

Health Insurance Trust Meeting – Minutes

Thursday, June 18, 8:15AM

Virtual Meeting

Member Attendees:

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

Non-Member Attendees:

Marie Altieri, Jon Benson, Brian McMullen, Sue Shillue, Dave Verdolino, Todd Vickstrom

1. Meeting was called to order at 8:15am by the Chair;
 - COVID-19 public gathering declaration was utilized to call meeting to order;
2. Approval of Minutes;
 - Peter Berry's amendment related to page three, item seven in which the Board of Selectmen will appoint his (Peter's) successor; minutes amended;
 - **Motion** to approve amended Minutes of May 28, 2020 passed unanimously via roll call (Motion: Noone, Second: Berry);
3. Election of Officers
 - Chair of Acton Health Insurance Trust:
 - John Petersen is nominated as Chair by Steve Noone; no other nominations;
 - John Petersen is elected as Chair of Acton Health Insurance Trust for 2020-2021 via unanimous roll call vote;
 - Secretary of Acton Health Insurance Trust:
 - Steve Barrett is nominated as Secretary by Margaret Dennehy; no other nominations;
 - Steve Barrett is elected as Secretary of Acton Health Insurance Trust via roll call vote; one abstention (Barrett);
4. Treasurer's Report – Tim Harrison
 - No Updates – will be present at September meeting;
5. Cash Flow – Cook & Co.
 - Updated cash flow through May, 2020;
 - Variance by plan is broken down; COVID-19 is resulting in lower claims;
 - \$182,000 reimbursed via Stop-Loss;
 - Other costs section will be broken down by type, charges and credits, claim recoveries;
 - Sue Shillue will gather BCBS and HPHC utilization reports for September meeting to compare with prior periods;

- Stop-Loss recoveries expected to be approximately \$200,000 in both FY20 and FY21; BCBS has one-month lag for reinsurance, HPHC requires more administrative work and takes longer; one HPHC member awaiting stop-loss recoveries (\$189,000) most likely to post in FY21;
- For comparison, overall hospital revenue is down 15%; HIT claims have seen a \$240,000 reduction, which is a \$400,000 swing in claims; how many of these claims are permanently gone rather than just delayed due to COVID-19? Impact of this likely in FY21 and beyond;
 - There is uncertainty in costs for 2021; trends should be higher without immediate spike; alternative methods like telehealth help to keep claim costs down;
- Carriers are paid monthly and reconciled quarterly; Sue was able to negotiate a new BCBS monthly rate;
- 1/3 of the HIT plans are high-deductible, which usually sees increase in claims as deductibles are met toward end of plan year; how will this impact overall costs as deductibles reset in July?

6. VOTE: Stop-loss (reinsurance) for 7/20 – 6/21

- Current FY20 Stop-Loss is with BCBS for claims reimbursed over \$125,000; \$814,000 premium; one laser at \$730,000; FY21 Stop-Loss had one quote; 2 carriers declined; one broker did not submit a quote;
- FY21 BCBS quote:
 - Premium increase of 29% to \$1,050,000; above budget by 9%;
 - One additional laser identified at \$475,000;
 - High Claims Analysis shows difference in premium and what additional claims liability would be if Stop-Loss level were increased;
 - Claims are incurred over 12-month period, can be paid over an additional 12-months
 - Nine Claimants have claims at \$125,000; five have claims at or above \$150,000;
 - Increasing Stop-Loss limit to \$150,000 and \$175,000 would have increased Trust liability every year from FY18-FY20;
 - Analysis does not support increasing Stop-Loss deductible; Cook & Co. recommendation is to remain at \$125,000 deductible limit;
- Steve Noone inquired as to why there were no other bids submitted;
 - Reinsurance markets are notoriously tough, with many carriers dropping out altogether; larger increases seen this year based on risk, with COVID-19 claims not a significant factor in reinsurance quotes;
 - Larger increases this year based on risk; significant COVID claims not part of reinsurance quotes; carriers are exiting municipal market due to older age and retirees under age 65;
- Are there joint-purchase arrangements to Stop-Loss quotes?

- No, but Sue/Cook & Co. has \$14 million in business through BCBS; Stop-Loss quote looked at entire block of business rather than each municipality individually, which is a different way to look at risk;
- Cook and Co. brokers re-insurance (disclosed); bid specs issued to carriers and brokers, but bids go directly to town rather than Cook & Co.;
- Cook & Co. has a ruling on reinsurance brokerage from the Inspector General, who has issued guidance on consultants acting as brokers;
 - Sue will provide this to the Trust, as well as a narrative summarizing her conversation with the Inspector General's office;
 - Process set up for Trust to have advantage in selecting quotes; necessary due to erratic nature of Stop-Loss market; Cook & Co. has direct access to BCBS underwriter to negotiate more favorable rates on premiums and laser levels;
- Stop-Loss claims have increased; general philosophy is avoiding one catastrophic adverse event; current premiums are based on 5-15 members who have adverse claims experiences; are there any policies that go up to \$500,000?
 - HIT is too small a pool to go that high, as private sector or larger cities spread the risk over a larger population;
- Discussion about Trust accepting volatility on Stop-Loss limits from \$125,000 - \$250,000 and what the impact is on subsequent years will occur in the fall; the decision on Stop-Loss ties into reserve policy questions in terms of risk;
 - **Motion** to accept BCBS/Cook & Co. Stop-Loss bid at \$125,000 level for FY21 (Noone); seconded (Dennehy); approved unanimously via roll-call vote; the BCBS Stop-Loss bid is accepted for FY21;

