

SOUTHEASTERN MASSACHUSETTS HEALTH GROUP

Board Meeting
Seekonk Town Hall
Seekonk, MA

January 31, 2019

Board Members Present:

Michael Yunits	Town of Norton
Christine Defontes	Town of Seekonk
Wendy Cochrane	Town of Berkley
Patrick McIntyre	Town of Plainville
Cheryl Gouveia	Town of Rehoboth
Sheena Martin	SCEC
Mary Hathaway	Town of Dighton
Tim King	Town of Westport (Alternate)
David Flaherty	Town of Rehoboth

Others Present:

Kate Sharry	Gallagher
Pam Smith	Gallagher
Maureen Valente	Treasurer
Mike Breen	BCBS
Anthony Marini	Lynch Marini & Associates
Rob Lynch	Lynch Marini & Associates
Bruce Alexander	Town of Seekonk

Patrick McIntyre began the meeting at 1:03 p.m.

Maureen Valente did roll call. Berkley was not present. All other Towns present.

Minutes from November 27, 2018

Tim King made a motion to approve the minutes from the November 27, 2018 Board meeting. Mike Yunits seconded the motion and it was passed by unanimous vote.

Trust Fund Audit

Maureen Valente introduced Anthony Marini from Lynch Marini and Associates. She said the Audit firm did some restructuring and we are entered into a new agreement with them to perform the Trust Fund Audit. Mr. Marini presented a draft audit to the group and reviewed. Mr. Marini said he was happy to report that there were no deficits or internal control problems. Profit was \$3.9M, last year it was \$5M, this is partly due to the rate increase. IBNR is at \$3.6M which is lower than previous year. Mr. Marini said 41% of the subscribers left 6/30/18. Mr. Marini said all payments are being made on time. Mike Yunits made a motion to approve the Audit as presented. Cheryl Gouveia seconded the motion and it was passed by unanimous vote.

Ms. Valente added that some new procedures that have been put into place have really streamlined the process. There are checks and balances in place with GBS and the Treasurer that have made things much more streamlined. This is the first time in many years that there weren't any internal control issues noted.

Blue Cross Blue Shield Renewal – Mike Breen

Mr. Breen presented the renewal and said that overall there is a 4% decrease in expected claims. He noted that the Towns of Berkley, N. Attleboro and Mansfield were not included in calculations. BCBS is increasing their administrative fee by 1%. Mr. Breen said Medical and prescription trends are down and BCBS also negotiated new Rx contracts to help with costs.

GBS Rate Recommendations – Pam Smith

Ms. Smith told the group that once we received the renewal from BCBS we can build the rates. There was 20% built in for stop loss although we don't think it will be that high. Ms. Smith presented three different scenarios for FY20 rates. A 0% increase could result in an estimated \$1M dollar surplus. Next scenario is a 1% increase except on HSA plans which have no increase, this could result in an estimated \$1.3M surplus. The last scenario is a 2% increase (0% on HSA plans) which could result in an estimated \$1.6M surplus. GBS recommends building the Trust fund balance with a 1% or 2% increase. GBS does not recommend a rate hold for FY20. A discussion followed regarding where to set the rates.

Tim King made a motion to approve the rates presented in scenario 3 with a 2% rate increase on Value and Benchmark plans and 0% on HSA plans. Chris Defontes seconded the motion and it was passed by unanimous vote.

Financial report – Pam Smith

Ms. Smith reviewed the Financial Report with claims data through December. Ms. Smith said the loss ratio is 87.7% with a \$2.1M surplus, all plans are running well. There is only one claimant on the current stop loss policy over the specific and this person has since termed. There are no stop loss reimbursements due at this time.

Treasurer's report – Maureen Valente

Ms. Valente presented the Treasurer's report with a new format with data through December 31, 2018. She said the Trust has a \$12.7M surplus at this time. Disbursements were \$3.1M, income was \$3.3M.

New Business

Ms. Smith said she will need the revised Joint purchase agreement signed again on the final document.

Ms. Valente discussed the reimbursements that need to be made to N. Attleboro and Mansfield. The final audit has the figures needed to calculate the payouts. The Town of Mansfield's membership share is 21.7% with an estimated payout of \$1.93M and the Town of North Attleboro's membership share is 20.12% with an estimated payout of \$1.79M, Ms. Valente said these amounts were calculated with the IBNR removed. Mr. King made a motion to approve the payouts as presented. Mike Yunits seconded the motion and it was approved by unanimous vote. The approved amount will go on a warrant and sent to GBS for processing then checks will be issued.

At 2:21 p.m. Mr. King made a motion to adjourn the meeting. Mr. Yunits seconded the motion and it passed by unanimous vote.

The next Board meeting will take place on March 28th, 2019 at 1:00 p.m. in the Seekonk Town Hall.

*Prepared by Pam Smith
Group Benefits Strategies*