

SOUTHEASTERN MASSACHUSETTS HEALTH GROUP

Board Meeting
Seekonk Town Hall
Seekonk, MA

February 25, 2020

Board Members Present:

Michel Yunits	Norton
Cheryl Gouveia	Rehoboth
Shawn Cadime	Seekonk
Janet Jannell	Plainville
Mary Hathaway	Dighton
Sheena Martin	SCEC
Michael King	Raynham
Chris Defontes	Seekonk

Others Present:

Pam Smith	Gallagher
Mike Breen	BCBS
Joan Yeun	BCBS
Chris Nunnally	Gallagher
Maureen Valente	Treasurer
Rob Lynch	Lynch, Marini & Assoc. Inc.
Anthony Lively	Alera Group
AJ Somaini	Confidio

Shawn Cadime called the meeting to order at 9:30 A.M.

Mr. Cadime requested roll call be taken. Towns present were Rehoboth, Plainville, Seekonk, Norton, Raynham and SCEC. Dighton arrived late and Westport was not present.

Minutes from January 23, 2020

This item was deferred until the next meeting to allow some revisions requested by the Treasurer to be made to the minutes.

Trust Fund Audit Report

Ms. Valente introduced Rob Lynch from Lynch Marini. Mr. Lynch said he has completed the Fiscal Year 2019 Audit and everyone should have received copies of this from Ms. Valente. Mr. Lynch touched on some of the highlights from the report including the purpose of the audit and the Management and Auditor responsibilities. (Included in handout) Mr. Lynch said the total unrestricted net position is \$9M as of June 30, 2018. Cash balance is \$10.7M compared to \$12.7M at June 30, 2018, this is due in large to the \$3.7M that was paid out to Mansfield and North Attleboro. Mr. Lynch said overall the Trust is running well and things are looking good. Mr. Lynch said he will continue to have discussions with the Treasurer regarding the calculations of the IBNR as well as continuing to work on the chart of accounts and Quickbooks. Mr. Cadime thanked Mr. Lynch and Ms. Valente for all their hard work.

Town of Berkley

Ms. Valente prepared an invoice she wanted to show to the Board. Ms. Valente suggested it would be best moving forward to have a document that shows the calculations and the data that is used to calculate payouts. Due to the timing of the things the Town of Berkley will receive this payout for April 1st, the amount will be \$443,953.13. Mike Yunits made a motion to approve payment to the Town of Berkley as described on the invoice, Cheryl Gouviea seconded the motion. The motion passed by unanimous vote. Mr. Cadime said he would like to see if it is possible to have the Towns sign off on payouts like this in the future, requested that Ms. Valente ask legal counsel to review the document and ask about getting a signature on the document.

Treasurer's Report

Ms. Valente reviewed the report and said the balance at the end of January is \$12M and the group is continuing to run well despite the payouts they have had to make. Ms. Valente said she called a few of the banks after the last meeting to discuss interest rates, she said she will be moving \$5M into a short term cd with a 2.5% interest rate. Ms. Valente did a three year look back to see what the target rate vs. actual net position, she said that in FY17 they were at 8.21%, in FY18 they were at 14.48% and for FY19 they are at 27% and the target was set at 15% so things are looking very good.

Ms. Valente said she will be putting together an Interest of Statements document that she will use when she begins to talk with potential Investment firms, she has a few names from members of the Board as well as recommendations and will start to work on this in April. If anyone would like to reach out to her with suggestion they can send her an email.

Financial Report

Ms. Smith presented the Health insurance report with claims data through January. She said the group is running at an 86.6% loss ratio with a surplus of roughly \$2.5M. Ms. Smith said all plans are running in positive numbers and there are still no high cost claimants over the 50% specific at this time.

