

MINUTEMAN NASHOBA HEALTH GROUP

Board Meeting

Groton Public Library
Groton, Massachusetts

Meeting Minutes

Wednesday, December 8, 2004 at 10:00 a.m.

Primary & Alternate Board Members Present:

Pauline Paste, Acting Chairman
M. Lawrence Barton
Edward Orenstein
Tony Logalbo, Treasurer
Valerie Jenkins
Paul Cohen
Lorraine Leonard
Jerry Martin
Carol Vogel
David Desgroseilliers

Lincoln-Sudbury Regional School District
Town of Carlisle
CASE Collaborative
Town of Concord
Town of Groton
Town of Harvard
Town of Harvard
North Middlesex Regional School District
Town of Stow
Town of Tyngsborough

Guests Present:

Arthur St. John
Robert Anderson
Bill Hickey
Maria Chandler
Cheryl Ierna
Peter Stoner
Carol Cormier
Joelle Carlberg

Concord Fire Fighters
Fallon Community Health Plan (FCHP)
Harvard Pilgrim Health Care (HPHC)
Tufts Health Plan (THP)
Tufts Health Plan (THP)
Tufts Health Plan (THP)
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Acting Chair Pauline Paste called the meeting to order at 10:15 a.m. She said that unfortunately, the Steering Committee was unable to meet since the last Board meeting, so there would be a meeting following the Board meeting today, at which there would be a review of the reinsurance quotes for CY05.

Approval of the minutes of the September 22, 2004 meeting:

Valerie Jenkins moved approval of the Board meeting minutes of September 22, 2004.

Motion

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

Treasurer's Report:

Financial Reports as of November 30, 2004 -

Tony Logalbo reviewed his Balance Sheet of November 30, 2004, (unaudited figures). He said that total assets were \$6,436,585 and total liabilities were \$3,014,799 on November 30th. He said that the Uncommitted Fund Balance on was \$3,421,786, which exceeds the fund balance target of \$2.1 million.

Mr. Logalbo pointed out that the group enlarged by 20% with the addition of North Middlesex RSD on October 1st. He said in February during the rate-setting process, the group would probably have surplus funds to use in subsidizing the rates.

Pauline Paste said this was good news for those employers that are preparing their budgets.

Carol Vogel asked what percentage to use for preliminary budget purposes.

Tony Logalbo said the last bit of advice from the last Board meeting was 10%.

Carol Cormier said she had another client that was using a 12% aggregate increase. She said the MNHG employers could use 10% as a projected aggregate rate increase, but should take into account the hiring of new employees.

GBS Reports:HPHC Level Monthly Deposit - Quarterly Accounting -

Ms. Cormier reviewed the HPHC Level Monthly Deposit Report. She said for the first quarter (July, August and September), the Group had a debit balance of approximately \$326K. She said as of one month into the second quarter, the Group had a debit balance of approximately \$37K.

Ms. Paste asked when the Level Monthly Deposit amount would change.

Mr. Hickey said that if there were a need to change the Level Monthly Deposit amount, HPHC would recommend a change, but this usually occurred on anniversary.

Funding Rate Analysis by Plan (FY05) -

Ms. Cormier reviewed the Funding Rate Analysis Report for FY05 with claims paid through October 2004. She said the only plan not sufficiently funded was the HPHC PPO/OOA plan, which has a funding shortfall of \$184K through October. She pointed out that the Fallon plans were now self-funded and included on this report. She said there was a very slow run-in with the Fallon data. She said a slow run-in was expected, but this is unbelievable. She said the current expense to funding ratio for the Fallon EPO plan was 56.3%. She said that overall, across all plans, expenses were 85.2% of funding, which was very favorable. She said there was an overall estimated funding surplus at the end of October of \$1.2 million (paid basis).

Dave Desgroseilliers arrived at this time.

Larry Barton asked if there were any way to know how the group is doing in comparison to the same time last year. He asked if GBS could pull the report from last year and prepare a side-by-side view.

Carol Cormier said she would pull last year's report and provide the Board with a side-by-side comparison.

