

SOUTHEASTERN MASSACHUSETTS HEALTH GROUP

Board Meeting
Seekonk Town Hall
Seekonk, MA

January 23, 2020

Board Members Present:

Catherine Van Dyne
Cheryl Gouveia
Shawn Cadime
Tim King
Janet Jannell
Mary Hathaway

Norton
Rehoboth
Seekonk
Westport
Plainville
Dighton

Others Present:

Kate Sharry
Pam Smith
Mike Breen
Chris Nunnally
Taylor Whitcomb

Gallagher
Gallagher
BCBS
Gallagher
Gallagher

Shawn Cadime called the meeting to order at 9:31 A.M.

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

Minutes from December 18, 2019

Tim King made a motion to accept the minutes from November 18, 2019 board meeting. The motion was seconded by Catherine Van Dyne. The motion passed unanimously.

Treasurer's Report

Ms. Valente said that there are a few Towns that are starting to fall behind again with their payments. She reminded everyone that payments are due on the first of the month. Ms. Valente said there are two Towns that are 23 days late with their payments. Ms. Valente said if checks aren't received by the 10th of the month there will be a letter that goes out to the Town. Mr. Cadime also explained that there is additional work that must be done when payments are being sent late, reports have to be revised and things must be updated which causes duplicate work for Maureen as well as Gallagher.

Ms. Valente said the cash position has increased over \$2M since the beginning of the year which is good news. She said the experience of the group is good and they are running well.

Audit Update

Ms. Valente said that payouts to Communities are holding up the completion of the audit report. Rob Lynch reported that some prior payouts to Towns that have left were not calculated properly. Ms. Valente handed out a document referencing Article 13 Section A paragraph 5.

“The proportionate share of each Participating Governmental Unit shall be calculated by dividing the total premium and/or working rate contributions billed to and due from that Participating Governmental Unit for the last Plan Year that the group engaged in the self-funding of benefits by the total premium and/or working rate contributions billed to and due from all of the Group’s Participating Governmental Units for that same Plan Year.”

Mr. Lynch told Ms. Valente that Mansfield and North Attleboro are both due additional money with the new calculations. Therefore this shows additional claims against the Entity which is why the Audit cannot be signed off on by the attorneys. Going forward Ms. Valente will write up a handout on this calculation procedure. Ms. Valente said that North Attleboro is owed an estimated \$236K and Mansfield is owed an estimated \$136K. Mr. King said the Towns should be paid the additional money and they will round the dollar amount 2 decimal places on all calculations in the future. Cheryl Gouveia motioned to pay the additional money to Mansfield and North Attleboro. The motion was seconded by Catherine Van Dyne. The motion passed unanimously.

Ms. Valente told the group that the Town of Berkley left the group on 6/30/19, their payout is 5.15%. The payout due to them is estimated at \$439K. Ms. Valente hopes to have the final audit document by next week. She has requested that the auditors be on the agenda for the next meeting as well as the Berkley payout. Mr. Cadime thanked Ms. Valente for all her hard work.

Investment Strategy Timeline

Ms. Sharry said at the last meeting she had asked if anyone knew any companies they would like to invite to a Board meeting to discuss investing. Ms. Sharry said that the Trust Fund Guidelines set expectations for the Trust. Beginning in late April we should start having companies come in to give presentations. The group discussed what banks are giving for interest. Ms. Valente said the Mass. Municipal Depository is at 1.9%. Mr. King said Westport gets 2.2% from their bank. Ms. Valente said she will call the MMD to see if they can do better.

Voluntary Benefits

Ms. Sharry asked if we could move this item up on the agenda. Mr. Cadime said it would be fine to have the representative from Gallagher moved up on the agenda. Taylor Whitcomb presented the findings from the survey that was sent out regarding voluntary benefits. Mr. Whitcomb explained to the group that there is more purchasing power when they are all together as a whole versus going out on their own as an individual Town trying to purchase benefits. The top benefits requested by the Towns were dental, vision, long term care and disability. Mr. King said that the issue with adding benefits creates additional work for the HR people. Mr. Whitcomb said he understands the concern and that Gallagher will do the heavy lifting and marketing etc. The next steps would be to get quotes for the group if they are interested. There was some discussion and then it was decided the Board would like Gallagher to get dental and vision quotes as a whole for the group. Mr. Whitcomb said he would need a census from each Town in order to move forward. Ms. Smith will send out an email to everyone with details of the data that will be needed on the census.

