

**MAYFLOWER MUNICIPAL HEALTH GROUP STEERING COMMITTEE**  
**MINUTES OF MEETING**  
**January 28, 2021**  
**Mayflower Municipal Health Group**  
**VIRTUAL ONLINE MEETING**

**Attendance Roll Call Steering Committee members:**

Michael Levy, Town of Bridgewater  
Ray Ledoux, Brockton Area Transit  
John Sciara, Professional Fire Fighters of Massachusetts  
Kevin Powell, Retiree  
Derek Sullivan, Town of Wareham  
Jason Leto, Mass Teachers Association  
Michael Maresco, Town of Marshfield (joined 9:10 a.m.)

**Guests:**

Kevin Feeley, Attorney, MMHG  
Thomas O'Brien, Treasurer MMHG  
Sheila Avery, Insurance Group Administrator, MMHG  
Kate Sharry, Gallagher Benefit Insurance Services  
Diane Laflash, Gallagher Benefit Insurance Services  
Tanya Chakmakian, Blue Cross Blue Shield of Massachusetts  
Kelly Morse Perez, MMHG  
Kathleen McCarthy, Town of Pembroke  
Paul Lazar, Harvard Pilgrim Health Care  
Michelle Labadini, Norfolk County  
Michael Buckley, Town of Hull  
Wendy Lemieux, Wareham Fire District

Chairman Levy called the meeting to order at 9:05 a.m. He announced the meeting will be recorded and asked if there were any objections. Hearing and seeing none. He asked all participants to state their name before speaking and making motions for meeting minute purposes.

Avery completed a roll call of Steering Committee members and guests.

1. **Accept meeting minutes (November 19, 2020)**

MOTION: Ledoux made a motion to accept the November 19, 2020 meeting minutes.

SECOND: Sullivan

Roll call vote: Levy=yes, Ledoux=yes, Leto=yes, Powell=yes, Sciara=yes, Sullivan=yes, motion passed unanimously

2. **MMHG Administration updates-Delta Dental renewal, Learn to Live, Wellness**

Avery said we received the Delta Dental renewal and an update will be given at the next meeting.

Avery gave an update on the Learn to Live program stating the launch meeting was on January 13<sup>th</sup> and the program officially launches on February 1, 2021. She said we surveyed member units last month to obtain an accurate count of employees/retirees not enrolled on the health insurance. She said Blue Cross Blue Shield locked us in for the pricing and with our totals we were able to attain the program for 40% less versus what we originally projected. She said Learn to Live will be sending out a postcard to all enrolled subscribers at their expense.

Avery said our Savory Living program has 14 free slots left and we receive a lot of positive feedback. She stated the webinars are really informative and the latest Savory Living webinar had 63 participants. She read two reviews submitted from our members for the Savory Living program. She said the Steering Committee is making a difference in our members lives by offering and supporting these programs.

Avery stated we had a Benefit Administrator meeting and it was announced that MMHG will begin sending out a first notice of turning age 65 to all members. She said this will help our members understand what they need to do before meeting with the Benefit Administrator.

Avery concluded by giving an update on the other MMHG wellness program offerings including upcoming challenges.

### 3. **Treasurer's Report**

Treasurer O'Brien said we had the final meeting with the auditors and are finalizing the FY20 audit. He said the audit is very good and we are in good financial shape. He said the final FY20 will be emailed to the Steering Committee and when approved it will be sent to the General Board and posted on website.

Treasurer O'Brien stated the FY21 Operating Statement lists claims revenue and other revenue separately. He said the other revenue includes investments and we are doing exceedingly better versus projections. He said we expected to return between 2%-4% and we are well above this so far for FY21. He said we are able to pay all other expenses with the investment income.

Treasurer O'Brien stated our FY21 fund balance, through December 31, 2020, is \$38,221,804.85.

Powell asked why we are carrying such a high balance in Rockland Trust. Treasurer O'Brien said it is due to claims being lower so the balance has increased. O'Brien stated the Finance Committee will be voting to move this in the investment portfolio at their next meeting and the Steering Committee will see this as well.

MOTION: Ledoux made a motion to accept Treasurer O'Brien's report.

