

**West Suburban Health Group  
Steering Committee Meeting**

Tuesday, November 18, 2014 at 1:00 PM

Natick Senior Community Center  
Natick, MA

**Meeting Minutes**

**Steering Committee Members in Attendance:**

Dan Morgado, Chair	Town of Shrewsbury
John Senchyshyn	Town of Wayland
Elizabeth Dennis	Town of Needham
Jerry Lane	Town of Dover
Martha White	Town of Natick
Jim Johnson	Town of Walpole
Marc Waldman, Board Chair (ex officio)	Town of Wellesley

**Guests in Attendance:**

Ruth Hohenschau	WSHG Treasurer
Anne Costello	WSHG Asst. Treasurer
Rose Bragdon	The Education Cooperative
Donna Lemoyne	Town of Wayland
Marianne Davis	Natick Public Schools
Linda Clark	Town of Natick
Michele Bredice-Craemer	WSHG Wellness Coordinator
Bill Hickey	Harvard Pilgrim Health Care
Suzanne Donahue	Blue Cross Blue Shield
Erin Hayes	Tufts Health Plan
James Delisle	Tufts Health Plan
Fred Winer	Tufts Health Plan
Jason Fortin	Fallon Health
Joe Anderson	Fallon Health
Bob Cannon	Fallon Health
Kate Sharry	Group Benefits Strategies
Carol Cormier	Group Benefits Strategies

Chair, Dan Morgado called the meeting to order at 1:03 PM.

**Approval of the minutes of the September 18, 2014 meeting:**

Elizabeth Dennis moved to approve the minutes as written.

Motion

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

**Treasurer's Report:**

Ruth Hohenschau distributed the Treasurer's report through October 31, 2014 (unaudited figures) compared to figures from October 31, 2013. She reported a Fund Balance of \$9,689,999, down from \$10,098,755 at the beginning of the fiscal year and down from \$14,843,12 on Oct. 31, 2013. She noted that member assessment revenue was covering claims and premiums but not completely covering other expenses. She said the FY15 Net Loss to date was \$408,756.

Ms. Hohenschau said that the payment of \$862K for the ACA's Transitional Reinsurance Program fees would be drawn in early December. She said she expects that the annual independent audit will be completed by the end of the year.

Jim Johnson asked if some of the fund balance could be applied to reduce FY16 rates.

Carol Cormier said that in her opinion that would not be wise. She said she thinks the FY16 expenses should be fully funded through the rates.

**GBS Reports:**

Funding Rate Analysis (FRA) Report – Carol Cormier reviewed the report with data through September 2014. She said the report compares rate revenue to paid claims, administration fees, and reinsurance premiums net of reimbursements. She said that there was a shortfall of funding of almost \$800K on this basis.

Dan Morgado said that the figures on the FRA summary were somewhat different from the version that Ms. Cormier had sent to him on Oct. 23.

Carol Cormier said she would look into this and get back to the Committee with the correct version

BCBSMA Level Monthly Deposit Reconciliation Report - Ms. Cormier said that WSHG ended the first quarter of FY15 with a \$515,275 credit balance. She said this was probably because BCBS was changing the payment platform for Network Blue and the September claims were very low for all affected accounts. She said that she expects a catch-up of claims payments in October and November.

Reinsurance reports – Carol Cormier reviewed the reports of FY14. She said that there were twelve (12) excess claimants with claims totaling \$5,479,705. She said the excess amount (amounts over \$300K per claimant) was \$1,879,705. She said the \$500K Aggregating Specific Deductible had been met and the group had been reimbursed \$1,178,296, and was owed an additional \$201,409. She said that 4 of the 12 claimants were deceased.

Ms. Cormier said that there were thirty-seven (37) members with claims between \$150K and \$300K with total claims of \$7.3 million. She said that eight (8) of those members are

no longer on the plan. There were no members with claims exceeding \$300K on the FY15 report and 4 members with claims between \$150K and \$300K.

Affordable Care Act (ACA) -

*PCORI Fees* – Carol Cormier said that \$20K in PCORI fees was paid on time for the FY13 benefit year, and the IRS incorrectly imposed late filing and late payment fees. She said that Marc Waldman spoke with an IRS representative and then filed an IRS 720 correction form. She said that it appears that the late filing and late payment penalties have been removed.

*Transitional Reinsurance Program fees* - Ms. Cormier said that GBS recalculated the fees based on member counts using the Snapshot Factor Method as allowed for self-funded groups and found that it saved WSHG almost \$300K compared to the original method used. She said that the amount owed is \$862,097 for which Ms. Hohenschau has done the filing and made bank arrangements for the pull by HHS on Dec. 5.

*Health Plan ID numbers* – Ms. Cormier said that GBS obtained an HPID for WSHG and learned several days later that the government has withdrawn the requirement to obtain an HPID until further notice.

