

## MINUTEMAN NASHOBA HEALTH GROUP

### Steering Committee Meeting

Harvard Town Hall  
Harvard, Massachusetts

Meeting Minutes

Wednesday, July 12, 2006 at 2:00 p.m.

#### Committee Members Present:

Paul Cohen, Chair  
Tony Logalbo, Treasurer  
M. Lawrence Barton  
Valerie Jenkins  
Edward Orenstein  
Jerry Martin  
Judy Belliveau

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

#### Guests Present:

Bill Hickey  
Maria Chandler  
Heidi Steinitz  
Carol Cormier  
Lisa Trombly

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

Chair Paul Cohen called the meeting to order at 2:00 p.m.

#### Approval of the minutes of the May 31, 2006 meeting:

Larry Barton moved to approve the Steering Committee minutes of the meeting of May 31, 2006.

Valerie Jenkins seconded the motion. The motion passed by unanimous vote.

Motion
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#### Treasurer's Report:

Treasurer Tony Logalbo reviewed the Treasurer's Report of May 31, 2006 (unaudited figures). He said the Fund Balance continues to decline because of high cost claims activity but that the figures reported do not include any of the expected reinsurance reimbursements of approximately \$48K nor do they include the estimated Retiree Drug Subsidy (RDS) of approximately \$140K. He said the RDS would be based on 5 months of prescription drug claims from January through May. He said that the current uncommitted fund balance is negative \$11,515.87, which is well below the target of over \$4.2 million based on recent claims. Mr. Logalbo stated that the total assets were \$4.4M.

Mr. Logalbo stated that the auditor had conducted the work for the FY06 audit and the draft report should be completed soon.

#### Group Benefits Strategies Reports:

Funding Rate Analysis by Plan Type – Carol Cormier reviewed the report with data through May. She said that the only plans not reflecting a funding shortfall were the Tufts MCP and the Harvard Pilgrim EPO. Ms. Cormier said that across all plans there was a funding shortfall of \$1.7M on a paid claims basis.

Level Monthly Deposit (LMD) Quarterly Accounting Report for HPHC plans – Ms. Cormier said that in reviewing the last two months of the policy year, MNHG owed Harvard Pilgrim \$443K. She stated that the LMD has been increased to \$800K for FY07.

Stop Loss Reports – Lisa Trombly reviewed the CY05 non-confidential reinsurance excess claims reports with ten members with claims totaling \$2.1M. She said there is an outstanding reimbursement of \$47,943.20 for this policy. Ms. Trombly said there were 17 members on the 50% report with claims totaling \$1.6M.

Lisa Trombly reviewed the CY06 non-confidential excess claims reports with four members with claims totaling \$967,319. She stated that two of the listed members also appeared on the CY05 policy period and that one of the excess members has since expired. She said the Aggregating Specific Deductible of \$100K had been met and the Group has been reimbursed all but \$1K of the remaining excess. Ms. Trombly stated that there were four members on the 50% report totaling claims of \$177K as of May 31, 2006.

There was a discussion.

Tony Logalbo asked that GBS inquire with Fallon as to why Fallon was delayed in reporting a large loss to the reinsurance carrier.

PBS/myMedicationAdvisor® report – Heidi Steinitz, PhD., The Abacus Group, explained that the proposed Alternative Generic Savings Program is designed to function the same way as the Canadian Savings Program but would target those members using select brands that can be replaced with generic therapeutic alternatives. She said the Program offers zero co-pays for the generic therapeutic alternatives and also offers an over-the-counter (OTC) option for one drug. She explained how the program would work.

Paul Cohen said he had heard that the U.S. Senate was trying to stop the Canadian buying and selling programs.

Heidi Steinitz explained why she did not think this was a threat for the near future.

Ms. Steinitz said that there are just over 1,000 MNHG members who would receive the myMedicationAdvisor® Alternate Generic Savings Program mailings. She said these members are currently using the selected brands for which there is no generic equivalent but for which there are generic therapeutic alternatives. She said the letter suggests that the member discuss the possible switch to a generic therapeutic alternative with his/her doctor.

There was a lengthy discussion about the Program.

Carol Cormier advised the Steering Committee that if it decided to recommend launching the Alternative Generic Savings Program it should send a letter to union presidents to inform them about the Program and seek agreement that the program would not be subject to collective bargaining if the MNHG believes that it should be withdrawn at anytime. She said that this was the same approach as had been followed with the Canadian purchasing program.

Paul Cohen stated the Steering Committee would need to vote on whether or not it would recommend the program to the Board. He said the Steering Committee should meet prior to the September Board meeting.

Heidi Steinitz said she would get a complete packet to Carol Cormier for distribution to the Board in order for the members to review it prior to the Board meeting in September.

Ed Orenstein suggested that the Steering Committee meeting on September 14 prior to the 10:00 a.m. meeting of the Board on that same day.

#### **Disease Management:**

Carol Cormier reviewed the Healthcare Cost Information and Projections of the Harvard Pilgrim Disease Management programs. She asked Bill Hickey, HPHC, to elaborate.

Bill Hickey outlined each of the Disease Management programs. He said the Heart Champion<sup>SM</sup> has the largest population of members who would be eligible for the program. He said the program uses predictive rules-based algorithms and clinician referrals to identify and reach out to those members with serious cardiovascular disease who would most likely benefit from intervention.

Mr. Hickey also outlined the Your Care Champion<sup>SM</sup> program explaining that cost and quality of life issues are directly addressed by clinical experts using evidence-based treatment guidelines to reduce the incidence of flare-ups and complications for those members with certain rare or complex conditions.

