

Minuteman Nashoba Health Group

Board Meeting

December 11, 2014 at 10:00 AM

Bolton Public Library
Bolton, MA

Meeting Minutes

Board and Alternate Members Present:

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| Donna Madden, Chair | Town of Bolton |
| Patrick McIntyre, Vice Chair | Town of Boxborough |
| Anthony Logalbo, Treasurer | Town of Concord |
| Debbie Nutter | Town of Pepperell |
| Pam Landry | Town of Stow |
| Kerry Colburn-Dion | Town of Tyngsborough |
| Lorraine Leonard | Town of Harvard |
| Marie Sobalvarro | Town of Harvard |
| Melisa Doig | Town of Groton |
| John Flaherty | Concord-Carlisle RSD |
| Larry Barton | Town of Carlisle |
| Kevin Johnston | Town of Ayer |
| Patrick Collins | Lincoln-Sudbury RSD |
| Nancy Haines | North Middlesex RSD |
| Michael Hartnett | Town of Groton |

Guests Present:

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| Marcy Morrison | MNHG Wellness Consultant |
| Marge Merrill | North Middlesex RSD |
| Jason Fortin | Fallon Health |
| Erin Hayes | Tufts Health Plan |
| Kathy Hewes | Tufts Health Plan |
| Fred Winer | Tufts Senior Plans |
| Bill Hickey | Harvard Pilgrim Health Care |
| Carol Cormier | Group Benefits Strategies |
| Karen Carpenter | Group Benefits Strategies |

Donna Madden, Chair, called the meeting to order at 10:02 AM.

Approval of the minutes of September 24, 2014:

John Flaherty moved approval of the Board minutes of September 24, 2014.

Motion

Patrick McIntyre seconded the motion. The motion passed by unanimous vote.

Nominating Committee Report:

Tony Logalbo, representing the Nominating Committee comprised of John Flaherty, Patrick McIntyre and himself, said that the Committee recommends the following officers:

- Donna Madden for Chair,
- Patrick McIntyre for Vice Chair, and
- Tony Logalbo for Treasurer.

Mr. Logalbo said that the Committee recommends the current nine members of the Steering Committee to serve again for CY15:

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| Town of Bolton | Donna Madden, |
| CASE Collaborative | Bev Beno, |
| Town of Carlisle | Larry Barton, |
| Town of Clinton | Patrick McIntyre, |
| Town of Concord | Tony Logalbo, |
| Concord Carlisle RSD | John Flaherty, |
| Town of Groton, | Melisa Doig, |
| Town of Harvard | Lorraine Leonard, |
| Town of Tyngsborough | Kerry Colburn-Dion. |

Motion

Larry Barton motioned to accept all the nominations of the Nominating Committee.

Lorraine Leonard seconded the motion. The motion passed by unanimous vote.

Treasurer's Report:

Treasurer Tony Logalbo reviewed the Balance Sheet of November 30, 2014 (unaudited figures) and said the Uncommitted Fund Balance was \$10.2 million, down by \$675K since May 2014. He said the Fund Balance is \$5.3 million over the target amount. Mr. Logalbo said that the Board voted to use \$2.5M of fund balance, not including the ACA fees, to supplement the FY15 health plan funding rates. He reviewed the graph showing the fund balances by month since May 2013.

Wellness Committee Report – Marcy Morrison, MNHG Wellness Consultant:

Marcy Morrison said the wellness programs are doing well. She said that she met with each of the carriers to discuss their wellness offerings and how best to integrate the programs with MNHG's programs. Ms. Morrison said that she has sent out employee surveys to several units to see what types of programs the employees want. She said the names of those that participated were entered into a raffle for a chance to win a \$25 gift card. She said to contact her if anyone wants her to conduct a survey at their unit.

Ms. Morrison said that she attends the first week of each new program to be sure that the person hired to do a class is a good fit. Ms. Morrison said Office Workout programs began in Bolton and Stow. She said that the class is a desk workout and is fun and easy.

Carol Cormier asked if Ms. Morrison could do a video of a desk workout that could be uploaded to the MNHG website.

Ms. Morrison said that all of the wellness programs are available across all units at any location. She said on-site flu clinics were offered to all municipalities. She said that Lincoln-Sudbury RSD was the only unit to participate.

It was noted that the decline in the flu clinics may be due to the fact that several towns are now holding free flu clinics.

Ms. Morrison said that she is working with the Concord public schools on the “Move Across America Campaign”. She said participants complete activities as they move across the US to the “ghost” location of Concord, Iowa. Ms. Morrison said she is incentivizing employees with healthy smoothies while working on wellness awareness to the Concord Carlisle RSD. She said she is also looking for a wellness champion at that location. Ms. Morrison said she is rolling out the “One Simple Change” campaign in January and continues to add monthly updates to the MNHG website.

