

MINUTEMAN NASHOBA HEALTH GROUP

Board Meeting

Groton Public Library
Groton, Massachusetts

Meeting Minutes

Thursday, December 8, 2005 at 10:00 a.m.

Primary & Alternate Board Members Present:

Anthony Logalbo, Chair and Treasurer
Melisa Doig
M. Lawrence Barton
Paul Cohen
Pauline Paste
Michael Hartnett
David Desgroseilliers
John Flaherty
Edward Orenstein
Stephen Hemman
Margaret Dennehy
Valerie Jenkins

Town of Concord
Town of Ayer
Town of Carlisle
Town of Harvard
Lincoln Sudbury Regional School District
Town of Pepperell
Town of Tyngsboro
Town of Concord
Case Collaborative
Narragansett R.S.D.
Town of Boxborough
Town of Groton

Guests Present:

Bill Hickey
Maria Chandler
Kelly McCausland
Amy Leland
Rob Anderson
Carol Cormier
Lisa Trombly

Harvard Pilgrim Health Care (HPHC)
Tufts Health Plan (THP)
Town of Concord
Town of Concord
Fallon Health Plan
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

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

Approval of the minutes of the September 28, 2005 meeting:

Larry Barton moved for approval of the Board meeting minutes of September 28, 2005.

Motion

Pauline Paste seconded the motion.

The motion passed by unanimous vote.

Nomination of officers and Steering Committee for 2006-2007:

Pauline Paste reported that the Nominating Committee nominates Paul Cohen for Chair; Valerie Jenkins to serve as Vice Chair; and Anthony Logalbo to continue as Treasurer.

Pauline Paste also reported that the Nominating Committee recommends that the following members be elected to serve on the Steering Committee for the calendar year 2006:

Larry Barton, Town of Carlisle
Tony Logalbo, Town of Concord
Valerie Jenkins, Town of Groton
Paul Cohen, Town of Harvard
Pauline Paste, Lincoln-Sudbury RSD
Gerald Martin, North Middlesex RSD
Edward Orenstein, CASE Collaborative
Pauline Paste made a motion to accept the slate as written.

Motion

Melisa Doig seconded the motion.

The motion was passed by unanimous vote.

Pauline Paste said that there are a lot of new members and that the Board has been very cooperative. She said that she urges people to step up and consider taking a place on the Steering Committee.

Tony Logalbo said that if anyone has an interest that they let one of the Board members know.

Treasurer's Report:

Financial Reports as of October 31, 2005 -

Tony Logalbo reviewed his Balance Sheet of October 31, 2005, (unaudited figures). He said that total assets were \$6,567,611.51 and total liabilities were \$4,914,595.20 on October 31st. Mr. Logalbo said that the claims appear to be very strong at this time. He said that the fact that the fund balance is declining suggests that it is likely that there will be no contribution from the Fund Balance to supporting next year's rates. Tony Logalbo further stated that November's data do not appear to change this forecast.

Pauline Paste asked Carol Cormier if cost increases contributed to the state the fund balance is currently in.

Carol Cormier responded that the claims costs of the Fallon plan have dramatically outpaced projections.

Tony Logalbo said this is something that the Board will need to look at for next year.

GBS Reports:

Funding Rate Analysis by Plan (FY05) -

Ms. Cormier reviewed the Funding Rate Analysis Report for FY05 with claims paid through October 2005. She said the Cost to Funding ratio for Tufts EPO is currently 1.000, which means that MNHG is taking in exactly what it costs to fund this plan. She said the Tufts POS plan is running 1.365 so the Board may want to look at pooling the risk of the POS members with that of the EPO plans during rate setting.

Ms. Cormier noted that HPHC has a cost-to-funding ratio of 0.898. However, she also stated that the HPHC PPO's Cost per Funding Ratio is at 2.860.

Larry Barton asked who devised the Tufts claims projections and wanted to know if it would be possible to project claims based on November through May rather than comparing current claims projections.

