

**Health Insurance Trust Meeting – Minutes**  
**Thursday, September 30, 2021 - 8:15AM**  
**Room 13**  
**15 Charter Rd, Acton, MA 01720**

Member Attendees:

Steve Barrett, Margaret Dennehy, Himaja Nagireddy, Steve Noone, John Petersen,

Non-Member Attendees:

Marie Altieri, Tim Harrison, David Turcotte, Dave Verdolino, Todd Vickstrom

1. Meeting was called to order at 8:20am by the Chair;
2. Approval of Minutes;
  - **Motion** to approve Minutes of June 24, 2021 (Noone), second (Dennehy); approved unanimously;
  - The Trust has approved the Minutes from June 24, 2021;
3. Treasurer's Report – Tim Harrison
  - Treasurer's Report shows a \$2.888 million loss at FY21 year-end;
    - FY20 loss was \$901,000, adjusted to \$832,000;
    - FY21 year-end figure does not include IBNR adjustment;
  - Transfer made from MMDT to Santander to cover cash payments to carriers;
    - Transfer to cover losses and cash flow related to summer payments;
    - No significant impact due to low interest rates; MMDT balance is \$1.3 million as of the end of August 2021;
      - FY20 interest was \$20,000; FY21 interest is \$7,000;
      - Tim Harrison notes that MMDT may be too aggressive in investing based on prior year experience;
  - Reconciliation between Cook & Co. and Treasurer's Report;
    - \$500,000 variance due to timing of reinsurance income being accounted; Treasurer's Report is receivable vs. cash basis (Cook & Co.); current receivable for reinsurance is \$140,000;
    - Other amounts due to participants and outstanding claims for FY21 submitted in July and August, but not realized;
  - Margaret Dennehy inquires as to whether the stop-loss/reinsurance check should be sent directly to Borgatti Harrison for processing, with backup to Margaret; Margaret will look into this to ensure more timely payments and improved cash flow;
  - Fund balance is approximately \$4 million, which matches FY20 year-end; three-month run out and IBNR adjustments to come;

#### 4. Audit Update

- Contact with auditing firm in August requested information and documents have been sent; inspection of invoices to occur in person with Borgatti Harrison;
- Trust will expect a draft audit report for review in October or November; Trust will expect a finalized audit report in December;

#### 5. Cash Flow

- Sue Shillue was not in attendance at the current meeting; a roundtable discussion of monthly cash flow summary occurred;
- John Petersen notes that a lag exists in reporting claims information; FY21 shows other costs of \$1.6 million, with large reinsurance payments expected to be realized in the first few months of FY22;
- Blue Care Elect PPO experienced loss of more than \$600,000 with small enrollment numbers
  - PPO is already realizing a loss in FY22; projection is almost exceeded by first two months of claims; revised projection is approximately \$1 million in claims for the fiscal year;
  - Data lends itself to rate-setting discussion; if PPO were removed, claims experience would be spread across other plans; HMO plans will need to have revenues in excess of expenses to offset the loss experienced by the PPO;
- Medex subscribers have grown over time, as retirees reach Medicare eligibility age;
- Large Claims analysis;
  - Steve Noone notes that the cash flow summary does not contain enough information to complete a deep analysis, as regular claims experience is to be expected;
  - Majority of financial impact is due to large claims, and are unknown to the Trust at this point in the year; volatility exists month-to-month;
  - Margaret Dennehy is tracking the number of large claims;
    - Margaret notes an additional 28 new large claims in FY21 vs. FY20; trending to see more large claims in FY22;
  - Margaret recognizes the risk in only having one bid (BCBS) for stop-loss insurance;
  - Himaja Nagireddy notes her public health background, and the value of the cash flow summary in seeing financial impact on health plan decisions;
- Cost and Rate Setting;
  - Tim Harrison notes that other towns he has served have moved to a mandatory high-deductible/HSA plan (MIIA), which led to a 6% carrier rate decrease; negotiations took place, but Town Manager had ability to implement changes;

