

Scantic Valley Regional Health Trust

Board Meeting

Tuesday, February 14, 2012

9:30 a.m.

Wilbraham Town Hall

Wilbraham, Massachusetts

Meeting Minutes

Members and Alternates Present

Arlene Miller, Chair

Tom Sullivan

Cheryl Decoteau

Beth Regulbuto

Thomas Caliento

Richard Green

Town of Longmeadow

Town of Wilbraham

Lower Pioneer Valley Education Collaborative

Hampden Wilbraham Regional School District

Town of East Longmeadow

Town of Hampden

Guests Present

Paul Pasterczyk

Amy Higgins

Christina Gagnon

Corinne Tranghese

Herta Dane

Erica Gelinas

Mark Gold

John Rigney

Andy Fraser

Jay Talbet

Steve Corbin

Patricia Kaplan

Fred Winer

James Delisle

Heidi Fountain

Carol Cormier

Karen Carpenter

SVRHT Treasurer

SVRHT Wellness Coordinator

Hampden Wilbraham Regional School District

Town of East Longmeadow

Town of Wilbraham

Town of Longmeadow

Town of Longmeadow

Town of Longmeadow

Town of Longmeadow

Sullivan, Hayes & Quinn, LLC

Blue Cross Blue Shield (BCBS)

Blue Cross Blue Shield (BCBS)

Tufts Health Plan (THP)

Tufts Health Plan (THP)

Health New England (HNE)

Group Benefits Strategies (GBS)

Group Benefits Strategies (GBS)

Chair, Arlene Miller called the meeting to order at 1:33 PM.

Approval of the minutes of the December 8, 2011 Board meeting:

Karen Carpenter said that she needed to change Steve Corbin's name to Pat Kaplan, she said that Steve Corbin was not at the December 8, 2011 meeting.

Beth Regulbuto made a motion to approve the minutes of December 8, 2011, as amended.

Motion

Tom Sullivan seconded the motion. The motion passed by unanimous vote.

Treasurer's Report:

Treasurer Paul Pasterczyk said the Treasurer's financial worksheets and statements for the period ending December 31, 2011 were not completed yet. Mr. Pasterczyk said that he expects the FY11 audit to be

ready within the next month. Mr. Pasterczyk said that the unrestricted fund balance is \$4.72M and that there is an excess of \$2.27M over the policy target of \$2.45M. He said that he invested \$750K in a new certificate of deposit (CD) for 15 months with an interest rate of 1.1%.

Wellness Program Report:

Amy Higgins distributed and reviewed the Wellness Budget and Agenda through December 2011. She said that 39.01% of the Coordinator's Salary and 38.06% of the Coordinator's Expenses have been utilized. Ms. Higgins said that 27.39% of the Program budget for expenses has been spent. She said this accounts for 36.45% of the overall budget.

Ms. Higgins reviewed the program participation of the current wellness programs. She said that a total of 529 members participated in the various programs that were conducted year to date.

Ms. Higgins said that she changed the line of communication to the Town of East Longmeadow and has found that the participation has increased.

GBS Reports –

Ms. Cormier reviewed the FY11 Funding Rate Analysis by Plan with data through November. She said that the expense-to-funding ratio was 92.3%. Ms. Cormier reviewed the BCBS Level Monthly Deposit Quarterly Accounting report with claims paid through November 2011 and said that there was a credit balance of approximately \$91K.

Reinsurance Reports - Karen Carpenter reviewed the Stop Loss reports for FY11 and said that the Group has met the Aggregating Specific Deductible of \$150K and said there are 3 claimants on the report and no reimbursements due the group through November 2011. Ms. Carpenter said that there are 9 claimants on the report of claimants that have reached 50% of the specific deductible with claims totaling \$1.12M.

Ms. Carpenter reviewed the Stop Loss reports for FY12 and said that there is 1 claimant on the report of claimants that have reached between 50% and 100% of the specific deductible with claims totaling \$98,331. She said that there are no claimants that have reached or exceeded the specific deductible for FY12.

Longmeadow request to add "Option 1" deductible plan to 7/1/12 offerings:

Carol Cormier said that the SVRHT Board voted at the December 8, 2011 SVRHT meeting to add a new menu of plans, with higher copays and an out-of-pocket maximum (OOP), which was referred to as "Option 2". She said that the Board also reviewed another plan design referred to as "Option 1", which was identical to "Option 2", but also had a plan year Deductible. Ms. Cormier said that the Town of Longmeadow requests that the Board consider allowing the Town to offer "Option 1" with the deductible.

Mark Gold, Longmeadow Selectman, said that the town would like to maximize the reduction of health care costs for the town and its employees.

There was a discussion about the impact this move would have on other units.

Carol Cormier said she did not expect that there would be an impact on the other units and said other joint purchase groups have been offering two menus of plans for some years.

Beth Regulbuto said that she believes the intention of the formation of the SVRHT is to vote as a group and to not have units offering a different level of benefits.

There was a discussion about Section 18 and how some of the units adopted that section, while others did not.

