

Scantic Valley Regional Health Trust

Board Meeting

Thursday, April 25, 2013

1:00 p.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
Dick Patullo	Town of Hampden
Beth Regulbuto	Hampden Wilbraham RSD
Tom Sullivan	Town of Wilbraham

Guests Present

Paul Pasterczyk	SVRHT Treasurer
Lyn Hollinger	SVRHT Wellness Coordinator
Christina Gagnon	Hampden Wilbraham Regional School District
Herta Dane	Town of Wilbraham
Corinne Traghese	Town of East Longmeadow
Kristin Chmielewski	Town of Longmeadow
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Pat Kaplan	Blue Cross Blue Shield (BCBS)
Erin Hayes	Tufts Health Plan (THP)
Lynne Colesano	Health New England (HNE)
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Chair, Arlene Miller called the meeting to order at 1:06 PM.

Approval of the minutes of the March 5, 2013 Board meeting:

Tom Sullivan made a motion to approve the minutes of March 5, 2013.

Motion

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

SVRHT Independent Auditor's Report on the FY12 Financial Statements – Dan Haynes, CPA:

Dan Haynes, CPA, Scanlon & Associates, LLC distributed and reviewed the draft of the "FY12 Audited Financial Statements and Management Discussion and Analysis with Required Supplementary Information, Years Ended June 30, 2012 and 2011".

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Mr. Haynes reported year-end Net Assets of \$5,427,309 which he said was down approximately \$83K from the prior year. He noted that approximately \$5.4M of the Net Assets is in investments in longer term Certificates of Deposit. Mr. Haynes recommended implementing an investment policy.

Carol Cormier said that the Board has been considering the implementation of an investment policy and said that she sent policies that several other groups have implemented to the Chair and Treasurer for review.

Mr. Haynes said the claims liability increased to \$2.3M in 2012. He noted that the claims increase may be due to timing of payments and the FY13 plan design changes which may have led plan members to seek services before the changes went into effect.

Mr. Haynes reviewed the Management Letter which included the recommendation that the Group work towards adopting a formal risk assessment policy and documenting policies and procedures to provide guidance to the Group in case the Treasurer were to become unable to perform his duties. He said that the size of SVRHT does not warrant hiring another person, but suggested that a separate person may reconcile the bank statements and document the procedure.

Paul Pasterczyk said that Tom Caliento is currently reviewing all of the bank reconciliation statements.

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

Paul Pasterczyk asked if the Board would like to authorize Mr. Haynes to perform the FY13 financial audit.

Beth Regulbuto made a motion to engage Scanlon & Associates, LLC to complete the FY13 SVRHT financial audit report at the same or lower cost than this year's price.

Motion

Anna Bishop seconded the motion. The motion passed by unanimous vote.

In response to a question asked about hiring an independent contractor to coordinate wellness programs, Mr. Haynes suggested documenting the services that the contractor will be providing.

The Board thanked Mr. Haynes and he left the meeting.

Treasurer's Report:

Treasurer Paul Pasterczyk reviewed the Treasurer's financial worksheets and statements ending March 31, 2013 (unaudited figures) and said that the ending cash balance is \$8.2M. He said that the balance is a little high due to the timing of advanced employer premiums paid for April.

Mr. Pasterczyk said that he would like to receive regular claims reports from the Abacus Group regarding the Diabetes Rewards Program.

Ms. Cormier said that she would request the reports.

Mr. Pasterczyk said that the HNE claims expense was \$750K at the end of March 2013 and noted that was higher than the normal claims expense. He said that the unreserved trust fund balance was \$4.27M, exceeding the policy by \$1.67M.

Wellness Program Report:

Lyn Hollinger, Wellness Coordinator, distributed and reviewed the Wellness Agenda and Budget through March 31, 2013. She said the Biggest Loser weight loss program is completed and said there was a total of 39 participants. She reviewed the programs in progress which included the colonoscopy screenings, benefit fair screenings and smoking cessation programs. Ms. Hollinger said the walking program, "Spring Strides" is included in the upcoming programs. She said that she is researching information about Meditation classes as a possible program offering. Ms. Hollinger said that BCBS will be making calls to members about utilizing the Blue Care Line as a resource to help decide if one should go to the doctor or get answers to medical questions when sick or injured. She said that HNE offers "Healthy Directions", an on-line tool that members can access for health and wellness information and rewards programs. Ms. Hollinger said that due to low enrollment, Tufts Health Plan (THP) is unable to offer wellness programs and screenings at this time.

Erin Hayes, THP, said that a minimum of 100 enrollees is necessary to support offering free screening and wellness programs, but she said that members can access the Tufts website for information about health and fitness discounts and programs and healthy options.