He said the other programs HPHC offers are the Oncology Care Management Program, End Stage Renal Disease (ESRD) Program, Prepared for Care<sup>SM</sup>, and RN-24/7<sup>SM</sup>.

Tony Logalbo asked how the programs and savings are measured.

Bill Hickey said that results and savings cannot be identified at the group level but rather across HPHC's book of business. He explained that large numbers are required to make such determinations.

Paul Cohen asked if the programs are automatically included in the Premium Accounts.

Mr. Hickey said that they were, which, he said, shows that HPHC believes that these programs make a difference. He said they were unbundled for the ASO accounts per the requests of private sector ASO accounts over the years.

Carol Cormier said the programs are priced and purchased individually. She reviewed the cost savings of each program for the MNHG and highlighted the programs that she thought made the most sense for MNHG to adopt. She reminded the Committee of the results of a recent Watson Wyatt Worldwide study that found that 4% of the covered population account for 50% of the claims expense. She said she had run reports for MNHG and shared them with the Committee, which showed that these numbers apply to MNHG. She said that the Disease Management programs respond to conditions that account for high cost claims and ongoing claims.

Larry Barton asked how long it takes to ramp up a program and then see the savings.

Bill Hickey responded that it takes about 90 days to get a program going. He further stated that it greatly depends on if the member stays with the program, his/her level of disease, and a number of other conditions.

Ms. Cormier said it would most likely be at least 18 months before savings could be realized.

There was a discussion.

Carol Cormier said she recommended the Group adopt the Heart Champion<sup>SM</sup> and Your Care Champion<sup>SM</sup> Programs to begin with.

Bill Hickey said that the Group would only be billed for those members who actually participate in the Program. He said the cost is per program per participant per month.

Tony Logalbo said he didn't see why MNHG wouldn't just adopt all of the programs because they were all productive things to do if the Group were willing to pay the program fees associated with them.

Maria Chandler said that Tufts could generate a report every quarter that shows how many are participating and the cost of the program. She said she could send a sample report to Carol Cormier to review.

There was another discussion pertaining to the cost associated with each Disease Management program of Tufts and Harvard Pilgrim.

Paul Cohen acknowledged that high cost claims are rising and the Group needed to try to do something about it. He said adopting these programs made sense.

Larry Barton asked the plan representatives if the current high cost claimants on the reinsurance reports fell into any of these disease states.

Maria Chandler said she would look into this.

Larry Barton said the Steering Committee should look at the cost impact of the overall programs for this premium year and decide whether it can be afforded to implement them now or to wait.

Maria Chandler and Bill Hickey both said that they would need at least 60 days to go live.

Tony Logalbo said looking at the cost impact was a good idea. He said this should be reviewed again for a possible December start date. He further stated that he was positively inclined to adopt the Programs at this point but for an implementation of June.

Larry Barton agreed but said he was worried about the financial impact.

After a brief discussion, Paul Cohen stated that the Disease Management Programs should be placed back on the agenda for further discussion at the September meeting.

**Benefit Design:**

Carol Cormier reviewed the possible benefit changes for FY08 and estimated cost impact provided by the health plans. She said she had also placed a West Suburban Health Group (WSHG) proposed optional HMO "Lite" plan design in the packet for the MNHG Steering Committee to review so members could have an idea of what other Groups are considering.

There was a discussion about the "Lite" plans and adverse selection.

Ms. Cormier further reviewed some of the possible benefit changes to be discussed at the proposed meeting with managers.

Paul Cohen said he found the information to be very interesting but did not see how a 5% savings would be worth attempting to bargain with the Unions.

Valerie Jenkins said that the Town of Groton just got its unions to agree to a lower contribution from 90/10 to 80/20. She said now that the members have felt the financial impact they may be willing to view options that will allow them to get more of a savings on premiums.

Mr. Cohen said this is something that each Insurance Advisory Committee ( IAC) needs to hear.

Tony Logalbo said with the percentage of increases and looking at the future it doesn't offer much room for improvement. He said the School Boards and Town Selectman need to be reminded that they are part of the Minuteman Nashoba Health Group. Mr. Logalbo said they often complain about the high costs of health care but they don't realize there are options that could help bring this down. He said they need to hear these other options available.

There was a brief discussion about the proposed location of a meeting to inform management and labor about the health insurance cost increases and options for controlling costs.

Paul Cohen said as this point it doesn't seem like the topic of discussion is clear enough to meet with Selectman and Superintendents. He said that they wouldn't want to come if there is no consensus of what needs to be discussed.

Carol Cormier recommended putting together a small sub-committee to discuss the ideas they think would be relevant and then recommend them to the Steering Committee for decision.

Valerie Jenkins and Tony Logalbo volunteered to be on the sub-committee.

Carol Cormier said she would work with Ms. Jenkins and Mr. Logalbo to discuss the informational meeting and make recommendations for Disease Management, Proposed Benefit Changes, and the myMedicationAdvisor® program.

**Other Business:**

Tony Logalbo and Valerie Jenkins agreed that they would meet with Carol Cormier on July 20, 2006 at 8:30 a.m. at Groton Town Hall.

Paul Cohen said the next Steering Committee meeting would be held on August 24, 2006 at 2:00 p.m. at Harvard Town Hall. He said the agenda items should be what the sub-committee recommendations are on the above topics.

There was no other business.

Tony Logalbo motioned to adjourn the meeting.

Motion

Judy Belliveau seconded the motion. The motion was passed by unanimous vote.

Chair, Paul Cohen adjourned the meeting at 4:20 p.m.

*Prepared by Lisa Trombly  
Group Benefits Strategies*