

MAYFLOWER MUNICIPAL HEALTH GROUP FINANCE COMMITTEE
MINUTES OF MEETING
September 22, 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
Charlie Seelig, Town of Halifax

The meeting was called to order at 10:30 a.m.

1. **Accept Meeting Minutes**

MOTION: DSullivan motioned to accept the June 7, 2016 meeting minutes

SECOND: Morin

VOTE: Unanimous

2. **Quarterly review as of June 30, 2016**

Treasurer O'Brien passed out a handout "Draft Statement of Net Assets as of June 30, 2016". He stated we are still waiting for stop loss reimbursements and Medicare Part D subsidy money to be received and that is why it is in draft format. He said we anticipated ending FY16 with \$13 and \$13.5 million and we are tracking ahead of that with net assets showing \$13,834,462.97. He said that the Advisory Board authorized use of up to \$8.5 million for FY17 if needed.

3. **GBS FY17 Funding Rate Analysis**

Treasurer O'Brien passed out the GBS Funding Rate Analysis, dated September, 2016.

He explained that for active plans we are tracking at 97.1 % and retiree plans at 94.5% for the first two months of FY17. He said that comparing this to last year it is quite good news.

DSullivan said that he is frustrated with the rumors out there and isn't sure where the rumors are coming from or what can be done.

PMorin said that he is concerned about the fact that MMHG had \$35 million in reserves and now we are projected to have \$5.3 million in reserves.

Treasurer O'Brien said that based on this year's performance we will be ahead of the estimated amount.

PMorin said that we need to look at trend and is concerning that we had to subsidize around \$13 million and we can't subsidize next year. He said he can't sustain another 15% increase.

Treasurer O'Brien stated when we talk about trend and look back 5 years, the General Board voted to use reserves but some years we didn't have to use any reserves and actually built up the reserves. He said the General Board members were frustrated with how high the reserves were building up and wanted to spend it down. He explained that he disagreed with using the reserves as quickly as we did but it was voted by the members. He stated that we need to look further back at the trend for MMHG beyond just the past two years.

Treasurer O'Brien said that MMHG is going out to bid for health insurance and looking at every option to realize cost savings. He said the Steering Committee meeting on November 4, 2016, will be instructive and we will have another month of FY17 data to review.

Treasurer O'Brien said a letter will be sent to all member units explaining the current what is happening and offering to come to any meeting to present, answer questions, etc.

DSullivan requested MMHG come to Wareham for a meeting.

Avery stated the trend is not specific to MMHG and if members are looking elsewhere to keep in mind what the overall trend is.

PMorin stated that he is less optimistic about the first two months of data when you consider that pharmaceuticals are projected to increase. He said unless we had a number of catastrophic illnesses last year that were an anomaly he wouldn't rely on the information.

Treasurer O'Brien said that is exactly what happened last year with more high cost claimants versus the previous five years. He pointed out the GBS Funding Rate Analysis page regarding high cost claimants.

Avery stated the Steering Committee voted to eliminate the stop loss \$500,000 aggregate deductible for FY17 policy.

DSullivan asked what the Steering Committee is looking at to help with pharmaceuticals. O'Brien said they have looked at several options including buying foreign drugs but with recent headlines regarding this it was decided it was not worth the risk. O'Brien stated they are looking at plan design changes including eliminating Traditional plans and updating the Benchmark plans to match Group Insurance Commission (GIC) level.

DSullivan asked if other units have different splits depending on unions and Morin stated that Norwell grandfathered certain employees with new employees paying 40% of premium. JSullivan said Hanson employees pay 10% for individual plans and 20% for family plans and retirees pay 50%. Seelig said all Halifax employees pay 50% of premium.

4. **Recommendations of the Finance Committee**

Treasurer O'Brien reminded the Committee that they wanted to wait until after the election to make recommendations.

5. **Next Meeting:**

Wednesday, October 26, 2016, 9:00 a.m., at the Halifax Town Hall

Morin made a motion to adjourn the meeting at 11:00 a.m., seconded by JSullivan and voted unanimously.

Respectfully submitted,
Sheila Avery

Reference Documents for this Meeting:

MMHG Statement of Net Assets as of June 30, 2016

GBS Funding Rate Analysis FY17, dated September, 2016