Lyn Hollinger said that she researched local pharmacies and facilities that offer the shingles vaccine, Zostavax, and said that without insurance, the vaccine costs between \$200 and \$300.

Suzanne Donahue said that BCBS now allows anyone age 18 or older to obtain certain vaccines at pharmacies. She said that she will send GBS the list of vaccines and the information for distribution to the employers. Ms. Donahue recommended calling the pharmacy in advance for availability.

Ms. Hollinger reviewed the Wellness Budget and said that 53.56% of the budget has been utilized through March.

Arlene Miller asked Ms. Hollinger to report the count of colonoscopy incentive recipients at the next meeting. Ms. Miller also distributed a walking program sign-up sheet and said that a team name will need to be determined.

GBS Reports:

Funding Rate Analysis by Plan - Ms. Cormier reviewed the FY13 Funding Rate Analysis by Plan with data through March. She said the expense-to-funding ratio was 98.0% with data through March 2013. She said this resulted in an excess of funding over expenses on a paid basis of \$322,592. Ms. Cormier noted that the Network Blue NE plans were underfunded and require watching. She said that the senior plans were doing well.

BCBS Level Monthly Deposit – Ms. Cormier said that there is a balance due BCBS of \$27K at the end of March.

myMedicationAdvisor® Program – Ms. Cormier reviewed the myMedicationAdvisor® report prepared by the Abacus Group through December 2012 and said that the total net savings for the calendar year was reported at \$230,890.

Diabetes Reward Program Report - Carol Cormier reviewed the Diabetes Program second quarter report prepared by the Abacus Group and said that there are a total of 252 SVRHT members eligible to utilize the program. She said that 119 are currently participating, which is 47% of those eligible. She said the target set by the Abacus Group for participation is 30%. Ms. Cormier said that 50% of those participating met all of the requirements in a 12-month period and are obtaining free medications and supplies. She said that these results are considered to be very good.

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Reinsurance Reports - Karen Carpenter reviewed the Stop Loss reports for FY12 and said that the Group has met the Aggregating Specific Deductible (ASD) of \$150K. She said there are 4 claimants that exceeded the \$175K specific deductible and that the group has received reimbursements of \$68,736 through March 2013. Ms. Carpenter said that there are no additional reimbursements due SVRHT. Ms. Carpenter said that there are 17 claimants that have reached between 50% and 100% of the specific deductible with claims totaling \$2.03M. Ms. Carpenter said that there are 3 claimants on the FY13 report that have exceeded the specific deductible with claims totaling \$886,398K. She said that the group has received reimbursements of \$123,308 through March 2013 and said that there are total reimbursements of \$88,090 due SVRHT. Ms. Carpenter said there are 7 claimants that have reached between 50% and 100% of the specific deductible with claims totaling \$2M.

Retiree Drug Subsidy (RDS) Memorandum of Understanding (MOU)- Carol Cormier presented the proposed Memorandum of Understanding for the FY14 Retiree Drug Subsidy Account Management. She said that the total proposed fee is \$6,000, and said that the fee did not increase from FY13.

Anna Bishop made a motion to approve the GBS FY14 RDS Account Management MOU as written.

Beth Regulbuto seconded the motion. The motion passed by unanimous vote.

Motion

Distribution of the Summaries of Benefits and Coverage (SBC's) – Carol Cormier said that GBS distributed all of the SBCs to the Board and asked if everyone understood the distribution process options. She noted that in addition to the distribution process, there is a 7 business day turn-around should a member request a hardcopy of an SBC.

There were no questions.

Plan design issues:

Oral Chemotherapy State Mandate – Carol Cormier reviewed Section 1070 and said that the mandate will remove the financial disparity for members between oral and intravenous chemotherapies. She said that BCBS will automatically add the state mandate which will remove the oral chemotherapy Rx co-pays. She said that HNE and Tufts gives self-funded plan sponsors the option of adding or opting out of adding the mandate.

Anna Bishop made a motion to approve adding the oral chemotherapy mandate across all of the SVRHT health plans effective July 1, 2013.

Motion

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

HNE Chiropractic benefit co-pay - Carol Cormier said that LPVEC has had a \$10 chiropractic co-pay since joining SVRHT, which was different than the plan design for other SVRHT units. Ms. Cormier said that she wants to clarify the intent of the plan design changes made last year. She said she thought the intent of the Board was to make the co-pay the same across all of the districts, however HNE has not made the change to the LPVEC co-pay.

Anna Bishop made a motion to authorize HNE to make the correction to the LPVEC chiropractor co-pay from \$10 to \$20 per visit effective July 1, 2013.

Motion

Beth Regulbuto seconded the motion. The motion passed by unanimous vote.

