

SOUTHEASTERN MASSACHUSETTS HEALTH GROUP

Steering Committee Meeting

Westport Library Meeting Room

Meeting Minutes

February 5, 2015

Steering Committee Present:

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| Michael Yunits | Town of Norton |
| William Ross | Town of Mansfield |
| Randy Buckner | Town of Raynham |
| Joe Fernandes | Town of Plainville |
| Chris DeFontes | Town of Seekonk |
| Chris Sylvia | Town of Westport |
| Cheryl Gouveia | Town of Rehoboth |

Others Present:

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| Patti Firing | Town of Mansfield |
| Pam Smith | GBS |
| Kate Sharry | GBS |
| Paul Mulkern | Group Counsel |
| Mike Breen | Blue Cross Blue Shield |
| Jack Sharry | GBS |

Mr. Yunits began the meeting at 9:02 a.m.

General Business

Mr. Yunits asked for a motion to accept the minutes of the Committee's October 29th, 2014 meeting. Mr. Fernandes made a motion to accept the minutes and Mr. Ross seconded the motion. It passed by unanimous vote.

Mr. Breen from BCBS discussed the SMHG's rates for the July 1, 2015 through June 30, 2016 plan year. He said that the Group has 100% credibility and proposed that the Group increase its working rates by 4.5% effective July 1, 2015.

He stated that Blue Cross would not be increasing its administrative fees for the Group for the 2015 - 2016 plan year.

He said that Blue Cross projected that for the 2015 - 2016 plan year the Group's monthly claims for its active plans would average \$4,401,900. while monthly claims for the Group's MEDEX II plan would average \$173,200. He stated that Blue Cross was proposing level monthly funding in those amounts. He explained that those projections assumed out-of-pocket maximums of \$5,350. for Individual plans and \$10,700 for Family plans.

Mr. Ross asked Mr. Breen how Blue Cross could justify its proposal that the Group increase its working rates by 4.5%. Mr. Ross pointed to the fact that the Group's claims to date were approximately \$1 million less than had been anticipated. Mr. Sharry explained that in projecting the rates for the 2015 - 2016 plan year, underwriters needed to anticipate increases to medical services that would occur during that period.

Mr. Breen pointed out that the increase proposed by Blue Cross (4.5%) was considerably less than the current trend that was running at 7% to 8%.

Ms. Sharry then reviewed two alternate rate proposals that GBS had prepared for the SMHG. One scenario involved a 5% increase to the Group's working rates while the second scenario reflected a 3% increase. Ms. Sharry emphasized that GBS could prepare different proposals if the Committee requested.

After discussion, Mr. Buckner made a motion to accept the 3% increase scenario offered by Ms. Sharry. Mr. Ross seconded the motion and it passed by unanimous vote.

Financial Update

Ms. Smith reviewed the Financial Overview that had been prepared by GBS. She explained that, six months into the plan year, the Group was experiencing a 96.8% loss ratio. She said that this contrasts with a 95.7% loss ratio for the first six months of the 2013 - 2014 plan year. She stated that no subscribers had yet reached the stop loss threshold of \$250,000. of claims.

Other Business

In answer to a question, Mr. Breen acknowledged that Blue Cross had not yet scheduled meetings with retirees to discuss the changes to the MEDEX plan. Mr. Mulkern asked Mr. Breen if Blue Cross could continue to offer the current prescription benefit if a town was unable to complete any requested negotiations regarding the change to the PDP plan. Mr. Breen said he did not expect that there would be a problem.

Ms. Sharry discussed the Group's wellness efforts. She explained that no representative of the member towns had been willing to assume responsibility for coordinating a wellness program. She suggested that the Group consider hiring a coordinator.

Mr. Mulkern reviewed with the Committee the Supreme Judicial Court's recent decision in the Somerville case. The Court held in that case that the city was not required to bargain over a change to retiree plan contribution ranges that was implemented pursuant to M.G.L. c. 32B, Section 9E. Mr. Mulkern agreed to forward the decision to Committee members.

Mr. Sharry reviewed with the Committee the plan design changes and rate increases that the GIC had been discussing.

Mr. Ross asked if, in light of the GIC's financial difficulties, the town of Easton could rescind its decision to transfer its subscribers to the GIC. Mr. Mulkern said that the statute did not address that possibility but, if Easton was interested, the town should contact the GIC to learn its position on the issue. Mr. Ross made a motion that the Board's chairman contact Easton to ascertain whether that town was interested in rejoining the SMHG. Mr. Fernandes seconded the motion and it passed by unanimous vote.

Mr. Sharry reminded the members that the Cadillac Tax is scheduled for implementation in 2018. He noted that many employers have already made substantial changes to the designs of their plans in order to mitigate the impact of the tax. He urged that the Group take steps to educate members regarding the impact of the tax.

Ms. Firing asked about other changes mandated by the ACA. Mr. Mulkern explained that he would be reviewing them at the next Board meeting.

Mr. Ross asked how other towns were dealing with subscribers who had refused to provide relevant information for the enrollment audit. Mr. Mulkern responded that it was the responsibility of each town to make sure that subscribers were compliant. He stressed that a subscriber who willfully refused to supply information that was necessary to verify his/her eligibility could be terminated from the town's insurance program and that a dependent for whom information necessary to establish eligibility could also be terminated from participation in the program.

Mr. Fernandes made a motion to adjourn the meeting at 10:45 a.m. Ms. Sylvia seconded the motion and it passed by unanimous vote.