

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Groton Town Hall
Groton, Massachusetts

Meeting Minutes

Wednesday, November 30, 2011, 9:30 AM

Committee Members Present:

Judy Belliveau, Chair	Lincoln-Sudbury Regional School District
Donna Madden, Vice Chair	Town of Bolton
Anthony Logalbo, Treasurer	Town of Concord
Valerie Jenkins	Town of Groton
Margaret Dennehy	Town of Boxborough
Larry Barton	Town of Carlisle
John Flaherty	Concord-Carlisle Regional School District
Patrick McIntyre	Town of Clinton
Lorraine Leonard	Town of Harvard

Guests Present:

Richard Bienvenue	Auditor, Malloy, Lynch, Bienvenue, LLP
Michael Gilleberto	Town of Tyngsborough
Curtis Bates	Town of Boxborough
Clare Jeannotte	Town of Boxborough
David Lindsay	Town of Bolton
Owen Neville	Town of Concord
Marie Bacvarro	Town of Harvard
Timothy Bragan	Town of Harvard
Doug Jaspersen	Town of Ayer
Melisa Doig	Town of Ayer
Robert Pontbriand	Town of Ayer
Beth Helenius	Fallon Community Health Plan
Jason Fortin	Fallon Community Health Plan
Emily Savaria	Tufts Health Plan
Fred Winer	Tufts Health Plan
Paul Lazar	Harvard Pilgrim Health Plan
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair, Judy Belliveau called the meeting to order at 9:35 a.m.

Approval of the minutes of the September 14, 2011 meeting:

Donna Madden moved to approve the Steering Committee minutes of the September 14, 2011 meeting.

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

Motion

Treasurer's Report:

Treasurer Tony Logalbo said that the Uncommitted Fund Balance was \$4.1M as of October 30, 2011. He said the fund balance target was \$5.7M. Mr. Logalbo said that the claims costs are down 14% for the year and that revenue is up by 6%.

Lorraine Leonard moved to approve the Treasurer's report.

Motion

John Flaherty seconded the motion. The motion passed by unanimous vote.

Nominating Committee Report:

The Steering Committee agreed to recommend the Nominating Committee's report to the Board as presented to the Committee with no changes.

GBS Reports:

FY12 Funding Rate Analysis by Plan – Carol Cormier reviewed the Funding Rate Analysis report for FY12 with data through October 2011. Ms. Cormier said that the expense-to-funding ratio was 86.1%. She said that the Harvard Pilgrim PPO and the Tufts POS plans were under-funded, but said that there are low enrollments in those plans. Ms. Cormier noted that as of January 1, 2012, all of the MNHG senior plans offered will be fully insured and ineligible for the Retiree Drug Subsidy.

Level Monthly Quarterly Accounting Reconciliation for HPHC – Ms. Cormier said that at the end of October 30, 2011, MNHG has a credit balance with HPHC of \$369,189.

myMedicationAdvisor® Report- Carol Cormier said that the myMedicationAdvisor® program report reflects eleven months of data for the program year from November 2010 through September 2011 and said that the net savings was \$239,617K. She said that the employee savings was approximately \$61.5K. She noted that the generic Rx buying purchases are below projections.

Stop Loss Reports – Carol Cormier said that the MNHG RFQ for reinsurance was issued on November 22, 2011, and the bid opening will be at Group Benefits Strategies on December 13, 2011. She noted that there is a claimant that has a \$500K laser with the current carrier. She said a Steering Committee meeting to review the bids is scheduled for December 19, 2011 at 9:30 at Groton Town Hall.

Ms. Carpenter reviewed the Excess Loss Report for the CY10. She said that there are nine claimants that exceeded the \$225K specific deductible with total paid claims of \$3.69M. Ms. Carpenter said the Aggregating Specific Deductible of \$400K has been met and said that reimbursements of \$920,108 have been received. Ms. Carpenter said that there are no reimbursements due MNHG. She said there were 27 claimants on the report of claims at 50%+ with a paid claims total of approximately \$4.01M.

