

MINUTEMAN NASHOBA HEALTH GROUP

Board Meeting

Groton Public Library
Groton, Massachusetts

Meeting Minutes

Wednesday, May 11, 2005 at 10:00 a.m.

Primary & Alternate Board Members Present:

Anthony Logalbo, Chair and Treasurer	Concord, Town of
Denis Callahan	Ayer, Town of
Melisa Doig	Ayer, Town of
Margaret Dennehy	Boxborough, Town of
M. Lawrence Barton	Town of Carlisle
Edward Orenstein	CASE Collaborative
John Flaherty	Concord Public Schools/Concord Carlisle RSD
Valerie Jenkins	Town of Groton
Paul Cohen	Town of Harvard
Lorraine Leonard	Town of Harvard
Bonnie Holston	Town of Lancaster
Pauline Paste	Lincoln Sudbury Regional School District
Jerry Martin	North Middlesex Regional School District
Carol Vogel	Town of Stow
David Desgroseilliers	Town of Tyngsborough

Guests Present:

Helen Powers	Concord Carlisle Regional School District
Beth Poulin	Narragansett Regional School District
Robert Anderson	Fallon Community Health Plan (FCHP)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Maria Chandler	Tufts Health Plan (THP)
John Freidman	Tufts Health Plan (THP)
Cheryl Ierna	Tufts Health Plan (THP)
Carol Cormier	Group Benefits Strategies (GBS)
Joelle Carlberg	Group Benefits Strategies (GBS)

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

Tufts Health Plan Presentation:

Dr. John Freidman distributed the Tufts Health Plan Analysis of Health Care Cost & Utilization Report for MNHG. He gave a detailed presentation. He talked about the increasing utilization of prescription drugs. He said there were more prescriptions being used, but not necessarily more expensive prescriptions.

Carol Cormier asked about the savings associated with mail order prescription purchasing. She said that she understood that pricing had shifted for mail order and that mail order did not always save money. She asked for the names of the prescriptions purchased by mail order, for MNHG members, and which would not provide savings to the Group.

Dr. Freidman said he would look into this and get back to Ms. Cormier.

Paul Cohen talked about the fact that MNHG has such low co-payments, so members are less attentive when purchasing prescriptions. He said it might be that it is cheaper to get prescription drugs as opposed to over-the-counter drugs due to the low co-payments.

Ms. Cormier said it would be helpful to see this Tufts report for MNHG in comparison with other municipalities as opposed to the Tufts book of business.

Dr. Freidman said he actually did take the time to look at other municipalities in comparison with MNHG and MNHG still stood out as having high utilization

Ms. Cormier asked what Tufts is doing to encourage the use of generics. She asked if Tufts had a step therapy program.

Dr. Freidman talked about e-prescribing, which lists alternatives and asks the physicians, “are you aware of generics?”

Cheryl Ierna said the Tufts Health Plan Pharmacy and Therapy Department is looking into step therapy and other items. She said she would update the Group when additional information is available.

Ms. Cormier asked about physician prescribing patterns.

Dr. Freidman said there were regional variations in practice. He said Tufts hasn’t specifically looked at this region in terms of which physicians that MNHG members use are over-prescribing brand name drugs.

Ms. Cormier requested that Tufts drill down the prescription drug data to a level that could provide some explanations and suggest remedies.

Dr. Freidman mentioned that there were major brand name prescriptions that will go to generic form within the next 24 months.

Mr. Logalbo thanked Dr. Freidman for his presentation. Dr. Freidman left the meeting at this time.

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

Larry Barton moved approval of the Board meeting minutes of February 16, 2005.

Motion

Pauline Paste seconded the motion.

Edward Orestein and John Flaherty abstained. The motion passed by majority vote.

Treasurer’s Report:

Financial Reports as of April 30, 2005 -

Tony Logalbo reviewed his Balance Sheet of April 30, 2005, (unaudited figures). He said that total assets were \$6,623,128 and total liabilities were \$3,741,521 on April 30th. He said that the Uncommitted Fund Balance on April 30, 2005 was \$2,881,607, which exceeds the fund balance target of \$2.5 million. He said overall it has been a pretty successful year.

GBS Reports:

HPHC Level Monthly Deposit - Quarterly Accounting -

Ms. Cormier reviewed the HPHC Level Monthly Deposit Report. She said for the third quarter, the Group had a debit balance of approximately \$922K. She said this was not surprising since NMRSD had joined the Group effective October 1, 2004, which increased the claims, and HPHC had not requested an increase in the level monthly deposit amount.

Bill Hickey said HPHC would be seeking an increase in the level monthly deposit for June 1 or July 1.

