

Health Insurance Trust Meeting – Minutes

Thursday, April 28, 2022 – 8:30 am

Member Attendees:

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

Non-Member Attendees:

Marie Altieri, Lena Jarostchuk, Sue Shillue, David Verdolino, Tim Harrison, Ruth Cvitkovich, Patricia Harris, Kyra Cook

1. Call to Order;

- Meeting was called to order at 8:45 am by the Chair;

2. Approval of Minutes;

- Minutes from March 17, 2022 were unanimously approved

3. Cash Flow – Sue Shillue

- Updated cash flow summary through March 2022 showed a YTD loss of \$965K
- March cash flow is a deficit of \$451K. Most comes from HPHC. Five weekly payments in March and an extra \$230,000 in large losses for claimants over the 50% level of stop loss.
- In April so far, reinsurance recoveries on Access Blue NE of \$31,000 and a Harvard Pilgrim credit of \$173,000 from stop-loss recovery. This makes HPHC with credit near break-even.
- Tim Harrison questioned how a credit comes about; Sue Shillue explained that it is from stop-loss recoveries for any claim over \$150,000.
- 50% report in March vs. February. In March additional \$564,000 in claims over the 50%.
- This year's March 50% report vs last year's March report is actually \$1.7 million dollars less in this year's stop loss vs. last.
- Claims that have hit the stop loss are 1.3 million lower than last year.
- On Blue Care Elect, all but \$100,000 of \$641,000 deficit is due to the laser claim.
- Medex deficit of \$102,000 is actually higher due to miscommunication regarding rate change.
- Steve Noone summed up that numbers for March are not as bad as they look and April and May should look better.
- John Petersen noted that Trustees had projected \$1,000,000 as part of the rate setting process, right now looks like 1,500,000. What do we think for the end of the year? Sue Shillue estimates it will be lower, possibly \$1,400,000, because of the stop-loss recoveries.

- John Petersen asked regarding the Medex situation, if we are doing enough checking to avoid errors. Additionally, we will have about a 4% loss in Medex and the trust should resolve this going forward with rate setting.
- Sue Shillue noted that over 50% of the Medex rate is the Part D PDP premium and it makes Medex more predictable. Fluctuations are due to medical costs, not prescriptions. Big fluctuations in other plans are often because of specialty drug utilization and this would not affect Medex plans as the Part D premiums are consistent. Sue noted that this year Medicare part B premiums went up 14.5%
- Dave Verdolino asked if the increase is based on COVID. Sue replied that not COVID but because of certain specialty drugs given through medical portion, not the prescription portion. The HIT is not affected by the Part B premiums, and HIT would know what the Part D premiums would be when we set rates in October.

4. Treasury Report --Tim Harrison

- March Statement shows a loss of \$1,057,000 through March 31st after recording \$314,000 receivable on reinsurance.
- Cash on hand is about \$2,900,000. Cash flow continues to be a problem. Reached out to Margaret Dennehy to work with schools to get funds sooner. Margaret Dennehy commented that the money was received earlier this month which helped.
- Difference between Cook and Co. and Tim's report is mostly due to administrative services fee.
- John Petersen inquired that this year shows we are down about \$1 million through 9 months, how does this compare to last year. Tim responded that last year was about \$1.9 million.
- Tim shared the Proposed Services Contract and went over changes. The scope of work will not change. Price increased by \$100 per month. Practice is up for sale; they are not sure what is happening and if Tim will still be around. Price will be the same for the next two years. Gale will still continue to work in some capacity.
- Steve Barrett asked for clarification, does this guarantee us one year or more? Tim Harrison responded that the price is set for next three years if the firm continues.
- Margaret Dennehy pointed out math error which will be corrected.
- Steve Barrett noted how useful this firm has been for facilitating the audit, record keeping, etc., and how satisfied the trust is with their services.
- Margaret Dennehy added that we've added to Gale's workload and will be adding more with billing for Abacus.
- Tim Harrison will send an updated document fixing typos and the calculations which the chair will send to Trustees for review. If the Trustees do not identify any concerns in the revised document, the Chair will sign the agreement.
- Dave Verdolino was asked regarding outside services vs. in house accounting services. He responded that if we are happy with the current situation this is a reasonable cost to continue; questioned if Gale could continue to work for the trust on her own separate from if there was no longer company.

- Tim Harrison stated that he believes the original trust document may specify that treasurer must be from outside.
- Marie Altieri remembers when things were completely in house and feels that since using Cook and Company and Borgatti Harrison, the checks and balances have been so much better and that it is worthwhile to use outside services.

Motion: Steven Noone moved that we approve contract with Borgatti Harrison for \$22,080 for one year.

