

West Suburban Health Group Steering Committee Meeting

Tuesday, February 28th, 2023 at 10:00 AM
Meeting by Virtual Participation

Meeting Minutes

Steering Committee Members in Attendance:

Kevin Mizikar, Chair
Jon Marshall
Chuck Murphy-Romboletti
Amy Frigulietti

Town of Shrewsbury
Town of Natick
Town of Needham
Town of Wellesley

Guests in Attendance:

Rich Bienvenue
Sue Shillue
Mark Nicholson
Mike Breen
Candis Dixon
Lisa Despres
Joseph Anderson
Marianna Gil
Karen Quinlivan

WSHG Treasurer
Cook & Co.
Harvard Pilgrim Health Care (HPHC)
Blue Cross Blue Shield (BCBS)
Blue Cross Blue Shield (BCBS)
Tufts Health Plan
Gallagher Benefit Services, Inc. (GBS)
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Chair Kevin Mizikar called the Steering Committee meeting to order at 10:05 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 for voting attendees listed as:

Kevin Mizikar, Chair
Jon Marshall
Chuck Murphy-Romboletti
Amy Frigulietti

Town of Shrewsbury
Town of Natick
Town of Needham
Town of Wellesley

FY24 Renewal Rate Proposals for Active Employee Plans: recommendation to the Board:

The WSHG Steering Committee reviewed the rating proposals put forth in the renewal package illustrating increases of 9%, 10%, 11% and 12.36% increases.

Chair Kevin Mizikar asked if claims run bad for the next five months, are there other cost saving measures that the group should be looking at?

Joe Anderson said that he looked at the groups expenses. The My Telemedicine program was cancelled bringing some savings. There are additional sundry administrative costs but they are not material in the whole scope of things.

Amy Frigulietti said that in the past, there have been independent carrier projections on rates and they would be compared to Gallagher projections. What are we projecting for the lower cost plan? Do we anticipate people moving over to Blue Cross and then what's happening with the merger of Tufts and Harvard Pilgrim?

Joe Anderson said that 47% of the total funding was Fallon. Blue Cross has so many members in motion that there is no credibility to the actual experience that they have had. In a similar vein, Harvard and Tufts are a smaller percentage of the total and they have had a lot of members in motion. When you look at the complete picture, each individual carrier does not really have credibility. In order to determine the best way to move forward, you need to pull them all together to come up with a total funding requirement. That is what the group ended doing last year as well. Components that were considered from the carriers was trend. A blended trend of 7.5% was used. The limited network on the high deductible plan was established to mirror the limited network of Fallon. Fallon was well established and they did not have a lot of membership in that plan. It won't be a material element. Mr., Anderson anticipates that there will be a bias for new members to take the high deductible plan and that will bring attention to total funding because they are a lower premium. Right now with Harvard Pilgrim and Tufts the delta in rates is 5% which is a manageable difference. If it were larger, then it should be looked at.

Kevin Mizikar said that if you put Fallon and Blue Cross together it's flat considering where the population is and where it was. If trend is 8% and Blue Cross is increased by 10% and Harvard Pilgrim by 10% but they are 13% in the hole, aren't we subsidizing Harvard Pilgrim if the group goes across the board?

Mark Nicholson from Harvard Pilgrim said that he looked at high cost claims. Over the past 12 months there have been 126 claims that have exceeded \$50,000 on Harvard Pilgrim plans. Of those, 17 have exceeded \$200,000, 5 over \$300,000 and 1 over \$1,000,000. There are always going to be high cost claims. Statistics show that generally 1% of the population is responsible for 30% of the claims. WSHG has had 3% of the HP population incur 47% of the total cost. There have been 24 high cost claimants with cancer and then there are other conditions that require lengthy and costly rehab. People that are sick tend to stay on the same plan.

Chuck Murphy-Romboletti asked if Harvard Pilgrim had been underfunded.

Joe Anderson said yes, they had been over 100%. High cost claims for Harvard Pilgrim and Tufts were driving up the average.

Kevin Mizikar asked about IBNR and the adjustments that Rich Bienvenue is making.

Rich Bienvenue said that the adjustment in December from \$9,000,000 to \$12,000,000. Theoretically at the end of the year, there won't be a large adjustment. He is doing a monthly reconciliation of actual claims as opposed to a quarterly reconciliation that Ruth Hohenschau was formerly doing. Last year when establishing rates, the group did not have November and December actual claims because Ruth had to wait for the the settlement to come in.

Joe Anderson said that last year the rates were established with data through October because they were set early. The adjustment for IBNR was about a \$3.8M adjustment.

Jon Marshal asked if the 9% increase brought the trust balance down to \$7,000,000, would the group have to liquidate investments.

Rich Bienvenue said that that might be a possibility. If everyone is paying on a timely basis the group should be OK cash wise. If things get tight it's a matter of how much cash you need on hand to handle any big swings that might come in for a particular week. He did go back and look at fund balance history and it is the highest it has been in a number of years. In the past the group did not have to get rid of investments.

There was discussion on rates and where to land.

Jon Marshal said that 12.36% would be the responsible thing to do. 9% would put the group in the same situation next year. 10% would be the target for his town.

Kevin Mizikar said he could not support a scenario greater than 10% based on budget.

Chuck Murphy-Romboletti said a 10% increase gets the group to an 8% projected trust.

Rich Bienvenue said that his mantra over the years has been to fund 100% of anticipated claims. The only reason why you wouldn't is you have surplus over and above the working capital and you have flexibility to put extra surplus at risk. At \$256,000 you really don't have much to put at risk, so his advice would be to fund 100% of claims.

Amy Frigulietti said they were extremely conservative this year in budgeting so they could go to 12% is needed but was hoping to settle on either 11% or 10% today. She did not think that 9% would be the way to go for the group. The best argument to bring back to communities would be 10%.

Chuck Murphy- Romboletti motioned for a 10% increase to recommend to the Board.

Motion

Jon Marshal seconded the motion.

There was a roll call vote on the motion:

Kevin Mizikar, Chair	Yes
Jon Marshall	Yes
Chuck Murphy-Romboletti	Yes
Amy Frigulietti	Yes

The motion passed by unanimous vote.

Jon Marshal said that it might be beneficial to look at possible plan design changes going forward to bring plans more in line with the GIC.

Joe Anderson said that the Fallon departure threw that out the window and the goal has been stabilization but that can be addressed as the group moves forward. There are a lot of nice things that the group has going for it with the Diabetes program and CanaRx and other specific touches that you get as being part of WSHG. Attracting new member units should be done from a place of confidence and stability. Certainly something to be looked at.

Other Business:

There was no other business.

Chair Kevin Mizikar adjourned the meeting by unanimous consent at 11:11 A.M.



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