

**MINUTEMAN NASHOBA HEALTH GROUP**

**Board Meeting**

Ripley Building, Concord Carlisle RSD  
Concord, Massachusetts

Meeting Minutes

Wednesday, September 28, 2005 at 10:00 a.m.

**Primary & Alternate Board Members Present:**

Anthony Logalbo, Chair and Treasurer	Town of Concord
Denis Callahan	Town of Ayer
Melisa Doig	Town of Ayer
M. Lawrence Barton	Town of Carlisle
Paul Cohen	Town of Harvard
Lorraine Leonard	Town of Harvard
Pauline Paste	Lincoln Sudbury Regional School District
Michael Hartnett	Town of Pepperell
David Desgroseilliers	Town of Tyngsborough
Pamela Landry	Town of Stow
John Flaherty	Town of Concord
Edward Orenstein	Case Collaborative
Stephen Hemmen	Narragansett R.S.D.
Patrick McIntyre	Town of Clinton

**Guests Present:**

Helen Powers	Concord Carlisle Regional School District
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Maria Chandler	Tufts Health Plan (THP)
Kelly McCausland	Town of Concord
Joanne Jenkins	Town of Bolton
Helen Boudreau	Town of Concord
Bob Cannon	FCHP
Peter Stoner	THP Retiree Products
Carol Cormier	Group Benefits Strategies (GBS)
Lisa Trombly	Group Benefits Strategies (GBS)

Chair, Tony Logalbo called the meeting to order at 10:15 a.m.

**Approval of the minutes of the June 22, 2005 meeting:**

Larry Barton moved for approval of the Board meeting minutes of June 22, 2005.

Motion

Lorraine Leonard seconded the motion.

The motion passed by unanimous vote.

**Treasurer's Report:**

Financial Reports as of August 31, 2005 -

Tony Logalbo reviewed his Balance Sheet of August 31, 2005, (unaudited figures). He said that total assets were \$5,676,490 and total liabilities were \$3,724,394 on August 31<sup>st</sup>. He said that claims continue to rise but that the Fund balance position levels for the first 3 months were stable. The audit has been completed and the Steering Committee met with the auditor to review his report. Two copies of the Financial Statements and Management Letter will be mailed to all Board Members.

**GBS Reports:**

Funding Rate Analysis by Plan (FY05) -

Ms. Cormier reviewed the Funding Rate Analysis Report for FY05 with claims paid through September 2005. She said there were three plans currently running in deficit: Tufts POS, Harvard Pilgrim PPO, and Fallon EPO. She acknowledged the fact that Fallon EPO is running in deficit comes as a surprise since the expenses for the plan in the previous year had been well below the funding levels. She said that on a composite basis across all plans, the expense-to-funding ratio was 99.2%.

HPHC Level Monthly Deposit - Quarterly Accounting -

Ms. Cormier reviewed the HPHC Level Monthly Deposit Report. She said the level monthly has been increased to \$640,000.00 starting in July. She said that after 2 months into the first Quarter, the Group had a debit balance with HPHC of \$281,730. She said that for the last quarter of the previous policy year the Group owed HPHC \$629,342.00 in settlement. Tony Logalbo added that his Balance Sheet figures incorporate actual claims cost in estimates of the fund balance.

Stop Loss Reports -

*CY2005*

Carol Cormier reviewed the report for the 2005 calendar year policy period with claims paid through July 2005. She said that one member had exceeded the \$150,000 specific deductible to date. She said that there were eight members with claims between 50-100% of the specific deductible.

Kelly McCausland asked which account type under Harvard Pilgrim does the exceeding member belong to. This information was not listed on the report. GBS agreed to obtain this information.

**Appointment of Nominating Committee for officers effective 2006**

Tony Logalbo explained that the term for Chair is normally a two-year term; however, he said that he and Pauline Paste had both committed to a one-year term last year as Chair and Co-Chair. Mr. Logalbo said he had appointed a nominating committee consisting of David Desgroseilliers, Pauline Paste, and Tony Logalbo. He said they will be bringing a slate of candidates to the next meeting and encourage anyone who is interested to let it be known to the Committee.

Pauline Paste asked if the Nominating Committee would also be looking at Steering Committee members at the same time.

Tony responded that it would.

**Fallon Senior Plan benefits for 2006: Options**

Carol Cormier explained the options for the Fallon Senior Plans for Calendar Year 2006. In comparing the current MNHG 64E2 plan design to that of MNHG/Town of Clinton 64EG design, Ms. Cormier said she recommended the Group adopt the MNHG/Clinton 64EG plan which incorporates Medicare Part D.

Plan comparison charts were reviewed. Ms. Cormier explained that switching to the MNHG/Clinton benefits would provide better benefits than under the current MNHG plan and would have a lower monthly premium because of Medicare Part D's contribution to drug costs. She said this is a good time to move to the MNHG/Clinton plan.

