

**Scantic Valley Regional Health Trust (SVRHT)**

**Board Meeting**

Wednesday, March 1, 2017

9:30 AM

Wilbraham Town Hall

Wilbraham, MA

**Meeting Minutes**

**Board Members and Alternates present:**

Arlene Miller, Chair	Town of Longmeadow
Tom Sullivan	Town of Wilbraham
Richard Patullo	Town of Hampden
Anna Bishop	Lower Pioneer Valley Educ. Coop. (LPVEC)
Sara Menard	Town of East Longmeadow
Karin Decker	Town of East Longmeadow
Beth Regulbuto	Hampden-Wilbraham RSD

**Guests present:**

Paul Pasterczyk	SVRHT Treasurer
Lyn Fioravanti	SVRHT Wellness Coordinator
Dan Haynes, CPA	Scanlon & Associates
Linda Loiselle	Abacus Health Solutions
Gus Adams	Abacus Health Solutions
Corinne Tranghese	Town of East Longmeadow
Erica Gelinas	Town of Longmeadow
Jocelyn Sanchez	Town of Longmeadow
Herta Dane	Town of Wilbraham
Christina Gagnon	Hampden-Wilbraham RSD
Christine Brothers	Hampden-Wilbraham RSD
Elena Belanger	Lower Pioneer Valley Educ. Coop. (LPVEC)
Risa Knight	Lower Pioneer Valley Educ. Coop. (LPVEC)
Deborah Gormley	Hampden-Wilbraham Retiree
Lisa Sternberg	Hampden-Wilbraham Retiree
E. George Gordon	Hampden-Wilbraham Retiree
Patricia Gordon	Hampden-Wilbraham Retiree
Anna Kober	Hampden-Wilbraham Retiree
William Kober	Hampden-Wilbraham Retiree
Mary Dionne	Hampden-Wilbraham Retiree
Sandra Ruiz	Health New England
Fred Winer	Tufts Health Plan
Erin Hayes	Tufts Health Plan
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

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

**Approval of the minutes of the December 7, 2016 meetings:**

Tom Sullivan moved to approve the December 7, 2016 meeting minutes as written.

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

Motion
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**Wellness Program Report:**

Lyn Fioravanti, Wellness Consultant, distributed and reviewed reports on the participation in the SVRHT Wellness Programs and the budget through March 2017. She reported on the FY17 year-to-date participation in the Colonoscopy, Smoking Cessation, Yoga, and Maintain Don't Gain programs.

Ms. Fioravanti said the HNE and BCBS biometric screening participation has reached 167 and there are additional screening locations to come. She reported that she has worked with representatives from Teladoc and Sandra Ruiz from HNE to develop a promotion plan to increase participation and awareness in Teladoc. Ms. Fioravanti said the first 100 who register and complete their medical history will receive a stainless steel water bottle and be added to a random drawing to win a Fitbit.

Sandra Ruiz said that 66 new participants have registered for Teladoc and will be entered into the drawing for the Fitbit.

Erica Gelinas asked if a table could be set up at the health fairs for members to register.

Ms. Fioravanti said that could be done and that she would attend the health fairs

Ms. Fioravanti said upcoming programs include Yoga classes, Pilates, Cooking classes and Weight Watchers. She reviewed the budget and said that 47.3% of the FY17 budget has been spent on the programs and coordinator's salary.

**Independent auditor's report on the FY16 financial statements:**

Dan Haynes, CPA, Scanlon & Associates, LLC distributed and reviewed the draft of the "FY16 Audited Financial Statements and Management Discussion and Analysis with Required Supplementary Information, Years Ended June 30, 2016 and 2015".

Mr. Haynes reported FY16 year-end Net Assets of \$8,603,146 which he said was down approximately \$1.3M from the prior year. Mr. Haynes said that the unrestricted fund balance was \$6,046,014 at the end of June 2016. He noted that approximately \$6.5M of the Net Assets is in investments in longer term Certificates of Deposit and interest income of \$98K.