7. Plan Design & Administration – Cook & Co.

- Trust does not negotiate plan design; however, benefit administration could impact operation of Trust;
- Oncology/HPHC – introducing oncology and radiation management use program; precertification required to approve services (similar to MRI);
- Can the Town/District decide to not implement? What is the impact on cost?
 - There is usually a choice in implementing due to self-insured nature of Trust; the implementation of new programs usually helps to manage costs for all; regarding specific issue, there is no choice in implementing;
- Trustees agree that implementations from carriers should be provided to Trust; the more information provided allows the Trust to be more informed and will be kept on agenda;
- Regarding Oncology change, Marie Altieri is uncertain of new procedures due to potential delay of cancer treatments for HPHC members;
 - Contact Sue if there are any issues during implementation of plan design change;

8. COVID-19 (discuss possible impact on Trust reserves):
- COVID-19 related claims are between \$10,000 and \$20,000; use of ventilator is approximately \$80,000; extreme cases over \$200,000 (HPHC data only);
 - Cost of COVID-19 test is \$85, with no real impact on Trust reserves;
 - HIT has waived co-payments to participants for COVID-19 related visits;
 - Are COVID-19 costs recoverable under federal grant programs (CARES Act)? Sue will approach BCBS and HPHC to ask if they will act on behalf of the trust to seek funds from federal recovery programs for COVID-19 costs;
 - Secondary reimbursement through town grant may be possible;
 - Second wave of virus remains an unknown; likely to result in another reduction in claims;
 - HPHC reporting no members within the Trust who have tested positive for COVID-19; BCBS reporting three confirmed and nine suspected cases (through April);
 - Cost reporting from BCBS will show impact of confirmed cases on Trust reserves;
 - No information as of yet regarding severity and hospitalization; school has confirmation of two cases who were not hospitalized;
 - Both BCBS and HPHC will start giving a monthly cost reporting package;
 - Towns of Acton and Boxborough have been granted money under the CARES Act to reimburse COVID-19 related expenses; Steve Barrett to inquire if HIT could also be reimbursed;
 - School funding for CARES Act comes from town grants, which were awarded on a per-capita basis; cities and towns are to distribute funds to regional school districts as a sub-grantee; caution required to avoid being billed back for non-eligible COVID-19 expenses;
9. Discussion of Policies – Reserves & Investment
- Reserves:
 - Consensus is that keeping healthy reserves will be important to weather the storm of COVID-19 uncertainty and beyond; looking at guidance for 15-25% of total spending;
 - Steve Barrett reports that town has an informal reserves policy, which establishes a ceiling and floor for reserves; policy to be brought for Trust review;
 - Trust could adopt SMHG policy, utilize town implementation, or research external policies; Steve Barrett prefers not rushing into a policy at this time;
 - Investment:
 - Investment policy should speak to priorities of the Trust with regard to safety, with reasonable returns being secondary; the aim of the Trust

will differ at points in time, and should be written to allow change due to different economic factors and environments;

- The policy of SMHG was return on investment rather than safety, and was amended to put safety atop the goal list;
- Minuteman Nashoba was written up in audit for not having investment policy;
- Margaret Dennehy's draft researched general fund investment policies; current investment rates lead to poor return on investment; deals with short-term and safe investments and Massachusetts General Law;
- John Petersen will send out current draft to Trust; Margaret will continue to work on policy for future meetings; request for all draft documents to be watermarked as draft with current date revision;
- Once agreement is reached in principle, other language can be added and amended;

10. HIT Online Documents (Town of Acton website)

11. Next meeting September 17th

- Dennehy's apprehension on investments Santander does not like; yellow rating, current rating delay due to COVID; Trust to be aware of decreased rating from Santander; will need to be addressed in future meetings depending on new rating; Tim will be on agenda for September to engage in discussion;
- The Trustees thank Peter Berry for his service as a Selectperson and as a member of the Health Insurance Trust.

12. **Motion** to adjourn (Noone); seconded (Dennehy); approved via unanimous roll-call vote; Adjourned at 9:48am by Chair

Handouts:

Meeting Agenda

Draft HIT Minutes – 05/28/2020

Cash Flow Summary Review – May 2020 (Shillue)

Acton Reinsurance Quotes FY2021

Acton Health Insurance IPS

Acton HPHC COVID Report – May

HIT – Email re New Oncology Program

Commercial Chemo and Radiation Member Impact Letter