

**MAYFLOWER MUNICIPAL HEALTH GROUP
MINUTES OF GENERAL MEETING
December 7, 2016 9:00 A.M.
Monponsett Inn
550 Monponsett Street
Halifax, Massachusetts**

Attendees:

Rick LaFond, Town of Abington
Dori Jamieson, Town of Abington
Michael Levy, Chairman of General Board -Town of Bridgewater
Peter Carreiro, Bristol County
Ray Ledoux, Brockton Area Transit
Joan Brennan, Dartmouth Fire District No. 3
Scott Alfonse, Greater New Bedford RRMD
Charlie Seelig, Town of Halifax
Troy B. G. Clarkson, Town of Hanover
Jeanne Sullivan, Town of Hanson
Michael Buckley, Town of Hull
Robert Fennessy, Jr., Town of Kingston
Ken Stevens, Town of Kingston
Rocco Longo, Town of Marshfield
Caroline LaCroix, Town of Marshfield
Frank Hegarty, Norfolk County
Michael Laliberte, North River Collaborative
Joanne Haley Sullivan, North River Collaborative
Peter Morin, Town of Norwell
Darleen Sullivan, Town of Norwell
Marcine Fernandes, Onset Fire District
Mary McCoy, Onset Fire District
Ed Thorne, Town of Pembroke
Kathleen McCarthy, Town of Pembroke
Sandra Wright, Plymouth County
Frank Basler, Plymouth County
Bill Farmer, Plymouth County Retirement Association
David Sullivan, Plymouth County Retirement Association
Colleen Thompson, Town of Plympton
Cindy Mello, Town of Rochester
Suzanne Szyndlar, Town of Rochester
Allan Chiocca, Town of Rockland
Patricia Vinchesi, Town of Scituate
Nancy Holt, Town of Scituate
Christine Healy, Silver Lake Regional School District
Rick Reino, South Shore Educational Collaborative
Maureen Shirkus, South Shore Reg. Emerg. CC
Thomas Hickey, South Shore Vocational Technical HS
Derek Sullivan, Town of Wareham
John Foster, Town of Wareham
Wendy Lemieux, Wareham Fire District
Rickard England, Wareham Fire District
Daniel Callahan, Abington Rockland Joint Waterworks
John Duggan, Town of West Bridgewater

Paul Golder, Town of West Bridgewater
Frank Lynam, Town of Whitman
Mary Beth Carter, Town of Whitman
Christine Suckow, Whitman-Hanson Regional School District
John Sciara, Professional Fire Fighters of Massachusetts
Kevin Powell, Plymouth County Retiree
Thomas J. O'Brien, MMHG Treasurer
Sheila Avery, MMHG
Kelly Morse Perez, MMHG
Jack Sharry, Group Benefits Strategies
Joseph McCarthy, Group Benefits Strategies
Tanya Chakmakian, Blue Cross Blue Shield of Massachusetts
Bill Hickey, Harvard Pilgrim Health Care
Tony Sulmonte, Town of Bridgewater
Kimberly Williams, Town of Bridgewater
Kevin Feeley, MMHG Legal Counsel
Jennifer DeVasto, Town of Whitman
Lisa Green, Town of Whitman

The Chairman called the meeting to order at 9:30 a.m. with a quorum present.

1. **Accept Meeting Minutes**

MOTION: Lynam made a motion to accept the June 16, 2016 meeting minutes.

SECOND: Clarkson

VOTE: Unanimous, motion passed

2. **Composite Rating Of Health Plans- Tanya Chakmakian, Blue Cross Blue Shield of Massachusetts**

Chakmakian said the primary premise of all insurance is spreading the risk. She stated otherwise we would have to pay for everything as it happened. She said the more people you have to spread the risk the more stability you have from wide fluctuations in rates. Composite rating is about spreading the risk whether you have one product or if you offer a suite of products. She said Blue Cross takes all of the claims for MMHG and figures out the per member per month cost. She explained this is important because each product has a relativity to each other. She said a product that has a \$15 dollar copayment is going to cost more than a plan that has a \$250 deductible. She stated each plan has an actuarial value and compared it to a car that has leather seats is going to cost more than the car with cloth seats. She explained the increases in costs are spread out over all the plans so that the actuarial value of the plans remain intact. She stated that we have to make sure the products are actuarially aligned and are not affected by open enrollment changes to make sure plans are funded properly. She explained that if you don't composite rate you could have a plan that should cost less but ends up costing more or vice versa, or you could have a PPO costing less than an HMO or HMO with deductible costing more than the HMO with just a copayment.

