

MINUTEMAN NASHOBA HEALTH GROUP

Board Meeting

Groton Public Library
Groton, Massachusetts

Meeting Minutes

Wednesday, February 16, 2005 at 10:00 a.m.

Primary & Alternate Board Members Present:

Anthony Logalbo, Chair and Treasurer
Denis Callahan
Margaret Dennehy
M. Lawrence Barton
Valerie Jenkins
Paul Cohen
Lorraine Leonard
Pauline Paste
Jerry Martin
Carol Vogel
David Desgroseilliers

Concord, Town of
Ayer, Town of
Boxborough, Town of
Town of Carlisle
Town of Groton
Town of Harvard
Town of Harvard
Lincoln Sudbury Regional School District
North Middlesex Regional School District
Town of Stow
Town of Tyngsborough

Guests Present:

Arthur St. John
Helen Powers
Michael Barron
Stephen Hemman
Beth Poulin
Robert Anderson
Bill Hickey
Maria Chandler
Tia Perry
Carol Cormier
Joelle Carlberg

Concord Fire Fighters
Concord Carlisle Regional School District
Narragansett Regional School District
Narragansett Regional School District
Narragansett Regional School District
Fallon Community Health Plan (FCHP)
Harvard Pilgrim Health Care (HPHC)
Tufts Health Plan (THP)
Tufts Health Plan (THP)
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Chair, Tony Logalbo called the meeting to order at 10:15 a.m.

Approval of the minutes of the December 8, 2004 meeting:

Larry Barton moved approval of the Board meeting minutes of December 8, 2004.

Motion

Pauline Paste seconded the motion. The vote in favor of the motion was unanimous.

Treasurer's Report:

Financial Reports as of January 31, 2005 -

Tony Logalbo reviewed his Balance Sheet of January 31, 2005, (unaudited figures). He said that total assets were \$6,582,156 and total liabilities were \$3,462,270 on January 31st. He said that the Uncommitted Fund Balance on January 31, 2005 was \$3,119,885, which exceeds the fund balance target of \$2.2 million.

Approval of payments:

Tony Logalbo said there were three calendar year payments for the Board to approve. He said the Town of Concord's annual payment for treasury services is \$5,000, the payment to Lincoln Sudbury RSD for webmaster services is \$1,200 and the annual dues for membership in the Massachusetts Healthcare Purchaser's Group (MHPG) is \$2,000. He called for a motion to approve these invoices.

Dave Desgroseilliers moved to authorize payment of the three invoices.

Motion

Valerie Jenkins seconded the motion. The vote in favor of the motion was unanimous.

GBS Reports:

HPHC Level Monthly Deposit - Quarterly Accounting -

Ms. Cormier reviewed the HPHC Level Monthly Deposit Report. She said for the second quarter, the Group had a debit balance of approximately \$587K. She said this was not surprising since NMRSD had joined the Group effective October 1, 2004, which increased the claims, and HPHC had not recommended an increase in the level monthly deposit amount.

Funding Rate Analysis by Plan (FY05) -

Ms. Cormier reviewed the Funding Rate Analysis Report for FY05 with claims paid through December 2004. She said the only plan not sufficiently funded was the HPHC PPO/OOA plan, which had a funding shortfall of \$331K through December. She said there was a slow run-in with the Fallon claims since June 1st when the group had changed from a fully insured to a self-funded arrangement. She said the current expense to funding ratio for the Fallon EPO plan was 60.9%. She said that overall, across all plans, expenses were 91.3% of funding, which was very favorable. She said there was an overall estimated funding surplus at the end of December of over \$1 million (paid basis).

Stop Loss Reports -
CY2004

Joelle Carlberg reviewed the report for the 2004 calendar year policy period with claims paid through December 2004. She said that one member had exceeded the \$150,000 specific deductible to date. She said the claims totaled \$219,744. She said the excess amount was \$69,744. She said \$66,424 had been applied to the aggregating specific deductible and the outstanding amount of \$3,320, would be reviewed and also applied against the aggregating specific deductible. She said the aggregating specific deductible of \$100K must be met before the Group is allowed any reimbursements. She said that there were twelve members with claims between 50-100% of the specific deductible of \$150K. She said the total claims were \$1,129,522, an increase of over \$196K from the prior month.