Mr. Haynes reviewed the "Nine-year claims development information" report and noted that the total claims and expenses in FY16 was \$21M compared to that of the FY07 claims and expenses of \$14K. He said that the report shows the accuracy of the estimated claims and said they are being paid by the carriers faster now.

Mr. Haynes reviewed the Management Letter which included a comment about segregation of Treasurer's duties, which he said was typical of this type of organization.

The Board agreed that the risk is minimal and acceptable.

Arlene Miller asked if there were any questions regarding the audit, and there were none.

Dick Patullo made a motion to accept the FY16 SVRHT Financial Audit Report.

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

The Board thanked Mr. Haynes and Mr. Pasterczyk for their work and Mr. Haynes left the meeting.

**Treasurer's Report:**

Treasurer Paul Pasterczyk distributed and reviewed the December 2016 and January 2017 financial reports and a partial February report (unaudited figures). He reported an Unreserved Fund Balance on December 31 of \$4,716,960 and said the excess balance above the fund balance target was \$1,954,902.

Mr. Pasterczyk reviewed the Treasurer's report of January 31, 2017 (unaudited figures). He reported an Unreserved Fund Balance on January 31st of \$4,954,606 and said the excess balance above the fund balance target was \$2,209,890.

Mr. Pasterczyk reviewed the partial report for the month of February 2016 (unaudited figures) and reported an Ending Balance of \$8.9M. He said he reinvested in three Certificates of Deposits in the amounts of \$600K, \$480K and \$275K.

**GBS Reports:**

*Funding Rate Analysis (FRA) report* - Carol Cormier reviewed the FRA report with data through January 2017 and said the expense-to-funding ratio was 84.5%. She said the funding surplus was in excess of \$2.26M but noted that over \$890K of that amount was from reinsurance reimbursements received from high cost claims of the prior year.

*Reinsurance reports* – Karen Carpenter reviewed the reinsurance excess report for the FY16 policy period and said there were eight members with excess claims totaling \$2,943,940. She said the Aggregating Specific Deductible of \$150K has been met and reimbursements of \$1,404,033 have been received. Ms. Carpenter said there was a claims adjustment made to one of the claimants which resulted in an overpayment of reimbursements in the amount of \$10,092. She said that amount will have to be paid back to the reinsurance carrier at the end of the run-out of the policy if additional high cost claims are not incurred. She said there were fifteen members with claims between 50-100% of the deductible, and the total claims amount was \$1.79M.

Ms. Carpenter said there were 3 members with claims between 50-100% of the deductible for the FY17 policy period with claims totaling \$1.79M. She said one member has claims that have

exceeded the \$175K deductible for this policy period, but noted that the Aggregating Specific Deductible of \$150K has not been met so there are no reimbursements due.

**Abacus reports and proposal – Linda Loiselle & Gus Adams:**

Linda Loiselle distributed the myMedicationAdvisor® year-end report and information about the rising cost of specialty drugs and effective strategies to address those costs. She said that Abacus Health Solutions sees an opportunity for SVRHT to save money when members purchase specialty drugs from international sources. Ms. Loiselle said the specialty medications would not include drugs requiring refrigeration or special handling. She said there will be a proactive outreach to members and that special attention to adherence would be provided by Abacus. Ms. Loiselle said Abacus is proposing a savings split of 80% to SVRHT and 20% to Abacus. She noted that a new contract would be required and authorization to obtain specialty medications claims data. Ms. Loiselle said that a May program launch would work well with the distribution of the new medication lists. Ms. Loiselle said that the current alternative drug program would remain the same.

Arlene Miller thanked Ms. Loiselle and said the Board would consider the proposal and contract and will let her know their decision.

**Update on the Group Insurance Commission (GIC):**

Fred Winer said that a vote would be taken today on the FY18 plan rates. He said that new enrollees will not be allowed to enroll into the most popular GIC plans, Tufts Navigator (the GIC Benchmark plan), Harvard Pilgrim Independence, and Fallon SelectCare. Mr. Winer said that they made an exception for the towns of Haverhill and Hingham, who will be members of the GIC on July 1, 2017.

