

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Groton Town Hall
Groton, Massachusetts

Meeting Minutes

Tuesday, January 23, 2007 at 2:00 p.m.

Committee Members Present:

Valerie Jenkins, Chair
Jerry Martin, Vice Chair
Tony Logalbo, Treasurer
M. Larry Barton
Margaret Dennehy

Town of Groton
No. Middlesex Regional School District
Town of Concord
Town of Carlisle
Town of Boxborough

Guests Present:

Donna Madden
Bill Hickey
Cheryl Ierna
Gerard Iskenderian
Fred Winer
Rob Anderson
Carol Cormier
Lisa Trombly

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

Chair Valerie Jenkins called the meeting to order at 2:05 p.m.

Approval of the minutes of the October 18, 2006 meeting:

Larry Barton moved to approve the Steering Committee minutes of the meeting of October 18, 2006.

Jerry Martin seconded the motion. The motion passed by unanimous approval.

Motion

Group Benefits Strategies Reports:

Funding Rate Analysis by Plan – Carol Cormier reviewed the report for the policy period 6/1/06-5/31/07 and said the expense-to-funding ratio was 89% with data through November 2006. She said the HPHC PPO and the Tufts POS plan are currently under-funded but that claims for all other plans are running well.

Level Monthly Deposit (LMD) Quarterly Accounting Report for HPHC plans – Ms. Cormier said the second quarter shows the actual costs through November to be considerably higher than the Level Monthly Deposit. She said the group has a debit balance of \$464,039.

Stop Loss Reports – Lisa Trombly reviewed the CY06 non-confidential reinsurance excess claims reports with 7 members with claims totaling \$1.9M. She said there is approximately \$88K due to the MNHG in reimbursements at this time. Ms. Trombly said there were 18 members within 50% or more of the stop loss deductible with claims totaling \$1.7M.

Margaret Dennehy asked for an explanation of those members who appear to have crossed over policy periods.

Carol Cormier explained that we track the excess claims for members for each policy period, meaning their claims were incurred in the policy period. She said GBS notes when a member has had excess claims in more than one policy period and highlights that line on the report. She said this gives a good indication to the Group

that the member could continue to incur high medical costs and should be taken into consideration during reinsurance renewal time.

Fallon Fitness Benefit:

Rob Anderson explained that Fallon has increased its fitness reimbursement benefit to be more in line with the other health plan carriers. He said Fallon has also enhanced what kind of fitness activity will be reimbursed and recommended to the Group that it adopt the change.

Carol Cormier said it bring Fallon Community Health Plan with the other carriers who offer a \$150 reimbursement to individual plan members and a \$300 reimbursement to family plan members.

Valerie Jenkins asked for a recommendation from the Steering Committee for the Board.

Jerry Martin motioned to recommend to the Board to adopt the new Fallon Fitness Reimbursement.

Motion

Margaret Dennehy seconded the motion. The motion was passed by unanimous approval.

MNHG Website Update:

Carol Cormier updated the Steering Committee on what has recently transpired with regard to the MNHG website. She said Mark Sobkowicz was hired in June 2006 to re-create the MNHG website for launch some time in October 2006. She said as of December 2006 there were no new updates. She said there were conversations with the Chair and Vice-chair relative to hiring Lisa Trombly to re-create the site and maintain it. She said Lisa Trombly was hired to complete and launch the MNHG site on or before March 1, 2007.

Lisa Trombly recommended to the Steering Committee that it purchase a laptop for the purpose of creating and maintaining the website.

There was a discussion relative to this recommendation.

Larry Barton asked if there would be any other purpose to having a laptop.

Valerie Jenkins said there would be very little, if any.

Jerry Martin motioned to grant Lisa Trombly permission to purchase a laptop for the MNHG and any necessary computer-aided software with expenses not to exceed \$1,000.

Motion

Larry Barton seconded the motion. The motion was passed by unanimous approval.

Preliminary Rate Projections:

Carol Cormier reviewed the FY08 rate projection packet and explained that the health plans and GBS independently project claims and then the Group decides which projections it wishes to use in developing rates.

Carol Cormier reviewed the Fallon Community Health Plan (FCHP) proposed Administrative Fee increase. She said it is much higher than that of the other plans. She asked Rob Anderson to go back to the underwriters to review this and asked Mr. Anderson to come back with lower quotes.

Rob Anderson said the fees are different because they include items that the other health plans don't include in their administrative fees.

Carol Cormier said she read a notice that was sent by FCHP on renewal projections that stated capitations were not included.

There was a brief discussion.

Carol Cormier reviewed the claims for the last two policy period and the trending processes of Tufts Health Plan, Harvard Pilgrim and Fallon stating that FCHP is a little different due to the Town of Clinton having most of the substantial membership of Fallon. She distributed the FCHP renewal projection, which was based off of the Town of Clinton rates. She said those rates are higher than MNHG as a whole and Fallon would be correcting this.

Rob Anderson said the figures do not include the pooling charge.

Carol Cormier said that GBS projected a 10.6% increase where FCHP projected an 18.8% increase. She said this is a significant difference.

Valerie Jenkins asked why there would be a more than 5% different when the other plans are not like that.

Carol Cormier said she hopes that this will be explained with more information from Fallon.

