

Scantic Valley Regional Health Trust (SVRHT)

Board Meeting

Wednesday, February 19, 2014
9:30 AM

Wilbraham Town Hall
Wilbraham, MA

Meeting Minutes

Board Members and Alternates present:

Arlene Miller, Chair	Town of Longmeadow
Thomas Caliento	Town of East Longmeadow
Tom Sullivan	Town of Wilbraham
Richard Patullo	Town of Hampden
Beth Regulbuto	Hampden Wilbraham RSD
Anna Bishop	Lower Pioneer Valley Ed. Collaborative
Cheryl Decoteau	Lower Pioneer Valley Ed. Collaborative

Guests present:

Paul Pasterczyk	SVRHT Treasurer
Lyn Hollinger	SVRHT Wellness Coordinator
Audra Staples	Town of Longmeadow
Corinne Traghese	Town of East Longmeadow
Linda Loiselle	The Abacus Group
Jillian Kiernan	The Abacus Group
Suzanne Donahue	Blue Cross Blue Shield of MA
Pat Kaplan	Blue Cross Blue Shield of MA
Laura Syron	Health New England
Erin Hayes	Tufts Health Plan
Carol Cormier	Group Benefits Strategies

Arlene Miller, Chair, called the meeting to order at 9:32 AM.

Approval of the minutes of the December 12, 2013 meeting:

Beth Regulbuto moved to approve the December 12, 2013 meeting minutes as written.

Dick Patullo seconded the motion. The motion passed by unanimous vote.

Motion

Treasurer's Report:

Treasurer Paul Pasterczyk reviewed the financial reports of November 2013 and December 2013, and January 2014 (unaudited figures). He said the SVRHT started November with \$9 million cash and ended with \$9.2 million. He said there was a very favorable quarterly settle-up with BCBSMA. He reported that he took out three new CDs of \$250K each. Mr. Pasterczyk said the Unreserved Fund Balance was \$5,160,841, which, he said, is \$2.76 million above the Fund Balance target.

Mr. Pasterczyk reviewed the December 2013 reports. He said the ending balance was \$8.75 million and that the Unreserved Fund Balance was \$5,104,486, which is \$2.7 million above the target.

Mr. Pasterczyk reviewed the January 2014 reports and said the ending balance was \$8.6 million. He said the Unreserved Fund Balance was \$5,061,973 which is \$2.68 million above the target.

Auditor's Report on the FY13 Financial Statements:

Dan Haynes, CPA of Scanlon & Associates said the report represented good news. He said that he gave the SVRHT an "unmodified opinion". He reviewed the Management Discussion & Analysis and said SVRHT is doing a great job. He said the Net Position was \$5.4 million at the end of FY12 and moved to \$6.26 million at the end of FY13. He said the FY12 Net Position was 25% of claims experience while the FY13 Net Position was 33% of claims experience. Mr. Haynes referred to the plan design changes of 7/1/12 as a favorable factor.

Arlene Miller said that the group should issue a memo to the elected Boards regarding the reductions in cost as a result of the plan design changes.

Mr. Haynes reviewed the Management Letter. He said he was required to report the ongoing significant deficiency, i.e. Separation of Duties.

Tom Sullivan moved to accept the auditor's report on the FY13 financial statements.

Motion

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

Wellness Program report:

Lyn Hollinger, SVRHT Wellness Coordinator, said that much is happening. She reviewed the proposed incentive program to encourage healthy behaviors. She said that it is proposed that the incentives would be offered to every benefit-eligible employee and their benefit-eligible dependents.

Tom Sullivan moved to approve incentives D, E, and F for employees and dependents who are benefit eligible, i.e. working 20 hours or more regularly.

Motion

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

Beth Regulbuto moved to approve biometric screening incentives only for employees enrolled in the SVRHT health plans.

Motion

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

My Medication Advisor® (MMA) and Good Health Gateway® Diabetes Rewards Program reports:

Linda Loiselle, The Abacus Group, reviewed the MMA financials for calendar year 2013. She said that there was a drop in utilization in December probably due to Medex and Managed Blue for Seniors changing to EGWP plans effective January 1, 2014. She said total net savings for the year was \$257,448 which exceeded the projected amount by about \$77,000. She said employee savings in waived co-pays were \$125,466.

Ms. Loiselle reviewed the Diabetes Rewards program report through November 2013. She said that 126 identified diabetics were participating in the program which is 46% participation. She said the participation goal had been 30%. She said of those registered for the program, 64 diabetic members or 51% were compliant with all five guidelines of diabetes care. She said currently 53% of eligible diabetics are enrolled and 44% are compliant. She said the goal was 50%. Ms. Loiselle said that Abacus projects that the SVRHT saved \$33,732 for the year. She said members saved \$7,297 on waived copays for diabetic medications and supplies.

Jillian Kiernan, Abacus, reviewed the promotions and service activities performed by Abacus for MMA and Diabetes Rewards programs. She said the SVRHT had asked Abacus for suggestions about better promoting the programs. She suggested a promotional letter on Town or District letterhead and referred to the letter and flyer that she distributed. She said Abacus would do the mailing and asked the employers to send Abacus their letterhead and an Excel file with addresses.

Carol Cormier said she would send the employers an email with this information and the list of health plans eligible for the programs.

Group Benefits Strategies reports:

Funding Rate Analysis report – Carol Cormier reviewed the report with data through December 2013. She said that the report shows a favorable pattern with funding from the rate revenue exceeding claims, administration, and net reinsurance expenses. She said the expense-to-funding ratio was 88.7% and that there was an excess of funding over expenses of \$1.3 million.

