



West Suburban Health Group Steering Committee Meeting

Tuesday, October 1, 2024, at 1:30 PM
Shrewsbury Town Offices

Meeting Minutes

Steering Committee Members in Attendance:

Kevin Mizikar, Chair
Jon Marshall
Meghan Jop
Dawn Fattore

Town of Shrewsbury
Town of Natick
Town of Wellesley
Dover Sherborn RSD

Guests in Attendance:

Michele Craemer
Nicholas Hawes
Joseph Anderson
Karen Quinlivan

WSHG Wellness Consultant
Town of Shrewsbury
Gallagher Benefit Services, Inc. (GBS)
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Chair Kevin Mizikar called the Steering Committee meeting to order at 1:34 PM.

Roll call was taken for voting attendees listed as:

Kevin Mizikar, Chair
Jon Marshall
Dawn Fattore

Town of Shrewsbury
Town of Natick
Dover Sherborn RSD

Approval of the minutes of February 15, 2024, Steering Committee Meeting:

Jon Marshal motioned to approve the minutes of February 15, 2024.

Dawn Fattore seconded the motion.

The motion passed by unanimous consent.

Motion

Wellness Report:

Michele Craemer presented her wellness update report. The targeted wellness initiatives in FY25 will focus on FY24 claims and risk factors identified by the carriers. The focus will be on high blood pressure, obesity, anxiety, depression, and nutrition. Community wide programming for the first six months of FY25 includes a summer nutrition recipe program, fitness challenges, a stress management initiative, and healthy habits for the holidays. Wellness awareness flyers are distributed each month. Individual community wellness initiatives are also ongoing.

The level funded budget of \$110,000 was initially approved with the intent for a financial review after 6 months.



Jon Marshall asked specifically where the dollars and cents were being spent. He asked if the structure of the group had a representative from each town.

Ms. Craemer said Marianne Davis used to be the Committee Chair, Marianne Davis, Paula from Shrewsbury and two other representatives from Keefe. Part of her job when she was hired was to get a representative in each community. There are contacts in each community, and they are invited to meetings, but the tendency is for them not to attend. The Wellness Committee now is down to three members, Mary Santiago from Needham, Robin Tusino from Dover, and herself. There are no formal minutes taken from meetings. The desire is for more people to be involved, and feelers are put out often.

Meghan Jop from Wellesley joined the meeting at this time.

Ms. Craemer said that back in the day when there were four health plans, she would collaborate with her carrier reps to obtain incentives and programs to present to the WSHG. Incentive prizes were sent, and free programming was available. Today there are wellness credits provided for various programs.

Mr. Marshall asked if there is any data to quantify if wellness lowers claims.

Ms. Craemer said there is no specific data.

Joe Anderson said that there is no ROI that can be calculated. Where there is a wellness program, engagement activity can be measured, but it is difficult to tie it directly to claims.

Mr. Marshall said in summary it is good to know participation numbers as a guide to see if more or less should be spent.

Ms. Craemer reviewed the used portion of allocated funds for the program. Each community receives \$6,000 and must use it or lose it each year. Many times, there is money left on the table. Most spend the money at their health fairs. The entire budget is never used.

Mr. Marshall asked if more money should be put into this.

Meghan Jop asked if money should be spent on additional screenings especially for some of the union members.

Kevin Mizikar asked if there are parameters for what the groups funding is to be used for.

Ms. Craemer said the committee has set the parameters in the past, but it would be nice to have someone to go to for questions. The carriers have wellness credits to support programs which the committee can use. The committee can offer programs for the whole of WSHG as opposed to one unit.

Jon Marshall said he recommended to approve the budget for the entire year.

Nick Hawes from Shrewsbury said that an appeal could be put out for participation on a Wellness working group. He would certainly join. Information could be put out on a shared drive as well.



GBS Reports:

Joseph Anderson reviewed the FY24 Funding Rate Analysis report with data through June 30th. There was an expense-to-funding ratio of 101.7% with a deficit of \$ 2,243,046. This year there was the pent-up recognition of claims for the ransomware incident, and they have had their share of large claims as well. The unaudited financial statement from Rich Bienvenue showed the trust at \$12.4 million. There are some outstanding accrual items that will be trued up in September. The trust performed better than anticipated when the rates were set. The FY25 report through August showed an expense-to-funding ratio of 95.0% with a surplus of \$1,181,374. There are four months experience left prior to renewal and the group looks to be in better shape than last year.

Dawn Fattore asked for clarification on the timing of reported claims. If a June claim takes three months to be reported, how is it reflected?

Mr. Anderson explained that the Funding Rate Analysis is on a cash basis. Rich Bienvenue's report includes Incurred but not reported claims (IBNR). At the end of the year, the runout claims are evaluated and the IBNR is revisited to see if it needs to be adjusted.

Kevin Mizikar said that the balance sheet looks like the group is trending in the right direction.

The suggestion to mitigate the increase with plan design changes will not go over well with the municipal world.

Karen Quinlivan reviewed the FY24 reinsurance reports through August. She said 16 claimants exceeded the \$400K specific deductible with total claims of \$9,293,912.35 and excess claims of \$2,893,912.35. That is the total outstanding balance due. It is anticipated that money will be coming in shortly. She said there were 41 members with each having claims between \$200K and \$400K, with total claims of \$13,660,833.68. The same report for FY25 have no members in excess or at the 50% level yet.

