

MAYFLOWER MUNICIPAL HEALTH GROUP STEERING COMMITTEE
MINUTES OF MEETING
February 8, 2023
Mayflower Municipal Health Group
65 Cordage Park Circle,
Suite 110, Plymouth, MA. 02360

Attendance Steering Committee members:

Michael Levy, Town of Bridgewater
Michael Buckley, Town of Hull
Ray Ledoux, BAT
Michael A. Maresco, Town of Marshfield
Kevin Powell, retiree
John Sciara, Professional Fire Fighters of Massachusetts

Guests:

Thomas O'Brien, Treasurer MMHG
Kevin Feeley, MMHG Attorney
Sheila Avery, MMHG
Marianna Gil, Gallagher Benefit Insurance Services
Diane Laflash, Gallagher Benefit Insurance Services
Mike Hurley, Point 32 Health
Robert Knowles, BCBSMA
Helga DaRosa, BCBSMA
Thomas King, GNBRRMD
Matthew Hanley, Plymouth County
Kory Lydon, Town of Rochester
Michelle Labadini, Norfolk County
James Reidy, PFFM
Keith Hickey, Town of Kingston

Chairman Levy called the meeting to order at 9:03 a.m. He announced the meeting will be recorded for meeting minute purposes.

1. **Accept meeting minutes**

MOTION: Maresco made a motion to approve the December 7, 2022 meeting minutes.

SECOND: Buckley

VOTE: Motion passed=5 in in favor, 1 abstained (Ledoux)

2. **FY23 Wellness update**

Avery gave an update on the MMHG Wellness program. She stated 3rd quarter's focus is on nutrition and we have a nutrition ambition challenge with 165 participants from 23 member units. She stated the Learn to Live winter blues webinar incentive had 7 member units participating. She said we've had 27 enrollees in the Savory Living program for FY23. She explained MMHG has 23 webinars scheduled and 109 fitness and mindfulness sessions scheduled for 3rd quarter. She stated we have upcoming Sleep challenge and 31 day fruits and vegetable challenge.

Avery reviewed 2nd quarter statistics that were not available at the December meeting.

3. **MMHG age 65 administration change**

Avery gave a history of MMHG policy for handling actively working members turning age 65 and becoming eligible for Medicare. She stated Blue Cross required MMHG to obtain Medicare Part A information for all members turning age 65 even if they were actively working. She said the high deductible health plan offerings with HSA exclude Medicare enrollees. She explained members are working beyond the age of 65 and would like to be eligible for the high deductible health plans with HSA. She stated Blue Cross is no longer requiring MMHG to obtain the Medicare A information for actively working members and it is time for us to change our policy.

Avery said MMHG reaches out to all members turning age 65 explaining what we need in order to remain covered. She stated the member units also reach out to all members turning age 65. She said we are updating our information/letters and will communicate this change to the benefit administrators but wanted to make sure the Steering Committee was aware.

4. **FY24 MMHG Delta Dental premium rates- vote**

Avery passed out the handout on the FY24 renewal rates. She explained there will be no increase in rates for FY24 and there will be some benefit changes. She stated MMHG Delta Dental plan is a fully insured contributory plan. She said we do have a Rate Stabilization Fund with Delta Dental that is established when there are excess premiums versus claims. She said this fund can be used to offset future rates increases and/or to make plan design changes. She said during the pandemic many members avoided the dentist and we are down to 50% of members receiving preventative care. She stated reminder cards will be mailed to all members.

Avery explained the plan benefit changes as increasing the calendar year maximum from \$1,350 to \$1,500, increasing the orthodontic maximum from \$1,000 to \$1,500, and adding the composite filling rider. She said we looked at the past 12 years and our average yearly increase is 1%.

Avery asked if there were any questions and there were none.

MOTION: Ledoux made a motion to accept the MMHG Delta Dental fully insured premium FY24 rates with no increase including the plan benefit enhancements.

SECOND: Maresco

VOTE: motion passed unanimously

5. **Treasurer's report**

Treasurer O'Brien reviewed his financial reports dated December 31, 2022. He stated the Operating Statement shows we are down \$2,684,415.50 and reminded the Committee we voted to put \$6,574,000 at risk for this fiscal year. He said we are tracking better versus projections but do expect this trend to continue. He reviewed the Statement of Net Assets and said the fund balance is \$30,412,764.55. He stated in working with our auditors, we increased our incurred but not reported (IBNR) from \$5.9 million to \$7.5 million. He said this decreases our fund balance as we have to account for this liability. He concluded by saying the fund is in good shape.

MOTION: Maresco made a motion to accept the December 31, 2022 financial reports as presented by the Treasurer.

SECOND: Powell

VOTE: motion passed unanimously

6. **FY22 MMHG Audit- Final**

Treasurer O'Brien stated the Audit was emailed to all Steering Committee members. He recognized his team for all their efforts with compiling the audit data. He reminded members that all of our financial audits are on our website. He said we did receive audit comments for a fraud policy and an investment policy and are working with legal counsel. He said there is a new comment in regards to the timing of a deposit. He explained the payments are reconciled before they are deposited. He stated a June 30th deposit was created however most of the checks were dated July 1st and the auditors wanted it recorded as an asset not as a receivable. He asked if there were any questions and there were none.