Bob Cannon, Fallon, said that Deaconess Nashoba Hospital is being worked into being added to the commercial Fallon HMO/EPO plan for 2006. He further stated that Fallon has been working very hard to get the Senior Plan going with Medicare Part D. He said Fallon Senior Plan members would not have to pay a separate Part D premium upon renewal because this was built into the quoted rate. He said that the only benefit change will take place if/when a member reaches catastrophic levels of drug spend as defined by Medicare. He noted that there will be no letters of creditable coverage required to be sent to members in this plan and that any members requesting assistance from the Federal Government (poverty levels) will get assistance on a graduated scale; those who are identified will have a lowered premium with the difference in premium being passed on to the groups.

Dave Desgroseilliers asked how many people are in the Clinton 64E2 group?

Carol Cormier responded that it was a small group.

Larry Barton wanted to know if due to the national disasters if there were going to be any postponement of the Part D and if so, would there be any premium deductions.

Bob Cannon responded that there would not be any delays and that the Part D would be going through as planned.

Ed Orenstein wanted to know what advantages there were to incorporating the Part D in the Fallon Senior Plan.

Carol Cormier responded that the subsidy is very involved with no additional benefits and that the difference in the monthly premium for the plan with Part D from the plan that does not include Part D was equal to the amount projected as the average employer subsidy for Part D

Bob Cannon further responded indicating that there was a study done that reflected some financial advantages.

Carol Cormier again said there would be no real change for seniors.

Tony Logalbo asked if the change to the 64EG version of the Fallon Senior Plan would make other senior plans less attractive to members and lead to switching carriers/plans.

Bob Cannon said that it would come down to an individual's personal choice of doctors. He said that if a plan does not include a member's doctor, they might choose to switch for this reason.

Patrick McIntyre asked if Harvard Pilgrim Health Care considered Worcester County when establishing Senior Plans. Bill Hickey said yes but this was not something planned for today.

Pauline Paste moved to adopt the Fallon Senior Plan 64EG HMO wrap that incorporates Medicare Part D effective 1/1/2006.

Motion

Larry Barton seconded the motion.

The motion was passed by unanimous vote.

**Medicare Complement Plan (MCP) Benefit Issue:**

Carol Cormier explained that Tufts took over administration of the MCP from North American Administrators (NAA) in 2001. She said that Maria Chandler informed the Group that Tufts is not able to comply with the MCP office visit co-pays for "qualified visits" as described in the Comparison of Benefits for Senior Plans. Tufts has not been able to identify the qualified office visits from other types of office visits. A \$10 per visit co-pay was to be charged but because of this inability to properly identify qualified visits, Tufts did not charge any co-pays.

Maria Chandler passed out a chart that showed MCP members, claims, and number of all office visits by year. She said that information about how this benefit is being administered is correct in the MCP Plan Description.

Carol Cormier said that the Steering Committee thinks there should be some kind of co-pay. She said the Steering Committee voted on September 20, 2005 to recommend that effective 6/1//06 the benefit be changed so that there will be a \$10 co-pay applied for all office visits.

Larry Barton motioned to make the co-pay benefit of \$10.00 effective 6/1/06 for all MCP plan office visits.

Pauline Paste seconded the motion.

Motion

The motion was approved by unanimous vote.

**Medicare Part D Retiree Drug Subsidy Application**

Tony Logalbo explained the Medicare Part D process for applying for the Retiree Drug Subsidy and recommended that GBS be compensated for some of the work that is required, as they have requested. He noted that the Steering

Committee had already voted to recommend GBS for filing the Medicare Part D Subsidy and the Memorandum of Understanding and Hold Harmless letter.

Carol Cormier explained the GBS proposal and the application process. She said that GBS proposed a fee of \$8,000 for the first 2 applications to be filed for the MCP and Tufts Medicare Complement (TMC) and then an additional \$1,000 fee per active employee plan if the data on Medicare eligible retirees on active plans becomes available in time for the second application.

Dave Desgroseilliers motioned to accept the proposal of GBS to perform account management services for the Medicare Part D Retiree Drug Subsidy Application.

Motion
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Ed Orenstein seconded the motion to accept GBS' contract.

The motion was approved by unanimous vote.

**MGL Ch. 32B, S. 18**

Carol Cormier explained Section 18, the mandatory Medicare section of MGL Ch. 32B. She went over the issues that may come up if a governmental unit chooses to adopt Section 18. She said GBS recommends adopting Section 18 because in the long-term it will save money. She explained that there is Part B premium penalty for late enrollment in Medicare Part B. She said that the employer that adopt S. 18 must pay the penalty of 10% of the Part B premium for each year the retiree was eligible for Part B but did not take it.. She further explained that adopting Section 18 makes filing for the Medicare Part D Retiree Drug Subsidy easier. Carol stated that the health plans would be providing a list of retirees who are 65 and older who are enrolled in the active employee plans. She said that the employers would be asked to review the lists and indicate who is a retiree. She said that even if employers don't adopt Section 18, it will be helpful and cost-effective to know who on the active plans are eligible for Medicare benefits.

Discussion with questions followed.

Steve Hemman asked if GBS would be reviewing the lists and identifying each individual or if that would be left to the employer. Carol Cormier responded that the employer would need to identify the individuals who are retired and explained the procedure.

