

**MAYFLOWER MUNICIPAL HEALTH GROUP FINANCE COMMITTEE
MINUTES OF MEETING
June 7, 2016
Halifax Town Hall
Halifax, 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

The meeting was called to order at 9:05 a.m.

1. **Accept Meeting Minutes**

MOTION: JSullivan motioned to accept the April 5, 2016 meeting minutes

SECOND: Morin

VOTE: Unanimous

2. **Quarterly review as of March 31, 2016**

Treasurer O'Brien passed out an article by The Boston Globe, "Four Mass. health insurers post operating losses", by Priyanka Dayal McCluskey. He said the article attributed the losses to rising prescription drug costs and higher use of medical services. He stated this is important because it indicates that the MMHG FY17 increase is not an anomaly and the impact was on the insurance carriers as well.

Treasurer O'Brien passed out MMHG FY16 Actual operating statement and Y/E projection for dates February 29, 2016, March 31, 2016, and April 30, 2016. He stated that the trend is that we expect to use about \$12.5 million of our net assets. He said that we would need to focus on reducing the claims for cost savings.

Treasurer O'Brien stated that enrollment fees listed on the statement do not include the Town of Wareham's buy out of their last year of the buy in, which was received this week. He also stated that the Town of Wareham is buying down their rates for FY17 because they settled their trust fund. He stated they will have less of an increase for FY17 because they have pre-paid.

Treasurer O'Brien reviewed each statement.

DSullivan asked when the bids were going out for stop loss insurance. Avery said the bid went out and the responses are due on Wednesday at 12:00 p.m. Treasurer O'Brien stated we are asking for quotes with lower deductible and asked Avery for more information. Avery stated we are asking for lower deductible, same level deductible and higher

deductible amounts. Avery said we are also requesting quotes with and without the \$500,000 aggregate deductible.

3. **Discussion of Investment policy**

Treasurer O'Brien passed out the Rockland Trust MMHG Treasurer's report ending March 31, 2016. He stated that we have a conservative investment portfolio of 70% fixed and 30% equity. He said he encouraged a 40%/60% split and previous Finance Committees have reviewed this and wanted to keep it conservative. He passed out Rockland Trust's report regarding MMHG versus peer group, which shows the annual % return and annualized % returns. He said we have a conservative portfolio and can expect 3%-4%. He passed out the complete investment portfolio for the Committee's review.

Treasurer O'Brien said we should discuss if we change the portfolio to 60%/40%. He stated we can then interview management companies for managing the investments to see what they can provide for us. He recommended a 60%/40% and stated he feels comfortable with that amount which could bring us 5%-6% return. He said we need to be cautious because we are using reserves in the next year and need to remain liquid.

Morin said it doesn't make sense to change the allocation because we are using reserves.

JSullivan said we review this every year and wanted to wait until the middle of FY17.

DSullivan said if we are using this fund to offset rates and not as a stabilization fund we would need to increase the yield. He said he is comfortable changing the allocation but we will be paying fees to move it around and paying more fees to liquidate. He stated we are better off waiting until middle of FY17 and see where we are.

MOTION: JSullivan made a motion to keep the current 70% fixed and 30% equity and revisit this in 6 months.

SECOND: Morin

VOTE: Unanimous

Treasurer O'Brien said even though our rates have gone up significantly we compare favorably to other joint purchase groups.

DSullivan said that we have a few instances that employees are enrolling on our plan because the spouse's plan offered a buyout. He said the Town of Wareham currently offers a buyout but only in small amounts and are exploring increasing the amounts.

Morin said that Norwell offers a buyout to their employees and varies depending on plan.

Avery said the only problem is you are buying out the healthy people that don't mind going on a different high cost plan because they are not sick.

4. **Next Meeting:**

Thursday, September 15, 2016, 9:00 a.m., at the Halifax Town Hall

DSullivan made a motion to adjourn the meeting at 9:30 a.m., seconded by Morin and voted unanimously.

Respectfully submitted,
Sheila Avery

Reference Documents for this Meeting:

Rockland Trust Account Summary portfolio March 1, 2016 – March 31, 2016

Rockland Trust MMHG Annual returns % /Annualized returns % statement

Rockland Trust MMHG Treasurer's Report, dated March 31, 2016

MMHG FY16 Operating Statement and Y/E projections (dated February 29, 2016)

MMHG FY16 Operating Statement and Y/E projections (dated March 31, 2016)

MMHG FY16 Operating Statement and Y/E projections (dated April 30, 2016)

Boston Globe article "Four Mass. health insurers post operating losses"

by Priyanka Dayal McCluskey, dated May 13, 2016