

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Concord Town House
Concord, Massachusetts

Meeting Minutes

Wednesday, May 4, 2005 at 2:00 p.m.

Committee Members Present:

Tony Logalbo, Chair and Treasurer
Pauline Paste
Valerie Jenkins
Paul Cohen
David Desgroseilliers

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

Guests Present:

William Hickey
Carol Cormier

Harvard Pilgrim Health Care
Group Benefits Strategies

Chairman Tony Logalbo called the meeting to order at 2.07 p.m.

Approval of the minutes of the meeting of February 16, 2005:

Valerie Jenkins moved to approve the minutes of the February 16, 2005 meeting as written.

Motion

David Desgroseilliers seconded the motion.

The motion passed by unanimous vote.

Application for membership from Town of Clinton:

Carol Cormier reviewed the comparison of MNHG with Clinton benefits by plan type and provided estimates of claims costs impact where there were benefit differences. She reviewed the comparison of cost per subscriber and cost per member for MNHG and Town of Clinton for each health plan. She noted that since Clinton had BCBS plans rather than HPHC and Tufts, GBS compared the Clinton HMO Blue claims risk with MNHG's HPHC EPO and Tufts EPO claims risk separately and then combined. She said that the Town of Clinton offers Fallon, too and that the Fallon monthly claims and member data had just come in the previous day. She said that these data showed that the Fallon claims risk for Clinton was considerably higher than for MNHG. She said that these differences had not been evident from the Fallon summary data that GBS was reviewing previously.

There was a lengthy discussion about the Town's application to join the MNHG as of July 1, 2005. The Committee members discussed the implications of the MNHG's recent growth in membership and explored what was known about the source of the Town of Clinton's interest in MNHG. The geographical and administrative cohesiveness of Clinton to the existing membership was touched upon.

Ms. Cormier said that she had been working with the Town's consultant Margaret Seymourian, Strategic Benefit Advisors, and had not had contact with the town's management. She noted she had received calls from the Chief of Police regarding the MNHG and his inquiry as to what was likely to be MNHG's proposal to the Town.

The Committee members agreed that Paul Cohen would call the Clinton Town Administrator, Michael Ward, to discuss the town’s application and readiness to join and would invite him and other town representatives to attend the MNHG Board meeting on May 11th. Mr. Cohen agreed to report the results of his conversation with Mr. Ward to Carol Cormier who would then inform the Committee members prior to the May 11th Board meeting.

Paul Cohen moved to recommend to the Board that Town of Clinton be admitted as an MNHG member and that the rates for FY06 be those charged to No. Middlesex RSD and that the FY07 rates (effective June 1, 2006) for each plan would reflect the same percentage differences from the rates charged to “legacy members” as represented by the FY06 rates charged to No. Middlesex RSD. He further moved that in the third year of participation (effective June 1, 2007) and thereafter the Town would be charged the same rates as legacy members and that as a condition of membership the Town must commit to remaining in the MNHG for at least two years. He further motioned that the normal joining fee in accordance with existing policy would be payable in July 2005.

Pauline Paste seconded the motion.

Motion

The motion passed by unanimous vote.

Update on Narragansett RSD installation:

Ms. Cormier said that the installation for July 1 was proceeding well and that Ruth Lynch and Joelle Carlberg had gone to the school district to meet with the administrative staff to go over procedures.

Medicare Part D:

Carol Cormier reviewed the features, requirements and deadlines of Medicare Part D. She said that employers should send to retirees the sample letter she had provided. She recommended that this be done as soon as possible so that the employers are communicating in advance of the barrage of communications that will come from the federal government and the new Part D Prescription Drug Plans (PDPs).

There was a discussion about the various employer options under Part D. Carol Cormier said that after the first year, the options to carve out Part D or for the employer to buy Part D on behalf of beneficiaries would seem preferable, but that this was probably not a viable option for 2006 as the time to develop such a program was too short. She said that it is thought that most employers offering retiree coverage will file for a government subsidy for 2006.