Business Model Review and Discussion.

Mr. Anderson said he started four years ago and came from Fallon. He was on the other side of the aisle when groups developed their contribution strategy favoring Fallon. It created a rate imbalance when Fallon departed and required a strategy to protect communities and move members over to remaining carriers in a reactive fashion. That on top of COVID, left the group compromised in looking strategically at the future. Point 32 Health also announced a merger of the Tufts and HPHC plans, and those plans have shifted on platforms this year. Currently there is a two-carrier mix with the population at 75% Blue Cross and 25% Harvard Pilgrim. There was a period of tough financial standing for the trust which was addressed by rate increases which have appeared to stabilize things. The group is well positioned to look to the future for programs to bend the cost curve.

Recently, there was a detailed due diligence done by the board to evaluate the groups position. Mr. Anderson reviewed the model of the West Suburban Health Group formed in 1990. Gallagher acts as Central Benefits Administrator and monitors the flow of money into the central trust. Each unit is invoiced for all active accounts, and a monthly warrant is produced to pay the bills from said trust. Enrollment is exclusively paper based which is labor intensive. Gallagher enrollment staff is well versed in Chapter 32B. After 30 years, there is a breadth of knowledge and archived information to support the group. As a result, the administrative and consulting services agreement is not for the market a plug and play model. The current fully insured vs. joint purchase group model was reviewed. Some of the elements that are needed for the joint purchase group model to operate better have been occurring this year with an increased engagement by the units benefiting the group. Ultimately finances are of utmost importance as each unit needs to manage a budget. Gallagher is there to help the group manage through challenging times.

Jon Marshall said that he has not been happy for three years. There must be a more effective model out there that exists. The tipping point for him is the technology piece. If the group needs to spend money, then perhaps that is the case. Innovative and creative ways to help the WSHG and its members need to be found and done in the most cost-effective way possible.

Kevin Mizikar said that in the municipal environment, there is no option in not obtaining competitive bidding. How does the group balance a sales pitch analysis to proactively benefit members? What is the group doing to be competitive?

Mr. Anderson said the drug piece is large. There is a vendor, PBIRx, that is worth considering. They have been adopted on the Cape and other large companies. They are exclusively a consultant in that space. They have real time knowledge in the developments in the increasingly complex drug market. They do the negotiations for contracts with the carriers, and they have specific experience with Massachusetts carriers. The group would need to move quickly to get negotiations in place for fiscal year 26. Communication can improve with the benefit administrators, vendors and GBS to create a more cohesive central organization. There are additional resources that Gallagher can bring to the table. They may not work the best in the municipal space, but they can be looked at. The frequency of meetings should increase to make sure that issues are addressed and surfaced for consideration on a regular basis.

Meghan Jop said that bringing Fallon on was a strategic move to help communities manage budget, then they left the market. The Point 32 merger happened and there was not out of the box thinking in terms of who could fill that void. Premium and fee negotiation as part of the consulting agreement is not something that is seen by the group. How is that discussed in open session? Perhaps that needs an executive session, but it needs to be clearer.

Mr. Anderson said that he can increase communication on how the process works. Options outside of the current carriers are not there yet. Mass General Brigham is building something out. The large national carriers do not deal with municipals. Small regional carriers like HNE in western New England are being bought out by Point32 Health. Actual alternatives are extremely limited. There are things in place now such as high deductible plans that are not available to the GIC. From a plan design perspective, there is not anything that will accomplish a magic solution immediately.

Kevin Mizikar said that he cannot face an IAC without showing the numbers to justify that WSHG is the best solution for his town. Turmoil in the current space has the group spinning and it needs to be brought back together.

Jon Marshall said the group should move to a single carrier and technology is a must. However the group gets there as a board is the conversation that must be had. There are only four communities that are really engaged and there needs to be more.

Mr. Anderson said a single carrier would save on administration. Better terms may be negotiated on the Rx. The GIC had an increase of over 9% this year. The national market is a mess with the increase in weight loss drugs. Exploration can be done on whether long term it makes sense to continue, and strategic thinking can be a priority. Technology will be explored with the costs established.

Mr. Anderson then presented a preliminary review of the senior renewal calculations. Blue Cross PDP increased from \$189 to \$229 largely because of the Inflation Reduction Act. Blue Cross block rated everyone and did not consider individual experience. The medical piece increased slightly. HPHC did some individual underwriting and moved the PDP from \$209 to \$224. Medical rose slightly for a total 4.6% combined increase. They are now the dominant group in terms of enrollment. Globally the increase averaged 7.9%. Fallon came out with a 13% increase and negotiation got it down to 9%. Mr. Anderson illustrated the fully insured rates and a history of both PDP and



medical increases on a historical basis. The senior increases used to be measured small increases, but it is becoming more and more material. Supporting information can be provided with talking points to explain where the increases come from this year.

Jon Marshall motioned to recommend the CY25 senior rates as presented

Motion

Dawn Fattore seconded the motion.

The motion passed by unanimous consent.

Other Business:

There was no other business.

Kevin Mizikar, Board Chair adjourned the meeting at 3:32 PM.

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