

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Bolton Public Library
Bolton, Massachusetts

Meeting Minutes

Friday, January 25, 2013 at 10:00 a.m.

Steering Committee Members Present:

Donna Madden, Chair
Tony Logalbo
Patrick McIntyre
Margaret Dennehy
Melisa Doig
Lorraine Leonard
Larry Barton
Barbara Conti

Town of Bolton
Town of Concord
Town of Clinton
Town of Boxborough
Town of Ayer
Town of Harvard
Town of Carlisle
North Middlesex RSD

Guests Present:

Suzanne Loverin
Bill Hickey
Fred Winer
Erin Hayes
Beth Helenius
Jim Cavanaugh
Carol Cormier
Karen Carpenter

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

Chair, Donna Madden, called the meeting to order at 10:05 a.m.

Approval of the minutes of the December 10, 2012 meeting:

Larry Barton moved to approve the minutes of the December 10, 2012 meeting.

Motion

Margaret Dennehy seconded the motion. The motion passed by unanimous vote.

GBS Reports:

Carol Cormier, GBS, reviewed the Funding Rate Analysis Report with data through December, 2012 for fiscal year 2013. She said the expense-to-funding ratio through December was 91.1%. She said that the new HPHC level monthly deposit is \$1.026M and said that MNHG has a credit balance of \$681K.

Stop Loss Reports- Karen Carpenter reviewed the Stop Loss reports for CY11. She said that there were 3 claimants exceeding the \$250K stop loss deductible with total excess claims of \$267,224. She said there were no reimbursements due to MNHG because the \$400K Aggregating Specific Deductible had not been met. Ms. Carpenter said that there are two claimants with claims exceeding the CY12 Stop Loss Specific Deductible of \$275K with total excess claims of \$628,012. She said that the \$450K Aggregating Specific Deductible has been met and said that there is a total of \$119,024 due in reinsurance reimbursements.

State Mandates:

Carol Cormier said that there are three new state mandates that, according to health plans, are expected to impact the claims cost by 0.05% to 1%. She said that self-funded accounts have the option as to whether or not they want to adopt the mandates.

Ms. Cormier said that the new mandates include coverage for hearing aids for children age 21 or younger, expanded coverage for cleft palate and lip treatment, and approving nurse practitioners and physician assistants to be designated as a member's PCP.

Bill Hickey said that HPHC is estimating the cost to be 0.10%.

Beth Helenius said that FCHP is estimating the same as HPHC.

There was a discussion about state mandates and whether or not MNHG should make a decision to add all future mandates, not add any, or review and vote each of them separately.

Patrick McIntyre made a motion to recommend to the Board to add the three new mandates as described effective June 1, 2013.

Motion

Barbara Conti seconded the motion. The motion passed by a unanimous vote.

Treasurer's Report:

Treasurer Tony Logalbo reviewed the financial statements of December 31, 2012 (unaudited figures). He reported a fund balance of \$8,218,019 and surplus over the fund balance target of \$3.3M at the end of December 2012. Mr. Logalbo said that the revenue is exceeding expenses by approximately 4%.

Fallon proposal to add a Steward Health Limited Network plan:

Beth Helenius said that FCHP is partnering with Steward Health Care to provide affordable options to employers and employees. She said that the Steward Limited Network plan has a smaller network and lower premiums with access to local community doctors and hospitals.

Jim Cavanaugh said that Steward Health Care is making an investment in community care and trying to lower the cost of common routine procedures. Mr. Cavanaugh said that they are moving away from paying providers on a fee for service basis.

Donna Madden said that the Nashoba Valley Hospital is not in the network and that is a drawback of the plan. She said that it has been difficult to promote movement into the Fallon DirectCare limited network plan so it would be important to price this new plan very low.

Beth Helenius said that the limited network plans is where everyone is headed in the future. She said that participation will start slowly and increase over time. She said that Fallon estimates that there will be a 20% decrease in claims costs without compromising quality of care.

Carol Cormier said that these plans may work for those units with low employer contribution rates. Ms. Cormier said that Fallon has touted its diligence in selecting the highest quality and most cost effective providers for its Direct Care limited network; however, she noted that none of the Steward providers were or are in the Direct Care network.

Erin Hayes said that Tufts offers a Steward plan and also a tiered-network product. She said that she would need to look at the MNHG claims data to determine the rates.

Bill Hickey said that HPHC offers a limited network plan named Choicenet. He said that there is another plan with a limited network of hospitals, but members can see any physician.

The Steering Committee agreed to hold off their decision until they can review the options available from all of the MNHG health plans. They asked to add this topic to a future meeting to discuss for FY15.