Carol Cormier said the projection figures in the report were based on the health plan's projections but were not trended in. She said that GBS took the average expected claims cost per individual and family contract per month times the number of Individual and Family contracts for that month. She said this approach leads to higher projections in the earlier months of the policy year. She said that the projection for each future month would be about the same as for those shown on the report unless the enrollments changed significantly. Carol Cormier said this is just a general barometer and is not exactly a precise measurement.

Mr. Barton said he is less concerned with HPHC than Tufts PPO. He said that the projection was exceeded 2 out of 5 months and that maybe the projection currently being used is not a reasonable one.

Carol Cormier stated that the Tufts MCP plan is just squeaking by at a cost-to- Funding Ratio of 0.994.

Ms. Cormier said that the Fallon EPO is of concern. She said there are some high cost claims and that enrollments are not large so a single large claim makes a big difference.

Carol Cormier stated that on a composite basis across all plans, the expense-to-funding ratio was 1.008%.

Paid Claims over \$10,000

Ms. Cormier reviewed the paid claims over \$10,000 report for September and October and said that Fallon did not look very good for the month of October. She said that there weren't any individual claims that are considered very high.

HPHC Level Monthly Deposit - Quarterly Accounting -

Ms. Cormier reviewed the HPHC Level Monthly Deposit Report. Ms. Cormier said that the actual costs were lower in October than the level monthly deposit and that the expenses were higher in November than expected. She said to date there is a debit balance of \$15,053.02.

Stop Loss Reports -

CY2005

Carol Cormier reviewed the report for the 2005 calendar year policy period with claims paid through September 2005. She said that four members had exceeded the \$150,000 specific deductible to date. She said that there were eleven members with claims between 50-100% of the specific deductible. Ms. Cormier also said that none of the excess claims have been applied to the Aggregating Specific Deductible at this point.

Pauline Paste asked if this could potentially add to the deficit of MNHG.

Ms. Cormier replied that it could. She said that the new policy starts on 1/1/06 for reinsurance and that the current policy has a run-out period of 6 months.

Tony Logalbo noted that the total claims are currently running at about \$2 million per month and high cost claims are just a fraction of the total claims.

There was a discussion.

Ed Orenstein asked if the average age of MNHG employees is different from that of other groups.

Ms. Cormier said that MNHG has more of an age mixture, but she does not believe that age is the biggest factor. She has agreed to run an age-gender census summary report just for interest.

Pauline Paste said that Lincoln Sudbury RSD does have a lot of teachers who have been retiring so maybe that contributes.

Carol Cormier said that Lincoln Sudbury and MNHG still cover the retired teachers as retirees so that also does not appear to be a considered factor.

Preliminary FY07 Rate Forecasts:

Harvard Pilgrim Health Care

Bill Hickey, HPHC, said that the claims trends are coming down. He said HPHC used 14.7% last year and the group was very close to that. He said the 3rd quarter trend for medical is 13.5% and for prescription is 13.7%, which when melded brings it to 13.5%. Mr. Hickey said that the impact to the trend comes from three areas: 1) size of group 2) any demographic changes and 3) increase in administrative expenses.

Tufts Health Care

Maria Chandler, Tufts, also said that the trends are coming down. She said for pure medical it is 12.5%; prescriptions are 13.0% and POS with prescriptions is 14.5%. She further stated that the administrative expenses is 4-4 1/2%. Ms. Chandler said for the MCP plan the trend is 12.5% for medical and 13.3% for prescription drugs. Carol Cormier asked HPHC to provide an administrative fee proposal for FY07.

Pauline Paste asked if MNHG was looking at an 18% increase.

Bill Hickey said he thought not. He said that the administrative expenses are blended with the medical costs. He stated that if nothing else changes, the trend should actually only increase about 13%.

