

Minutes of the Health Insurance Trustee Meeting
November 15, 2012
8:00 a.m.
JH Principal's Conference Room

Members Present: Bob Evans, Tess Summers, Steve Barrett, Kim McOsker and Mike Gowing

Also Present: Peter Savage, Don Aicardi, Ruth Cvitkovich, John Petersen, and Marie Altieri

The meeting was called to order at 8:00 by Chairman Evans.

Approval of Minutes: The minutes of the October 18, 2012 meeting were approved as submitted.

Draft Audit: The trustees reviewed the draft audit prepared by CPA Bill Fraher. Mr. Evans will prepare the Management Statement for the audit and the Town Meeting report. The specific level reinsurance rate will be changed to \$110,000 in the audit. It was noted that rates for FY12 were set to include a \$500K loss, and that trustees previously established a low amount for unrestricted net assets at 15%, and a high of 25%. The 25% high amount would require cut back in rates. The trustees accepted the draft report with the above change.

Financial Update: Mr. Savage reported that information has not been received from Blue Cross and Harvard Pilgrim on October claims. He did update the September information to include reinsurance payments received. The revised September report shows a projected loss of \$712,075 for this fiscal year. He indicated there is \$89K outstanding in reinsurance reimbursements. He noted July and August numbers have claims for the last year, and currently one claim is greater than \$110K, with three additional claims greater than \$90K. Mr. Savage stated he would forward the October cash report as soon as received.

FY14 Rates: Mr. Savage indicated that it is very hard to predict rates at this stage for the following reasons: 1) the multiple plan design changes, including copays that were made, and 2) insufficient data on claims at this time. He felt it is too early to know trends and asked the trustees to consider receiving two more months of data for rate setting. Mr. Evans asked if the 9% increase recommended by Segal Corp for next year is accurate. Mr. Savage responded that number takes into consideration all Mass. companies, and not just government. Mr. Savage reported that HMOs are currently recontracting for services.

Mr. Barrett noted that the cash balance has decreased from \$7.6 mm to \$3.7 mm in four months, and asked if there has been a cash flow problem with bill payment. Ms. Summers responded that Borgatti Harrison reported at the last meeting that cash payments have been tight.

Mr. Petersen noted that the three year average that was used in the past to determine rates was not working due to the many changes that were made.

Mr. Evans recommended that preliminary rate increases be 5% for Medex and 10% for other insurances. Mr. Barrett indicated he would prefer a higher number, and is concerned with the drop in assets. Mr. Savage noted the 6.9% increase recommended by insurance companies does not include inflation, and he is more comfortable with waiting for additional information. Concern was expressed that there could be another \$1.5 mm loss in FY14.

Because town and school administration are requesting rate increase guidance from the trustees, Mr. Evans recommended that the Secretary notify town and school administration that three trustees are recommending 10% and 5% rate increases, and two trustees are recommending 8% and 5% increases. The trustees agreed with this recommendation.

Other Business: Mr. Petersen asked if Mr. Barrett has been appointed to fill the term of John Murray. Mr. Gowing stated that official notification would be forwarded to the trustees of the appointment. It was also recommended that alternates be established for the trustees in case of absence.

Next Meeting Date: The next meeting will be held on December 20, 2012 at 8 a.m. in the Junior High Superintendent Conference Room.

The meeting was adjourned at 8:55 a.m.

Respectfully submitted,

Sharon Summers, Trustee and Secretary