Level Monthly Deposit (LMD) Reconciliation report for BCBS plans: Ms. Cormier said that the second quarter settle-up was in SVRHT's favor by almost \$600K.

Stop Loss reports – Carol Cormier reviewed the stop loss report for the FY13 policy year. She said there were six claimants who exceeded the \$175K specific deductible with total claims of \$1,475,692 and excess claims of \$425,692. Ms. Cormier said the \$150K aggregating specific deductible had been met and that reimbursements to date were \$264,222. She said there were outstanding reimbursements due of \$11,470. Ms. Cormier said that no claims have exceeded the deductible for FY14.

FY15 Rate projections:

Carol Cormier reviewed the rate projections done by the carriers and by GBS independently. She reviewed the expected expenses for items that have not historically been included in the rates such as the alternative prescription drug program claims and fees and fees for certain government programs. She showed the dollar amounts that would have to be added to each rate if these items were to be included. Ms. Cormier said the GBS and BCBS projections for the BCBS plans agreed closely leading to 9.1% to 9.7% projected increases. She said that HNE projected a 2.9% increase while GBS projected a -2.0% decrease. She said that there were not enough members in the Tufts plans to make rate projections and said she used 8% increase for Tufts in the funding scenarios. Ms. Cormier reviewed the current funding scenario and scenarios (A) using claims projections from the carriers with a composite increase of 6.2%, (B) using claims projections from GBS with a composite increase of 4.2%, (C) using the lower of the two projections with a composite increase of 3.9%, (D) an alternative funding scenario with a composite increase of 2.2% and using fund balance, and (E) an alternative scenario with a composite increase of 3.1% and using fund balance.

There was a discussion about the scenarios and about the amount of fund balance the group wanted to use towards the FY15 rates.

Dick Patullo asked what the impact would be if the Board were to level fund for FY15.

Ms. Cormier said that the funding under the current FY14 scenario is about \$800K lower than the funding in FY15 Scenario C (lower of two projections).

The Board discussed Mr. Patullo's proposal.

Dick Patullo moved to level fund the rates for active employee plans for FY15, a zero percent increase.

Motion

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

Arlene Miller said that she thought SVRHT should send a letter to the elected Boards of the participating governmental units announcing the 0% rate increase and telling about some of the decisions SVRHT has made that have led to this point. It was agreed that a letter would be prepared and sent to elected officials and managers.

Other Business:

Suzanne Donahue, BCBSMA, said that a retired member in one of the units has asked about waiving the Income Related Monthly Adjustment Amount (IRMAA) for Medicare Part D. She explained that as with Medicare Part B, individuals who exceed certain income levels are surcharged. She said that, for example, an individual Medicare eligible retiree who has taxable income between \$85,000 and \$107,000 would be surcharged \$12.10 per month over the Part D premium in 2014.

Carol Cormier said this was not a joint purchase group issue, but an employer issue.

Dick Patullo moved to take no action on IRMAA.

Motion

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

Paul Pasterczyk asked about the legal requirement for enrollment audits every two years.

Carol Cormier confirmed that the law requires MA governmental employers to do health plan enrollment audits every two years. She said that employers can engage an outside auditing firm or do their own audit documenting what they've done. She said two years ago SVRHT engaged a firm to do a dependent eligibility audit for all the employers in the group. She said that perhaps this year a subscriber audit should be performed.

Arlene Miller asked Ms. Cormier to add the issue of enrollment audits to the next meeting agenda.

Arlene Miller said that there is a member who is looking to the SVRHT Board to overturn a denial of coverage made by BCBSMA.

Carol Cormier said she reviewed the documents pertaining to the appeal. She said that BCBSMA denied the request for coverage because the services requested were dental services, and the plan does not cover dental. She said that the need for the services was the result of cancer treatments which lead to bone loss of the jaw. Ms. Cormier said that following BCBSMA's denial, it sent the appeal to a state-approved independent third party reviewer. She said the review company determined that the case was not eligible for review because it did not involve medical judgement but rather was a denial because the services are not covered under the plan document. She said that if SVRHT were to make this exception to the plan document, then this would become the new standard and the coverage would have to be extended to others in similar situations.

There was a discussion.

Dick Patullo moved to take no action on the request based on the fact that dental services are not covered by the SVRHT's health plans.

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

Motion

Health Plan Reports:

BCBSMA - Suzanne Donahue distributed information about changes on July 1, 2014 that are mandated by the Affordable Care Act (ACA). She said that these changes are dropping the maximums on wigs related to medical treatments and on prescribed low protein formula. She said that the highest Out-of-Pocket Maximum (OOP max) allowed by the ACA in 2014 is \$6,350 Individual and \$12,700 Family. She said that for the renewal in July 2015, prescription drug (Rx) copays and Rx coinsurance will be required to count towards the member's OOP max whereas now they do not.

Arlene Miller asked that OOP maximums be placed on the agenda for the next meeting.

Tufts Health Plan- Erin Hayes said that Tufts is expanding its Fitness benefit on insured business and said she would like to discuss this at the next meeting as a possibility for SVRHT.

Arlene Miller said that the Tufts Fitness benefit will be an item on the next meeting agenda.

Health New England (HNE) – Laura Syron said that she had nothing specific to report.

Arlene Miller set the next meeting for March 13 at 1:30 PM at Wilbraham Town Hall.

Arlene Miller adjourned the meeting at 11:30 AM.

*Prepared by Carol Cormier
Group Benefits Strategies*