

Scantic Valley Regional Health Trust (SVRHT)

Board Meeting

Thursday, April 30, 2020 – 1:30 PM

Virtual Meeting by Remote Participation

Meeting Minutes

Board Members and Alternates present:

Arlene Miller, Chair	Town of Longmeadow
Richard Patullo,	Town of Hampden
Tom Sullivan	Town of Wilbraham
Corinne Tranghese	Town of East Longmeadow
Anna Bishop	Lower Pioneer Valley Education Collaborative (LPVEC)
Cheryl Wiblyi	Lower Pioneer Valley Education Collaborative (LPVEC)
Howie Barber	Hampden Wilbraham Regional School District

Guests present:

Paul Pasterczyk	SVRHT Treasurer
Lyn Fioravanti	SVRHT Wellness Coordinator
Jocelyn Sanchez	Town of Longmeadow
Herta Dane	Town of Wilbraham
Christina Gagnon	Hampden Wilbraham RSD
Patricia Joyce	Abacus Health Solutions
Heidi Fountain	Blue Cross Blue Shield of MA (BCBS)
Jonathan Payson	Blue Cross Blue Shield of MA (BCBS)
Sandra Ruiz	Health New England (HNE)
Lisa Despres	Tufts Health Plan
Rae Felts	Tufts Health Plan
Fred Winer	Tufts Health Plan Senior Products
Chris Collins	CanRx
Jeff Beane	MyTelemedicine
Carol Cormier	Gallagher Benefit Services, Inc. (GBS)
Karen Quinlivan	Gallagher Benefit Services, Inc. (GBS)
Chris Nunnally	Gallagher Benefit Services, Inc. (GBS)

Arlene Miller, Chair, called the meeting to order at 1:35 PM. Votes will be by roll call.

Approval of the minutes of the February 19, 2020 meeting:

Lyn Fioravanti said a correction needed to be made to the Wellness report. She said there were a total of 78 people participating in the weight loss program, not 78 pounds lost.

Howie Barber made a motion to approve the February 19, 2020 meeting minutes as corrected.

Motion

Anna Bishop seconded. The motion passed by unanimous vote.

Wellness program report:

Lyn Fioravanti, Wellness Consultant, reviewed her report that included year-to-date participation in programs. Due to the current coronavirus pandemic, she reviewed the status of the many wellness programs. She said both Pilates and Yoga are still continuing classes on Zoom. She said the virus hit right after classes began so the offer was extended for credit for future classes or just payment for classes already taken. Some participants are continuing with classes on Zoom and some actually started on Zoom. She said the meFIT Program was halted and will resume when it is safe to return to the gym. The Strive Weight Loss program was negatively impacted by the pandemic shutdown. Ms. Fioravanti said there was a survey sent out regarding the Strive program, and 16 people responded with the majority of responses positive. Links to the Financial planning program will go onto the website. Currently, emails are continuing 2 times per week with emphasis on nutrition, exercise, stress relief, etc.. Participation in this year's points program has Zoom classes, on-line workshops and challenges through BCBS and HNE, Wellness challenges and webinars with nine members already achieving 100 points. The points program will run through the end of May with gift cards being distributed during June. Ms. Fioravanti said that only 45 percent of the total FY20 budget has been spent with only 2% of the incentive budget.

Treasurer's Report:

Treasurer Paul Pasterczyk reviewed his March 31, 2020 report (unaudited figures). He reported a beginning balance of \$7.8M with trust premiums of \$2.5 M, a large reinsurance payment of approximately \$650K and a Retiree Drug Subsidy (RDS) payment of approximately \$65K. Mr. Pasterczyk said CD interest rates are falling rapidly. The Unreserved Fund Balance on March 31st was \$2,783,752. A Fund Balance policy target of 12% of previous 12 months of claims would require \$3.4 M, therefore, there is a deficiency of approximately \$620K. Mr. Pasterczyk said that these are gross numbers, and reinsurance reimbursements are not factored in so the numbers are conservative.

Arlene Miller asked if the amount of money that SVRHT has in savings is safe.

Paul Pasterczyk responded that savings bank deposits are insured with the FDIC up to \$250,000 and beyond that with the DIS. If they are not in a savings bank, they have letters securing them with Fannie Mae notes and things of that nature.

Arlene Miller asked about the \$620K recorded Fund Balance deficit.

Mr Pasterczyk responded the reinsurance reimbursement was not included and figures are on gross claims basis, not net after reinsurance. He said he will adjust the calculation going forward to provide a more realistic picture. With the reinsurance reimbursement added, the fund balance will be at the targeted level.

GBS reports:

Carol Cormier reviewed the *Funding Rate Analysis (FRA) Report* with data through March. The Summary provided a mixed picture by health plan that was known when setting the rates for next year. She said on a composite basis across all plans, the expense-to-funding ratio is 95.8% . She said the estimated funding surplus is \$942,371.

