

## MINUTEMAN NASHOBA HEALTH GROUP

### Board Meeting

Groton Public Library  
Groton, Massachusetts

Meeting Minutes

Wednesday, September 22, 2004 at 10:00 a.m.

#### Primary & Alternate Board Members Present:

Evan Katz, Chairman  
Denis Callahan  
Stanley Smith  
Edward Orenstein  
Tony Logalbo, Treasurer  
Valerie Jenkins  
Paul Cohen  
Bonnie Holston  
Pauline Paste  
Carol Vogel  
David Desgroseilliers

Town of Harvard  
Town of Ayer  
Town of Boxborough  
CASE Collaborative  
Town of Concord  
Town of Groton  
Town of Harvard  
Town of Lancaster  
Lincoln-Sudbury Regional School District  
Town of Stow  
Town of Tyngsborough

#### Guests Present:

Helen Powers  
Stephanie Gintner  
Gerry Martin  
Arthur St. John  
Robert Anderson  
Bill Hickey  
Maria Chandler  
Carol Cormier  
Joelle Carlberg

Concord-Carlisle RSD  
Town of Harvard  
North Middlesex Regional School District  
Concord Fire Fighters  
Fallon Community Health Plan (FCHP)  
Harvard Pilgrim Health Care (HPHC)  
Tufts Health Plan (THP)  
Group Benefits Strategies (GBS)  
Group Benefits Strategies (GBS)

Chair Evan Katz called the meeting to order at 10:40 a.m. He said there had been suggestions to schedule the Board meetings for the full year in order to help with future planning. He said this would be done later in the meeting. He said the Finance/Steering Committee meetings would be scheduled as needed.

Mr. Katz reminded the Board members that North Middlesex Regional School District would be joining the Group effective October 1, 2004. He said the addition of North Middlesex RSD would increase membership significantly.

Mr. Katz welcomed Arthur St. John to the meeting. He said Mr. St. John has attended meetings in the past. He stated that these are open, public meetings and the Board encourages people to attend.

Mr. Katz announced that he would be transitioning to a new job with the Mass. Health Data Consortium. He introduced Paul Cohen, Town Administrator for the Town of Harvard and said that he would be the voting member for Town of Harvard for the time being.

#### Approval of the minutes of the June 23, 2004 meeting:

Stan Smith moved approval of the Board meeting minutes of June 23, 2004.

Motion
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Carol Vogel seconded the motion. The vote in favor of the motion was unanimous.

**Treasurer's Report:**

Tony Logalbo distributed the FY04 audited financial statements. He said the Steering Committee had the Exit meeting with the auditor, Rich Bienvenue , CPA on September 14<sup>th</sup>. He said the Steering Committee requested a few small revisions with which Mr. Bienvenue agreed and incorporated into the final version .

Mr. Logalbo referred to the Management's Discussion and Analysis, which is designed to provide an overview of the finances of the Group. He pointed out the change in net assets over the prior year. He said this could be discussed in February for possible use in the rate-setting process.

Mr. Logalbo called attention to the Management Letter. He said there were a few suggestions made on comparing monthly reports. He said his reports would be a bit more elaborate month to month.

Evan Katz mentioned that the Steering Committee had made some observations in the fund balance level.

Mr. Logalbo said the IBNR calculation method has proven to be very successful over the years. He said it was a little less accurate in predicting run-out in the past year. He said he would look at claims in the next several months to see if the IBNR calculation can be changed to lower predicted run-out. He said there was indication that claims are being processed more rapidly than in the past and the Group is possibly over estimating the IBNR. He talked about the Fund Balance Policy that the Group had adopted.

Mr. Logalbo said that all employers have been paying properly and all bills are being paid in a timely fashion. He credited Helen Boudreau, Town of Concord, for keeping track of this.

David Desgroseilliers moved to accept the FY04 audited financial statements as presented.

Motion
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Pauline Paste seconded the motion. The vote in favor of the motion was unanimous.