Ms. Cormier said the MCP plan now renews January 1st so it is no longer included in the projections. She reviewed the current health plan funding scenario and the preliminary health plan funding scenarios for FY08. Ms. Cormier said for the Fallon figures she used a rate increase between that calculated by GBS and by FCHP. She explained the impact of a 15% increase to the PPO and POS plans stating it would result in a \$337,248.16 loss in funding revenue. Ms. Cormier reviewed the proposed increases and said that she thought the MNHG would want PPO and POS rates between the proposed GBS projections and those of the health plans. She said the MNHG has always subsidized the rates for these two plans since they are non-credible groups for rating purposes.

There was a discussion.

Larry Barton said he is not interested in continually subsidizing rates for the PPO plan. He said members have a choice to live in or outside the area.

Carol Cormier said that if the PPO was a credible group for rating purposes, she would agree with Mr. Barton, but said the PPO pool is too small to rate alone but it could be combined with the EPO plan to determine the percent increase to rates.

Valerie Jenkins said there are other sources of revenue. She said they might end up with an 18% increase instead of 43%. She said she did not want to choose not to subsidize at all but that a compromise recommendation needed to be made to the Board.

Carol Cormier said the next Board meeting is scheduled for February 14th. She suggested that the Steering Committee meet again before that meeting.

Larry Barton said the fund balance swings too much so he did not want to do something that was not comfortable.

Carol Cormier said she would redo the analysis projection increase for the POS and PPO plans to about 18% and she would also ask that Fallon revisit its projections.

There was a discussion relative to the Fallon projections.

Carol Cormier asked Rob Anderson to provide a break-out of the components of the ASO fees.

Tony Logalbo entered the meeting at this time and the agenda shifted to the Treasurer's Report.

Treasurer's Report:

Treasurer Tony Logalbo reviewed the Treasurer's Report of December 31, 2006 (unaudited figures). He said the uncommitted Fund Balance is \$2,508,080. He stated that the total assets are \$6.3M and the total liabilities are \$3.8M. He said the Fund Balance target is \$4,284,146.

There was a brief discussion relative to the Fund Balance.

The meeting was returned back to the topic of Preliminary Rate Projections.

Preliminary Rate Projections - continued:

There was a discussion with regard to the GBS projections vs. those of the health plans.

Tony Logalbo asked the Tufts Health Plan and Harvard Pilgrim Health Plan representatives how comfortable they are with the health plans' projections.

Cheryl Ierna, THP, said she feels very comfortable. She said they are meeting the trend.

Bill Hickey, HPHC, said Harvard Pilgrim has been consistently very close to the projections of GBS. He noted that the HPHC projections are a little lower than those of GBS.

Cheryl Ierna added that a new contract was negotiated with Caremark, THP's pharmacy benefit manager, which lowers the trend for one year. She said things would change in 2008.

Bill Hickey said that the HPHC prescription trend is rapidly going down. He said the drug price rate of increase is decreasing and explained that the rates are conservative partly because they are being released quite early for a June renewal.

There was a discussion.

Valerie Jenkins reminded the Steering Committee that a decision has still not been made.

Carol Cormier said she could recalculate the PPO and POS rates to reflect an 18% increase. She said that leaves the Fallon plan rates uncertain but this can be discussed at the next meeting.

Valerie Jenkins said the Steering Committee should meet prior to the Board meeting on February 14, 2007.

Carol Cormier suggested narrowing the options down by email and bringing just a few to the meeting to be discussed.

Ms. Jenkins said some sort of subsidy should be done on some of the plans in order to incent members to move.

Jerry Martin said the Steering Committee should go through a couple of the scenarios via email and then meet prior to the Board meeting.

Larry Barton said moving the POS and PPO plans to 18% will reduce loss, but it will still mean a significant loss. He said he is concerned about why so much of the funding balance was lost over this past year and also concerned that there is \$300K out there somewhere. He acknowledged that the rates look reasonable and would like to keep most of the plans under a 13% increase. He suggested keeping the subsidy for the POS, PPO and costs not in the system to \$400-450K.

Margaret Dennehy said the Town of Boxborough is increasing the employee contribution 5% each year for the next three years. She said the rate increases look good. She said she had budgeted 15%.

Other Business:

Carol Cormier said there was a meeting in the Town of Ayer that took place with elected officials and Union leaders present. She said that the Town Manager reviewed the Town's financial situation with graphs and she said she went through the MNHG Powerpoint presentation that had been used recently at the two regional meetings. She said there was a great turnout and good questions. Ms. Cormier said she thought it was worthwhile to have the presentation in of the local setting related to the town's own financial situation.

Tony Logalbo asked that the GIC option be kept on the agenda for the next meeting and to consider the position of the Board on this topic.

Valerie Jenkins said any education pieces that help individual towns is worth having and sharing.

Tony Logalbo asked the health plan representatives to be prepared to speak with regard to CMS possibly eliminating the Retiree Drug Subsidy and the implications to the rates of the senior plans. He said the Group should take a position and have it noted.

Valerie Jenkins said the next Steering Committee meeting would be held on February 14, 2007 at 9:15 a.m. at the Groton Town Hall. She said there would be a Board meeting following it at 10:00 a.m. at the Groton Public Library.

There was no further business.

Valerie Jenkins adjourned the meeting at 4:08 p.m.

This meeting
was
subsequently
rescheduled for
2/28/07.

*Prepared by Lisa Trombly
Group Benefits Strategies*