

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Bolton Public Library
Bolton, Massachusetts

Meeting Minutes

Wednesday, September 11, 2013 at 10:00 a.m.

Steering Committee Members Present:

Donna Madden, Chair
Tony Logalbo
Margaret Dennehy
Melisa Doig
Lorraine Leonard
John Flaherty
Suzanne Loverin
Larry Barton

Town of Bolton
Town of Concord
Town of Boxborough
Town of Ayer
Town of Harvard
Concord-Carlisle RSD
Town of Groton
Town of Carlisle

Guests Present:

Bill Hickey
Jason Fortin
Robert Cannon
Fred Winer
Erin Hayes
Carol Cormier
Karen Carpenter

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

Chair, Donna Madden, called the meeting to order at 10:04 a.m.

Approval of the minutes of the April 4, 2013 meeting:

Tony Logalbo moved to approve the Steering Committee minutes of the April 4, 2013 meeting.

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

Motion

Treasurer's Report:

Treasurer Tony Logalbo reviewed the financial statements of August 31, 2012 (unaudited figures). He reported a fund balance of \$9,849,985 and surplus over the fund balance target of \$5.3M at the end of August 2013. Mr. Logalbo said that \$1.9M of the fund balance is expected to be used to supplement the FY14 health plan rates. He noted that the claims costs are 8% lower than they were at this time last year.

There was a discussion about the plan design changes made in FY12 and the impact those changes may have had on the fund balance.

Larry Barton said that his town is seeing that the mitigation funds are winding down. He asked for reports to show the out-of-pocket expenses for the Town of Carlisle's health plan members.

Melisa Doig said that the Town of Ayer offers \$2,500 to individuals and \$5,000 to its employees who are enrolled in their spouse's employer health plan. She said that the town looked into MIIA and said that their rates were not comparable to MNHG's plans.

Fund Balance Policy – Tony Logalbo said that the MNHG’s Fund Balance Policy was adopted approximately 10 years ago and said that he would like the Committee to consider recommending to the Board to amend the policy to include how to handle an excess surplus of the fund balance. He reviewed the proposed amendment as follows: “Whenever the uncommitted fund balance position is estimated to be in excess of the target level at the time annual health plan rates are being set, the Board will: 1. Make its best judgment of the available uncommitted fund balance in excess of the target balance likely to occur at the end of the current plan year; and 2. Apply to the next plan year funding no more than half of such projected available uncommitted fund balance.”

There was a discussion.

Lorraine Leonard made a motion to recommend the proposed amendment to the trust fund policy to the Board as presented.

Motion

Melisa Doig seconded the motion. The motion passed by a unanimous vote.

GBS Reports:

Carol Cormier, GBS, reviewed the Funding Rate Analysis Report with data through fiscal year ended June 30, 2013. She said the expense-to-funding ratio through June was 91.8%. She said that the reinsurance reimbursements received were \$230K. Ms. Cormier reviewed the FY14 Funding Rate Analysis Report with data through August 31, 2013. She said the expense-to-funding ratio through August was 89.4%. Ms. Cormier reviewed the Retiree Drug Subsidy (RDS) received to date and noted that all of the senior plans are fully insured plans and are not eligible for the RDS.

She said that the new HPHC level monthly deposit is \$1.026M and said that MNHG has a debit balance of \$286,348K.

Stop Loss Reports- Karen Carpenter reviewed the Stop Loss reports for CY12. She said that there are two claimants with claims exceeding the CY12 Stop Loss Specific Deductible of \$275K with total excess claims of \$691,295. She said that the \$450K Aggregating Specific Deductible has been met and said that MNHG has received reimbursements of \$240,092. Ms. Carpenter said there is a total of \$1,202 of denied claims for experimental drugs. She said that there are 12 claimants on the 50% report with claims totaling \$2.3M. Ms. Carpenter reviewed the Stop Loss reports for CY13. She said that there is one claimant with claims exceeding the CY13 Stop Loss Specific Deductible of \$275K with total excess claims of \$359,287. She said that the \$450K Aggregating Specific Deductible has not been met. Ms. Carpenter said there are 4 claimants on the 50% report with claims totaling \$852K.

On-line health plan enrollment transactions – Carol Cormier said that GBS made a decision to build a home-grown computer program that would enable online health plan enrollment and termination transactions. She said that GBS will be testing termination transactions first. Ms. Cormier said that she will speak with Ruth Lynch, Enrollment and Billing Manager regarding the timeline and details.

Suzanne Loverin asked how some of the other MNHG units are administering their Health Reimbursement Accounts (HRA) and whether or not they use a third party administrator.