Seelig asked at what point the insurance carriers change the relativities between the plans based on plan performance. Chakmakian said the product value between the plans is the value regardless of utilization. She explained plan performance has nothing to do with the values between the plans and compared it to the car with leather seats still costing more even though you may not drive it much. Seelig asked at what point we bring utilization into developing a system of rates. Chakmakian said you are rated on the plan design and the claims in each

product drive the overall composite change in rates. She said the underwriters keep the plan values intact and do not base it on utilization. Seelig said the actuaries in other insurance areas will make adjustments from time to time and asked when Blue Cross adjusts or looks at this. Chakmakian stated the actuaries look at the actuarial value between the plans on a quarterly basis and review tables so they know the value of a change in copayment. Chakmakian said there hasn't been a significant change in our plans. Chakmakian said that you can have peaks and valleys in claims cost but it doesn't change the actuarial value of the plan.

3. **Medicare Part D prescription drug plan overview-William Hickey, Harvard Pilgrim Health Care**

Hickey said 10 years ago Medicare introduced part D for prescription drugs. He said coverage would be subsidized by the Federal Government but administered through the insurance companies. He stated the group part d is called PDP and the premiums are paid to the insurance company and not CMS. He explained members may have a penalty just like the Medicare B penalty. He explained the Medicare D penalty is paid by the insurance carrier. He said when Medicare created the plan they wanted to make sure they encouraged employers to continue to offer prescription drug benefits to retirees so they offered a subsidy program. He explained that under the PDP plan the employer doesn't receive the subsidy because the subsidy goes right to the premium therefore the premium is lower. He explained the minimum coverage for Medicare part D and plans are created to satisfy the minimum coverage. He stated certain drugs are excluded such as lifestyle drugs like vitamins and erectile dysfunction medications. He explained that MMHG will offer a PDP with different pharmacy administrators. He said the prescription drug benefits are carved out and the existing copayments you currently have will remain the same. He said there is no donut hole and catastrophic coverage is the same if it's needed. He stated the pharmacy coverage is accepted at just about every pharmacy that members use. He said the impact is the premium is lower and reduces the town's OPEB liability. He stated the impact to the member is they will have another card to use for prescriptions, new mail order drug provider manager, and the possibility of disruption if drug is in a different tier because the formulary is different. He said members have to enroll in this plan and don't have the option to enroll in another Medicare Part D plan. He stated most employers have switched to the PDP and disruption to members is minimal. He said they are prepared to help with mailings and meetings for members.

4. **Attorney Kevin Feeley-negotiating plan design changes/elimination**

Feeley introduced himself and reviewed his background/experience with M.G.L. ch.32B. He reviewed three options that governmental units may consider when making changes to health insurance offerings.

Feeley said M.G.L.ch.32B, sections 21-23 were enacted in 2011 as part of the Municipal Health Care reform Act. He explained the law basically gives you the ability to make changes to health insurance plans up to the level of what the Group Insurance Commission (GIC) benchmark plan provides so long as you follow the process in the law/regulations. He gave a detailed explanation of the process that you must follow if you want to make changes to plans or eliminate plans using this section of the law.

Feeley reviewed how to make changes to plans under M.G.L. ch.32B, section 19. He stated that under section 19 you can make changes to plans and premium contribution splits. He explained that this is helpful if you have employer percentages that are greater than 50% because you can negotiate plan changes by changing percent contribution amounts. He said employees are happy because they will not have to transfer to the GIC.

Feeley said there is also an informal coalition process if you have a good relationship with unions. He explained employers find this effective because you aren't pushing the changes through. He said that this would need a unanimous vote by unions but you can always decide to use sections 21-22 if it doesn't work out. He said in the past three years he has seen this work seventeen times and seems to be a much easier process than sections 21-22 because all stakeholders have input. He said morale was better because changes weren't forced upon people.

Seelig asked about how the 25% savings is calculated if we used sections 21-22 and Feeley explained it would be on gross savings and only for the first year.

