

**West Suburban Health Group  
Steering Committee Meeting**

Thursday, February 20, 2020 at 10:00 AM  
Shrewsbury Town Hall, Shrewsbury, MA

**Meeting Minutes**

**Steering Committee Members in Attendance:**

Kevin Mizikar, Steering Committee Chair	Town of Shrewsbury
Marc Waldman, Board Chair	Town of Wellesley
Jerry Lane	Town of Dover
William Chenard	Town of Natick
Chuck Murphy-Romboletti	Town of Needham
Louise Miller	Town of Wayland

**Guests in Attendance:**

Ruth Hohenschau	WSHG Treasurer
Bill Fraher, CPA ( <i>by conference call</i> )	Independent Financial Auditor
David Snowdon	Town of Shrewsbury
Donna Bouchard	Town of Shrewsbury
Laurie Gaudet	Town of Shrewsbury
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Julia Lebrun	Fallon Health (FH)
Katelyn Glennon	Fallon Health (FH)
Patrick Flattery	Fallon Health (FH)
Michael Breen	Blue Cross Blue Shield of MA (BCBSMA)
Lisa Despres	Tufts Health Plan (THP)
Rae Felts	Tufts Health Plan (THP)
Carol Cormier	Gallagher Benefit Services, Inc.
Karen Carpenter	Gallagher Benefit Services, Inc.
Karen Quinlivan	Gallagher Benefit Services, Inc.

Kevin Mizikar, Steering Committee Chair, called the meeting to order at 10:00 AM.

**Approval of the Minutes of October 9, 2019 meeting:**

Marc Waldman made a motion to approve the October 9, 2019 meeting minutes as written.

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

Motion

**Auditor's report on the FY19 Financial Statements:**

Auditor Bill Fraher, CPA was connected to the meeting by conference call.

Bill Fraher said that the audit went well but was delayed by late MMRA reporting and related issues. He said MMRA/Artex reporting over-estimated the IBNR which had a negative effect on the WSHG year-end Fund Balance. He said that has now been corrected by reducing the IBNR by about \$600,000.

Bill Fraher reviewed the WSHG Financial Statements 5-Year Trend Summary. He said Net Assets at year-end were \$5,971,353 which is down 2.45% from the previous year. He said Net Assets as a percent of claims were a bit under 8% with 8-12% being the range targeted by the Fund Balance Policy. Mr. Fraher reported decreases in participant contributions and in claims, largely due to the high enrollments in HSA Qualified plans with lower funding rates than the Benchmark plans.

Mr. Fraher reviewed the Management Letter and said there were no Material Weaknesses and that the two Significant Deficiencies were boilerplate. These were briefly discussed.

Marc Waldman said that the more recent unaudited financial reports were showing a significant increase in the Fund Balance (Net Assets). He asked about using some of the surplus to reduce FY21 rates.

Bill Fraher said that is a reasonable thought but urged caution. He said the current Fund Balance Policy is prudent.

Marc Waldman motioned to accept the FY19 audited financial statements and report.

Motion

Bill Chenard seconded the motion. The motion passed by unanimous vote.

**Treasurer's report:**

Treasurer, Ruth Hohenschau, distributed and reviewed the financial reports through January 31, 2020 (unaudited figures). She said the Fund Balance was \$11,396,230.

Ms. Hohenschau said she would like to have a Steering Committee member receive and review the bank statements each month online to help mitigate the audit Management Letter, Significant Deficiency B. There were no volunteers.

Marc Waldman motioned to accept the Treasurer's Report of January 31, 2020.

Motion

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

**GBS reports:**

Carol Cormier said that this will be Karen Carpenter's last meeting because she will be retiring after twelve years in her position. She said Karen Quinlivan will take over and that she has worked in the GBS Enrollment and Billing department for ten years and is familiar with WSHG and the other Joint Purchase Groups. She said she is currently in training with Karen Carpenter.

Carol Cormier reviewed the Funding Rate Analysis (FRA) with data through December 2019. She said the Expense-to-Funding ratio across all self-funded health plans was 91.6%

Karen Carpenter reviewed the reinsurance reports. She said that in the *FY19 policy period* there were 14 members with claims exceeding the \$300,000 specific deductible with total claims of about \$7 million and excess claims of \$2.8 million. She said \$2.1 million has been reimbursed to WSHG to date. Ms. Carpenter mentioned the lasered claimant for whom the deductible is \$1.5 million and said total claims for this member are \$938K all of which are the WSHG's responsibility. She said that there were \$8.36 million in claims for 41 members with claims between \$150K and \$300K.