Carol Cormier reminded the Board that the HPHC funding for the current year is in good shape but that it is under-funded for Tufts and Fallon

/

Tony Logalbo said that if all components of the funding balance are not growing then an increase would be expected. He said that a 15% projection should be fine to use.

Larry Barton asked how much of the fund balance has been used to cover expenses to date this year.

Mr. Logalbo said that about 1-2% of the total was used. He said MNHG needs to set its rates for FY07 before the end of February.

Ms. Cormier added that this was necessary in order to file for the retiree drug subsidy by the end of February for FY07 drug claims.

Mr. Logalbo asked if that applies to the active plans as well.

Ms. Cormier replied that it does because she hopes that the Group can file for a subsidy for the Medicare eligible retirees who are enrolled in the active employee plans. She said that is why the data she has been requesting of the group be submitted.

Tony Logalbo said this will need to be taken into account when planning the next Steering Committee meeting in February.

Fallon

Rob Anderson, Fallon, said that the trend is expected to continue at a combined medical and pharmacy rate of 13.0%. He said the actual claims with Fallon will increase as towns are added to MNHG. He referred to the addition of Town of Clinton.

Ms. Cormier said that the enrollment of the additional towns has already been taken into account in the reports.

Mr. Logalbo said he wanted to see if MNHG can get some further response from Rob Anderson regarding FY07 rate projections as well as an explanation of the higher-than-projected claims costs for the next Steering Committee meeting.

Rob Anderson said that he was not aware that rates were due for today's meeting. He said if he has until next week then he would have no problem supplying the FY07 preliminary rate projections.

myMedicationAdvisor[®]

Carol Cormier said that only Tufts and Harvard Pilgrim Health Care can use the Canadian Rx purchasing program and myMedicationAdvisor[®] at this time, but that Fallon participants were being invited to have access to the website. She said that according to The Abacus Group, Fallon's pharmacy cost management is already good and that there would be no savings from Canadian purchasing for members on the Fallon plans. She said that the Steering Committee would like to give Fallon members access to the myMedicationAdvisor[®] website for the educational components of the website only. She said the fee for web access would be \$3,375 for 2006 and that the Steering Committee recommends approving this expense for Fallon members.

There was a discussion.

Larry Barton wanted to know who would benefit from the access to the website. He said that there are only about 350 Fallon members.

Carol Cormier said the cost is per head for the Tufts and Harvard plans is currently at \$1.125 per subscriber per month, so the proposed fee for Fallon members is below that amount. She said the fee could be less next year since the Fallon access would already be set up.

Tony Logalbo asked that GBS supply a report for the next meeting that would inform the MNHG group as to how the program was working out.

/

Mike Hartnett said that Pepperell has an active senior center that was visited by a pharmacist recently. He said the pharmacist was refuting every aspect of the myMedicationAdvisor® and Canadian Rx purchasing program. He said the pharmacist was telling the seniors that they would not save any money and they could get incorrect prescriptions.

Carol Cormier asked where the pharmacist got his information.

Mr. Hartnett said he did not know. He further stated that the pharmacist said every aspect of the program is negative and that pharmacists all around are fighting this implementation.

Dave Desgroseilliers wanted to know which groups have been using myMedicationAdvisor® longer than MNHG that could let them know how it's been working for them.

Carol Cormier said that all of the groups using myMedicationAdvisor® have been seeing a positive end result and that they have at least doubled their projections for utilization of the Canadian option.

Dave Desgroseilliers asked if MNHG has seen any feedback yet. He said the program went live on November 1st.

Ms. Cormier said she did not have a report at this time.

Mr. Desgroseilliers said that he thought the first 100 members who used the program were supposed to get a \$25 refund. He asked if that had happened.

Valerie Jenkins said that she has had a great response so far. She said that she found The Abacus Group to be very accommodating, very helpful, and very informative. She said that she does think that some people are still very leery about using the web.

