

**West Suburban Health Group
Steering Committee Meeting**

Wednesday, February 10, 2021 at 9:30 AM
Meeting by Virtual Participation

Meeting Minutes

Steering Committee Members in Attendance:

Kevin Mizikar, Chair	Town of Shrewsbury
Marc Waldman	Town of Wellesley
Louise Miller	Town of Wayland
Jerry Lane	Town of Dover
Chuck Murphy-Romboletti	Town of Needham

Guests in Attendance:

Ruth Hohenschau	WSHG Treasurer
Bill Fraher, CPA	Independent Auditor
Donna Lemoyne	Town of Wayland
Kevin Sweet	Town of Wrentham
Amy Frigulietti	Town of Wellesley
Scott Szczebak	Town of Wellesley
William Hickey	Harvard Pilgrim Health Care (HPHC)
Julia Lebrun	Fallon Health
Katelyn Glennon	Fallon Health
Patrick Flattery	Fallon Health
Mike Breen	Blue Cross Blue Shield (BCBS)
Lisa Despres	Tufts Health Plan
Rae Felts	Tufts Health Plan
Fred Winer	Tufts Health Plan – Senior Plans
Chris Collins	CanRx
Jeffrey Beane	MyTelemedicine
Carol Cormier	Gallagher Benefit Services, Inc. (GBS)
Karen Quinlivan	Gallagher Benefit Services, Inc. (GBS)
Joseph Anderson	Gallagher Benefit Services Inc. (GBS)

Chair Kevin Mizikar called the Steering Committee meeting to order at 9:34 AM.

Mr. Mizikar reminded those present that the meeting was being recorded and asked if there were any objections. There were none. Roll call was taken with voting attendees listed as:

Kevin Mizikar, Chair	Town of Shrewsbury
Marc Waldman	Town of Wellesley
Louise Miller	Town of Wayland
Gerard Lane	Town of Dover
Chuck Murphy-Romboletti	Town of Needham

Approval of the minutes of the February 20, 2020 meeting:

Marc Waldman moved to approve the minutes of the February 20, 2020 Steering Committee Meeting.

Motion

Gerard Lane seconded the motion.

There was a roll call vote on the motion:

Kevin Mizikar, Chair	yes
Marc Waldman	yes
Louise Miller	yes
Gerard Lane	yes
Chuck Murphy-Romboletti	yes

The motion passed by unanimous vote.

Auditor's Report on the FY20 Financial Statements:

Auditor Bill Fraher, CPA reviewed the WSHG Financial Statements 5-Year Trend Summary. He said the group had a lot of ups and downs with some wider-than-usual swings. Cash and Investments were \$23,950,171. He said Net Assets at year-end were \$18,824,009 which is up 215.2% from the previous year. He said Net Assets as a percent of claims were 21.6% with 8-12% being the range targeted by the Fund Balance Policy. Mr. Fraher cautioned against drawing that down too much due to uncertainty regarding trend when things start opening up after Covid.

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 motioned to approve the audit and management letter and make a recommendation for approval to the Board at the next meeting.

Motion

Gerard Lane seconded the motion. A roll call vote was taken.

Kevin Mizikar,	yes
Marc Waldman	yes
Louise Miller	yes
Gerard Lane	yes
Chuck Murphy-Romboletti	yes

The motion passed by unanimous vote.

Treasurers report: Ruth Hohenschau, Treasurer, reviewed the financial statements of January 31, 2021 (unaudited figures). She said that the financial statements from June through December were re-done based on results from the FY20 audit. The cumulative summary of activity had two significant changes, i.e. IBNR was reduced by \$1.4M and reinsurance receivables increased by \$626,000 in June. Fund Balance increased from \$18.8M at the beginning of the fiscal year to \$25.64M as of January 31. She said the financial position at this time is good.

Marc Waldman asked if it would it be a good time to have a discussion regarding the increasing Fund Balance in regards to rates.

Carol Cormier said that it is possible to continue to have decreased claims for a while as the result of the pandemic and lowered utilization of non-essential services, but it is impossible to predict. Other joint purchase groups have used their audited year-end fund balances as the basis for their decision-making on rates. If that were the case for WSHG, that would be \$18.8M.

Joseph Anderson said that the industry was not prepared for the suddenness of what went on, but they are revenue driven and have adjusted their business model. Elective surgeries went down 60% but have rebounded to come close now to where they were before.

GBS reports:

Ms. Cormier reviewed the year-end FY20 *Funding Rate Analysis* report with data through June 30, 2020. She said she wanted to review this as a basis for the rate discussion to follow. She said that on a *paid claims basis* the expense-to-funding ratio across all self-funded plans was 89.1% with an excess of funding from rates over major expenses of \$12.1 million.

Ms. Cormier then reviewed the FY21 *Funding Rate Analysis* report with data through December 31, 2020. She said that on a *paid claims basis* the expense-to-funding ratio across all self-funded plans was 89.0% with an excess of funding from rates over major expenses of \$6.4 million.

Karen Quinlivan reviewed the FY20 reinsurance reports. She said 19 claimants exceeded the \$300K specific deductible with total claims of \$10,483,367 and excess claims of \$4,783,367. Ms. Quinlivan said that WSHG received \$ 4,476,789 in reinsurance reimbursements and is due an additional \$306,578. She said that there were 36 members each with claims between \$150K and \$300K with total claims of \$7,179,735.

