

West Suburban Health Group Board Meeting

Thursday, March 2nd, 2023 at 1:00 PM
Meeting by Virtual Participation

Meeting Minutes

Board and Alternate Board Members in Attendance:

Kevin Mizikar, Board Chair	Town of Shrewsbury
Gayle McCracken	Town of Dedham
Dawn Fattore	Dover Sherborn RSD
Marc Waldman	Town of Dover
Dawn Fattore	Dover Sherborn RSD
Kathleen Buckley	Town Of Holliston
Jon Marshall	Town of Natick
Chuck Murphy-Romboletti	Town of Needham
Donna Lemoyne	Town of Wayland
Amy Frigulietti	Town of Wellesley

Guests in Attendance:

Rich Bienvenue	WSHG Treasurer
Michele Craemer	WSHG Wellness Consultant
Carl Valente	Town of Dover
Dorothy Blondiet	Town of Natick
Bahiya Sauer	Town of Wellesley
Jamie Patriarca	Accept Education
Nicholas Hawes	Town of Shrewsbury
Aimee Carnicelli	Town of Natick
Justine Hunt	Town of Needham
Scott Szczebak	Town of Wellesley
Mark Nicholson	Harvard Pilgrim Health Care (HPHC)
Patrick Flattery	Fallon Health
Robert Knowles	Blue Cross Blue Shield (BCBS)
Mike Breen	Blue Cross Blue Shield (BCBS)
Candis Dixon	Blue Cross Blue Shield (BCBS)
Lisa Despres	Tufts Health Plan
Fred Winer	Tufts Health Plan
Patty Joyce	Abacus Health Solutions
Alysha Beaudry	Abacus Health Solutions
Chris Collins	CanRx
Jim Riley	CanRx
Joseph Anderson	Gallagher Benefit Services Inc. (GBS)
Marianna Gil	Gallagher Benefit Services Inc. (GBS)
Karen Quinlivan	Gallagher Benefit Services Inc. (GBS)

Board Chair Kevin Mizikar called the Board meeting to order at 1:04 PM.

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, Board Chair	Town of Shrewsbury
Gayle McCracken	Town of Dedham
Marc Waldman	Town of Dover
Dawn Fattore	Dover Sherborn RSD
Kathleen Buckley	Town of Holliston
Jon Marshall	Town of Natick
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GBS Reports:

Joseph Anderson reviewed the FY23 Funding Rate Analysis report with data through January 31st, 2023. He said that on a paid claims basis the expense-to-funding ratio across all self-funded plans was 101.9%, with a deficit of rate revenue over major expenses of \$1,319,699. Harvard Pilgrim's claims were high.

Karen Quinlivan reviewed the FY22 reinsurance reports through January. She said 11 claimants exceeded the \$400K specific deductible with total claims of \$7,645,556 and excess claims of \$3,245,556. Ms. Quinlivan said that WSHG received \$3,242,613 in reinsurance reimbursements and has an outstanding balance due of \$2,943.40. She said there were 49 members with each having claims between \$200K and \$400K, with total claims of \$13,281,078. The same report for FY23 had 3 claimants that exceeded the \$400K specific deductible with total claims of \$1,677,243 and excess claims of \$477,243. No reimbursements have been received yet, so the outstanding amount due is \$477,243. There were 14 claimants on the 50% report with updated paid claims of \$3,743,497.

FY24 Active Rate Projections:

Kevin Mizikar said that the Steering Committee had a further conversation about the rates where they reviewed with Joe, Karen, and Rich the claims and impact on the trust discussed at the last meeting and the IBNR regarding Marc Waldman's questions. It all came down to a recommendation that the four members of the Steering Committee voted unanimously to have a 10% rate increase. The Committee revisited questions associated with whether or not there should be an across-the-board increase or if an individual plan performance approach would be better. It was decided that a continuance of an across-the-board approach would be best given the environment with Fallon leaving the marketplace and those related implications. If the average trend is 7 to 8%, the group is looking at a 2 to 3% increase over trend, which was not an easy decision to arrive at. Given this decision, the group would end up at the bottom of the trust fund level policy - roughly 8% of annual claims for the fiscal year 24 level. Personally, it will be challenging for Shrewsbury's budget, and despite that, we have to do what we need to do. Securing the finances of the West Suburban Health Group is certainly something we need to do at this time. Mr. Mizikar asked if any other members of the Steering Committee would like to speak before opening up for discussion.

Jon Marshall said it was difficult for all, but it was apparent that we had a difficult year with claims in addition to the Fallon departure and migration to Blue Cross. It seemed to be a compounding issue. IBNR changing from \$9M to \$11M was also a point of discussion. In a perfect world, there would be a 12.36% increase. That would put the group at 10% in terms of projected fund balance. A suggested rate increase of 10% will bring the group below that mark. Any rate below that would risk putting the group at risk for liquidity issues and having to draw

from investments. Certainly a difficult decision, but one based on maintaining a fund balance between 8 and 12% is best.