Mental Health Parity testing - Suzanne Donahue said that BCBS is offering Mental Health plan design parity testing for FY14 at no cost to the SVRHT.

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Lynn Colsano said that she will inquire about this at HNE and will get back to SVRHT about the testing.

Erin Hayes said that THP's underwriters look at the compliance prior to each plan year and said that SVRHT plans are compliant.

Beth Regulbuto made a motion to authorized BCBS to complete the FY14 mental health parity testing of the BCBS SVRHT plans for compliance free of charge.

Motion

Anna Bishop seconded the motion. The motion passed by unanimous vote.

Proposed reinsurance pooling arrangement:

Carol Cormier asked the Board if it would like her to obtain FY14 reinsurance quotes with the same policy terms as the Group has for FY13.

The Board agreed to obtain quotes with the same specifications as FY14.

Ms. Cormier said that due to the limited quantity of quotes received in the past couple of years a number of Joint Purchase Groups (JPG's) are looking at a new option as a solution. She said that GBS has partnered with Gallagher Benefits Insurance Services, a national broker and provider of benefits services, to help solve the problems with obtaining reinsurance. Ms. Cormier said that Gallagher proposed a multi-level pooling arrangement (MLRPA). Ms. Cormier said that she wants SVRHT to be aware that there is a possibility that some JPGs may be entering into such a reinsurance arrangement and pooling their reinsurance risk similar to what they now do now for health insurance. She said that under the proposal each JPG would be rated separately, with its own deductible, eliminating the aggregating specific deductible and lasers. Ms. Cormier reviewed an exhibit that explained how the risk would be distributed. She said that the reinsurance pool as proposed would rent a cell in a captive owned by AIG and domiciled in Vermont. She said that AIG would cover all claims over \$750K. She said that each JPG would appoint a representative to a Board that would oversee the pool. Ms. Cormier said that the pooling arrangement could be operational for July 1, 2014. She said that a working capital deposit from each JPG would be required. She said that no fees would be paid to GBS and GBS would receive no money from this program.

Ms. Cormier suggested that for FY14SVRHT solicit quotes from the incumbent carrier and from Gallagher Benefit Solutions, who will receive preferred pricing from the carriers. She said Gallagher would shop the reinsurance with multiple carriers. Ms. Cormier said the SVRHT could continue to market the reinsurance to other brokers as it has in the past. She noted that insurance quotes are not subject to the Chapter 30B requirements.

The Board agreed to solicit quotes from the incumbent reinsurance carrier and to Gallagher Insurance Benefit Services.

Cost Saving Option presented by BCBS:

Suzanne Donahue distributed information about Exclusive and Select Home Delivery prescription programs available. She said that with Exclusive Home Delivery, members would have mandatory mail order of certain maintenance medications. She said after filling a one-month supply of the medication twice in a 180-day period at a retail pharmacy, the medication would only be covered when ordering through the mail service. She said members would receive a letter notifying them how their benefit would be changing and how the program works. Ms. Donahue said with the Select Home Delivery, the mail order would be similar to the Exclusive Home Delivery program, but members would have the opportunity to opt out of the program.

Arlene Miller asked Ms. Donahue for a disruption report and additional information for the next meeting.

Health Plan Reports:

BCBS – Suzanne Donahue said that BCBS is trying to engage members with personalized health and wellness support. She said that she would send an informational flyer to the Board and to Lyn Hollinger. Ms. Donahue said that another cost saving option may be to waive the MRI/HTR co-pay when a member receives the service at a free standing facility. She said that she would look at how many free standing facilities are located in the member area. She said the costs are considerably lower at free-standing facilities than when receiving a hospital based MRI.

HNE – Lynn Colsano said she would like to present the Healthy Direction program at a future meeting.

Tufts Health Plan – Erin Hayes said that Tufts Health Plan has been working on a member experience project over the last 10 months. She said that there is a new application available for cell phones, and members can look up their accounts on their smartphones. Ms. Hayes said that THP has increased its mental health provider network. She said that members can utilize the “Your Healthy” section of the THP website for discounts and wellness information.

Other Business:

Beth Regulbuto said that she will send a list of suggested walking team names to the Board to choose from.

Arlene Miller asked if representatives from Gallagher and AIG would be able to speak on the reinsurance pooling arrangement at the next meeting.

Carol Cormier said she would to check to see if they could attend.

The next SVRHT Board meeting was scheduled for June 10, 2013 at 1:00 p.m. to be held at the Wilbraham Town Hall.

There was no other business.

Chair Arlene Miller adjourned the meeting at 3:00 PM.

Prepared by Karen Carpenter
Group Benefits Strategies