

Scantic Valley Regional Health Trust (SVRHT)

Board Meeting

Monday, April 23, 2018

10:00 AM

Wilbraham Town Hall

Wilbraham, MA

Meeting Minutes

Board Members and Alternates present:

Arlene Miller, Chair

Anna Bishop

Tom Sullivan

Howie Barber

Richard Patullo

Town of Longmeadow

Lower Pioneer Valley Educ. Coop. (LPVEC)

Town of Wilbraham

Hampden-Wilbraham RSD

Town of Hampden

Guests present:

Paul Pasterczyk

Lyn Fioravanti

Tracey May

Christina Gagnon

Christi Brothers

Jocelyn Sanchez

Herta Dane

Elena Boulanger

Risa Knight

Sandra Ruiz

Heidi Fountain

Carol Cormier

Chris Nunnally

Karen Carpenter

SVRHT Treasurer

SVRHT Wellness Consultant

Gallagher Insurance Co.

Hampden Wilbraham RSD

Hampden Wilbraham RSD

Town of Longmeadow

Town of Wilbraham

Lower Pioneer Valley Educ. Coop. (LPVEC)

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Health New England

Blue Cross Blue Shield of MA

Group Benefits Strategies

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Arlene Miller, Chair, called the meeting to order at 10:00 AM.

Approval of the minutes of the March 21, 2018 meeting:

Anna Bishop said on page 2 of the minutes, it should say “on” the Fund Balance Policy, not “pm” the Fund Balance Policy.

Anna Bishop made a motion to approve the meeting minutes of March 21, 2018 as amended.

Motion

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

Wellness Program Report:

Lyn Fioravanti, Wellness Consultant, distributed and reviewed a report of the year-to-date participation in the current SVRHT Wellness Programs. She said the HNE Spring Activity Challenge “Get Up and Move” begins today and will run for 6 weeks. She said the goal is 30 minutes of activity, 5 days a week and a raffle for Fitbit zip pedometers from BCBS will be awarded.

Ms. Fiorvanti reviewed the FY18 YTD wellness budget and said 82.4% of the overall budget has been spent. She noted the Consultant expenses are exceeding the budgeted amount due to increased travel to sites and replacement of the laptop hard drive.

Treasurer’s Report:

Treasurer Paul Pasterczyk distributed and reviewed the March 2018 financial report (unaudited figures). He reported an Unreserved Fund Balance at the end of March of \$3,650,116 million. The fund balance target based on the Fund Balance Policy was \$3.15 million. Mr. Pasterczyk reviewed the list of Certificates of Deposits and said the ending balance for the CDs was \$6,718,189.

GBS Reports and CY18 Memorandum of Understanding for RDS administration:

Funding Rate Analysis (FRA) report - Carol Cormier reviewed the March FY18 FRA report and said the expense to funding ratio was 94.6%. She said the HNE plans are underfunded by 1.3% and noted the report does not include the CanaRx prescription claims.

Carol Cormier said Tracey May, Gallagher Insurance Company, is here to speak about the Mass. Municipal Reinsurance Arrangement and its progress since its inception.

Ms. Cormier reviewed the Abacus report on the Diabetes Rewards Program and said the total spend through March was \$244,950.20. She said she is going to confirm that their report does not include the Accu-Chek meter cost is not included. Ms. Cormier said the meter costs are to be paid by Abacus.

Reinsurance reports – Ms. Carpenter said there were ten claimants on the *FY17 policy period* whose claims through March exceeded the specific deductible of \$175K. She said these claims totaled \$2,970,439 with excess claims of \$1,220,439. Ms. Carpenter said the \$150,000 Aggregating Specific Deductible has been met, and all of the reimbursements due have been received.

Karen Carpenter said there were three claimants in the *FY18 policy period* who have exceeded the specific deductible of \$200K. She said claims for these members total \$759,386 with excess claims of \$159,386. She said that the Aggregating Specific Deductible has been met, and said there are \$9,386 in outstanding reimbursements due.

