

Health Insurance Trust Meeting – Minutes
Thursday, February 6, 2020, 8:15AM
Student Services Conference Room – Administration Building

Member Attendees:

Steve Barrett, Peter Berry, Margaret Dennehy, John Petersen, Steve Noone

Non-Member Attendees:

Marie Altieri, Jon Benson, Tim Harrison (remote), Sue Shillue, Todd Vickstrom

1. Meeting was called to order at 8:28am by the Chair;
2. Minutes of December 5, 2019 were unanimously approved (Motion: Steve Noone, Second: Steve Barrett);
3. Treasurer's Report – Tim Harrison
 - December 31st Balance Sheet and P&L
 - Information presented comparatively; vs. prior quarter; December 2018 vs. December 2019
 - Reinsurance numbers came in after year end, which leads to variance between P&L and Cook & Co. numbers
 - Interest income is down (MMDT 1.8%; Santander is lower) due to stock market fluctuation; stocks are trending up, bonds are trending down, mortgage rates are low;
 - Reinsurance income is lower in 2019 vs 2018;
 - Budgeted to lose approximately \$1 million; currently projected at \$1.6 million loss;
4. Cash Flow – Cook & Co.
 - Combined cash flow summary; loss on cash basis is \$700,000;
 - Variance on cash flow summary is accounted for due to November as a five week payment for BCBS (paid on Fridays) and December as a five week payment for HPHC (paid on Tuesdays)
 - Stop Loss
 - FY20 – two people exceeded stop-loss limit, generating revenue of \$38,000;
 - Sue Shillue will provide a report including claims at \$62,500 (1/2 of stop-loss limit) for next meeting;
 - 16 subscribers over \$50,000 account for claims of \$1.6 million; 20% of claims for first 6 months); 1% of population generating 20% of claims
 - Cash flow cover sheet now includes variances by carrier and plan type

- HMO is stable; loss within PPO and HSA plans; major loss in PPO is due to laser
- BCBS High Deductible plan is carrying greater loss than HPHC High Deductible plan;
- Trust agrees that a comment section highlighting inconsistencies and alterations to items would be helpful;
- Original projection showed deficit of \$2.8 million on cash basis;
 - Claim projections from BCBS and HPHC used for cash flow; lack of high deductible plan claims history made projections difficult;
 - Overall HSA claims are expected to increase with more members hitting their deductible;

5. Blue Cross Renewal – Cook & Co.

- John Petersen and Margaret Dennehy will receive carrier renewal documentation; Trust to discuss including renewal on DocuShare at next meeting;
- Stop-loss premiums assumes a 20% increase with the hope that it will come in lower; no indication presently of rate renewal;
- BCBS and HPHC renewals use projection on claims plus a fixed cost administrative fee per contract;
- 4% increase generates \$14 million in claims; carrier renewals at \$17 million;
 - BCBS admin fee increasing 2.5%; cost is \$78.88 per contract; increase in line with inflation;
 - Composite rate increases highlighted; broken out: plans rated separately; HMO has .9% decrease, high deductible has 8.4% increase, PPO has 272.1% increase (if rated on its own);
 - HPHC administrative fee remaining level; \$89.84 per contract;
 - HPHC HMO showing 3.79% decrease; high deductible plan has 8.53% increase;
- The gap has narrowed between HMO/HSA plan types; FY22 renewal will take this into consideration;
- HIT rate increase is over BCBS projection for PPO Plan; under BCBS/HPHC projection for HMO and High Deductible plans;
 - Actuarial claim difference between PPO and HMO is 10%; the high rate charged for PPO by HIT relative to HMO rate disincentivizes new members for PPO plan;
- Actuarial ratios are important for rate setting going forward; only adjustable would be administrative costs, which are in line with other municipalities
- Trustees have requested Sue to go back to HP to see why there is a large delta between BCBS and HP; go to BCBS to try and be level with administrative fees
 - Admin fees are 6% of paid claims, which is standard, very small portion of overall costs
- Are the town and schools required by contract to offer the PPO?

