

Health Insurance Trust Meeting – Minutes
Thursday, June 24, 2021 - 8:15AM
Student Services Conference Room
15 Charter Rd, Acton, MA 01720

Member Attendees:

Steve Barrett, Margaret Dennehy, Steve Noone, John Petersen, Jim Snyder-Grant

Non-Member Attendees:

Marie Altieri, Sue Shillue, Dave Verdolino, Todd Vickstrom

1. Meeting was called to order at 8:20am by the Chair;
2. Approval of Minutes:
 - **Motion** to approve Minutes of May 27, 2021 (Margaret Dennehy), second (Steve Noone); approved unanimously;
 - The Trust has approved the Minutes of May 27, 2021;
3. Election of Officers (Chair, Secretary)
 - Chair of Acton Health Insurance Trust:
 - John Petersen is nominated as Chair by Jim Snyder-Grant, seconded by Steve Noone; no other nominations;
 - John Petersen is elected as Chair of Acton Health Insurance Trust for 2021-2022 via unanimous vote;
 - Secretary of Acton Health Insurance Trust:
 - Steve Barrett is nominated as Secretary by Margaret Dennehy, seconded by Steve Noone; no other nominations;
 - Steve Barrett is elected as Secretary of Acton Health Insurance Trust for 2021-2022 via unanimous vote;
4. Cash Flow (including large claims) – Cook & Co.
 - Updated Cash Flow for claims through May 2021;
 - Paid claims of \$1.483 million, reinsurance of \$90,000, with additional stop-loss recoveries to be credited for June;
 - Total costs of \$1.332 million vs. contribution of \$1.473 shows a surplus of \$141,000;
 - Second month of FY21 to show surplus (August 2020);
 - Total variance YTD is -\$2.2 million;
 - Projected deficit is \$-2.8 million, with one month of claims remaining;
 - Next cash flow summary will include a \$195,000 credit for pharmacy rebates;
 - Credit in FY20 was \$86,000;

- June cash flow summary data not available until second week of July;
- FY21 could end somewhere between a loss of \$2 and \$2.5 million;
 - Year ended somewhere between 2 and 2.5 million loss;
- The Trustees will consider suggestions about content and format of future cash flow summaries;

5. COVID-19 Trust Impact

- Carriers report a total of 89 confirmed COVID-19 cases across subscribers;
 - BCBS reports suspected cases, with 575 members and a total cost of \$183,000;
 - HPHC reports tested and/or treated cases, with 458 members and a total cost of \$124,000;
 - 1,341 COVID-19 tests administered for a total cost of \$176,000;
- Total COVID-19 related health expenses represent 1.7% of paid claims per year, does not include cost of administering vaccinations;
 - HPHC reports 349 members fully vaccinated, with 83 pending a second dose;
 - Vaccination administration cost is in range of \$75,000 to \$100,000; trustees note that overall vaccination cost will assist in preventing COVID-19 treatment claim costs;
- COVID-19 related reimbursements;
 - Dave Verdolino notes Fred Turkington from the Town of Sharon has informed District that self-insured entities cannot recover COVID-19 costs, and has offered to speak to Trust regarding potential reimbursement avenues;
 - Sue Shillue has spoken to the Mass Municipal Association regarding reimbursements, and will present information gathered at a future meeting;
 - John Petersen notes that some expenses may be reimbursable through ARP, and the Trust can inquire in the late fall timeframe to see if there is clarity on the issue; Trust will need to work with Select Board to see if appropriate;
 - Steve Barrett notes that the Commonwealth disqualified reimbursements through the CARES Act; notes that there may be more direct control for communities moving forward, and that there could be a 2-3 year spend out for funds;

6. VOTE: Stop-loss (reinsurance) for 7/21 – 6/22

- Current stop-loss policy (FY21)
 - Contracted with BCBS for a \$125,000 reimbursement level;
 - Current enrollments are 294 individuals, 594 families;
 - Current premium is \$1.061 million;

- Maximum liability between premium and lasered individuals is over \$2 million;
 - One lasered individual at \$730,000 will remain moving forward;
- BCBS is the only company to quote for FY22, all others declined;
 - Sue Shillue notes that this is the current atmosphere, with information presented for joint-purchase groups through the Mass Municipal Reinsurance Arrangement; covers Cape Cod Municipal, West Suburban, and Minute Man Nashoba Health Group;
 - Sue notes that even large groups are not protected in the current market, with the original quote at a 44% increase;
 - Other comparable groups have utilized BCBS (Mayflower) and Gerber (Southeastern) for reinsurance;
 - John Petersen inquires as to the status of HPHC (declined to quote) with relation to the Tufts merger;
 - Sue Shillue notes that Tufts is not a major municipal player at the moment, but may ramp up offerings by 2024;
- FY22 Quote
 - \$125,000 stop-loss limit
 - Premium increase of 35% (\$1.433 million);
 - Maximum liability of 1% (\$2.038 million);
 - \$150,000 stop-loss limit
 - Premium increase of 18% (\$1.252 million);
 - Maximum liability decreases by 9% (\$1.832 million);
 - \$175,000 stop-loss limit
 - Premium increase of 5% (\$1.112 million);
 - Maximum liability decreases by 17% (\$1.667 million);
 - \$250,000 stop-loss limit
 - Premium decrease of 25% (\$792,000);
 - Maximum liability decreases by 37% (\$1.272 million);
- Claims analysis shows break even points for FY19, FY20, and FY21 (year-to-date)
 - Claims at \$125,000 for current and prior years versus \$150,000, \$175,000, and \$250,000 levels;
 - Sue notes the total excess claims compared to the premium paid, with carriers preferring a loss ratio of approximately 75%;
 - John Petersen notes that the BCBS loss figure depends on how the cost-structure is viewed;
- John Petersen reminds the Trustees that Cook & Co.'s compensation is based on a brokerage fee from the carrier; it is in Cook & Co.'s best interest for the Trust to select the lowest stop-loss limit of \$125,000; John believes Sue to be honest and acting in the best interest of the Trust;
- Margaret Dennehy states that she is uncomfortable having to decide with only one vendor; inquires if moving to the \$175,000 level would impact the amount of the lasered individual;

