

MINUTEMAN NASHOBA HEALTH GROUP

Board Meeting

Groton Public Library
Groton, Massachusetts

Meeting Minutes

Wednesday, February 28, 2007 at 10:00 a.m.

Primary & Alternate Board Members Present:

Valerie Jenkins, Chair	Town of Groton
Jerry Martin, Vice Chair	North Middlesex Regional School District
Margaret Dennehy	Town of Boxborough
Stephen Hemman	Narragansett Regional School District
Pam Landry	Town of Stow
Anthony Logalbo, Treasurer	Town of Concord
Denis Callahan	Town of Ayer
Pauline Guilmette	Town of Tyngsborough
M. Lawrence Barton	Town of Carlisle
Michael Hartnett	Town of Pepperell
Patrick McIntyre	Town of Clinton
John Flaherty	Concord Carlisle Regional School District
Beth Poulin-Smith	Narragansett Regional School District
Melisa Doig	Town of Ayer
Donna Madden	Town of Bolton
Lorraine Leonard	Town of Harvard
Cheryl Gariepy	Town of Lancaster

Guests Present:

Ann-Marie Geyster	Narragansett Regional School District
Marie Sobalvarro	Town of Harvard
Matt Shields	Tufts Health Plan (THP)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Amy Travers	Harvard Pilgrim Health Care (HPHC)
Arthur St. John	Concord Firefighters
Carol Cormier	Group Benefits Strategies (GBS)
Lisa Trombly	Group Benefits Strategies (GBS)

Vice Chair, Jerry Martin, called the meeting to order at 10:15 a.m. He asked attendees.. to introduce themselves.

Approval of the minutes of the December 6, 2006 meeting:

John Flaherty moved to approve the Board minutes of the meeting of December 6, 2006.

Motion

Larry Barton seconded the motion. The motion passed by majority vote. Lorraine Leonard, Town of Harvard, abstained.

Treasurer's Report:

Financial Reports as of December 31, 2006 - Tony Logalbo, Treasurer, reviewed the Balance Sheet of December 31, 2006, (unaudited figures). He reported an uncommitted fund balance of \$2.4M. He said

the past 3 months (November, December, January) have been very stable. He said the month of February seems to be the same but that the ascent has decreased, which is not unexpected. He said the fund balance is not at the target but is adequate at this time.

Chair Valerie Jenkins arrived at the meeting at this time.

Group Benefits Strategies Reports:

Funding Rate Analysis by Plan Type – Carol Cormier reviewed the FY07 report with data through December 2006 and stated that funding for all plans exceeds the expenses except for the Harvard Pilgrim PPO plan. She said the composite expense-to-funding ratio is 89.5%. Ms. Cormier reminded the Board that the senior plans now renew on January 1st of each year.

Level Monthly Deposit Reconciliation – Carol Cormier said, as of December 30, 2006 Harvard Pilgrim Health Care was owed \$470K to settle-up for the quarter October through December 2006.

Stop Loss Reports – Lisa Trombly reviewed the CY06 Stop Loss report and said there are 9 claimants in excess and that the Aggregate Specific Deductible of \$100K had been reached. She said there were reimbursements of \$85K issued since last reporting period and there is approximately \$56K due to MNHG at this time. Ms. Trombly said there are currently 16 claimants at 50% with claims totaling \$1.7M.

Harvard Pilgrim Health Care Cost & Utilization presentation:

Harvard Pilgrim Health Care – Bill Hickey introduced Amy Travers and said she would be presenting the MNHG Cost and Utilization Report. Ms. Travers said the HPHC plans membership in December 2006 was 4.3% higher than in December 2005. She said the HMO's PMPM (per member per month) claims cost in Policy Year 2006 was 12.3% higher than in PY2005. She said this increase is driven by increases in both medical and pharmacy PMPM claims costs and that the medical trend is driven by increase in utilization, which is offset somewhat by a decrease in price. Ms. Travers said the pharmacy PMPM costs for the HMO plan increased 7.0% in policy year 2006. She said the increase is driven by increases in both cost and utilization. She said the average cost per prescription and utilization was lower than Industry but higher than plan. She said that the MNHG's total PMPM claims costs were on par with the plan wide HMO costs and were 12.6% lower than Industry PMPM claims costs.