- Is there a national plan that would be less expensive? It is important to offer indemnity plan for retirees under the age of 65 who relocate out of the coverage area;
- Sue Shillue inquired as to the role of the Trust vs. the role of the town and school; who initiates changes to health plan design that need to be collectively bargained?
 - The Trust contracts with providers and sets rates; entities negotiate plan design; there is feedback allowed in both directions;
 - Informally, Town and School unions and leadership have met as an informal collaborative group that negotiates plan design;
 - BCBS is named in school contracts, which prompted a course away from GIC; recommendation is to remove specific carrier names from union contracts;
 - Plan specifics, including deductible and co-pay needs to be negotiated; unions and entities agreed to three years of no changes to plan design through June 2020;
- Ratio of Family to Individual insurance rates
 - Trust uses 2.41 ratio for family and individual rates;
 - BCBS renewal – 2.62 ratio but lower ratio for PPO due to less families enrolled;
 - HPHC renewal – 2.6 ratio;
- GIC
 - Voting on benefit changes for FY21; rates voted at the end of February; projected rate increase of 4.7 or 4.9% above average;
 - Sue has seen more entities leaving GIC than joining;
 - Sue will compare HIT and GIC costs for comparable plan design;

6. PBM, Specialty Drug Update – Cook & Co.

- Ongoing conversations with companies related to one specific high cost specialty drug; company Sue spoke to cannot beat the current cost from BCBS or HPHC;
- Does carving out pharmacy coverage reduce cost? BCBS claims no due to value of management of pharmacy coverage program;
- Optum PBM conversation – has contract with EdHEALTH, a collaboration between schools, colleges, and universities in Massachusetts and New York; unit costs are not necessarily lower, but there is more opportunity to tightly manage formulary (many going to four tiers, breaking out generics), which can help control cost; can also impact union negotiations
- Optum recently named new PBM for HPHC, and therefore cannot give HIT a quote for carved-out coverage;
- PBMs often utilize rebates from drug companies, which can drive sales away from cheaper generic drugs to more expensive brand-names;
- HPHC – 89% of drugs are generic (cost savings); specialty drugs account for 22% of costs; BCBS data not available due to new system implementation;

- Specialty drug cost examples:
 - Oncology: (9 months) = \$139,000
 - Rheumatoid Arthritis = \$53,000
 - Multiple Sclerosis = \$40,000
 - Sue will speak to HPHC regarding cost and management of these specific specialty drugs; asking for cheaper alternative (not likely due to being specialty); will run report and speak to BCBS;
 - Sue will complete a cost comparison for generics and specialty prescriptions for overall utilization of drugs;
7. Annual Audit Acton HIT year ended June 30, 2019 – No vote was necessary as change was only the withdrawal of the management letter, the Trust accepted the audit, itself previously
 8. FY22 budgeting – June guidance for health insurance rates, plan design & opt out provision
 - June guidance on health insurance rates will include less information than normal; would allow for entities to have information in a timelier manner, helping with ease of determining annual budget; Steve Noone notes that early guidance would allow for more consistency for entities;
 - September guidance would allow for more information to be available to Trustees due to year-end numbers being available;
 - Guidance will be on June meeting agenda to allow for further discussion;
 9. HIT Online (Town of Acton website)
 - Comments on DocuShare/online elements
 - Much easier to navigate to open one email to access documents, visibility on town website mirrors other committees;
 10. Agenda items for March 5, 2020, Meeting Calendar through June 2020
 11. Motion to adjourn, seconded; Adjourned at 9:42am by Chair

Handouts:

Meeting Agenda

Cash Flow Summary Review (Shillue)

AHIT P&L Reconciliation – 12/31/19 and 12/31/19 (Harrison)

Acton Health Insurance Trust Balance Sheet – December 31, 2019 (Harrison)

Acton Health Insurance Trust Income Statement – December 31, 2019 (Harrison)

Acton HIT Renewal FY'21 (Shillue)

Formulary BCBS (Shillue)