MOTION: Ledoux made a motion to accept the FY22 MMHG audit.

SECOND: Maresco

VOTE: motion passed unanimously

7. **Claims Trust late payments interest charge-vote**

Chairman Levy said we are having an issue with one member unit consistently paying late. He stated the late payment interest language is in our join purchase agreement. He said he would like to add the interest charge language to the invoices.

Ledoux asked how much were the invoices and Avery stated around \$200,000.

Chairman Levy said this is an ongoing issue and needs to be corrected.

Treasurer O'Brien stated the comment on the audit regarding the checks dated July 1st is the same member unit.

Avery said the auditors did speak with her about the timing of this member unit's payments.

MOTION: Maresco made a motion to add the 3% late payment interest charge language to the invoices.

SECOND: Buckley

VOTE: motion passed unanimously

8. **MMHG Attorney update-opioid lawsuit**

Attorney Feeley gave an update on the opioid lawsuits stating the two major cases, Purdue and Mallinckrodt, both have bankruptcy plans in place. He said Purdue is around \$5 billion and Mallinckrodt is about \$890 million. He said claims have been submitted and we are working with outside counsel on the Purdue case and a combination of outside counsel and the insurance

carriers for the Mallinckrodt case. He stated we should have more information in the next few months.

9. **Gallagher's MMHG Funding Analysis**

Marianna Gil introduced herself as MMHG's new account manager replacing Danielle Chaplick. She said Diane Laflash and her will co service MMHG.

Laflash reviewed the December, 2022 Funding Analysis summary presentation handout. She stated the funding analysis was emailed to all member units. She stated most plans are running in a deficit with the exception of the Network Blue rate saver and Network Blue benchmark plans. She said the total active plan deficit is \$832,000 and reminded the Committee this will be different versus the Treasurer's reports as it does not represent all costs. She stated last year at this time MMHG had a \$313,000 surplus. She reviewed the Medex II ratio stating MMHG has a \$240,000 surplus.

Ledoux asked about the new Medicare Advantage plan and if it will appear on future reports. Laflash stated it will not as it is a fully insured plan and we do not receive claims data.

Laflash reviewed the stop loss summary pages for FY22 and FY23.

10. **FY24 Health Insurance renewal**

Laflash passed out her handout on the active plan renewal. She reviewed the history as noted on the bottom of the 1st page of the handout. She stated the 101.8% loss ratio for FY23 is expected as MMHG put money at risk when setting the FY23 rates.

Laflash reviewed other entities FY24 increases and said the GIC benchmark Tufts Navigator will increase 6.7%. She stated the GIC will have a new benchmark next year as the Tufts plan will not be available.

Laflash said the BCBS renewal is a projected claims increase of 2% and 2.5% increase for administrative fees. She stated with the unbundled pharmacy program the savings is \$1.5 million. She said they explored MMHG carving out the pharmacy benefits and negotiated with BCBS to see what other options were available. She said we can remain carved in and have the unbundled pharmacy program to receive rebates to reduce overall costs. Gil explained Harvard Pilgrim already has the unbundled pharmacy program in place. Gil said the BCBS pharmacy rebates will be higher versus the discounts we receive now with the bundled BCBS pharmacy.

Ledoux asked about the impact on the financials in terms of the timing of the rebates. Gil said the unbundled pharmacy rebates take approximately 6 months to start receiving and after that they will happen on a quarterly basis.

Ledoux asked about reconciling the rebates and the lag on the payments. Treasurer O'Brien said we will experience a lag on this initially but we did negotiate quarterly credits to avoid having to reconcile individual rebate checks.

There was a discussion on the high deductible health plan members experiencing increased medication costs. Gil said they analyzed the current members on the HDHP and did not see a concern.

Powell asked where the rebates come from. Knowles stated the rebates come from the manufacturers to the pharmacy benefit manager, CVS Caremark. Knowles said the rebates are passed through and should be the complete amount. Powell asked about the rebate audits and Knowles said BCBS does audit but other groups use a third party. Gil said we can audit but they haven't seen significant outcomes in other audits that justify a further look as there are systems in place to make sure the rebates are accurate. Treasurer O'Brien said he appreciates the concern and believe it is in BCBS best interest to make sure their clients are receiving the accurate rebates.

DaRosa said if MMHG doesn't unbundle we would still save \$900,000 from their change of pharmacy benefit manager to CVS Caremark. Laflash said the total savings if going to the unbundled option is \$2.4 million if you include the switch to CVS Caremark.

Ledoux asked for management's recommendation. Chairman Levy stated the team has met and discussed this and believe unbundled is the best option for MMHG at this time.

MOTION: Maresco made a motion to approve the BCBS unbundled Pharmacy program for FY24.

