

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Harvard Town Hall
Harvard, Massachusetts

Meeting Minutes

Tuesday, September 20, 2005 at 3:00 p.m.

Committee Members Present:

Tony Logalbo, Chair and Treasurer
M. Lawrence Barton
Pauline Paste
Valerie Jenkins
Paul Cohen

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

Guests Present:

Maria Chandler
Bill Hickey
Carol Cormier

Tufts Health Plan (Tufts)
Harvard Pilgrim Health Care (HPHC)
Group Benefits Strategies (GBS)

Chairman Tony Logalbo called the meeting to order at 3.00 p.m.

1. Approval of the minutes of the meeting of July 20, 2005:

Valerie Jenkins moved to approve the minutes of the July 20, 2005 meeting as written.

Motion

Larry Barton seconded the motion.

The motion passed by unanimous vote.

2. Treasurer's Report:

Tony Logalbo distributed the financial statements of June, July and August 2005 (unaudited figures). He said that the Fund Balance had taken a dive in May but had stabilized at a bit under \$2 million. He said that revenue had gone up with the addition of the Town of Clinton and the Narragansett RSD. Mr. Logalbo said he thought that if the fund balance stays at about \$2 million, that would be okay; but he said that if the fund balance goes lower than that, it would show that the Group did not sufficiently fund the FY06 rates. Mr. Logalbo commented that the HPHC Level Monthly Deposit is more reasonable now that it has been increased.

Larry Barton asked about the calculation of the Incurred But Not Reported Liability (IBNR).

Tony Logalbo said that he is now calculating at 1.5 times the average monthly claims instead of 2 times the average monthly claims. He said that this adjustment was made based on the auditor's recommendation.

3. GBS Reports:

Carol Cormier reviewed the Harvard Pilgrim Level Monthly Deposit Quarterly Accounting Report for the period July through August 2005.

Paul Cohen asked why HPHC claims were more than \$300K higher than usual in August.

Carol Cormier said that probably the claims from the new members, Narragansett RSD and Town of Clinton, were starting to appear. She said that GBS had not yet reviewed August claims for individual high cost claims.

Larry Barton asked if there was a migration on the part of Clinton members from Fallon to Harvard Pilgrim.

Bill Hickey said that HPHC did pick up about 139 new members.

Carol Cormier reviewed the Funding Rate Analysis by Plan Report, noting that the expense-to-funding ratio through August was 99.2%.

Ms. Cormier said that she did not have an updated reinsurance report.

4. ASL/Allianz Lock-In Proposal:

Carol Cormier explained that Allianz has offered a proposal to lock-in the CY2006 reinsurance rates with a 5.8% increase on the same policy terms as are currently in place. She said that alternatively they have offered to hold to a 5% increase with a 5% increase in the specific deductible and aggregating specific premium. She said that the Group would also need to pay an up-front \$10K, which would be deducted from the first month of the 2006 policy premium. Ms. Cormier suggested a counter-proposal holding policy terms at current levels with a 5% increase in rates.

After a discussion, Paul Cohen moved to propose a lock-in with Allianz with the current reinsurance policy terms and a 5% increase in rates.

Motion

Pauline Paste seconded the motion. The motion passed by unanimous vote.

Valerie Jenkins moved to authorize the Chair to execute the policy with Allianz if the MNHG's counter-proposal was accepted.

Motion

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

Ms. Cormier said she would contact American Stop Loss (ASL) to inform them of the counter-proposal.

5. Retiree Drug Subsidy Account Management Proposal from GBS:

Carol Cormier explained what GBS would do to file for the Retiree Drug Subsidy (RDS) for MNHG. She reviewed the Memorandum of Understanding and said that GBS proposes to charge a fee of \$8,000 for the RDS account management services that would cover the October 2005 and February 2006 applications and filings. She said that if information about the Medicare eligible members on the active employee plans is available, GBS would charge an additional fee of \$1,000 for each active employee plan for which the subsidy is sought. Ms. Cormier said that the services include the monthly upload of the consolidated Retiree Lists to the RDS website. She said that GBS has made programming changes to enable it to submit the Retiree Lists in the format acceptable to the Center for Medicare & Medicaid Services (CMS).

There was a discussion about adoption of MGL Ch. 32B Section 18 and increasing the amount of the Retiree Drug Subsidy.