Pauline Paste asked about the premiums and penalties attached to Part B late enrollees. Carol Cormier explained the penalty process and said there is another option for the employers to pick up some of the cost of the premium. She said it would be more costly to pay for Part B premium for the entire population than to pay the penalties only assessed on Part B late enrollees.

Tony Logalbo then recapped that adoption of Section 18 is up to each employer.

Joanne Jenkins asked what employers in the MNHG had adopted Section 18.

Carol Cormier advised that, to her knowledge, none of the employers in MNHG had adopted Section 18.

Tony Logalbo asked if it is possible to adopt Section 18 without incurring the problems of the Town of Weston.

Carol Cormier said that a problem with the Town of Weston's adoption of Section 18 was that the retirees said that the town had not shown that the retiree plans were actuarially comparable to the active employee plans. She said that actuarial work should be done up front in order to avoid any such problems.

Group agreed to revisit topic.

**Reinsurance Proposal for CY2006**

Tony Logalbo said the Steering Committee reviewed an early lock-in proposal from the current reinsurance carrier, Allianz, and submitted a counter-proposal. He said the reinsurer accepted the counter-proposal.

Carol Cormier said she recommended accepting the offer because the reinsurance market is expected to harden and a 5% increase is a reasonable deal at this time. She said the group would have to pay \$10,000 up front as good faith and the money will be applied toward the first month's premium.

Dave Desgroseilliers motioned to accept the recommendation of the Steering Committee to accept the early lock-in with Allianz for CY2006 with a 5% rate increase and no changes to the terms of the policy.

Pauline Paste seconded the motion.

Motion
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The motion was passed with unanimous vote.

### **Prescription Benefit Services**

Carol Cormier summarized the status of the alternative prescription drug-purchasing program. MyMedicationAdvisor®. She said the expected launch date is November 1, 2005. She said the Abacus Group is setting up the website. Ms. Cormier said that Abacus will require assistance from the Board members and benefit administrators to help set up employee educational seminars that will be given by Abacus. Carol said the seminars would explain the program to employees and retirees and answer any questions they may have. Abacus group will create a schedule for the meetings that can be flexible. Abacus has a contact list and will be sending email messages to the Board members to have them inform their Benefit Administrators of how important this is and that they don't have to do anything. She said Abacus will do all of the work. Carol Cormier said that the education would be on going.

Dave Desgroseilliers asked if there would be enough meetings held and at different locations.

Carol Cormier explained that Abacus will be very accommodating with regard to times, amount of meetings needed, and locations.

Tony Logalbo asked if Fallon members would want to take advantage of this because the Fallon drug prices are good already.

Carol Cormier responded that the members would probably not see it that way because although the Fallon pricing may be good, the member still must pay the co-pay through the Fallon plan. She did comment that all Senior plans except for the MCP, which is self-funded, are ineligible for this program and members should not receive the notification about it.

Paul Cohen asked if the Fallon members are supposed to get the information on the program as well.

Carol Cormier responded that they should receive the education portion of the program but should not be included in the Canadian purchasing part of the program. She said that the Fallon educational component may not be added to the website until after the program has been launched.

Tony Logalbo asked for clarification on who should receive the distribution.

Carol Cormier responded that the members of the self-funded plans administered by Tufts and Harvard Pilgrim should. She stated that this is plan-specific. She said that a seminar for benefits administrators and Board members would be set up prior to the educational programs for employees and retirees.

### **Health Plan Reports:**

#### Harvard Pilgrim Health Care

Bill Hickey stated that HPHC was financially positive for the 16<sup>th</sup> consecutive quarter. He said that operationally they receive continued praise and will also be the cover story of a future *US News & World Report* article. Mr. Hickey said HPHC was #1 in the nation last year and are hoping for another year in that position.

#### Tufts Health Plan -

Maria Chandler stated that Tufts is looking at prior authorization for certain diagnostic image testing where they are recommended. She said that Tufts would like to supply recommendations from their standpoint as to the necessity of the testing being recommended by physicians.

Tony Logalbo asked what the cost is for testing per group.

Maria Chandler said that radiology is a major cost driver.

**Other Business:**

Carol Cormier said that a letter of creditable coverage is to go out to all eligible retirees regarding the Medicare Part D by November 15, 2005. She said that Harvard Pilgrim Health Care and Tufts would be sending the letters to their plan members. She believes Fallon will be sending the letters as well. BCBS will not be sending letters out. They are leaving it to the employers.

There was a discussion regarding the letters and when they would be sent out.

The Board Meeting schedule was discussed and the proposed dates were December 8, 2005; March 8, 2006; and June 7, 2006.

Pauline Paste asked if there were any early projections for budgets.

Carol Cormier recommended using not less than 15%.

Maria Chandler and Bill Hickey agreed that using 15% or higher was appropriate.

There was no other business.

Larry Barton motioned to adjourn the meeting.

Motion
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Steve Hemman seconded the motion to adjourn.

Tony Logalbo adjourned the meeting at approximately 12 Noon after a unanimous vote to adjourn.

*Prepared by Lisa Trombly  
Group Benefits Strategies*