

**West Suburban Health Group
Steering Committee Meeting**

Tuesday, September 28, 2021 at 9:30 AM
Meeting by Virtual Participation

Meeting Minutes

Steering Committee Members in Attendance:

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

Guests in Attendance:

Ruth Hohenschau	WSHG Treasurer
Donna Lemoyne	Town of Wayland
Meghan Jop	Town of Wellesley
Scott Szczebak	Town of Wellesley
Marc Waldman	Town of Wellesley
Michael King	Town of Wrentham
Paul Lazar	Harvard Pilgrim Health Care (HPHC)
William Hickey	Harvard Pilgrim Health Care (HPHC)
Mike Breen	Blue Cross Blue Shield (BCBS)
Jonathan Payson	Blue Cross Blue Shield (BCBS)
Lisa Despres	Tufts Health Plan
Rae Felts	Tufts Health Plan
Fred Winer	Tufts Health Plan – Senior Plans
Julia Lebrun	Fallon Health
Patrick Flattery	Fallon Health
Patty Joyce	Abacus Health Solutions
Jim Riley	CanRx
Carol Cormier	Gallagher Benefit Services, Inc. (GBS)
Joseph Anderson	Gallagher Benefit Services, Inc. (GBS)
Karen Quinlivan	Gallagher Benefit Services Inc. (GBS)

Chair Kevin Mizikar called the Steering Committee meeting to order at 9:32 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
Chuck Murphy-Romboletti	Town of Needham
Amy Frigulietti	Town of Wellesley

Approval of the minutes of the June 10, 2021 meeting:

Chuck Murphy-Romboletti moved to approve the minutes of the June 10, 2021 Steering Committee Meeting as presented.

Motion

Amy Frigulietti seconded the motion.

There was a roll call vote on the motion:

Kevin Mizikar, Chair	yes
Chuck Murphy-Romboletti	yes
Amy Frigulietti	yes

The motion passed by unanimous vote.

Treasurers report:

Ruth Hohenschau, Treasurer reviewed the financial statements of July 31, 2021 (unaudited figures). The Fund Balance increased for July by \$818,257 and decreased in August by \$424,667 due to increased claims. Ms. Hohenschau reported a Fund Balance (Net Position) on August 31, 2021 of \$24,048,171. Ms. Hohenschau met with the auditor last week and gave him all the files that he needs, but it will be another several weeks before he can get started. It will probably not be completed until January.

Jerry Lane, a voting member, joined the meeting at this time.

Marc Waldman asked what the WSHG Fund Balance policy was and how the \$24M in Fund Balance stood in relation to that.

Carol Cormier said the policy was 8-10% of the paid claims for the last 12 months which would put the target at approximately \$10-12M.

Fallon Health- exit updates and discussion:

Joseph Anderson said that when Fallon announced its exit, it was an unplanned-for event for WSHG. The existing model has Fallon in the lowest priced carrier role. Three units are Fallon centric and bargained to have contributions based on Fallon, the lowest cost carrier option. The impact on these three units is profound. It is not a manageable financial event so price modeling has to take this into account. He said that in order to buffer the impact, there needs to be a price stratification with a low cost option. WSHG needs to be looked at as a whole. The funding requirement post departure will be roughly equivalent to what it would be if Fallon did not leave, because Fallon is not assumed to have superior provider contracts. The geography of the members may have contributed to the better claims experience. Positive selection early on as well as a lot of families and a younger demographic may have all contributed. When those members are absorbed by the remaining carriers, overall claims should not rise. In advance of the renewal, rates will be adjusted pre-renewal to replicate the current rate structure. This won't be based on claims experience but will be a reflection of a business decision rather than an actuarial decision to achieve goals for the FY23 renewal, and governmental units can enter into bargaining and budgeting with some degree of certainty. Joe Anderson said again that for this to happen, there needs to be a lowest priced carrier. If Blue Cross is brought down to be that lowest price option, it will satisfy that goal. Key components to include are that the funding level needs to be neutral. If Blue Cross is put at too low of a price point, there may be too much migration to the lowest cost carrier and cause a potential shortfall to WSHG overall funding. WSHG has the ability to set rates accordingly.

Louise Miller, a voting member, joined the meeting at this time.