Funding Rate Analysis by Plan (FY05) -

Ms. Cormier reviewed the Funding Rate Analysis Report for FY05 with claims paid through March 2005. She said the HPHC PPO/OOA plan was not sufficiently funded and had a funding shortfall of \$356K through March. She said the Tufts POS plan also had a funding shortfall of \$44K at the end of March. She said the Fallon plans, which went self-funded effective June 1, 2004, had an expense-to-funding ratio of 71.1% at the end of March. She said that overall, across all plans, expenses were 95% of funding. She said there was an overall estimated funding surplus at the end of March of approximately \$932K (paid basis).

Stop Loss Reports -
CY2004

Joelle Carlberg reviewed the report for the 2004 calendar year policy period with claims paid through February 2005. She said that one member had exceeded the \$150,000 specific deductible to date. She said the claims totaled \$222,913. She said the excess amount was \$72,913. She said \$71,914 had been applied to the aggregating specific deductible and the outstanding amount of \$999, 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 fifteen members with claims between 50-100% of the specific deductible of \$150K. She said the total claims were \$1,509,207, an increase of over \$61K from the prior month.

CY2005

Joelle Carlberg said that for claims reviewed through February, there were no claimants on the CY05 policy period.

Update on installation of Narragansett Regional School District for 7/1/05:

Ms. Cormier said that Joelle Carlberg and Ruth Lynch met with administrative staff at Narragansett RSD to review MNHG administrative procedures. Joelle Carlberg said that she and Ruth Lynch met with Dr. Stephen Hemman and Kathy Wylie on Wednesday, April 6th. She said things seem to be running smoothly.

Beth Poulin said Narragansett RSD has approximately 140 subscribers. She said the open enrollment changes must be made by May 13th.

Update on The Abacus Group's detailed Rx claims analysis:

Carol Cormier said there are a number of GBS clients in the analysis phase with The Abacus Group. She said she spoke with The Abacus Group and Prescription Benefits Services representatives and they are trying to prioritize the analyses. She said after hearing the Tufts presentation today, she feels as if MNHG might want to hear The Abacus Group's presentation as soon as possible. She said the data analysis from Abacus would show whether or not it is feasible to participate in an alternative prescription drug-purchasing program. She said some clients have been told that it is financially feasible and others, such as Berkshire Health Group, were told that it would not be feasible unless there was an increase in co-payments.

The next MNHG Board meeting was scheduled for Wednesday, June 22, 2005 at 10 a.m. at the Groton Public Library.

Tony Logalbo said The Abacus Group would make its presentation to the Board on June 22nd.

Vote on application for membership from Town of Clinton:

Paul Cohen said the Steering Committee met last week and after much discussion, voted to extend an offer of membership to the Town of Clinton, which would require a two-year commitment. He said it would be advantageous to the Town to join MNHG, but obviously, the Town would need to bargain with its unions. He said he called the Town Administrator, Michael Ward, to speak with him about the reasons why the Town was looking to join the Group, but Mr. Ward was on vacation. He said Lorraine Leonard was able to speak with a Town representative.

Lorraine Leonard said the Town of Clinton has very strong unions with quite a bit of control and as of last week, the Town hadn't come to terms with the unions. She talked about the way in which the Town collects premiums, which is different than most governmental employers.

Ms. Cormier said if MNHG were to offer membership to Clinton, there should be certain stipulations.

Tony Logalbo said the Town of Clinton has formally requested membership in MNHG. He reviewed the conditions under which MNHG would offer membership to the Town of Clinton.

There was a discussion about whether to offer membership effective July 1st or October 1st. The Board members agreed that the offer would be for July 1st and the October 1st date would be eliminated.

Lorraine Leonard moved to offer membership to the Town of Clinton under the following conditions:

