

Health Insurance Trust Meeting – Minutes

Thursday, February 2023– 8:15 am

Member Attendees:

Steve Noone, Remote: Margaret Dennehy, Himaja Nagireddy, Theresa O’Leary, Andrew Schwartz

Non-Member Attendees:

Lena Jarostchuk, John Petersen, Tom Moses, Remote: Tim Harrison, Sue Shillue, Melissa Andrew

1) Call to Order;

- Meeting was called to order at 8:19 am by the Chair

2) Approval of Minutes;

- Minutes from January 26, 2023 were unanimously approved.

3) Treasurer Report – Tim Harrison

- Just under 4 million dollars in the bank. Running at a loss of \$843,303 for the first six months. Good news is interest payments are coming in—Earned \$24,000 vs. about \$1600 for the same period last year.
- Steve Noone asked what interest rate are we getting at MMDT. It is currently 4.77%, higher than at Santander, but we need Santander’s services.
- John Petersen inquired about the balance in MMDT. It is currently 1.3 million.
- Steven Noone asked about Tim Harrison’s plans after June 30th. Tim responded that the company is planning on closing. We need to send out for quotes for services soon as we will need a month of transition.

4) Cash Flow – Sue Shillue, Cook and Company

- Sue presented the year to date cash flow with claims through January but there is a missing piece. Because of transition to CVS, she does not have the information on large claims and stop-loss at this time. Variance shows a deficiency of \$245,000. The last three months have not been a good trend.
- Steve Noone noted that we seem to have a Blue Cross problem vs. an HPHC problem., and also, an HSA problem vs. a non-HSA plan problem
- Sue recalled that we had made a move with rate increases last year to raise the HSA plan rate more than the other plans, and said we might consider looking at this again next year. She also noted that the carriers give us recommendations for rate increase and that BCBS recommends a significantly higher than the 8% increase for the HSA plan.
- Steve Noone inquired about stop loss claims. Last month only one person went over the stop loss limit. So far this year we have very little activity.

- John Petersen does not agree with the way BCBS makes predictions and is not surprised that BCBS is higher than Harvard. He noted that it looks as though the actuarial assumptions for Individual vs. Family rates may be off from the basis on which we set rates.
- Sue Shillue explained why all the plans are looked at as one rate pool and not each on its own. Last year we did go through the exercise of looking at the Individual vs. Family rates and we may need to do that again.

5) Update on Pharmacy Benefit Management – Sue Shillue

- Sue reminded the Trust that we had considered two options. The option we are now interested in would not change the current formulary. We would change only the financial model, to one where drug rebates would be “unbundled” and the rebates would go directly to the Trust instead of being applied as a discount at the point of purchase. The projected savings would be between 4 and \$500,000.
- The option was discussed and though some were skeptical, those in attendance generally agreed that it would be a good idea to try it for a year and see what happens.
- A motion was made by Margaret Dennehy to switch to the unbundled rebate model with BCBS for pharmaceutical coverage. Theresa O’Leary seconded. Motion was passed unanimously.
- Sue will send out the new FY24 health insurance rates to the Trustees

6) Contract Renewals

- Now that Tim Harrison has announced that he is closing up shop, we will need to find a new treasury service provider.
- Cook & Co. Steve Noone has worked up a draft for an RFQ. There are two contracts. One for consulting and one for clerical. One question is if clerical services would be provided by the consultant or if the person would work directly for the schools and the town.
- There are three entities interested in bidding on this work.
- Tom Moses asked about the difference in RFP vs. RFQ. Practical difference is that under the RFQ you cannot consider price. Steve Noone responded that the number that we pay is not huge and price is not the paramount issue here.
- Margaret Dennehy asked if now that we have to find a new Treasury services provider, could the clerical services currently provided for both the Treasury and the Consulting be done by one person? Both the Trust billing and school insurance enrollments? She also noted that currently the work provided by both of these people is invaluable.
- John Petersen stated that he supports the idea of how good the services are is more important than how much you pay. He is worried about the timing. Can we get this all in place for April? Also, can MIIA provide these services to a free standing plan? We should ask them to bid for both the free standing plan, but also address the difference if we were to merge with one of MIIA’s groups.

- Steve will send this back to the Town Manager. Theresa O'Leary will meet with the Town Manager, make any edits and send out the RFQs while Steve is away for two weeks.

7) Discussion of Policies – Reserves & Investment

- No new discussion

8) Meeting was adjourned at 9:08 am. Next meeting will be on Thursday, March 23, 2023.

Handouts:

Meeting Agenda

Treasurer Report

Draft HIT Minutes for January 26, 2023

Acton HIT January 2023 Cash Flow – Cook & Co.

Acton BCBS Pharmacy Expense by Tier and Source

Acton FY 24 Rates vs. Carrier Recommendations