5. **GBS & Steering Committee recommendations discussion/vote(s)**

Sharry said we had a 15% increase for FY17 and with four months of claims we are averaging about 12% so we are in the black by around \$2 million. He said that we usually look at six months of claims for rate recommendations. He explained that we eliminated the \$500,000 corridor for our Stop Loss insurance which means we will get reimbursements back without having to satisfy the corridor. He explained the carriers make their recommendations and he analyzes the information to make his projections.

Sharry stated he solicited bids, as directed by the Steering Committee, for different plan designs and out of the bids received it appeared that the current carriers had the best options. He explained that he asked for different variables including sole source, adding carriers, plan design changes and information regarding the companies. He stated Blue Cross increase was 11.8% included additional trend based on receiving this very early. He spoke about the changes to the benchmark plans to the level of the GIC.

Sharry explained that he reviewed the plans for the past four years and 83% of the deficit came from the legacy plans. He said that a lot of municipalities do not offer the legacy plans. He said if all legacy members move to the rate saver plan than the rate saver plan would be able to withstand all of the legacy members anticipated claims. He said he recommended to the Steering Committee eliminating the legacy plans.

Sharry said he looked at the retiree plans and analyzed the cost differences to recommend changing to the PDP. He stated he felt comfortable with this because the medical benefits are the same and he ran a disruption report to see the impact with the drug coverage. He stated the insurance companies are committed to educating retirees on the changes.

Sharry explained that Hingham, Scituate and Rockland have given us word of their intent to leave MMHG. He stated two members that are leaving have worse experience than the average of the MMHG and one is better. He said the cost impact on rates is probably a wash and the carriers will review.

Sharry said he likes to look at six months of experience for rates. He said based on where the current trend is and looking at large claims, he is thinking that the range increase is 10%-12% for FY18. He stated he doesn't see the increase being another 15%.

Sharry explained recommending eliminating the legacy plans would save \$1.6 million and \$7 million if we change to PDP.

Holt said out of the \$2 million we are in the black how much is from the Medicare D reimbursement and Sharry said we have received some money for this fiscal year and he averages it out monthly.

Reino asked about the estimated 10%-12% increase and if it included the plans as they are currently or with the changes. Sharry said it would be as our plans are currently and would be lower if we make changes.

Vinchesi said that when the 4 member units leave they will stop paying premiums effective July 1, 2017 and the remaining members would be responsible for claims runout payments for July and August. Sharry said there is \$7.9 million that is already set aside and accounted for to pay for runout claims.

Brennan asked why we are looking to compare to GIC when they are in deficit. Sharry explained that we are required and allowed to compare to GIC under the law. Chairman Levy said under the 2011 reform law we are required to have a GIC look alike plan. Levy explained that the GIC's benchmark plan changes yearly and we are using this year's GIC benchmark plan for our plan changes. Sharry stated the changes to our benchmark plan that are being proposed will be around a 4% decrease in benchmark rates.

6. **Treasurer's Update**

Treasurer O'Brien said we are doing much better than we expected due to the trend being better and large cost claims being down. He referenced one of the handouts he distributed is certified from Rockland Trust and shows our net assets as of September 30, 2016 as \$14,688,788. He said the incurred but not reported (IBNR) number is \$7,900,000 and explained if everyone left the group we expect that we would have to pay out this amount to cover claims. He said this number is certified by our auditors and may change. He said we have \$14.6 million in net assets and \$7.9 million to cover the IBNR.

Treasurer O'Brien said the second handout is a market commentary showing the investment industry has been volatile. He said the Finance Committee decided to keep the portfolio conservative at this time with 30% equity and 70% fixed. He said the Finance Committee have been meeting more regularly to monitor the portfolio. He said we are doing very well financially despite the rumors and the trend is very positive and it seems we have gotten through the difficult times. He said we are providing good quality health insurance at a reasonable price which is what our mission is.

7. **GBS & Steering Committee recommendations discussion/vote(s) cont.**

Chairman Levy asked if there were any questions on the PDP , changes to benchmark or elimination of the legacy plans.

