MINUTEMAN NASHOBA HEALTH GROUP

Board Meeting

Clinton Town Hall
Clinton, Massachusetts

Meeting Minutes — Wednesday, September 14, 2011 at 10:00 a.m.

Primary & Alternate Board Members Present:

Judy Belliveau, Chair	Lincoln Sudbury RSD
Donna Madden, Vice-Chair	Town of Bolton
Anthony Logalbo	Treasurer, MNHG
Teresa Watts	CASE Collaborative
Tim Bragan	Town of Harvard
Patrick McIntyre	Town of Clinton
Barbara Conti	North Middlesex RSD
Kathleen LeBlanc	Town of Groton
Kathy Wylie	Narragansett RSD
Stephanie Gintner	Town of Ayer
Melisa Doig	Town of Ayer
Margaret Dennehey	Town of Boxborough
Selina Shaw	Town of Boxborough
Kerry Colburn-Dion	Town of Tyngsborough
John Flaherty	Concord Carlisle RSD
Kelly McCausland	Concord Carlisle RSD
M. Larry Barton	Town of Carlisle
Pam Landry	Town of Stow
Michael Hartnett	Town of Pepperell

Guests Present:

Michael Ward	Town of Clinton
Michael Gilleberto	Town of Tyngsborough
Margaret Merrill	North Middlesex RSD
David Lindsay	Town of Bolton
Sean Follick	The Abacus Group
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Emily Savaria	Tufts Health Plan (THP)
Fred Winer	Tufts Health Plan (THP)
Rob Anderson	Fallon Community Health Plan (FCHP)
Robert Cannon	Fallon Community Health Plan (FCHP)
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Chair, Judy Belliveau, called the meeting to order at 10:30 a.m.

Approval of the minutes of the May 4, 2011 meeting:
Teresa Watts moved to approve the Board minutes of the May 4, 2011 meeting.

Donna Madden seconded the motion. The motion passed by unanimous vote.

Motion

Treasurer's Report:
Tony Logalbo said that the financial reports for the 1st quarter of fiscal year 2012 were positive. He said that the estimated Uncommitted Fund Balance was approximately $1.5M as of August 31, 2011.

Mr. Logalbo said that the fiscal year 2011 report and fund balance policy that the Board adopted in 2003 is included in the attachment distributed. He said that 92% of the expenses paid in 2011 were for payment of claims.

GBS Reports:
FY10 Funding Rate Analysis by Plan – Carol Cormier reviewed the Funding Rate Analysis report for FY11 with data through August 2011. Ms. Cormier said that the compostite expense-to-funding ratio was 83.5%. She said that the Fallon EPO and Rate Saver funding and expenses are combined on the report and that expenses were 99.5% of the funding. She said that the Tufts and HPHC plans are running well.

Level Monthly Quarterly Accounting Reconciliation for Harvard Pilgrim Health Care, – Ms. Cormier said that with two months of payment information in, MNHG has a credit balance with HPHC of $235,174.

Stop Loss Reports – Ms. Carpenter reviewed the Excess Loss Report for the CY10 policy period. She said that there are nine claimants with total paid claims of $3.68M. Ms. Carpenter said the Aggregating Specific Deductible of $400K has been met and said that reimbursements of $907,987 have been received. Ms. Carpenter said that there are no reimbursements due MNHG. She said there were 27 claimants on the report of claims at 50%+ with a paid claims total of approximately $3.99M.

Ms. Carpenter reviewed the Excess Loss Report for the CY11 policy period. She said that there are 4 claimants on the report of claims at 50%+ with a paid claims total of approximately $860,321. She said that the reinsurance carrier has set the deductible of one of the claimants on this report at $500K rather than the policy deductible of $250,000. She said that there are no claimants on the Excess Loss Report.

Diabetes Incentive Program – Sean Follick, The Abacus Group/myMedicationAdvisor®:
Sean Follick distributed the Diabetes Incentive Program proposal and the myMedicationAdvisor® financial report to the Board.

myMedicationAdvisor® program- Sean Follick said that the myMedicationAdvisor® program is running better than projected and said that the cumulative net savings as of July was $195,743. He said the plan year for this program is November – October. He said that the employee savings through July was approximately $51,080. Mr. Follick noted that the generic program is running slightly under projections.

Fallon Analysis and myMedicationAdvisor® program – Sean Follick said that the Board asked The Abacus Group to complete an analysis about including the Fallon Health Plans in the MMA program. Mr. Follick said that they compared the drugs and cost of the Fallon drugs against the costs that on the MMA program. He said that the analysis showed that the program could benefit the MNHG membership by reducing the prescription drug copays each year, however the overall RX costs to the plan would be higher than through the Fallon program. Mr. Follick said that if MNHG decides to include the Fallon population in the program, there would be an inclusion dependent on Fallon providing automated monthly data feeds to Abacus, something they have not been able to do in the past.

