

## MINUTEMAN NASHOBA HEALTH GROUP

### Steering Committee Meeting

Harvard Town Hall  
Harvard, Massachusetts

Meeting Minutes

Wednesday, October 18, 2006 at 2:00 p.m.

#### Committee Members Present:

Paul Cohen, Chair  
Tony Logalbo, Treasurer  
Valerie Jenkins  
Jerry Martin  
Judy Belliveau  
John Flaherty  
Larry Barton

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

#### Guests Present:

Bill Hickey  
Maria Chandler  
Kelly Kinney  
Rich Bienvenue  
Carol Cormier  
Lisa Trombly

Harvard Pilgrim Health Care (HPHC)  
Tufts Health Plan (THP)  
Tufts Health Plan (THP)  
Thevenin, Lynch & Bienvenue, LLP  
Group Benefits Strategies (GBS)  
Group Benefits Strategies (GBS)

Chair Paul Cohen called the meeting to order at 2:03 p.m.

#### Approval of the minutes of the August 24, 2006 meeting:

Valerie Jenkins moved to approve the Steering Committee minutes of the meeting of August 24, 2006.

Tony Logalbo seconded the motion.

Motion
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John Flaherty abstained from voting. The motion passed by majority approval.

#### Exit Interview with Auditor, Richard Bienvenue, C.P.S., Thevenin, Lynch & Bienvenue:

Rich Bienvenue stated that the Independent Auditor's Report and Management Letter for the year-end May 31, 2006 and May 31, 2005 were included in the packet. Mr. Bienvenue reviewed the Management's Discussion and Analysis stating that some of the financial highlights included assets exceeded liabilities by \$161,181 (net assets) at the close of the fiscal year; for the year ended May 31, 2006, net assets decreased by \$2,074,791; and the statement of cash flows identifies the sources and use of cash activity for the fiscal year and displays a net decrease in cash of \$1,149,763 for the year. He proceeded to review the Statement of Net Assets saying that the total assets for 2006 were \$4,822,117 compared to 2005, which were \$5,655,949.

Carol Cormier said the Retiree Drug Subsidy was off a bit from what was projected. She said the expected amount is now \$115,948.

Mr. Bienvenue said he would update the Medicare Part D Subsidy figures.

Ms. Cormier said the alternative prescription drug program was new to the report this year and was represented under the Deposits with Insurance Carriers section.

Rich Bienvenue said the Group has done a good job in estimating the IBNR.

There was a discussion.

Carol Cormier said that in reviewing page 6 of the notes under reinsurance, she found the Medicare Complement Plan (MCP) reinsurance policy was not listed. She said the MCP plan has a different policy level but no claims had exceeded

the specific deductible. Ms. Cormier said it should be noted in the report that the MCP plan has a 12/24 plan with a specific deductible of \$100,000.

Mr. Bienvenue said he would add this to the report.

Larry Barton said under the Management Letter there is a paragraph about IBNR. He said the recommendation is to consider revising the IBNR calculation so that the resulting IBNR approximates 10-12% of claims for the most recent 12-month period. Mr. Barton asked for clarification.

Mr. Bienvenue reviewed what Mr. Barton referred to and found that the wrong Management letter was included in the packet. He said he had the current letter with him and distributed copies. Mr. Bienvenue said that the IBNR is really tight presently with keeping it at 10-12% and that the recommendation based on claims would be to increase the IBNR to 12-14% since the MNHG does not report the know claims payable amount separately.

Paul Cohen asked if anyone had any thoughts on how to implement this more conservative approach.

Larry Barton said he finds it useful to have consistency year after year so that changes can easily be identified.

Rich Bienvenue said this was just a recommendation but that if the method is consistent it needs to also be accurate. He said if it is not accurate then it should be changed in order to be.

Rich Bienvenue said that every year there is a sample of data taken from electronic claims reported to Group Benefits Strategies to test for accuracy and it was successful. He said he wanted the Group to be aware of this.

Tony Logalbo and Paul Cohen signed the representation letter.

#### **Tufts Utilization and Cost Report:**

Maria Chandler introduced Kelly Kinney of the Reporting Department of Tufts Health Plan.

