

Scantic Valley Regional Health Trust (SVRHT)

Board Meeting

Wednesday, January 14, 2015

9:30 AM

Wilbraham Town Hall

Wilbraham, MA

Meeting Minutes

Board Members and Alternates present:

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

Guests present:

Paul Pasterczyk	SVRHT Treasurer
Lyn Hollinger	SVRHT Wellness Coordinator
Christina Gagnon	Hampden Wilbraham RSD
Corinne Tranghese	Town of East Longmeadow
Audra Staples	Town of Longmeadow
Herta Dane	Town of Wilbraham
Marcy Conner	LPVEC
Lisa Green	LPVEC
Leslie Archambault	LPVEC
Linda Loiselle	The Abacus Group
Jillian Kiernan	The Abacus Group
Sandra Stankiewicz	Blue Cross Blue Shield
Heidi Fountain	Health New England
Erin Hayes	Tufts Health Plan
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.

Approval of the minutes of the December 3, 2014 meeting:

Tom Sullivan moved to approve the December 3, 2014 meeting minutes.

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

Motion

Approval of the Executive Session minutes of the December 3, 2014 meeting:

Dick Patullo moved to approve the December 3, 2014 Executive Session meeting minutes without release.

Motion

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

Treasurer’s Report:

Treasurer Paul Pasterczyk reviewed the financial reports of November 30, 2014 (unaudited figures). He said that the Unreserved Fund Balance was \$6,125,715.41, which is \$3.66 million above the target. Mr. Pasterczyk said the CD investment balance is \$6.1M. He noted that he increased one of the CD’s by \$96,152.30.

Sara Menard and Beth Regulbuto joined the meeting.

Mr. Pasterczyk said that the December financial statements are not complete, but said \$19K of reinsurance reimbursements and \$29K of Retiree Drug Subsidy monies were received. He said that the ACA Transitional Reinsurance Fee was paid in the amount of \$184,643.56.

Mr. Pasterczyk said that Scanlon and Associates will be beginning the FY14 financial audit at the end of January.

Wellness Program report:

Lyn Hollinger, SVRHT Wellness Coordinator, reviewed the program participation report. She said 75% of the 69 participants weighing out at the end of the *Maintain Campaign* program either lost weight or maintained their weight. Ms. Hollinger reviewed the participation information of the Yoga and Strength Training classes. She said 22 members have received colonoscopy incentives year-to-date. Ms. Hollinger said the Smoking Cessation program patch give-away is scheduled for next week.

Ms. Hollinger said the Health Risk Assessment (HRA) incentive program has been improved and is shorter and less complicated for the member. She said she is hoping that the improvements to the program will draw more participants. She said the health screenings will begin in late February/early March.

Ms. Hollinger reviewed the FY15 wellness budget and said that there was an error on the “percent of year” figure. She said it should be 27.4%, not 49.9%. She said 27.4% of the budget was used through December 2014.

Group Benefits Strategies reports:

Funding Rate Analysis (FRA) Report – Carol Cormier reviewed the report with data through November 30, 2014. Ms. Cormier said the expense-to-funding ratio across all plans was 95.3% and that there was an excess of funding over expenses of \$433,797.

Level Monthly Deposit (LMD) Reconciliation report for BCBS plans- Ms. Cormier said that the report is for the month of November and said that SVRHT has a credit balance of \$58,764.

Stop Loss reports – Karen Carpenter reviewed the stop loss report for the FY14 policy year and said there were overpayments to the group of \$1,097. She said the reinsurance company may ask the group to reimburse them or may apply the overpayment to the next policy period.

On the FY15 reinsurance policy, Ms. Carpenter said there were 3 claimants who exceeded the \$175K specific deductible with total claims of \$541,866. She said the \$150K aggregating specific deductible has not been met. Ms. Carpenter said there were 3 claimants with claims between 50% and 100% of the deductible with total claims of \$293,788.

Ms. Carpenter noted that the outstanding FY13 reinsurance reimbursement of \$7,006 has now been paid to the group.

Reports from the Abacus Group:

myMedicationAdvisor® (MMA) report – Linda Loiselle reviewed the MMA report with data through the month of December 2014. She said that the figures for the two areas highlighted in yellow were not available, but that she will email the complete report as soon as those numbers come in. She said SVRHT is exceeding the international buying scripts program projections. Ms. Loiselle said the alternative generic buying scripts are below the projections by about 141 scripts. She said that the total net savings, less fees through December was \$267,774. She said a total of \$95,580 employee copays were waived.

Diabetes Rewards Program report – Jillian Kiernan reviewed the Diabetes program report for the quarter 9/2014 through 11/2014. She said 58% of eligible members (126) were enrolled in the program and 50% (63) were compliant with all program requirements. She said this exceeds program goals of 30% enrollment and 50% compliancy. She said estimated savings net of program fees and member copay expense was \$37,783.

Linda Loiselle noted that SVRHT added \$25 to the \$25 incentive that Abacus is providing, making the incentive \$50.

Jillian Kiernan reviewed the loss-regret letter mailings sent by Abacus and promotional activities.

Ms. Loiselle recommended continuing the incentive program for several more months.

The Board agreed with the recommendation.

Ms. Loiselle said Abacus will be sending satisfaction surveys to participating members.

Affordable Care Act (ACA) Issues:

Out-of-Pocket Maximums - Carol Cormier reviewed the ACA requirements for Out-of-Pocket Maximums (OOP Max) that will impact SVRHT plans on 7/1/15. She said OOP maximums are benefits to employees, limiting their out-of-pocket expenditures on services. She said currently the SVRHT plans have OOP maximums on medical services only. She said the OOP max amounts for medical only on SVRHT plans are \$2,000 per member, not to exceed \$4,000 per family per year. She said on 7/1/15 the SVRHT will have to have an OOP max for prescription drugs (Rx). She said the ACA allows separate medical and Rx OOP maximums, but employers

may choose to combine medical and Rx under one OOP maximum. She said ACA allows OOP maximums in 2015 to be as high as \$6,600 Individual and \$13,200 Family. Ms. Cormier said the GIC OOP Maximums are \$5,000/\$10,000, combined medical and Rx.