Ms. Carpenter reviewed the Excess Loss Report for the CY11 policy period. She said that there are two claimants that exceeded the \$250K specific deductible with total paid claims of \$510,087. Ms. Carpenter said the Aggregating Specific Deductible of \$400K has not been met. Ms. Carpenter said that there were 6 claimants on the report of claims at 50%+ with a paid claims total of \$1.06M.

Ms. Carpenter said that she would check to see if there is a lifetime maximum on the current reinsurance policy and report back to the Committee.

Health Plan Reports:

Tufts Health Plan – Fred Winer, Tufts Account Executive for senior products said there is a requirement by CMS to send a letter to the retirees affected by the transition of the MCP and TMC members to the

Tufts Medicare Preferred Supplement PDP plan. He said that he would send a copy of the letter to Carol Cormier for distribution to the employers to be aware what is being sent. He said that the letter provides information about Tufts Medicare Preferred Supplement PDP Plan and the coverage it offers, including a summary of benefits document. Mr. Winer said that the new ID cards, one for medical coverage and one for prescription coverage, will be mailed out to the retirees next week. He said that the retiree informational meetings went well.

Harvard Pilgrim Health Plan – Paul Lazar, Sales Manager for Municipal Markets, who is covering for Bill Hickey, said that everyone at HPHC is working behind the scenes to prepare for the plan design changes brought about by the new MA legislation.

Fallon Community Health Plan – Beth Helenius, VP of Retention and Consumer Sales at FCHP, said that they at Fallon are also working to prepare for the plan design changes that have resulted from the new MA legislation. She said that Fallon will be there to support MNHG throughout the process.

Judy Belliveau asked Ms. Helenius about the removal of the dental benefit from the MNHG Fallon plans and said that the group is very disappointed. She said that there are many members who rely on that benefit.

Ms. Helenius said that FCHP made a one-year exception to continue providing the benefit to the group. She said that the provider network is not being supported and cannot provide access across the area. She said that FCHP will not be offering the dental benefit, including the pediatric dental portion going forward. She said that this decision does not affect the senior plans which will continue to have a dental benefit.

Tufts Health Plan – Emily Savaria, Tufts Account Executive for the active products, said that she presented the new Alere Disease Management (DM) options to the Board at its last meeting and briefly reviewed the options to the Committee. She said that the Board will have to choose its preferred option since the current DM program will be discontinued. Ms. Savaria said that the only difference between Package #1 and #2 is the member Coaching. She said that the cost to MNHG will be approximately \$35K per year with Alere, as compared to the cost of the current Healthways DM cost of \$14,800 per month. She noted that there is an additional charge for the member Coaching of \$42 per month charged only if a member elects the service.

Valerie Jenkins made a motion to recommend the Alere DM Package #1, to include the Coaching to the Board to be effective June 1, 2012.

Motion

Donna Madden seconded the motion. The motion passed by unanimous vote.

FY11 Audit – Exit interview with Auditor, Richard Bienvenue, CPA:

Mr. Bienvenue reviewed the final draft audit and management report of the financial statements for the years ended May 31, 2011 and May 31, 2010. Mr. Bienvenue reported unrestricted net assets of \$93,185 which was down \$594K from the prior year. Mr. Bienvenue said that \$252K was received in Medicare Part D reimbursement. Mr. Bienvenue said that the IBNR was really close and said that an adjustment may be needed next year if the trend continues.

Mr. Bienvenue reviewed the comments and recommendations in the Management Letter and said that the Segregation of Duties represents a deficiency in internal controls that is common with Joint Purchase Groups. He said he knows that the Board intends to continue to monitor and evaluate financial reporting

and internal controls on an ongoing basis. Mr. Bienvenue said that it is recommended that the Group consider documenting its policies and procedures.