Diabetes Rewards Program Proposal – Sean Follick said that The Abacu Group is comprised of recognized behavioral scientists with academic affiliations to both Brown University and Harvard Medical School. He said that the diabetes program is designed to manage risk in a targeted population through education, communication, measurements, tracking and feedback while promoting screenings and optimal care. He said that the program helps members with diabetes to control their disease by offering medications and supplies at a $0 co-pay to participants who meet five program requirements. He said that the requirements include an annual eye and foot exam, and three lab tests, fasting blood lipids, urine protein levels and an HbA1c test every 6 months. Mr. Follick

said that diabetic patients who follow these recommended guidelines generate substantially lower claims than those who do not.

Mr. Follick proposed an annual fee of $51,645 to run the program for MNHG and said that the annual estimated plan savings based on $250 pmpm would be approximately $225K. He said that the annual member savings is estimated at $36K and said that this amount is included in the plan savings.

There was a discussion about a possible program overlap with the health plan's disease management programs.

Bill Hickey, Account Executive for HPHC, said that there may be some overlap, but said that more is better.

Emily Savaria, Account Executive for Tufts Health Plan said that Tufts is working on a Coordinated Care model and is looking for ways to improve the overall health of members, and at the same time, reduce costs. She said that there is a concern of more than one health person calling the members and causing confusion, but said that Tufts could not provide free medications and supplies.

Rob Anderson, Account Executive for FCHP said that he also sees some overlap, but feels the same as HPHC, that more is better. He said that MNHG could consider carving out a program.

Carol Cormier said that she has not heard of any calls of confusion or complaints from members of other Groups that offer the diabetes program.

John Flaherty made a motion to approve the Diabetes Rewards Program proposed by The Abacus Group as explained.

Motion

Donna Madden seconded the motion. The motion passed by unanimous vote.

Senior Plan Renewals :
Fallon Senior Plan – Bob Cannon said that there would be no increase to the rate for the Fallon Senior Plan effective January 1, 2012. He said that the routine eye exam and $150 purchase allowance towards eyewear is now once per calendar year rather than once every two years. He said that CMS has increased the yearly out-of-pocket cost in the Medicare Part D "donut hole" to $4,700 and said that once reached, the member will pay the greater of 5% coinsurance or $2.60 for generics or $6.50 for all other drugs. He said for drugs not normally covered by Part D, members will pay the standard copays. Mr. Cannon said that letters will be sent to all members.

Mr. Cannon said that FCHP is working on a new product called Fallon Companion Care, a retiree supplement plan that will not have a residency requirement. He said that the new product may be ready for MNHG in January of 2013.

Tufts Health Plan – Fred Winer said that the Steering Committee reviewed a new Tufts senior product called Tufts Medicare Plus plan. He said that the new product has a $0 copay for in-hospital and out-patient surgeries. He said that office visits take a $10 copay and there is a $1,700 hearing aid benefit every two years. He said that there is no residency requirement and that the vision allowance towards either contacts or glasses is $150 each year. He said that the prescription copays are $10/$20/$30. Mr. Winer said that he is proposing replacing the Tufts Medicare Complement (TMC) and Medicare Complement Plan (MCP) administered by Tufts with the Tufts Medicare Plus plan. He said that the cost of the new plan would be $341 if the Board replaces both the TMC and MCP with the Medicare Plus plan. He said that 407 members would be affected and said that Tufts would transfer the members electronically. Mr. Winer said that the TMC and MCP plan rates are increasing between $390 and $422. Mr. Winer said that all prescription prior authorizations will roll over electronically. Mr. Winer said that if the Board approves the proposal, the members will save on the rates and the Group will save approximately $90K to $100K. He said that the new plan provides added benefits at a lower cost.

Mr. Winer said that the Tufts Medicare Preferred HMO rate is decreasing to $226 from $242 and said that the vision allowance of $150 now will cover contact lenses or glasses. He said that Anti-coagulant visits will be 100% covered.

The Board said they will discuss this further at the next Board meeting at which the senior plan renewals will be reviewed.

Eligibility Audits:
Carol Cormier said that the new law requires that an eligibility audit be conducted not less than once every two years. Ms. Cormier reviewed the differences between a subscriber eligibility audit and a dependent eligibility audit. She said that the law does not specify the type of audit required and said that once a dependent eligibility audit is conducted, if the employer obtains all of the necessary eligibility documents for each new hire or change, that they should be able to do their own audit. Ms. Cormier suggested that the initial audit be undertaken and paid for by the MNHG rather than by individual entities. She said that the Group will be able to obtain a better price and that the HR departments will have minimal involvement. Ms. Cormier said that an independent enrollment auditor will customize the letters and audit timetable. Ms. Cormier said that the timing of the audit will need to be decided and said that the fall may be a good time. She said that it may be difficult to do during open enrollment. Ms. Cormier said that she would send a list of the eligibility documents required for enrollment.

Bob Cannon left the meeting.

Patrick McIntyre made a motion to authorized Ms. Cormier to send out an informal Dependent Eligibility Audit RFQ for a January audit and to authorize the Steering Committee to choose the audit firm from the qualified responses.