Financial Reports as of August 31, 2004 -

Tony Logalbo reviewed his Balance Sheet of August 31, 2004, (unaudited figures). He said that total assets were \$5,582,413 and total liabilities were \$2,702,180 on August 31<sup>st</sup>. He said that the Uncommitted Fund Balance on August 31, 2004 was \$2,880,233, which exceeded the fund balance target.

Mr. Logalbo said that with the fund balance level and the rapid payment of claims, the Group is looking at perhaps a favorable financial position next year. He also mentioned that the IBNR estimate for Fallon claims might increase.

Evan Katz mentioned that the Group had changed the Fallon financial arrangement from premium to self-funded effective June 1, 2004. He said the Fallon premium rate increase had been high, and the Group chose to self-fund, which allowed a smaller rate increase. He said self-funded plans have been much more favorable in terms of rate increases in the past few years. He said the change in financial arrangement for the Fallon plans gave the Town of Harvard a savings of approximately \$30K.

Pauline Paste asked Mr. Logalbo if he could give the Board members a percentage to use for budget purposes.

Mr. Logalbo said he would recommend using 10% as the projected increase.

Carol Cormier said she would not go lower than 10%, because it is still early in the fiscal year. She mentioned that prescription trends are moderating.

**GBS Reports:**HPHC Level Monthly Deposit - Quarterly Accounting -

Ms. Cormier reviewed the HPHC Level Monthly Deposit Report. She said for April, May and June, the Group had a credit balance of approximately \$11K. She said for July and August, the Group had a debit balance of approximately \$305K.

Funding Rate Analysis by Plan (FY05) -

Ms. Cormier reviewed the Funding Rate Analysis Report for FY05 with claims paid through August 2004. She said the only plan not sufficiently funded was the HPHC PPO/OOA plan. She pointed out that the Fallon plans were

now self-funded and included on this report. She said there was a slow run-in with the Fallon data. She said that overall, across all plans, expenses were 88.8% of funding. She said there was an overall estimated funding surplus at the end of August of \$558,786 (paid basis).

Mr. Katz asked how the Fallon transition from premium to self-funded was going.

Ms. Cormier said that on a weekly basis, Julia Lebrun at FCHP sends emails to GBS and the Town of Concord to access funding reports on the Fallon website. She said the Fallon contract is outstanding. She said Julia Lebrun has informed her that she just received the response to MNHG's proposals from the legal department and that she would review them and the Fallon response in the next couple of days.

Stop Loss Reports -  
CY2003

Joelle Carlberg reviewed the report for the 2003 calendar year policy period with claims paid through July 2004. She said that one member had exceeded the \$150,000 specific deductible to date. She said the claims totaled \$157,473 and the total reimbursements were \$13,510. She said due to an overpayment, there was a debit balance of \$6,037. She said that there were eight members with claims between 50-100% of the specific deductible of \$150K. She said the total claims were \$786,201, an increase of \$150 from the prior month.

Stop Loss Reports -  
CY2004

Joelle Carlberg reviewed the report for the 2004 calendar year policy period with claims paid through July 2004. She said that one member had exceeded the \$150,000 specific deductible to date. She said the claims totaled \$153,677. She said the excess amount of \$3,677 was reviewed and applied against the aggregating specific deductible, which is \$100K. She said the aggregating specific deductible must be met before the Group is allowed any reimbursements. She said that there was one member with claims between 50-100% of the specific deductible of \$150K. She said the total claims were \$80,851.

Enrollment Report -

Ms. Cormier reviewed a list of enrollments by plan in comparison with the same time last year. She said as of September 20, 2004 there were 2,694 active plan enrollees and 630 retiree plan enrollees for a total of 3,324 (includes No. Middlesex RSD enrollments).

GBS Contract -

Carol Cormier said the GBS contract with MNHG is due to expire on December 31, 2004. She said she would present a contract proposal to the Steering Committee at the next meeting.

