman made a motion to recommend a scenario with an 8% spread between the Benchmark and Rate Saver plans.

Motion

Martha White seconded the motion. The motion passed by unanimous vote.

Marc Waldman made a motion to recommend a scenario generating a total annual funding of \$109,000,000 to the Board.

Motion

Dan Morgado seconded the motion.

Carol Cormier said that she would create the requested scenarios.

There was a discussion about the individual rate increases of each plan.

Marc Waldman made a motion to recommend an increase to the HPHC PPO plan determined by the composite of the carrier and GBS projections.

Motion

Martha White seconded the motion. The motion passed by a majority vote. Dan Morgado opposed.

In addition, the Steering Committee asked Carol Cormier for a scenario to include increases of approximately 4.5% to 5% to the Fallon plans, 6% for Network Blue.

Health Plan reports:

Tufts Health Plan - Fred Winer gave an update regarding the changes the Group Insurance Commission (GIC) would be making for FY17 and future changes they are considering.

Blue Cross Blue Shield - Michael Breen said that BCBS is offering a new benefit called *Telehealth* that can be rolled out on the plan anniversary. He said the benefit will enable employees and their family members to have a medical visit with a doctor or therapist using a computer, tablet or mobile device. He said the fee for the program is \$0.50 per subscriber per month.

Jay Swanson referred to the BCBS e-Kit exhibit in the Steering Committee packet and said that BCBS will be using the one-page benefit sheet at open enrollment and said copies for each plan will be given out to the employers. He said that benefit information can be accessed electronically utilizing just one page.

Other Business:

Dan Morgado asked that the withdrawal letter from the Town of Sherborn be added to the next Steering Committee Agenda.

Mr. Morgado asked Ms. Cormier to send an email to the Board about the upcoming changes to the Benchmark plans for FY17.

The next Steering Committee meeting was scheduled for February 23, 2016 at noon, to be held at the Natick Community Center.

Dan Morgado noted that Kevin Walsh, who owned Prescription Benefits Services (PBS), passed away.

Carol Cormier said that Tim McGee, Mr. Walsh's associate, has authorization to continue working with CanaRx and said that Mr. McGee said there would be no disruptions to their service.

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There was no other business.

Martha White made a motion to adjourn.

Motion

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

Dan Morgado adjourned the meeting at 12:15 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*