

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Concord Town House
Concord, Massachusetts

Meeting Minutes

Wednesday, February 9, 2005

Committee Members Present:

Anthony Logalbo, Chairman
Pauline Paste
M. Lawrence Barton
Valerie Jenkins
Paul Cohen
David Desgroseilliers

Town of Concord
Lincoln Sudbury Reg. School District
Town of Carlisle
Town of Groton
Town of Harvard
Town of Tyngsborough

Guests Present:

Anne-Marie O'Brien
Richard Thatcher
Robert Anderson
William Hickey
Maria Chandler
Cheryl Ierna
Mark Nicholson
Carol Cormier

Prescription Benefits Services (PBS)
The Abacus Group
Fallon Community Health Plan (FCHP)
Harvard Pilgrim Health Care (HPHC)
Tufts Health Plan
Tufts Health Plan
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Chair Tony Logalbo called the meeting to order at 2:05 PM.

Approval of the minutes of the meeting of January 14, 2005:

Larry Barton moved to approve the minutes of the January 14, 2005 meeting as written.

Valerie Jenkins seconded the motion.

Motion

The motion passed by unanimous vote.

Alternative prescription drug purchasing:

Rick Thatcher presented The Abacus Group's proposal for a medications education program and an alternative and optional Canadian drug purchasing program. He reviewed the Preliminary Savings Model and fees.

Mr. Thatcher addressed questions about the precarious state of importation of prescriptions drugs from Canada. He said that two of the vendors with which PBS has contracts have international purchasing sources, including the English-speaking countries of Europe. He also talked about the declining value of the US dollar and its effects on potential savings.

Anne-Marie O'Brien, PBS, arrived at this time and said she had been delayed by a traffic tie-up.

Mr. Thatcher and Ms. O'Brien entertained questions from the Committee including questions about the Canadian source, pricing and auditing, contract cancellation terms, shipping and shipping times, and payment processes.

Mr. Logalbo asked if the services would require the Group to issue a Request for Proposals (RFP) and if not, why not.

Anne O'Brien responded explaining the relationships between PBS, GBS, The Abacus Group, and Canadian vendors that contract with PBS. She said that for the detailed claims analysis, MNHG would simply amend the GBS contract to add PBS services and that this would not require an RFP.

Carol Cormier said she would check with City of Newton regarding rationale for not using a Ch. 30B process for the actual alternative purchasing services. She said that City of Newton had engaged PBS and through PBS had obtained services of The Abacus Group and CanaRx in December for a similar program.

Mr. Logalbo asked the Committee if it thought the Group should proceed with a recommendation to the Board.

Paul Cohen moved to recommend to the Board that MNHG engage The Abacus Group through GBS/PBS to do the detailed prescription drug claims analysis.

Motion

Dave Desgroseilliers seconded the motion.

The motion passed with five members voting "yes". Ms. Paste abstained.

Ms. O'Brien and Mr. Thatcher left the meeting at this time.

Treasurer's Report:

Tony Logalbo distributed and reviewed the Balance Sheet of January 31, 2005 (unaudited figures). He said that the Group had an Uncommitted Fund Balance that was more than \$800K over the targeted amount.

GBS Reports:

HPHC Level Monthly Accounting Report - Mark Nicholson reviewed the HPHC Level Monthly Accounting report. He explained that the level monthly deposit had not been increased when No. Middlesex RSD became a member of MNHG, which explained why the Group had a \$587K debit balance with HPHC. He also noted that in November the HPHC PPO had sustained large losses of about \$141K.

Funding Rate Analysis Report – Mr. Nicholson said that the expense-to-funding ratio across all plans was 91.3% for claims reviewed through December (7 months). He said that the PPO was the only plan with funding deficit.

Stop Loss Reports – Mark Nicholson reviewed the excess claims report for the CY04 policy. He said one member had exceeded the \$150K deductible with total claims of \$219,744. He said that the excess claims were applied to the \$100K aggregating specific deductible.

FY06 Rate Projections:

Mark Nicholson reviewed rate projection packet that included rate projections done by GBS and by the health plans. He began by reviewing the administrative fee increases proposed by the health plans.

Carol Cormier said that the Fallon administrative fees were considerably higher than the fees of Harvard Pilgrim and Tufts and requested that Mr. Anderson work on the client's behalf to get the fees reduced.

