

**West Suburban Health Group
Steering Committee Meeting**

Wednesday, May 21, 2014 at 9:30 AM

Wellesley Town Hall
Wellesley, MA

Meeting Minutes

Steering Committee Members in Attendance:

Marc Waldman, Board Chair	Town of Wellesley
Dan Morgado	Town of Shrewsbury
John Senchyshyn	Town of Wayland
Mary Beth Bernard	Town of Westwood
Betty Dennis	Town of Needham
Michael Boynton	Town of Walpole

Guests in Attendance:

Ruth Hohenschau	WSHG Treasurer
Kevin Feeley, Atty.	Feeley & Brown
Maryann Bilodeau	Town of Sudbury
Cherry Karlson	Town of Wayland
David Ramsay	Town of Dover
Kirsteen Leveillee	So. Middlesex RSD
Gerard Lane	Town of Dover
Christine Tague	Dover-Sherborn RSD
Michael Herbert	Town of Ashland
Karen Jelloe	Town of Wrentham
Mary Bousquet	Town of Holliston
Miriam Johnson	Town of Dedham
Chuck Murphy-Romboletti	Town of Needham
Christopher Coleman	Town of Needham
Scott Szczebak	Town of Wellesley
Tricia Schmitt	Dover-Sherborn RSD
Katie McCue	MA Municipal Association
Christine Fowler	Town of Shrewsbury
Thomas Gregory	Town of Shrewsbury
Richard Tranfaglia	Town of Natick
Linda Clark	Town of Natick
Hans Larsen	Town of Wellesley
Christine Brodeur	Town of Ashland
Maria Rosado	Accept Education Collaborative
Michael Jaillett	Town of Westwood

Suzanne Donahue	Blue Cross Blue Shield
Marisa Fusco	Tufts Health Plan
Jim Delisle	Tufts Health Plan
William Hickey	Harvard Pilgrim Health Care
Fred Winer	Tufts Health Plan
Erin Hayes	Tufts Health Plan
Jason Fortin	Fallon Health
Bob Cannon	Fallon Health
Joe Anderson	Fallon Health
Kate Sharry	Group Benefits Strategies
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Board Chair, Marc Waldman chaired the meeting in Steering Committee Chair Pete Hoagland's absence. He called the meeting to order at 9:45 AM.

Mr. Waldman said that several employer members of the WSHG reached out to him asking for information regarding the Group Insurance Commission (GIC) as an option, Sections 21 to 23 and the advantages of WSHG membership and its future. He said that Kevin Feeley, Attorney with Feeley & Brown, and Carol Cormier will be speaking on those topics following the Steering Committee (SC) business. Mr. Waldman said that he invited Maryann Bilodeau from the Town of Sudbury to speak about the town's transition to the GIC. He asked that introductions be delayed until after the SC business portion of the meeting.

Approval of the minutes of the March 18, 2014 meeting:

John Senchyshyn moved to approve the minutes of the March 18, 2014 Steering Committee meeting.

Motion

Mary Beth Bernard seconded the motion. Betty Dennis abstained.
The motion passed by a majority vote.

Treasurer's Report:

Ruth Hohenschau distributed the Treasurer's report through April 30, 2014 (unaudited figures) and said that there was a decrease in the fund balance of \$5.3M. She said that \$626K was received from the Retiree Drug Subsidy and proceeds of \$298K from reinsurance reimbursements.

Marc Waldman noted that \$5.9M of the fund balance is anticipated to be utilized towards the FY15 health plan rates.

GBS Reports:

Carol Cormier reviewed the Funding Rate Analysis summary page and said that on a paid basis, the expenses exceeded funding by \$2.6M through March 31, 2014. She noted that a reinsurance reimbursement of \$405K is expected.

Other Business:

Marc Waldman said that the representative from The Education Cooperative (TEC) said that they will be starting an on-line school effective July 1, 2014. He said that they are in application with the MA Teachers retirement system. Mr. Waldman said that they are requesting the WSHG employee benefits through TEC. He said that their payroll is administered through TEC and suggested that the employees be treated as TEC employees. Mr. Waldman asked if there were any opposition or objections.

There were no objections.