There was a discussion about being able to identify Medicare eligible retirees enrolled in the active employee plans.

Maria Chandler said that Tufts would provide reports to MNHG employers listing all members with dates of birth 1942 or earlier, and she said that the report would include Medicare information that Tufts has. She said that Tufts might not know if some members are Medicare eligible.

Bill Hickey said that HPHC would provide similar reports to the employers of MNHG.

There was a discussion about the Hold Harmless Letter proposed by GBS. There were two minor changes proposed to the agreement.

Larry Barton moved to authorize the Chair to sign the amended GBS Memorandum of Understanding and the Hold Harmless Letter related to the Retiree Drug Subsidy Account Management for the first two filings.

Pauline Paste seconded the motion. The motion passed by unanimous vote.

Motion

Dave Desgroseilliers asked Ms. Cormier about the media reports that implementation of Medicare Part D might be delayed in order to fund relief efforts associated with Hurricane Katrina.

Carol Cormier said that she thought it was highly unlikely that Part D would be postponed.

Medicare Complement Plan (MCP) Benefit Issue:

Marie Chandler distributed a spreadsheet showing the amounts the MNHG has been losing from having no member co-pays for office visits on the MCP.

There was a discussion.

Paul Cohen moved to recommend to the Board adding a \$10 co-pay for all office visits on the Medicare Complement Plan (MCP) effective June 1, 2006.

Motion

David Desgroseilliers seconded the motion. The motion passed by unanimous vote.

FY05 Independent Financial Audit:

Richard Bienvenue, CPA, of Thevenin, Lynch & Bienvenue, reviewed the draft audited financial statements for FY05. After doing so, he called attention to Note 3 of the Financial Statements regarding the GASB40 requirement for disclosure of custodial credit risks associated with investments. He commented that the MNHG does not have a formal investment policy.

Tony Logalbo requested that Dave Desgroseilliers write a custodial credit risk policy for the Committee to consider.

Mr. Bienvenue said that the formula for estimating the Incurred But Not Reported (IBNR) claims liability is reasonable. He said that it was good to have a cushion here if the Treasurer is not booking the known claims payable, some of which is the Level Monthly Settlements with HPHC.

Larry Barton asked Mr. Bienvenue if he recommended booking the known claims payable and reducing the IBNR.

Rich Bienvenue said that is generally a good approach and said he would like to see more of the run-out claims on the FY05 policy.

Mr. Bienvenue reviewed the Management Letter. He discussed his recommendation to work with the claims administrators to reconcile the differences between the electronic claims data and the amounts paid by the MNHG.

Carol Cormier said that the problem with reconciling the claims for Tufts is the Supplemental Provider Payments that are significant and made outside the regular claims transaction system. She said that Tufts was working towards being able to incorporate different payment amounts to different providers into their system but that this has not been accomplished for the most part.

Maria Chandler said that currently only the outpatient claims go through the Tufts claims system.

Rich Bienvenue said he would follow up with Tufts to get a report of the supplemental payments.

Tony Logalbo recommended adding the COBRA account balance to the Treasurer's cash at the end of the year.

There was a discussion of GASB45 and measuring the Other Post Employment Benefits (OPEB). Mr. Bienvenue said that GASB45 does not affect the MNHG but does affect the member employers. He mentioned the possibility of MNHG forming a pool to fund GASB45. He said that adopting MGL Ch.32B, S. 18 is a good way to lower the GASB45 liability.

Tony Logalbo signed the audit representation letter.

Mr. Bienvenue left the meeting at this time.

Other Business:

myMedicationAdvisor® – It was agreed that an orientation session for Human Resource people would be scheduled prior to the launch of the myMedicationAdvisor and alternative prescription drug purchasing program.

Consumer Directed Health Plans (CDHPs) - It was agreed that a date would be set to hear about the HPHC and Fallon CDHPs.

Tony Logalbo said that the appointment of a Nominating Committee should be added to the September 28th Board agenda.

There was no other business.

Valerie Jenkins moved to adjourn.

Motion

Paul Cohen seconded the motion. The motion passed by unanimous vote.

Chair Tony Logalbo adjourned the meeting at 5:05 p.m.

*Prepared by Carol Cormier
Group Benefits Strategies*