

## MINUTEMAN NASHOBA HEALTH GROUP

### Steering Committee Meeting

Groton Public Library  
Groton, Massachusetts

Meeting Minutes

Wednesday, December 8, 2004 at 11:30 a.m.

#### **Committee Members Present:**

Pauline Paste, Acting Chairman  
M. Lawrence Barton  
Tony Legalbo, Treasurer  
Valerie Jenkins  
Paul Cohen  
Carol Vogel  
David Desgroseilliers

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

#### **Guests Present:**

James Farrelly  
Gerry Gates  
Denise Doyle  
Carol Cormier  
Joelle Carlberg

American Stop Loss (ASL)  
American Stop Loss (ASL)  
Stop Loss Insurance Brokers (SLIB)  
Group Benefits Strategies  
Group Benefits Strategies

Acting Chair Pauline Paste called the meeting to order at 11:30 a.m.

#### **Approval of the minutes of the meeting of September 14, 2004:**

Tony Legalbo moved to approve the minutes of the September 14, 2004 meeting as written.

Carol Vogel seconded the motion.

Motion

The motion passed by unanimous vote.

#### **Review of reinsurance quotations for Calendar Year 2005:**

Pauline Paste explained the reinsurance process for the new Steering Committee members. She said MNHG issues a Request for Quotations (RFQ) each year with established criteria. She said that it is an informal process, not subject to Ch. 30B. She said typically, the Steering Committee would meet prior to the Board meeting and then make a recommendation to the Board, but unfortunately it did not happen this year. She said the Board has given the Steering Committee the authority to award the policy.

Ms. Paste welcomed Jim Farrelly and Gerry Gates from American Stop Loss (ASL) and Denise Doyle from Stop Loss Insurance Brokers (SLIB). She thanked them for attending the meeting. She asked ASL , the incumbent broker, to speak first.

Gerry Gates introduced himself as the General Manager of ASL and Jim Farrelly as the Account Executive. He said ASL is headquartered in Worcester. He said ASL has been a medical stop loss insurance broker for approximately 20 years. He said ASL has business in 38 states, mainly with the public sector.

Mr. Gates said that ASL and Allianz have been very pleased to have the MNHG business. He talked about the proposal that was presented by Allianz for CY05. He said Allianz is a strong company that has made a very attractive proposal.

Mr. Gates said that ASL was the reinsurance broker for MNHG when the group was first established. He said he believes that ASL has delivered good service to the group. He said Allianz would very much like to retain MNHG's business.

Jim Farrelly said on behalf of ASL, they appreciate the opportunity to continue business with MNHG. He said ASL solicited quotes from eight reinsurance carriers, and Allianz had the best offer. He talked about the advantages of renewing the policy with the incumbent carrier. He said a full, formal disclosure would not be required.

Mr. Farrelly talked about the LifeTrac Medical Management with Allianz. He said the Allianz LifeTrac Transplant Network has a national network of over 40 of the world's leading transplant facilities. He said that when MNHG members use the LifeTrac network for transplants, the stop loss deductible will be lowered by \$50,000, affording greater coverage.

Mr. Gates said that Allianz LifeTrac Medical Management is the only JCAHO accredited transplant network of its kind.

There was a discussion.

Mr. Farrelly said that ASL provides claims tracking and filing.

Pauline Paste thanked the ASL representatives. She asked Denise Doyle from SLIB to speak at this time.

Denise Doyle introduced herself as the President of SLIB. She said SLIB is headquartered in Boston. She said SLIB was the broker for MNHG a couple of years ago and Avemco Insurance Company was the reinsurance carrier. She said Avemco is the carrier that provided the low quote in the process this year. She said Avemco submitted an aggressive quote and is very interested in obtaining MNHG's business. She pointed out that John W. Leary also submitted a quote with Avemco. She said the SLIB/Avemco quote was lower because SLIB took a lower commission.

Ms. Doyle said that SLIB provides claims tracking. She said SLIB is very involved with getting the information needed to resolve claims. She said SLIB has the appropriate agreements in place to avoid HIPAA issues.

Ms. Doyle said she didn't understand why revised quotes were allowed. She said SLIB was an experienced company that has been around for 10 years. She said the group goes out to bid to obtain competitive quotes and allowing a revised quote to be submitted takes away from this.

Ms. Doyle said that in terms of the disclosure, Avemco already has all of the claims and the disclosure could be done quickly.

Pauline Paste said that in response to Ms. Doyle's statement regarding revised quotes, MNHG has always had a bidding process that is not subject to Chapter 30B. She said it is not a closed bid process. She said the group has always handled the bidding process the same way and has been successful in doing so.

Ms. Paste asked the Steering Committee members to give their thoughts.

Dave Desgroseilliers said that of all the quotes received, all but two of the carriers could not be competitive at all. He said Allianz had the best quote of the eight quotes solicited by ASL, but did not have the best original quote overall. He said if Allianz valued MNHG's business, why didn't they submit the revised quote originally.

Gerry Gates said that Allianz submitted what they thought was their best quote originally. He said Allianz agreed to revise the quote in order to retain the group's business.

Larry Barton asked Denise Doyle if she could get a revised, lower quote.

Ms. Doyle said that she could not get a revised quote. She said the original quote that was submitted was the lowest that Avemco would go. She pointed out that SLIB had the lowest quote last year. She said if MNHG chooses to go with the incumbent carrier, then there is no competition.

Paul Cohen said he understands that there have been some administrative issues with SLIB and certain clients. He asked Denise Doyle to speak to this.

Ms. Doyle said there had been an issue with non-payment of premiums to the carrier. She said this has not happened since the last time. She said one of the employers that this happened to, Berkshire Health Group, now sends payment directly to the reinsurance carrier and there are no problems and the Group has no liability.