Group Benefits Strategies Reports:

Funding Rate Analysis - Carol Cormier reviewed the Funding Rate Analysis (FRA) with data through October 2014. She said that on a composite basis the expense-to-funding ratio was 102.3% resulting in a funding shortfall of \$337,857. She said that the HPHC EPO and Tufts EPO plans were underfunded. Ms. Cormier noted that the Retiree Drug Subsidy ended in fiscal year 2012.

Stop Loss Reports – Karen Carpenter said that for the FY15 policy period, there was one claimant on the report of 50% with claims totaling \$165,793. She said there were no claimants that exceeded the \$300K specific deductible.

Ms. Carpenter said that for the short policy period of January 1, 2014 to June 30, 2014, there was one claimant that exceeded the \$275K specific deductible with claims totaling \$464,621. She said that the \$450K aggregating specific deductible has not been satisfied. She said that there are no reimbursements due. Ms. Carpenter said that there were 3 claimants on the report of 50% with claims totaling \$867,915.

Ms. Carpenter said that for the CY13 policy period there were 6 claimants that exceeded the \$275K specific deductible with claims totaling \$3,582,663. She said that reimbursements totaling \$1,257,654 have been received. She said there are total reimbursements of \$9.45 due.

MA Municipal Reinsurance Arrangement (MMRA) - Carol Cormier said that the MMRA Board meeting was held in December and the representatives from CCMHG, MNHG and WSHG were in attendance, as well as reps from Gallagher, Artex, and Group Benefits Strategies. Ms. Cormier said the format for the claims report was reviewed and

approved. She said a decision was made to include all three of the JPGs' claims on the MMRA quarterly reports.

Ms. Cormier said a presentation was given about the pharmacy trend increase and how the new specialty drugs used to treat Hepatitis C and Multiple Sclerosis have contributed to the increase. Ms. Cormier said that the trend may influence how MNHG decides to address the ACA requirement to include the Rx copays into the OOP maximums. Ms. Cormier said fewer brand name drugs are going generic and the large pharmaceutical companies have bought out the generic manufacturers and have raised prices. She said these are other factors contributing to the increase in trend. She said the health plans are beginning to add a 4th and a 5th drug tier to their plans. Ms. Cormier said to contact her if anyone would like a copy of the pharmacy presentation.

Patrick Collins asked what the timeline will be for the rate setting process and asked if the fund balance surplus would be used again.

Carol Cormier said that the rate discussion and vote would most likely take place at the end of January or early February.

Tony Logalbo said that the fund balance policy states that the Board may use up to one half of the excess fund balance to subsidize the rates.

Carol Cormier said that the GBS rate exhibits will include expenses such as the alternative drug program, diabetes program, and ACA fees such as the Transitional Reinsurance Program and the PCORI fees.

ACA updates:

Transitional Reinsurance Fee (TRP) – Ms. Cormier said that the MNHG TRP payment is scheduled to be pulled by CMS tomorrow. She said the fee is approximately \$330K.

Cadillac Tax – Carol Cormier reviewed an exhibit she prepared and said that the federal government will be assessing a tax of 40% on health plans and self-funded employers with premiums that are higher than the thresholds set by the ACA beginning in 2018. She said the tax would be on the yearly premium amounts in excess of the thresholds of \$10,200 for an individual plan and \$27,500 on a family plan. Ms. Cormier said that adjustments can be made during the rate-setting process or through plan design changes to stay below the thresholds. She noted that the threshold levels may change before 2018.

GBS proposed contract – Carol Cormier said that the GBS contract expires on December 31, 2014 and said she sent an electronic copy of the proposed renewal contract to the Board. She said that GBS held the rates for the past two years and is proposing holding them for the year 2015.

Donna Madden said that a Steering Committee meeting will be scheduled to review the contract and prepare a recommendation to the Board.

Out-of-pocket (OOP) Maximums FY16- Carol Cormier said this item would be addressed later in the agenda

My Medication Advisor® (MMA) financial report prepared by The Abacus Group – Carol Cormier said for CY14 through September 2014, the group had net savings of \$156,697 for the CanaRx and Alternate Buying Script programs. She said employees saved \$30,506 in waived copays.

Tufts Health Plan presentation on wellness programs: Erin Hayes distributed the presentation and said she will be presenting because Kathy Hewes, Tufts Wellness Program Manager was not feeling well.

Ms. Hayes said that prior to reviewing the wellness presentation, she would like to give MNHG an update regarding the Tufts / Tenant contract negotiations. She said the negotiations began early October and said Tenant owns St. Vincent's Hospital and Metrowest Medical Center. She said Tenant is requesting a 33% increase over a 3-year period. Ms. Hayes said Tufts is continuing to work towards an agreement, but said if they cannot reach one, that the two facilities will no longer be part of the Tufts network. She said Tufts sent letters to its members to keep them apprised of the situation. Ms. Hayes said that the agreement is facility based, and does not affect physicians.