Arlene Miller asked if there is any sense of how many employees have been affected by Covid-19.

Carol Cormier said no data is available yet but the SVRHT area was not as heavily impacted as areas in the eastern part of the state.

Tom Sullivan said that the head of Bay State Medical Center was on the Governor's conference last week stating that there were many available beds and people were urged to schedule elective surgery.

Karen Quinlivan reviewed the *Reinsurance Reports*. She said the FY20 policy report through March shows 3 claimants with total paid claims of \$1,418,103. The amount exceeding the specific deductible of \$250K was \$668,103. The Aggregating Specific Deductible (ASD) of \$150,000 was met and total reimbursements were \$110,742, leaving outstanding reimbursements of \$407,360.

Paul Pasterczyk said that he had no indication of receiving the reimbursement check for \$110,742.79.

Karen Quinlivan said that she would look into the matter and get back to him.

Subsequently it was found the check had been received and would reflect on the April Treasurer's report.
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Ms. Quinlivan said that the FY19 reinsurance report shows 3 claimants with updated total paid claims of \$1,573,543. The amount exceeding the \$250K specific deductible was \$823,543. The ASD was met and total reimbursements were \$670,882, leaving outstanding reimbursements of \$2,661.

Reinsurance for FY21:

Carol Cormier said that SVRHT has always gone out to bid for reinsurance, but this year GBS is introducing a new option using a Block Pricing approach. She said the municipal market for reinsurance is not competitive, and the RFQ process sometimes did not produce many bids. She introduced Chris Nunnally who previewed a presentation regarding a new approach to procuring reinsurance.

Chris Nunnally said Gallagher (GBS) reached out to reinsurance carriers and asked if they could do several things in return for getting an entire block of municipal reinsurance business from GBS. There are 16 clients with about \$18M in Stop Loss premium. The goal was to get better contract terms and better pricing security. He said this is a similar strategy to what GBS does for CCMHG, MNHG and WSHG under the MMRA (Mass Municipal Reinsurance Association). Goals of the program are gaining an advantageous pricing model and partnering with an A rated carrier.

Mr. Nunnally reviewed previous SVRHT reinsurance renewals. He said FY18 had a 30.55% rate increase with a \$25K increase in Specific Deductible, FY19 had a 9.33% decrease but a \$400K laser was added along with increasing the Specific Deductible by \$50K. FY20 had a 20.13% increase, and FY21's projected renewal is a 15% increase. The Block Pricing offer would match the current contract with a zero percent rate increase, no new lasers at renewal and into perpetuity, a 50% renewal rate cap, and the addition of Pinnacle Care concierge services at no cost.

Mr. Nunnally said the carriers must be A rated with financial stability and must have worked with the Mass. Municipal Market. They have to agree to match the current reinsurance contract and pay within 60 days of receiving information.

Mr. Nunnally explained that Pinnacle Care is a concierge service offered at no extra cost that would provide a personalized engagement strategy to help health plan members navigate difficult medical diagnosis situations by providing consultation, medical records collection, specialist identification, and appointments to facilitate better outcomes. Use of this service statistically results in a 74% change of provider, diagnosis, treatment or surgery. Approximately 90% of patients follow the recommendations on change of treatment or avoidance of surgery with 8% surgery avoidance or downgrade. Mr. Nunnally said the average customer satisfaction is over 92%.

Chris Nunnally said notable clients include the American Foreign Service, the CIA, National Rural Letter Carriers, Morgan Stanley, UBS, Goldman Sachs, and Pfizer. Recently Pinnacle Care has been instrumental in facilitation of appointments and expedited care for both COVID-19 and non COVID-19 patients during this difficult time.

SVRHT Board Meeting Minutes, April 30, 2020

Arlene Miller asked when the current reinsurance contract ends.

Carol Cormier said that the current contract ends on June 30th. The normal reinsurance bid process would have the RFQ go out in early to mid May for a July 1st renewal. She said if SVRHT decides not to go with the block pricing, the bid process would take place as usual..

Arlene Miller asked for confirmation that there would be no rate increase for FY21 with the block pricing.

Mr. Nunnally confirmed that the FY21 reinsurance rates would remain the same as the current rates. There would be no lasers, and Pinnacle Care would be added. He said the only change would be the carrier.

Anna Bishop asked why we didn't decide to go this route earlier and who is administering this.

Carol Cormier responded that Gallagher decided to try and do this for its clients to save them money. Each client is able to make its own decision - go out to bid as usual or go with the block pricing arrangement. She said that GBS had to wait until it was late enough in the policy year to provide carriers with reasonably up-to-date high cost claims data.