Mr. Winer said that the GIC is also increasing the deductibles and some copays, tiering changes and retiree plan changes, including moving remaining plans to EGWP plans.

**FY18 health plan rates:**

Ms. Cormier reviewed the FY18 rate projections packet for active employee health plans. She reviewed projected rates from the carriers and from GBS including claims projections, proposed administrative fees from the health plans GBS fees, and estimated reinsurance premiums.

Arlene Miller asked Erin Hayes to see if Tufts would lower the 5% administrative fee increase.

Ms. Cormier said another option, if Tufts will not lower it, would be to hold the increase to 5% for 2 years.

Ms. Hayes said she would try, but said that the fees are generally higher for groups with low enrollment. She noted that even though the increase is 5%, the fees are lower than those of the other carriers.

Ms. Cormier said that she created an exhibit to show the alternative prescription program claims costs and ACA fees separately and noted that, following past practice, the proposed rates and

Funding Scenarios did not include these costs. She said that Board could choose to recommend adding the costs to the funding scenarios.

Ms. Cormier reviewed how she calculates the projections and the cost per contract.

Ms. Cormier reviewed the following funding scenarios based on December 2016 enrollments:  
Current Scenario – requires total annual funding of \$22,932,528 for the medical plans.  
Scenario A – the health plan (BCBS, HNE, Tufts) projections with a 15.8% composite increase.  
Scenario B - GBS projections, for a 16.5% composite increase.  
Scenario C – an alternative scenario with a 14% composite increase.  
Scenario D – an alternative scenario with a 11% composite increase.

Ms. Cormier said that considering the current expense-to-funding ratio through January, the health plan and GBS projected increases seem high and said this is why she presented two scenarios with lower increases.

Arlene Miller agreed that the projections do not make sense based on the SVRHT's low expense-to-funding ratio.

There was a discussion about the difference of medical costs in Boston vs. the Scantic Valley geographical area, and the Board agreed that the composite trends used were probably too high for the area.

Carol Cormier cautioned the Board about lowering the funding too low this year and then possibly face a spike in rates for FY19.

There was a discussion.

Anna Bishop made a motion to increase all the active employee health plan rates by 6%.

Sara Menard seconded the motion.

Motion

Tom Sullivan said that based on the Funding Rate Analysis (FRA), he thought the group could go with an increase of 5%.

Carol Cormier said that the FRA does not include all of the group's expenses and said the Board should refer to the Treasurer's report. She also reminded the group that the projected rates do not include all expenses, such as the alternative prescription drug program expenses.

Anna Bishop amended her motion to approve a 5% increase to all the rates of the active employee health plans and round the rates to the nearest whole dollar.

Motion

Sara Menard seconded the motion. The motion passed by a unanimous vote.

**Cost containment options for FY18 and beyond – continued discussion:**  
The Board asked to add the topic to the next agenda for further discussion.

**Health Plan Reports:**

*Health New England* – Sandra Ruiz said that HNE has decreased the fee for the Teladoc program from \$0.26 to \$0.16 per member per month for the first 6 months of the program.

The Board thanked Ms. Ruiz for requesting that HNE lower the fee.

*Tufts Health Plan* – Erin Hayes said that there are 3 new government mandates increasing services for treatment of HIV, Lyme Disease and Methadone addiction. She explained.

Carol Cormier said that BCBS will add the services automatically to the BCBS plans.

Tom Sullivan made a motion to add the coverage of the services Ms. Hayes described to the Tufts and HNE plans.

Motion

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

**Other Business:**

The next SVRHT Board Meeting was scheduled for April 10, 2017 at 9:30 AM at the Wilbraham Town Hall, Wilbraham, MA.

There was no other business.

Dick Patullo moved to adjourn.

Motion

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

Arlene Miller adjourned the meeting at 11:14 AM.

*Prepared by Karen Carpenter  
Group Benefits Strategies*