Tony Logalbo said that there is a prior year comment on page v that needs to be removed. He also said that the MNHG senior plan names needs to be updated to reflect the current plans. Mr. Logalbo said that MNHG does not have an Investment Policy because there are no investments. He said that the cash is handled through the bank.

Rich Bienvenue said that he would make the corrections to the draft audit.

Donna Madden made a motion to accept the MNHG FY11 Audit Report as amended.

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

Motion

Preliminary review of rate projections for FY2013:

Carol Cormier said that the MNHG has been discussing possible health plan design changes to be similar to the Group Insurance Commission (GIC) benchmark plan, Tufts Navigator Plan. She said that the changes that are being considered are not identical to the benchmark plan since the Board decided not to tier hospitals and physicians. Ms. Cormier said that the copays and deductibles proposed are the same as tier 2 of the GIC benchmark plan as allowed by the new legislation. She said that the goal is to move all plans to one plan design option.. Ms. Cormier said that MNHG hired Segal Company, to provide an independent actuarial estimate of savings (claims decrements). She said the health plans have also provided their estimates of savings. Ms. Cormier said that all estimates were based on a large populations and not on the specific MNHG utilization and population. She said that there is a concern about the low savings realized when the Rate Savers move to the GIC-like plan design as compared with the savings realized when moving the Legacy plans to the GIC-like plan design. Ms. Cormier explained that the Rate Saver plans are valued actuarially 10% lower than the Legacy plans and that MNHG reduced the Rate Saver rates an additional 5% to promote greater enrollment in the Rate Saver option.

Ms. Cormier reviewed the current health plan enrollment numbers. She said that North Middlesex RSD and the Town of Harvard offer only the Rate Saver plans and that accounts for the enrollment growth into those plans. She said that Rate Savers are not being selected where the employer offers both Legacy and Rate Savers.

Ms. Cormier explained how the projections were calculated. She said that the rating was complex and difficult because she needed to calculate what the rates would be if no plan design changes were made as well as with the changes, She explained the methodology. .

Carol Cormier reviewed the following scenarios:

Scenario A: GBS Projections based on June 2012 projected funding rates and October 2011 plan enrollments with a 2.0% composite increase.

Scenario B: Health Plan Projections based on June 2012 projected funding rates and October 2011 plan enrollments with a 2.0% composite increase.

Scenario C: Projections with plan design changes as calculated with a -7.5% decrease.

Scenario D: Same as Scenario C with an alternative approach to rating the GIC-like plans.

There was a discussion about what will happen to a unit that does not complete its obligations under Section 21.

Tony Logalbo said that the Board could vote to approve an exception brought to the Board for a short extension of time.

There was a lengthy discussion about the Rate Saver plan rates and the low savings that will be realized if the plan design changes to the GIC-like plans are approved by the Board. There was a discussion about the possibility of a 2-step transition.

Valerie Jenkins made a motion to recommend to the Board that the health plan design be moved to one menu, the GIC-like plan design as described.

Motion

Tony Logalbo seconded the motion. The motion was passed by a majority vote with one abstention.

There was a discussion about the rate projections and the possibility of using some of the trust fund surplus to subsidize the rates.

Tony Logalbo made a motion to recommend Scenario C, but using \$850K of the trust fund surplus to subsidize the rates and round the rates up to the Board.

Motion

Donna Madden seconded the motion. The motion passed by unanimous vote.

Carol Cormier reviewed the Definitions of Copays, Deductibles, OOP Maximum and Coinsurance.

Tony Logalbo made a motion to recommend to the Board the acceptance of the Definitions as described and presented.

Motion

Donna Madden seconded the motion. The motion passed by unanimous vote.

Other Business:

There was no other business.

Lorraine Leonard motioned to adjourn the meeting.

Motion

John Flaherty seconded the motion.

Chair Judy Belliveau adjourned the meeting at 12:45 p.m..

*Prepared by Karen Carpenter
Group Benefits Strategies*