SECOND: Powell

Roll call vote: Levy=yes, Ledoux=yes, Maresco=yes, Leto=yes, Powell=yes,

Sciara=yes, Sullivan=yes, motion passed unanimously

#### 4. **Covid-19 insurance carriers, trends**

Chakmakian said MMHG had 177 confirmed cases of Covid-19 and 2,613 suspected cases. She said MMHG had 7 inpatient hospitalizations. She said the total cost for confirmed cases is \$222,000 and \$649,000 for suspected cases.

Lazar said MMHG has 77 positive confirmed cases of Covid-19, 421 potential cases, and 889 tested. He said the total costs for all related costs is \$173,000.

#### 5. **Gallagher Updates-funding analysis, actuary, FY22**

Sharry reviewed the funding analysis with claims paid through December, 2020. She said the overall loss ratio for the active plans is 94.9% with a funding surplus of around \$2.2 million. She said last year at this time we were running at 94.1% loss ratio. She said 4 active plans, Blue Care elect PPO Traditional, Blue Care Elect PPO Benchmark, Harvard Pilgrim Traditional and Harvard Pilgrim Rate saver are running over carrier projections. She said four members are driving claims up in the Harvard Pilgrim plans.

Sharry said we have 9 members over the 50% specific level deductible of \$300,000. She said we are pretty much the same as we were last year.

Sharry said the Medex II plan is running at 87.4% loss ratio.

#### 6. **FY22 Health insurance renewal**

Sharry reviewed her summary showing on the presentation screen. She said BCBS came in with an expected claim increase of 3.2% and they are holding their administration fees. She said HP is coming in with expected claims increase of 4.51% and they are also holding their administration fees. She thanked the insurance carriers for holding their administration fees.

Sharry said the estimated annual FY21 funding is \$87,418,644. She reviewed a composite rate increase of 2.5% with estimated surplus draw of \$3,812,410 and also 3% composite rate increase with estimated surplus draw of \$3,375,317. She said a 6.5% composite rate increase is needed in order to be fully funded according to carrier recommended rates and there is no expected surplus draw.

Chakmakian said a few things are changing for Blue Cross Blue Sheild. She said the virtual fitness benefit will be added for FY22. She said the maximum out of pocket amounts change every year but you don't have to change them.

Ledoux asked about the trends that the insurance carriers are seeing. Chakmakian said we are seeing claims coming back to pre-pandemic claims but there is uncertainty about severity of future claims as we just don't know what putting off procedures will mean in the future. She said the renewal has a non-reoccurring pandemic factor of 7.7% and actuaries are expecting calculations to be normalized in 2022-2023.

Lazar said MMHG had a severe dip in claims for FY20 due to the pandemic. He said Harvard Pilgrim has a 6% pandemic factor figured in the renewal in an effort for MMHG to be funded correctly to account for future claims.

Sharry reviewed her summary with the carrier projected loss ratios and funding surplus/deficit going back to FY17. She said we are continuing to move in a positive direction and the 2.5% composite rate increase is fiscally responsible. She said MMHG is a very well-run transparent group compared to other groups.

Leto asked Treasurer O'Brien for the trust fund balance guideline. Treasurer O'Brien said our guideline states we should have around \$19.2 in reserve. He said we do have money to put at risk from the trust fund. He cautioned the Committee to remind them anytime we buy under the recommended rates we are compounding the cost into the next year. He said when we did many years of 0% increase and then did increase our rates it was 12%-13% because we subsidize so much. He said we have money to put at risk and is comfortable with putting put money at risk with a composite 2.5%-3% increase.

Powell said we have \$38 million in reserve at this time.

Ledoux asked Sharry for other comparative group rate increases. Sharry said Massachusetts joint purchase groups renewals have anywhere from 2% increase to 6% increase in claims. She said MIIA's average increase is 2.9%.

Lazar said GIC has not finalized anything but expected increase is between 4%-7%.

Ledoux asked the insurance carriers about the potential of future claims with members not getting screenings or missing important follow ups. Chakmakian said the non-reoccurring pandemic factor is the best estimate for future claims. He said his goal is to stop a spiking of premiums and keep them 1.5%-3% over 3-5 years. He said he wants to see long term stability of the group.

Sharry said we need to look at branding MMHG and we are looking at having different offerings.

Maresco said we can market the wellness programs which help our members get healthier and have affect on our bottom line. He said MMHG wellness makes it fun and it is a motivational factor. He said it does come down to cost and we want to have stable increases and not big fluctuations.

