

Minutes of the Health Insurance Trustee Meeting  
February 16, 2012  
8:00 a.m.  
JH/CO Conference Room

Members Present: Bob Evans, Mike Gowing, John Murray, Tess Summers, and John Petersen

Also Present: Peter Savage, Pat Haras, Chris Prehl, and Marie Altieri

The meeting was called to order at 8:02 by Chairman Evans.

**Approval of Minutes:** The minutes of the January 26, 2012 meeting were approved as submitted.

**Financial Update:** Mr. Savage presented the March cash flow summary showing a revised deficit of \$622K. This loss will be offset by \$250K reinsurance reimbursement, for a projected loss of \$372K for FY12. It was noted that the reinsurance reimbursement is greater than the reinsurance premiums by approximately \$200K at the current time.

**FY13 Rates:** Mr. Savage presented projected worksheets and budgets for FY13 “As Is” and with new plan designs. The “as is” projections assume no migration, blended BCBS projections and Cook projections, rates blended to break even, both HMO’s at the same rates, and claim adjustments for enrollment changes during the last 18 months. He noted that Harvard Pilgrim had not submitted renewal rates at this time. FY13 budgets presented include all Master Health Plus and Blue Care Elect enrollees moving to Network Blue. Rates were calculated from current \$15 plans. Plan design changes were: \$20 office visit, \$35 specialist visit, \$100 emergency room, \$200 inpatient, \$100 out patient, \$100 high tech imaging, \$10/\$20/\$40 prescription retail, and \$20/\$40/\$80 prescription mail.

Additional spreadsheets were presented by Messrs Evans and Petersen estimating expenses, revenues and the effect on trust balance. These projections used high medical inflation of 8% and low medical inflation of 4%.

There was much discussion on setting two rates for FY13: one with no plan design changes, and one with plan design changes. It was determined that two studies had been done (Segal Corp and Cook & Co) using current enrollment to determine the cost of going forward into FY13. Therefore, it was not necessary to do this as both numbers had been within \$300K.

The discussion led to determining the rate of medical inflation with Mr. Savage recommending 8%, Mr. Petersen recommending 4% and Mr. Evans recommending 6%. It was determined that using a medical inflation rate of 6% would cause a \$250K loss in FY13.

On Mr. Petersen’s motion, seconded by Mr. Gowing, it was VOTED to assume that claims inflation for FY13 would be 6%. Mr. Savage will run new numbers for the trustees using the 6% inflation number.

On Mr. Petersen's motion, seconded by Mr. Gowing, it was VOTED to assume this year's (FY12) loss at \$400K.

On Mr. Murray's motion, seconded by Mr. Gowing, it was VOTED to use, at this point in time, the \$110K specific level for reinsurance for FY13.

**Discuss Proposed Plan Design Changes:** All unions have ratified the proposed plan design created by the Board of Selectmen Working Group on Health Insurance. The trustees took no action on this item pending additional information from the insurance companies on proposed rates.

**Continue Discussion on Rates:** The trustees agreed to meet on February 24 at 8 a.m. to view Mr. Savage's recommendations, BC/HP recommendations, and to set FY13 rates.

**Next Meeting date:** The next regularly scheduled meeting was set for April 19, 2012 at 8 a.m. in the Junior High Conference Room.

The meeting was adjourned at 10:00 a.m.

Respectfully submitted,

Sharon Summers, Secretary