

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Groton Town Hall
Groton, Massachusetts

Meeting Minutes

Monday, February 2, 2009 at 10:00 a.m.

Committee Members Present:

Gerald Martin, Chair
Anthony Logalbo
Valerie Jenkins
Donna Madden
Margaret Dennehy
Pauline Guilmette
Judy Belliveau

North Middlesex Regional School District
Treasurer, MNHG
Town of Groton
Town of Bolton
Town of Boxborough
Town of Tyngsborough
Lincoln-Sudbury Regional School District

Guests Present:

Fred Winer
Emily Savaria
Rob Anderson
Joe Bartulis, Atty.
Carol Cormier
Karen Carpenter

Tufts Health Plan (THP)
Tufts Health Plan (THP)
Fallon Community Health Plan (FCHP)
Fletcher, Tilton & Whipple, P.C.
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Chair Gerald Martin called the meeting to order at 10:06 a.m.

Approval of the minutes of the December 18, 2008 meeting:

Valerie Jenkins moved to approve the Steering Committee minutes of the December 18, 2008 meeting.

Donna Madden seconded the motion. The motion passed by unanimous approval.

Motion

GBS Reports:

Funding Rate Analysis by Plan - Carol Cormier reviewed the Funding Rate Analysis report with data through November. She said the composite expense-to-funding ratio was 0.946 on a paid basis and that funding exceeded expenses by \$1.14M. Ms. Cormier said that \$250K of the funding was due to stop loss reimbursements.

Ms. Cormier said that she has not received a hearing date regarding the Retiree Drug Subsidy application denial appeal.

Jerry Martin said that he would follow up with a phone call to Congresswoman Nicki Tsongas.

Level Monthly Quarterly Accounting Reconciliation for HPHC – Ms. Cormier said that after the November LMD payment, the Group has a credit balance of \$142K.

MMA Program – Ms. Cormier reviewed the *myMedicationAdvisor*® (MMA) report through November 2008.

Stop Loss Reports – Karen Carpenter reviewed the report of excess claims for the CY08 policy period with claims paid through December 2008. She said that for this year the group has received \$474,303 in reinsurance reimbursements and is owed an additional \$53,904. She said that there were 12 claimants with claims between \$112,500K and the specific deductible of \$225K.

Karen Carpenter distributed copies of the Health Plan Wellness programs that are available to the Group.

Carol Cormier reviewed an article regarding the expected \$32M GIC budget cut and how it is expected to impact the GIC insurance plans.

Rate Projections – FY10:

Carol Cormier reviewed the health plans' proposed administrative fees and asked the health plan representatives to re-look at the fees and try to lower or hold the current fees.

Carol Cormier reviewed the assumptions built into the preliminary FY10 rate projections. She said that the health plans and GBS did independent projections and that with the exception of the Fallon Health Plan, the projections were very close this year. Ms. Cormier asked Rob Anderson to check the projected increases because they were almost doubled in comparison to the GBS projections. Ms. Cormier said she would present several funding scenarios, but said the Committee will determine the total funding number it wants to set for FY10.

Ms. Cormier said that she used a 35% expected reinsurance premium increase when calculating the rates, but believes the increase may be higher than that based on the total premium payments and the total reimbursement of claims.

Ms. Cormier presented 6 funding scenarios for the MNHG to consider.

Scenario A – Using GBS calculations and full rates with composite increases of 7.4%. Ms. Cormier said the ranges varied and said that the Committee could use a 7.4% for all plans if it wished to take that approach again.

Scenario B – Using health plan-recommended funding rates with 9.1% increase.

Scenario C – Using alternative distribution of funding with 7.5% increase.

Scenario's Aa, Ba, & Ca were the same as Scenario's 1, 2 & 3 and rounding the rates to the nearest whole dollar.

Tony Lobalbo joined the meeting at this time.

Mr. Logalbo said that the fund balance target was calculated at \$5,264,377 for December and said that the uncommitted fund balance as of December 31, 2008 was \$4,437,968. He said that the Steering Committee may want to recommend using some of the fund balance to subsidize the FY10 rates.

Carol Cormier said that she had inserted the wrong section of Fallon data into the projections and would now enter the correct data into her laptop computer.

Tony Logalbo asked the members of the Steering Committee if they were going to set the Rate Saver plans' rates at a 10% differential from the legacy plans.

Carol Cormier said she had completed updating the Fallon EPO preliminary rate sheet on page 13 of the rate package. She said that the increase for the Fallon SelectCare plan is 2.5% and the Fallon DirectCare Plan is 2%. Ms. Cormier said that the composite increase for Scenario B using the health plan projections is 7.4% instead of 9.1%.

Mr. Logalbo said that he favors blending the rates and said it seems to make the most sense.

Carol Cormier said that she would create a Scenario D using the new percentages from Fallon and try to get close to an overall 6% increase as requested by the Committee.

