

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

Anna Bishop

Cheryl Decoteau

Beth Regulbuto

Thomas Caliento

Town of Longmeadow

Town of Wilbraham

Lower Pioneer Valley Education Collaborative

Lower Pioneer Valley Education Collaborative

Hampden Wilbraham Regional School District

Town of East Longmeadow

Guests Present

Paul Pasterczyk

Daniel Haynes

Amy Higgins

Christina Gagnon

Corinne Tranghese

Herta Dane

Linda Wentworth

Steve Corbin

Suzanne Donahue

Patricia Kaplan

Fred Winer

Emily Savaria

Heidi Fountain

Carol Cormier

Karen Carpenter

SVRHT Treasurer

Scanlon and Associates, LLC

SVRHT Wellness Coordinator

Hampden Wilbraham Regional School District

Town of East Longmeadow

Town of Wilbraham

Health New England (HNE)

Blue Cross Blue Shield (BCBS)

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 9:35 AM.

Approval of the minutes of the January 12, 2012 Board meeting:

Arlene Miller said that on the top of the last page, the Segal fee amount should read "\$3K down to \$2K".

Tom Sullivan made a motion to approve the minutes of January 12, 2012, as amended.

Motion

Cheryl Decoteau 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 January 31, 2012 were not completed yet. Mr. Pasterczyk said that the unrestricted fund balance last month was \$4.72M and that there was an excess of \$2.27M over the policy target of \$2.45M. He said that the fund balance at the end of January should be similar to that of December's balance. Mr.

Pasterczyk said that he closed out the Bank America account and moved the remaining balance to Peoples Bank.

Anna Bishop joined the meeting.

SVRHT Independent Auditor's Report on the FY11 Financial Statements – Dan Haynes, CPA:

Dan Haynes, CPA, Scanlon & Associates, LLC distributed and reviewed the draft of the "FY11 audited Financial Statements and Management Discussion and Analysis with Required Supplementary Information, Years Ended June 30, 2011 and 2010". He said the SVRHT received a clean opinion.

Mr. Haynes reported year-end Net Assets of \$5,511,730 which he said was down approximately \$311K from the prior year. He noted that approximately \$4.5M of the Net Assets is investments in longer term Certificates of Deposit. Mr. Haynes said the claims liability decreased to \$1.5M in 2011.

Mr. Haynes reviewed the Management Letter which included the recommendation that the Group work towards adopting a formal risk assessment policy and documenting policies and procedures to provide guidance to the Group in case the Treasurer were to become unable to perform his duties.

The Board noted the recommendation.

Mr. Haynes reviewed the Operating Revenue and said that they include the Medicare Part D subsidy and the Early Retiree Reinsurance Program (ERRP).

Carol Cormier said that the claims detail submitted to ERRP resulted in a reduction of the reimbursement received by the Trust.

Mr. Haynes noted that the Board procured an independent audit company to perform a dependent eligibility audit and said there were no issues with that process.

Mr. Haynes said that it is recommended that formal procedures be adopted relative to tracking incentive payments and gift cards as part of the wellness program.

Mr. Haynes said it is also recommended that the Group develop a financial policies and procedures manual.

The Board thanked Mr. Haynes and he left the meeting.

Wellness Program Report:

Amy Higgins distributed and reviewed the Wellness Budget and Agenda through January 2012. She said that 48.55% of the Coordinator's Salary and 71.19% of the Coordinator's Expenses have been utilized. Ms. Higgins said that 40.51% of the Program budget for expenses has been spent. She said this accounts for 47.11% of the overall budget.

Ms. Higgins reviewed the program participation of the current wellness programs. She said that there are 118 members participating in the Biggest Loser program and that to date, 13 members have achieved a 3% weight loss. Ms. Higgins said that 11 members are enrolled in the Smoking Cessation program and that one 4-week award has been granted to date.

Anna Bishop asked if the Yoga classes could be brought to LPVEC.

Ms. Higgins reviewed the upcoming programs for March through May which include a colonoscopy incentive program, biometric screenings, benefit health fairs and a walking program.

Ms. Higgins said that she met with the BCBS Wellness Coordinator and said that preventable conditions accounted for \$1.3M of the SVRHT claims this year. She said those conditions could have been avoided through lifestyle changes.

Ms. Higgins said that the minimum participation number for WeightWatchers® at work program changed from 15 to 20. She said that there is money in the budget to offer a \$50 incentive to those who complete the 12-week program.

Steve Corbin announced that the SVRHT has won the BCBS Municipal Innovations Award for promoting good health among town employees. He said that the award is a \$5K grant to be used towards wellness. He said that there will be a press release and that BCBS will work with Amy Higgins. Mr. Corbin noted that 153 SVRHT members took advantage of the \$150 fitness reimbursement benefit in 2011. He said that beginning on July 1, 2012, BCBS will be adding a \$150 WeightWatchers® reimbursement, but added that the programs on-line are not eligible for the reimbursement.

Fred Winer introduced Emily Savaria as the new Tufts Account Executive of the active plans for SVRHT.

The Board welcomed Ms. Savaria.

Emily Savaria said that Tufts also has a separate \$150 reimbursement available for the WeightWatchers® (WW) program. She said the on-line program is not eligible.

The SVRHT Board asked all of the health plans to add the separate WW reimbursement to the active plans.

GBS Reports –

Retiree Drug Subsidy (RDS) Memorandum of Understanding (MOU)- Carol Cormier said that Memorandum of Understanding for the FY12 Retiree Drug Subsidy is past due. She said that the total proposed fee is \$6,000, an increase from \$5,900. Ms. Cormier asked that the Board approve the fee to be paid March 1, 2012 for the applications that were filed in April 2011.