Carol Cormier said that it happens that some employers are ready to move at a different pace than others in a group. Ms. Cormier said that the Board could choose to offer both plan designs and each unit would have the option to offer one or both of the plan designs.

Rick Green made a motion to approve adding the Option 1 plan design with the deductible, to the SVRHT offerings, alongside Option 2 without the deductible, which was previously voted on, effective July 1, 2012.

Motion

Carol Cormier said that all of the other units will be able to use the laws to bargain in Option 1 when they are ready to do so.

Rate Projections for July 1, 2012:

Carol Cormier reviewed the rate projections exhibits. She said Abacus Group provided the FY13 claims projections for the Alternative RX Program. She said those expenses and the \$150K reinsurance Aggregating Specific Deductible were not factored into the rates because she said the Medicare Retiree Drug Subsidy (RDS) revenue; Early Retiree Reinsurance Program (ERRP) estimated proceeds and investment income would cover the expenses.

Ms. Cormier reviewed the contractual Group Benefits Strategies fees and the administrative fees proposed by the health plans. Ms. Cormier said that the BCBS health plan fees increased by 2% and that the HNE fees have not changed (0% increase).

Steve Corbin said that BCBS has implemented cost savings and quality of care initiatives that have been reflected in the FY13 trend factors and rates.

Carol Cormier reviewed the current funding scenario and said that Scenario 1A is the proposed funding if no plan design changes are made with a 5.8% composite increase. She said that this scenario is being provided to use when calculating the estimated cost savings as required by Ch. 32B, S. 21. Ms. Cormier also reviewed the following scenarios:

Scenario 1B – no plan design changes and risking \$1M fund surplus with a composite increase of 1.4%.

Scenario 2A – proposed funding with plan design changes and a minus 0.6% composite decrease.

Scenario 2B – same as scenario 2A, but risking \$1M fund surplus with a *minus* 6.2% composite decrease.

Ms. Cormier said that the last page is a summary of the rates for each scenario.

There was a discussion about the scenarios and about whether or not to give a premium holiday at the end of the year or to subsidize the rates.

Rick Green made a motion to approve Scenario 2B for health plan rates without a deductible, no increase to the Blue Care Elect plan, and evenly distributing \$1M reduction from use of fund balance across plans.

Motion

Tom Sullivan seconded the motion. The motion passed by unanimous vote.

Rick Green made a motion to approve the deductible plan rates based on the Scenario 2 B rates with the appropriate actuarial reduction as provided by Segal Co. and with the reduction from the \$1M of fund balance as with the other plans' rates.

Motion

Tom Sullivan seconded the motion. The motion passed by unanimous vote.

Tom Caliento made a motion to approve Scenario 1B for the sole use of completing the cost savings analysis, but holding the Blue Care Elect rates at 0% increase.

Motion

Rick Greene seconded the motion. The motion passed by unanimous vote.

Carol Cormier said that she would work on a deductible plan cost analysis scenario for Section 21.

Ms. Cormier said that Segal Company is working on an actuarial analysis to see if the Medex Standard plan is actuarially equivalent to the new plan designs.

Ms. Cormier said in response to the dissatisfaction of SVRHT regarding the mitigation seminar provided by the Segal Company, they have agreed to reduce their fee down to \$2,000 from the original quote of \$3,000.

Tufts Health Plan proposal for 7/1/12:

Carol Cormier said that the current Tufts Health plan is a fully insured HMO and said that if the plan design is not changed to be similar to the plan designs voted to be effective on July 1, 2012 for BCBS and HNE, it would have the richest plan design of all the SVRHT plans. She said that she is concerned about adverse selection. Ms. Cormier said that the insured plan rate is high and expects that the rate would come down if the Board decides to offer a Tufts HMO on a self-funded basis.

Jim Delisle distributed and reviewed the Tufts proposal for a self-funded HMO. He said that the composite ASO fee is \$42.50 per employer per month or \$25.33 Individual and \$63.32 Family. He said that the Alere Disease Management program, package #2 would be built in with an effective date of July 1, 2012. He said that there are currently 27 members on the plan, and it is community rated.

The Board said that they would like to review proposed working rates from Tufts at the next meeting before voting on the plan design changes.

Anna Bishop made a motion to approve offering a self-funded Tufts plan to the SVRHT offerings.

Tom Caliento seconded the motion. The motion passed by unanimous vote.

Motion

Jim Delisle distributed sample reports that would be provided with the Alere Disease Management program.

Health Plan Reports:

Tufts Health Plan – Fred Winer said that he will propose a new senior plan to the group at the next meeting.

There were no other health plan reports.

Carol Cormier reminded the Board that the Segal Company is completing an analysis of the Medex Standard plan with the active plans now that they were increasing the copays.

Rick Green asked Heidi Fountain to look into HNE plans that would work out of the area.

Other Business:

The next SVRHT Board meeting was scheduled on February 14, 2012 at 9:30 a.m. to be held at the Wilbraham Town Hall.

Carol Cormier said that she would send the Section 21 timeline to the Board.

There was no other business.

Chair Arlene Miller adjourned the meeting at 3:20 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*