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| Subsequently, Tufts and Tenant reached an agreement, and St. Vincent's Hospital and Metrowest Medical Center will remain part of the Tufts network. |
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Wellness Presentation – Erin Hayes said that the Tufts Health Plan Momentum Worksite Wellness Program is an integrated approach to inspiring wellness and managing the health and care of members. She said that Tufts already reaches out to those in need through the disease management program. Ms. Hayes said the program inspires wellness through the fitness reimbursement, screenings, wellness discounts, a wellness portal and communication tools to name a few. She said that Tufts sends out interactive member kits to new enrollees with a disk that can be plugged into a computer that the whole family can use. Ms. Hayes said Tufts also provides a wellness resource center that Marcy Morrison utilizes. She said that all MNHG members have access.

Marcy Morrison said that she and Kathy Hewes have been working together to identify the wellness needs of MNHG. She said that she is working on a plan to formulate, develop and execute a plan utilizing all of the health plans resources. Ms. Morrison said that all of the health plans send out cards for the MNHG Health Risk Assessment (HRA) campaign, but the participation was very low. She said she will continue to work with the health plans on a strategic approach.

Erin Hayes continued the presentation and said that the incentive-based wellness programs work best for favorable results. She said the Tufts Momentum program is evidence-based and is aligned with the employee needs. She said there is dedicated support for the members as well as worksite activity coordination. Ms. Hayes said participation reporting is also available.

Ms. Hayes spoke about Tufts' free "DailyEndorphin" online tool and said it is a tool designed to manage team or individual-based wellness challenges. She said each unit/town could do their own challenges or several units could challenge each other. Ms. Hayes said a team captain would need to be designated and she said non-Tufts members can participate.

The Board thanked Ms. Hayes for the presentation.

Out-of-Pocket (OOP) Maximums for FY16 – follow-up:

Carol Cormier said that effective on plan anniversary, June 1, 2015 for MNHG, the ACA is requiring that prescription drug co-pays count towards the OOP maximums. She said the result of the change means that the current OOP maximums will be reached sooner and by more people. Ms. Cormier said the Board may want to consider increasing the OOP maximums for the FY16 plan year and said Sections 21 to 23 could be utilized to bargain the change provided MNHG does not set its OOP maximum higher than that of the OOP maximum of the GIC's benchmark plan.

Ms. Cormier said the MNHG OOP maximums for Harvard Pilgrim and Tufts plans are \$2000/Individual not to exceed \$4,000/family and only medical copays and coinsurance count towards the OOP Maximums for these plans. She said that Fallon did an across the board change to include Rx copays in the OOP Maximums effective January 2014. She said the ACA OOP maximums are \$6,600 Individual and \$13,600 Family. Ms. Cormier said that the GIC OOP maximums will be \$5,000 Individual/\$10,000 Family. She said MNHG could increase OOP maximums to those of the GIC levels using Ch. 32B, Section 21-23. She said units who did not adopt these sections may want to do so. Ms. Cormier said that the ACA allows separate OOP maximums for medical and pharmacy and that this may be a better approach to complying with the law's requirement.

Ms. Cormier asked Jason Fortin to see if Fallon Health would be able to separate the medical and prescription OOP maximums.

Bill Hickey said it is the industry standard to combine the medical and prescription copays and to set the thresholds at the highest ACA limits.

Donna Madden asked that this item be added to the Steering Committee Agenda for discussion to formulate a recommendation to the Board.

Harvard Pilgrim optional prescription drug formulary:

Bill Hickey distributed a presentation and said the current drug formulary is open and all drugs are covered with determination of medical necessity. He said it is standard industry practice to have a closed formulary, which means that some drugs may not be covered, but would have another comparable drug available. Mr. Hickey said HPHC is now offering a new “Value” formulary with 4 or 5 co-pay tier options. He said that tier 4 and tier 5 drugs are specialty prescription drugs, with a higher co-pays or coinsurance. Mr. Hickey said the current HPHC pharmacy trend is about 11%, while medical trends are 4% to 5%. He said typically there is a 2.5% decrement on the total premium by replacing the open formulary with the Value formulary. He reviewed MNHG’s current Rx utilization and the impact of moving to a 4-tier Value formulary. Mr. Hickey said that HPHC does not currently have the ability to layer the formulary over the 3-tier formulary, but said they are looking into adding a closed formulary with no changes in copays.

Other Business:

An MNHG Steering Committee was scheduled for January 20, 2015 at 10:00 a.m., location to be determined.

Lorraine Leonard moved to adjourn.

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| Motion |
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Patrick Collins seconded the motion. The motion passed by unanimous vote.

Chair, Donna Madden, adjourned the meeting at 12:13 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*