Motion

- By May 31, 2005, the Town Administrator must notify, in writing, the MNHG Chairman, Anthony T. Logalbo, c/o Group Benefits Strategies, 15 Midstate Drive, Suite 110, Auburn, MA 01501 of its decision to join the MNHG.
- The Town’s appropriate public authority will execute the MNHG Joint Purchase Agreement prior to the effective date of membership and will submit, in writing, the name of the primary MNHG Board representative and the alternate representative who may vote in the primary representative’s absence.
- The Town will adopt a June 1st health plan anniversary date starting in 2006 and will adopt the MNHG benefit levels for each plan except that the Town may maintain its current Fallon Senior Plan benefits and will pay the Fallon Senior Plan rate that applies to that benefit level.
- The Town agrees to remain an MNHG member through May 31, 2007.
- In accordance with the MNHG’s adopted rules and policies, the Town will pay a one-time membership fee of \$100 per subscriber based on enrollments at the time of joining but will not pay more than \$15,000. This fee will be billed to the Town and will be due at the time of joining but not later than 45 days after the effective date of membership.
- For the period July 1, 2005 – May 31, 2006 the Town will pay the rates that are enclosed with this letter. These are the same rates as are paid by North Middlesex RSD which joined on 10/01/04 and are different from the rates paid by the MNHG “legacy” members. The Fallon EPO (SelectCare and DirectCare plans), Harvard Pilgrim (HPHC) EPO, and Medicare Complement Plan (MCP) rates offered to the Town are approximately 10% higher than the FY06 rates paid by the legacy members, and the Tufts EPO rates are the same as the HPHC EPO rates offered to the Town. This rate structure will be maintained for the FY07 rates. Specifically this means that for FY07 the HPHC EPO, Fallon EPO, and MCP rates charged to the Town will be 10% higher than the FY07 HPHC EPO, Fallon EPO, and MCP rates charged to legacy MNHG members. The FY07 Tufts EPO rates charged to the Town will be the higher of the Tufts EPO rates charged to legacy MNHG members or the HPHC EPO rates charged to the Town. This is the same rating structure that has been used with North Middlesex RSD.
- On June 1, 2007 the Town will become a legacy MNHG member and will pay the same rates as other MNHG legacy members.

Dave Desgroseilliers seconded the motion.

Valerie Jenkins asked if GBS could handle this administratively.

Ms. Cormier said she spoke with the Enrollment/Billing Manager, Ruth Lynch, who said that this was doable. She said it was a very busy time of year, with open enrollments and such, so it would be difficult, but could be done.

There was a discussion about future requests for membership and that a timeframe be set for the analysis phase for potential new members.

The vote in favor of the motion was unanimous.

Vote on
Motion

Medicare Part D:

Carol Cormier referred to her handout titled, “Medicare Part D and Mass. Municipal Employers”, which she prepared for the Mass. Government Finance Officers Association (MGFOA) meeting on May 5th.

Ms. Cormier talked about Medicare Part D. She said Part D is voluntary like Part B and is subject to a Medicare annual election period, which is November 15, 2005 through May 15, 2006 for the first year. She said the annual election period for subsequent years would be from November 15th through December 31st. She said the estimated Part D monthly premium for 2006 is \$37, but will increase in future years.

Ms. Cormier said Medicare Part D coverage would be provided through private Medicare Prescription Drug Plans (PDPs). She said it was expected that there will be 10 PDPs in New England and all would be marketing to retirees in late summer trying to sell them Part D and supplemental prescription drug coverage. She said the government

would also be communicating with retirees. She said she recently learned that the government was holding off on communications to retirees until the fall. She said MNHG needs to make sure there is a strategy in place to stay ahead of the communications to retirees. She said she recently sent a letter to the Board members, which should be distributed to retirees as soon as possible.

Ms. Cormier talked about the deadlines relating to Medicare Part D. She said regardless of which employer option employers choose, the employers must communicate with retirees on this topic including providing letters of creditable coverage in November.

Carol Cormier reviewed the employer options as outlined in her MGFOA presentation. She said the subsidy route is looking like the best option for 2006.

Ms. Cormier said that GBS has established a relationship with Milliman Consultants and Actuaries. She said Steve Kaczmarek, of Milliman, was waiting for a ruling from CMS as to who is the "plan sponsor", the Mass. joint purchase group or each individual employer, which would explain who is required to file for the subsidy. She said Mr. Kaczmarek has been contacting CMS on a weekly basis to check on the status of this ruling.

Ms. Cormier talked about the Gross Value and Net Value actuarial attestations that are required if the Group goes with the subsidy route. She said the health plans have confirmed that they would provide the Gross Value attestation. She said employers would probably need an actuary for the net value test. She said HPHC has said that they can provide the Net Value attestation.

Ms. Cormier mentioned that the Medicare Advantage Plans, such as Harvard Pilgrim First Seniority, Fallon Senior Plan and Tufts Secure Horizons, will be called Medicare Advantage Prescription Drug Plans (MA-PDs), and will have Part D incorporated into them. She said no action needs to be taken for retirees enrolled with these plans.

Ms. Cormier said BCBSMA has applied to be a PDP. She said Tufts has confirmed that they could interface with BCBSMA and exchange data.

Tony Logalbo asked if it would be appropriate for the Board to authorize the Steering Committee to take the steps in order to engage an actuary, if the joint purchase group is the determination of plan sponsor.

