

Scantic Valley Regional Health Trust

Board Meeting

Thursday, February 21, 2013

9:30 a.m.

Wilbraham Town Hall
Wilbraham, Massachusetts

Meeting Minutes

Members and Alternates Present

Arlene Miller, Chair	Town of Longmeadow
Marie Angelides	Town of Longmeadow
Anna Bishop	Lower Pioneer Valley Education Cooperative
Cheryl Decoteau	Lower Pioneer Valley Education Cooperative
Thomas Caliento	Town of East Longmeadow
Dick Patullo	Town of Hampden
Beth Regulbuto	Hampden Wilbraham RSD
Tom Sullivan	Town of Wilbraham

Guests Present

Paul Pasterczyk	SVRHT Treasurer
Christina Gagnon	Hampden Wilbraham Regional School District
Erica Gelinis	Town of Longmeadow
Corinne Tranghese	Town of East Longmeadow
Herta Dane	Town of Wilbraham
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Pat Kaplan	Blue Cross Blue Shield (BCBS)
Erin Hayes	Tufts Health Plan (THP)
Laura Syron	Health New England (HNE)
Carol Cormier	Group Benefits Strategies (GBS)
Ginger Hastings	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

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

Approval of the minutes of the January 15, 2013 Board meeting:

Karen Carpenter said that she will correct the spelling of Richard Patullo's last name. She said that the "e" should be an "a" on page 3 of the meeting minutes.

Tom Sullivan made a motion to approve the minutes of January 15, 2013 as amended.

Motion

Cheryl Decoteau seconded the motion. The motion passed by unanimous vote.

Treasurer's Report:

Treasurer Paul Pasterczyk reviewed the Treasurer's financial worksheets and statements ending January 31, 2013 (unaudited figures). Mr. Pasterczyk said that the unreserved fund balance was \$4.3M and said that there was an excess of \$1.7M over the fund balance policy target of \$2.6M. He said that he renewed one of the CDs for 24 months that had matured at the end of December.

Mr. Pasterczyk said that the FY12 financial audit is almost complete and should be ready for the next Board meeting.

Wellness Program Report:

Arlene Miller said that she, Cheryl Decoteau and Beth Regulbuto interviewed 7 applicants of the 37 applications that were received in response to the SVRHT search for a Wellness Coordinator. Ms. Miller said that following the second interviews, the Sub-Committee was unanimous on contracting with Lynn Hollinger, who is also a dietician.

Ms. Miller said that the Sub-Committee is recommending that the offer of contract state hours not to exceed 25 hours per week or 1,250 hours per year and would pay \$30 per hour with a review in six months.

The Board agreed with the recommendation.

Erica Gelinis offered to send acknowledgement letters to the applicants.

Ms. Miller noted that Amy Higgins has agreed to work with Ms. Hollinger during the transition and said SVRHT would pay her salary to her during this time.

The Board agreed with the arrangement proposed by Ms. Miller.

GBS Reports:

Funding Rate Analysis by Plan - Ms. Cormier reviewed the FY13 Funding Rate Analysis by Plan with data through December. She said the expense-to-funding ratio was 100.1%. Ms. Cormier noted that the Network Blue NE plan is underfunded by approximately \$500K and requires watching.

Tom Caliento and Beth Regulbuto joined the meeting.

Arlene Miller said that the plan design changes made for fiscal year 2013 may have prompted some employees to have elective medical procedures done prior to the changes. She said this may be part of the reason for the underfunding of the plan in the early months of FY13. Ms. Miller also noted that the claims costs may be lower in the future due to member behavior changes with regards to how and where they obtain health care.

BCBS Level Monthly Deposit – Ms. Cormier said that there was a credit balance due SVRHT of \$157K at the end of December, the 2nd quarter.

Reinsurance Reports - Karen Carpenter reviewed the Stop Loss reports for FY13 and said that the Group has met the Aggregating Specific Deductible (ASD) of \$150K. She said there are 2 claimants that exceeded the \$175K specific deductible and that there are reimbursements of \$30,340 due SVRHT. Ms. Carpenter said that there are 4 claimants that have reached between 50% and 100% of the specific deductible with claims totaling \$487K. Ms. Carpenter said that there are 4 claimants on the FY12 that have exceeded the \$175K specific deductible. She said that reimbursements of \$12,774 are due SVRHT.