Financial Report

Ms. Smith presented the Health insurance report with claims data through December. She said the group is running at an 86.3% loss ratio with a surplus of roughly \$2.2M. She said the group was very close to the same ratio last year at this time. 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 which is excellent news. Ms. Sharry pointed out that while the plans are running well some of the carrier projections versus actual dollars are not running great. This will help to translate to the renewal discussion we will be having shortly.

Health RFQ responses

Ms. Sharry presented the Executive Summary to the group which included the Vendor list of everyone that received a bid and whether or not they responded. The bid was sent to six vendors of which four responded. Ms. Sharry said the easiest way to begin this process is to break the bid down into sections. The first thing we look at are administrative fees that are presented. Blue Cross submitted a 1.5% admin increase, which is an estimated \$1.1M being paid to BCBS for fees. Harvard Pilgrim came in with an 11.7% decrease, Health Plans Inc. had a 25.9% decrease and Aetna had a 44.8% decrease on the PPO and a 49.3% decrease on the HMO. Ms. Sharry said that if the group is interested in any of these carriers we would have them come in to explain in detail what their administrative fees cover because some carriers break out fees separately and this may not include everything that they currently have included with their fees. Mr. Cadime asked if there was some type of benchmark for administrative fees and what other groups pay. Mr. Breen said in the past BCBS has been between a 0% to a 1% increase with this group. Ms. Sharry said it is tough to benchmark because so many factors come in to play with administrative fees. GBS will do a administrative fee history for the next meeting. Ms. Sharry told the group that she is seeing an across the board 1.5% increase this year on the BCBS accounts.

Next we looked at claims projections, BCBS is coming in at a 6.4% increase. HPHC and HPI came in at 6.7% increase and Aetna did not send projections. Ms. Sharry also mentioned the Rx rebates and said that 3rd party rebates are typically higher. Currently BCBS rebates are front loaded so the subscriber would get a lower charge at the pharmacy versus the group receiving rebates. Mike Breen said as of July 1, 2020 BCBS can give 100% of the rebates back, they would need a 90 day notice if the group would like to make this change.

Ms. Sharry then reviewed certain questions that were asked on the RFQ as well as the responses from carriers. (This was a handout given to everyone)

Ms. Sharry said all the carriers presented a good amount for a wellness bank dollars except BCBS said they could not offer money. Mike Breen said that there is a calendar of wellness activities he encourages everyone to look at and see if any Towns would like to roll them out, this would be covered by BCBS.

Mr. Cadime asked Ms. Sharry's thoughts on the RFQ responses. Ms. Sharry said that there is always potential savings when carving out the drugs, most carriers don't have an issue with doing this except BCBS will only allow this when there are over 1,000 lives in a group. Mr. Cadime said he would like to see the cost savings for carving out the drugs. We would need to see actual ingredient pricing to perform an analysis. GBS will request the data from BCBS.

Ms. Sharry said that the plans are running well and asked Mr. Breen to explain the reasoning that determined this group receive a 6.4% increase when last years increase was a decrease of 4%. Mr.

Breen said there are increases to certain plans and the claims are up and down in certain plans, when this is weighted it came to a 6.4% increase. Mr. Breen said industry trend is 6.3% for HMO plans and 8.5% for PPO plans and pharmacy is 10.25%. Mr. Breen said BCBS renegotiated their pharmacy contract last year so the trend was a lot lower last year.

Canarx update

Ms. Sharry said the formulary changes quarterly and this is always posted on the group's website. This is a great opportunity for members to save money on their medications, we need to continue to get the word out on this program.

Trust Fund Balance Guideline

Ms. Sharry had the final draft completed with the revisions the group requested from the previous meeting. The unreserved fund balance will be 15% of total operating expenses and at no point should more than 30% of excess be used to stabilize rates. Ms. Valente said she thinks the wording of the document be changed to Unreserved Fund Balance Guideline instead of Trust Fund Balance Guideline. Mr. Cadime also asked to add a signature page with a date on the document. GBS will make the suggested changes.

New Business

Ms. Valente said that the Auditors requested that they not be the ones to prepare the lag report in the future. They suggest someone else should prepare this report, Ms. Valente said the group should look into hiring a company to provide the report when the time comes, this shouldn't be a big expense to have this done going forward.

Ms. Sharry said we will have to change to date of the next meeting. The group agreed to change the meeting to February 25th at 9:30 AM in Seekonk. GBS will send out an email with the change.

Cheryl Gouviea made a motion to adjourn the meeting and Shawn Cadi9me seconded the motion. The motion passed.

The meeting was adjourned at 11:23 AM.

*Prepared by Pam Smith
Gallagher Benefit Services, Inc.*