Carol Cormier said that there are approximately 20 to 30 employees and noted that other JPGs have allowed established a mini-JPG within the larger JPG. She said it would be reasonable to do in this situation, but said that it would be a good idea to draft an agreement between the on-line school and TEC. Ms. Cormier said that TEC would be the Participating Governmental Unit in WSHG and would represent both TEC and the online school on the WSHG Board.

Rose Bragdon joined the meeting and confirmed that there would be 35 new employees. She said the name of the entity is The Education Collaborative Community Academy (TECCA).

John Senchyshyn made a motion to recommend to the Board to approve inclusion of TECCA through TEC as presented by Mr. Waldman.

Motion

Mary Beth Bernard seconded the motion. The motion passed by a unanimous vote.

Mary Beth Bernard said that the Town of Westwood is hosting visitors from Pakistan and said they have been invited to attend today's WSHG meeting. She said they are very interested in insurance and how the WSHG works.

Marc Waldman asked that everyone introduce themselves.

The GIC as an option – pros vs. cons:

Marc Waldman said that decisions made by each WSHG community to continue membership or make a move to another group will have an effect on the future of WSHG. He said that the Committee wants to look at the pros and cons of the available options as well as negotiating plan design changes through Sections 21 to 23.

Mr. Waldman introduced Maryann Bilodeau from the Town of Sudbury and asked her to speak about the town's transition into the GIC.

Ms. Bilodeau spoke about the town's health insurance administration and efforts to reduce costs prior to joining the GICMs. Bilodeau said that in FY10, the town negotiated plan design changes and an increase to the employee health plan contribution rates. She said that the Fallon Select Care and Direct Care plans were added as well as an opt-out program. She noted that the opt-out program enrollment increased following the move to the GIC.

Ms. Bilodeau said that because the town had already made plan design and contribution rate changes, they decided to look at the GIC. Ms. Bilodeau said that the town projected savings was \$1.3M if it were to go to the GIC. She said that the overall savings was just under \$2M and said that the town opted to share 35% of the savings with the employees.

Ms. Bilodeau said that that the transition to the GIC was a lot of work and said being organized and lots of communication are key. She said that the Town of Arlington assisted by sharing their transition experiences with Sudbury. Ms. Bilodeau said that the town held several employee meetings, holding retiree and early retiree meetings separately. She said the meetings were taped and uploaded to the town website for those that were unable to attend.

Ms. Bilodeau said that the GIC has strict document requirements regarding enrollment and eligibility of employees and their dependents. She said health plan applications will not be accepted without submission of the proper documents. Ms. Bilodeau said attendance lists were kept for all attending the meetings and presentations. She said that the opt-out incentive was increased from \$1,000 individual /\$2,500 family to \$1,500 individual /\$3,000 family per year. Ms. Bilodeau noted that the town is saving \$500K each year with the opt-out program. She said the opt-out savings is in addition to the mitigation. Ms. Bilodeau said that the retirees are not eligible to participate in the opt-out program.

Ms. Bilodeau said that the GIC handles all of the retirees and COBRA administration. Ms. Bilodeau said that the town shared 20% of the \$5.7M savings left in trust fund with the employees. She noted that included in the negatives of the transition is that the GIC does not offer BCBS plans. She said most employees who had been on BCBS plans moved to the PPO plans. She said several Newton/Wellesley physicians do not participate in the HMO plans. She said there is no town control with GIC, and employees working 18.75 hours a week are eligible for health insurance. She said the GIC requires prior approval of any communications sent to the employees about the GIC.

Carol Cormier said that it appears that the contribution changes made by the town rather than the move to the GIC accounted for a large portion of the overall savings.

Ms. Bilodeau said that the contribution savings amounted to \$1.96M to the town and \$147K to the employees. She said that the retiree contribution rate is 50%.

Ms. Cormier noted that the GIC no longer requires the early retiree contribution percentage to be the same as the active employee percentage.

Ms. Bilodeau continued and said enrollment into the GIC Tufts Navigator and Harvard Pilgrim Choice HMO plans are the highest. She said that prior to the move, most employees were enrolled into the Fallon Select and BCBS plans. Ms. Bilodeau said that the town projected 50% of those enrolled in BCBS plans would move to the HP Choice and PPO plans. She said that most of the early retirees chose to enroll into the Unicare plan. Ms. Bilodeau noted that there is opt-out rule that states that an employee is not eligible for the program if they are switching to the plan of a spouse who is employed within the town or school. Ms. Bilodeau said that the town did savings calculations between the current plan and the GIC plans and also the Benchmark plans with the GIC.

