

Health Insurance Trust Meeting – Minutes
Thursday, December 5, 2019, 8:15AM
Student Services Conference Room – Administration Building

Member Attendees:

Steve Barrett, Margaret Dennehy, John Petersen, Steve Noone

Absent: Peter Berry

Non-Member Attendees:

Sue Shillue, Todd Vickstrom, Marie Altieri, Tim Harrison, David Verdolino

1. Meeting was called to order at 8:21am by the Chair;
2. Minutes of October 31, 2019 were unanimously approved (Motion: Margaret Dennehy, Second: Steve Barrett);
3. Cash Flow through October 31, 2019 – Cook and Company
 - Rates compared to costs are deficient, and are offset by stop-loss recoveries; should budgets expect returns from stop-loss recoveries?
 - Interest income not reflected in cash flow summary
 - Claim projections net out stop-loss recoveries; net claims against gross claims;
 - Carriers projected claims due to high deductible plans;
 - Revised projection 15.3 million, uses 1/12 of original projection
 - Differential between regular and high deduct plan is closer to 13%. Cost savings of high deductible aren't as great as expected, due to revised projections;
 - Over 12-month period, claims expected to ramp up later in the year. High claims lead to hit deductible earlier in the year;
 - Final number for last year's paid claims: down \$1.4 million; claims were \$15.9 million (money back from stop-loss); FY20 is running the same as FY19;
 - One large claim through October; just over \$150,000
 - Trustees would like to see variance between plans on future cash flow summaries;
 - Specialty drug: \$700,000 specialty drug currently; 40% savings on one specific drug; becoming less uncommon to check on costs;
 - Specific information from BCBS to pass along to vendor, BCBS pharmacy director spoke to Sue about one claim to see if there are cost-efficiency to be put in place.
 - Sue to bring 3-4 examples of specialty drugs to exemplify the costing process to future meetings.
4. Treasurer's Report
 - Revised June 30 based on audit; reconciles to financial statements

- September report was before audit; additional receivables and IBNR adjustment:
 - Adjustment on cash basis for reinsurance as a receivable on June 30th
 - \$800k projected loss for FY20
- Quarterly reviews will show comparison data from prior year going forward
 - Accounts payable negative balance will have credit applied through October or November invoice. This was overpaid for current quarter;
 - Difference in contribution to trust (10 vs 12-month employees and collection variances);
 - Interest rates are coming down (MMDT at 1.89%), and are trending lower than previous year; projections will be unaffected as long as interest income will cover administrative expenses;
 - If income is covering administrative expenses it will not affect projections;
 - Variance noted from Cook & Company numbers;
 - Tim Harrison informed about new packet procedures; documents to be sent to Margaret Dennehy for upload/packet production;
 - Quarterly treasurer's report still needed rather than monthly because important findings on monthly report can be presented to committee.

5. Annual Audit – review revision

- Mailings are addressed to trustees; statements are printed online to satisfy auditor's findings;
- Final version needed from auditor for records; vote to accept audit will take place during next meeting.

6. Plan Comparison (Minuteman/Mayflower)

- Comparing HIT rates to other group insurance rates may be helpful to Trustees in setting our rates
- Value of comparison has limitations related to differences in plan design from group to group
- Minuteman (MNHG)/Mayflower pricing is close to that of HIT; are the relative rates (HMO to HSA and family to individual) of our plans going to remain going forward? If the plans are moving relative to each other, more information is needed;
- Mayflower plans are most comparable to HIT offerings, Fallon Direct excepted (smaller network);
- HIT rates are lower than Mayflower Blue Cross Blue Shield HMO; rates are not covering the cost of this plan; HIT has been lower historically, with lower trend increases even in larger groups;
- MNHG reserves have been low (MNHG is three times the size of Acton); it is difficult to compare plans;

- HIT HPHC and BCBS plans are similar due to claims experience, with no evidence of fundamental differences; benefit design is comparable; reasonable to analyze as pooled;
- Comparison with Group Insurance Commission is difficult due to number of plans offered, but should be included; GIC rates vote in March, and Sue Shillue will provide comparative costing in Spring;
- Economy of scale – claims are biggest portion of costs, no real incentive for other communities to join together with higher claims; no drastic differences in administrative rates for larger groups;
- Should HIT look at Fallon Select to see if it's a viable option moving forward; benefit design would be similar to BCBS/HPHC; look at risk pool as one entity, but apply actuarial differential of BCBS/HPHC to Fallon; disruption analysis from Fallon to compare with BCBS/HPHC to be presented in the future;
- Individual/family ratios lead to next year's rate setting discussion on family vs individual.

7. Rate-Setting for FY21 (Vote)

- 2.1% average increase, carriers using trend of 7-8%; 20% increase in reinsurance; previously discussed 4% increase would create a \$1.7 million deficit; 16% increase would bring unrestricted assets above recommended 30%;
- Recommendation from Cook and Company would be a premium holiday with rate increase higher than average carrier increase (8% vs. 6%);
- Discussion on the impact of a premium holiday on school budgets; if rate goes up 8%, what is the extent of the holiday to get back to budgeted amounts? What is the impact on future budgets with a premium holiday and a higher rate? Spending would need to increase;
- Trust seeks early guidance for FY22 planning and commitment to amounts increasing going forward; gradual increases and five-year trend will balance out to zero;
- 4% increase is preferred by Steve Barrett; Steve Noone noted that a 4% increase is covering paid claims (not counting admin fees and reinsurance); the uncommitted reserve is as low as HIT is comfortable with
- Discussion centered around bringing rates back on trend after two years of marginal or no increase; HIT weighs accepting volatility of the fund and balancing bylaw requirement of 30% unrestricted assets as long as the fund balance is in a healthy range;
- John Petersen cautioned against making large rate changes from year-to-year;
- Steve Noone moved to increase all plan rates by 4%; seconded by Margaret Dennehy; approved unanimously. The FY21 health insurance plan rates will increase by 4%. Relative rates for family/individual plans and between HMO and HSA plans are unchanged.

8. Review HIT report for Acton Town Report (Vote)

- Unrestricted assets should range between 10-30% of expenses; nominal target is 20%. It is difficult to maintain reserves in the 15-25% range given the volatility of claims.
 - Risk for the Trust is one or more subscribers have adverse health conditions; stop loss helps, but some level of exposure is possible. One-time events vs. ongoing issues to be looked at when discussing aggressive stop-loss.
 - Steve Barrett moved to approve the submission of the HIT report for the annual report of the Town of Acton., seconded by Margaret Dennehy, motion is unanimously approved
9. Packet, HIT Online Documents (Town of Acton website)
- Replace documents containing errors with corrected documents on Docushare
10. Agenda items for February 6, 2020; meeting calendar for 2019-2020
- PBM discussion; preparedness and spring guidance for FY22 budgets; audit vote
11. Motion to adjourn, seconded; Adjourned at 9:54am by Chair

Handouts:

Meeting Agenda

Cash Flow Summary Review (Shilue)

Acton HIT Rates vs. Mayflower Municipal Health Group/Minuteman Nashoba Health Group (Shilue)

Health Plan Renewal Worksheet (Shilue)

Rate Setting Memorandum (Shilue)

AHIT P&L Reconciliation – June 30, 2019 - After Audit Adjustments (Harrison)

Acton Health Insurance Trust Balance Sheet – June 30, 2019 (Harrison)

AHIT P&L Reconciliation – September 30, 2019 (Harrison)

Acton Health Insurance Trust Balance Sheet – September 30, 2019 (Harrison)

Acton Health Insurance Trust Report (Petersen)