Rate Projections for FY14:

Carol Cormier reviewed the health plan administrative fees and said that Tufts, Fallon and HPHC held their FY13 administrative fees. Ms. Cormier noted that in past years, MNHG did not opt to build in the MMA Rx and Diabetes Program costs or fees into the rates, but said they could if they choose. She said as participation in these programs grows, it will become increasingly important to fund for the expenses.

Affordable Care Act (ACA) - Ms. Cormier said that the ACA includes a Transitional Reinsurance Program and gives the Department of Health and Human Services (HHS) the authority to collect "contributions" of \$12 billion in 2014, \$8 billion in 2015 and \$5 billion in 2016 from health plans and self-funded plans. She said these contributions will be used to help stabilize the individual insurance markets across the country and will be allocated to offset the cost of high cost claimants. She said that the reinsurance fee applies to both insured and self-insured health plans, and the 2014 fee is estimated to be \$5.25 per *member* per month, or \$63 per member per year. Ms. Cormier said that the transitional program is expected to run from 2014 to 2016. She said the fees are supposed to be lower each year. She said she expected FY14 fees to be about \$164,000 (1/2 year assessment). She also discussed the Patient-Centered Outcomes Research (PCORI) fees. She said that there is a one-time state assessment but the amount that will be assessed to MNHG is not known.

Ms. Cormier reviewed the FY14 rate projections and noted that the plan designs were changed in FY13. Ms. Cormier reviewed the current funding scenario and the proposed funding scenarios:

Scenario A – GBS projections with a composite increase of 0.8% (full funding scenario)

Scenario B – Health plan projections with a composite increase of 2.0% (full funding scenario)

Scenario C – GBS suggested rates with a composite increase of 2.0% (full funding scenario)

Scenario D – Based on Scenario B and using approximately \$1.5M trust fund balance with a composite funding decrease of -1.8%

Scenario E – Based on Scenario A and using approximately \$1.5M trust fund balance with a composite funding decrease of -2.9%

Tony Logalbo said that the fund balance belongs to its members and should be returned in a timely manner.

Larry Barton said that there are significant new state and federal fees that will have to be funded.

Carol Cormier suggested Scenario D, but changing the Tufts EPO rate from a 4% *decrease* to 0.2% *decrease* which would moderate the scenario's anticipated \$1.5 M fund balance reduction by about \$400K, resulting in placing about \$1.1M fund balance at risk. She said that another option to reduce the fund balance would be to distribute a portion of the RDS reimbursements to the employers. Ms. Cormier said she has other Joint Purchase Group clients that have done that and said that some of the employers are using that to offset their OPEB liability.

There was a discussion about the OPEB report published by the state.

The Steering Committee asked Ms. Cormier to update Scenario D, setting Fallon rates at 0% increase, and changing the Tufts decrease to 0.2% and rounding all rates to the nearest whole dollar.

Patrick McIntyre made a motion to recommend to the Board the revised Scenario D to the Board.

Margaret Dennehy seconded the motion. The motion passed by unanimous vote.

Motion

Health Plan Reports:

Fallon Community Health Plan (FCHP) – Beth Helenius said that FCHP has been looking for ways to encourage members to participate in wellness program activities. She said that FCHP is promoting a new wellness program that features online, telephonic and on-site capabilities. She said that the program begins with the member filling out a Health Risk Assessment and will receive a \$50 incentive for taking the assessment. Ms. Helenius said that the member will receive a scorecard and an action plan. She said that the cost of the program is \$1.93 per contract per month which for MNHG would be a little over \$16K per year plus the cost of incentives.

Tufts Health Plan (THP) – Erin Hayes said that the current MNHG Disease Management (DM) program reaches out to high risk members based on their prescription claims information. She said that the system is also alerted to those members that are not taking their medications. Ms. Hayes said that a coaching component can be added to the MNHG's Alere DM program. She said the cost is \$43 per month per engaged member and is charged only when a member is engaged in coaching. Ms. Hayes said that Tufts also offers an "Active Focus Plan", an employee wellness incentive based program. She said, if adopted, MNHG would fund the incentives.

Harvard Pilgrim Health Care (HPHC) - Bill Hickey said that HPHC offers a "Healthy Futures" program that can be customized to the client and can add incentive rewards as well. He said that goals are set and said coaching can be added.

Donna Madden said that she agrees that the focus should be on wellness, but wonders about the timing adding programs at the same time as a renewal.

The health plans agreed that the programs do not need to begin at renewal time.

Donna Madden asked that this topic be discussed at a future meeting.

Other Business:

There was no further business.

Lorraine Leonard moved to adjourn the meeting.

Motion

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

Chair Donna Madden adjourned the meeting at 12:01 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*