Possible modifications to Senior plans and discussion about changing the anniversary date – Arlene Miller said that the Board is continuing its discussion about senior plan options. She said that Marie Angelides is meeting with the Town of Longmeadow's Board of Selectmen and said that she will be discussing the senior plan options, including the EGWP proposal from KTP Advisors with them. Ms. Miller said that the SVRHT rejected KTP's proposal and said that the town will need to leave SVRHT if it wants to offer the KTP-proposed plans. She said that she was confused as to why Ms. Angelides isn't discussing and asking her questions at the SVRHT Board meetings.

Marie Angelides said that the recommendations made by KTP showed that the town could save over \$100K by switching to EGWP plans.

Tom Sullivan suggested negotiating a lower town contribution to retiree plan rates by the town as a way to reduce costs.

Ms. Angelides said that the recent plan design changes would make that difficult to negotiate.

Carol Cormier said that there are several retiree plan changes that the SVRHT has been considering. She said that one is possibly changing Medex to an EGWP type plan which will require changing it to a January renewal date. Ms. Cormier said another is whether or not to change all retiree plans to a January renewal date. She said another possible change is the introduction of a prescription drug formulary to the Medex plan and changing the current Rx plan design from coinsurance to co-pays.

In response to a question from Ms. Angelides as to why GBS hadn't proposed EGWP plans to SVRHT sooner, Ms. Cormier said that the EGWP plans didn't become financially attractive until 2011 when the law required the drug manufacturers to rebate 50% of Rx costs in the Medicare Part D "donut hole". She said that some years ago GBS reviewed data from BCBS comparing savings from EGWPs to the Retiree Drug Subsidies (RDS) received for Medex. She said the RDS showed better savings.

She said SVRHT has been receiving reimbursement through the RDS program since its inception in 2006. Ms. Cormier said that the RDS funds are Plan Sponsor funds, and SVRHT is the Plan Sponsor. She said that SVRHT has the option to utilize the RDS funds to subsidize the health plan rates as they have done or may return money to the employers as some other joint purchase groups have done.

Ms. Cormier said that SVRHT has been discussing the retiree plan options for some time now and said that they are reviewing all aspects of the options. She said that SVRHT also saves money on prescription drugs through the international Rx purchasing program and the alternative savings program, both overseen by The Abacus Group. Ms. Cormier said she received utilization data from Abacus and found that utilization of these programs by the Medicare eligible retirees is higher than originally thought.

Ms. Cormier said that the EGWP plans build the savings into the plan rates, which is shared with the members. She said these plans can also help to reduce the employer's OPEB liability through lower rates.

Ms. Cormier said that HNE has informed GBS that at this time it cannot modify the MedPlus retiree plan to an EGWP. She said that the group can continue to receive RDS reimbursements for that plan. She noted that only the Medex plans can be modified to an EGWP plan. She said that the Medicare Advantage plans already have Medicare Part D incorporated. Ms. Cormier said she did not recommend making all of these changes for July 1, 2013 due to the complexity and communications to retirees that would be necessary in moving to an EGWP and because the rate would change again on January 1.

Carol Cormier recommended first adding a formulary to the Medex plan on July 1, 2013 and then adding a 3-tier co-pay structure to the Medex prescriptions on January 1, 2014. She said the BCBS Rx formulary should give substantial savings. Ms. Cormier noted that the current Medex members are subject to a 20% coinsurance for brand name drugs that can be very costly to the member.

Suzanne Donahue said that BCBS will not know the 2014 EGWP rate until late fall as approved by CMS.

Arlene Miller asked if there were any additional questions.

Marie Angelides asked if the RDS funds can be broken out by towns.

Carol Cormier said that it could be broken down by town based on number of RDS eligibles per town. She said that other groups have distributed RDS for a year or more to the employers using number of RDS eligible retirees for each employer enrolled in the particular year. Ms. Cormier noted that if each town administered its own RDS, they would not be required to share it with the plan members.