Ms. Cormier said that the computer did not have to be used if someone didn't want to or didn't have one.

Ms. Jenkins said that she finds the seniors very eager to check everything out. She said that she's only had one disappointment about the program and that is that there seems to be only about a 50% turnout rate for attending the seminars.

Kelly McCausland said that she is getting a lot of positive response from their employees as well. She said that she believes the first 100 slots are almost full.

Margaret Dennehy said that their group did not have a good turnout either but that she is working with The Abacus Group to schedule another date for a presentation.

Pauline Paste motioned for MNHG to pay PBS who would then make payment to the Abacus Group to include Fallon in the web access portion of myMedicationAdvisor®.

Motion

John Flaherty seconded the motion.

The motion was passed by unanimous vote.

Potential Applicants to MNHG

Carol Cormier said that Jack Sharry, GBS, thought that the Groton Dunstable Regional School District was no longer interested in pursuing membership in MNHG. She said that she received an RFP from the Town of Littleton but the RFP is designed for health plans and not for a joint purchase group. She said she will send a packet of information about MNHG but cannot respond to the RFP as such.

Steve Hemman said that he has been speaking with the Town of Phillipston who has been debating on whether to participate in MNHG as part of Narragansett RSD. He said that Phillipston has been given the packet of information. He asked if the Board had to give approval if Phillipston decided they did want to join Narragansett.

Carol Cormier said that there are only about 15 employees in the Town of Phillipston so she claims data would not be available for analysis.

/

Tony Logalbo said that he felt it would be good to have the Board authorize the merge of the Town of Phillipston with Narragansett RSD if and when the Town of Phillipston decides to do that.

Pauline Paste asked about precedent setting. She wanted to know if other towns will think they can join in this same manner.

Ms. Cormier suggested setting a threshold based on group size.

Mr. Barton said that the Board would still need to be kept abreast of who is being invited.

Mr. Hemman said he agreed as well. He said that he will talk more to the Town of Phillipston and then discuss with the Board.

Medicare Part D Retiree Drug Subsidy Update and Vote on use of Subsidy

Carol Cormier told the Board that GBS has seen two categories of rejected subsidies for MNHG. She said they are coming back coded “deceased” or “not a valid Medicare beneficiary”. She said that this is one of the reasons it is important to get the spreadsheet back from each governmental unit. GBS will be sending a resubmitted application for January to include all of these that GBS finds to still be valid.

Tony Logalbo asked if the lists are the ones from the health plans.

Ms. Cormier responded that the retiree lists for MNHG come from GBS’s database.

Mr. Logalbo asked what the ballpark figure was expected to be for MNHG to receive.

Ms. Cormier said it would be about \$120,000 based on approximately 500 people for a five-month period of time.

Tony Logalbo wanted to know if the Board is supposed to vote on how the subsidy is used once it is received.

Carol Cormier said that the money would initially go directly to the MNHG bank account. At that point, the Board will then have to decide to use it to reduce future rates for retiree plans, active plans, return it to each governmental entity (which would entail hiring an actuary), or to just keep it in the MNHG fund balance. Ms. Cormier recommends using it to reduce retiree rates for the first subsidy.

Dave Desgroseilliers asked about the Medicare eligible retirees who are still on active plans.

Ms. Cormier said that the subsidy was not filed for those individuals.

Mr. Logalbo said the Board should decide to earmark the monies for future rate setting.

Larry Barton said he thought it should be put into the general account for general use.

Pauline Paste agreed.

Dave Desgroseilliers asked about TMC rates.

Carol Cormier said that the rates that are going down are not the TMC rate. She said that GBS did file for the subsidy for TMC but the subsidies cannot be used to lower the rate for TMC because it is an insured plan. She said the money could go into the fund balance though.

Mr. Desgroseilliers said based on that answer that he agrees that the money should then be placed into the general account.

Larry Barton motioned that the subsidy money for the 2005 filing with an estimate of \$120,000 to be retained in the fund balance account.