Dawn Fattore asked if an executive summary could be prepared for explanation purposes when talking to employees. Were rates set too low last year, or is it higher than normal claims experience?

Joe Anderson said it is two things. The Fallon population was adjusted up 5% before rates were calculated to narrow the gap between Blue Cross and the other carriers. Last year rates were set early and showed no signs of the rapid claims deterioration. Some reserve was used to stabilize rates, but we did not expect the adverse fluctuation to be quite so pronounced.

Amy Frigulietti said that at a 10% rate increase, the group will also use \$2.5M of trust funds.

Carl Valente said he is new to the group but asked why Fallon is still showing on funding analysis.

Rich Bienvenue, Treasurer, said that on an interim basis prior to the audit, the estimation was \$9M in runout for all plans. The actual claims runout through November was just under \$11.6M. That is why the June 30th was restated to be \$11.6M and December as well. That level will be maintained until data indicates otherwise.

Joe Anderson said that the expectation when there is an exit is a total of about 1.5 times a typical month's claims. Fallon actually had a runout of nearly 200% or 2 months of a typical month's claims. We have received \$800,000 for two large claimants, which eats into that, but there was heavy utilization.

Carl Valente asked how the rates compare to other groups Gallagher represents and the GIC for the coming year.

Joe Anderson said that the GIC has yet to establish rates, but they were looking at perhaps a 7% increase on \$911 and they have a less rich plan with higher deductibles. Across the Gallagher book of business, one group came in higher. Most increases have been in single digits. In the private, fully insured market rates are coming in very steep.

Marc Waldman asked if Joe Anderson could put together a chart of the most subscribed plan in the GIC, WSHG, and some of the other Joint Purchase groups in the next couple of weeks to see where the premium sits. That may help justify to employees the tough increase. Nobody remembers last year, but there was a generous reduction and this year is making up for it.

Scott Szczebak asked if carrier projections were in the packet.

Joe Anderson said they were not because of all the members in motion. 46% of the population was not accounted for with Fallon. Blue Cross was only looking at 3 months of claims. The weighted average trend was 7.5% for all carriers.

Dawn Fattore asked about the expectation for FY25 now that Harvard Pilgrim and Tufts will be one plan.

Joe Anderson said that would bring the renewal to two carriers.

Scott Szczebak asked all voting to vote with respect to the subscribers and rising inflation.

Kevin Mizikar said he could understand that, but the WSHG is a business Board and the group needs to vote with a business mind and the fiscal health of WSHG must be the primary focus.

Dawn Fattore motioned to accept the recommended 10% rate increase by the Steering Committee for FY24.

Motion

Jon Marshall seconded the motion. There was a roll call vote.

Kevin Mizikar, Board Chair	Yes
Gayle McCracken	Yes
Marc Waldman	Yes
Dawn Fattore	Yes
Kathleen Buckley	Yes
Jon Marshall	Yes
Chuck Murphy-Romboletti	Yes
Donna Lemoyne	Yes
Amy Frigulietti	Yes

The motion passed by unanimous vote.

The Steering Committee requested that they receive monthly updates on rates and performance going forward that can be shared with the entire Board and everyone on the WSHG distribution list. The group is also committed to getting together more frequently throughout the course of the year.

Abacus Annual Report on the Diabetes Care Rewards Program:

Patty Joyce reviewed the annual report on the Good Health Gateways Diabetes Care Rewards program through December 31st, 2022. The program has been offered for twelve years and WSHG is currently off to a good start in year 13. There were 599 members eligible for the program. Those are members on active health insurance with a diagnosis of Diabetes. There were 151 members enrolled in the program, with 89 members adherent to program requirements. Adherence remains strong, with 40% of registered members meeting all program requirements. Adherence average for municipalities is 38%. Of the enrolled members, 127 are identified as high risk from claims data. Of those members, 50% have met program requirements. 1,316 medications and supplies were distributed to adherent members with \$24,960 in waived copays. Rebates distributed a total of \$183,515.59 back to the group. Program promotion and outreach allow members to customize how they receive communications from the program. There were 814 letters or emails, 312 helpline calls, and 740 text reminders. All channels of promotion and communications will be used going forward to promote the program throughout the coming year.

Other Business:

Donna Lemoyne asked if the rates will be rounded.

Joe Anderson said yes, that is the normal practice.

There was no other business.

Dawn Fattorel motioned to adjourn.

Motion

Jon Marshal seconded the motion.

There was a roll call vote on the motion.

Kevin Mizikar, Board Chair	Yes
Gayle McCracken	Yes
Marc Waldman	Yes
Dawn Fattore	Yes
Kathleen Buckley	Yes
Jon Marshall	Yes
Chuck Murphy-Romboletti	Yes
Donna Lemoyne	Yes
Amy Frigulietti	Yes

The motion passed by unanimous vote.

Chair Kevin Mizikar adjourned the meeting at 2:00 PM.

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