

Scantic Valley Regional Health Trust (SVRHT)

Board Meeting

Wednesday, February 11, 2015

9:30 AM

Wilbraham Town Hall

Wilbraham, MA

Meeting Minutes

Board Members and Alternates present:

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| Arlene Miller, Chair | Town of Longmeadow |
| Marie Angelides | Town of Longmeadow |
| Sara Menard | Town of East Longmeadow |
| Lynne Frederick | Town of Wilbraham |
| Richard Patullo | Town of Hampden |
| Beth Regulbuto | Hampden Wilbraham RSD |
| Anna Bishop | Lower Pioneer Valley Educ. Coop. (LPVEC) |
| Cheryl Wibly | Lower Pioneer Valley Educ. Coop. (LPVEC) |

Guests present:

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| Paul Pasterczyk | SVRHT Treasurer |
| Lyn Hollinger | SVRHT Wellness Coordinator |
| Christina Gagnon | Hampden Wilbraham RSD |
| Corinne Tranghese | Town of East Longmeadow |
| Audra Staples | Town of Longmeadow |
| Herta Dane | Town of Wilbraham |
| Sandra Stankiewicz | Blue Cross Blue Shield |
| Heidi Fountain | Health New England |
| Sandra Ruiz | Health New England |
| Erin Hayes | Tufts Health Plan |
| Carol Cormier | Group Benefits Strategies |

Arlene Miller, Chair, called the meeting to order at 9:30 AM.

Approval of the minutes of the January 14, 2015 meeting:

Paul Pasterczyk noted a typo on p. 3.

Dick Patullo moved to approve the January 14, 2015 meeting minutes with the typo correction.

Anna Bishop seconded the motion. The motion passed by unanimous vote.

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| Motion |
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Treasurer's Report:

Treasurer Paul Pasterczyk reviewed the financial reports of December 31, 2014 (unaudited figures). He said the premium revenue was a bit low but that it was a matter of timing. He said the Transitional Reinsurance Program (TRP) fee of \$184,643 was drawn by the government in December. He mentioned a \$13K deficit balance in the account with Abacus. He said that the Unreserved Fund Balance was \$5,963,274, which is \$3.54 million above the target. Mr. Pasterczyk reviewed the certificates of deposit exhibit. He said all units are up to date on payments.

Mr. Pasterczyk reviewed financial information for January 2015 but said the reports were incomplete. He said BCBS lowered the Level Monthly Deposit a bit to \$1,009,100. He said he added \$500K to CDs.

Mr. Pasterczyk said that the FY14 audit was supposed to have started in January but he has been told that it will not be until the end of February.

Wellness Program Report:

Lyn Hollinger, SVRHT Wellness Coordinator, reviewed her report. She said the yoga program participation has increased significantly over last year with 87 current participants, 95 year-to-date. She referred to the colonoscopy incentive program and said one of the participants thanked her because the colonoscopy had detected a problem which was taken care of.

Ms Hollinger reviewed the Health Assessment Incentive Program. She said she needs Board approval for the estimated cost for 2015. She said based on 120 participants, the expected cost would be \$12,250 which includes the incentive money plus postage.

Anna Bishop moved to approve up to \$12,250 for the Health Assessment Incentive Program for 2015.

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Beth Regulbuto seconded the motion. The motion passed by unanimous vote.

GBS Reports:

Funding Rate Analysis (FRA) report - Carol Cormier reviewed the report with data through December. She said the expense-to-funding ratio was 92.2%. She said that the surplus of funding over expenses was \$870,983 which included reinsurance reimbursements of over \$173K from events of prior years. She said that the only plan that was underfunded was the Tufts Deductible EPO but that it has only seven subscribers enrolled.

Reinsurance reports - Ms. Cormier reviewed the reinsurance excess report for FY15 with claims paid through December 2014. She said that there were three members with claims over the \$175K deductible. She said the excess claims amount was \$37,257, but said there were no reimbursements because the \$150K Aggregating Specific Deductible has not been met. She said that there were three members with claims between 50-100% of the deductible with total claims of \$340,360.

Carol Cormier reviewed the reports for the FY14 policy period. She said that five members exceeded the \$175K deductible and that the SVRHT has received \$225,570 in reimbursements. She said there was an overpayment by the reinsurer of \$1,098 which will probably be taken from a future reimbursement, if any, on the FY15 policy. Ms. Cormier said 14 members had claims between 50-100% of the deductible and the total claims amount was \$1,641,050.

Abacus fee proposal – Ms. Cormier said that Abacus has proposed a fee increase for the Diabetes Rewards program. She said the fee has been \$1.12 per contract since the program's inception and that Abacus is proposing an increase to \$1.16, effective 7/1/15.