Beth Regulbuto made a motion to approve the GBS FY12 RDS MOU as written.

Motion

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

Ms. Cormier said that she will bring the FY13 RDS MOU to the next meeting.

Funding Rate Analysis by Plan - Ms. Cormier reviewed the FY12 Funding Rate Analysis by Plan with data through January. She said that the expense-to-funding ratio was 92.1%. Ms. Cormier reviewed the BCBS Level Monthly Deposit Quarterly Accounting report with claims paid through January 2012 and said that there was a credit balance of approximately \$125K.

Designation of ERRP FY10 receipts to reduce FY13 Funding Rates – Carol Cormier recommended that the Board to reduce the FY13 funding through the rates by the amount of the FY10 ERRP reimbursement received to date.

Tom Sullivan made a motion to approve applying the ERRP reimbursement of \$53,007.07 to the FY13 health plan rates.

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

Motion

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 a \$12,915 reimbursement due the group through December 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 \$1.13M.

Ms. Carpenter reviewed the Stop Loss reports for FY12 and said that there are 5 claimants on the report of claimants that have reached between 50% and 100% of the specific deductible with claims totaling \$396,819. She said that there are no claimants that have reached or exceeded the specific deductible for FY12.

Amendment to the Trust Agreement Article 12:

The Board reviewed Article 12 and agreed that the recent vote to create a plan design that Longmeadow would offer would not violate the Agreement. It made the distinction between the health plan, i.e. Blue Care Elect Preferred, Network Blue, Health New England EPO, Tufts HMO, for example, and variations in plan design for each of those health plans.

Tufts self-funded HMO rates for July 1, 2012:

Carol Cormier said that the current Tufts Health plan is a fully insured HMO and said that the Board voted to offer a Tufts HMO on a self-funded basis. She said that Option 1 plan design would not have the deductible and Option 2 plan design has a \$250/\$750 deductible. She said that the plan design proposed by Tufts is similar to the plan designs approved for July 1, 2012 for BCBS and HNE.

Emily Savaria said that the underwriter's proposal doesn't consider migration and said that Carol Cormier's rate exhibit includes the Tufts ASO composite fee of \$42.50 per employee per month or \$25.33 Individual and \$63.32 Family. She said that the Alere Disease Management program, package #2 would be built in with an effective date of July 1, 2012.

In response to a question, Carol Cormier said that she did not reduce the Tufts rate by the subsidy from the fund balance, but said that she could do that. Carol Cormier pointed out that the Tufts plan had not contributed to the fund balance since it's been fully insured.

Tom Sullivan made a motion to approve applying the same claim reduction factor representing use of Fund Balance to the Tufts EPO plans.

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

Motion

Tufts Senior Plan proposal:

Tufts Health Plan – Fred Winer distributed and reviewed the current senior health plan products and their rates. He said that the Tufts Medicare Preferred HMO rate decreased from \$242 to \$226 on January 1, 2012. Mr. Winer said that the Tufts Medicare Prime Supplement plan decreased from \$344 to \$311 on January 1, 2012. He said that the July 1 renewal rate is \$444 for the TMC plan. Mr. Winer said that he is proposing to the Board that it replace the Tufts Medicare Complement (TMC) and Tufts Medicare Prime Supplement plans with the new "Tufts Medicare Preferred Supplement Plan" effective July 1, 2012. Mr. Winer said that the rate for the new plan from July 1, 2012 to January 1, 2013 would be \$323 and would then renew on January 1 each year. Mr. Winer said that the new plan benefits include \$10 office visits, \$0 copay for day or in-patient surgery, \$1,700 hearing aid allowance bi-annually, \$150 fitness benefit, \$150 allowance per year for eyeglasses or contact lenses. He said that the prescription copays are \$10/\$20/\$35 and said that the members will receive two ID cards, one for medical and one for prescriptions. Mr. Winer said that this plan can be used out of area.

Mr. Winer said that Tufts can automatically enroll the members into the new plan unless they are moving to a new carrier. He said that Tufts will contact any retiree that may be affected by the prescription change.

Mr. Winer said that the members will save in premium costs and the savings to SVRHT would be approximately \$91K. He said that the plan is an insured plan and will not be RDS eligible. There was a discussion.

Anna Bishop made a motion to approve replacing the Tufts Medicare Complement and Tufts Medicare Prime Supplement plan with the new Tufts Medicare Preferred Supplement plan effective July 1, 2012, which will renew on January 1, beginning year 2013.

Motion

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

Status of employers on implementing Section 21 to adopt plan design changes:

The Board members each explained where they were in the Section 21 process. Most units have passed Section 21 and are working on their mitigation proposals.

Carol Cormier said that she would follow up with the Town of Hampden on their progress.

In response to a question asked by Paul Pasterczyk, Carol Cormier said that she would be available to explain the rate projection process to elected Boards if requested.

Other Business:

Steve Corbin said that this would be his last SVRHT meeting and introduced Suzanne Donahue, as the new BCBS Account Executive for SVRHT. Mr. Corbin said that he accepted another position within BCBS.

The Board wished Mr. Corbin well and welcomed Suzanne Donahue.

Paul Pasterczyk asked Ms. Cormier if she would update the rate sheet with the new Tufts information and rates.

The next SVRHT Board meeting was scheduled on March 22, 2012 at 9:30 a.m. to be held at the Wilbraham Town Hall.

There was no other business.

Chair Arlene Miller adjourned the meeting at 11:05 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*