*OOP Maximums* – Carol Cormier said that the ACA requires that pharmacy (Rx) copays and Rx coinsurance be included in the OOP Maximum (“MOOP”) of non-grandfathered health plans beginning on anniversary starting January 2015. She said that the MOOPs are a benefit to plan members because they put a limit on out-of-pocket expenditures. Ms. Cormier noted that currently only medical copays count towards the MOOP except in the case of the Fallon plans. She said Fallon made a decision to add the pharmacy member cost share to all commercial plans on anniversary in 2014. Ms. Cormier reviewed a handout with information about the maximum MOOPs allowed by the ACA in CY15, categories of benefits, the absence of a requirement to have a MOOP on out-of-network benefits for PPOs, and current MOOPs by plan. She said that most of the WSHG plans have MOOPs of \$2,000 per member, not to exceed \$4,000 per family. She said that Fallon Rate Saver MOOPs are lower at \$1,000/\$2,000. She said that with the addition of the substantial pharmacy copays, members in all plans will reach the MOOP more quickly than they do now unless the WSHG increases the MOOPs. She said that WSHG may increase its current MOOPs or introduce a separate pharmacy MOOP.

There was a discussion about changing the MOOPs and the process of doing so.

Dan Morgado said that WSHG should wait until rates are set to vote on the MOOP. He said that at that time there should also be a decision on whether or not to change the Fallon MOOPs to match those of the other plans.

Dan Morgado said that the Committee asked the health plan representatives for the data on OOP costs paid by members and how many members are reaching the maximums now.

*Cadillac Tax* – Carol Cormier said that starting in 2018 there will be a tax of 40% of amounts over the Cadillac Tax annual plan cost thresholds. She said in 2018 the thresholds will be \$10,200 for an Individual plan and \$27,500 for a Family plan. She reviewed an exhibit showing the annual costs of several WSHG plans from current to FY2020 using hypothetical rate increases of 7% per year. She showed that the HP PPO, Network Blue Rate Saver, and Network Blue Benchmark plans would exceed the Cadillac tax cost thresholds for both Individual and Family contracts. She said the tax on the PPO would be very high but that there are only 50 subscribers on the PPO. She said that it is possible that the Cadillac Tax provision of the ACA will be changed or removed before 2018 but that the WSHG should be aware and have a plan if the tax does go into effect in 2018. She said that the PPO has been rated on its own claims experience and, she said, because it is a plan primarily for early retirees who move out of the area, the risk level on that plan is high.

Marc Waldman said that since the WSHG self-funds its active employee plans, it has flexibility to adjust rates to avoid the tax.

*ACA Employer Reporting* – Carol Cormier said that most units are probably dealing with this and that HR associations have been providing information to help employers understand and prepare for the reporting that begins in 2016 for 2015. She said that GBS now has the ability to provide the monthly invoice information in an Excel file. She said that GBS would charge a flat fee for retroactive reports and a monthly fee for ongoing reports. She said that this might serve a short-term need for some employers or, for others, be a long-term solution.

*RDS Application re-openings* – Carol Cormier said she wanted WSHG to be aware that it may choose to have its RDS applications re-opened and audited.

Kate Sharry said two GBS clients are going to re-open applications with an auditor that GBS selected through a bidding process.

Carol Cormier said that GBS is not suggesting that WSHG do an audit, rather making the members aware that the service is available. She said she will let WSHG the outcomes of the audits by other clients.

*FY16 Rate Setting Process* – Ms. Cormier said that GBS and the health plans will project funding rates from claims data that does not include the two units that are withdrawing from WSHG on 7/1/15, i.e. Towns of Ashland and Westwood..

The health plan representatives discussed the trend factors for medical services and prescription drugs (Rx) with Rx trend being the higher at 9.5% to 12% and increasing.

Ms. Cormier said that without the use of fund balance to lower rates and with the increasing Rx trend, units should probably budget for increases around 15% at this stage.

*WSHG Steering Committee meeting, 11/18/14*

Dan Morgado noted that the WSHG has not been including the costs of the alternative prescription drug program or the government program fees into the rate projections.

Marc Waldman discussed some approaches Town of Wellesley is looking into for the future.

Jim Johnson said that Town of Walpole is exploring options including MIIA and the GIC.

**Wellness Committee Report:**

Wellness Committee Chair, Marianne Davis, introduced the new WSHG Wellness Coordinator, Michele Bredice-Craemer to the Committee.

Ms. Davis said that there will be a meeting of the Wellness Committee on Thursday and that directions, goals and policies will be discussed.

Ms. Craemer reviewed her handout listing meetings that have taken place with Wellness Liaisons in seven of the governmental units with two more meetings scheduled. She said she developed Wellness Initiatives for the Wellness Committee and Wellness Liaisons to review. The first, she said was a Benefit Awareness Initiative focusing on under-utilized fitness benefits and smoking cessation resources. She said she developed three flyers: Fitness Benefit Awareness Flyer, Urgent Care vs. ER flyer, and Smoking Cessation Resource Flyer.

