

Scantic Valley Regional Health Trust (SVRHT)

Board Meeting

Wednesday, March 2, 2016

9:30 AM

Wilbraham Town Hall

Wilbraham, MA

Meeting Minutes

Board Members and Alternates present:

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

Guests present:

Paul Pasterczyk	SVRHT Treasurer
Dan Haynes, CPA	Scanlon & Associates
Corinne Tranghese	Town of East Longmeadow
Erica Gelinas	Town of Longmeadow
Audra Staples	Town of Longmeadow
Herta Dane	Town of Wilbraham
Christina Gagnon	Hampden Wilbraham RSD
Lisa Sternberg	Hampden Wilbraham RSD retiree
Mary Dionne	Hampden Wilbraham RSD retiree
Mike Kober	Hampden Wilbraham RSD retiree
Ann Kober	Hampden Wilbraham RSD retiree
E. George Gormley	Hampden Wilbraham RSD retiree
Deborah Gormley	Hampden Wilbraham RSD retiree
Sandra Stankiewicz	Blue Cross Blue Shield
Sandra Ruiz	Health New England
Fred Winer	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.

Independent auditor's report on the FY15 financial statements:

Dan Haynes, CPA, Scanlon & Associates, LLC distributed and reviewed the draft of the "FY15 Audited Financial Statements and Management Discussion and Analysis with Required Supplementary Information, Years Ended June 30, 2015 and 2014".

Mr. Haynes reported year-end Net Assets of \$9,920,252 which he said was up approximately \$970K from the prior year. Mr. Haynes said that the unrestricted fund balance was \$7,258,740 at the end of June 2015. He noted that approximately \$6.7M of the Net Assets is in investments in longer term Certificates of Deposit and interest income of \$83K. Mr. Haynes said there was a small decrease in revenue partly due to the new government fees, such as PCORI and the Transitional Reinsurance Program fees.

Carol Cormier noted that the change could also be due to changing the Medex plan to an EGWP plan which resulted in a significant rate decrease.

Mr. Haynes noted that the group is managing its risk very well and keeping its administrative expenses low.

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. He said that the Board has mitigated some risk by assigning a separate person to review the bank statements and transactions on a monthly basis.

In response to a question, Mr. Haynes said the Treasurer is conservative, and he is comfortable with that.

The Board agreed that the risk is minimal and acceptable.

Paul Pasterczyk said that he reports a more conservative IBNR, which is \$700K higher in liabilities than what the auditor uses. He noted that the auditor's figures are actual run-out claims reported by Group Benefits Strategies based on data from the health plans.

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

Dick Patullo made a motion to accept the FY15 SVRHT Financial Audit Report.

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

Motion

Mr. Haynes left the meeting.

Request for consideration for membership by Southwick Tolland Granville RSD:

Arlene Miller said that the school district withdrew its membership request.

Carol Cormier said it may be in part because the BCBS Network Blue rates for FY17 are higher than they expected. She said the district is also looking at MIIA as an option.

FY17 Rate projections:

Carol Cormier reviewed the Funding Rate Analysis updated through January and said the expense-to-funding ratio was 104.5%. She noted that is not much different than what was reported in December.

Carol Cormier said that GBS shows the health plan carriers and the GBS claims projections to the Board. Ms. Cormier said the rates are comprised of the claims projection, health plan administrative fees, GBS fees, government fees, and projected claims for the myMedication Advisor® and Diabetes Rewards program claims.

Ms. Cormier said that at the last meeting, the Board asked HNE to reduce the proposed 3% increase to its administrative fees.

Sandra Ruiz said that the HNE rates are now less than SVRHT is paying the other carriers, but said that HNE will reduce the rate to a 2.5% increase.

Carol Cormier said she created the following funding scenarios at the request of the Board and said that the scenarios are compared to Scenario B, Group Benefits Strategies projections presented at the last meeting with an annual projected funding of \$23.18M.

Ms. Cormier reviewed the following scenarios:

- Scenario D: GBS projections with a composite increase of 9.6% and using \$1M from the fund balance.
- Scenario E: GBS projections with a composite increase of 10.5%, HNE increase of 7% and using \$750K from the fund balance.
- Scenario F: GBS projections with a composite increase of 11.6%, HNE increase of 6% and using \$500K from the fund balance.
- Scenario G: GBS projections with a composite increase of 14%, HNE increase of 8% and using \$750K from the fund balance.

There was a discussion about what amount of fund balance surplus to use and whether or not to rate the plans based on their own experience.

Following a discussion, Tom Sullivan made a motion to approve Scenario D, increasing the BC NWB plan rates by 13.5%, decreasing the BCE plan composite rates by -22.3%, increasing the Tufts plan rates by 10% and increasing the HNE plan rates by 5% with all rates rounded to the next nearest whole dollar for a composite funding increase of 9.1%.

Motion

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

Mr. Sullivan noted that the 3-year rate increase for SVRHT averaged 3% since there was no increase to the rates for the past two years.

Retiree Drug Subsidy audits:

Carol Cormier said that the government allows the re-opening and auditing of the Retiree Drug Subsidy applications to find additional reimbursements that may have been missed. She said if the enrollment data does not match the CMS data exactly that a reimbursement would not have been received. Ms. Cormier said that Ruth Lynch and the enrollment department at GBS is very much on top of keeping accurate data so the recoveries may be less than that of other clients that do not utilize the enrollment service. Ms. Cormier suggested waiting to see what happens with the Berkshire Health Group RDS audit before reopening the SVRHT applications.

The next SVRHT Board meeting was scheduled on April 5, 2016 at 9:30 PM at the Wilbraham Town Hall, Wilbraham, MA.

Health Plan Reports:

Tufts Health Plan - Fred Winer gave an update on what the GIC is planning to do about the financial shortfall for FY17.

Health New England – Sandra Ruiz said she did not have anything new to report.

Blue Cross and Blue Shield – Sandra Stankiewicz said if the Board would like to add the BCBS Telehealth benefit that they would need to notify BCBS prior to the renewal. She estimated the \$0.50 per subscriber cost to be \$4,500 on an annual basis.

Arlene Miller asked Ms. Stankiewicz to discuss this at the next Board Meeting.

Other Business:

There was no other business.

Tom Sullivan moved to adjourn.

Motion

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

Arlene Miller adjourned the meeting at 10:30 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*