

Massachusetts Municipal Reinsurance Arrangement (MMRA)

Board Meeting Minutes

June 6, 2023 at 9:30 AM

By Microsoft Teams Remote Participation

Primary and Alternate Board members present:

Noreen Mavro-Flanders
Kevin Mizikar
Melisa Doig

Cape Cod Municipal Health Group (CCMHG)
West Suburban Health Group (WSHG)
Minuteman Nashoba Health Group (MNHG)

Guests present:

Mike Hartnett
Rich Bienvenue
Mike Madden
Deborah Caneco
Manjusha Sheobaran
Kelly Donica
Mark VonVogt
Joseph Anderson
Marianna Gil
Karen Quinlivan

MNHG Treasurer
WSHG, CCMHG Treasurer
Artex Risk Solutions
Artex Risk Solutions
Kismet Risk Management, Assoc.
Kismet Risk Management, Assoc.
Gallagher Benefit Services, Inc. (GBS)
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Joseph Anderson said that it had been some time since the last meeting and since then Skip Finnell, Board chair has retired, so it would perhaps be a good idea for introductions all around and a quarterly meeting schedule going forward would be best.

Mike Madden said that Noreen Mavro-Flanders could act in that capacity today since Skip Finnell retired.

Introductions

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 June 2, 2022 MMRA Board meeting:

Karen Quinlivan apologized for leaving the minutes out of the meeting packet and would forward as soon as possible.

Quarterly Management Reports:

Deb Caneco, Artex Risk Management, presented the financial reports of FY23 and FY22 Treaty (fiscal) Years.

Deb Caneco reviewed the FY23 as of March 31, 2023. Ms. Caneco said for the first nine months, expenses and estimated loss fund for nine months is \$5.8M. There have been no paid losses as of this date. There were case reserves of \$1.3M and IBNR of \$4.5. IBNR is an estimate trying to break even at this point until more information is received. Paid claims has a lag so this treaty year is pretty much break even. Investment income has been good with returns of \$93,000. The trust is restricted to conservative investments such as money market and government funds. It's earning a little bit over 4%. This is a 114 trust set up under the state of New York and adheres to those rules. Historically investment income has been modest.

Joseph Anderson asked about case reserves and what qualifies something to show up into a payable.

Mike Madden said that case reserves are submitted claims to Kismet with anticipation that they will pay. There might be an issue with eligibility, duplicate bill or other issue. There can be a difference between what we see has submitted claims and what Gallagher is showing at the end of a quarter due to timing.

Manjusha Sheobaran said that if there is a diagnosis with recurring treatment they may bulk up on case reserve if someone is on a high cost drug or treatment.

Deborah Caneco continued to review the FY22 Treaty year. There were loss funds of \$7.5M and case reserves of \$371,000 as of March 31st. For this year, when you look at loss funds in the bottom section versus the allocated losses, there was a deficit in this treaty year. There was investment income allocated and some income taxes and non-premium funding for a participant. For FY21, retained excess deposits of \$2.2M were released in May and they are in the process of confirming bank information to send funds back to the members. That was 19% of the total pay for that year. That is one of the benefits of reduced claims during COVID. The cumulative income statement shows 2019 was the last year that a return of excess funds occurred.

Presentation of proposed reinsurance rates for FY24:

Manjusha Sheobaran, Kismet Risk Management, presented the renewal terms for the stop loss coverage and excess coverage for the MMRA captive for FY24. Usually claims data is presented through April but with the security breach and limited reporting from Harvard Pilgrim, with 60 to 70% of data they had to make some assumptions. Due diligence on certain members was done and Joe Anderson stepped up and got some information as well. What is presented is a firm offer. If Harvard Pilgrim data is received prior to renewal, it will be reviewed to see if it make material difference or improves upon renewal terms. The specific deductible is \$400,000 with a \$1,000,000 cap per member for the captive excess after which the carrier takes over exposure. There is still an unlimited maximum basis 12/24 contract with no aggregating specifics. There are lasers on the plan. The group size decreased again slightly but it did not have an impact on manual underwriting. Overall, the renewal increase is 6.8% to the gross stop loss rates. That comes to about \$12.67 million in premium amongst the three groups. A gross composite increase of 14%

over the prior year form claims that are above \$1,000,000 to an unlimited threshold is due to increase in trend and cost of Rx costs as well as not knowing what holds for Harvard Pilgrim.