CY2003

Joelle Carlberg reviewed the report for the 2003 calendar year policy period with claims paid through December 2004. She said that one member had exceeded the \$150,000 specific deductible to date. She said the claims totaled \$164,067 and the total reimbursements were \$14,067. She said there were no outstanding reimbursements. She said that there were eight members with claims between 50-100% of the specific deductible of \$150K. She said the total claims were \$784,171.

Tony Logalbo pointed out that a small number of members are incurring a lot of the Group's claims, which is now a typical situation.

Presentation on alternative prescription drug purchasing program:

Richard Thatcher, The Abacus Group and Anne O'Brien, Prescription Benefits Services (PBS) -

Tony Logalbo welcomed Rick Thatcher and Anne O'Brien to the meeting. He told the Board members that the Steering Committee heard The Abacus presentation at a prior meeting.

Anne O'Brien introduced herself as the Assistant Vice President of PBS. She said PBS was a sister company of GBS that was formed last March. She explained the role that PBS would play as intermediary if the Group decided it wanted to offer a Canadian prescription drug purchasing option for employees.

Rick Thatcher reviewed The Abacus Group/myMedicationAdvisor presentation. He said myMedicationAdvisor is the heart of the program. He referred to the pricing proposal and preliminary estimates of savings.

Tony Logalbo asked what the next step would be if the Group chose to move forward with this.

Mr. Thatcher said that The Abacus Group could perform an in-depth detailed claims analysis, if approved by the Group. He said Abacus would look at the Group's claims data and would report back to the Board with specific program recommendations. He said the fee for the analysis is \$15K and the duration of the analysis would be approximately four weeks once all the electronic claims data has been received.

Tony Logalbo said the Board would then review the analysis and make a decision as to whether or not to move forward with the program.

There were issues raised about the future of Canadian prescription drug purchasing.

Anne O'Brien spoke of the possibility that the Canadian government could shut down the reimportation of pharmaceuticals to the United States. She talked about the possibilities of other international sources for prescription drug purchasing. She said PBS was also exploring other issues, such as the possibility of prescription drug carveout plans. She emphasized that there is not only savings from international prescription drug purchasing, but there is also savings that employers could get from members switching to generic drugs.

There was a discussion.

Tony Logalbo said the Steering Committee had received a 15-page report from The Abacus Group, which included the fee proposal, which was in the meeting packet. He said anyone that was interested in seeing the entire report should contact Joelle Carlberg at GBS. He said the Steering Committee met prior to the Board meeting and agreed that there was value to taking the next step on this issue, which is to approve the \$15K data analysis.

Larry Barton moved to approve the \$15K data analysis by The Abacus Group. He further moved an amendment to the GBS contract to add PBS to act as the intermediary to transfer data to Abacus.

Motion

Valerie Jenkins seconded the motion. The motion passed by unanimous vote.

Benefits for FY06:

Tony Logalbo called attention to a handout in the meeting packet, which listed optional changes to the Fallon and Tufts plans. He said the Steering Committee had reviewed the changes prior to the Board meeting and recommends no change, other than the state-mandated acceptance of the Early Intervention benefit increase, which would be effective immediately. He said there were no proposed changes to the HPHC plans at this time.

Carol Cormier said her understanding is that municipalities must adopt all state mandates. She said this particular benefit should have gone into effect June 1, 2004, so she would recommend adopting it immediately. She said she would send a draft letter to the Board members to send to unions explaining the change in the Early Intervention benefit.

Larry Barton moved to adopt the state mandated Early Intervention benefit changes to all plans effective immediately. He further moved that MNHG would not accept any of the optional benefits proposed by Fallon and Tufts at this time.

Motion

Dave Desgroseilliers seconded the motion. The vote in favor of the motion was unanimous.