Pauline Paste moved to authorize the Steering Committee to engage the services of Milliman Actuaries and Consultants for the purposes of a Medicare Part D analysis, once the CMS ruling of "plan sponsor" is received.

Paul Cohen seconded the motion.

Motion

The vote in favor of the motion was unanimous.

Carol Cormier said she would resend the notice that employers should send to retirees. She said employers should send the notice to retirees as soon as possible, if it hasn't been done already.

Consumer Driven Health Plans (CDHPs) - high deductible plans with HRAs or HSAs:

Carol Cormier said the Steering Committee heard the Tufts Liberty Plan presentation. She said the other health plans also have these types of products and she asked what the level of interest was in terms of hearing presentations from the other health plans. She said CDHPs make the member more conscious of costs and there are a lot of incentives to keep people interested in the plans. She said the Berkshire Health Group (BHG) was adding a BCBSMA CDHP to their plan offerings effective January 1, 2006. She said that the BHG employers are not required to offer it to employees.

Ms. Cormier said the Tufts Liberty Plan currently could be offered on an insured basis only. She said there was the possibility of self-funding the Liberty Plan in 2007.

Bill Hickey and Rob Anderson said the HPHC and Fallon CDHPs could be offered on both a fully insured and self-funded basis.

Paul Cohen said CDHPs help to save employees and employers money. He suggested that the Group look into CDHPs on a later date, possibly in the fall.

Cheryl Ierna said CDHPs require a lot of employee and employer education because the concept is very different from the other types of health plans.

Helen Powers asked about collective bargaining obligations if MNHG were to add a CDHP to its plan offerings.

Carol Cormier said employers would be required to notify the unions and to impact bargain with its unions. She suggested hearing presentations from all of the health plans before making a decision.

Tony Logalbo said the HPHC and Fallon presentations would be scheduled for the Steering Committee meetings, but the entire Board would be welcome to attend.

Ms. Cormier said she would email the Board with the Steering Committee meetings that are scheduled.

Health Plan Reports:

Tufts Health Plan -

Maria Chandler said that effective April 1, 2005, Tufts Health Plan added about 200 Fallon Clinic physicians to the Tufts network.

Ms. Chandler said that over the Memorial Day weekend, Tufts Health Plan was converting member ID numbers from Social Security numbers to alternate ID numbers. She said the new ID cards would be sent to members over the next six weeks.

Ms. Chandler said that effective April 1, 2005, Tufts Health Plan contracted with ParadigmHealth to provide care management in the neonatal intensive care unit. She said this program was available to all fully insured members, excluding senior plans and members with secondary coverage.

Ms. Chandler said Tufts Health Plan has also contracted with American Healthways to provide a robust approach to Disease Management programs, which would be available as an option to self-funded clients in January 2006.

Harvard Pilgrim Health Care (HPHC) -

Bill Hickey said he realizes that the HPHC Level Monthly Deposit is low. He said he would bring a proposal to the next meeting.

Mr. Hickey said HPHC decided to change its core administration systems and contracted with United Health Technologies for these services. He said this was the primary commitment that HPHC made over the past year.

Fallon Community Health Plan -

Rob Anderson said Fallon was vigorously reviewing all options in regards to CDHPs and is staying on the cutting edge. He said the Fallon CDHP would likely be based on the HMO model, which seems to be the best in terms of cost savings. He said the Fallon CDHP would be ready for a July 1st rollout.

FY05 Independent Financial Audit:

Tony Logalbo said he received the engagement letter from Thevenin, Lynch, Bienvenue, LLP for the FY05 financial audit. He said the proposed amount was \$7,900, an increase of \$500 from the prior year.

Larry Barton moved to authorize Tony Logalbo to engage the auditor, Thevenin, Lynch, Bienvenue, LLP, for the FY05 financial audit.

Motion

Dave Desgroseilliers seconded the motion.

The vote in favor of the motion was unanimous.

Other Business:

Pauline Paste said that there were a few MNHG employers that haven't been represented at meetings. She said she feels that a lot of very important information is discussed at the Board meetings and the absent employers should be made aware of that.

Bonnie Holston said that she would contact the Town of Bolton. Valerie Jenkins said that she would contact the Town of Pepperell.

Tony Logalbo thanked Ms. Holston and Ms. Jenkins for offering to make contact with the Towns of Bolton and Pepperell.

There was no other business to discuss.

Larry Barton moved to adjourn the meeting. Pauline Paste seconded the motion.

The motion passed by unanimous vote.

Motion

Tony Logalbo adjourned the meeting at 11:50 a.m.

*Prepared by Joelle Carlberg
Group Benefits Strategies*