Stop Loss Reports -CY2004

Joelle Carlberg reviewed the report for the 2004 calendar year policy period with claims paid through October 2004. She said that one member had exceeded the \$150,000 specific deductible to date. She said the claims totaled \$212,764. She said the outstanding amount of \$3,273 would be 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 \$59,491 has been applied to the aggregating specific deductible to date. She said that there were three members with claims between 50-100% of the specific deductible of \$150K. She said the total claims were \$295,273, an increase of over \$25K from the prior month.

CY2003

Joelle Carlberg reviewed the report for the 2003 calendar year policy period with claims paid through October 2004. She said that one member had exceeded the \$150,000 specific deductible to date. She said the claims totaled \$164,068 and the total reimbursements were \$13,510. She said there was an outstanding amount of \$558. She said that there were eight members with claims between 50-100% of the specific deductible of \$150K. She said the total claims were \$784,171.

Fallon Contract Status -

Carol Cormier said that MNHG has been self-funding the Fallon plans since June 1, 2004 without a contract. She said she responded in a timely manner to Fallon in regards to the contract and any changes. She said she has been told that it is with Fallon's legal counsel.

Pauline Paste asked Rob Anderson to speak to this issue.

Rob Anderson said his understanding is that the legal department is working on drafting the indemnification clause.

Ms. Paste told Mr. Anderson that the group would appreciate whatever pressure he could put on the people at Fallon that are involved with this.

Mr. Anderson said he would make sure the pressure is put on the appropriate people at Fallon. He said Julia Lebrun has been involved with this and he would make sure that she understands the urgency.

GBS Contract -

Carol Cormier said the GBS contract with MNHG expires on December 31, 2004. She said she submitted a new three-year contract to the Steering Committee with a few minor changes including language relative to the HIPAA privacy regulations. She said there was a proposed increase in fees of 3% the first year and 2.5% for the second and third years of the contract. She said this was the same staging of fees as the last contract.

Tony Logalbo moved to authorize the Steering Committee to review and execute the proposed GBS contract.

Larry Barton seconded the motion. The vote in favor of the motion was unanimous.

Motion

Report on Benefits Administrators Meeting -

Joelle Carlberg said that the Benefits Administrators meeting with Group Benefits Strategies and the health plans was held on Tuesday, October 26th in Concord. She said the meeting was well attended. She said GBS put together an administrative booklet, which was reviewed at the meeting.

Ms. Carlberg mentioned that Helen Powers, from Concord Public Schools, gave a presentation, which showed how she handles her terminations. She said Ms. Powers illustrated how she has all of her termination forms in Microsoft Excel and explained that she data enters the information into one form and it automatically updates to the other forms, which saves her a great deal of time. She said Ms. Powers offered to share the spreadsheet with the other employers in the group. Ms. Carlberg said that she emailed Ms. Powers' spreadsheet to the group following the Benefits Administrators meeting.

Ms. Carlberg said the Benefits Administrators meeting would continue to be an annual occurrence.

Pauline Paste thanked GBS for the work done on the Benefits Administrators meeting. She said LSRSD learned something new from the GBS administrative booklet.

Nominating Committee:

Pauline Paste asked the Nominating Committee to present its report to the Board.

Tony Logalbo said that there had been a lot of changes since the last Board meeting. He said Evan Katz left the Town of Harvard and had accepted a position with the Mass. Health Data Consortium. He said Stan Smith had left the Town of Boxborough and had actually been one of the three members of the Nominating Committee.

Mr. Logalbo said the Nominating Committee considered those Board members who have had Steering Committee experience to fill the unexpired portion of the two-year term of Evan Katz, expiring on December 31, 2005. He said for a variety of reasons, the members contacted were unable to serve in the Chair capacity. He said that he would volunteer to serve as the Chairman for calendar year 2005, which would complete the two-year term of Evan Katz. He said Pauline Paste was willing to serve as the Vice Chair for calendar year 2005. He said at this time he would welcome any other nominations.

Mr. Logalbo said the Nominating Committee would like to point out that the Chair and Vice Chair positions would need to be filled by new members for the two-year term January 2006-December 2007. He said interested Board members should begin to consider their future service in these posts.