Benefit Administrators Meeting -

Ms. Cormier said that Ruth Lynch, Manager of Enrollment and Billing at GBS had requested a Benefit Administrators meeting at the end of October to review administrative guidelines and procedures.

There was a brief discussion.

*A Benefit Administrators meeting was scheduled for Tuesday, October 26, 2004 at 9:30 a.m. at the Ripley Administration Building in Concord.*

**Nominating Committee:**

Pauline Paste agreed to serve as Acting Chair at the next Board meeting.

Dave Desgroseilliers moved to appoint Tony Logalbo, Stan Smith and Pauline Paste to the Nominating Committee. He further moved that the Nominating Committee make a recommendation for Chair at the next Board meeting.

Pauline Paste seconded the motion. The vote in favor of the motion was unanimous.

Motion
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The following MNHG Board meetings were scheduled at this time:

Wednesday, December 8, 2004 at 10 a.m. at the Groton Public Library  
 Wednesday, February 16, 2004 at 10 a.m. (location to be determined)  
 Wednesday, May 4, 2004 at 10 a.m. (location to be determined)

Tuesday, June 28, 2004 at 10 a.m. (location to be determined)

Pauline Paste presented Evan Katz with a gift on behalf of the MNHG. She thanked Mr. Katz for his dedication to the Group and said he would be hard to replace.

Evan Katz thanked the Board. He said that being Chair of the MNHG was one of the most satisfying and rewarding things that he had done since being with the Town of Harvard. He said it really has been a team effort, and he thanked the Board members and GBS for their hard work in making the Group successful. He expressed how he would miss everyone and hoped to stay in touch.

Carol Cormier said that Mr. Katz has given an extraordinary effort and a lot of care to this Group and that she and the staff at GBS appreciated it.

**Reinsurance Procurement for CY05:**

Ms. Cormier said that GBS typically issues the Request for Proposals for Reinsurance the last week of October or early November. She said the Steering Committee reviews the proposals and makes a recommendation to the Board. She said she would send a draft RFP to the Finance/Steering Committee when the proposals come in. She pointed out that with Evan Katz leaving the Town of Harvard, there would be a vacancy on the Steering Committee.

Paul Cohen volunteered to help out if needed.

Carol Cormier said she would include Mr. Cohen in the Steering Committee correspondence.

Edward Orenstein moved to authorize the Steering Committee to move forward with the reinsurance process.

Motion
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Stan Smith seconded the motion. The vote in favor of the motion was unanimous.

**Discussion of process for strategic planning: plan design, alternative health plans, wellness and risk reduction programs, alternative Rx purchasing, etc.**

Evan Katz said there are efforts that are being taken in the marketplace in terms of wellness and risk reduction programs, alternative health plans, etc. and the question is how can MNHG add onto these efforts. He said the Group has a significant fund balance. He mentioned that last year the Board had heard a presentation from Dr. Gerald Evans on the HeartVentures program, which would have cost approximately \$30K per class. He also mentioned the Bridges to Excellence program, which Stan Smith had investigated with the West Suburban Health Group (WSHG) Steering Committee. He said this program would have been in the \$30-50K range. He said he would like to get a sense of what direction, if any, the Group should be going in.

Carol Cormier mentioned that the WSHG had placed an ad in the *Boston Globe* for a part-time Wellness Coordinator at 10-20 hours per week. She said there was an big response. She said the Group interviewed five people and decided on one of the candidates. She suggested that MNHG might want to consider hiring a Wellness Coordinator.

Carol Vogel asked what the Wellness Coordinator would do.

Ms. Cormier said that, as an example, the Cape Cod Municipal Health Group (CCMHG) Wellness Coordinator sets up Walking Programs, Nutritional Programs, Screenings for Cardiovascular Risk Reduction Programs and others. She said she meets with the Wellness Departments at the health plans. She said she attends health fairs, when requested, to answer questions about Wellness and the CCMHG.