Kevin Feeley said one of the requirements to move to the GIC is to show the savings of moving all employees to a benchmark plan. He said those savings need to be at least 5% or greater than savings if the employer group made the GIC benchmark plan design changes at the local level.

Marc Waldman thanked Ms. Bilodeau and introduced Attorney Kevin Feeley.

Negotiating Health Insurance Changes using Ch. 32B, Sections 21-23:

Kevin Feeley distributed a presentation and said he would give an overview of utilizing Sections 21-23 to make plan design changes or to join the GIC. He said the regulations and details of the process is available in the MA law libraries, 801cmr 52.00. He noted that the process can be used multiple times.

Atty. Feeley said that Section 21 is the general acceptance and implementation procedures, Section 22 is regarding making changes to current plans and benefits and Section 23 relates to joining the GIC. He said the presentation summarizes the process which needs to be followed precisely. Atty. Feeley said that a Public Employee Committee (PEC) needs to be formed if one does not already exist. He said that the PEC is made up of a representative of each collective bargaining unit and a retiree representative. He said that the retiree representative has a 10% weighted vote, while the remaining 90% is allocated equally among the collective bargaining units. Atty. Feeley said that the retiree representative is designated by the Retired State, County and Municipal Employees Association.

Atty. Feeley said a 2-day notice of the Selectmen's vote to accept Sections 21-23 to all unions and retiree association is the first notice. He said the projected savings needs to be calculated and said that a notice is sent to the Insurance Advisory Committee (IAC). Atty. Feeley said that the IAC and PEC notices should include the description of the current plans, enrollments and costs as well as a detailed description of the proposed changes, anticipated savings, projected enrollment and premiums of the new plans and a mitigation proposal. He said the IAC will meet with the Appropriate Public Authority (APA) within 10 days after receiving the notice. Atty. Feeley said within 2 days after

that meeting, the APA must provide the president of each union and the retiree association of its decision.

Attorney Feeley said that he has been through eleven processes and five of those joined the GIC and six made plan design changes. He said that the Executive Office of Administration & Finance (ANF) set the maximum mitigation of 25% of the savings. Atty. Feeley said that eight of the processes he was involved with gave more than 25% of its savings to the employees.

There was a discussion about migration of the employees and which plans they were likely to enroll into if a unit were to move to the GIC.

Carol Cormier said all of the GIC HMO plans, with the exception of the Fallon Select Care plan, are limited network plan. She said data shows that most employees enroll into the PPO plans.

Atty. Feeley said that a 30-calendar day negotiation period begins once the PEC has received the implementation process. He said if no agreement is reached, all of the information is submitted to an impartial 3-member panel designated by ANF. He said it is the panel's job to determine if all of the requirements were met. If so, the employer's proposal will be approved. Atty. Feeley said a 60-day notice to employees and retirees is required prior to the plan design changes.

Marc Waldman asked what types of mitigation can be proposed if an entity already mitigated to implement the Rate Saver type plans.

Atty. Feeley said that the HRA could be amended to include deductibles.

Maryann Bilodeau said that the Town of Sudbury added a better dental plan.

There was a discussion.

Carol Cormier said that the GIC needs to be notified by December 1st for a July entry and by July 1st for a January 1 entry.

Ms. Bilodeau said that the Town of Sudbury realized a decrease of \$16M in OPEB liability.

Mr. Waldman thanked Attorney Feeley and said that the Steering Committee can discuss this further at their next meeting.

The Advantages of WSHG and its Future Viability:

Carol Cormier said that she assisted both CCMHG and MNHG when they utilized Sections 21-23 to make plan design changes similar to the GIC benchmark plan. She said that CCMHG is comprised of 54 employers, and MNHG consists of 17 employers. Ms.

Cormier said that she used actuarial savings projections provided by the health plans, which she said turned out to be a conservative approach. She said that the comparisons need to be based on moving to the benchmark plans. She said that different contribution rates may have a different effect.

