

Scantic Valley Regional Health Trust (SVRHT)

Board Meeting

Wednesday February 14, 2024 9:30 AM
By Remote Participation

Meeting Minutes

Board Members and Alternates present:

Arlene Miller, Chair	Town of Longmeadow
Dick Patullo	Town of Hampden
Joan Iwanicki	Town of East Longmeadow
Barbara Hancock	Town of Wilbraham
Aaron Osborne	Hampden Wilbraham RSD
Anna Bishop	Lower Pioneer Valley Educ. Collab.

Guests present:

Paul Pasterczyk	SVRHT Treasurer
Marcy Morrison	SVRHT Wellness Coordinator
Mark Gold	Town of Longmeadow
Jocelyn Sanchez	Town of Longmeadow
Ian Coddington	Town of Longmeadow
Gloria Congram	Town of Wilbraham
Christina Gagnon	Hampden Wilbraham RSD
Karen Fink	Lower Pioneer Valley Educ. Collab.
Heidi Fountain	Blue Cross Blue Shield of MA (BCBS)
Judy Moniz	Blue Cross Blue Shield of MA (BCBS)
Sandra Ruiz	Health New England
Alysha Beaudry	Abacus Health Solutions
Mark Nicholson	Point 32 Health
Chris Collins	CanaRx
Jim Riley	CanaRx
Joseph Anderson	Gallagher Benefit Services, Inc. (GBS)
Karen Quinlivan	Gallagher Benefit Services, Inc. (GBS)

Arlene Miller, Chair, called the meeting to order at 9:31 AM. Roll call was taken with voting attendees listed as:

Arlene Miller, Chair	Town of Longmeadow
Dick Patullo	Town of Hampden
Joan Iwanicki	Town of East Longmeadow
Barbara Hancock	Town of Wilbraham
Aaron Osborne	Hampden Wilbraham RSD
Anna Bishop	Lower Pioneer Valley Educ. Collab.

Approval of the minutes of the January 18th, 2024 meeting:

Dick Patullo moved approval of the minutes of the January 18th, 2024 meeting meeting as presented with noted corrections.

Motion

Anna Bishop seconded the motion. There was a roll call vote on the motion:

Arlene Miller	Yes
Dick Patullo	Yes
Joan Iwanicki	Yes
Barbara Hancock	Yes
Aaron Osborne	Yes
Anna Bishop	Yes

The motion passed by unanimous vote.

Wellness Report:

Marcy Morrison presented her current Wellness Report. The newsletter is increasing in size with more information included. A meal prep guide has been started with recipes and it is well received. There are about 10 recipes in each one with prep for each meal and a grocery shopping list. The Colonoscopy Program has had 40 members since inception so that is good. Colon cancer is becoming more aggressive especially in younger people. Some people are still using their old login for the Blue Cross A Healthy Me program. They have a new vendor so the link will be resent. February and March incentive programs include “Vitality Blueprint” a 4 week program from a Primal Health coach/personal trainer that covers healthy eating, fitness, mindfulness and weight management. Participants can earn 20 points for the program. “Eat This not That” is a webinar that was offered on January 23rd and the recording is available to all until February 23rd. “Healthy Habits” with health coach Ellen Weis will begin in mid February. “Learn about Gut Health “ and “Managing Hormones for Healthy Weight Management” will be offered in March. Health benefit fair season is right around the corner. Hampden Wilbraham is holding their fair on March 5th. Longmeadow is April 24th.

Joan Iwanicki said that East Longmeadow will hold their fair on April 25th.

Arlene Miller asked for participation numbers in the incentive programs for future reporting.

FY23 Audit Report:

Dan Haynes said that the audit had a clean opinion as in the past. The management letter has one significant material deficiency that has been there for quite some time in relation to segregation of duties. Net position of \$9.7 million is 34% of the health claims expenses which is a strong financial position. That increased about \$2.7 million during the year. Pharmacy rebates of around \$1,000,000 have been received since 2020. It is a good source of revenue for the trust. Reinsurance has contributed just over \$1,000,000 in 2023 for claims in excess of the \$250,000 specific deductible. At the end of 2023 the trust had \$11,415,064 in cash and investments. Of that, \$4.1 million was cash and \$6.9 million investments. The investments are in the form of CD's. They are in safe financial institutions. They represent the largest amount of cash and investments that the group has had in 10 years of reporting. Investment income in 2022 was \$51,245. In FY 2023 it was \$245,000 which is a 380% increase. Returns in the mid 5% range is reaping

rewards. Member contributions increased by about \$2.7 million or 8%. Member claims experience remained flat and actually decreased a little bit. Health New England activity as a whole was actually down significantly in FY23. The Wellness program does play a role in keeping people healthy which is a good thing.

