

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Harvard Town Hall
Harvard, Massachusetts

Meeting Minutes

Wednesday, May 31, 2006 at 2:00 p.m.

Committee Members Present:

Paul Cohen, Chair
Tony Logalbo, Treasurer
M. Lawrence Barton
Edward Orenstein
Jerry Martin

Town of Harvard
Town of Concord
Town of Carlisle
Case Collaborative
No. Middlesex Regional School District

Guests Present:

Robert Anderson
Robert Cannon
Bill Hickey
Maria Chandler
Fred Winer
Carol Cormier
Richard Bruger

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

Chair Paul Cohen called the meeting to order at 2:05 p.m.

Approval of the minutes of the April 5, 2006 meeting:

Jerry Martin moved to approve the Steering Committee minutes of the meeting of April 5, 2006.

Larry Barton seconded the motion. The motion passed by unanimous vote.

Motion

Treasurer's Report:

Treasurer Tony Logalbo reviewed the Treasurer's Report of April 30, 2006 (unaudited figures). He said the Fund Balance continues to decline because of high cost claims activity. He said that the current uncommitted fund balance is \$544,222 which is well below the target. He said that the preliminary claims information for May indicates that there will be no relief from high claims activity.

Carol Cormier noted that the Group is owed \$130K in reinsurance reimbursements and that about \$72K of that had been received at GBS just before she left for this meeting.

Paul Cohen asked if GBS's other joint purchase group clients were experiencing similar financial situations.

Ms. Cormier said that it varied from group to group.

Group Benefits Strategies Reports:

Section 18 actuarial study – Carol Cormier said that she had received the results of the Ch. 32B, Section 18 actuarial study done by The Segal Company and that all MNHG's Medicare plans have been deemed to be actuarially comparable to the active employee plans. She said she hopes to get a signed copy of the findings next week.

Funding Rate Analysis by Plan Type – Carol Cormier reviewed the report with data through April. She said that on a paid basis expenses exceeding funding by 4.3%. She said that the Tufts EPO had a funding shortfall of \$1 million and that on a composite basis across all plans, there was a funding shortfall of \$1.19 million. She said that the Medicare Complement Plan (MCP) was performing well.

Level Monthly Deposit (LMD) Quarterly Accounting Report for HPHC plans – Ms. Cormier said that the LMD had been set too low and that MNHG owed Harvard Pilgrim (HPHC) \$475,883 at the end of the third quarter and \$139,920 at the end of the first month of the fourth quarter. She said that HPHC has made a proposal for FY07 to increase the LMD to \$820,000. Ms. Cormier reviewed GBS’s analysis of HPHC’s proposal. She said that GBS thought that the requested amount was not unreasonable, but that the Committee could make a counter-proposal.

Tony Logalbo moved to propose a Level Monthly Deposit for FY07 of \$800K.

Motion

Larry Barton seconded the motion. The motion passed by unanimous vote.

Bill Hickey said he would take the MNHG’s counter-proposal back to HPHC and would let the Committee know if it is accepted.

Stop Loss Reports – Ms. Cormier reviewed the CY05 non-confidential reports with ten members with claims totaling \$2,124,332. She said claims for two of the ten members totaling about \$258K had just been paid in March. She said that there is an outstanding reimbursement of \$59,927 for this policy.

Ms. Cormier reviewed the CY06 non-confidential report showing two members with claims totaling \$566,730. She said that the \$100K aggregating specific deductible had been satisfied and that \$71,526 is due to the Group on this policy to date.

The Committee requested GBS to indicate in future reports if a member on the current policy had also been a high cost claimant on the previous policy.

PBS/myMedicationAdvisor® report – Ms. Cormier said that the program was performing well financially through March relative to the projections. Ms. Cormier noted that the generic component of the program is important and that it has not yet been operationalized. She asked the Committee if it would like to hear the proposal at the next meeting.

The Committee responded affirmatively and Ms. Cormier said she would invite PBS and myMedicationAdvisor® to the next meeting once the date has been set.

Tony Logalbo asked to receive copies of the MNHG/PBS subaccount bank statements. He said he is currently only booking the monthly deposits to the account.

Ms. Cormier said she would arrange for Mr. Logalbo to receive the statements.

Steering Committee vacancy:

Paul Cohen said that Pauline Paste will retire at the end of June leaving a vacancy on the Committee. He asked if anyone has expressed interest in serving on the Committee.

Since Committee members were not aware of expressions of interest, Mr. Cohen asked that the Board be informed of the vacancy prior to the meeting with a call for volunteers.

Plan Design:

Carol Cormier reviewed the estimated impact on claims provided by Harvard Pilgrim (HPHC) and Tufts based on group-specific data in response to specific benefit changes for FY08 that may be contemplated by MNHG. She said that the estimates of claims decrements for all the benefit changes were in the 3-5% range.

Rob Anderson distributed Fallon estimates of claims decrements based on Fallon’s book of business and the possible benefit changes. He said that the estimated decrements had been recently released.