Chris Nunnally replied that Gallagher would need an email from the Board Chair by May 8th indicating that SVRHT would be going with Gallagher for the block pricing for FY21.

The question was asked why the quote was only good until May 8th.

Chris Nunnally responded that the reinsurer had to make a decision based on limited claims and prognosis data some of which hasn't come in yet. He said when you go out to bid there is a lot more current data available that they would have available to use to underwrite.

In response to a question, Chris Nunnally said that there is potentially \$18M in premium from the self-funded clients if all clients joined in on the block pricing.

Anna Bishop asked if Gallagher would be the consultant and broker on this.

Chris Nunnally indicated Gallagher would be the broker on reinsurance only and would continue to be the consultant for the SVRHT.

Anna Bishop said that she always made sure when going out to get quotes that there was no conflict of interest and thought this proposal should be run by legal counsel.

Chris Nunnally indicated there would be an addendum to the SVRHT's current contract indicating that Gallagher is brokering the Stop Loss.

Arlene Miller asked what the financial benefit to Gallagher is for this arrangement.

Mr. Nunnally responded that similar to other RFPs that Gallagher sends out, brokers are capped at 5% commission. He said that is what Gallagher would receive. He explained that Gallagher would have to track and report claims.

Arlene Miller asked if she is correct to think that SVRHT could not go out to bid and accept the Gallagher block pricing offer at this point. It has to be one or the other.

Chris Nunnally confirmed.

SVRHT Board Meeting Minutes, April 30, 2020

Tom Sullivan asked if this is a one-year agreement.

Chris Nunnally said it is for one year, and the SVRHT can go out to bid after one year for FY22 but would lose the contractual advantages of a 50% rate cap.

Arlene Miller said a 50% rate cap seems high. In summary, she said the conflict of interest is a concern for some, the ability for an audit for a safety valve is important, and the idea that block pricing for municipalities is a new concept is to be considered. She said the fact that the rate for FY21 would remain the same as current is attractive.

Arlene Miller pointed out that as municipalities they have a fiduciary responsibility to be aware of a possible conflict of interest. She said she would defer to Paul Pasterczyk for his opinion.

Mr Pasterczyk said that a normal audit has internal control opinions. The Board has a level of trust that it has accepted so he does not see much difference in this instance.

Anna Bishop asked whether this should be run by legal counsel to see whether they have an issue.

Mr. Pasterczyk said no and that he was just pointing out the similarities to day-to-day activity.

Richard Patullo said that GBS has given SVRHT a very attractive proposal with a zero percent increase. The risk would be not examining the market in the future.

Howie Barber said that he has a concern with the conflict of interest issue.

Arlene Miller said that she understood but was attracted to the fact that this is a one-year contract and next year SVRHT could go out earlier to bid to compare pricing.

Chris Nunnally said that next year SVRHT would be presented with a renewal quote and they could compare against that.

Arlene Miller asked what the minimum block premium the carrier is requiring to quote and go through with the deal.

Mr. Nunnally responded that it is \$10M. He said currently there are meetings scheduled with other groups, so that minimum will probably be met soon.

Corinne Tranghese asked if the FY21 contract could be cancelled as late as June next year with no time deadline to cancel.

Mr. Nunnally responded in the affirmative.

Arlene Miller asked for a motion on the issue.

Tom Sullivan motioned to accept the reinsurance block pricing proposal as presented.

Motion

Corinne Tranghese seconded the motion. The motion passed by majority vote of 4 to 2 with Anna Bishop and Howie Barber opposed.

Anna Bishop asked if the motion could be passed subject to the approval of the contract.

Chris Nunnally said that he could get the proposal very soon with the proposal showing that the block carrier will mirror the current contract.

High Deductible HSA-Qualified Health Plans (HSAQs)

Carol Cormier said this item was on the last meeting Agenda, but it was tabled. She said that this time of coronavirus shutdowns is not the ideal time to adopt a complex plan like an HSA qualified plans. Getting employees to participate requires a lot of education. She said she is bringing this forward because offering these much lower cost plans helps with the ACA's affordability requirement and she was led to believe that at least one employer was concerned about this. If employers don't meet those affordability requirements, there can be penalties. She said even if no employees were to join HSAQs, they could be used to be in compliance and avoid the ACA penalty. The HSAQs have premiums that are 15-22% lower than standard plans offered by SVRHT.

Arlene Miller asked what amount a penalty would be.

Ms. Cormier responded that individual towns would know if they were being assessed penalties. She said the employer is charged when an employee goes to the Marketplace, i.e. to the MA Health Connector, to purchase government subsidized plans.

Discussion indicated that towns have employees in the unaffordable category, but none have been assessed the penalty. The Board members were interested in pursuing the HSA qualified plans but in agreement that there is no way to tactically roll them out now.