Paul Pasterczyk said that Dan brought to his attention a matter of small amounts of money that were subject to credit risk. There was not enough collateral for a couple of accounts. He rectified the situation by getting a letter of credit from Leaders Banks and moved money out of Westfield Bank into Peoples Bank to bring balances under the \$250,000 FDIC limit.

Treasurer Report:

Treasurer Paul Pasterczyk presented his January 2024 financial reports (unaudited figures). The balance at the beginning of the month was \$13.4 million. The month ended with \$15 million but \$2.4 million was advanced premiums for the February accounts receivable. Investment income for the month was almost \$40,000. The group is on target to hit \$500,000 for the year. There was a small amount of reinsurance that came in of \$288,000 and the Diabetes Care Rewards program sent a check for \$22,000. There was also a Health New England pharmacy rebate of \$219,000. The Abacus program payment that was normally recorded in December was reported in January due to timing. Certificates of Deposit have increased by \$400,000. Currently there are \$8.8 million in CD's. Hopefully by year's end that amount will be \$10 million. Interest revenue to date is \$286,000. Trial balance shows that at the end of January there is a \$2 million surplus. Target balance of 12% of the prior 12 months worth of claims of \$3.36 million compared to the unreserved fund balance of \$9.02 million, leaves an excess of \$5.4 million.

GBS reports:

Joe Anderson reviewed the FY24 Funding Rate Analysis (FRA) report as of December 2023. Mr. Anderson said the expense to funding ratio through December was 93.6% resulting in a funding surplus of \$1,079,980. Every account is running below 100% except for the Tufts EPO and that is a very small account.

Karen Quinlivan reviewed the FY23 reinsurance reports. She said with data through December, there were 6 claimants with \$624,713.34 in claims above the \$250K deductible. The \$150K Aggregating Specific Deductible has been met. Total reimbursements to date were \$474,916.14 and there is an overpayment credit of \$202.80. There were 19 claimants with claims between \$125K and \$250K totaling \$ 3,543,181.93. The same report for FY24 through December had 2 claimants with \$182,987.88 in claims above the \$250K deductible. There has been no reimbursements and the outstanding amount due is \$ 32,987.88. There were 5 claimants having claims between \$125K and \$250K totaling \$ 806,964.40.

FY25 Active Health Plan Renewal:

Joe Anderson said that there is \$9 million in the trust with a \$5.4 million surplus. He will review the renewal calculation and then present some scenarios for discussion. Blue Cross had a 2.5% administrative increase. HNE had a 3% increase and Tufts/Harvard Pilgrim a 3% increase. GBS fees increased 2%. The costs associated with the CanaRx and Diabetes Rewards program are incorporated in the renewal of about \$500,000. Stop loss has had positive experience in the last year which is good but there have been fewer reimbursements. Pharmacy rebates have been significant and carriers do not factor those into their calculations.

Claims were up 9.7% on experience in the current year. Blended trend of over 8% was used by HNE. It was 12% for pharmacy. Blue Cross used trend of over 13% for pharmacy. Gallagher used a 9% trend. Reinsurance was calculated at a 25% increase. Trend represents risk and volatility in the market. The good

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news is that Scantic Valley is the lowest calculating group of any this year that Gallagher has. The GIC, which is a statewide group calculated at over 9%.

Comparing the HNE HMO vs. the Gallagher calculations, HNE had a 7.8% increase for the three tier and GBS had a 4% decrease. For the two tier plan HNE had an 8.2% increase vs. 3.3 % for Gallagher.

Arlene Miller asked if trend is local or national.

Mr. Anderson said it is local with a national focus on drugs.

Blue Cross and GBS calculations were very close at 9.3% for BCBS and 8.9% for Gallagher on the HMO. Blue Cross used a higher drug trend of over 13% on the prior year claims as well. Last year they only used a 9% trend. Blue Care Elect and the Tufts contracts did not have credible calculations because of the low number of members.

Total current FY24 funding is \$31,440,396. Various scenarios were presented for discussion purposes.

Carrier Calculations: Composite increase of 8.8% with increase in funding of \$ 2,755,210 and a \$0 trust risk.

GBS Calculations: Composite increase of 5.2% with an increase in funding of 1,645,572 and \$ 1.1 million trust risk.

Scenario C: 4% composite increase with \$1,257,616 in increased funding and a \$1.5 million trust risk.

Scenario D: 3% composite increase with \$ 943,212 increase in funding and a \$1.8 million trust risk.

The current fund balance is over \$9 million. The target is 3.5 million leaving a \$5.4 million surplus. The question remains how much of the trust surplus the group is willing to put at risk given that the trend is not good. If not accounted for in rates, it could spring load greater increases next year.

There was discussion.

Arlene Miller felt that the group was in a good position to support the municipalities and would not be inclined to go over 3%. She could support going lower.

