

Health Insurance Trustee Meeting – Minutes
Friday, November 30, 2018
8:15AM
Rom 13, Administration Building

Member Attendees:

Steve Noone, Mary Brolin, Margaret Dennehy, Steve Barrett, Peter Berry

Non-member Attendees:

Marie Altieri, Diane Baum, John Petersen, Jodi Phelan, Sue Shillue, David Verdolino

1) Meeting was called to order at 8:15AM by the chair.

2) Approval of Minutes

Motion to approve. Unanimously approved.

3) Discussion of Cash Flow

Sue Shillue reviewed the summary review. The impact of all the plan changes is probably not being seen yet. The first few months is typically a run off from the previous year. It was questioned what claims we were seeing under the HAS. Those claims would be preventative visits as well as any claims after a deductible is met.

Is the impact on the bottom line the same for both design changes and the HSA (ie: do the both have negative or positive effects or offset each other?) We need more months behind us before we can tell.

4) Discussion of Treasurer's Report

Tim Harrison reviewed the updated June reconciliation. The September reconciliation shows a difference from the cash flow. The difference is the timing of the reinsurance. One is on an accrual basis and one is on a cash basis. The reinsurance recoveries always lag. There are no recoveries year to date.

Tim talked to Santander regarding push to mover to MMDT. Santander came back with an interest rate of 2.25%. This is still below MMDT rate but Santander is 100% collateralized. MMDT is backed by the State. If the State fails, then there is no guarantee. If we move more than 1 million to MMDT, we could lose the favorable rate. It is noted that we have doubled interest income from this time last year. Margaret, Steve & Tim are all in agreement and comfortable with the current investments.

5) Review and Approve Audit (Vote)

It was asked who sends the reply to our auditor, Bill Fraher. Tim Harrison drafts the reply with our approval. Bill Fraher has noted his concerns on our internal

controls, stating we have a significant deficiency. Our reply was that we have instituted internal. However, we are still deemed as having a significant deficiency. The issue not resolved to auditor's satisfaction. What is the practical effect? It does not effect the Trust.. Dave Verdolino suggested we ask the auditor in to have a discussion and review his findings. Bill Fraher will be invited to a future meeting.

John Petersen asked who updates the MD & A - Management Discussion & Analysis. This report is based on facts. John expressed concern that the 30% limit to the Health Trust Fund is not mentioned in relation to 47% in the current reserve.

Steve Barrett motioned to approve, unanimously approved.

6) Review and Approve Report for Acton's Town Report (Vote)

Acton Health Trust also has Boxborough representation. This report can go through the regional school District into the Boxborough Town report if needed. Mary Brolin will look into this.

Peter Berry motioned to approve, unanimously approved.

7) Set Rates for FY20 (Vote)

Sue Shillue walked through the plan renewal worksheet. We do not have claims experience with the plan changes and new plans. Medex is not included in the pool. Scenarios reviewed include a 0%, -1% & -2% change in rates. There is approximately a -140K change to fund with each -1% change. It was noted that some of the agreed upon loss is offset by our favorable interest revenue.

Do we need to set rates now? How much will next 3 months of data effect the history and help to set rates? It was agreed there was not much of an impact. The full effect of changes will not be seen till the end of the year. Mary Brolin proposed a 3% decrease in rates to help manage the fund and still leave the reserve in good shape. The goal is to get the reserves to \$5 million.

John Petersen asked who does the \$3 million in surplus reserve funds belong to. Members felt it belongs to the employees and the town/schools. In fairness to employees and the communities, John feels that there should be an urgency to reduce fund balance now and agreed with the 3% reduction.

There is volatility in the data – 3 months of information is not enough to project confidently. Historical data uses the larger experience. The Trust should consider assuming the volatility in the fund balance not in the rate setting. The Board responded that the fund can not be taken down prudently in one year and they are taking action within the guidelines of the agreement.

Margaret Dennehy suggested that the 3% in savings to the District's and Town's budgets, with a rate drop, might be applied to each group's OPEB contribution. Members noted that this is not in the control of the Trust.

Steve Noone motioned, and Peter Berry seconded, to reduce the health insurance rates for FY 2020 by 3%. The motion was unanimously approved.

8) Next Meeting: Thursday, January 17, 8:15AM

Adjourned at 9:30AM

Handouts:

Cash Flow Summary Review

Reconciliation Report