

## MINUTEMAN NASHOBA HEALTH GROUP

### Steering Meeting

Harvard Town Hall  
Harvard, Massachusetts

Meeting Minutes

Wednesday, April 5, 2006 at 2:00 p.m.

#### Committee Members Present:

Valerie Jenkins, Vice Chair  
Tony Logalbo, Treasurer  
Pauline Paste  
M. Lawrence Barton  
Edward Orenstein  
Jerry Martin

Town of Groton  
Town of Concord  
Lincoln Sudbury Regional School District  
Town of Carlisle  
Case Collaborative  
No. Middlesex Regional School District

#### Guests Present:

Bill Hickey  
Maria Chandler  
Carol Cormier

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

Vice-Chair Valerie Jenkins called the meeting to order at 2:02 p.m.

Carol Cormier said that Chair, Paul Cohen, had recently called to say he would not be able to attend the meeting.

#### Approval of the minutes of the February 15, 2006 meeting:

Ed Orenstein moved for approval of the Committee minutes of the meeting of February 15, 2006.

Motion
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Pauline Paste seconded the motion. The motion passed by unanimous vote.

#### Group Benefits Strategies Reports:

Funding Rate Analysis by Plan Type – Carol Cormier reviewed the report and said that the expenses relative to funding had increased since the last report. She said that on a paid basis, expenses were exceeding funding by more than 3% for data reviewed through February and that there was a loss of over \$700K on a paid claims basis..

Ms. Cormier distributed a non-confidential claims report showing claims of \$20K and above that had been paid since June 1, 2005. She noted two claims paid in February, each over \$400K. She also said there were thirteen claims over \$100K, and nineteen claims between \$50K and \$100K.

Stop Loss Reports – Ms. Cormier reviewed the FY05 reinsurance policy report with claims paid through January 2006. She said there was \$420,228 in excess claims. She said that the group has received \$198,996 in reimbursements and is owed an additional \$121,144. Carol Cormier said that some of the high cost claims referred to in the previous discussion were paid after January and that the reports next month will reflect these amounts.

#### Treasurer's Report:

Financial Reports as of February 28, 2006 -

Tony Logalbo reviewed the Balance Sheet of February 28, 2006, (unaudited figures). He said that MNHG got clobbered with high expenses in February and also in March. He said that at the end of February the Uncommitted Fund Balance was \$1.3 million and said it would be lower in the March financial statements.

Tony Logalbo asked Ms. Cormier to see if the stop loss reports could be updated to include claims paid through February in time for the April 12<sup>th</sup> Board meeting.

Ms. Cormier said she would contact American Stop Loss, the reinsurance broker, about updating the report with claims paid through February.

Jerry Martin asked about the Fund Balance target.

Tony Logalbo said that in February the target was \$3.7 million. He said that the target represents an ideal situation. He said he wonders how long the rising cost of health care can persist for employers like those of MNHG and for society in general. He showed charts of the MNHG fund balance compared to the target over time and the rates over time.

Ed Orenstein asked if the claims trend continues, would the MNHG look at different plan designs or continue to raise rates.

Tony Logalbo said that all options need to be considered. He emphasized that MNHG does not have a cash problem. He said MNHG has plenty of cash. He talked about the new requirement for Mass. governmental employers to book the claims IBNR. He said MNHG has been doing this all along; whereas, a number of towns and cities that self-fund have not been booking the IBNR. He emphasized the value of having a fund balance policy.

Larry Barton asked if the Fund Balance change reported by Mr. Logalbo tracked with the GBS report on a paid claims basis.

Mr. Logalbo said that the fund balance was falling at about the same rate as the difference between revenues and expenditures reflected on the GBS reports.

**Status of MNHG applicants:**

Carol Cormier noted that she had sent the Committee copies of the letter from Groton-Dunstable RSD Superintendent, Alan Genovese, informing MNHG that the District would go with Harvard Pilgrim on its own for FY07 because of favorable rates but retained its interest in becoming a part of MNHG in the future.

Larry Barton raised the issue of the policies on coming into and leaving the Group.

Carol Cormier said she thought that the Committee should review the Joint Purchase Agreement. She said that there are refinements that could be made to ensure greater stability for the Group.

Pauline Paste said that the original MNHG members bought into the concept of the long-term value of joint purchasing and said she thought that this would be an important conversation to have with potential new members in the future.

**Plan Design:**

Carol Cormier said that there are two possible approaches: to change benefits on current plans and/or to add additional plans which have considerably higher member co-pays and deductibles as alternative plans to the current plans. She reviewed data that the health plans had recently prepared for West Suburban Health Group giving the impact on claims of certain benefit changes. She also reviewed three alternative off-the-shelf plan designs from Fallon, HPHC and Tufts that would, according to the health plans, save at least 10% on the rates.

There was a discussion about the data and the approach that MNHG should take.

Tony Logalbo said that he thought the first step would be to get the group-specific data for MNHG.

Valerie Jenkins said that she is interested in seeing the impact of increasing the prescription drug co-pays.