Ms. Cormier mentioned that Dr. Evans has a new model of the HeartVentures program. She said it is now on CDROM. She said screenings are not used to select program participants and the program is open to everyone. She said there is a flat, fixed fee of \$25K, with unlimited attendance, so there is not such a high cost per person. She said the Group would receive 100 sets of the CDs for participants to use for missed classes or to do the entire program at home. She said the CDs would be MNHG's to keep for future years.

Dave Desgroseilliers talked about the numerous smoking cessation programs that are out there and the importance of educating adolescents about the risks of smoking.

In response to a question, Ms. Cormier said the WSHG Wellness Coordinator was hired as a consultant to the Group at \$35 per hour plus mileage. She said she would send a copy of the job description to the Board members. She said it was important for a Wellness Coordinator to have excellent event planning and organization skills.

Ed Orenstein left the meeting at this time.

There was a discussion about possibly meeting with the WSHG Wellness Coordinator in the future.

Dave Desgroseilliers said it would be hard to measure results of wellness programs.

Ms. Cormier said results are measured through participation in the programs initially.

Pauline Paste suggested that the Steering Committee discuss the concept of hiring a Wellness Coordinator or just implementing the programs in general. She said this could be done at the November Steering Committee meeting (not yet scheduled).

### **Health Plan Reports:**

#### Tufts Health Plan -

Maria Chandler reviewed the 2005 Retiree Plan Comparison for the Tufts Medicare Complement (TMC) and Tufts Secure Horizons plans. She said the only TMC change was that the plan would now cover most injectable medications effective January 1, 2005. She said the 2005 monthly premium for the TMC is \$289. She said this would not change for MNHG until June 1, 2005.

Ms. Chandler said the Tufts Secure Horizons plan would have an additional 10% of doctors added to the service area. She said Tufts was working toward building up the Secure Horizons network. She said the 2005 monthly premium for the Secure Horizons is \$175. She said this would change effective January 1, 2005 for MNHG.

#### Harvard Pilgrim Health Care -

Bill Hickey said there was a new procedure at HPHC this year in terms of the Harvard Pilgrim First Seniority renewals. He said the renewal letters were sent to each individual employer for signature. He said the 2005 rate is \$210. He said the First Seniority network continues to remain solid and steady.

Mr. Hickey stated that the NCQA (National Committee for Quality Assurance) just recently named HPHC as the number one health plan in member satisfaction and quality of care in America. He said HPHC was the first health plan to receive this elite distinction for Massachusetts, New Hampshire and Maine.

#### Fallon Community Health Plan -

Rob Anderson said he did not have the Fallon Senior Plan renewal for 2005. He said he was aware that there would be downward pressure on the rates, which is good news. He said the renewal was still in the approval process with CMS, but he believes that the Group will be pleased with the rates. He said the renewal would be sent to GBS via email.

Mr. Anderson distributed a handout titled, "The SilverSneakers Fitness Program". He said the program is for Fallon Senior Plan members. He said it concentrates on improving strength and flexibility in hope of making daily living activities easier.

Mr. Anderson said he had Fallon Senior Plan benefit booklets if any of the employers needed a supply. He also mentioned that he had updated provider directories. He said there was a 40% increase in size of the Fallon SelectCare network. He said it now goes up through Merrimac Valley. He said members could also access provider information via the Fallon website ([www.fchp.org](http://www.fchp.org)).

Carol Cormier said it was important to provide updated directories to employers during the open enrollment period.

Ms. Vogel said this could be a topic at the Benefit Administrators meeting.

### **Update on Tiered-Network Plans Workshop:**

Evan Katz said there was a workshop co-sponsored by MNHG and WSHG on Thursday, August 12, 2004 at the Tower Hill Botanical Gardens in Boylston, MA. He said Tufts, HPHC, BCBSMA and the Group Insurance Commission (GIC) gave presentations on their tiered network plans. He said overall it was quite an informative meeting. He asked the health plans if they had anything to add.