- Marie Altieri notes that the entities negotiate with all eight town and school unions at the same time. The last negotiation approved the addition of the HSA plans as an option. Discussions at that time make it unlikely that the HIT could implement changes like this; historical analysis shows the HSA is losing more than the HMO;
- John Petersen notes that the pricing for the high-deductible/HSA plan relative to low-deductible HMO plan was the basis for initial rate setting; HSA appears to be underpriced, and has not been successful in reducing overall cost;
  - Marie Altieri notes that the 0% and negative rate increases have helped to stop the rates from being above claims, but rates are now priced under claims experience; getting back to market rates is daunting;
  - John Petersen now believes that premium holidays are a better approach to reducing unrestricted assets than setting below market rates;
- John Petersen notes the roles that the Trust and entity HR departments play in implementing changes to benefits; a negotiation cycle is approaching, and changes would need to be discussed as soon as possible; is the Trust the best vehicle to provide health care employee benefits?
  - Marie Altieri notes that entity HR departments are responsible for negotiating with unions for plan options, design, and budgeting, and the Trust act as fiduciaries; If you want to look at whether or not the self-insured model is the best option, that would be the trust that does that?
  - Negotiations occur between entities and eight unions; a moratorium on health plan changes after last negotiation round has ended; a shift for cost sharing would need to be negotiated; changes to the trust agreement would require School Committee and Select Board discussion;
  - John Petersen notes that cost sharing is not the primary concern at this time; discussions relate to concerns about total costs and exposure to liabilities; does Trust have exposure that leads to dramatic increases in health costs?
  - Steve Noone mentioned the Group Insurance Commission as an alternative, however, GIC experienced a massive rate increase in 2021; another alternative could be joining another regional group;
- Current cash flow unrestricted balance is at 15%, which is at the lower end of reserve policy;
  - John Petersen notes that a likely rate increase projection will be in excess of 10%;

- Steve Noone inquires as to what is driving the cost increase; can a carved-out prescription benefit be addressed by the Trust?
  - John Petersen appoints Steve Barrett and Steve Noone to investigate pharmacy benefit options;

#### 6. COVID-19 (Trust Impact, Reimbursement)

- Trustees note that discussions surrounding COVID-19 have been confusing; overall COVID-19 costs to Trust were low (approximately \$200,000), but the pandemic has affected cost structure of health care;
  - Indirect impact of COVID-19 has not been fully understood;
  - Carriers to be consulted to forecast costs to inform rate-setting discussions;
- Discussions surrounding COVID-19 has been extremely confusing; COVID costs were extremely low; COVID has impacted everyone's cost structure; indirect impact has not been completely understood; go back to carriers to forecast where things are headed to inform rate setting decision;
- Trustees are encouraged to gather potential reimbursement options under COVID-19 relief legislation to present to meetings;
  - Steve Noone notes ARPA funds may be used;
  - Steve Barrett notes the lack of CARES Act funds for which Trust was eligible;
  - Himaja Nagireddy notes that proposals will be addressed at the next town council meeting on 10/4, and voted at 10/18 meeting;

#### 7. Trust Support Services (financial and clerical); Estimate of FTEs required to support Trust

- John Petersen has reached out to Town of Acton IT for administrator access to DocuShare, but has not heard back;
- The recording secretary for the Trust (Todd Vickstrom, ABRSD) will be in place for FY22;
- John Petersen would like to move administrative support and DocuShare assistance to the Town of Acton;
  - Marie Altieri notes the retirement of Karen Coll, whose position was not backfilled; We really need someone at Town Hall to post the agendas/meetings because they are posted on the Town website
  - Chair to develop agenda and gathering of necessary documents; assistance needed for posting agenda, managing DocuShare, organizing meetings (in-person and virtual); maximum outlay of four hours per week;
  - Steve Barrett will speak to Acton Town Manager John Mangiaratti to discuss work-load of position;
  - Posting of meetings is imperative to avoid situations experienced in FY21 regarding proper meeting notification time;

8. Plan Design
  - Not discussed at current meeting due to Sue Shillue's absence
9. Discussion of Policies – Reserves and Investment
  - Not discussed at current meeting
10. Meeting Calendar for FY22
  - Meetings are scheduled toward the end of each month; cash flow is not available until the 15<sup>th</sup> of each month;
  - October 28<sup>th</sup> meeting will discuss and vote Medex rates;
  - December 2<sup>nd</sup> meeting could be moved to Thursday, November 18<sup>th</sup> or Tuesday, November 23<sup>rd</sup>; Sue Shillue will be consulted for scheduling;
  - Late November/December meeting will contain preliminary rate-setting discussions;
    - Provide preliminary guidance for entity budgets;
  - Marie Altieri notes an ALG meeting on January 27<sup>th</sup>, which conflicts with HIT; to be addressed at subsequent meeting;
11. **Motion** to adjourn (Noone); second (Dennehy); approved unanimously; meeting adjourned at 9:36am by Chair;

**Handouts:**

Meeting Agenda

Draft HIT Minutes – 6/24/2021

Acton HIT Year End Treasury Report (unaudited)

Acton HIT FY21 Year End Cash Flow

Acton HIT August Monthly Cash Flow – Cook & Co.

Acton HIT BCE History – Five Years ending FY21

Draft HIT Calendar 2021-2022