Mello asked about if we go to PDP is the subsidy eliminated. Chairman Levy said the subsidy is built into the rate for the PDP plan so we wouldn't get the subsidy back because it is already in the premium rate. Chakmakian said the Medicare D subsidy may not be around in the future as there is talk of eliminating the program.

Lynam said we have been discussing and debating the legacy plans for three years. He said we exist as a group to support one another and one time or another a group can have high claims while another does not. He explained the whole concept of the group is to spread the risk. He said we created rate save and benchmark plans with several years of submitting letters to the state to let them know why we weren't joining the GIC. He said eliminating the legacy plan will increase the out of pocket expense for the member in order to bring the cost in line with the other plans but is necessary for the future.

Ledoux asked Sharry if there was an attempt to modify the existing legacy plans or was he just recommending eliminating it. Sharry said his recommendation was to eliminate the legacy plans. Lynam said part of the analysis was the fact that the rate saver plan is the modification of the legacy plan.

Seelig said he has been recommending the various plans be rated separately for a few years. He said we now have to eliminate the legacy plans at the expense of our members paying more. He said the employees have a choice on what plan to enroll and doesn't support eliminating the plan but rating the plan on its own.

MOTION: Clarkson made a motion to eliminate the legacy/traditional plans effective July 1, 2017.

SECOND: Lynam

MOTION VOTE: MOTION FAILED, 21 opposed, 11 in favor, 1 abstained

TOWN OF ABINGTON=NO
TOWN OF BRIDGEWATER=NO
BRISTOL COUNTY=NO
BROCKTON AREA TRANSIT AUTHORITY=NO
DARTMOUTH FIRE DISTRICT=NO
GREATER NEW BEDFORD RRMD=NO
TOWN OF HALIFAX=NO
TOWN OF HANOVER=YES
TOWN OF HANSON=NO
TOWN OF HULL=NO
TOWN OF KINGSTON=NO
TOWN OF MARSHFIELD=YES
NORFOLK COUNTY=NO
NORTH RIVER COLLABORATIVE=YES
TOWN OF NORWELL=YES
ONSET FIRE DISTRICT=NO
TOWN OF PEMBROKE=YES
PLYMOUTH COUNTY=YES
PLYMOUTH COUNTY RETIREMENT ASSOCIATION=NO
TOWN OF PLYMPTON=NO
TOWN OF ROCHESTER=NO
TOWN OF ROCKLAND=ABSTAINED
TOWN OF SCITUATE=YES
SILVER LAKE REGNL SCHOOL DIST=NO
SOUTH SHORE EDUCATIONAL COLLABORATIVE=YES
SOUTH SHORE EMERGENCY CC=YES
SOUTH SHORE VO-TECH=NO
ABINGTON/ROCKLAND JOINT WATERWORKS=NO
TOWN OF WAREHAM=YES
WAREHAM FIRE DISTRICT=NO
TOWN OF WEST BRIDGEWATER=NO
TOWN OF WHITMAN=YES
WHITMAN-HANSON RGNL SCHOOL DIST=NO

MOTION: Clarkson made a motion to carve out prescription drug benefits from Medex III/HPHC Medicare Enhance plans and use a PDP (Medicare Prescription plan -Part D pharmacy) with new plans having the same prescription drug co-payment amounts effective July 1, 2017.

SECOND: Lynam

Hickey said that if we switch to PDP our anniversary date for those plans will be January 1st of every year instead of July 1st. Chairman Levy said the rate will be adjusted for January 1, 2018 and will increase.