Kelly Kinney reviewed the report covering topics such as demographics, medical costs, utilization, and high cost claimant categories, comparing group-specific data to Tufts book of business data. MNHG medical and pharmacy costs per member per month (pmpm) increased from \$293.85 to \$358.40 from FY05 to FY06, representing a 22% increase. The Tufts book of business cost was \$283.26 pmpm for FY06. MNHG pharmacy costs alone increased 9% from \$68.33 pmpm to \$74.51 pmpm. Ms. Kinney noted that there were significant increases in per member costs in diseases of the circulatory system and injury and poisoning diagnostic categories. She said that in FY06 28 cases accounted for 23% of total medical costs and that 11 of the 28 cases had cancer related diagnoses and 5 of the 28 had heart related diagnoses. The highest cost claimant was injury related.

Carol Cormier asked what the Group could act on based on the information supplied on the Utilization and Cost report.

Kelly Kinney said the Group could possibly move individuals to senior plans by adopting Section 18.

Carol Cormier said she would be very interested in seeing a list of individuals that may be Medicare eligible and able to move to a senior plan. She said she would like to see a report of claims costs for the active plans with and without members over age 65.

Ms. Kinney said she could pull a report by the end of November to display this information.

There was a brief discussion.

#### **Vacancy of the Chair position:**

Paul Cohen said he is stepping down from the position of Chair of the Minuteman Nashoba Health Group because he has taken the position of Town Manager for Town of Chelmsford. He said this leaves openings on both the Board and the Steering Committee. Mr. Cohen said elections will be held at the Board meeting of December 6, 2006 and asked if anyone were interested in serving on the Nominating Committee.

Valerie Jenkins volunteered to serve out the remainder of the term of Paul Cohen.

Tony Logalbo, Judy Belliveau, and Jerry Martin volunteered to serve on the Nominating Committee.

**Treasurer's Report:**

Treasurer Tony Logalbo reviewed the Treasurer's Report of September 30, 2006 (unaudited figures). He said the uncommitted Fund Balance is \$1,584,989. He stated that the total assets are \$5.1 and the total liabilities are \$3.6M.

**Group Benefits Strategies Reports:**

Funding Rate Analysis by Plan – Carol Cormier reviewed the report for the policy period 6/1/06-5/31/07 and said that through the first three months of this new policy the expense-to-funding ratio was 90%. She said the only plan that has been under funded is the Tufts POS plan.

Level Monthly Deposit (LMD) Quarterly Accounting Report for HPHC plans – Ms. Cormier said the report for the incorrect quarter was included in the packet. She said she would review the Level Monthly Deposit at the next meeting.

Stop Loss Reports – Lisa Trombly reviewed the CY06 non-confidential reinsurance excess claims reports with 6 members with claims totaling \$1.4M. She said there is approximately \$5K due to the MNHG in reimbursements at this time. Ms. Trombly said there were 13 members within 50% or more of the stop loss deductible with claims totaling \$1.2M.

Reinsurance Proposals – Carol Cormier said the Reinsurance Proposals would be sent out in early November. She said she would suggest reviewing the quotes at the December 13, 2006 meeting. Ms. Cormier said the MCP plan is currently reinsured with a deductible of \$100K. She said she would recommend raising the deductible to the same level as for the active employee. Ms. Cormier also said the Group should consider increasing the current specific deductible for all plans to \$200K with an ASD of \$175K.

Paul Cohen said with inflation in cost it seems appropriate to move the ASD to \$200K.

There was a discussion.

Paul Cohen asked Carol Cormier to request quotes with a deductible of \$200K and no ASD and a quote of \$200K with an ASD or \$175K and \$200K.

Tony Logalbo suggested obtaining quotes for a policy with a \$150K specific deductible with a \$100K ASD and a policy with a \$200K specific deductible with a \$100K ASD and a \$150K ASD, as well.

The Committee agreed to go with Mr. Logalbo's recommendations.

Ms. Cormier said she would also work with Tony Logalbo in submitting the first Retiree Drug Subsidy payment request.

**Benefit Design and proposed Meeting with Managers and Labor to discuss possible benefit changes:**

Carol Cormier stated that the invitational flyer was in the packet and should be sent out by each MNHG employer.

Paul Cohen said he will still be with the Town of Harvard through the end of November and said he would be available to speak.

Carol Cormier and Tony Logalbo said they would send Paul Cohen the slides that were created for his review.

Carol Cormier said the presenters would be Tony Logalbo, Paul Cohen and herself with a session for questions and answers. She said all employers should notify Group Benefits Strategies of expected attendees.

Paul Cohen said the next Steering Committee meeting was scheduled for December 13, 2006 at 10:00 a.m. in order to review the Reinsurance Proposals. He said the election of officers would take place at the next Board meeting on December 6, 2006.

There was no further business.

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

*Prepared by Lisa Trombly  
Group Benefits Strategies*