Ms. Craemer discussed the *Staying Balanced During the Holidays* program which she said could be tailored to each unit, as needed.

**Discussion on impact of Ashland and Westwood withdrawals:**

Dan Morgado said that Towns of Ashland and Westwood have provided notice that they will leave the WSHG and go to the GIC on July 1, 2015. He said that he knows that a number of units are reviewing options and said that it is only right that the units keep the WSHG membership informed of what is going on. He said that the Committee is aware that Town of Walpole is actively reviewing options.

John Senchyshyn asked at what point the WSHG would no longer be viable.

Carol Cormier said that WSHG is now very large compared to most other joint purchase groups. She said that WSHG used to be much smaller and that Needham, Walpole, Shrewsbury, and Keefe Tech are reasonably recent additions to the group. She said the smallest joint purchase group has six employers and about 2,200 subscribers and is doing very well. She said that Ashland and Westwood collectively have 880 active employee plan subscribers and 470 Medicare plan subscribers.

Marc Waldman said Wellesley is reviewing options including the GIC.

Martha White said Natick is not evaluating other options at this time.

Marc Waldman discussed the state budget deficit of over \$300 million and said that \$100 million of that is attributable to the GIC. He said that the GIC rates are typically underfunded, and then the GIC goes to the legislature for supplemental budget appropriations. He said that the Committee should watch what happens with the GIC funding through the next six months to the extent possible. He said that there is no transparency and that the process raises valid concerns about how the GIC benefits are actually funded.

Carol Cormier pointed out that there were no other units leaving for the GIC in the other four joint purchases groups for which she consults.

Kate Sharry said that, to her knowledge, the two joint purchase groups that she works with do not have members considering the GIC and that one of the groups is looking to add members.

Jim Johnson asked about the trust fund balances for the other joint purchase groups.

Carol Cormier said that for the most part they have healthy fund balances and have been subsidizing rates and/or having premium holidays to reduce fund balances.

Dan Morgado said that Town of Shrewsbury uses impact bargaining and that he has a two-year agreement with the unions that there will be no significant changes. After that he said he will start looking at options.

**DOI Bulletin on Transgender Surgery and Related Treatment Coverage:**

Dan Morgado said that this item was briefly discussed at the last Steering Committee meeting.

Carol Cormier read the conclusion of the DOI on this matter from the June 2014 Bulletin, i.e. "The Division has concluded that excluding coverage for gender identity or gender dysphoria-related treatment will be considered prohibited sex discrimination because it would be a limitation on coverage based on the sex of the insured."

Dan Morgado asked the health plans about the cost impact of adopting coverage.

The health plan representatives agreed that the cost is expected to be well under 1% on average.

Carol Cormier said she recommended adoption of transgender surgery and related treatment.

Martha White moved to recommend to the Board that it adopt the coverage of transgender surgery and related treatment, effective 7/1/15.

Motion

Jim Johnson seconded the motion. The motion passed by unanimous vote.

**Health Plan Reports:**

*Tufts Health Plan* - Erin Hayes said that the letter addressed to Town of Wayland and included in the Steering Committee packet was sent jointly by the CEOs of St. Vincent Hospital and Metrowest Medical Center. She said it explained that they were in difficult negotiations with Tufts for a new three-year contract. She pointed out that the contract is for the facilities only and not the physicians and that the current contract ends January 1<sup>st</sup>. She said the two hospitals are owned by Tenant, a for-profit hospital company.

Jim Delisle, Tufts Health Plan, spoke to the matter of the contract with Tenant and explained that it was unusual for hospital providers to put out a letter such as this so early in the negotiations. He responded to questions from the Committee members. There was a discussion about how the hospitals knew which employers used Tufts plans.

Erin Hayes said that they will keep the WSHG informed about the status of the contract negotiations.

*Fallon Health* – Jason Fortin talked about the Fallon Smart Shopper Transparency Tool. He said that for the fully insured plans, there are financial incentives but that the incentives are not yet being offered to self-funded plans.

*BCBSMA* – Suzanne Donahue said that each year BCBSMA evaluates the hospitals based on quality and cost and issues the new list of provider tiers. She said that Harrington Hospital has moved to a more favorable tier for 1/1/15.

Suzanne Donahue announced that she is retiring at the end of 2014. The Committee and Carol Cormier thanked her for her very fine service and wished her well.

*Harvard Pilgrim* – Bill Hickey had nothing new to report.

**Other Business:**

Dan Morgado said the Committee should meet in about two months. He said he would put some dates out for consideration.

There was no other business.

John Senchyshyn move to adjourn.

Motion

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

Chair Dan Morgado adjourned the meeting at 3:02 PM.

Prepared by Carol Cormier  
Group Benefits Strategies