Attorney Joe Bartulis joined the meeting at this time.

Labor Issues:

Gerry Martin introduced Attorney Joe Bartulis from Fletcher, Tilton and Whipple of Worcester, MA to the MNHG Steering Committee.

Mr. Bartulis told the Steering Committee a little of his background with municipal bargaining issues.

Jerry Martin said that the MNHG is a Joint Purchase Group with 17 individual units. Mr. Martin explained that the Group wants to add Rate Saver plans to the existing health plans that MNHG currently offers its members. Mr. Martin asked Mr. Bartulis if there would be any labor issues that the Group should be aware of.

Mr. Bartulis said that the law that pertains to labor issues is Chapter 150E General Laws of Massachusetts. He said if the Group is looking at introducing Rate Saver plans as a way to save costs and are also keeping the legacy plans, he does not think there would be an issue. Mr. Bartulis said that if the Group was thinking of replacing the legacy plans with the Rate Saver plans that they would have an obligation to bargain.

Judy Belliveau asked if it would be possible to have different employer contributions, one contribution rate for existing union employees and another for new hires.

Mr. Bartulis said that the Group would have an obligation to bargain that change. Mr. Bartulis explained the different types of bargaining and reviewed examples.

Carol Cormier asked if the Group would be able to bargain in the Rate Savers with a built-in schedule co-pay increases over a certain period of time.

Mr. Bartulis said the Group could increase the co-pays with the cost of living increase, rising cost of prescription costs, etc. but that this concept would have to be bargained.

Mr. Bartulis also said that Minuteman Nashoba Health Group is not the employer of the members, the individual units employ the members. He said that the units have the option to stay in the group to receive the health benefits along with the increases offered by the group or leave and purchase health benefits on their own. He also said those that are adopting the GIC plans are often not seeing the savings that they expected. Mr. Bartulis said that is due to the tiered benefit design and migration to the indemnity plans.

Mr. Bartulis suggested giving no less than thirty days notice for the opportunity for the unions to impact bargain when adding the Rate Saver plans. He suggested giving a few different meeting dates and times to the unions should they want to meet.

Mr. Bartulis suggested that the employer's letter to union presidents mention all of the years that the Group adjusted the rates to keep them low.

Mr. Bartulis agreed with Carol Cormier's suggestion to state the employer contribution rate towards the health plans in the letter. He said the more information that can be provided, the better.

Margaret Dennehy asked Mr. Bartulis if a notice to the unions would be required even if the unit's contract language says MNHG can make health plan change.

Mr. Bartulis said a notice would be required offering the unions an opportunity to negotiate.

Tony Logalbo asked if language could be used when adding the Rate Savers that they would only be offered by the employer for the duration of time that the MNHG offers them.

Mr. Bartulis said that if the Rate Saver plans are offered for a long period of time, they may have the same effect as the legacy plans.

There was a discussion.

The Steering Committee thanked Mr. Bartulis for coming to the meeting.

Return to topic of FY10 Rate Projections:

Carol Cormier said that she had completed Scenario F using \$600K of the trust fund surplus to supplement the rates for a composite rate increase of 6%. Ms. Cormier said that the increases would be as follows: Tufts EPO 6%, Tufts POS 3%, HPHC EPO 7%, HPHC PPO 3%, Fallon SelectCare 4% and Fallon DirectCare 4%.

Tony Logalbo made a motion to recommend Scenario F using \$600K of the trust fund surplus to supplement the rates for a composite of 6% with the rates rounded to the nearest dollar and increases as Carol Cormier stated above to the Board. He also motioned to recommend to the Board setting the Rate Saver plan rates at a 10% differential from the legacy plan rates.

Motion

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

The Steering Committee asked Karen Carpenter to send the benefit comparison charts to them in Word format.

Proposed changes to the Joint Purchase Agreement (JPA), Article 13.A:

Carol Cormier reviewed the draft of the proposed language to the Total Participation Requirement. Ms. Cormier said that the new language would require participating governmental units to offer to employees at least one Exclusive Provider Organization (EPO) plan from each health plan provider organization with which the Group contracts. Ms. Cormier said that with Fallon, it is agreed that both the Direct and Select plan would be offered and/or Fallon Direct and Select Rate Savers.

Ms. Cormier said that the new language would allow each governmental unit to add one, all or no Rate Saver plans.

Tony Logalbo made a motion to recommend the proposed language changes to the JPA to the Board at the next meeting.

Motion

Judy Belliveau seconded the motion. The motion passed by unanimous approval.

Other Business:

There was no other business.

Judy Belliveau motioned to adjourn the meeting at 12:20 P.M.

Donna Madden seconded the motion. The motion passed by unanimous approval.

*Prepared by Karen Carpenter
Group Benefits Strategies*