

MAYFLOWER MUNICIPAL HEALTH GROUP FINANCE COMMITTEE
MINUTES OF MEETING
March 28, 2014
Silver Lake Regional High School
Kingston, Massachusetts

Attendees: Thomas O'Brien, MMHG Treasurer
John Tuffy, Silver Lake Regional H.S. Superintendent
John Duggan, Treasurer, Town of West Bridgewater

The meeting was called to order at 12:08 p.m.

1. **Accept Meeting Minutes**

MOTION: Duggan motioned to accept the February 8, 2013 meeting minutes

SECOND: Tuffy

VOTE: Unanimous

2. **FY2013 Audit Update**

Treasurer O'Brien said the audit was completed in January and shows a successful, financially stable and well managed group. He stated the audit was emailed with the agenda and passed out a one page summary.

3. **Financial Update**

Treasurer O'Brien gave the following information based on the audit:

FY 11 net assets=\$17,126,913

FY12 net assets=\$25,230,100

FY13 net assets=\$33,223,083

O'Brien reviewed claims and premium expenses, the wellness program and interest performance.

O'Brien stated that it doesn't appear we will need to use any offset from the trust fund for FY14.

Duggan asked if the Medicare D subsidy program is still ongoing and O'Brien said yes.

4. **Review-Investment Strategy**

Treasurer O'Brien said the investment strategy needs to be reviewed and is currently 70% fixed income and 30% equity. He said this has been the investment strategy and asked if any changes are suggested.

O'Brien stated that we are in the income and growth investment strategy and that Rockland Trust recommends between 60%-80% fixed income and 20%-40% equities and we are in the middle. He suggested the Committee consider changing this to a 65% fixed income and 35% equity.

O'Brien stated we have a very safe investment strategy and have seen 4%-7% return with the current strategy.

There was a brief discussion with the following action taken.

MOTION: Duggan made a motion to keep the investment strategy the same at 70% fixed income and 30% equity.

SECOND: Tuffy

VOTE: Unanimous

5. **Financial & Rate Recommendations to the Steering Committee-**

Treasurer O'Brien stated the reserve policy is currently 10% of total claims and he feels it should be between 15%-20% of annualized claims.

There was a lengthy discussion about increasing the reserve policy to 20% with the following action taken.

MOTION: Duggan made a motion to suggest increasing the reserve policy to 15% of total annualized health claims.

SECOND: Tuffy

VOTE: Unanimous

Treasurer O'Brien said the rates recommended by the providers are very high and would require \$9,854,950 of subsidy to keep rates at 0%. He stated we would have expected income of \$3,425,000 as follows:

Medicare Part D=\$2,000,000

Investment Income=\$700,000

Stop Loss Income=\$500,000

HP Drug rebate=\$225,000

He stated we would need to recommend using up to \$6,429,950 of potential allotment from the trust fund to allow the rates to remain the same at 0% increase for FY15.

There was a brief discussion with the following action taken.

MOTION: Duggan made a motion to recommend using up to \$3,425,000 of expected revenue and up to \$6,429,950 of allotment from the trust fund in order to have no increase in the health insurance rates.

SECOND: Tuffy

VOTE: Unanimous

6. **Any other matters**

Treasurer O'Brien said he suggests moving \$2million into the investment portfolio.

He said cash flow is good and this would help meet the \$700,000 interest income objective.

There was a brief discussion with the following action taken.

MOTION: Tuffy made a motion to move \$2 million from cash to the investment portfolio.

SECOND: Duggan

VOTE: Unanimous

Tuffy made a motion to adjourn the meeting at 12:52p.m., seconded by Duggan and voted unanimously.

Respectfully submitted,
Sheila Avery

Reference Documents for this Meeting:

GBS MMHG draft FY2015 Rate Scenarios for Steering Committee Meeting (GBS Draft1/7/2014)

MMHG Statement of Revenues, Expenses, and Changes in net position years ended June 30, 2013 and 2012 (From Audit)

GBS MMHG Funding Rate Analysis February, 2014