Powell said he doesn't care about marketing the group, at this time, as we have done very well with the member units we have currently. He said we need to focus on our current members and provide the best service at the best price. He said we need to be drawing the reserve down and our member units are hurting do to covid-19. He stated we need to look at not doing a composite rate increase and come up with a Blue Cross Blue Shield rate and a Harvard Pilgrim rate separately.

Sciara said he agrees with Powell and stated we may be starting to see a younger age group as seen with Plymouth County Retirement Association.

Leto said he agrees with Sciara and Powell. He said marketing the MMHG hasn't attracted new groups and we need to stay focus on our member units' needs during this difficult financial time. He said we have a strong fund balance and have room to put more at risk. He said he doesn't agree with a 0% increase at this time.

Sullivan asked Treasurer O'Brien about the money above the \$19 million and if it is generating revenue. Treasurer O'Brien said we are generating revenue from all of our assets. Sullivan said Wareham came in when the trust balance was around \$35 million and have benefited from coming back into MMHG. Sullivan said any revenue generated offset future costs and provides stability. Sullivan said Wareham is in a good position for FY22 and are concerned more about future years.

Sharry said we look at individual plan rates versus composite rates every year. She said going up higher on certain plan rates is not a good idea for this year. She said we have been discussing a rate holiday which would draw another \$6 million from the reserve. She said we can talk about it today and look at it a few months into the new plan year. She said she is not comfortable using more reserve as it isn't fiscally responsible and compounds the problem in future years.

MOTION: Maresco made a motion to recommend to the General Board the 2.5% composite rate increase, putting \$3,812,410 at risk, as suggested by the consultant.

SECOND: Sullivan

Powell said he wants to amend this and come back in February at another meeting showing Harvard Pilgrim and Blue Cross rated separately. Chairman Levy denied the request.

Chairman Levy said we need to look at the group as a whole and a separate motion can be made.

Roll call vote: Levy=yes, Ledoux=no, Maresco=yes, Leto=no, Powell=no, Sciara=no, Sullivan=yes. Motion failed (3 in favor, 2 opposed)

MOTION: Powell made a motion to have the consultant come back in February without composite rating and to have more monetary options for subsidizing the rates up to \$5 million.

SECOND: Sciara

Treasurer O'Brien said not composite rating would put some of our member units in a tough financial position.

Sharry said we run the risk of members migrating to Blue Cross Blue Shield and could adversely affect the plan.

Powell said Blue Cross Blue Shield subscribers are subsidizing Harvard Pilgrim members.

Ledoux said he would not want to see us go to 0% or 1.5% but lower than 2.5% is worthy of discussion. He said analyzing the composite rate is a good idea but taking a more long-term detailed look as it is not just about the bottom line. He said we do need to look at the next 3 years and not just the current year. He said it might make sense to have a

2% or 2.25% composite increase.

Treasurer O'Brien said we are in the position to take more risk and would be comfortable at the 2.25% composite increase.

Powell withdrew his motion. Sciara withdrew his second.

MOTION: Ledoux made a motion to recommend to the General Board a 2.25% composite rate increase, putting \$4,030,957 at risk.

SECOND: Maresco

Roll call vote: Levy=yes, Ledoux=yes, Maresco=yes, Leto=yes, Powell=yes, Sciara=yes, Sullivan=yes. Motion passed unanimously

**Steering Committee meeting scheduled for March 4, 2021, at 9:00 a.m.**

**General Board Meeting scheduled for March 4, 2021, at 10:00 a.m.**

Ledoux thanked the members for the thoughtful discussion. He requested any future discussions on rating the plans separately be discussed many months before the renewals.

7. **Adjourn**

Maresco motioned to adjourn the meeting at 10:30 a.m., seconded by Powell and voted unanimously by roll call vote.

Roll call vote: Levy=yes, Ledoux=yes, Maresco=yes, Leto=yes, Powell=yes, Sciara=yes, Sullivan=yes. Motion passed unanimously

Respectfully submitted,  
Sheila Avery

**Reference Documents for this Meeting:**

MMHG Gallagher Funding Analysis-claims paid through December 31, 2020

MMHG Statement of Net Assets, dated December 31, 2020

MMHG Operating Statement, dated December 31, 2020

Gallagher's FY22 renewal handout