

# SOUTHEASTERN MASSACHUSETTS HEALTH GROUP

## Board Meeting

The Chateau Restaurant

Meeting Minutes

Thursday, February 27, 2014

### Board Members Present:

Teresa DeSilva (Board Chairman)  
Christine Sylvia  
Erika Fleming  
Randall Buckner  
Mary Hathaway  
William Ross  
Cheryl Gouveia  
Bruce Alexander  
Michael Yunits  
Cathy Calicchia (Alternate)  
Carol Entel (Alternate)  
Sheena Martin (Alternate)

Town of Easton  
Town of Westport  
Town of E. Bridgewater  
Town of Raynham  
Town of Dighton  
Town of Mansfield  
Town of Rehoboth  
Town of Seekonk  
Town of Norton  
Town of No. Attleborough  
Town of Berkley  
SCEC

### Others Present:

Debbie Scott  
Bonnie Benvissuto  
Diane Warren  
Paul Mulkern  
Pam Smith  
Ginger Hastings  
George Foster  
Suzanne Donahue  
Bette Redgate  
Mark Wilson  
Anthony Marini

Town of Mansfield  
Town of Mansfield  
Town of Raynham  
Group Counsel  
GBS  
GBS  
Town of Westport  
Blue Cross Blue Shield  
Blue Cross Blue Shield  
Town of Mansfield  
Lynch, Malloy, Marini LLP

Ms. DeSilva began the meeting at 10:00 a.m.

### General Business

First on the agenda was the acceptance of the minutes of the last meeting held on October 21, 2013. Randy Buckner made a motion to accept the minutes and it was seconded by Chris Sylvia. The motion was passed by unanimous vote.

Ms. DeSilva explained that Jackie Boudreau had vacated her positions as Steering Committee Chair and Board Vice-Chair since she had resigned her Treasurer position in Norton to take the Treasurer position in Mansfield. Ms. DeSilva indicated that Michael Yunits had expressed interest in being considered for those positions. Bill Ross made a motion to elect Mr. Yunits to those positions. Mr. Buckner seconded the motion and it passed by unanimous vote.

George Foster indicated that he had checks for the Medicare Part D subsidy and would be distributing those checks following the meeting.

Ms. DeSilva provided the Board with an update regarding the enrollment audit. She explained that HMS had agreed to an extension of the audit period and that additional information would be collected during the period of this extension. Ms. Fleming indicated that she had received numerous complaints from employees and retirees regarding the audit. A discussion ensued regarding the performance of HMS and concerning various eligibility questions that arose during the audit.

Mr. Marini of Lynch, Malloy and Marini provided the Board with a review of the trust fund audit that he has performed. After going over the draft audit documents with the Board, he expressed the opinion that the Group and its trust fund are in a good financial position. He stated that George Foster is doing a good job in overseeing the trust fund. Ms. Hastings noted that a statement in the audit that the health plans had a \$2 million lifetime maximum should be corrected as there was no longer any lifetime maximum.

Suzanne Donahue from Blue Cross Blue Shield described certain benefit changes that would be effective on July 1, 2014. She explained that all non-grandfathered will be required to adopt out-of-pocket maximums and that, for 2014, those out-of-pocket maximums may be no greater than \$12,700.00 for a Family plan and \$6,350.00 for an Individual plan. She said that for the 2014 plan year the out-of-pocket maximums would be limited to medical costs but, for the 2015 plan year, they would also include prescription costs. Ms. Donahue then distributed a handout that explained the upcoming changes. She noted that the calendar year maximums were being removed from medically required wigs, and for low protein formulas. She said that the calendar year maximum for durable medical equipment was being replaced, effective July 1, 2014, with a 20% coinsurance. A discussion ensued regarding what the out-of-pocket maximums for non-grandfathered plans should be. Ms. Donahue noted that some of the plans offered by the Group currently had out-of-pocket maximums (generally \$2,000/\$4,000 but excluding office visits) but others did not. Ms. Hastings noted that the Group Insurance Commission (GIC) had adopted out-of-pocket maximums of \$5,000 Individual and \$10,000 Family for its plans. Following discussion, Mr. Ross made a motion to set the out-of-pocket maximums at the same \$5,000/\$10,000 level adopted by the GIC. Mr. Yunits seconded the motion and it passed by unanimous vote.

Mr. Mulkern distributed and reviewed a handout that analyzed the ACA Cadillac Tax. He explained that this 40% excise tax on premiums that exceed certain thresholds will be effective in 2018.

### **Financial Update**

Ms. Hastings reviewed the Group's claims experience for plan year 2013 – 2014.

Ms. Hastings then made a presentation regarding rate increases for the 2014 – 2015 plan year. She indicated that Blue Cross had recommended a 7.2% increase for the Group's active plans and a 4.1% increase for the Group's MEDEX with OBRA plan. She noted that Blue Cross was not proposing an increase to its administrative charges to the Group for the 2014 - 2015 plan year. She stated that the Blue Cross proposed rate increases (as well as the rate scenarios that she would be proposing) included two new ACA fees. She said that the rates included a charge of \$9,962. for the PCORI fee and \$563,000. (\$63. per member) for the Transitional Reinsurance fee.

Ms. Hastings provided the Group with two possible scenarios. She noted that the Board, when it set the rates for the 2013 – 2014 plan year, dedicated \$1.5 million of the Group trust fund surplus to subsidize the rates for that year. She indicated that, as of the meeting date, it did not appear that the Group would need to access that \$1.5 million. Ms. Hastings' scenario 1 proposed increases of 6.0% to the Group's active plans and 4.1% to the MEDEX plan. She estimated that the Group would need to draw upon the trust fund for \$673,500 to subsidize those rates. She explained that Scenario 2 was the rate package that was being recommended by the Steering Committee. This scenario called for 3.0% increase to the Group's active plans with a 3.3% increase for the

MEDEX plan. She said that she projected that Scenario 2 would require a subsidy of \$2,394,488. from the trust fund. Mr. Buckner made a motion that Scenario 2 be accepted. The motion was seconded by Mr. Yunits and passed by unanimous vote.

In answer to a question from Ms. Hastings, Ms. Donahue indicated that BCBS would be preparing a new Summary of Benefits and Coverage (SBC) for each of the Group's plans to reflect the changes to the plans that will be effective July 1, 2014.

**New Business**

Ms. Donahue noted that a Wellness Committee meeting is scheduled for March 26, 2014.

Ms. Donahue noted that while the Group had waived the co-pay for high tech radiology that was secured at a free-standing clinic, the Group's members were not generally availing themselves of that opportunity.

Ms. Sylvia made a motion to adjourn the meeting at 11:29 a.m. The motion was seconded by Mr. Buckner and passed by unanimous vote.

*Prepared by Pam Smith  
Group Benefits Strategies*