Carol Cormier said the ACA does not require an OOP maximum on PPO out-of-network (OON) services. She said currently the SVRHT plans have a \$3,000 per member OOP max on OON services. She suggested that SVRHT look at this in the future.

Ms. Cormier said she is recommending that SVRHT adopt a separate Rx OOP Max. She reviewed six options.

There was a discussion.

Tom Sullivan moved to add separate Out-Of-Pocket Maximums of \$3,000 Individual, not to exceed \$6,000 per Family to the HMO plans and to the PPO in-network benefit effective 7/1/15.

Dick Patullo seconded the motion.

Motion

There was further discussion.

Sara Menard asked about the impact on members.

Carol Cormier said that currently there is no limit on what a member may have to pay in prescription drug copays in a year. She said that very few members, if any, will reach the OOP Max. but said that, nevertheless, this is a protection to avoid serious Rx expenses for members.

There was a vote on Mr. Sullivan's motion. The motion passed by unanimous vote.

Cadillac Tax – Carol Cormier reviewed an exhibit showing what the health plan rates would be in 2018 when the Cadillac Tax is scheduled to go into effect, if the rates were to increase 7% per year. She said the PPO rates would be substantially above the ceilings and employers with members on this plan would have to pay the tax which is 40% of the amounts above the annual premium thresholds. She said the good news is that there are only 8 subscribers on the plan now. Nevertheless, she said SVRHT should start now to consider plan design changes and how it rates the PPO plan.

Employer Shared Responsibility mandate (Play or Pay) reporting – Carol Cormier said this part of the ACA applies to employers with 50 or more FTEs. She said the reports for CY15 will be due on March 1, 2016. She said that GBS has sent clients information about this and references to the regulations and reporting forms. She said that the employers will be focusing mostly on the *variable hour employees*. She said employers will have to track hours worked to determine if the variable hour employees are eligible for coverage. She said that those regularly employed 20 or more hours per week will be covered by the employer's health insurance program as required by state law, and so the reporting for these employees should be straight-forward. She said that each employer will have to work on how it will gather and report the required data based on its own IT systems and/or that of its payroll company. She said that GBS can provide the monthly employer invoice data in an Excel file but that there will be a fee since this would have to be

done manually at this time. She suggested that employers that have not started on this project should contact their payroll companies to find out how they might be able to help.

Arlene Miller said that she would like to have the SVRHT help employers with the reporting.

Carol Cormier said that the SVRHT may need a legal opinion to determine if this is an allowable use of trust fund money.

Discussion of approach to FY16 rate-setting:

Carol Cormier talked about medical and prescription drug trends. She said that the medical trend is low, but drug trend is escalating. She said that if the regional school district's retired teachers who are not Medicare eligible come into the SVRHT risk pool from the GIC, this will probably increase the costs for the SVRHT active employee plans. She said that previously the ACA fees were not calculated into the rates but that she would be adding them in for FY16 and would also show the rate factors needed to fund the Alternative Rx and Diabetes Rewards Program claims through the rates.

Sara Menard told the Board that East Longmeadow is looking to make changes and may want to move to the deductible plans or make other changes to plan design and/or contributions. She said she may ask the SVRHT to consider adding a high deductible plan.

Carol Cormier said that it is getting late to make major changes for July 1, 2015 but said the Group should start exploring options for the following year. She said East Longmeadow could make the decision to move to the SVRHT's deductible plans effective 7/1/15.

Sara Menard asked about adding a 2-person rating tier.

Carol Cormier said that the HNE plans have 3 rating tiers for those employers that had 3 rating tiers prior to being in the SVRHT. She said all others have 2 tiers, Individual and Family. Ms. Cormier said she would send Ms. Menard information on why it does not save money to move to 3 rating tiers. She said that SVRHT had the health plans look into this several years ago. She said they looked at the costs per contract for Individual, Families of two, and Families of 3 or more. She said the 2-person families had the highest cost-per-contract for BCBS and HNE plans.

There was a discussion about the GIC's large budget deficit and that the GIC may have to make plan design changes and increase rates.

Update on HW RSD decision about coverage options for retired teachers now in the GIC:

Beth Regulbuto said she did not have anything new to report and that the district is waiting for legal opinions.

Health Plan Reports:

Health New England (HNE) – Heidi Fountain said she is the new Account Executive for SVRHT. She said she had been in the role previously and is knowledgeable about the Group. She referred to a handout about the Pediatric Immunization Program Assessment (PIPA) for 2015.

BCBSMA – Sandra Stankiewicz said she is the new BCBS Account Executive for SVRHT. She said she would like to meet with each employer to determine their needs. She referred to documents distributed at the last meeting pertaining to urgent care and how to avoid the ER, generic medications, and how to select a PCP.

Tufts Health Plan – Erin Hayes said that Tufts is working on the FY16 renewals and provider contracts that are appropriate to what is affordable.

Fred Winer, Tufts Account Executive for the Senior plans, said that he did not have anything to report.

Other Business:

Arlene Miller set the next meeting for February 11 at 9:30 AM at Wilbraham Town Hall.

Tom Sullivan moved to adjourn the meeting.

Motion

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

Chair, Arlene Miller, adjourned the meeting at 11:18 AM.

*Prepared by Carol Cormier
Group Benefits Strategies*