Ms. Quinlivan reviewed the FY21 reinsurance reports. She said 5 claimants exceeded the \$300K specific deductible with total claims of \$ 2,291,559 and excess claims of \$791,559. No reimbursements have been received. She said there were 18 claimants with claims between \$150K and \$300K, totaling \$3,542,672.

FY22 Rate Projections for active employee health plans:

Carol Cormier reviewed carrier administrative fee proposals for FY22. Blue Cross proposed an increase of 1.5%, Harvard Pilgrim 2% and both Tufts and Fallon had a zero percent increase. She reviewed the other fixed expenses. The projected \$850K in Alternative Rx and Diabetes Program expenses was not factored into the rate calculations, but the claims factors were shown. Harvard Pilgrim EPO calculations came out quite differently than GBS projections. Harvard Pilgrim projected an overall composite FY22 funding *decrease* of -9%, and GBS projected an increase of 7.1%.

Bill Hickey said that HPHC increased its trend factors to over 8% after having issued the rate projections for WSHG.

Kevin Mizikar said that review of last year's rate calculations indicated that Alternative Rx and Diabetes Program costs were factored into rates. He asked that they be added in again this year.

Ms. Cormier said Harvard Pilgrim PPO was not credible for rating purposes due to very low enrollment so the recommendation was for a zero percent change rather than the over 43% *decrease* presented by HPHC. She said Tufts used higher trend and Covid factors on their rate projections than did GBS. They resulted in an FY22 rate projection of a 15.9% increase from Tufts, and GBS's projected increase was 14.1%. Blue Cross and GBS projections were close with a BCBS projected rate change of -6.4% and

GBS of -6.5%. Ms. Cormier said she recommends holding the BCBS rates at current levels, i.e. 0% increase. Fallon's projections of a 6.4% increase compared to a 7.4% GBS increase. Various rating scenarios were provided and compared to current funding rates. There was discussion regarding various options.

Kevin Mizikar asked how much adding back in the funding for Alternate Rx and Diabetes will affect rates.

Carol Cormier responded it would be less than 1%.

Marc Waldman said that in the past, establishing a base number that you want to work off has helped when looking at scenarios.

Carol Cormier said that other groups have rate stabilization policies such as using some of fund balance above the targeted fund balance to help with rates but not more than 50% of the amount over the target. Using that policy, the most that would be available to bring the rates down for WSHG would be approximately \$4M based on the June 30, 2020 audited fund balance.

Kevin Sweet said that other groups are going with premium holidays.

Carol Cormier said that a one-month premium holiday would use approximately \$9M in Fund Balance and that would, in her opinion, be going too far since it would result in the fund balance being lower than the target established by the Fund Balance Policy.

Kevin Mizikar said that he thinks the group should use \$117M as the annual spend, add in the CanaRx and Diabetes spend and adjust to use about \$4M in fund balance.

Marc Waldman proposed a new scenario adding in CanaRx and Diabetes, take the HPHC PPO down to zero percent increase, and adjust Tufts to 4.5% and Harvard Pilgrim to 4% increases. He also suggested another scenario moving Harvard Pilgrim to 3.5%.

Ms. Cormier said she would prepare the additional funding scenarios and send them to the Steering Committee.

It was decided to have another brief meeting prior to the Board meeting to discuss new scenarios and vote on a recommendation to the Board.

Health Plan reports:

Harvard Pilgrim - Bill Hickey said that the merger with Tufts is finalized. The combination will leverage strengths of both organizations. They will be integrating processes and organizations but product offerings will not change for several years.

Tufts Health Plan – Lisa Despres said she had nothing to add to Mr. Hickey's comments. As more information becomes available, they will be sure to provide updates.

Fred Winer said that in regards to the merger, Patty Blake, President of Tufts Senior Products has been named to lead the new organization in regards to senior products under the merger going forward. Fred will continue to serve in his current role.

Blue Cross - Mike Breen said that materials would be available for open enrollment, including frequently asked questions, etc. He said that BCBS is adding virtual fitness to the Fitness Benefit this year as well.

Fallon Health - Katelyn Glennon said that as open enrollment approaches they are available for providing kits, answering questions and doing Zoom meetings if requested.

CanaRx – Chris Collins said that they have hired customer service satisfaction people that will create communications and outreach designed specifically for the employer groups to increase participation and satisfaction. CanaRx will now be allowing members to process refills online. Several groups have also reached out on specialty medications, which they can obtain through the program. Communications can be designed specifically to reach that population and increase savings.

Other Business:

Jerry Lane asked about the new Transparency Rules that will be coming in the next year.

Motion

Carol Cormier said she would look into this and provide any available information.

The next Steering Committee meeting was set for February 22, at 9:00 A.M.

There was no other business.

Louise Miller motioned to adjourn.

Motion

Marc Waldman seconded the motion.

There was a roll call on the motion.

Kevin Mizikar	yes
Marc Waldman	yes
Louise Miller	yes
Gerard Lane	yes
Chuck Murphy-Romboletti	yes

The motion to adjourn passed by unanimous vote.

Chair Kevin Mizikar adjourned the meeting at 11:21 A.M.

*Prepared by Karen Quinlivan
Gallagher Benefit Services, Inc. (GBS)*