Ms. Travers reviewed the medical costs by type of service and disease category.

Carol Cormier said she noticed that the expenditures for circulatory diseases had gone down in Industry and in the Group.

Amy Travers said that medications might play a part in this. She said the pharmacy utilization is going up, which is not necessarily a bad thing. She said it means people are treating their symptoms with maintenance medications.

Arthur St. John, Concord Firefighter, said the increase in injury and poisoning seems to be high and wanted to know if that is reflected within the Industry data as well.

Ms. Travers said it is. She said this category is broad and covers a general scope of things. She said she could look up the Industry trend to see the difference, if needed.

Ms. Travers said for the entire MNHG population, classifications of Factors Influencing Health Status and Contact with Health Services accounted for the largest share of medical costs in policy year 2006. She said neoplasms accounted for 13.8% -while symptoms, signs, and ill-defined conditions accounted for 10.9%. She said musculoskeletal conditions accounted for 8.6% and circulatory 7.1%. She said the cost

distribution by primary diagnosis in policy year 2006 was similar to that in policy year 2005. Ms. Travers said the health of the population in terms of risk of resource utilization increased in year-ending 6/30/06 but it running 11.2% lower than Industry.

Ms. Travers said that the pharmacy PMPM costs increased 7% in 2006.

Ms. Cormier noted that this low pharmacy trend may be due, in part, to the fact that members are purchasing medications through the alternative Canadian RX program and that these costs are not showing up in the health plans' data.

Valerie Jenkins thanked Amy Travers for her report, and Ms. Travers left the meeting.

FY08 Rates:

Valerie Jenkins said that Steering Committee has recommended the rates listed under FY08 Funding Scenario B-3 with a composite increase in funding of 13.5%.

Carol Cormier reviewed the administrative fee proposals from Harvard Pilgrim, Tufts and Fallon. She said that at the Steering Committee's request, Fallon had reduced the proposed fee increase. She then reviewed the process of how the rate projections are calculated. She said GBS projections are based on paid claims data and the health plans base their projections on incurred and paid claims data. She said the claims factor is the largest component of the funding rates. Ms. Cormier reviewed the packet and said the Steering Committee's recommendation for FY08 Scenario B-3, which was a new version not originally included in the distributed packet. She said Narragansett RSD and the Town of Clinton have completed the probationary period and will no longer have surcharged rates.

Valerie Jenkins explained the B-3 scenario. She said all units would be paying the same rates starting June 1st. She said the total funding necessary is projected to be \$38,970,821 or 13.5% increase over the current year using enrollments of December 2006.

Carol Cormier said the current year's funding using December enrollments is \$34,325,268.

Arthur St. John, Concord Firefighter, asked if there would be any additional funds applied to the rates from the uncommitted fund balance.

Carol Cormier said the fund balance is funding the Alternative Prescription Drug program and the Disease Management programs totaling about \$400K.

Steve Hemman said he wanted to remind everyone that the fund balance was dangerously low last year.

Ms. Cormier said the high cost claims account for a lot of the expense and increases. She said they drive the rates and the cost.

Tony Logalbo said the fund balance is about 5-6% of cash flow right now, which is not a great position. He said with a small number of large claims this could put the Group in a bad position. He asked Ms. Cormier if other Groups are experiencing this.

Ms. Cormier said that it varies by group. Bill Hickey, Harvard Pilgrim Health Care, said the Industry is having similar experience.

There was a discussion.

Steve Hemman motioned to accept the recommendation of the Steering Committee to adopt the FY08 rates listed in Scenario B-3.

Motion

Jerry Martin seconded the motion.

The motion was passed by majority vote. Larry Barton, Town of Carlisle, opposed.

Infertility benefits and out-of-state health plan members:

Valerie Jenkins explained that Tufts Health Plan interprets the State Mandate regarding infertility benefits differently for employees who live outside of Massachusetts. She said the Group could vote to request Tufts Health Plan to interpret the mandate the way the other health plans do, i.e. that out-of-state residents who are members are entitled to the same infertility benefits as members living in-state. She said the out-of-state members currently pay the same premium as the in-state members but the benefits are different.

