

**MAYFLOWER MUNICIPAL HEALTH GROUP
MINUTES OF GENERAL MEETING
March 23, 2017 9:00 A.M.
Monponsett Inn
550 Monponsett Street
Halifax, Massachusetts**

Attendees:

Rick LaFond, Town of Abington
Michael Levy, Chairman of General Board -Town of Bridgewater
Peter Carreiro, Bristol County
Ray Ledoux, Brockton Area Transit
Scott Alfonse, Greater New Bedford RRMD
Charlie Seelig, Town of Halifax
Audrey Baressi, 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
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
Frank Basler, Plymouth County
David Sullivan, Plymouth County Retirement Association
Colleen Thompson, Town of Plympton
Cindy Mello, Town of Rochester
Suzanne Szyndlar, Town of Rochester
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
Kristen Sniezek, Southeastern Regional Transit Authority
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
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
Diane LaFlash, Group Benefits Strategies
Joseph McCarthy, Charter Management
Tanya Chakmakian, Blue Cross Blue Shield of Massachusetts
Paul Lazar, Harvard Pilgrim Health Care
Jennifer DeVasto, Town of Whitman
Lisa Green, Town of Whitman
Mike McDonouth, Town of Marshfield
Laurie Croke, South Shore Regional 911
Kevin Paicos, Town of Abington

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 December 7, 2016 meeting minutes.

SECOND: Duggan

VOTE: Unanimous, motion passed

2. **Treasurer's Update**

Treasurer O'Brien reviewed the handout "MMHG Net Assets as a percentage of claims expenses" saying the information is based on our audited financial statements from FY09-FY16. He said our net assets peaked in FY14 and the group made a conscience decision to begin to use the net assets to offset rates. He explained that our FY16 audit shows we have \$13,506,811 in net reserves which is 10.13% of claims expenses. He said this is in excess of our incurred but not reported (IBNR). He stated we are in good financial shape.

Treasurer O'Brien reviewed the handout FY16 audit and explained we have \$24,868,118 in total assets and when you take out the liabilities we have \$13,506,811 in unrestricted total net position.

Treasurer O'Brien said in the beginning of FY17 we anticipated that we might use up to \$8.5 million in net assets to offset rates. He said our claims are coming in much better than expected and he projects we will use around \$2 million in net assets.

Treasurer O'Brien stated health insurance costs will continue to go up and we have important decision to make in the future. He said we are providing good quality health insurance at a reasonable price which is what our mission is.

3. **GBS & Steering Committee FY18 rate recommendation/HPHC Medicare Enhance plan offering discussion/vote(s)**

LaFlash stated GBS has been working on the health insurance rates since last fall. She stated they reviewed the information to see if it would make sense for MMHG to have one carrier, make plan changes or replace plans. She said since they requested data so far in advance of FY18 the information was very conservative with a lot of compound trend and conservative rates built in. She said when they requested updated information Blue Cross reduced their increase by 3.1% and Harvard Pilgrim reduced theirs by 1% because it included more recent claims experience.

LaFlash reviewed the handout "FY18-Draft recommendation from GBS, dated March 23, 2017" and stated they started at 12% across the board for the rate saver plans. She stated they

are recommending increasing legacy/traditional plans 4% more due to the plan having the most claims. She explained the benchmark plans have a lower percentage increase due to benefit changes. She explained there are three levels of increases for active plans but they did start with a composite rate and then moved from that. She stated by moving from the Medex III to Medex II there is a rate decrease but the rate listed is calendar year so it will only be for six months and projects a 15% increase for January 1, 2017. She said they are recommending eliminating the HPHC Medicare Enhance plan. She reviewed the rates as shown on the handout.

Holt stated the funding data needed as provided by GBS earlier compared to the funding needed today shows a \$5 million difference and asked why. LaFlash explained the updated information they received showed reduced compound trend combined with updated analysis on trust fund balance and less assumptions.

Seelig asked why the higher increase on the legacy plans. LaFlash stated over the past few years the legacy plans had greater claims and this is an attempt to level the loss ratio.

Seelig ask if there is any projected use of net assets. Treasurer O'Brien said if we look at the carrier funding rates we would use some of our net assets and GBS has said the rates they are recommending are good to get us the funding we need for FY18. Seelig said if we don't use carrier rates we could use up to \$3.6 million in net assets and be below our 10% reserve. Treasurer O'Brien said the recommended rates include other expenses and our 10% reserve policy is for claims only.

LaFlash reviewed the loss ratio analysis stating the active plans are running at 99.6% and retiree plans at 94.4%.

Chairman Levy said he recommends member units budget the exact same amount for Medex for FY18 as you did for FY17 to cover the increase for January.

Duggan asked if the increase of 4% more for legacy is to slow down the cost of claims for group and LaFlash agreed. He asked if GBS was able to factor in the groups that are leaving. LaFlash said they specifically removed the five entities that are leaving the group.

Thorne said a few months ago the legacy plans were proposed to go up 26% and now it is 16% and asked what the reason was. LaFlash said they decreased there initial projections which had the compounded trend and based the new projection on the updated information.

Thorne asked how much in reserves are being put at risk if we use the recommended split rates. Treasurer O'Brien said we may us up to \$3.9 million if the carrier numbers are correct.

Vinchesi said she is concerned the group is only looking at FY18 and not FY19. She said she looks at 5 year budget forecast and suggested the group guarantee there will not be a mid-year rate increase. She said the member units voted to leave not because of finances but because of the governance.

Chairman Levy introduced Avery to briefly speak about Wellness.

Avery said the more we can get the wellness initiatives out in the communities the better we will be because it has an impact on our costs. She said we have offered some great programs this year which will be outlined at the next meeting. She reminded all member units to use their wellness grant money that is available as the deadline to apply is coming up. She encouraged member units to incorporate wellness and send emails to employees to encourage participation in programs. She stated MMHG sends emails to around 7,000 members and said

members are appreciative of the programs which have great attendance. She reviewed some of the upcoming programs including a weight loss series and mailing of the latest wellness newsletter. She thanked everyone for their participation.

Treasurer O'Brien said we did not have a management letter with the audit and this is the second year in a row. He thanked his team.

MOTION: Lynam made a motion to discontinue offering the Harvard Pilgrim Medicare Enhance plan effective July 1, 2017.

SECOND: Duggan

VOTE: Unanimous

MOTION: Lynam made a motion to adopt the recommended rates as presented today from GBS on the handout "FY18 Recommendation from Group Benefits Strategies, dated March 23, 2017.

SECOND: Levy

VOTE: 28 in favor, 2 opposed (Hull, Scituate), 1 abstained (Abington)

Basler motioned to adjourn at 10:25 a.m., seconded by Lynam and voted unanimously.

Respectfully submitted,

Sheila Avery

Reference documents for this meeting:

- 1) GBS Funding Rate Analysis loss ratio 1 page through February, 2017
- 2) Treasurer-MMHG Net Assets as a percentage of Claims experience FY2009-FY2016
- 3) FY16 Mayflower Municipal Health Group Financial Statements (Audit)
- 4) GBS Rate handout -FY18 Recommendation from Group Benefits Strategies, dated March 23, 2017