- Sue notes that under the \$175,000 limit, an additional \$50,000 would be assumed for everyone, including the lasered individual;
- Sue also notes that a \$150,000 or \$175,000 limit is more typical for groups of the Trust's size;
- Steve Barrett inquires if recoveries and reimbursements can be substituted for excess paid claims;
 - These figures are only what is paid out versus what is brought back via reimbursement; coverage would be needed in case of a catastrophic event;
- Steve Noone notes that data extrapolation for the remainder of FY21 shows claims costs increasing at a significant rate; the Trust can gamble on what claims will be in the future, but not hard data exists to make this decision; Steve also notes the increase and impact of long-term pharmaceutical situations;
 - The Trust could experience fewer claims, but the increase in unit cost of care could still lead to higher overall costs;
- Jim Snyder-Grant notes that different decisions could be made based on the overall size of fund reserves; factors that affect choices going forward;
 - Balances are decreasing, unit cost of care is increasing, and risk should be reduced if at all possible;
- **Motion:** Steve Noone moves that the Trust accept the BCBS stop-loss proposal with an increased limit of \$150,000; Jim Snyder-Grant seconds;
 - Margaret Dennehy is uncomfortable with \$150,000 limit, and would prefer to remain at \$125,000;
 - Jim Snyder-Grant notes the unknowns with costs moving forward;
 - Steve Barrett supports the \$150,000 limit;
 - Margaret Dennehy feels more comfortable at \$150,000 with Trustee support;
- The motion was approved unanimously;
- The Acton Health Insurance Trust has accepted the Blue Cross Blue Shield reinsurance quote with a stop-loss limit of \$150,000 for FY22;
- Marie Altieri notes the risk in future years should BCBS decline to quote reinsurance for the Trust;

7. VOTE: Auditor for Health Insurance Trust

- Margaret Dennehy suggests that the Trust adopt audit services from Powers & Sullivan; believes it is a good idea to rotate auditors with "fresh eyes;"
- The proposal from Roselli, Clark & Associates did not include Bill Fraher, and as such, Margaret is not familiar with the rest of the firm and their work;
- Dave Verdolino is familiar with both firms, and would be comfortable with either as Trust auditor; notes that Trust audit is more focused than the town or district;
- Powers & Sullivan proposal is a three-year term; cost not to exceed \$10,000 per year;

- **Motion:** Steve Noone motions to engage Powers & Sullivan to perform audit of the Acton Health Insurance Trust for FY21, FY22, and FY23, not to exceed \$10,000 per year, and to authorize Margaret Dennehy to sign the completed agreement; second (Margaret Dennehy); approved unanimously;
- The Acton Health Insurance Trust has approved Powers & Sullivan to perform the Trust audit for FY21, FY22, and FY23;

8. Entity and Member Payments to HIT

- Discussion of how entity transactions impact Trust operations;
- Issue was discovered with a district retiree not being billed properly (\$4,000 balance owed); errors in transactions would be a concern to Trustees; do Trustees need to look at operation with level of accuracy?
- Would an audit have discovered the discrepancy?
 - Unlikely with transaction testing; compliance testing questions may have discovered error;
- Marie Altieri notes that the error was discovered by entity; prior year discrepancies (10 employees) were discovered via audit;
 - Issue in question stemmed from premiums paid via pension deduction vs. quarterly billing;
 - Borgatti Harrison bills retirees, and not sends the list of members to entities for a double check;
 - Borgatti Harrison information vs. Cook & Co. information may help to discover discrepancies;
- Steve Barrett notes that there are procedures in place to prevent large scale errors; a more careful review of data serves the purpose to address issues to correct in the future;
- John Petersen notes that the retiree premium liability is in place, and the obligations are due; it is incumbent on both parties to address and fix things that were broken;
- The Trust will devote a portion of a fall meeting to address processes for entities;

9. Plan Design & Administration – Cook & Co.

- No items to discuss;

10. Discussion of Policies – Reserves & Investment

- Will be addressed at future meetings;
- Issue of Margaret Dennehy's time and focus on Trust matters was addressed; – should a portion of her time be compensated by the Trust rather than the district?
 - This will be addressed at a future meeting, with a discussion of support roles for Trust;

11. HIT Online Documents – File Structure

- No items to discuss;

12. Next meeting September 23rd or 30th

- The Trust will review support roles and activities, as well as a discussion of time spent in service of the Trust;
- A discussion on carved-out pharmaceutical coverage will be addressed;
- The Trust will discuss wellness programs as an avenue for controlling costs;
 - Sue Shillue notes that carrier information has been requested, and will be sent along to Abacus for the diabetes management program;
- Next meeting will be held on Thursday, September 30th;

13. **Motion** to adjourn (Dennehy); second (Barrett); approved unanimously; meeting adjourned at 9:31am by Chair;

Handouts:

Meeting Agenda

Draft HIT Minutes – 5/27/2021

Acton HIT Claims Analysis

Acton HIT May Monthly Cash Flow – Cook & Co.

Acton Stop Loss RFQ 2021

Audit – P&S Engagement Letter

Audit – Rosselli Engagement Letter – 2021 and 2022