Ms. Cormier reviewed an exhibit showing the pros and cons of WSHG employers joining the GIC. She said currently 55.5% of active employee plan enrollments are in the Harvard Pilgrim (HPHC) plans, and that HPHC enrollment continues to grow. She said that the Tufts plan enrollments are second with 18% of enrollment. She noted that the Tufts plan enrollments are decreasing. Ms. Cormier said that the rates are the major driver. She reviewed a rate exhibit comparing the health plan rates of the GIC to the WSHG rates and said that the FY15 GIC rates for the Tufts Navigator PPO are lower than the FY15 WSHG Tufts Benchmark plan. Ms. Cormier said that the HPHC WSHG rates are lower than the HPHC GIC rates.

Bill Hickey said that the GIC will not pay out-of-network claims and said that the 3rd tier hospital and physician providers are not on the GIC plans.

Carol Cormier said that the WSHG rates shown on the exhibit are the subsidized. Ms. Cormier said that several of the WSHG plan rates are lower than the GIC rates. She said the GIC retiree plan design is the same or a little richer than the WSHG plan. She said that the GIC has a 60-day waiting period for new hires to enroll into their health plans. Ms. Cormier said as Ms. Bilodeau stated earlier, there are no BCBS plans available.

Marc Waldman said that WSHG has a very large BCBS Medex population.

Ms. Cormier said that the WSHG retiree plan rates are lower than the GIC retiree plan rates. She said that with the GIC if a retiree has a spouse not eligible for Medicare, then the spouse will need to choose an active plan from the same health plan provider the retiree chooses. Ms. Cormier said that the GIC PPO plans do not have an out-of-state network so those early retirees living out of state will migrate to the more expensive Unicare plan.

Ms. Cormier said the GIC has a 3-year commitment requirement, does not offer alternative savings programs such as the MMA and Diabetes Program, nor does it offer the administrative and consulting services provided by Group Benefits Strategies. She said that the WSHG members always know the status of the trust fund and said that the WSHG is a strong group with a lot to offer.

Dan Morgado asked what each of the WSHG units intentions are regarding the WSHG and GIC.

Marc Waldman said that the Town of Wellesley needs to complete a deeper GIC analysis to be able to say one way or the other. He said that he heard that there is a regulation stating that the retiree contribution rates cannot be changed if adopting Sections 21 – 23.

Carol Cormier said that was true.

Michael Boynton said that the perception at the Town of Walpole's town meeting is that the GIC is better based on their rates. He said that they are opening bids for a 3rd party analysis on their health plan contributions. Mr. Boynton said that the administration and staff members do not want to leave WSHG. He said they are waiting to review the analysis but may not have time to join the GIC for 2015.

Several of the Board members agreed that they needed to see a better analysis before making any decision to leave.

Carol Cormier said that she has templates that she can share. She said that the employee counts and employer/employee contribution share would need to be filled in by each employer. Ms. Cormier said it will be difficult to determine the migration of the employees and said each employer would need to determine that based on assumptions.

Marc Waldman said he would like to come up with a percentage as a whole of where the employees may migrate.

There was a discussion about the GIC deficit and how they will handle it.

Marc Waldman said that he may want to invite Mel Klechner, Brookline, to a future meeting.

Maryann Bilodeau said that the GIC is projecting low increases to the health plan rates over the next three years.

Erin Hayes said they did not have much traction with the provider contracts there. She said Tufts held their administration fees this year. Ms. Hayes said if the members migrate to HPHC, Tufts will need to increase their fees.

Jason Fortin said that most of the GIC's HMOs are fully insured. He said that better provider contracts will benefit WSHG costs, too.

Erin Hayes agreed with Mr. Fortin. She said that Tufts could support a decision to add limited network plans to WSHG.

Carol Cormier said it may be a good idea to revisit the topics discussed at previous meetings, such as promoting utilizing Shields MRI or other free-standing hi-tech imaging facilities.

Marc Waldman said that it wouldn't be a good idea to add a limited network side-by-side with large network plans. He said no one would enroll. He asked the Board members to email him their ideas prior to the next meeting.

WSHG Steering Committee meeting, 05/21/14

Mr. Waldman thanked Maryann Bilodeau, Attorney Kevin Feeley, and Carol Cormier for their presentations.

Dan Morgado moved to adjourn the meeting.

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

Marc Waldman adjourned the meeting at 12:25 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*