Health RFO Update

Mr. Nunnally introduced A.J. Somaini from Confidio to speak in more detail about the possibility of carving out the drugs. A.J. Somaini thanked the group for having him and introduced himself as a pharmacist for Confidio. Mr. Somaini explained how Confidio repriced that last 12 months of pharmacy claims to develop what the cost would look like with Confidio pricing. Mr. Somaini said that currently there are three PBM's that fill 76% of scripts in the Country. Mr. Somaini said that having a contract is very important with includes transparency. Mr. Somaini continued by saying if the group carved out they will have a contract in place that offers certain guarantees and there looks to be a savings of \$1.5M on the table if they decide to carve out. Mr. Somaini said the largest member impact would be a member will have a separate card for prescriptions. Mr. Somaini also said you have more flexibility when you carve drugs out and receive all rebates. Mr. Cadime asked what determines the rebates. Mr. Somaini said the Pharmacy Benefit Manager (PBM) will guarantee minimum rates that come from the pharmaceutical manufacturer. Mike Breen from Blue Cross said they are working on sending the traditional pricing to the group which would allow for rebates to be passed on instead of being at the point of sale. Mr. Nunnally said that carving out is not a new concept there are multiple municipal groups including the Group Insurance Commission (GIC) that have been carving out the drugs for years and have had substantial savings. Mr. Somaini said 64 members drugs would either have to change tiers or be eliminated from the formulary but a drug eliminated would have a chemically equivalent drug. Mr. Somaini confirmed the PBM would work with these members to get them set up ahead of time so there aren't any disruptions to their medications. Mr. Cadime asked how much work is involved to make this

change. Mr. Somaini said there would not be much work on the groups part. Confidio along with the PBM would do the leg work.

Administrative fee history

Ms. Smith said that there was a request at the last meeting the group requested to see a history of their administrative fees with Blue Cross. Ms. Smith handed out a document showing a ten year history, she said for six years the group had no increases followed by a 1%, 2%, 1% and for the upcoming year it is a 1.5% increase. Ms. Smith said the group has done well in regards to these fees and they are inline with groups in simiar size to them.

Rate Recommendations

Ms. Smith handed out a health insurance renewal summary to the Group and explained that the BCBS projections came in at a 6.4% increase. Ms. Smith explained that is her starting point when calculating the rates and from their she builds in any fees and stop loss insurance. The current FY20 SMHG estimated monthly funding is \$2,546,269, the FY21 recommended BCBS monthly projection is \$2,562,812 which is a .6% increase. Ms. Smith presented two scenarios to the group, one is a 4% increase and a 0% increase for the high deductible plans and the other is a 2% increase and a 0% increase for the high deductible plans, the first scenario will build an estimated \$1M surplus and the second scenario will build an estimated \$412K surplus. Ms. Smith said that these are two options but she is open to any suggestions. A discussion followed and Mike Yunits made a motion to accept the second scenario that was prestented with a 2% increase and a 0% increase to the high deductible plans. Cheryl Gouveia seconded the motion. The motion passed unanimously.

Unreserved Fund Balance Guideline

Ms. Smith said at the last meeting Mr. Cadime requested revisions to the document that was drafted. He asked that a signature page be added as well as a date on the document. These revisions were made and are ready to be signed. Mr. Cadime made a motion to approve the changes. Mr. Yunits seconded the motion. The motion passed. Ms. Smith will put the agreement on the website.

New Business

Mike Breen had a few updates for the group. Mr. Breen said coverage for acupuncture services will be added as a standard benefit on all plans for up to 12 visits per member per calendar year. Also, BCBS is waiving the deductible for Narcan on all their HSA plans. Lastly, effective 1/1/20 upon account renewal BCBS will add the CVS option of Voluntary Smart90 on all commercial products. Self insured accounts can opt out of the acupuncture benefit as well as the Smart90 but they must notify BCBS by 4/1/2020. Mr. Breen will email these updates to Ms. Smith and she will forward out to the group.

Mike Yunits made a motion to adjourn the meeting and Cheryl Gouveia seconded the motion. The motion passed.

The meeting was adjourned at 11:14 AM.

The next meeting is on March 26, 2020 at 9:30 A.M. in the Seekonk Town Hall.