Rob Anderson spoke of the savings to employers if there were increases in co-payments.

Pauline Paste said the Steering Committee does not feel the need to discuss co-payment changes at this time due to collective bargaining obligations. She said this issue would be discussed in the future.

FY06 Health Plan Rates:

Paul Cohen said the Steering Committee reviewed the rate projections. He said the aggregate rate increase for the MNHG "Legacy" members was 8%. He said MNHG has an Uncommitted Fund Balance target, which has been exceeded resulting in a fund balance surplus. He said the Steering Committee voted to use \$395K of the surplus to subsidize the rates for FY06. He said this was about half of the surplus above the target and if the trend continues, the Group should be able to maintain the surplus at the targeted level. He said the recommended increase for most of the active plans is 8.5%. He said the Fallon and Tufts MCP plans had a recommended increase of 1% and the HPHC PPO/OOA plan continues to be subsidized with a recommended increase of 1%. He said the PPO/OOA plan is for early retirees who live outside the managed care plan service areas and who have no other plan options.

Mr. Cohen said that NMRSD has slightly higher rates, since they are not eligible as yet to use the subsidy from fund balance.

Carol Cormier referred to the rates with and without the use of fund balance subsidy.

Mr. Cohen said the recommended rate increases are quite low compared to what other municipalities are experiencing.

Tony Logalbo pointed out that on June 1, 2006, NMRSD would begin to have the same rates as the "Legacy" members of the Group.

There was a discussion.

Carol Cormier said that the rates presented are for the self-funded plans only. She said once she has all of the fully insured senior plan rates, she would send them to the Board members.

Larry Barton moved to accept the rates recommended by the Steering Committee, Scenario C using \$395K of fund balance, with an aggregate increase of 7.7%. He further moved that the rates be rounded to the nearest whole dollar.

Pauline Paste seconded the motion. The vote in favor of the motion was unanimous.

Motion

Carol Cormier said she would send the FY06 approved rates to the Board members when she returned to the office.

Denis Callahan asked why MNHG was doing so much better than other municipalities in terms of rate increases.

Tony Logalbo said there were many possible factors as to why MNHG is doing better in terms of the rate increases. He mentioned that the reinsurance premium for the current calendar year was a decrease from the prior year. He said the MNHG membership only goes as far east as Concord, which means that most of the MNHG members are being served in lower cost environments, i.e. outside the Boston area, compared to other groups.

Vote on application for membership of Narragansett Regional School District:

Tony Logalbo introduced Dr. Stephen Hemman, Superintendent of Narragansett Regional School District.

Dr. Hemman thanked Mr. Logalbo. He introduced Michael Barron, of the UFCW and Beth Poulin, who represents the teacher's union. He said he had submitted a letter, on behalf of Narragansett RSD, requesting membership in MNHG.

Carol Cormier said she had received the letter from Narragansett RSD requesting membership in MNHG. She said GBS had done a risk comparison of Narragansett RSD with MNHG. She said both GBS and Tufts agreed that Narragansett RSD and MNHG are very risk compatible. She said Narragansett RSD shows a positive effect on MNHG's claims costs. She said the Narragansett RSD employees would have better benefits than they currently have if the school were to join MNHG. She said GBS would recommend accepting Narragansett RSD into the Group.

Mr. Logalbo said the Steering Committee reviewed the Narragansett RSD data and voted to recommend that the Board offer membership to Narragansett RSD.

Ms. Cormier called attention to the proposed rates for Narragansett RSD, which were based on the unsubsidized rates. She said the vote by the Steering Committee was to include a 2% surcharge on the rates for the EPO plans and the MCP plan and no surcharge on the POS and PPO plans. She said the rates would also be rounded to the nearest whole dollar. She said the surcharge would be for two years, during which time, Narragansett RSD would not be eligible to use fund balance to subsidize rates.

There was a discussion.