Bill Hickey said that some health plans are looking into partnering with a PDP. He said it is unlikely that these partnerships could be ready for January 2006.

Carol Cormier asked Mr. Hickey to keep her informed about any health plan efforts that he is aware of to partner with a PDP. She said that this would make things much less complex for employers and retirees.

Carol Cormier discussed the need for actuarial attestations for filing for Part D subsidies which is one of the options available to employers under Part D. She said that GBS is working with Milliman Consultants and Actuaries in seeking a CMS ruling on whether it is the Mass. joint purchase group or the individual employers in the group that is/are the Plan Sponsor(s) for purposes of Part D. She said she had submitted information about Mass. joint purchase groups to Milliman which has contacts at CMS. She said that Milliman expects to get a ruling within the next few weeks.

Pauline Paste moved to recommend to the Board that it authorize the Steering Committee to solicit proposals from actuaries on a timely basis pursuant to the relevant deadlines for decisions and in the event that MNHG is ruled to be the plan sponsor for purposes of Part D.

Motion

Dave Desgroseilliers seconded the motion.

The motion passed by unanimous vote.

Carol Cormier also mentioned that the MNHG would need to consider whether to move the anniversary date for its TMC and MCP plans to January 1 from June 1. Such a move could entail a rate adjustment for these plans effective just seven months from the June 1, 2005 rate adjustment. Since the TMC rate did not change at June 1 and as the MCP rate change was just 1%, this should not become a major impediment to consideration of the merits of placing all Medicare-related plans on a January 1 anniversary schedule.

Consumer Driven Health Plans (CDHPs):

It was agreed that the Steering Committee would report to the Board on May 11th that it had entertained a presentation from Tufts Liberty Plan and would determine the level of interest on the part of the Board to pursue this further.

Mr. Hickey said that HPHC also offers this type of health plan.

In response to concerns expressed about possible adverse selection, Bill Hickey referred to studies that showed that after an employer has offered a CDHP PPO as an option for 24 months, there is no difference in demographics or health risk of CDHP PPO members compared to members enrolled in a regular PPO.

Carol Cormier said that the Berkshire Health Group (BHG) is adding a BCBS CDHP for 7/1/05 and making it optional for participating employers. She said that for FY06 she believes two of the BHG employers will offer the plan.

GBS Reports:

HPHC Level Monthly Deposit Accounting Report - Carol Cormier reviewed the report and said that MNHG owes HPHC \$922,824 in settle-up for the third quarter of FY05.

Mr. Hickey said that at renewal HPHC will request a higher level monthly payment.

Funding Rate Analysis Report – Ms. Cormier said that there had been high cost claims activity in March 2005 on the HPHC EPO plan.

Mr. Hickey agreed to look into this and report back to the Committee.

Ms. Cormier said that on a composite basis the expense to funding ratio through March was 95% (paid basis).

Stop Loss Reports –

Calendar year 2005 policy – Ms. Cormier said that there was only one claimant with claims exceeding the stop loss deductible of \$150K. She said that the excess claims for this member were \$72,913 and that the claims were being reviewed for application to the aggregating specific deductible of \$100K. She said that there were 15 members who had claims between \$75K and \$150K with claims totaling \$1,509,207.

May 11th Board Agenda:

It was determined that in addition to the usual reports the issues of application from Town of Clinton, Medicare Part D, and Consumer Driven Health Plans would be on the May 11th agenda.

Other Business:

Tony Logalbo said that the Board will meet on May 11th but that another Board meeting will be required in early September to meet filing deadlines for Medicare Part D.

There was no other business.

Pauline Paste moved to adjourn.

Motion

Dave Desgroseilliers seconded the motion.

The motion to adjourn passed by unanimous vote.

Chairman Tony Logalbo adjourned the meeting at 3:47 p.m.

*Prepared by Carol Cormier
Group Benefits Strategies*