Maria Chandler spoke about the Navigator tiered-network plan, which the GIC is offering. She said it has done well with the GIC's state employees. She said Tufts would be offering the plan to commercial employers effective January 1, 2005.

Bill Hickey spoke about HPHC's tiered network plan, Primary Choice. He said HPHC does not yet have a launch date. He said the plan focuses on rating primary care physicians (PCPs) on quality and cost effectiveness.

Rob Anderson said that Fallon now offers the DirectCare and SelectCare networks. He said that Fallon is very interested in expanding on this topic. He said he knows that employees are hustling internally at Fallon to see if there is evolution to the Fallon products.

Evan Katz said the end result is that these plans are going to help employers, so the Group is looking forward to additional information on this topic.

Tony Logalbo asked if there were any obligations that employers had if the Group were to add a tiered network plan.

Carol Cormier said there would be bargaining obligations. She said the Group could request more information on the Navigator plan, which is currently the only option.

Dave Desgroseilliers asked if the Group would still need to bargain if the plan were added to the current menu and did not replace any plans.

Ms. Cormier said the employers would still need to fulfill bargaining obligations by notifying the unions. She said health insurance is a mandatory subject of collective bargaining. She said that if the plan is added as an option rather than as a replacement for an existing plan, the unions may decline to bargain.

There was a brief discussion.

**Update on Canadian Rx purchasing:**

Carol Cormier said that the City of Newton was moving forward with a prescription drug-purchasing program by November 1, 2004. She said the web-based program was an employee decision support tool. She said the Cape Cod Municipal Health Group (CCMHG) and WSHG were scheduled to hear presentations from The Abacus Group and would also be hearing presentations from CanaRx on Monday, September 27, 2004. She said the CCMHG CanaRx presentation would be held at the Falmouth Town Hall at 9:30 a.m. and the WSHG CanaRx presentation would be held at the Wellesley Town Hall at 3:00 p.m. She said that anyone interested in attending was welcome to do so. She said at the WSHG Abacus presentation on September 24<sup>th</sup>, a preliminary savings model would be reviewed.

Dave Desgroseilliers asked if there was any information that purchasing prescription drugs from Canada was legal.

Carol Cormier said that the Food & Drug Administration (FDA) released a statement about three to four weeks ago, saying that they would not go after municipalities for purchasing prescription drugs through Canada as long as the municipality is using vendors known to the FDA, such as the companies that GBS has been dealing with.

There was a discussion about the MNHG hearing a presentation from The Abacus Group at the December Board meeting.

Ms. Cormier said that GBS established another company named Prescription Benefit Services (PBS) because a number of clients were interested in purchasing prescription drugs from Canada and GBS president, Jack Sharry, did not want to jeopardize GBS if there were a legal challenge. She said the role that PBS plays also removes the client from direct contracts and dealings with the Canadian vendors.

There was a discussion.

**Other Business:**

Helen Powers mentioned her experience with some retirees that have refused to sign up for Medicare Part B and the Medicare plans. She said these retirees have chosen to remain on the active plan, because there is a lower out of pocket cost. She said these retirees are fully aware of the Medicare Part B penalties that are charged for each year that they do not enroll with Part B.

Ms. Cormier talked about MA General Law, Chapter 32B, Section 18. She said if employers adopt Section 18, it requires members to enroll with a senior plan once 65 and entitled to Medicare. She said if an retiree is eligible for Medicare and does not enroll, then, under Section 18, the employer would have to pay the Part B penalty for each year that the employee delayed Part B enrollment. She said the Town of Wrentham, part of the WSHG, just recently adopted Section 18.

There was no other business to discuss.

Dave Desgroseilliers moved to adjourn the meeting. Valerie Jenkins seconded the motion.

Motion
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The motion passed by unanimous vote.

Evan Katz adjourned the meeting at 12:27 p.m.

*Prepared by Joelle Carlberg  
Group Benefits Strategies*