Valerie Jenkins said the Steering Committee recommends approving the request to have Tufts Health Plan administer the infertility benefit for out-of-state members the same as for in-state members effective 1/1/07.

Motion

Steve Hemman seconded the motion. The motion was passed by unanimous approval.

Valerie Jenkins said the Steering Committee discussed the new Prosthetics mandate and said that presently it is classified under the Durable Medical Equipment with a yearly maximum allowance. She said the Committee is currently gathering additional information in order to bring this to a vote in the future.

Health Plan Reports:

Fallon Community Health Plan – Carol Cormier said Fallon has increased the “It Fits” reimbursement amount on its insured accounts. She said FCHP’s reimbursement is lower than that of the other health plans and is looking to have it increased to \$150 per individual contract and \$300 per family contract, same as for other health plans. She said the Steering Committee recommends accepting this increase.

Steve Hemman motioned to accept the recommendation of the Steering Committee to increase the “It Fits” reimbursement to \$150 per individual contract and \$300 per family contract, effective January 1, 2007.

Motion

Tony Logalbo seconded the motion. The motion was passed by unanimous approval.

Harvard Pilgrim Health Care – Bill Hickey said the health fairs are being scheduled and those who require his services at health fairs should contact him.

Tufts Health Plan – Matt Shields said he should be contacted regarding health fairs as well.

Carol Cormier said that employers should notify Lisa Trombly, GBS, of their intent to have a health fair as she is maintaining a master schedule and coordinating with health carriers. She said the master schedule of health fair events will also be posted on the MNHG website.

MNHG Website:

Lisa Trombly said the new Minuteman Nashoba Health Group website is now complete and has been uploaded. She asked employers to take an opportunity to review it and notify her of any suggestions or comments.

Steve Hemman asked if an announcement email could be sent out.

Lisa Trombly said she would do that. She said the website address is the same, www.minuteman-nashoba.org.

GIC Option proposed legislation:

Carol Cormier gave an overview of the proposed GIC option. She reviewed some of the *pros* and *cons*. She said she would send an email to all Board members that lists *pros* and *cons* of joining the GIC.

Steve Hemman said the retired teachers of the Narragansett Regional School District are in the GIC and it works very well for them because the unit has been in it for a very long time.

Carol Cormier said that there are some GBS clients that are pulling their retired teachers out of the GIC because it is a cost savings to them to do so. She said the GIC still offers traditional indemnity plans as well.

Bill Hickey, HPHC, said that the GIC changes its benefits every year and that the rate changes would not be known until late March or early April for the July 1 renewal each year. He said the GIC also changes its carriers at times and does not offer any BCBS plans.

Carol Cormier said that she believes under the proposed GIC legislation, a municipal employer would have to notify the GIC by October 1 that it wants to join the following July 1, so at the time of notification the employer would not know what the rates would be and possibly not know the benefits either.

Tony Logalbo asked if there were any other implications for MNHG.

Carol Cormier said the Cape Cod Municipal Health Group is scheduling a meeting with the Lt. Governor to raise awareness of the Joint Purchase Groups (JPGs) and to propose that the JPGs be granted some of the authority that the GIC has in determining benefits.

Tony Logalbo said that if a current MNHG employer has interest in the GIC they would have to leave the Group and need to understand that. He said he thought the MNHG should start to assemble a packet of information that the units can use to respond to Selectmen who are pushing the GIC option.

There was additional discussion regarding the GIC option.

Lorraine Leonard said the Town of Harvard is seriously looking into the GIC option.

Other Business:

Melisa Doig asked if the supplies needed for Open Enrollment should be ordered directly from the carriers.

Bill Hickey, HPHC, said it is handled the same each year through the health plan representatives.

Valerie Jenkins said the next Board meeting would be held on June 6, 2007.

Steve Hemman motioned to adjourn the meeting.

Motion

Larry Barton seconded the motion. The motion passed by unanimous vote.

Valerie Jenkins adjourned the meeting at 11:40 a.m.