Larry Barton questioned Tufts and HPHC about the basis for their fee increases.

Cheryl Ierna, Tufts Health Plan, said that increased technology and reporting requirements drove administrative costs up.

Mr. Hickey agreed and explained that there are varying transaction costs for employers. He said that HPHC does spread those costs out across self-funded accounts.

Robert Anderson said that Fallon's administrative component of the rates was the lowest in the country.

Tony Logalbo asked why MNHG administrative fees from Fallon were so much more costly than for the other health plans and why the increase of 11% was so steep compared to increases of the other plans.

Mr. Anderson said that he would discuss this with the underwriters and get back to the Group with a response. He also mentioned that Fallon was eliminating office visit co-pays for routine physical exams and for pediatric well visits.

Carol Cormier asked Tufts and HPHC representatives to also see if they could reduce their fee proposals.

Mr. Nicholson reviewed the rate calculations and several possible funding scenarios.

The Committee discussed using a portion of the Uncommitted Fund Balance to reduce the FY06 rates.

Mr. Logalbo said he thought that the Group should not hold on to equity above the targeted amount but rather should return monies to the member towns and districts in the form of lower rate increases. He said he was comfortable with the funding scenario that applied close to \$400K of fund balance to FY06 expenses to offset rates.

Robert Anderson said that he thought since the Fallon projected rate did not increase, the Group should maintain current rates and encourage people to select the lowest cost plan.

Robert Anderson left the meeting at this time.

There was a lengthy discussion about the philosophy in spreading costs.

Valerie Jenkins left the meeting at this time.

Paul Cohen moved to adopt a funding scenario with HPHC, Tufts EPO and POS increases of 8.5%, and Fallon, HPHC PPO/OOA, and MCP increases of 1%.

Motion

Dave Desgroseilliers seconded the motion.

The motion passed by unanimous vote.

Application for membership from Narragansett Regional School District:

Mark Nicholson reviewed the information on Narragansett RSD and showed the MNHG average cost per contract compared to that of Narragansett RSD. He said that from a financial standpoint, Narragansett was compatible with MNHG.

Carol Cormier reviewed the comparison of benefits between MNHG and Narragansett RSD.

There was a discussion.

Tony Logalbo mentioned that the one-time member joining fee would apply.

Larry Barton moved to recommend to the Board that it offer Narragansett Regional School District membership in the MNHG effective June 1, 2005 with rates that are the unsubsidized rates plus a 2% surcharge and further moved to charge the one-time member joining fee of \$100 per subscriber not to be less than \$5,000 nor more than \$15,000.

Motion

Pauline Paste seconded the motion.

The motion passed by unanimous vote.

Other Business:

RFP from Town of Clinton -

Mark Nicholson reviewed information on Town of Clinton that was provided in the Town's Request for Proposals for health plans. He said that the consultant for the Town is looking for an indication of whether or not the town would be a likely to be accepted as an MNHG member.

Tony Logalbo said to inform the consultant that MNHG would be happy to discuss membership if the Town expresses direct interest in the MNHG.

Board Agenda -

Tony Logalbo said that he would like the issues of Mass. Healthcare Purchaser Group (MHPG) dues and Town of Concord stipend for providing treasury services to be on the Board agenda.

Dave Desgroseilliers moved to recommend to the Board the payment of \$2,000 in MHPG dues for 2005.

Motion

Paul Cohen seconded the motion.

The motion passed by unanimous vote.

Pauline Paste moved to recommend that the Board pay a stipend of \$5000 to the Town of Concord for treasury services.

Motion

Larry Barton seconded the motion.

The motion passed by unanimous vote.

Tufts Benefits –

Maria Chandler reviewed optional benefits for the Tufts plan including increases in the Early Intervention state-mandated benefit.

Carol Cormier said that the MNHG adopts all state mandates and so the mandates should be added as soon as they are required to be added and asked Ms. Chandler to notify her in advance regarding mandates.

Fallon benefits - Carol Cormier said she would find out more about the Fallon benefit options referred to by Mr. Anderson earlier in the meeting.

There was no other business.

Chair, Tony Logalbo, adjourned the meeting at 4:40 PM.

*Prepared by Carol Cormier
Group Benefits Strategies*