Mike Madden said that they are seeing across the stop loss industry that there is an increase in catastrophic claims that they align with the higher increase in retained excess compared to overall coverage. There is a 10% increase in the number of \$1,000,000 plus claims year over year. That is across the overall industry.

Manjusha Sheobaran said that this is primarily driven by pharmaceutical. Treatments are getting better but more expensive. Most excess and million claims are either oncology, transplants or gene and cell therapies. Once the excess of 2.9 million is removed that leaves \$9.8 million that goes towards the captive funds. It's about 4.5% of the seated premiums. Collateralization remains at 50%. The deposit would be \$4 million of collateral funding. The laser from Minuteman has been removed due to the member leaving the plan. West Suburban had a member added that has cystic fibrosis so there are two lasers for two individuals for that diagnosis and another member is being monitored for a double lung transplant in the future. There are no lasers for Cape Cod. Overall, it was a pretty equal renewal.

Joseph Anderson said that it is notable that when renewals were calculated for FY24, there was double digits used for the increase for the MMRA acknowledging the over million trends and just the overall trend out there. This represents a favorable outcome compared to what was budgeted into the renewal calculation. That said, stop loss only accounts for about 3.6% for each of the member units. It will not make or break a year from a trust perspective.

Kevin Mizikar asked about the frequency of the higher dollar claims. The deductible was recently adjusted. Is the group still in a good spot with that?

Manjusha Sheobaran said that staying put this year and perhaps even next year would probably be best and if an increase is made perhaps incrementally to say \$425,000 or \$450,000. This is a hard year to make an analysis because of missing claims data,

Mike Madden suggested perhaps every three years consider looking at that. This was the first increase since inception.

Kevin Mizikar said an incremental approach may help them on renewal since they are now absorbing more claims.

Noreen Mavro-Flanders moved to adopt Kismet's proposed rates for FY24 of

Motion

 \$36.05 Individual and \$111.62 Family which is a 6.8% increase.

Kevin Mizikar seconded the motion.

The motion passed as follows:

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

Ms. Mavro-Flanders's motion was approved by unanimous vote.

Review of OptiMed Reports:

Joseph Anderson said that OptiMed was set up to take advantage of reaching out and engaging with folks that are using specialty medicines with the firm so that they could source the drugs at a discounted price and essentially the savings would then be extended to individual groups. Contractual constrictions of the individual carriers prevents a proactive approach so there is a reactive approach. The cumulative spend is \$1,000,000 and the savings reported through quarterly reports is \$140,000. I don't know that a solution could replace OptiMed or the same unless it is at the carrier level.

Manjusha Sheobaran said that the PBM's are being held slightly accountable to make sure that they are getting the best option they can prepare. They are holding themselves accountable for the better price. A 10% savings is pretty nice and worthwhile keeping the program in place.

Appointment of new MMRA Board Chair:

Kevin Mizikar said he would Chair the MMRA.

Noreen Mavro-Flanders moved to appoint Kevin Mizikar Chair to the MMRA, effective 7/1/2023.

Melisa Doig seconded the motion.

The motion passed by unanimous vote as follows:

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

Other Business:

The next meeting was scheduled for September 14, 2023 at 11:00 A.M.

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.

MMRA Board meeting, June 6, 2023

Chair Kevin Mizikar adjourned the MMRA Board meeting at 10:25 AM.

*Minutes prepared by
Karen Quinlivan, Gallagher Benefit Services, Inc.*