Ms. Cormier said that the Fallon decrements were considerably more aggressive than those of Tufts or HPHC.

There was a discussion about the benefits and the estimated financial impact of making changes.

Ms. Cormier said that HPHC had used 2005 data. She said that since claims are subject to trend, the impact on total claims of making changes to co-pays would be less than in the prior year.

Ed Orenstein asked about the co-pays of other groups and their impact on utilization.

Carol Cormier said she did not see evidence of decreased utilization as a result of higher co-pays.

Ms. Cormier reminded the Committee that they had discussed two possible approaches at the last meeting, i.e. making changes to current benefit plans and offering optional "lite" plans which would be off-the-shelf plans with lower benefit levels.

Tony Logalbo said he is becoming more inclined towards offering the "lite" plans as an option.

Larry Barton said that the Group has been maintaining the same co-pays for years while the cost of services have continued to increase. He said he thought it was time for an adjustment to the co-pays.

There was a discussion about making changes to current plans and the employers' collective bargaining obligations.

Paul Cohen said that the employees are not aware of the true cost of health care services and asked if the health plans could produce Evidence of Benefits (EOB) statements showing the cost of care received.

Maria Chandler said that this information is available on the Tufts website.

Mr. Cohen said that although it is available, it requires the member to go to the website to seek it.

Ms. Chandler said that members can print out their expenses from the website for income tax purposes.

Carol Cormier said that employers should remind employees of this and urge them to use this feature.

Carol Cormier said that the first cost-savings approach for employers should be changing the contribution levels because this can be done at the local level through collective bargaining and does not run into the problems created by the LRC decision in Dennis case. She said that adopting MGL Ch. 32B, Section 18 is another method for employers to reduce benefit costs. She also noted that the Retiree Drug Subsidy would help to control the cost of the Medicare Complement Plan. She said that changing benefits in a joint purchase group after Dennis can be done but it is more difficult. Ms. Cormier said that the recent study showing that 4% of the covered population account for 50% of health benefits costs, indicates that a true win-win cost saving approach is proactive disease management programs and risk reduction programs. She said she hopes that the MNHG will look into and implement both of these approaches, which save money and improve quality of life for health plan members.

Tony Logalbo said that if the Committee is considering benefit changes, there should be a meeting with the people who have to do collective bargaining to see if they think this is feasible. He said that Town Managers, School Superintendents, school Business Managers, Human Resource Directors should be invited to participate in the meeting.

Paul Cohen said not to lose sight that it is the high-cost claims that are impacting the MNHG.

Tony Logalbo noted that there are discussions at the state level about permitting municipalities to join the GIC program. He also pointed out that GASB45 requirements raise public visibility of the cost of benefits and raise public anger.

Ed Orenstein and Jerry Martin said that they thought that the fall would be the best time for a meeting with managers.

The Committee agreed to pursue such a meeting.

Disease Management:

Bill Hickey said that the HPHC report on prevalence of disease was found to be corrupted and is being run again. He apologized for the delay.

Rob Anderson said Fallon was having data issues with the request for a prevalence of disease/disease management report. He said that they have not been asked for this type of report before.

Maria Chandler noted that she had provided the disease management report previously.

Carol Cormier said that Fallon offers the Disease Management programs to self-funded clients without additional charge but noted that the Fallon administrative fees are higher than those of Tufts and HPHC.

Larry Barton asked Rob Anderson if the Disease Management programs were actively in place for MNHG.

Mr. Anderson responded affirmatively.

Ms. Cormier said that the package of reports and proposals should be presented at the next MNHG Steering Committee meeting.

Health Plan Reports:

Tufts Health Plan – Maria Chandler said that the new MCP Identification cards had gone out to members.

The Committee thanked Ms. Chandler for making the design change to try to reduce confusion between Medicare Complement Plan (MCP) and Tufts Medicare Complement (TMC).

Fallon Community Health Plan – Rob Anderson reminded the Committee that the Nashoba Valley Medical Center had been added to the provider network. He said he is still researching the issue raised by Tony Logalbo about the legality of municipal employers funding HSAs.

Harvard Pilgrim Health Care – Bill Hickey said he did not have anything additional to report.

Other Business:

Larry Barton said he would like more discussion at the next meeting regarding the so-called “lite” plans.

Paul Cohen said he is not sure whether adding “lite” plans to the mix would add to the problem or help to solve it.

Tony Logalbo said that in his opinion if the Group could not lock people into “lite” plans for several years, it will not work.

Mr. Logalbo said that regarding the proposed meeting with managers, an agenda should be developed shortly and it should make the case for why the MNHG should contemplate benefit changes.

Ed Orenstein said that the meeting date should be set sufficiently in advance to avoid conflicts. He said that a write-up about the need for the meeting along with some data should go with the invitation to the meeting.

Mr. Orenstein asked that the meetings for the next year be set at the Board meeting next week.

There was no other business.

Chair Paul Cohen adjourned the meeting at 3:50 p.m.

*Prepared by Carol Cormier
Group Benefits Strategies*