Mr. Logalbo said the Nominating Committee also discussed the Steering Committee vacancy since Evan Katz left. He said Article 4A of the Joint Purchase Agreement provides for the election of a Steering Committee of five, seven or nine members serving for a one-year period, each member representing a different Participating Governmental Unit. He said the Nominating Committee was recommending that the Steering Committee be expanded to seven members consisting of: Larry Barton, Valerie Jenkins, Paul Cohen, Pauline Paste, Carol Vogel, Dave Desgroseilliers and himself.

Dave Desgroseilliers asked Mr. Logalbo how his being Chair would affect his current role of Treasurer.

Mr. Logalbo said he had given this some thought. He said he does not think being Chairman will affect his role as Treasurer. He pointed out that Helen Boudreau does a lot of the work and between the two of them he does not foresee any problems.

Paul Cohen said he recalled a time, several years back, in which Tony Logalbo had served as both the Chairman and the Treasurer and there had not been any problems.

There were no other nominations.

Tony Logalbo moved to accept the Nominating Committee's recommendations of Steering Committee members, Board Chairman and Vice-Chairman.

Motion

Dave Desgroseilliers seconded the motion. The vote in favor of the motion was unanimous.

Pauline Paste thanked Tony Logalbo for volunteering to fill the position of Chairman.

Reinsurance Proposals for CY05:

Pauline Paste said that each year at this time, the Group renews its reinsurance policy. She said the Group seeks competitive quotes. She said typically the Steering Committee meets to review the quotes and then makes a recommendation to the Board. She said as she stated earlier, the Steering Committee was unable to meet since the last meeting.

Carol Cormier said for CY04, the Group chose a policy with a \$150K deductible and a \$100K aggregating specific deductible. She said the Request for Quotations (RFQ) asked for quotes using the same specifications as the CY04 policy period. She said Massachusetts General Laws Chapter 30B does not require the group to seek quotes and the group has always considered this process informal.

Ms. Cormier said the group received a series of quotes. She said American Stop Loss (ASL), the incumbent broker, was not the lowest bidder. She said Stop Loss Insurance Brokers (SLIB) was the lowest bidder. She said GBS has experienced problems with SLIB and has been advised by its legal counsel not to recommend SLIB to GBS clients.

Tony Logalbo questioned the function of the brokers.

Carol Cormier said that ASL and Cook and Co. use electronic stop loss tracking software in order to track claims. She said she has been told that SLIB has software for claims tracking as well. She said GBS has technology agreements with some reinsurance brokers including ASL and John W. Leary Insurance Agency, that enables the brokers to log into GBS's claims systems and tracking software. She said that GBS does not receive more money if the Group chooses to award the policy to a broker that has a technology agreement with GBS. She said that these brokers pay a fixed fee that is not tied to volume of business. She said the technology agreements are on a fixed fee structure.

Ms. Cormier said that the brokers track claims, file with the carriers, retrieve documentation from employers and employees etc. She said there is a considerable amount of work involved.

There was a discussion.

Tony Logalbo asked how other GBS clients are doing with increases for reinsurance.

Ms. Cormier said that MNHG is the only one of her clients that has a calendar year renewal for reinsurance. She said ASL did mention to her that the industry trend is at 16%, but varies per client.

There was a discussion.

Larry Barton moved to defer the awarding of the CY05 reinsurance policy to the Steering Committee.

Motion

Dave Desgroseilliers seconded the motion. The vote in favor of the motion was unanimous.

Strategic Planning:

Carol Cormier said that at the last meeting, the Board had talked about the Steering Committee discussing this at the November Steering Committee meeting, but it was never scheduled.

Tony Logalbo said the Steering Committee could discuss this topic at today's meeting or a future meeting.

Health Plan Reports:

Fallon Community Health Plan -

Rob Anderson said the expansion of the Fallon network continues. He talked about the addition of Health Alliance in the Fitchburg area and Merrimack Valley Independent Practice Association at Saints Memorial Medical Center in Lowell. He said there are also other parts of the state that are on the radar screen, including the metrowest area.