MOTION VOTE: MOTION PASSED= 31 in favor, 1 opposed, 1 abstained

TOWN OF ABINGTON=YES

TOWN OF BRIDGEWATER=YES

BRISTOL COUNTY=YES

BROCKTON AREA TRANSIT AUTHORITY=YES

DARTMOUTH FIRE DISTRICT=YES

GREATER NEW BEDFORD RRMD=YES

TOWN OF HALIFAX=YES

TOWN OF HANOVER=YES

TOWN OF HANSON=YES

TOWN OF HULL=YES

TOWN OF KINGSTON=YES

TOWN OF MARSHFIELD=YES

NORFOLK COUNTY=YES

NORTH RIVER COLLABORATIVE=YES

TOWN OF NORWELL=YES

ONSET FIRE DISTRICT=NO

TOWN OF PEMBROKE=YES

PLYMOUTH COUNTY=YES

PLYMOUTH COUNTY RETIREMENT ASSOCIATION=YES

TOWN OF PLYMPTON=YES

TOWN OF ROCHESTER=YES

TOWN OF ROCKLAND=ABSTAINED

TOWN OF SCITUATE=YES

SILVER LAKE REGNL SCHOOL DIST=YES

SOUTH SHORE EDUCATIONAL COLLABORATIVE=YES

SOUTH SHORE EMERGENCY CC=YES

SOUTH SHORE VO-TECH=YES

ABINGTON/ROCKLAND JOINT WATERWORKS=YES

TOWN OF WAREHAM=YES

WAREHAM FIRE DISTRICT=YES

TOWN OF WEST BRIDGEWATER=YES

TOWN OF WHITMAN=YES

WHITMAN-HANSON RGNL SCHOOL DIST=YES

MOTION: Clarksons made a motion to adopt the changes to our benchmark plans to match the current GIC benchmark plans per the consultant's recommendation with savings being reflected to the MMHG benchmark plans effective July 1, 2017.

SECOND: Lynam

MOTION VOTE: MOTION PASSED= 32 in favor, 1 abstained

TOWN OF ABINGTON=YES
TOWN OF BRIDGEWATER=YES
BRISTOL COUNTY=YES
BROCKTON AREA TRANSIT AUTHORITY=YES
DARTMOUTH FIRE DISTRICT=YES
GREATER NEW BEDFORD RRMD=YES
TOWN OF HALIFAX=YES
TOWN OF HANOVER=YES
TOWN OF HANSON=YES
TOWN OF HULL=YES
TOWN OF KINGSTON=YES
TOWN OF MARSHFIELD=YES
NORFOLK COUNTY=YES
NORTH RIVER COLLABORATIVE=YES
TOWN OF NORWELL=YES
ONSET FIRE DISTRICT=YES
TOWN OF PEMBROKE=YES
PLYMOUTH COUNTY=YES
PLYMOUTH COUNTY RETIREMENT ASSOCIATION=YES
TOWN OF PLYMPTON=YES
TOWN OF ROCHESTER=YES
TOWN OF ROCKLAND=ABSTAINED
TOWN OF SCITUATE=YES
SILVER LAKE REGNL SCHOOL DIST=YES
SOUTH SHORE EDUCATIONAL COLLABORATIVE=YES
SOUTH SHORE EMERGENCY CC=YES
SOUTH SHORE VO-TECH=YES
ABINGTON/ROCKLAND JOINT WATERWORKS=YES
TOWN OF WAREHAM=YES
WAREHAM FIRE DISTRICT=YES
TOWN OF WEST BRIDGEWATER=YES
TOWN OF WHITMAN=YES
WHITMAN-HANSON RGNL SCHOOL DIST=YES

8. **Other business**

Chairman Levy said we have business associate agreements with Harvard Pilgrim and Blue Cross Blue Shield as well as with the individual member units. He stated requests for claims information will go through this group and information will be sent to the member unit.

Chairman Levy said our by-law states member units have until December 31st to notify the MMHG of intent to leave the group. He said no extensions will be given because the by-law doesn't allow it. LaFond said that he requested an extension of notification requirement until the end of January because of all the moving pieces this year and thanked the Chairman for addressing his request.

Chiocca said he would like to be able to contact the providers on his own as he is not being responded to. Chairman Levy said he has received all the information and asked to see what was requested and not received.

Vinchesi said she would encourage members units to use sections 21-23 to make changes on their own and to look at the merit of member units continuing to have one member unit having one vote. She said that many of the larger member communities (percentage wise) here today voted to eliminate the legacy plans.

Lynam motioned to adjourn at 11:25 a.m., seconded by Reino and voted unanimously.

Respectfully submitted,

Sheila Avery

Reference documents for this meeting:

- 1) GBS Funding Rate Analysis loss ratio through October, 2016
- 2) Treasurer's September 30th quarterly report
- 3) Treasurer's September 30th market place commentary
- 4) GBS changes in retiree plans
- 5) GBS FY18 proposed benefit changes-eliminate legacy, benchmark changes
- 6) Feeley & Brown PC summary of options
- 7) MMHG presentation review