Arlene Miller said that SVRHT has been using the RDS money to lower the health plan rates.

Rick Patullo said that by using the RDS money to lower the rates, it benefits the employees as well as the employers.

Options for BCBS Blue Care Elect (BCE) PPO:

There was brief discussion about the rating of the BCE plan considering that the enrollments are very low.

FY14 Rate Projections:

Carol Cormier reviewed the expenses and revenue that she did not build into the FY14 rate projections, but said she developed the rate factors so the expenses could be added if SVRHT decides to do so. She said that they have not been included in prior year's projections. She noted the new Affordable Care Act fees, specifically the PCORI fees estimated at \$7,540 for FY14 and the more significant Transitional Reinsurance Program fees estimated at \$237,510 for FY14 (1/2 year fees). She said that there will be a one-time state assessment on insurers and self-funded employers in FY14 but said that the amounts are not known at this time. Ms. Cormier also discussed revenue sources other than rate revenue.

There was a discussion about whether or not to add the expenses and revenue to the rates.

Carol Cormier reviewed the carrier administrative fees and said that BCBS did not increase its fee and Tufts reduced their increase from 2% to 0%. She said that HNE reduced its proposed 3% increase to 2% at the request of GBS.

Laura Syron noted that HNE did not increase its fees last year.

Ms. Cormier said that she used data from one 12-month claims period and two 6-month periods because of the plan design changes that were made on July 1, 2012. She said that she used trends of 6% to 8%.

Ms. Cormier reviewed the plan projections and the current funding for FY13 health plans. She reviewed the following FY14 scenarios:

Scenario A- based on the carrier projections with the exception of the 10% increase to the BCE plan. This scenario had an 8.1% composite increase.

Scenario B- based on the GBS projections with a 9.7% composite increase.

Scenario C- a scenario using the lower of the GBS and carrier projections. Ms. Cormier said that she is not recommending using this scenario.

Scenario D – a possible scenario with a 6.9% composite increase and estimated use of fund balance between ~\$269K based on Scenario A and ~\$604K based on Scenario B. .

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There was a discussion about balancing the rates and the Board asked Ms. Cormier to create a scenario with a 6% composite rate increase with no increase to the retiree plans and expected use of about \$400K of trust fund surplus compared to Scenario A.

The Board thanked Ms. Cormier for her work on the projections.

Health Plan Reports:

BCBS – Suzanne Donahue distributed information about the BCBS wellness and managed care solutions, as well as information about cost savings options that could be added to the SVRHT active plans. She said that Tom Sullivan asked the health plan representatives at the last meeting to provide cost savings initiatives at this meeting.

Arlene Miller asked Ms. Donahue to speak about the options at the next meeting.

Tufts Health Plan –Erin Hayes distributed information about Tufts approach to care management and said that a Coaching component can be added to the Alere Disease Management program that SVRHT currently has for an added cost of \$42 for each engaged member per month. She said that SVRHT would only be billed for the members who agree to the coaching and said that members are identified for coaching based on certain risk criteria.

HNE – Laura Syron distributed information about HNE’s Disease Management program and said that HNE also offers coaching.

Other Business:

Shingles vaccine – Marie Angelides said that the shingles vaccine was approved to be added by the Board; however a member told her that her physician would not administer it to her. She asked if this person would be eligible to be reimbursed if they receive the vaccine at a clinic.

Suzanne Donahue said that the Board approved to add a shingles vaccine rider to the Medex plan to cover payment of the shot when administered by their physician in their office. She said the active plans cover the vaccine, but due to the storage requirements of the vaccine, some physicians choose not to provide it. Ms. Donahue said that *active* plan members can call member services, and a pharmacy can be approved to administer the vaccine. She said this would not work for retirees, but said they may use a travel clinic.

The next SVRHT Board meeting was scheduled for March 5, 2013 at 9:30 a.m. to be held at the Wilbraham Town Hall with the main purpose to vote on FY14 rates and possible changes to Medex.

There was no other business.

Chair Arlene Miller adjourned the meeting at 11:45 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*