Motion

Steve Hemman seconded the motion.

/

The motion was passed by unanimous vote.

Exploration of Consumer Directed Health Plans (CDHPs):

Tony Logalbo gave the Board an update. He said that the Steering Committee heard the presentation on Tufts Liberty Plan and the Fallon Choice Plan and that HPHC is to present at the January Steering Committee meeting. He said that the Steering Committee is not sure yet how or if they will be integrating any of these plans into the current offerings but that they are an area to review.

Steve Hemman and Amy Leland both asked for clarification.

Tony Logalbo said these are high deductible plans, for a presumably lower premium cost, that would allow employees to take advantage of HSAs to earn money toward tax deductible accounts and if the money is not used the employee would get it back after some period of time.

Steve Hemman asked what the high deductible was.

Tony Logalbo said that the employee would have to pay, for example the first \$2,000 of medical expenses, and the money would go into an interest accumulating account. If the employee doesn't have any high cost claims then they would have this money banked and some returned to them. He said with these types of accounts the theory is that it allows the employee to manage and take responsibility for their own health care expenses.

Paul Cohen added that the idea is to get the employee to invest in a healthy lifestyle. He said these plans are consumer driven.

Larry Barton said he is not sure if the communities could fund HSAs or HRAs legally. He said he believes the Steering Committee should continue to monitor these types of plans but he's not sure that the group should buy into it yet. He said that he thinks MNHG has enough on its plate right now.

Tony Logalbo agreed.

Carol Cormier also agreed and said that the private sector is doing it but that the public sector needs to just look into it at this point in case they are questioned about it. This way, they will be well informed.

Bill Hickey added that all carriers are taking a different approach with the plans.

Dave Desgroseilliers asked if younger people are more apt to take advantage of these kinds of plans.

Tony Logalbo said he is not sure about the suitability of the plans for MNHG but it was definitely worth taking a look at.

Health Plan Reports:

Harvard Pilgrim Health Care

Bill Hickey stated that HPHC would be adding a fitness reimbursement benefit of \$150.00 in addition to the already existing discount rates for fitness clubs. He said the reimbursement will be per benefit year, not calendar year and that the criteria is that they must be a member of HPHC for at least 4 months and a member of the fitness club for at least 4 months. Once these conditions are met, they can apply for a \$150.00 membership reimbursement per subscriber, not member.

Tufts Health Plan

Maria Chandler stated that Tufts also offers a fitness reimbursement. She further stated that Tufts is focusing on membership turnaround and pricing of products at this time. She said she will have more of an update at the February meeting.

Fallon Health Plan

Rob Anderson stated that the Fallon fitness reimbursement is \$100/\$200. He also stated that FCHP just signed a contract with Nashoba Medical Center effective 1/1/06.

Rob Anderson subsequently reported that the physician group (IPO) signed a contract with FCHP effective 1/1/06. These contracts are for "commercial plan" members only, not Senior Plan members.

/

Carol Cormier asked if the contract with Deaconess includes senior plans.

Rob Anderson said he was not sure but that he would check into it and let GBS know.

Other Business:

Paul Cohen offered his thanks to Tony Logalbo for his service as Chair.

Tony Logalbo read and presented a proclamation regarding David Desgroseilliers who will be retiring as treasurer for the Town of Tyngsboro and thus from the MNHG.

The next MNHG Steering Committee meeting will be on February 8, 2006 at the Harvard Town Hall at 2:30 p.m.

The next MNHG Board Meeting will be on February 15, 2006 at the Groton Public Library at 10:00 a.m.

With no other business at hand, Paul Cohen made a motion to adjourn the meeting.

Motion

Pauline Paste seconded the motion.

The motion was passed by unanimous vote.

Tony Logalbo adjourned the meeting at approximately 12:15 p.m.

*Prepared by Lisa Trombly
Group Benefits Strategies*