Larry Barton said he is interested to see the impact on claims of changing to split co-pays for office visits and asked to receive information on \$10 PCP/\$20 specialist and \$15 PCP/\$25 specialist co-pays. He said he would also like to see data on moving the Emergency Room co-pay from \$50 to \$75 and adding an inpatient co-pay of \$200 per member and an outpatient surgery co-pay of \$100 per member.

Maria Chandler and Bill Hickey said that they would submit the reports after receiving the specific requests in writing from Ms. Cormier.

Carol Cormier said that the Board authorized the committee to study plan design and report back in September with proposed changes. However, she suggested having a conversation with the Board at the April 12<sup>th</sup> meeting to let the members know how the Committee is proceeding.

The Committee agreed that they would begin the conversation with the Board on April 12<sup>th</sup> and again at the June 6<sup>th</sup> Board meeting.

The Committee agreed to request that Fallon, HPHC and Tufts provide group-specific estimates of claims cost impact of certain benefit changes to current plans and to also request that they prepare estimates of cost-savings for low-option/low-premium plans that could be offered as alternatives to current plans. The Committee requested that the low-option/low-premium plans be reasonably comparable, one to the other.

#### **Health Plan Reports:**

Tufts Health Plan – Maria Chandler talked about the new intensive Disease Management (DM) programs through American Healthways. She explained the programs and the pricing for three packages of programs. She said that with package B that includes programs for Diabetes, Heart Failure, Coronary Artery Disease, Chronic Obstructive Pulmonary Disorder, and Asthma the estimated monthly cost would be \$14,367.

Carol Cormier said that costs are driven by high cost claims and that effective Disease Management programs that include telephonic interventions with members are considered to be one of the best tools for managing costs. She said that Ms. Chandler informs her, however, that Tufts would not be able to provide group-specific return on investments. She said that it could take more than a year to realize return on investment in these programs.

Larry Barton said that he did not think the Group should add the program this year but next year it should be considered and the cost built into the rates.

Pauline Paste asked if Tufts had encountered resistance to these programs from employees.

Ms. Chandler said that this has not been a problem and that the programs are well-received.

Maria Chandler discussed the request from MNHG to change the name of the Medicare Complement Plan (MCP) so that it would not be confused with the Tufts Medicare Complement Plan (TMC). She informed the Committee that MCP is a Tufts standard product and that there would be problems with a name change for one client.

Carol Cormier suggested emphasizing the acronyms of the two plans rather than the full names, which sound very much alike.

Tony Logalbo asked if the ID cards for MCP could be re-done with the acronym prominently displayed.

Ms. Chandler said that Tufts has to produce new cards for MCP members because of the addition of the \$10 office visit co-pay so she said she would have a design worked up that prominently displays “MCP” and would send it to Carol Cormier for distribution to the Committee for review.

Harvard Pilgrim Health Care (HPHC) – Bill Hickey distributed literature titled “Specialty care and disease management programs for self-funded employers”. He reviewed each of the programs and said that a number of them are provided in-house. He said that the *Heart Champion* program is provided by American Healthways and that the *Your Care Champion* program is provided by Accordant Health. Mr. Hickey said that the programs are priced *a la carte* and most are on a per-diseased-member-per-month basis rather than priced on total membership.

The Committee asked Mr. Hickey to present price proposals for the programs at the next meeting.

Mr. Hickey said he would have the MNHG claims analyzed to see which programs would be most appropriate and would provide the pricing as well.

#### **Other Business:**

Pauline Paste said that she is educating the Lincoln Sudbury RSD School Committee, IAC, and unions about MGL Ch. 32B, Section 18. She said that she would like to have documentation of actuarial comparability of the senior

plans compared to the active employee plans and requested that an item on a Section 18 actuarial study be placed on the April 12<sup>th</sup> Board agenda.

Ms. Paste said that she will retire at the end of June and that the District has hired her replacement, Judy Bellevue, who is currently working for Town of Weston. She said that Ms. Bellevue said she would be interested in serving on the Steering Committee in spite of being new to the group.

Larry Barton asked if the MNHG could be a vehicle for going forward with GASB45 studies.

Ms. Jenkins said that GASB45 studies have to be done at the employer level. Mr. Logalbo and Ms. Cormier agreed.

Carol Cormier said that GBS has negotiated discount arrangements for GASB45 work for its clients with Milliman in Windsor, Connecticut and with Angell Pension Group in Rhode Island.

Bill Hickey asked if the cost and utilization reports had been placed on the Board agenda. He said that the HPHC report was not available.

Maria Chandler said that the Tufts report also was not available yet.

Ms. Cormier said presentation of the reports would not be on the Agenda.

The next Steering Committee meeting was scheduled for May 31<sup>st</sup> at 2 PM.

Ms. Cormier said she would ask Paul Cohen if Harvard Town Hall was available for the meeting.

Tony Logalbo moved to adjourn the meeting.

Motion
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Jerry Martin seconded the motion. The motion passed by unanimous vote.

Vice-Chair Valerie Jenkins adjourned the meeting at 4:20 p.m.

*Prepared by Carol Cormier  
Group Benefits Strategies*