Margaret Dennehy Seconded and motion was unanimously approved.

- Tim Harrison was thanked for being candid about the future plans for his company.

5. Reinsurance- Sue Shillue

- RFQ will be sent second week of May. Must include paid claims data for April. Insurers will evaluate risk based on last 2-3 years of claims by person and those over 50% of the stop loss deductibles.
- Due date will be June 6. Last year stop-loss deductible went from 150,000 to 175,000. This year the levels we are requesting are 150,000, 175,000, 200,000 and 225,000
- Last year's laser at \$730K will most likely continue this year, the laser at \$475K from previous year will not be present in the renewal.
- Sue explained that reinsurance covers anyone with over \$150K in claims except laser. Insurers will evaluate the risk and provide quote. Any laser would require the trust to pay up to the amount of the laser, anything over would be reimbursed. Sue will provide analysis once the quotes come back.
- John Petersen notes that for very large ongoing claims reinsurance only helps in the first year. The next year large, anticipated claims will likely be lasered.
- Marie Altieri notes that another large risk is that we only get one bid each year. Steve Barrett asked if we will have more than one company quoting this year. Sue does not anticipate a big difference this year—12 companies declined to quote last year.

Motion: Steve Noone moved to solicit quotes for reinsurance at levels \$150,000, \$175,000, \$200,000 and \$225,000. Margaret Dennehy: Second Unanimously approved.

- The Next Meeting will be Thursday June 16th with new school committee member, John will support the Docushare activities for the next meeting.

6. Communicating and documenting plan changes- John Petersen

- Future proposed changes should come to the HIT in writing and be formally approved to avoid confusion.
- Marie Altieri stressed that it is important that all changes benefits be set for Open Enrollment, but should the Trust be voting plan design? John Petersen responded that it depends on plan design. If changes affect the finances of trust, then the trust should have approval. Minor changes can be just communicated to and the Trust acknowledges them. Major changes may need approval.
- It was agreed that proposed plan design changes should be communicated BEFORE rate setting, and therefore. The standing calendar should include a discussion of any plan design changes in the fall preceding rate setting.

7. COVID-19 (Trust Impact, reimbursement)

- John Petersen and Steve Barrett described COVID situation. COVID swept through Town Hall but cases seemed to have leveled off. Marie Altieri noted that school numbers in January were up to 285 cases, now down to 15. John Petersen noted that there are plenty of cases, but fortunately not many severe, and therefore a minimum effect on the trust.

8. Separating Prescription and Medical Services- Sue Shillue

- Sue Shillue presented a high-level analysis carving-out prescription drugs versus continuing to include prescriptions through BCBS and HPHC. She shared that in the aggregate, if BCBS or HPHC had the whole prescription pool, costs would be about 10% or 16% higher than Optum, respectively. This high-level analysis is not apples to apples, as the Optum formulary may be more restrictive, meaning that some drugs may not be covered though there would be no *class* of drugs that is not covered.
- Blue Cross at this time takes any rebates they get and applies them to the administrative fee. It is unknown if the administrative fee would rise if we carved out the prescription plan. Blue Cross could change the model if requested, in which case they could provide rebates, although again, the administrative fee would most likely be affected.
- HPHC retains 30% of rebate. We get 70%. Last year was \$195,000. Next January HPHC will be using Optum. Would need a more extensive analysis to compare, especially as it related to the covered drugs (i.e. formulary).
- Steve Barrett asked what is approximate prescription outlay on an annual basis? Believes we should continue to pursue this. The answer is about \$4.2 million.
- Sue added that both BCBS and HPHC believe it's better when prescriptions are included as part of the carrier plan vs. carved out of plan. Perhaps we should have their representatives attend a future meeting.
- Dave Verdolino noted that the carve-out investigation came about because we heard Fall River had saved about 3 million dollars by making this change. Could we find out if this can apply to us or is their situation different? Sue did try to contact the HR director

in Fall River, and will reach out again. John Petersen thinks it will probably save us money but perhaps not enough to make a change worthwhile.

9. Plan Design and Administration/Wellness Benefits Abacus

- Sue Shillue reported that Abacus Diabetes Management program is going great even though it hasn't formally started.
- Lena Jarostchuk shared positive feedback from employees during Open Enrollment visits.
- Steve Barrett reiterated that Marianne Fleckner rolled out to the department heads and the Abacus plan was very well received.
- Sue shared that Margaret Dennehy joined the last meeting to discuss billing. John Petersen reminded us that the purpose of trust is to get people good health care.

10. Discussion of Policies—will remain on agenda for future

11. Next meeting was set for June 16, 2022 at 8:15 am

12. Meeting adjourned at 9:46 am