Mr. Anderson presented four funding options to consider for review illustrating BCBS as the lowest priced carrier with pre-renewal adjustments. All of the illustrations assumed that Blue Cross members will have been mapped in from the Fallon world including the limited network. Fallon would be adjusted anywhere from 5-8% in the various scenarios. The objective is to buffer the pre-renewal impact to Fallon-centric employers while maintaining required funding levels. In these scenarios, the range of impact of Fallon's departure to Fallon-centric employers was from 3-6%. Fallon was the lowest cost carrier by 30% on the Benchmark and 18% on the High Deductible plan. Harvard Pilgrim and Tufts offer High Deductible plans that are 23% lower cost than their Benchmark plans. Fallon and Blue Cross were at a 15% decrement. The benefits of having the more aggressive decrement for Tufts and Harvard Pilgrim on the High Deductible plans means there is not as much of a differential to overcome over time for those plans. They also used a lower multiple of individual price than Fallon when pricing family contracts. The communities that highly emphasized the high deductible plans tend to be HPHC-centric.

Scott Szczebak, Wellesley asked if the average age of the participants is known.

Joe Anderson said that average age could be obtained.

Mr. Szczebak asked if the hospital usage is known for each of the carriers and if Wellesley claims could be assumed to be better than other entities.

Mr. Anderson said the disruption analysis did not identify where people were seeking care because the analysis was done on WSHG as a whole and not by each entity.

Kevin Mizikar said that his impression is that the model is developing the same amount of revenue from each unit and identifying risk for the various plans comparing them back to Fallon. The ultimate goal is to allow individual towns to understand how much each individual carrier may cost. This will allow the units to develop a contribution strategy in advance of the rate renewal. He said it appears the year over year model depicts Blue Cross to have a 20% lower premium than the current Blue Cross premium.

Joe Anderson agreed. Eight of the 11 units would see a net overall decrease in overall pre-renewal premium while the Fallon-centric units would see an overall increase of modeled amounts prior to actuarial trend rating.

Marc Waldman said that the three Fallon centric units have a mandated increase due to the departure of Fallon. He said that Mr. Anderson is modeling to minimize the increase. The decision is what the group wants to establish as the starting point going forward into rating.

Scott Szczebak asked what role the carriers played in the development of modeling.

Kevin Mizikar responded that his understanding was none.

Joe Anderson said that was correct. The FY23 rating exercise will take into account recent overall claims experience after a specific pre-renewal pricing strategy is approved. He added the FY23 funding level is a business decision on how much to leverage the Trust Fund. Bill Hickey, Harvard Pilgrim said that every year the carriers develop rates based on claims experience and trend. That process won't change. The group will then have to make its own decision to arrive at a premium balance.

Kevin Mizikar said that if the group did nothing, carriers would not adjust rate calculation based on potential members coming in from another carrier after the Fallon departure. The rate scenario would not be supportable for both local budgeting and the members.

The question was put forth whether the group was ready to make a decision yet on a pricing strategy or whether more time was needed to consider budgetary and contributory strategies in each member unit first.

Louise Miller said that one or more options for stratification will give the group a more manageable increase going forward. If it is not implemented, next year will be more of a shock.

Kevin Mizikar agreed and said that 8 of the 11 units would benefit from rate stratification as proposed which is a good thing.

Amy Frigulietti said she would like to look over the numbers in more depth and would like some more time.

Kevin Mizikar said the Steering Committee can meeting an hour prior to the Board meeting on Oct. 14th to decide on a recommendation to the Board.

Health Plan Updates:

Blue Cross - Mike Breen had no updates at this time other than the senior renewal which he said will be out shortly.

Harvard Pilgrim - Bill Hickey said there were no new updates

Tufts - Lisa Despres had no new updates.

Fred Winer – Tufts Senior plans said that he will be going part-time beginning Monday working 20 hours a week and focusing on the joint purchase groups only.

Fallon - Patrick Flattery said the senior renewal was sent last week and they are available for open enrollment needs.

CanaRx - Jim Riley said they were working on a Target mailer and would let everyone know when available.

Other Business:

It was agreed to hold a WSHG Steering Committee Meeting on October 14, 2021 at 9:00 A.M. prior to the Board Meeting at 10:00 A.M.

There was no other business.

Louise Miller motioned to adjourn.

Motion

Amy Frigulietti seconded the motion.

There was a roll call on the motion.

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Kevin Mizikar	yes
Gerard Lane	yes
Chuck Murphy-Romboletti	yes
Louise Miller	yes
Amy Frigulietti	yes

The motion to adjourn passed by unanimous vote.

Chair Kevin Mizikar adjourned the meeting at 10:55 A.M.

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