There was a discussion.

Carol Cormier noted the letter from John Sharry, President of GBS to Denise Doyle stating that on advice of legal counsel , GBS could not recommend SLIB because several clients had been cancelled by Avemco for SLIB's failure to pass premium payments onto the carrier in a timely way. She said coverage was subsequently reinstated.

Ms. Paste said the Steering Committee would now deliberate based on the information that the brokers required. She thanked both ASL and SLIB for attending the meeting.

Jim Farrelly, Gerry Gates and Denise Doyle left the meeting at this time.

There was a discussion about the differences in policies.

Carol Cormier called attention to a document that she had prepared, which outlined each of the brokers/carriers and the answers to some of the questions in the RFQ. She said she also included Section VII of the RFQ, which lists the Selection Criteria. She said she thought this would help the Steering Committee with the awarding of the policy.

Ms. Paste talked about the LifeTrac network. She said the deductible step down improved from \$10K to \$50K. She said Allianz seemed to be the better policy and there was no disclosure required.

Larry Barton mentioned that SLIB wasn't prepared to re-quote. He said if SLIB were interested in getting the business, there would have been a revised quote submitted. He said he was also bothered by the fact that SLIB has such a small staff, which makes him think that they would be more open to clerical error, etc.

Paul Cohen expressed his concern with competition for next year. He said if MNHG decides to accept the revised ASL quote, SLIB might not come back next year, which would eliminate competition.

There was a discussion.

Carol Cormier said that maybe next year the Group could revise its bid process.

There was a discussion on claims tracking capabilities.

Ms. Paste asked each of the Steering Committee members for comments.

Dave Desgroseilliers said he was leaning toward ASL/Allianz. He said he does feel that ASL should have submitted their best quote originally and in the future the RFQ should be clearer. He said it should either state that the rates are subject to revising or that it is a closed bid process.

Carol Vogel said she was leaning toward ASL/Allianz. She said MNHG has established a good rapport with ASL/Allianz and she cannot see changing now.

Tony Logalbo said he would go with the ASL/Allianz quote. He said MNHG should seriously think about the closed bid process.

Pauline Paste said she was leaning towards ASL/Allianz as well. She said renewing with the incumbent carrier was advantageous. She said the LifeTrac step down to \$50K was attractive. She said she does agree that Allianz should have sharpened their pencils on the first quote. She said in terms of SLIB, the size of the firm made her nervous, as well as the issue with non-payment of premiums.

Valerie Jenkins said she doesn't like the concept of clinical error that is associated with SLIB. She said it might lead one to believe that SLIB doesn't have enough operating cash. She said she has had no problems in her past experiences with negotiating to get the best quotes, but she would not be opposed to a closed bid system in the future.

Larry Barton said he believes that Allianz is a more substantial firm. He said he agrees with what most of the other Committee members have said. He suggested starting the bidding process a bit earlier. He said he would place a fair amount of reliance on GBS and their working relationship with the brokers.

Carol Cormier said that she and Joelle Carlberg have no problems dealing with both ASL and SLIB on a day-to-day basis. She said however that the non-payment issue with SLIB was serious and created anxiety regarding reinstatement of the policies.

Mr. Barton suggested that MNHG talk to SLIB informally and explain that MNHG would welcome SLIB's bid next year. He said the Group could explain that they were impressed with the bid, but had some concerns. He said he agrees with Mr. Cohen in that you don't want to eliminate competition. He said it should be made clear to SLIB that the Group was certainly open to hearing from them again.

Paul Cohen said MNHG has had some experience with SLIB in the past and it had been positive. He said Berkshire Health Group (BHG) currently has a policy through SLIB and there are no issues since they pay the carrier directly. He said his concern was keeping both players at the table in the years to come. He said it is important to maintain the competitiveness long-term.

There was a discussion.

Carol Cormier mentioned that the language in the RFQ on quotes for lifetime maximum should read "less the specific deductible", which most of the carriers do anyway.

The Steering Committee reviewed the MCP plan quotes.

Dave Desgroseilliers moved to award ASL/Allianz the reinsurance policy for CY05 with a \$150K specific deductible for the active plans and a \$100K specific deductible for the MCP plan.

Motion

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

Paul Cohen opposed the motion.

Ms. Paste asked Ms. Cormier to speak with Denise Doyle to let her know that MNHG would certainly take them into consideration next year.

Note: GBS President, J. Sharry subsequently requested MNHG to make this communication.

**GBS Contract:**

Carol Cormier reviewed the changes to the proposed GBS contract for the period January 1, 2005 through December 31, 2007.

Paul Cohen moved to accept the proposed GBS contract for the three-year period of January 1, 2005 through December 31, 2007.

Motion

Valerie Jenkins seconded the motion. The vote in favor of the motion was unanimous.

**Other Business:**

Pauline Paste asked Carol Cormier if there were any municipalities interested in joining MNHG.

Ms. Cormier said she had received a couple of inquiries. She said one was from the Town of Berlin and the other from Narragansett Regional School District in Baldwinville, MA. She said she provided both with information on MNHG.

Ms. Paste questioned how the Fallon contract would be dealt with.

Ms. Cormier said that she has been communicating with Julia Lebrun in regards to the contract. She said Rob Anderson stated that he would put pressure on the appropriate people at Fallon. She said if she hasn't heard anything by Friday, December 10<sup>th</sup>, she would contact Mr. Anderson.

**The next MNHG Steering Committee meeting was scheduled for Friday, January 14, 2005 at 10:00 a.m. at the Harvard Town Hall.**

Pauline Paste adjourned the meeting at 1:07 p.m.

*Prepared by Joelle Carlberg  
Group Benefits Strategies*