Harvard Pilgrim Health Care -

Bill Hickey said that HPHC has entered into an agreement with PacifiCare Behavioral Health (PBH) effective January 1, 2005 to administer the behavioral health benefits. He said HPHC's existing contract is with ValueOptions, which will remain in effect until December 31, 2004. He said the transition has been running very smooth. He talked about the recontracting that was being done for providers that are not in the PacifiCare network. He said the PacifiCare office was in Braintree and the phone numbers would stay the same.

Tufts Health Plan -

Maria Chandler said there were two benefit enhancements that she would like to mention. She said the first was that home hemodialysis would be covered effective January 1, 2005 in addition to outpatient hemodialysis. She said the second benefit enhancement, effective September 2004, was that there would be a 25% discount for Nutritional Counseling with participating providers.

Ms. Chandler introduced Cheryl Ierna from Tufts Health Plan. She said Ms. Ierna was the new Director of Sales at Tufts.

Cheryl Ierna said that she had been with Tufts Health Plan four years ago and has been back for about two months. She said she had a chance to read through the minutes of the past meetings and she noticed that MNHG was looking to enhance wellness. She said she would be happy to work with the group on wellness initiatives.

Ms. Cormier talked about a report that clients received from BCBSMA. She said the report showed avoidable health risks generated from the client's own claims data and listed wellness programs that would be best for the group.

Ms. Ierna said she would be willing to provide a similar report for the group.

Medicare Part D -

Maria Chandler introduced Peter Stoner, Retiree Products Sales Manager at Tufts Health Plan.

Peter Stoner said he wanted to attend this meeting in order to have a preliminary discussion on Medicare Part D, which would go into effect in 2006. He distributed a report from Aon Consulting, which provides a background on Medicare Part D, the new prescription drug benefit to Medicare.

Mr. Stoner said there is a lot of information online about Medicare Part D and he would be pleased to send the information to the employers as requested. Mr. Stoner briefly summarized employer options under Medicare Part D. He said by the end of January 2005, he should be better able to explain to the employers what to expect.

Carol Cormier stated that in establishing this new part of Medicare, the federal government did not take into account MA municipalities that are members of a joint purchase group.

Mr. Stoner said the Tufts corporate attorney was looking into how joint purchase groups would be affected.

Pauline Paste thanked Mr. Stoner for attending the meeting and bringing this topic to the attention of the Board members.

Other Business:

GBS Seminar on GASB45 -

Carol Cormier said there would be a seminar, presented by Group Benefits Strategies, on Thursday, December 16, 2004 at 8:30 a.m. She said the topic of the seminar is the new GASB 45 accounting standards, which will take effect in 2006. She said the seminar would be held at the Crowne Plaza in Worcester. She said all GBS clients would be receiving an invitation. She said the featured speakers are Jeffrey Bauer, President and Principal of the Angell Pension Group, and Marc Waldman, Treasurer/Collector, Town of Wellesley and Chair of the West Suburban Health Group.

Canadian prescription drug (RX) purchasing -

Carol Cormier said the City of Newton went live with the Canadian prescription drug purchasing last Wednesday, December 1st. She said Berkshire Health Group (BHG), Cape Cod Municipal Health Group (CCMHG) and West Suburban Health Group (WSHG) have all authorized The Abacus Group to perform an RX data analysis in anticipation of developing an alternative RX purchasing program.

Pauline Paste asked if MNHG should be looking into this.

Ms. Cormier said this was part of the strategic planning that the Steering Committee was going to discuss. She said purchasing drugs through Canada would probably provide a short-term savings for the group. She said the Steering Committee should meet in early January to discuss this.

There was a discussion.

Ms. Paste said the Steering Committee was going to meet after this Board meeting and would schedule the January meeting at that time.

It was confirmed that the next MNHG Board meeting would be held on February 16, 2005 at 10:00 a.m.

There was no other business to discuss.

Larry Barton moved to adjourn the meeting. Tony Logalbo seconded the motion.

Motion

The motion passed by unanimous vote.

Pauline Paste adjourned the meeting at 11:20 a.m.

*Prepared by Joelle Carlberg
Group Benefits Strategies*