SECOND: Ledoux

VOTE: motion passed unanimously

Laflash said the Harvard Pilgrim expected claims increase is 7.22% and Gallagher negotiated the administrative expense increase down to 2%. She stated they also negotiated to include the claims fiduciary at no cost on behalf of MMHG. She explained the claims fiduciary is when a member may have exhausted their benefits and wants additional visits etc. and they contact MMHG. She said we never want to approve benefits outside of what is covered because it sets a precedence and could get expensive. She said they will no longer come to the group for this if Harvard Pilgrim is the claims fiduciary. She explained the minimum pharmacy rebate guarantee added additional savings for MMHG.

11. **Steering Committee FY24 Health rate recommendation-discussion/possible vote**

Laflash stated for FY23, MMHG voted a 3% composite increase with an estimated \$6,574,218 surplus draw. She reviewed the 3 options for the FY24 as shown on her handout.

Ledoux asked about our policy on reserves. Treasurer O'Brien explained the Finance Committee is at 20% and the Steering Committee is at 15%. Ledoux asked what the maximum is if we go to 20% and Treasurer O'Brien said around \$6.5 million.

Treasurer O'Brien said our thought had been to use the resources of the group to stabilize rates over the next few years to keep increases at 3%-5%. He said putting a maximum of \$5,150,000 at risk for FY24 is his recommendation.

Chairman Levy stated that in meeting with the team he recommends the 4.5% increase in all plans except the HDHP with a 2.5% increase. He said this puts \$5,150,000 at risk for FY24. He stated we do meet and put a lot of work into these recommendations.

Powell asked if we looked at the individual plan performance. Laflash explained they did look at that and when she adjusted based on membership it increases the Harvard Pilgrim rate to the point it isn't reasonable due to BCBS having more members. Chairman Levy said if we increase Harvard Pilgrim more than BCBS this year, all of the HP members will switch to BCBS. Treasurer O'Brien said we look at this every year to see what it will look like and we did increase Harvard Pilgrim rates more than BCBS a few years ago. Treasurer O'Brien said it didn't make sense this year but we will continue to look at this every year and will probably increase HP more in the next year or two.

Hurley said the HP and BCBS contracts are pretty close at this point. He said we are now one company with Tufts and we could see savings in the future from this. He also stated HP may have sicker members versus BCBS. He said it is also a math situation as the larger the population you have the more stabilization you will see.

MOTION: Ledoux made a motion to recommend to the General Board a 4.5% increase on all Traditional/Rate Saver/Benchmark plans and a 2.25% increase on the Qualified High deductible health plans (HDHP), with an estimated surplus draw of \$5,150,000 for FY24.

SECOND: Maresco

VOTE: motion passed unanimously

Gil reviewed the benefit changes as shown on page two of the handout including the addition of BCBS virtual primary care with no cost share. She stated there is a BCBS new mind body program reimbursement. She stated HP will no longer be a provider in Connecticut, effective 1/1/24, and MMHG has no members that will be impacted.

Ledoux said Signature Health care has members sign a statement that all care will be through them and are PPO members allowed to go elsewhere for care. He also asked about the virtual primary care benefit and having a primary at Signature. DaRosa said members on the PPO can go outside Signature for coverage and BCBS would still pay the claim. She said she doesn't know what Signature Health care could have in place for the member repercussions. She said you can only have one primary care physician so if you pick the virtual primary care you cant also have a primary care physician with Signature.

Avery asked if there are claims savings for MMHG with the virtual primary care versus in person care. DaRosa said there are bigger discounts for the virtual primary care option and that is how they can provide it with no cost share. Knowles said there is a shortage of primary care physicians and it is a good to have this virtual option available.

Avery asked if there are projected future costs for the virtual primary care option as it is free for us this year but would like to know if it will cost us in the future. Knowles said they have negotiated a good deal with Firefly Health and feel pretty confident it will be a lower cost option for MMHG in the future and at least for the next three years.

12. **BCBS PPO Blue Freedom Medicare Advantage plan update**

DaRosa said the enrollment process went well with 176 enrollees. She said as we discussed we expect a bigger migration next year. She said she will continue to keep Avery and consultants informed of any situations that may arise.

13. **Next meeting-Steering/General**

Chairman Levy asked if March 8th or 9th would work and suggested we contact the restaurant to check availability. He said we will send out confirmation of the meetings and location via email. He said the Steering Committee Meeting will be at 8:30 a.m. and the General Board meeting will be at 9:00 a.m.

Location to be determined.

14. **Any other Business**

none.

15. **Adjourn**

Maresco motioned to adjourn the meeting at 10:23 a.m., seconded by Ledoux and voted unanimously.

Respectfully submitted,
Sheila Avery

Reference Documents for this Meeting:

Treasurer's FY23 financial reports (December 31, 2022)

Gallagher's FY24 renewal summary and rate analysis

Gallagher's funding analysis presentation summary (December 31, 2022)

Delta Dental FY24 renewal rates

MMHG FY22 Audit

MMHG FY22 management letter