

Massachusetts Municipal Reinsurance Arrangement (MMRA)

Board Meeting Minutes

February 15, 2022 at 1:00 PM

By WebEx Remote Participation

Primary and Alternate Board members present:

Francis “Skip” Finnell, Chair	Cape Cod Municipal Health Group (CCMHG)
Noreen Mavro-Flanders	Cape Cod Municipal Health Group (CCMHG)
Kevin Mizikar	West Suburban Health Group (WSHG)
Jerry Lane	West Suburban Health Group (WSHG)
Melisa Doig	Minuteman Nashoba Health Group (MNHG)

Guests present:

Deborah Caneco	Artex Risk Solutions
Andrew Kuykendall	Artex Risk Solutions
Manjusha Sheobaran	Kismet Risk Management, Assoc.
Kelly Donica	Kismet Risk Management, Assoc.
Mark VonVogt	Gallagher Benefit Services, Inc. (GBS)
Joseph Anderson	Gallagher Benefit Services, Inc. (GBS)
Carol Cormier	Gallagher Benefit Services, Inc. (GBS)
Karen Quinlivan	Gallagher Benefit Services, Inc. (GBS)

The Chair, Skip Finnell, called the meeting to order at 1:00 PM.

Mark VonVogt introduced Andrew Kuykendall, a new member of the Artex team.

Roll call of *voting* members:

Karen Quinlivan called the roll and the following voting members responded:

Noreen Mavro-Flanders for CCMHG – present,
Kevin Mizikar for WSHG – present,
Melisa Doig for MNHG – present.

Approval of the minutes of the September 16, 2021 MMRA Board meeting:

Noreen Mavro-Flanders moved to approve the minutes of September 16, 2021 with the amendment to add Carol Cormier as an attendee.

Motion

Melisa Doig seconded the motion. There was a roll call vote on the motion.

Noreen Mavro-Flanders (CCMHG)	Yes,
Kevin Mizikar (WSHG)	Yes,
Melisa Doig (MNHG)	Yes.

The motion passed by unanimous vote.

Quarterly Management Reports:

Deb Caneco, Artex Risk Management, presented the financial reports of FY22, FY21 and FY20 treaty years. For FY22, at December 31, 2021 the Ceded Premiums to date were \$4.36M. The Estimated Loss Non-premium Funding was almost \$3.8M. IBNR was estimated at \$4.45M, and Expected Ceded Losses were \$4.8M.

For FY21 at December 31, 2021 Ms. Caneco said the Estimated Loss Fund was at \$7.7M with Expected Losses of \$9.8M. Non-premium Funding was \$3.76M, and Participants' Deposits with the Pool were \$1.66M.

Ms. Caneco said that there was no activity and no changes for FY2020.

Ms. Caneco reviewed the report of individual claimant losses for each year. She also reviewed the Balance Sheet noting Total Assets of \$10,358,266. She reviewed the Cumulated Income Statement by year for 2015 – 2022 and the 114 Trust Reconciliation. She pointed out the Glossary of Terms.

Skip Finnell asked if the IBNR is conservative.

Mike Madden said that it is the goal to have a conservative number. He said that everything in the exhibits today indicated that the MMRA Board made a good decision when it decided to move the specific deductible up from \$300K to \$400K for FY22.

Ms. Caneco discussed the IBNR and said the Board has some flexibility to increase or decrease the actuarial IBNR estimates by 10%.

Manjushah Sheobaran, Kismet Risk Management, asked if the actuaries are taking into account contract terms, i.e. that the MMRA reinsurance policies are 12/24 policies so the losses amount of the most recent year, which is a half year, is quite low.

Skip Finnell referred to page 28 of the packet sent to the Board and asked if they should not include the most recent year.

Ms. Sheobaran said that most claims for a policy come in after the first 12 months.

Kelly Donica said that 50% is probably a safe amount to use.

Manjushah Sheobaran said that there has been a problem with Blue Cross reporting in that many claims did not show up until January but said the current year is not used in the projections.

There was a discussion about the BCBS reporting problems. The problem has been corrected.

Skip Finnell asked if MMRA should go on record with a statement from MMRA to BCBS that MMRA is concerned about BCBS reporting. He asked Gallagher to prepare a statement.

Deb Caneco asked if MMRA wants her to get the IBNR reconsidered by the actuaries.

Kevin Mizikar asked if the IBNR matters more with the renewal approaching.

Deb Caneco said it was a matter of the year-end filing with the regulators. She said she would let MMRA know if there were significant differences or not.

MMRA Structure, Fees, and Disclosures:

Mike Madden had sent a revised disclosure statement for signatures.

Kevin Mizikar asked about the Gallagher fees.

Noreen Mavro-Flanders said the document lays out the Gallagher fees, but she was not sure about the other fees.

Carol Cormier said that the Kismet Risk rate sheets itemize all the fees and percentages of the total rates so this has been transparent.

Deb Caneco said that Artex has been providing the audit reports to the Board for the last two years. She said that Horseshoe does the actuarial work and that the audit and actuarial fees are paid by Artex.