Bill Hickey said that he recommends hiring a third part administrator and said there may be issues if a unit tries to administer an HRA in-house.

CY13 Senior Plan Renewal and Rates:

Fallon Community Health Plan – Bob Cannon said the CY14 rate for the current Fallon Senior Plan with no plan design changes will be increasing from \$278 to \$307 effective January 1, 2014. He said that the Medicare Part D prescription drug out-of-pocket maximum is decreasing to \$4,550. Mr. Cannon reviewed a senior plan option which would increase the office visit co-pay to \$15 PCP/\$25 Specialist. He noted that physical, speech and

occupational therapies would take the lower PCP co-pay. He said that the monthly rate would be \$278 if the Board approves this option.

There was a discussion.

Tony Logalbo made a motion to recommend to the Board to approve the Fallon Senior Plan with increasing PCP and Specialist co-pays by \$5 each and a CY14 monthly rate of \$278.

Motion

Lorraine Leonard seconded the motion. The motion passed by unanimous vote.

Tufts Health Plan – Fred Winer said that the Tufts Medicare Preferred HMO Prime plan rate will be increasing from \$240 to \$252 effective January 1, 2014. He said that members will then be able to receive up to a \$90 eyewear reimbursement when receiving services at a non-EyeMed provider. He said the \$150 eyewear allowance remains unchanged when receiving services at EyeMed providers. He said that there is a new hearing aid enhancement with member discounts, a 3-year warranty and 1 year supply of batteries on hearing aids through Hearing Care Solutions (HCS). He said that members will continue to be eligible for the \$500 allowance toward replacement or purchase of a hearing aid every 3 years.

Mr. Winer said that the Tufts Medicare Preferred Supplement with PDP Plus rate will be increasing from \$345 to \$349 and said there are no changes to the benefits.

Mr. Winer said that effective January 1, 2014, Reliant Medical Group (RMG) has chosen to partner exclusively with one Medicare Advantage HMO plan, the Tufts Medicare Preferred HMO. He said that RMG will continue to accept all Medicare supplement plans.

Donna Madden said that the rates will be voted on at the Board meeting.

Wellness Program discussion continued:

Carol Cormier said that there was interest in moving forward with developing an RFP in search of a Wellness Consultant. She said that Donna Madden, Melisa Doig and Suzanne Loverin volunteered to form a Wellness Sub-Committee. Ms. Cormier asked how they would like to proceed.

Donna Madden said that the Committee will be meeting to go over the sample RFPs that Ms. Cormier sent to them.

Ms. Cormier said that the WSHG RFP is complex and said they did not receive responses to it. She suggested a somewhat more simplified RFP.

Website Re-design:

Carol Cormier said that Karen Carpenter worked with COLEwebdev to develop the re-designed website. She said that a link was sent to the Board and Benefit Administrators.

Donna Madden said that the website was very well received and the Committee thanked Ms. Carpenter for her work on this project.

Carol Cormier said that she communicated with the Chair and Co-Chair regarding payment of the remaining balance of the contract with Lisa Trombly, the current webmaster. She said the balance was \$750. Ms. Cormier said that GBS is proposing transferring the web maintenance to GBS for the same fee of \$1,500 for September 1, 2013 to August 31, 2014.

Lorraine Leonard made a motion to recommend to the Board to approve the final payment of \$750 to Lisa Trombly and the proposed GBS website maintenance contract and fee of \$1,500 for September 1, 2013 to August 31, 2014.

Melisa Doig seconded the motion. The motion passed by a unanimous vote.

Motion

Affordable Care Act requirements:

Carol Cormier said that she sent several communications regarding the Affordable Care Act (ACA) Health Care Exchange notification requirement for MA and out-of-state residents. She said that the Health Connector notification includes information about the Section 125 plan pre-tax plan requirement. She said that MA law requires employers to offer S. 125 pre-tax plans including to *non*-benefit eligible employees who purchase health insurance on their own through the MA Health Connector. Ms. Cormier said that based on the ACA, the Health Connector will not be permitted to be involved with plans offered on a pre-tax basis to non-benefit eligible employees effective 1/1/14. She said the Administration & Finance and the GIC put an a RFP for this service and have engaged the Mosaic Health Exchange to provide Voluntary plans to non-benefit eligible employees who are not using the MA Health Connector. She said the Mosaic Exchange will bill the employers for the plans. Ms. Cormier said that she is going to inquire about the costs of participating in Mosaic to see if municipalities will be eligible to participate in the rates and fees that the GIC will get. Ms. Cormier suggested submitting an application to Mosaic before Nov. 1 to qualify for the first-year waiver of the sign-up fee. She said that the Section 125 plan requirement for non-benefit eligible employees may be repealed and suggested sending a letter to the legislatives to appeal the voluntary plan requirement.