Ms. Carpenter reviewed the reinsurance reports for the FY20 policy year. She said as of January 31, 2020 there were five members with claims exceeding the \$300K deductible with total claims of \$3.13 million and excess claims of \$1.627 million. She said that there have been no reimbursements to date.

**MMRA Report:**

Carol Cormier said that the auditor, Bill Fraher, mentioned the issues and delay with the recent reports from Artex, the Mass. Municipal Reinsurance Arrangement (MMRA) captive manager. She said the issues have been resolved for now.

Ms. Cormier said the three joint purchase groups participating in the MMRA are looking into holding the claims costs of specialty drugs down through a program with OptiMed Health Partners. She said that OptiMed received reports of medical claims of specialty medication users and identified a WSHG claimant for whom they think they can make a significant difference in costs. She said that this will be a reactive approach and should be transparent to the member. She said WSHG will have to sign a contract and a Business Associates Agreement with OptiMed. She noted that a copy of the proposed contract was in the Steering Committee packet.

Bill Hickey, Harvard Pilgrim (HPHC), said he is concerned about HPHC not being able to see the Rx data from OptiMed and that this could interrupt the coordination of care. The other health plan representatives expressed similar concerns.

Carol Cormier asked the health plan Account Executives to send her their questions and said she would request responses from OptiMed.

**FY21 Preliminary Rate Projections for active employee health plans:**

Carol Cormier reviewed the FY21 rate projections packet for active employee plans which included claims projections from the health plans and independent projections from GBS. She said overall this is a good renewal. Ms. Cormier reviewed the fixed costs to be built into the rates including health plan administrative fees, GBS fees, and reinsurance premiums. Ms. Cormier said WSHG could and probably should also build into the rates factors to cover about \$1.2 million in Diabetes Rewards Program claims and CanaRx claims. She explained the methodology of the claims projection calculations and walked through the rate projections for each plan.

Bill Hickey said that the Harvard Pilgrim trend factors have increased to 8% since the time he submitted the HPHC projections.

Carol Cormier said the trend used in the HPHC rate projections was 6.5%. She asked Mr. Hickey to have new projections developed before next week's meetings.

The other health plan representatives said that their trends will be increasing.

Mr. Cormier reviewed the current funding scenario saying that using December enrollment numbers the annualized cost with the current FY20 rates is \$106,740,624. She reviewed four scenarios for FY21 ranging from composite increases in funding of 0.3% to 3.9%, noting that the claims costs for CanaRx and Diabetes Rewards Program were not included in these scenarios and that this would represent approximately an additional 1% in required funding.

There was a discussion. The Steering Committee asked Ms. Cormier to re-do the funding scenarios to include the Diabetes Rewards and CanaRx claims costs, and the Committee asked for an additional funding scenario.

Kevin Mizikar said that the Committee will review the revised and new funding scenarios at a 9:00 AM meeting on February 27<sup>th</sup>. This meeting will be just prior to the 10:00 AM Board meeting and the Committee will vote on its rate recommendations, to the Board at the Feb. 27<sup>th</sup> meeting.

It was agreed that the OptiMed proposed agreement will be held until Feb. 27<sup>th</sup> to allow for further review.

**Health Plan reports:**

Fallon Health – Julia Lebrun said that WSHG needs to decide how it wants to address the state mandate on insured plans regarding expanded behavioral health options. She said that the mandate expands sites where care can be delivered. It was noted that the GIC will postpone a decision on this enhancement until next year.

Lisa Despres, Tufts Health Plan, introduced Rae Felts. She said Ms. Felts will be working with her on WSHG. She said starting in July enteral formulas will be covered without a co-pay on fully insured plans. She said that the WSHG could also add an unlimited acupuncture visit benefit that takes the specialist office visit co-pay.

Mike Breen said that BCBS plans will have a 12 visit per year acupuncture benefit for FY21. He said that WSHG could opt out if it wishes. He said the cost is minimal. Mr. Breen noted that currently WSHG has a \$375 annual copay maximum for High Tech imaging and that the copay per procedure is \$100. He said that BCBS will be eliminating those copay maximums but that WSHG could choose to continue with the copay maximum. He said he would get additional information on this for the next meeting.

Bill Hickey said that Harvard Pilgrim could add an acupuncture benefit as a rider and that HPHC pays for this differently, i.e. through another vendor and that the cost for administration would be \$0.13 per member per month. He said an acupuncture visit would take the specialist copay.

Julia Lebrun said that Fallon Health offers a discount program for acupuncture.

**Other Business:**

There was no other business

Marc Waldman made a motion to adjourn.

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

Kevin Mizikar adjourned the meeting at 12:04 PM.

*Prepared by  
Carol Cormier  
Gallagher Benefit Services*