

MINUTEMAN NASHOBA HEALTH GROUP

Finance/Steering Committee Meeting

The Bromfield School
Harvard, Massachusetts

Meeting Minutes

Wednesday, February 11, 2004 at 2:00 p.m.

Committee Members Present:

Evan Katz, Chairman
Tony Logalbo
Pauline Paste
Carol Vogel

Town of Harvard
Town of Concord
Lincoln-Sudbury Regional School District
Town of Stow

Guests Present:

Paul Lazar
Meredith Smith
Carol Cormier

Harvard Pilgrim Health Care
Tufts Health Plan
Group Benefits Strategies (GBS)

Chair Evan Katz called the meeting to order at 2:15 p.m.

Approval of the minutes of the December 16, 2003 meeting:

Pauline Paste moved to approve the meeting minutes of December 16, 2003.

Motion

Carol Vogel seconded the motion. The motion passed by unanimous vote.

Treasurer's Report:

Treasurer Tony Logalbo reviewed the Balance Sheet of January 31, 2004 (unaudited figures) and reported an uncommitted fund balance of \$1,946,716. He said that the balance was almost at the targeted level.

GBS Reports:

Funding Rate Analysis - Carol Cormier reviewed the FY04 Funding Rate Analysis Report through May 2004. She said that the funding for major health plans was sufficient, but that the funding for the POS and the Out-of-Area plan was insufficient. She pointed out that the enrollments for these plans were low and that the groups were not credible from a rating perspective. In aggregate across all plans, Ms. Cormier said that the expenses were 91% of the funding through the month of May (paid basis).

Stop Loss Reports - Carol Cormier reviewed the stop loss report for the CY2003 period with claims paid through December 2003 and said that there had been one claim that had exceeded the deductible of \$150,000. She said that excess claims were \$12,202 and \$7,571 had been reimbursed to date with \$4,631 outstanding. She said that for the same policy period there had been nine members with claims between 50-100% of the deductible. She said that claims for these members totaled \$656,346.

Carol Cormier said that the CY2002 reinsurance policy had been completed and closed out.

Fallon Premium Proposal for 6/1/04:

Robert Anderson reviewed the Fallon FY05 rate proposal, which was a 16.74% increase over the current monthly rates. He said that Fallon was no longer using community rating and that the Group's own claims experience was taken into account in developing the rates.

Evan Katz asked Mr. Anderson to go through the rating calculations.

Robert Anderson reviewed the calculations. He said that the trend was 16%, which was high but that Fallon was playing catch-up with the larger players.

There were questions about the pooling charge of over \$87K and the \$25K pooling level.

The committee had a number of questions for Mr. Anderson to research, including a self-funded arrangement.

Carol Cormier said that if Fallon would be able to lower its insured quotes to a 12% increase that would probably be satisfactory.

Paul Lazar pointed out that Harvard Pilgrim now has the Fallon Clinic doctors in its network.

Tufts Appeals and Fiduciary Services:

Carol Cormier reviewed the meeting at Tufts to discuss the appeals process and the role of the fiduciary. She said that Tufts had agreed to re-visit their fees for fiduciary services and had done so.

Meredith Smith presented the fiduciary fee proposal. She said that the monthly per-contract fees would be EPO Individual \$0.80 and EPO family \$2.16; POS Individual \$1.71 and POS Family \$4.62; MCP \$0.76.

There was a discussion about fiduciary services.

Tony Logalbo moved to approve the Tufts fiduciary fees as approved to become effective 6/1/04.

Carol Vogel seconded the motion.

Motion

The motion passed by unanimous vote.

FY05 Rate Projections for Self-funded Plans:

Carol Cormier reviewed the rate calculations for self-funded plans. She started by reviewing the administrative fee proposals. She said that GBS and the health plans had done independent claims projections and that GBS was presenting the higher of the two projections in each case. She said that GBS had also built into the rates a \$100,00 annual expenditure for risk reduction and wellness programs. She said that in aggregate the required funding for self-funded plans for FY05 was \$18,952,823, which is 8.6% above funding for the current year.

Ms. Cormier presented two funding alternatives.

Evan Katz asked Ms. Smith if people living out of the service area were eligible for the POS plan.

Ms. Smith said that up to 15% of enrollments in POS can be out-of-area but that these members would have access to non-network level of benefits only.

Evan Katz said he was concerned about the rating for the out-of-area plan because the enrollees have no option other than this plan. There was a lengthy discussion.

Pauline Paste said she preferred the scenarios where all plans had the same percentage increase.

Carol Vogel agreed with Ms. Paste.

It was agreed to remove the Wellness Surcharge from the rate calculations.

Tony Logalbo moved to recommend to the Board the funding scenario in which all plans have the same percentage rate increase (8.6%) but with removal of the wellness surcharge. He further moved to re-balance the Harvard Pilgrim rates to bring the Individual to Family rate ratio down closer to 2.6. Mr. Logalbo said he recognized that the percentage increase would be less than 8.6% after the wellness surcharge was removed.

Motion

Pauline Paste seconded the motion.

The motion passed by unanimous vote.

COBRA Administration Proposal:

Ms. Cormier said that GBS had not made a renewal proposal to be effective 6/1/03 and had continued to provide services at the FY03 rate. She said that she was presenting a two-year proposal for consideration. Ms. Cormier said that GBS proposed to increase the per-subscriber (active employee plans only) fee from \$0.40 per month to \$0.42 per month for FY04. She said that if approved, this fee would be retroactive to June 1, 2003. She said that the proposal for FY05 was \$0.44 per month. She said that both of these fees represented 5% increases.

Tony Logalbo moved approval of the proposal.

Motion

Pauline Paste seconded the motion.

The motion passed by unanimous vote.

Medicare Modernization Act of 2003:

Carol Cormier said that the Medicare+Choice plan rates would be lowered effective March 1st. She said that GBS would provide the revised rates to the MNHG employers and said that the health plans would not be notifying the members directly, so the employers would need to do that and notify the retirement boards.

Other Business:

Evan Katz said that there was no news or developments with BCBSMA.

Mr. Katz said that the Bridges to Excellence program would be discussed at the March Board meeting.

Tony Logalbo moved to adjourn.

Carol Vogel seconded the motion.

The motion to adjourn passed by unanimous vote.

Evan Katz adjourned the meeting at about 4:30 p.m.