Subsequently federal guidance issued by the Department of Labor and the Internal Revenue Service via Technical Release 2013-03 and IRS Notice 2013-54 stated that under the Affordable Care Act, starting in 2014, employers can no longer offer Section 125 plans to employees to purchase non-group health insurance without an employer contribution. This language appears incompatible with the provisions of MGL Ch. 151F and Mass. regulation, 956 CMR 4.07(3), which require employers to offer Section 125 plans under which an employee can purchase health insurance without any employer contribution.

Ms. Cormier said that the MA Fair Share requirement is no longer required, but said that the employers may want to continue asking the employees who decline coverage to fill out the employee HIRD form.

Update on Multi-Level Reinsurance Pooling Arrangement:

Donna Madden said that she is part of a small Advisory Committee working with GBS and Gallagher Benefits Services to review a reinsurance pooling arrangement model different from the one originally proposed.

Carol Cormier said that the original model included AIG as both the reinsurance pool administrator and the reinsurer. She said that most of the groups were uncomfortable with being locked into one carrier that would have control over the whole business. Also, she said that AIG pricing was high. Ms. Cormier said that the new model has Gallagher Insurance Services as the broker, Artex Risk Solutions, a wholly owned company of Gallagher, and a Delaware captive arrangement as the pool administrator. She said that the reinsurance in the top layer of the arrangement could be bid out every couple of years. She said that Mike Madden of Artex phoned into the meeting from California. She said that he will be flying out to attend the next meeting. Ms. Cormier said that Marc Waldman, Chair of West Suburban Health Group (WSHG), and Ms. Madden requested that Tony Logalbo be invited to join the Committee.

Donna Madden said that the reinsurance carriers are reluctant to quote on municipal reinsurance. She said that a new option is needed to assure that the groups can obtain coverage for high cost claims and said that the Committee will review all of the information to fully understand how the arrangement will work. She said that 3 Joint Purchase Groups are needed to form the arrangement at the start. She said that in addition to MNHG, WSHG and Cape Cod Municipal Health Group (CCMHG) are also interested and involved in the planning. Ms.

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Madden said that the MNHG's reinsurance contract runs on a calendar year; whereas, the pooling arrangement will operating on a July through June basis. She said that MNHG can request a 6-month reinsurance renewal or an opt-out clause.

Carol Cormier said that the next Advisory Committee meeting is scheduled for October 24th.

Health Plan Reports:

Harvard Pilgrim Health Care (HPHC) – Bill Hickey said that HPHC is focusing on the ACA and legislative requirements and making system conversions to meet those requirements. He said that HPHC is now licensed in Connecticut and will be marketing there next year. He said that they are also hoping to receive approval from CMS to offer a group Medicare Advantage plan for 2015. Mr. Hickey said they are working on small network and preferred plans that will steer members to utilize certain facilities.

Tufts Health Plan – Erin Hayes said that like HPHC, Tufts is keeping up with the ACA requirements and said that she will be speaking soon about some plan design changes that may be needed to align with the ACA. She said that Tufts now has small network and tiered products available. She said that she sees the most success with these types of plans when they are offered exclusively.

Fallon Community Health Plan (FCHP) – Jason Fortin said that FCHP is also working on their infrastructure to support the requirements of the ACA. He said that there have been issues with the dental benefit when the dentists decide not to accept FCHP insurance. He said that when FCHP made the decision to eliminate the dental benefit that they terminated contracts with the dentists. He said that he requested a report on the number of MNHG calls to member services regarding the dental benefit. He said that there were 70 calls in total prior to June and 50 of those calls were from members asking for a dental provider list and/or benefit structure. He said that FCHP has re-educated the providers to know that there are still two groups that have dental coverage through FCHP. He said that oral surgery is covered under the health insurance and not the dental benefit. He clarified that the dental benefit is an add-on and not a dental plan. Mr. Fortin said that some of the providers have chosen not to take the FCHP plan coverage.

FCHP Senior Plan – Bob Cannon said that the Fallon Senior Plan network has not changed, but he said the network is now crossing over to NH, RI and CT. He said that he has a chart available and to contact him if anyone would like a copy.

Other Business:

There was no other business.

Tony Logalbo asked to add the Fund Balance Policy to the Board Agenda.

Chair Donna Madden adjourned the meeting at 12:35 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*