

MAYFLOWER MUNICIPAL HEALTH GROUP FINANCE COMMITTEE
MINUTES OF MEETING
February 4, 2016
Hanson Town Hall
Hanson, Massachusetts

Attendees: Thomas O'Brien, MMHG Treasurer
Derek Sullivan, Town of Wareham
Jeanne Sullivan, Town of Hanson
Peter Morin, Town of Norwell
Sheila Avery, MMHG
Ann Brown, Norfolk County
Kevin Powell, Retiree

The meeting was called to order at 9:20 a.m.

1. **Accept Meeting Minutes**

MOTION: Morin motioned to accept the November 5, 2015 meeting minutes

SECOND: JSullivan

VOTE: Unanimous

2. **FY2015 Audit**

Treasurer O'Brien said the FY2015 audit is available and provided copies. He also stated there were no suggestions for improvement. He complimented his staff Mary Dundas and Sheila Avery. He reviewed the financial statements and stated they are also posted online. He said we used reserves in FY15 and net assets are about \$27.5 million as of June 30, 2015.

3. **FY2017 Rate discussion & Recommendation**

Treasurer O'Brien said our consultant Jack Sharry reported at the last Steering Committee meeting that we are behind on our rates as expected due to subsidizing. He reviewed the information that Sharry reported with expected revenue increases and expenses. O'Brien said that he feels we will use \$12.5 million in reserves this fiscal year. He stated that it is projected that \$14 million from reserves will be needed next year if we have an 11.5% increase.

Treasurer O'Brien reviewed the GBS funding rate analysis handout from the last Steering Committee meeting. He said the increase costs of prescription drugs are driving up costs.

JSullivan asked if the plans would be changing for FY17 and O'Brien said at this point it would be challenging to change plan designs for FY17.

DSullivan asked if we are going to see stop loss reimbursements and O'Brien said that it is estimated that we will receive about \$500,000 - \$700,000.

Treasurer O'Brien said the discussion at the Steering Committee was an increase of 12%.

JSullivan asked if the Medicare retirees will have the same increase and O'Brien stated the focus is on the active plans.

Treasurer O'Brien said we have had a number of good years including 3 years with no rate increase and this year an overall increase of less than 1%. He stated the Finance Committee usually makes a recommendation to the Steering Committee.

Treasurer O'Brien said for discussion purposes a 14.5% increase would generate \$116 million and use \$11 million in assets. He said each ½% increase equates to \$500,000 more in revenue.

Morin said that plan design changes have to be discussed for FY18 and would recommend 12%. He said that we are looking at a few years of higher increases because we can't make it up in one year.

DSullivan said that his Town benefited from the years of zero increases and realize that costs go up. He said he would recommend a 15% increase to protect reserves.

JSullivan asked if other units "buy out" employees if they have health insurance elsewhere and DSullivan and Morin said they both do.

JSullivan stated she is in favor of a 12% increase.

There was a brief discussion with the following action taken.

MOTION: JSullivan made a motion to recommend to the Steering Committee a 12% increase for FY17.

SECOND: Morin

VOTE: motion passed, 2 in favor, 1 opposed (DSullivan)

4. **Next Meeting:**

Thursday, February 18, 2016, 9:00 a.m., at the Halifax Town Hall

Morin made a motion to adjourn the meeting at 10:00 a.m., seconded by JSullivan and voted unanimously.

Respectfully submitted,
Sheila Avery

Reference Documents for this Meeting:

GBS MMHG Funding Rate Analysis January, 2016

MMHG Suggestions for improvement in accounting- June 30, 2015

MMHG Financial Statements June 30, 2015 and 2014