

SOUTHEASTERN MASSACHUSETTS HEALTH GROUP

Board Meeting Minutes

Virtual Meeting/Remote Participation/Meeting Recorded

January 27, 2022

Board Members Present:

Sheena Martin	SCEC
Mary Hathaway	Dighton
Janet Jannell	Plainville
Jim Hartnett	Westport
Shawn Cadime	Seekonk
Mike Yunits	Norton
Cheryl Gouveia	Rehoboth

Others Present:

Chris Defontes	Seekonk
Jackie Boudreau	Norton
Maureen Valente	Treasurer
Lisa Cabral	Rehoboth
Pam Smith	Gallagher
Chris Nunnally	Gallagher
Kristen McKenna	Abacus
Shawn Follick	Abacus
Mike Breen	BCBS
Joan Yuen	BCBS
Robert Lynch	Lynch, Marini and Associates

Mr. Cadime requested roll call to be taken. Ms. Smith did roll call, Towns present were Norton, Westport, SCEC, Seekonk, Dighton, Rehoboth and Plainville. Raynham was absent.

Minutes from November 18, 2021

Mike Yunits made a motion to accept the minutes from the November 18, 2021 Board meeting. The motion was seconded by Jim Hartnett. The motion passed unanimously.

FY21 Audit Presentation

Rob Lynch from Lynch Marini and Associates presented a summary of the FY21 Audit they performed. Mr. Lynch said there were no material weaknesses or significant deficiencies found which is good. The net position at the end of the year was slightly down \$125K as of June 30, 2021. Mr. Lynch said that overall the group is in good financial condition. Mr. Lynch said there

was one thing to note during their review and that was that there are a few holdings in the Bartholomew account that were not rated as they should be per the Investment Policy. There was no further discussion on the audit.

Treasurer's Report

Ms. Valente presented the Treasurer's report with data through December she said that the group had an increase of \$297K for December and overall the group is ahead \$2.5M for FY22. Ms. Valente said the IBNR also increased during the year from \$1.8M to \$2.2M. Ms. Valente also told the group that their investments at the end of December are at \$8.5M.

Investment Policy Decisions

Ms. Valente said there are a few items that need to be addressed, the first is that there are some bonds that are not rated A or above. The Board can either keep the bonds and change the Policy or change to bonds. Mike Yunits made a motion to change the Investment Policy and use the legal list investment statute. The motion was seconded by Jim Hartnett. A roll call was taken and the motion passed unanimously.

A motion was made by Jim Hartnett to include the investment funds that are listed in the list of legal investments as the verbiage to be included in our policies. Mike Yunits seconded the motion. The motion passed unanimously.

Ms. Valente said she also wanted to discuss the question of adding money to the Investment Policy, according to the Policy the Treasurer will present on a quarterly basis. Ms. Valente did an analysis and told the Board that they \$3.4M that they could add to the \$8.5M they have invested according to the Policy. The Investment subcommittee would normally oversee this but with the departure of the Town of Raynham they don't have enough members at this time.

Mike Yunits made a motion to add the \$3.4M to the investment account. Jim Hartnett seconded the motion.

Ms. Jannell said she thinks this may be a lot of money to move at once. Ms. Valente explained that if needed Bartholomew can liquidate some funds quickly and get us money if needed and we still have the required two months of operating expenses available.

The motion was amended by Mike Yunits to state that the money will stay in the Bartholomew money market account until the Investment Sub Committee can submit a recommendation to the Board. The motion was seconded by Janet Jannell. A roll call was taken and the motion passed unanimously.

Mr. Cadime asked the Board if anyone would like to volunteer to be on the Investment Sub Committee. Mike Yunits said Jackie Boudreau would like to volunteer. Mr. Cadime thanked Ms. Boudreau.

Ms. Valente said the last item she wanted to discuss was regarding the Fund Balance Policy. Per the policy the group has set a benchmark at keeping an unreserved fund balance of 15% of total operating expenses. Ms. Valente said the group is currently at 41%, she said there is no action necessary she just wanted to update the Board.

Abacus Updates

Kristen McKenna provided an update on the launch of the program. Ms. McKenna said the launch went well and as of today there is 6% enrollment in the program which is a great start. Ms. McKenna thanked the Towns for their help and support for a successful launch.

BCBS FY23 Renewal

Mike Breen reviewed the renewal and explained to the group how the projections are calculated, the prior 24 months of experience are reviewed and used in the calculations. Mr. Nunnally asked if the pharmacy rebates were taken into account in the renewal. Joan Yuen from BCBS said the pharmacy rebates are not taken into account. Mr. Breen said the overall carrier projections are increasing 5% and the BCBS administrative fee is increasing 2%. There were no questions on the renewal calculations.

FY23 Rate Setting

Chris Nunnally said it would make more sense if Joan Yuen reviewed the pharmacy rebate Year End report before Chris proceeds.

Ms. Yuen presented the FY21 Guarantee report and said the total discounts were \$281K and rebates earned were \$1.4M which outperformed the minimum rebate by \$475K. Mr. Cadime asked how this compares to the prior year before the rebates were put in place. Ms. Yuen said that was a very different model

Mr. Nunnally presented two options for FY23 rates, the first option is a 2% increase which will have an estimated deficit of \$464K, and the second option is a 4% increase with an estimated surplus of \$180K. Mr. Nunnally said he is comfortable recommending a 2% rate increase given the group's financial position. Mike Yunits made a motion to accept the 2% rate increase, a second was not heard on the motion. Ms. Jannell asked if the board could see a projection for the next meeting included the Rx rebates. Mr. Cadime asked if Mr. Nunnally if he could also show a 1% increase. The board said Mr. Nunnally could remove the 4% option that they won't be considering that option.

Financial Report

Ms. Smith presented the financial report through December claims data. The overall loss ratio is at 86% with a \$2.2M surplus, to compare with last year at this time the group had an 85% loss ratio with a \$2.4M surplus. Ms. Smith at the next meeting she will share the stop loss reports also.

New Business

Mr. Cadime said that Ms. Valente is serving on the State Retirement Board and they meet on the fourth Thursday of the month, we will need to change our meetings to the third Thursday of the month going forward. The Board said that works for them also.

Mike Yunits made a motion to adjourn the meeting at 10:48 A.M. Shawn Cadime seconded the motion. The motion was passed unanimously.

The next meeting will be on February 17th, 2022 at 9:30 A.M.