

MINUTEMAN NASHOBA HEALTH GROUP

Steering Committee Meeting

Groton Town Hall
Groton, Massachusetts

Meeting Minutes

Monday, December 13, 2010

Committee Members Present:

Judy Belliveau, Chair
Donna Madden, Vice Chair
Anthony Logalbo, Treasurer
Valerie Jenkins
Margaret Dennehy
Larry Barton
John Flaherty

Lincoln-Sudbury Regional School District
Town of Bolton
Town of Concord
Town of Groton
Town of Boxborough
Town of Carlisle
Concord-Carlisle Regional School District

Guests Present:

Rich Bienvenue, CPA
Kathy Wylie
Amy Rondeau
Bill Hickey
Emily Savaria
Taylor Allen
Fred Winer
Robert Anderson
Robert Cannon
Carol Cormier
Karen Carpenter

Malloy, Lynch, & Bienvenue, LLC
Narragansett Regional School District
North Middlesex Regional School District
Harvard Pilgrim Health Care (HPHC)
Tufts Health Plan
Tufts Health Plan
Tufts Health Plan
Fallon Community Health Plan (FCHP)
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Group Benefits Strategies
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Chair, Judy Belliveau called the meeting to order at 1:39 p.m.

Approval of the minutes of the September 22, 2010 meeting:

Valerie Jenkins moved to approve the Steering Committee minutes of the September 22, 2010 meeting.

Motion

John Flaherty seconded the motion. The motion was passed unanimously.

GBS Reports:

FY11 Funding Rate Analysis by Plan – Carol Cormier reviewed the Funding Rate Analysis report for FY11 with data through October 2010. Ms. Cormier said that the expense-to-funding ratio was 107.3%. She said that the Harvard Pilgrim EPO and PPO and the Tufts EPO plans are under-funded and accounted for the negative numbers.

Level Monthly Quarterly Accounting Reconciliation for HPHC – Ms. Cormier said that the October LMD payment to HPHC was higher than the actual costs by \$40,759.10.

myMedicationAdvisor® Report – Carol Cormier said that the myMedicationAdvisor® program is running better than projected and said that the cumulative net savings from November 2009 through October 2010 was \$240,161. She said that the employee savings through November is approximately \$66K.

Stop Loss Reports – Karen Carpenter reviewed the Excess Loss Report for the CY10 policy period. She said that there are 7 claimants with total paid claims of \$2.62M. Ms. Carpenter said the Aggregating Specific Deductible of \$400K has been met. She said that \$222,638 in reimbursements are due MNHG. She said there were 15 claimants on the report of claims at 50%+ with a paid claims total of approximately \$7.47M.

Treasurer's Report (unaudited figures):

Tony Logalbo said that the Uncommitted Fund Balance was negative \$23,408.25 as of November 30, 2010. Mr. Logalbo said that the November balance is higher than the October balance of negative \$52,820.74. He said that fund balance target was \$5,983,629.

Rich Bienvenue joined the meeting.

Judy Belliveau asked if the expected FY12 rate increase would be about 15%.

Mr. Logalbo said that the claims experience is up by about 10% to 12%.

Rob Anderson joined the meeting.

FY10 Audit – Exit interview with Auditor, Rich Bienvenue, CPA:

Mr. Bienvenue reviewed the final draft audit and management report of the MNHG FY10 financial statements for the year ended May 31, 2010 and May 31, 2009. Mr. Bienvenue reported unrestricted net assets of \$687,871 which was down \$2.07M from the prior year. Mr. Bienvenue said that \$88.9K was received in Medicare Part D reimbursement. Mr. Bienvenue said that the current incurred but not reported (IBNR) liability is low and proposed an adjustment of \$1.25M. He reported an increase in estimated incurred claims in the amount of \$565,212.

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 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. He said that he meets bi-annually with the Joint Purchase Group for which he is the Treasurer to go over his procedures and practices. Mr. Bienvenue offered to participate should Mr. Logalbo want to do the same.

Mr. Logalbo and the Committee agreed that a Sub-Committee should be formed to review the Treasurer's practices and procedures.

Judy Belliveau, Larry Barton, and Tony Logalbo volunteered to become members of a Sub-Committee to review and document MNHG practices and procedures.

Mr. Logalbo asked Mr. Bienvenue to send Group Benefits Strategies a copy of the representation letter.

Reinsurance Quotes for CY11:

Carol Cormier reviewed the current reinsurance policy and said that the current broker is Stop Loss Insurance Services (SLIS) and the reinsurer is HCC Life Insurance Company. She said that it is a 12/24 policy with a specific deductible of \$225K and an aggregating specific deductible of \$400K.

