

SOUTHEASTERN MASSACHUSETTS HEALTH GROUP

Board Meeting Minutes

Virtual Meeting/Remote Participation/Meeting Recorded

May 18, 2023

Board Members Present:

Jennifer Prendergast	SCEC
Mike Yunits	Norton
Lisa Dias Cabral	Rehoboth
Janet Jannell	Plainville
Chris Defontes	Seekonk
Jim Hartnett	Westport
Paul Reynolds	Dighton

Others Present:

Maureen Valente	Treasurer
Pam Smith	Gallagher
Chris Nunnally	Gallagher
Mike Breen	BCBS
Lynn Clark	BCBS
Michelle Newcomb	Bartholomew
Brain Jamros	Bartholomew
Chuck Patterson	Bartholomew
Kathleen Glowacki	Bartholomew
Lisa Cabral	Seekonk
Jen Argo	Seekonk
Sue Brayton	Westport
Paula Linhares	Norton

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

Minutes from April 20, 2023

Ms. Defontes made a motion to accept the minutes from the April 20, 2023 Board meeting. The motion was seconded by Jim Hartnett. The motion passed unanimously.

Investments

The team from Bartholomew updated the group on their financial portfolio. The return on investment is at 2.83%, given the volatility that continues in the market the portfolio is still performing well. Ms. Newcomb reminded the group that this account is bound by the Massachusetts legal list of investments under Chapter 4454 so it is invested very conservatively for safety, liquidity and yield. Mr. Jamros discussed what the auditors brought up a concern for a 10% limitation if sect 15B. Based on their experience they have never seen

this interpretation nor have their competitors. Mr. Patterson said it is not good fiduciary responsibility to limit what the group can invest in and how much they can invest. Mr. Patterson discussed legislature that MCT is working on to remove the 10% limit so Cities and Towns can broaden what they can invest in, this legislature is in the Senate and will hopefully pass this July, if this happens you can then switch over to prudent investor statute ability. Bartholomew will keep our Treasurer updated on this topic.

Reinsurance

Mr. Nunnally presented the stop loss quotes that were received, every three years Gallagher markets the block to ensure we are getting the most competitive rates and contractual terms. We marketed this renewal to Symmetra, Granular, Sunlife, Blue Cross and HM, Blue Cross and HM declined to quote, Symmetra came in slightly above the blocks renewal and Granular came in right above that and Sunlife came in a little above Symmetra. Mr. Nunnally said the nice thing about this is that it shows us where the market is right now, we are in a tough stop loss market right now and it's been a challenge. There are three choices the Board can make and that is to renew for a one year commitment with the block with no new lasers and a 50% rate cap or a two year commitment with no new lasers and 40% rate cap or lastly a three year commitment with no new lasers and a 30% rate cap with a 25% premium credit for anything spent less than a 70% loss ratio. Mr. Nunnally said if they decide to leave block in year two there would be no negative effects. Mr. Yunits asked what Mr. Nunnally suggests and he said that the three year commitment would be his suggestion since there would be no negative effects if they left before three years. Ms. Valente asked if other groups self-insure their stop loss. Mr. Nunnally said that some groups do but SMHG is too small to consider something like that right now. Mr. Yunits asked if there is a motion to move forward with the third option with a 30% rate cap for three years. Ms. Defontes made a motion to accept the three year offering with a 30% rate cap, Jim Hartnett seconded the motion. The motion passed unanimously.

Medicare Advantage Options

Mr. Nunnally said at the last meeting there was some discussion about looking at other Medicare options for the group. Mr. Nunnally said there are quite a few options and if the Board wants to see Medicare options we should look at all options and not limit ourselves to just advantage plans. Mr. Yunits asked if there was a motion to authorize Gallagher to go out to bid for Medicare plans, Mr. Defontes made a motion to authorize Gallagher to send out an RFQ. Mr. Harnett seconded the motion. The motion was passed unanimously. Gallagher will put together an RFQ to look at Medicare options for the group with a 1/1/24 effective date.

Treasurer's Report

Ms. Valente presented the report through April 2023 and said that the bottom line decreased about \$3.1M and that is due to the second month of the rate Holiday, the total reduction for both of these was \$5.6M, this was planned and everything went smoothly. Overall only down \$4.6 million and we are still generating a surplus as well, we also did reduce the reserves as planned. Ms. Valente reminded the group that some members are paying their invoices late and this does effect the cash flow since she needs to have money available to send to Blue Cross by the first of the month.

Investment Update

Ms. Valente would like to get the rebalancing of the portfolio on the next agenda and hopefully have a vote to decide whether to rebalance the portfolio. A discussion followed.

Ms. Valente said she spoke with Rob Lynch and preparing for the next audit, the agreement we had in place with them has expired. Ms. Valente said we can try to get a one year extension, the cost of the agreement will go up due to changes in auditing procedures. Ms. Valente said the price will increase to \$20K which is a substantial increase. We could also do a multi year agreement which will save money or we can go out to bid. Ms. Valente spoke to Mr. Cadime and they think that extending for one year will be the best route at this time so we aren't rushing to go out to bid. Mr. Hartnett made a motion to extend the contract with our current Auditors for one year at \$20K. Ms. Defontes seconded the motion. The motion passed unanimously. Ms. Smith will pull together some data on what our other clients are paying for Auditing fees as well.

Financial Update

Ms. Smith sent the detailed report to the board prior to today's meeting and will recap the highlights. The overall loss ratio is at 95% with a surplus of \$1.2M. There were six stop loss members at 50% last month and there are now 11 which is typical this late in the policy year and there is only one member over the specific and there is a small reimbursement pending on that person.

BCBS Wellness

Mr. Breen said he has Lynn Clark attending the meeting and she will discuss the new enhanced healthy me platform. Ms. Clark explained this is new for 2023 but most groups will move forward for 2024 with this platform. Ms. Clark explained the enhancements and showed the group a preview of the platform. Ms. Clark went over pricing for the packages that Blue Cross offers, package A is \$.30 pepm for non-Blue Cross members and no cost for subscribers, package B is also \$.30 but this is applied to members as well so a total cost of \$5,911 and package C is \$.99 pepm for a total cost of \$19,507. The details of each package were sent to the Board as well as presented. Ms. Clark also reminded the group they have a \$25K wellness credit that must be used before the policy period ends or it will be lost. Ms. Clark said they would need a 60 day lead time to implement any of the packages presented. The Board will make a decision at the next meeting on this.

New Business

Ms. Defontes made a motion to adjourn the meeting at 11:02 A.M. Ms. Cabral seconded the motion. The motion was passed unanimously.

The next meeting will be on June 15th, 2023 at 9:30 A.M.