

MAYFLOWER MUNICIPAL HEALTH GROUP
MINUTES OF GENERAL MEETING
April 7, 2016 9:00 A.M.
Halifax Country Club
100 Country Club Lane
Halifax, Massachusetts

Attendees:

Rick LaFond, Town of Abington
Michael Levy, Chairman of General Board -Town of Bridgewater
Dianne Leroux, Bristol County
Linda Sacchetti, Brockton Area Transit Authority
Scott Alfonse, Greater New Bedford Regional Refuse Management District
Charlie Seelig, Town of Halifax
Richard LaCamera, Town of Hanson
Ted Alexiades, Town of Hingham
Troy B. G. Clarkson, Town of Hanover
Michael Buckley, Town of Hull
Robert Fennessy, Jr., Town of Kingston
Kenneth Stevens, Town of Kingston
Rocco Longo, Town of Marshfield
Frank Hegarty, Norfolk County
Michael Laliberte, 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
Michael McCue, Town of Rochester
Cynthia Mello, Town of Rochester
Allan Chiocca, Town of Rockland
Nancy Holt, Town of Scituate
Christine Healy, Silver Lake Regional School District
Rick Reino, South Shore Educational Collaborative
Maureen Shirkus, South Shore Regional Emergency Communication Center
Kristen Sniezek, Southeastern Regional Transit Authority
Thomas Hickey, South Shore Vocational Technical HS
Derek Sullivan, Town of Wareham
Wendy Lemioux, Wareham Fire District
Richard England, Wareham Fire District
Daniel Callahan, Water Works
John Duggan, Town of West Bridgewater
Paul Golder, Town of West Bridgewater
Frank Lynam, Town of Whitman
Mary Beth Carter, Town of Whitman
Mary Jo Lipson, 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
Jennifer Devasto, Town of Whitman
Sonia Hodge, Town of Abington
Juli Bethony, Town of Norwell
Tanya Chakmakian, Blue Cross Blue Shield of Massachusetts
Greg Enos, Town of Whitman
Bill Hickey, Harvard Pilgrim Health Care

The Chairman called the meeting to order at 9:20 a.m. with a quorum present.

1. **Accept Meeting Minutes**

MOTION: Lynam made a motion to accept the June 24, 2015 meeting minutes.

SECOND: Farmer

VOTE: Unanimous, motion passed

2. **FY17 Rate Recommendation & Vote Health Insurance rates**

Sharry said that for FY15 he thought the maximum liability would be \$9 million which would be offset by reinsurance reimbursements. He stated that we came close and ended the year with a \$8.2 deficit. He explained we had high claims that year but not large enough to go over deductible.

Sharry said he projects we will end FY16 with a deficit of \$12 million which would leave us a balance in the trust fund of \$15 million.

Sharry said that for FY17 the carriers' rates show a \$23 million difference with our current funding. He stated he pays attention to their information but we haven't come close to their estimates in previous years. He said that we have to have an increase on rates this year based on significant high cost claimants. He stated he expects a significant number of the claims to continue and most of them are at the attachment point so we will receive some reimbursement.

Sharry stated that he recommends a 15% increase for all plans and he estimates the balance in the trust fund at the end of FY17 will be \$8 million.

Sharry said the prescription drugs and specialty drugs have increase significantly and expects this to continue. He said the overall medical claims have been high and explained this goes in cycles.

Sharry stated that some of the options we are looking at to control costs are:

One Carrier (sole source)
International prescription drug plan (option)
Shields MRI
Reducing reinsurance deductible amounts
Medex II (as option)

Sharry explained each option listed above.

Sharry said that if any members have ideas on other options that we can look at to let Chairman Levy or Avery know.

Sharry said that we have to maintain a healthy trust fund balance and build it back up and feels a 15% increase is needed. He explained the Steering Committee voted unanimously to support this.

Lynam explained that even with a 15% increase we are still depleting the trust fund and this is the consequence of carrying the cost for the past four years with minimal assessment.

Holt said that out of the \$17 million we received in Medicare D subsidy money only \$1.8 million was applied to the retiree plans. Sharry stated that the money was applied to both retiree plans and active plans prior to FY16. Sharry explained that we will be applying the Medicare D subsidy money to the senior plans now and in the future.

Holt asked what the rate increase would have to be in order to maintain \$10 million in the reserves at the end of FY17. Sharry said the rates would be significantly higher and estimates at around 18%-20%.

Holt said that we are taking more fund balance and going below our fund balance policy with a 15% increase and wondered what we are facing next year. Sharry said the numbers can change and we could expect a deficit in FY18 but he doesn't know at this point.

Darleen Sullivan asked how much in reimbursements we can expect for reinsurance. Sharry said he estimates it to be around \$900,000.

Longo said he looked at the meeting minutes from February and stated the recommendation was 14% and wondered what transpired since then to change the number. Chairman Levy said that at that point there was an increase on the senior plans of 28% and the Steering Committee felt all the plans should be equal.

Treasurer O'Brien stated that over the past year he has done some research on other health insurance plans around the state and Country. He reminded everyone that we should be proud of the health care provided to employees for the past 10 years.

Treasurer O'Brien said that over the past 4-5 years he has listened to many members that said our net assets are too large and we have too much in reserve and we need to give this money back by subsidizing rates. He said the goal of everyone was to keep the rates as low as possible and now we are faced with the scenario of looking at a high increase. He said that we finished FY15 with \$27,500,000 in net assets and the General Board voted to use up to \$13.5 million in net assets for FY16. He stated he projects that we will use \$12.5 million this year leaving around \$15 million in the trust fund. He said we have a policy to keep 10% of annual operating costs in reserves, which would be around \$13 million.

Treasurer O'Brien said we are faced with the challenge that with a 15% across the board increase, we will have around \$6.5 million in net assets by the end of FY17. He said that it is very difficult and the Steering Committee is working on changes to provide savings. He said that the claims are what we need to focus on for cost savings.

MOTION: Lynam made a motion to accept the Steering Committee's recommendation to increase all health insurance rates 15%.

SECOND: Clarkson

Seelig said this has been a difficult year for our group with facing the challenges. He said that the Steering Committee could have done a better job of getting information out to the member units and not wait to be asked. He said he would have liked to see a rate sheet sent out prior to this meeting. He stated he would have liked to see more options. He said that each of the plans do not have a connection to the cost of each plan. He said that some of the plans are running very high in costs and others are low but we are increasing rates all at 15%. He said he wants MMHG to succeed.

MOTION VOTE: MOTION PASSED 21 in favor, 13 opposed

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

Lafond asked when the Board will receive information for FY18 and Chairman Levy said that we hope to have information in September.

Lynam motioned to adjourn at 10:11 a.m., seconded by Duggan and voted unanimously.

Respectfully submitted,

Sheila Avery

Reference documents for this meeting:

- 1) NONE