Ms. Cormier said that MNHG asked for quotes with a \$250K specific deductible and also asked for alternative quotes that would save 10% on the premiums. She said that several quotes were received and she reviewed them. Ms. Cormier said that quote "c" from SLIS and Berkley Life & Health Insurance Company is firm and is the lowest quote with a specific deductible of \$250K and aggregating specific deductible of \$400K. She said

that the quote included a laser in the amount of \$500K on claimant dob 1/17/93 which is \$50K lower than the current laser on that same claimant in CY10. Ms. Cormier said that Sun Life of Canada did not quote the MCP plan, but stated that they may match a competitor's quote.

There was a discussion.

Tony Logalbo made a motion to approve quote "c" with Berkley Life and Health Insurance Company brokered by Stop Loss Insurance Services with a 12/24 policy, \$250K specific deductible, \$400K aggregating specific deductible and \$500K laser.

Motion

Donna Madden seconded the motion. The motion was approved by unanimous vote.

The Affordable Care Act (PPACA):

Revisiting the issue of Grandfathering – Carol Cormier said that it is now known that the health plan organizations will be increasing the plan rates by 2% to 2.5% to cover the plan changes required by the PPACA. She said that given the financial situation of MNHG, she said that they may want to re-visit their previous decision to not Grandfather their plans.

Carol Cormier reviewed the pros and cons of Grandfathering the MNHG health plans under PPACA. Ms Cormier suggested getting a legal opinion as to what specifically would cause a loss of Grandfather status in the case of a multiple employer group such as MNHG.

Rob Anderson said that FCHP will be dropping the dental benefit from its plans effective on anniversary after January 1, 2011. He said that this change would cause a loss of Grandfather status.

It was later learned that Fallon will allow the Group to keep the dental benefit by adding a rider. The cost of the rider would be specified later.

Update on Early Retiree Reimbursement Program (ERRP) - Ms. Cormier said that there is nothing new to report.

Dental Survey (completed in response to the notice that Fallon would be dropping the dental benefit from the health insurance):

Tony Logalbo said that the Town of Concord's dental plan pricing is tied into their life and long term disability insurance rates.

Larry Barton said that the Concord-Carlisle RSD uses the same broker as the Town of Concord, but said that their rates are separate.

There was a discussion about whether or not it would be beneficial to the units if MNHG offered a dental plan as a Group. Most of the towns offer a voluntary dental plan with the exception of the Town of Concord, Concord-Carlisle RSD, and Town of Stow, which offer contributory dental plans.

Bill Hickey said that HPHC has a relationship with Guardian Dental and said that he would be happy to ask them if there was a plan that may work for the Group.

Kathy Wylie left the meeting.

Health Plan Reports:

Fallon Community Health Plan – Rob Anderson, Account Manager, said that Fallon’s new operational system is working very well and the new way that the claims are adjudicated will save costs in the future. Mr. Anderson said that the claims data and reporting problem is due to a data warehouse communication problem. He said that Group Benefits Strategies is working with FCHP top level executives to try to solve the problem.

Carol Cormier said that Group Benefits Strategies is receiving claims totals prepared manually by Fallon for stop loss reports.

Larry Barton said that he has concerns about the Fallon Community Health Plan issues and wonders whether they value the MNHG business. He said Fallon should have considered the loss of Grandfather status prior to dropping the dental benefit from its plans.

Tony Logalbo said that members in the western part of the Group rely on Fallon and said that the health plan is an asset that the Group is happy to be able to offer.

Rob Anderson said that FCHP is rated one of the top ten health plans in the country and said that the claims issue does not represent Fallon. He said that he understand the comments and concerns.

Harvard Pilgrim Health Care – Bill Hickey, HPHC Account Executive, said that they have been busy keeping up with the health care reform. In addition, he said that HPHC is looking at different types of markets and is working on offering a 4-tier drug program option. He said that the current tier 1 would be split between the least expensive and most expensive generic drugs. He said that they are also looking at offering a limited network plan similar to the SelectCare and DirectCare that Fallon currently offers.

Tufts Health Plan – Emily Savaria, Account Executive for the active plans said Tufts is also working with staying on top of the health care reform. Ms. Savaria noted that effective January 1, 2011, the Medicare Complement Plan will cover one annual preventative office visit per year at a \$0 co-pay.

Fred Winer, Account Executive for the Tufts senior plan products said that members on Part D who are high earners, with income higher than \$85K and on Medicare Part D will now be charged a higher premium. He said this is similar to what the government does with the Part B premiums.

Other Business:

The Steering Committee authorized Group Benefits Strategies to begin replacing the paper meeting postings by posting the Board and Steering Committee Meetings and agendas on the MNHG website. Group Benefits Strategies will send a permanent paper posting to the Town Clerks and Secretaries to be posted notifying all to go to www.minuteman-nashoba.org for all future meeting notices and agendas.

There was no other business.

Judy Belliveau adjourned the meeting at 3:42 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*