MA Municipal Reinsurance Arrangement (MMRA) presentation and discussion

Carol Cormier introduced Tracey May, Area Vice President, Health and Benefits and Stop Loss Captives, for Gallagher Insurance, to the Board.

Tracey May thanked the Trust for inviting him to speak. He explained the reason for the development of the MMRA, and said it was in response to the lack of quotes received from the insurance companies for stop loss insurance. Mr. May said the reason for the lack of quotes occurred due to the commoditization of the stop loss market by municipal employers. He said it is common practice for the municipalities to go out to bid each year and to choose the lowest premium quote received. Mr. May said by doing this, the insurance companies have no way to recoup costs for a large loss year, therefore, they are reluctant to bid

for the business. He said stop loss insurance will become increasingly limited and municipalities may see double-digit increases at renewal.

Mr. May said the stop loss captive alternative allows the municipality to keep their current consultants, carriers, and plan designs. He also said joining a captive does not require collective bargaining. Mr. May reviewed traditional self-funding of stop loss, versus stop loss captive funding. He said the differential between the expected and actual claims is returned to the municipality as a dividend in the captive arrangement, rather than a profit for the insurance company.

Mr. May said that the three captive participants, CCMHG, MNHG, and WSHG, have a \$300K specific deductible. He said claims between \$0 and \$300,000 are paid by captive participants, and claims between \$300,000 and \$800,000 are reimbursed from the captive's reinsurance pool. He said the captive buys a reinsurance policy for claims over \$800,000, which would be at a much lower premium than buying a policy for claims over \$300,000.

Mr. May said each new entity joining the MMRA will be rated separately based on their own claims experience and will get their own rate. He said there will be no Aggregating Specific Deductibles and no Lasers, and the claims risk would be spread across all lives in the pool. Mr. May said the MMRA is a long-term strategy that requires a commitment of 3 years. He said the fixed costs to run the captive will remain the same.

Mr. May said the captive is domiciled in Delaware and adheres to US regulations and MA rules of joint purchasing. He said the group will not be obligated to market stop loss each year. Mr. May said Group Benefits Strategies (GBS) is the lead consultant for the proposal, and Gallagher Insurance will do the claim filings. He said over the last 3 years, the MMRA saw premium increases of 12%, 7% and 8% respectively.

The Board thanked Mr. May for his presentation.

Western Massachusetts Emergency Communications District (“West Comm”) interest in SVRHT:
Paul Pasterczyk said he received a sample mini-Joint Purchase Agreement from Carol Cormier and said it looks appropriate. He said they are looking to hire an Administrator, possibly in June or July.

The Board asked Ms. Cormier to forward the sample JPA to them.

Health Plan reports:

Health New England –Sandra Ruiz said HNE is expanding its \$150 fitness reimbursement to include golf, ski tickets, nutritional classes, and other added benefits.

Anna Bishop made a motion to approve the expansion of the HNE fitness reimbursement.

Motion

Howie Barber seconded the motion. The motion passed by a unanimous vote.

Tufts Health Plan – Carol Cormier said the Tufts representatives are attending health fairs.

Carol Cormier said the Board asked for more information about the non-embedded telehealth programs GBS has been reviewing. She said non-embedded vendors offer programs which do not charge members a co-pay and can impact small claims with a lot of utilization. Ms. Cormier said the vendor GBS is

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looking at has a utilization guarantee and per subscriber per month fee of \$2.05 and no co-pay or claims cost. She said they also include behavioral health services.

Arlene Miller asked Ms. Cormier to invite the vendor to speak at the Board meeting.

Blue Cross Blue Shield – Heidi Fountain did not have anything new to report.

Other Business:

The next meeting was scheduled for June 4, 2018 at 1:00 PM at the Wilbraham Town Hall, Wilbraham, MA.

There was no other business.

Arlene Miller adjourned the meeting at 11:15 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*