Teresa Watts seconded the motion. The motion was passed by unanimous vote. Motion

Municipal Health Reform and Joint Purchase Groups:
Ms. Cormier gave an overview of the new legislation, i.e. amendments to Chapter 32B that gives municipalities an expedited bargaining process outside of Ch. 150E to make plan design changes to the level of the Group Insurance Commission's (GIC's) benchmark plan. She also said that the legislation outlines the process to move to the GIC if a municipality can prove savings greater than 5% over what the municipality would save by making plan design changes on its own.

Carol Cormier said that she prepared a rough first draft comparison of benefits of the MNHG health plans with the GIC benchmark plan, currently Tufts Navigator plan. She said that the legislation is requiring the GIC to announce its active and Medicare plans with the larges enrollments each year, which will be used as the benchmark plans.

Ms. Cormier said that the plan design features of the MNHG Rate Saver plans are close to those of the current GIC benchmark plan and said that the Committee may want to review the possibility of adding a deductible and increasing copays to the GIC level. She said that the deductible only applies to certain services. Ms. Cormier said that she sent the spreadsheet to the health plans for their actuaries to determine the claims decrements. She said that based on the Steering Committee recommendations, the specialist copay will change to $35 on all plans and the In-patient copay to $500. She asked the Board to make the changes on their copy of the spreadsheet.

The Board asked the health plans to recalculate the savings decrements.

Carol Cormier said that the GIC benchmark plan is a tiered network product and said that she sent a letter to ask the Administration and Finance (A&G) what the tier limit would be if an employer or group does not want to offer a tiered network product. She said that they advised her the employer could go up to tier 2..

Carol Cormier said that the Steering Committee is recommending hiring an independent actuary to calculate the savings in addition to the health plan actuary's calculations. She said that doing this will solidify their proposals to the IAC and PEC.

Ms. Cormier referred to the Ch. 32B, Section 21 timeline prepared by Fallon Community Health Plan and said it could take as much as 124 days for an employer to come to the end of the process. Ms. Cormier said that each unit must go through the Ch. 32B, Sections 21 and 22 processes. Ms. Cormier said that the Public Employee Committee (PEC) is supposed to approve the Appropriate Public Authoritiy's (APA) proposal as long as it meets all of the requirements of the law. She said that one problem area could be with the employer's estimates of member migration, especially if multiple plan types are offered. Ms. Cormier said that with Mr. Bienvenue's assistance she is hoping to create an Excel file template that can be utilized by each governmental unit to calculate savings. Ms. Cormier said that she believes the cleanest solution is to move all of the MNHG plans to GIC look-a-like plans rather than maintaining several menus of plans. She said that MNHG would have to retain Legacy plans solely for employers that are under collective bargaining agreements that specify copay dollar amounts.

Ms. Cormier spoke about the mitigation proposal that needs to be submitted as part of the proposal to change the plan design. She said that the plan can include FSA and HRA arrangements that the units can set up to give back up to 25% of the expected year one gross savings that are realized by changing the plan designs. She said that a catastrophic fund could also be set up for those that would be adversely affected. Ms. Cormier said that the mitigation proposal is required for the first year and for any other year that changes may be made.

Tony Logalbo said that units may want to meet with the union officials to see if an agreement can be reached prior to adopting Section 21.

Tony Logalbo made a motion to adopt the plan design changes as proposed but changing the specialist visit copay to $35 and In-patient copay to $500 and to give the Steering Committee authorization to hire an independent actuary and to offer one plan design for each plan for implementation on June 1, 2012.

Motion

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

All of the health plan representatives said that they will be able to move the existing plan members electronically, with the exception of those that move to another carrier.

Carol Cormier said that she would work with Rich Bienvenue, MNHG's auditor, on methods of determining savings and template spreadsheets that employers could use. She said the law requires the employer to take into account expected migration into plans.

Proposed timetable- Ms. Cormier reviewed the timetable and said that MNHG has completed the first four steps. She said that by October 20th, the vote on the formal adoption of the plan design changes should be completed. She said that she would update the timetable and send it out to the Board.

Letter for employers to use in implementing Ch.32B, new Section 18A – mandatory Medicare:
Carol Cormier said that she wrote a letter that she will email to the Board for use in informing retirees about new Section 18A. Ms. Cormier said that the law went into effect on July 12 but does not specify a date by which employers must fully comply., She said the Medicare Part B late enrollment period is January 1 to March 31 each year with an effective date of July 1. Ms. Cormier said that Section 18A is mandatory and the letters should go out to retirees in time for them to be able to sign up during the Part B late enrollment period. Ms. Cormier said she would send information about setting up payment arrangements with Social Security/CMS to bill the employer directly for the late enrollment surcharges.

Other Business:
A MNHG Board meeting was scheduled on Tuesday, December 6, 2011.

Donna Madden motioned to adjourn the meeting. Motion

Tim Bragan seconded the motion. The motion passed by unanimous approval.

Chair, Judy Belliveau adjourned the meeting at 12:55 p.m.

Prepared by Karen Carpenter
Group Benefits Strategies