Arlene Miller said that she did not want to offer the plans if it could not be done right.

Carol Cormier suggested this be revisited in the fall when the plans can be adopted and rates can be established early next year. She said there would be sufficient time for employee education and promotion.

Arlene Miller said this item would be tabled until the fall.

COVID-19 coverage :

Carol Cormier said that it is now a State order to waive member cost share such as co-pays and deductibles, associated with testing and treatment of COVID-19. She said the State has also ordered free telehealth through the health plans for *any service, not just for COVID-19*, received from a network provider. The health plans will pay a PCP or provider the same rate for a telehealth visit with a doctor as they would an in-office visit. SVRHT already has co-pay free telehealth through MyTelemedicine which would not process through the health plan as a claim. She said SVRHT pays a per subscriber per month fee for MyTelemedicine, and SVRHT does not pay any claims for medical services through MyTelmedicine. There is no cost to the member and no claims cost to the SVRHT.

Ms. Cormier said another issue is that of employees who are furloughed as a result of the financial impact of COVID-19 pandemic shutdowns. Some towns are investigating this as an option. The question is whether Joint Purchase Groups (JPGs) will allow them to remain benefit eligible if their town or district wants to continue to offer them health insurance. She said another joint purchase group voted yes on this on Monday.

Richard Patullo asked if the JPG allows this, then can individual towns do this at their discretion.

Carol Cormier confirmed.

Ms. Cormier said that the conditions of eligibility for continued coverage would be that the furloughed employees were covered employees at the time of furlough, their names would continue to be on the monthly insurance roster, and their premiums would continue to be paid to the SVRHT.

Richard Patullo motioned to allow SVRHT member units to extend coverage for employees furloughed due to the COVID-19 pandemic at their option and under the conditions stated by Ms. Cormier.

Motion

Tom Sullivan seconded the motion. The motion passed by majority vote of 5.

Health Plan Reports:

Lisa Despres of Tufts Health Plan said that the merger with Harvard Pilgrm is still moving forward. Other than that there is nothing new to report.

Fred Winer, Tufts Senior products, said there is a concern that the majority of the population experiencing problems with COVID-19 are the elderly and many are in nursing homes on Medicaid, not Medicare. He said indications are that the cost of Part B of Medicare will increase \$9 to \$10 next year.

Heidi Fountain of Blue Cross said that any 07/01 prescription drug formulary changes that would have been made have been put off due to the coronavirus. She said Blue Cross will be issuing new ID cards for HMO New England Plans with new language on the back of the cards in relation to access to services outside of New England. Benefits are the same, but new cards are going out. BCBS is reminding members of its resource center regarding the coronavirus and said that BCBSMA is hosting a series of behavioral health webinars with member level information.

Sandra Ruiz from Health New England said that they are finalizing the July semi-annual notice to members. There will be some medical management changes and Rx formulary changes. It will be forwarded through GBS when available. Ms. Ruiz said that at the last meeting, SVRHT was to discuss possibly adding a chiropractic benefit to HNE plans other than to the LPVEC plans.

Carol Cormier suggested moving this discussion to a future meeting. There were no objections.

Patricia Joyce from Abacus provided an update on COVID-19 and how it is affecting the Diabetes Program. The program requires interaction with physicians for appointments, blood work, foot exams etc. to remain in compliance. She said that the deadlines to complete these exams have been extended. Participants can also utilize telemedicine. Webinars will also be created and notification will go out in May about the importance of keeping up with Diabetes management.

Jeff Beane of MyTelemedicine thanked Lyn Fioravanti for getting the word out about MyTelemedicine. He said SVRHT is the highest utilizer of the MyTelemedicine program in Massachusetts currently. Mr. Beane said that on March 18, MyTelemedicine released its COVID-19 Self Assessment Tool. He said they have increased their doctor network so even as utilization has increased, the wait time compared to other competitors has decreased to under an hour. Behavioral Health is also available.

Chris Collins from CanaRx said that they have a new service for employers. If email addresses are provided in the enrollmet data, they can do email blasts and flyers. It is up to the individual group.

Other Business:

Dick Patullo recommended that the next meeting date be set by email.

Carol Cormier said she would talk with Arlene Miller and would send out a list of possible meeting dates.

SVRHT Board Meeting Minutes, April 30, 2020

Tom Sullivan asked a question regarding reimbursement for Fitness Equipment purchase during this time as gyms are closed. He said he was asked if SVRHT would pay for that.

The \$150 Fitness benefit is between the carriers and members, not SVRHT. Forms may be obtained from them and they are on the website as well.

There was no other business.

Chair Arlene Miller adjourned the meeting at 3:36 P.M..

*Prepared by Karen Quinlivan
Gallagher Benefit Services, Inc.*