Dick Patullo moved to approve the Diabetes Rewards Program fee increase to \$1.16 per contract for 7/1/15.

Arlene Miller pointed out that this was a 3.6% increase. She asked to table this and requested that Ms. Cormier provide information on start date of the program and the total monthly fees now.

Dick Patullo withdrew his motion.

FY16 rate projections:

Carol Cormier reviewed the FY16 rate development packet with claims projections by the carriers and independently by GBS. She reviewed the administrative fee proposals from BCBS, HNE, and Tufts. Ms. Cormier also reviewed the Affordable Care Act (ACA) fees, i.e. the Transitional Reinsurance Program (TRP) fees and the Patient Centered Outcomes Research Institute (PCORI) fees due in FY16. She said that the SVRHT has not been including the ACA fees in the rates and said she included those fees for FY16 as did the health plans. Ms. Cormier said that the claims expense for the alternative prescription drug and Diabetes Rewards programs have also not been included in the rates in prior years. She said Abacus provides claims projections for these programs and noted the amounts and the claims factors that would be needed to fund the expense through the rates. Ms. Cormier said she did not include the expenses since she is aware that the Fund Balance exceeds the targeted amount per the Fund Balance Policy. She said that the GBS projections were the lower of the two projections for the Network Blue HMO plans and for the HNE HMOs as well. She noted that the Blue Care Elect PPO and the Tufts EPOs were not credible for rating purposes since they have very few enrollees. Ms. Cormier reviewed several funding scenarios including scenarios using carrier projected rates and GBS projected rates.

The Board discussed the scenarios and the fact that the Fund Balance was significantly over the targeted amount.

Arlene Miller said that she wants to use a substantial amount of the fund balance to reduce the FY16 rates.

Carol Cormier cautioned against putting too much fund balance at risk because she said that could lead to rate spikes in the subsequent year or years. She said that over \$500K in the alternative the Diabetes Rewards program prescription drug claims are expected to be paid from Fund Balance.

Arlene Miller said that she thinks the Board could use \$ 1 million from fund balance to subsidize the rates.

Paul Pastercyk said if the Board were to approve holding the rates at the current levels that would put about \$714K of fund balance at risk in addition to the \$515K of expenses for the Alternative Rx and Diabetes program that are not funded through the rates.

Dick Patullo moved to hold the FY16 rates at the current (FY15) levels for all plans.

Beth Regulbuto seconded the motion. The motion passed by unanimous vote.

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Update on HW RSD decision about coverage options for retired teachers:

Beth Regulbuto said that the District is moving forward on the changes. She referred to a recent landmark court decision that changes the bargaining over benefits that impact retirees.

Affordable Care Act:

Cadillac Tax - Carol Cormier said that as discussed at a previous meeting, it is projected that the PPO plan rates will exceed the ACA thresholds of \$10,200 Individual and \$27,500 Family annual cost by FY18 when the Cadillac Tax goes into effect. She said the employers will have to pay the tax of 40% on the amounts over the thresholds. She said that she has asked the health plans to present plan design changes that will help to bring the plan costs down and that the Board should discuss this at future meetings. Ms. Cormier noted that the GIC will be making plan design changes in response to the \$165 - \$190 million projected budget deficit. She said that in the future if municipal employers want to adopt some or all of the changes that the GIC will make to its Benchmark plan, they will be able to use Ch. 32B, S. 21-22 to bargain.

Health Plan Reports:

Health New England (HNE) – Heidi Fountain, Account Executive, introduced Sandra Ruiz who will be working with her on the SVRHT account

Blue Cross Blue Shield (BCBS) – Sandra Stankiewicz, Account Executive, referred to the data breach at Anthem BCBS. She said that BCBS of MA is separate and the companies do not share the same operating systems. She said BCBS members will not be impacted by the Anthem situation unless they had previously been Anthem BCBS members..

Ms. Stankiewicz confirmed that, as required by the ACA, the addition of the prescription drug Out-of-Pocket Maximum is all set. She said that starting on 7/1/16, covered dependents turning 26 will be covered until the end of their birthday month rather than the current practice of terminating their enrollment on their 26th birthday.

Tufts Health Plan – Erin Hayes, Account Executive, said that Fred Winer apologizes for not attending the meeting and wants to remind the employers about scheduling the health fairs.

Other Business:

Arlene Miller scheduled the next Board meeting for April 9, 2015 at 9:30 AM at Wilbraham Town Hall.

There was no other business.

Dick Patullo moved to adjourn.

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Anna Bishop seconded the motion. The motion passed by unanimous vote.

Arlene Miller adjourned the meeting at 11:00 AM.

*Prepared by Carol Cormier
Group Benefits Strategies*