Skip Finnell asked if the Board was satisfied with the proposed Disclosure document.

Noreen Mavro-Flanders says it tells the Board what Gallagher does, but there are other players, and she wants to know what everyone does. She said that information can be provided on separate documents.

Manjusha Sheobaran said that Kismet has willingly discounted its fees over the last few years and that, in fact, all the players in the MMRA had done that. She said she can produce a second document outlining what Kismet does.

Mark VonVogt said that at the renewals Kismet and Gallagher have always lowered their fees.

Kevin Mizikar motioned to have the Chair sign the disclosure document.

Motion

Melisa Doig seconded the motion.

The vote on the motion was as follows:

Noreen Mavro-Flanders	Yes,
Kevin Mizikar	Yes,
Melisa Doig	Yes.

The vote was unanimous.

Reinsurance Market Overview:

Manjusha Sheobaran reviewed slides showing medical and reinsurance trends. She referred to “The Great Resignation” that is an employment phenomenon of the Pandemic. She said that there

has been a downtick in subscriber enrollments but an uptick in dependent enrollments. She said that the MMRA is large enough to mute effects of this. Inflation rates are driving everything up, and the impact on medical costs is serious. She said investment earnings are low. Ms. Sheobaran said that hopefully there will be a reduction in COVID claims as we approach “herd immunity”, but COVID testing claims will increase. Having raised the MMRA’s specific deductible to \$400K should help with this problem.

Ms. Sheobaran reviewed information from 2020 and 2021. She noted the increase in costs of specialty medications, biologics, and gene cell therapies. She said that MMRA is ahead of this curve from having raised the specific deductible.

Ms. Sheobaran said that in order to provide rates, Kismet must have at least 9 months of claims data, i.e. data through March. She said that the earliest that she could give projections would be in May.

Skip Finnell said that the MMRA Board should meet in early June to review proposed rates for FY23.

OptiMed reports:

Mark VonVogt reviewed the reports for each joint purchase group. Utilization was low for all groups. He said that a discussion is needed on how to improve utilization of the specialty medication program. It may be possible to work with PinnacleCare to promote the OptiMed program.

Carol Cormier said that member contact data can be the problem, but that there needs to be new thinking about how to communicate to members who use specialty meds. She said that CanaRx reaches out through targeted mailings that refer to several different medications and that this might be a model for OptiMed.

Kevin Mizikar said that a major problem is with communications with the carriers and wondered if those relationships could be modified.

Carol Cormier said that originally the OptiMed program had been proposed as a specialty pharmacy carveout program in which case all members using the eligible meds would automatically be linked to OptiMed. The fact that the joint purchase groups all had Administrative Services Only (ASO) contracts with the health plans rather than Third Party Administration (TPA) contracts made that impossible. The MMRA participants had to use the health plans’ pharmacy benefit managers (PBMs).

Skip Finnell said that he’d like Gallagher to put together lists of standard ASO services versus TPA services and differences between the two types of contracts.

Kevin Mizikar said taking on these types of changes seems monumental considering all that is going on with Fallon Health’s leaving the marketplace. The concept of having PinnacleCare possibly talk with members regarding OptiMed is attractive.

Cost Containment programs:

Carol Cormier said that the program being focused upon is expert medical advice and billing negotiation services such as PinnacleCare provides. She said attorneys have said that this needs to be put out to bid through MGL Ch. 30B. She said CCMHG will be sending out an RFP on Feb. 17 and this document could be used by MNHG and WSHG.

Marketing the MMRA:

Joe Anderson said this is a year of major change for WSHG and MNHG since they have high enrollments in Fallon Health which is leaving the commercial marketplace at the end of June. He referred to Manjusha Sheobaran’s comments about the hardening of the reinsurance market and said the MMRA may represent a more viable purchasing alternative to some municipal employers than going directly to commercial reinsurers through an RFP process.

Skip Finnell asked the Kismet representatives about the underwriting of existing groups and if it would be beneficial to enlarge the MMRA.

Ms. Sheobaran and Ms. Donica agreed it would be beneficial to enlarge the MMRA but that there are many questions and decisions about how new members would be brought in including coverage levels and pooling arrangements.

Other Cost Saving Programs:

Reference-based pricing was brought up, but current contracts make that difficult.

Carol Cormier said the groups should consider dependent eligibility audits which resulted in savings but which have not been done for several years.

Pharmacy solutions and Out-of-Network (OON) pricing negotiations were also mentioned.

Other Business:

There was no other business.

Noreen Mavro-Flanders moved to adjourn the meeting.

Motion

Kevin Mizikar seconded the motion.

There was a roll call vote on the motion as follows:

Noreen Mavro-Flanders, CCMHG	Yes,
Kevin Mizikar	Yes,
Melisa Doig, MNHG	Yes.

The motion to adjourn passed by unanimous vote.

Chair Skip Finnell adjourned the MMRA Board meeting at 1:51 PM.

*Minutes prepared by
Carol G. Cormier, Gallagher Benefit Services, Inc.*

