

Health Insurance Trust Meeting – Minutes

Thursday, June 16– 8:15 am

Member Attendees:

Steve Barrett, Margaret Dennehy, Himaja Nagireddy, Andrew Schwartz

Non-Member Attendees:

Marie Altieri, Lena Jarostchuk, Sue Shillue, David Verdolino, Tim Harrison, Ruth Cvitkovich, Patricia Harris, , John Petersen

1. Call to Order;

- Meeting was called to order at 8:17 am by the Chair;

2. Approval of Minutes;

- Minutes from April 28, 2022 were unanimously approved;

3. Election of Officers

- Motion: Steve Barrett will continue as Secretary for the HIT for 2022-2023; unanimously approved;
- Motion: Steve Noone will be the chairperson for Acton HIT for 2022-2023; unanimously approved;

4. Cash Flow – Sue Shillue, Cooke and Company

For the benefit of new member, Sue explained the monthly report that looks at the finances of the Health Insurance Trust.

- Top sheet is combined cash flow for all plans. Each plan separately on following pages
- Reinsurance—policy that protects the trust from large claims. Provides reimbursements for claims over the reinsurance amounts.
- For the first 11 months, our rates are deficient by approximately 1.3 million. We had assumed 1.9 million, so that we are actually doing better than anticipated.
- In May, reimbursement of \$60,000 under stop loss policy.
- John Petersen asked Sue Shillue to predict the number for July. Sue declined as we have no way to know if someone could incur a large claim. It would be impossible to predict.

5. Vote on Stop Loss Reinsurance for 7/22-6/23- Sue Shillue

Sue explained reinsurance and provided quotes for this year. Reinsurance provides protection for large claims.

- The contract goes out to bid every year. There is no competition most years, though this year we did have one other bid besides BCBS.
- Current Stop-Loss Policy (FY22). Contracted with BCBS for a \$150,000 reimbursement level. Reinsurers look at three years history—diagnosis and prognosis and evaluate the

risk. They may laser an individual. This means they will not cover that claim until a higher level is reached. We have one laser at \$730,000;

- BCBS Quote was presented at 150,000, 175,000, 200,000 or 225,000 levels. Last year we increased from \$125,000 to the \$150,000 level. For that same level, premiums are increasing 28%. Laser is included but not increasing.
- Two Unum quotes were also presented at same levels.
- Sue presented claims analysis showing liability and savings for the last three years at different levels. Although this year is going better than the previous two, BCBS would not really consider that as the year is not mature. More credibility is placed on the prior years.
- Margaret Denehey stated that she thinks staying at \$150,000 is the best idea.
- Andrew Schwartz wondered if high claims would continue to be steady. Sue Shillue responded that at this time there are 17 people over 50% (at \$75,000 or above.) In FY 21 it was 32, and before that 35, so a better year so far;
- Himaja Nagieddy inquired, where are we this year compared to this point in time previous years. Sue did not have the information now, but would agree that we are generally at a better place;
- Steve Barrett worried about going higher than the 150,000 with drug costs, etc. and the John Petersen stated that a deductible should inflate with everything else. He would raise to \$200,000 because one knows a higher premium, but not what will happen with claims.
- Margaret Dennehy disagreed, does not want to risk liability
- Dave Verdolino agreed with John Petersen.
- Andrew Schwartz worried that if we raise the premiums, this would flow through to the insured individuals, and would this cost those people too much?
- Sue Shillue stated that if you increase deductible, you are shifting the liability to the claims. She noted that we built in a 20% increase in reinsurance when we determined the 10% rate increase for our members;
- John Petersen noted that the decision today is one of risk vs. reward and effects the trust. Rates have already been set. He noted that the family versus the individual ratio is different for the reinsurers that what we use in our rates;
- Steve Barrett stated that our reserve levels are as low as they have been in a while. If we are wrong, we would need a mid-level rate change
- Margaret Dennehy stated that at the end of May we had about 3.8 million in the bank.
- Marie Altieri noted that we had 8 million a few years ago. This was fixed by rate setting. We have not discussed the biggest risk, which is not having bids for reinsurance. She is risk averse. Great that it is competitive and there is more than one company quoting this year. Would things stay competitive?
- John Petersen inquired where other entities' stop losses are. Sue Shillue responded that they are varied. She has spent a lot of time with BCBS and they are not happy with the loss ratio. They have lost money over the years. Most levels are between \$150,000 and \$200,000.

Motion: Andrew Schwartz moves to make a motion to award this contract at the \$175,000 level to Blue Cross Blue Shield. Margaret Dennehy seconds;

- Dave Verdolino asked about Unum quotes. Steve Barrett responded that Unum has lasers we are not willing to accept;

Motion is unanimously approved;

6. Communicating and documenting plan changes

- John Petersen explained the situation with changes that have a financial impact on the Trust. They should go back to Trust for discussion and vote.

7. COVID-19 (Trust Impact, reimbursement)

8. Separating Prescription and Medical Services- Sue Shillue

- No new news but this will need a major discussion in the future.
- The Trust was informed that Acton Boxborough Regional School District received a notification of an “audit” of HPHC. Is the process to eliminate a drug on the mental health side the same process used on the surgical/medical side? CMS has met with Acton-Boxborough school personnel, Cook & Company, HPHC legal and representatives. Trust should be aware as we look at carving out prescription drugs, we should make sure our vendors meet CMS requirements;
- Marie Altieri added that CMS must audit 20 non-federal entities and we were chosen. District is responsible though Harvard will do the work.
- Margaret Dennehy asked if someone from the prescription companies will come in and talk to us or do we need to make a decision before.
- Sue responded that they can come any time. It was decided for companies to come to two separate meetings. Optum first, (carve out) then BCBS (carve in);

9. Abacus Diabetes Management Update- Sue Shillue

- All going well with Diabetes program. Will start to sign up members in early July.

10. Next meeting was set for September 29, 2022 at 8:15 am

John Petersen noted that Lena Jarostchuk should send draft minutes to the chair. It was agreed that Lena can send to Steve Barrett or John Petersen to do any revision of the minutes.

11. Meeting adjourned at 9:28 am

Handouts:

Meeting Agenda
Draft HIT Minutes
Acton HIT Claims Analysis
Acton HIT May Monthly Cash Flow – Cook & Co.
Acton Stop Loss RFQ and Cost Analysis
Harrison Treasury Services Contract