Pauline Paste moved to offer membership effective either June 1 or July 1, 2005 to Narragansett RSD with a 2% surcharge on the unsubsidized health plan rates, except for the POS and PPO/OOA plan rates, for a two-year period with the rates rounded to the nearest whole dollar. She further moved that Narragansett RSD be charged the one-time member-joining fee of \$100 per subscriber not to exceed \$15,000, which should be paid no later than July 31, 2005.

Motion

Valerie Jenkins seconded the motion.

The vote in favor of the motion was unanimous.

Stephen Hemman thanked the Board members for the offer of membership. He said he still needs to present this to his union groups and he would get back to MNHG as soon as possible. He asked who typically serves on the Board.

Ms. Cormier said the school district could appoint whomever they would like. She spoke of the types of people that currently serve on the MNHG Board, such as, Treasurers, Finance Directors, Town Administrators and Benefits Administrators. She said each governmental unit has one vote on the Board. She said each unit appoints a Primary and an Alternate voting member. She said if Narragansett RSD were to join MNHG, the appropriate public authority of the school district would be required to sign the MNHG Joint Purchase Agreement.

Health Plan Reports:

Harvard Pilgrim Health Care (HPHC) -

Bill Hickey distributed a HPHC publication titled, "Muni Matters". He said it was a new publication from the distinct business unit that works with municipalities. He said it was a high level publication sent to town officials.

Fallon Community Health Plan -

Rob Anderson said that Fallon's network expansion might provide savings to MNHG. He said that Acton Medical Associates and Charles River Medical Associates were added to the DirectCare network. He said the SelectCare network, overall, has expanded by 50%. He said members might not realize that their doctors are now in the Fallon network, so it is important to inform them of the network expansion.

Mr. Anderson said there are new employees at Fallon that were hired to focus on employer-based wellness initiatives. He said he would be happy to bring one of the Fallon representatives to a future meeting, if the Board would like.

Mr. Anderson said now that the MNHG Fallon plans are self-funded, he was curious as to whether or not there were any questions or concerns that employers were hearing from the members. There were no concerns raised.

Tufts Health Plan -

Maria Chandler introduced Tia Perry, the new Account Coordinator at Tufts Health Plan. She said Ms. Perry is the one to contact regarding health fairs, wellness screenings, etc.

Ms. Chandler said that during the second quarter, Tufts Health Plan would be undertaking a project relating to member ID numbers. She said health plans are no longer able to use social security numbers as ID numbers. She said Tufts would be aligning themselves with the industry standards. She said this would have no impact on enrollment or reporting, but would be "behind the scenes".

Maria Chandler talked about the alliance that Tufts Health Plan has formed with Cigna Healthcare. She said this would be for ASO and fully insured groups beginning January 1, 2006. She said this alliance was based on the PPO business.

Other Business:

Carol Cormier said the health plans are sponsoring seminars on Medicare Part D. She said the seminars would probably have a lot of general information, but each governmental unit should attend at least one. She said employers would be required to make a decision on Medicare Part D in September for 2006.

Ms. Cormier said that Peter Stoner, Retiree Products Sales Manager at Tufts Health Plan, has a block of tickets for the New England Employee Benefits Council (NEEBC) seminar on Medicare Part D. She said the NEEBC seminar is on March 15th from 12pm-2pm and would probably have more detail than the other seminars. She said if anyone were interested in attending, they should let her know as soon as possible. She said the tickets are \$65 per person but Peter Stoner has some free tickets for municipal accounts.

Maria Chandler said the Tufts Health Plan Medicare Part D seminars are scheduled for February 23rd and March 7th from 8am-10am.

It was confirmed that the next MNHG Board meeting would be held on May 4, 2005 at 10:00 a.m. at the Groton Public Library.

There was no other business to discuss.

Larry Barton moved to adjourn the meeting. Dave Desgroseilliers seconded the motion.

The motion passed by unanimous vote.

Tony Logalbo adjourned the meeting at 12:00 p.m.

*Board Meeting
was later
rescheduled for
May 11, 2005*

Motion

*Prepared by Joelle Carlberg
Group Benefits Strategies*