Aaron Osborne said the school districts were up against budget constraints and would like to keep things as low as possible, perhaps zero%.

Mark Gold said the assumption is to draw down a certain amount but it could be higher or lower based on performance.

Richard Patullo said the carriers are always ultra conservative. GBS is less so but tries to protect the trust. In the 12 years that he has been doing this the group has only had to make up for low rates once. The towns need the money so he is proposing a zero% increase.

Joan Iwanicki said she is deferring to the experts in terms of risk.

Anna Bishop said she is in favor of 3% or lower to avoid a higher increase next year but perhaps not zero percent.

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Ian Coddington, Treasurer in Longmeadow said that 2% would leave a cushion for next year in terms of the increase.

Richard Patullo said the current surplus cushion is 2.5 time the reserve. There will still be money left over to cushion an increase.

Barbara Hancock supported a zero % increase.

Mr., Coddington said Longmeadow has a \$700,000 deficit this year and a zero percent increase would be beneficial.

Joe Anderson said that another joint purchase group in the state is dissolving after going from a surplus of \$11 million to zero in only 2 years. After increases of over 13%, local decision makers decided that they had to seek less volatility. He is not saying that the same situation will happen here but cautioned against ignoring a calculation of 5.3%. Next year the number could be even higher.

Anna Bishop said that the thought process in the past was to do something even if it is 1% for a bit of cushion.

Aaron Osborne motioned for a zero% increase to active health rates for FY25.

Joan Iwanicki seconded the motion. There was a roll call vote.

Motion

Arlene Miller	Yes
Dick Patullo	Yes
Joan Iwanicki	Yes
Barbara Hancock	Yes
Aaron Osborne	Yes
Anna Bishop	No

The motion passed by majority vote.

Good Health Gateway Dashboard Report:

Alysha Beaudry presented a brief quarterly overview of the Diabetes Care Rewards program for SVRHT. Through 12/31/2023. There were 36% of 234 eligible members enrolled in the program with 58% adherent members. Of the enrolled members, 39 are considered high risk and of those 22 are enrolled and 12 have met program requirements. There were a total of 209 prescriptions with \$5,447 in copay waivers. Rebates distributed during the period total \$21,712. These continue to be an excellent way to offset program fees and will increase as more become adherent in the program. Engagement is high and they are always available to attend health fairs, send targeted mailings, monthly email images or anything the benefits administrators require. The October quarterly mailing included an Amazon E gift card to incentivize new registration. There is also information on their YouTube site for current and past webinars.

Health plan and vendor reports:

Blue Cross – Heidi Fountain said that three clinical programs were added last year as part of the relationship with CVS Caremark. Those programs were free but will be a buy- up option for FY25. The Medical Cost Avoidance Program reminds people to get their preventive care to improve overall health and reduce the need for costly care in the future. The Pharmacy Advisor program helps members who are at

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risk for becoming non-compliant with medications by giving them personalized support and education. The Drug Savings Review program can save accounts 1.24% annually on medication costs by making recommendations to providers based on clinical guidelines. A Pharmacy Benefit Manager can come out to the next meeting if the group would like more in depth details.

The Fitness Benefit is being expanded to include additional categories for reimbursement. Those can include bicycles, bicycles helmets, athletic shoes and athletic activity fees. There is no additional reimbursement amount, just the amount of available categories that qualify.

Arlene Miller asked for Gallagher input.

Joe Anderson said that he is numbers driven and Ms. Fountain has been put in a difficult position not having utilization numbers yet on the pharmacy programs.

There was no action taken at this time on the pharmacy clinical programs.

The increased categories for Fitness Reimbursement were approved.

Health New England – Sandra Ruiz said that updated materials are being sent to make sure the latest versions are available on the website. If any unit needs materials for open enrollment please reach out. .

Tufts – Mark Nicholson said that as part of the overall Harvard Pilgrim Tufts migration, The Tufts plans will move over to Harvard Pilgrim and their platform for July 1, 2024. HPHC is currently working on replicating all the benefits of the current Tufts plans so they will be ready on July 1. Mr. Nicholson also announced his retirement after 37 years and introduced his replacement Elaine Wilson. Ms. Wilson has been with Harvard Pilgrim for 30 years and has worked extensively in the municipal area.

CanaRx – Jim Riley said that savings for calendar year 2023 are at \$283,580. Projected savings for the next year shows a 6% increase.

Chris Collins said new medications are being added to the formulary and are tracked as soon as available. Things seem to be moving in the right direction.

Other business:

There was no other business.

The Chair, Arlene Miller, set the next Board meeting for Thursday March 28th, 2024 at 9:30 AM.

Ms. Miller adjourned the meeting at 11:09 AM.

*Minutes prepared by Karen Quinlivan
Gallagher Benefit Services, Inc.*