

## **Health Insurance Trust Meeting – Minutes**

### **Thursday, January 26, 2023 – 8:15 am**

#### **Member Attendees:**

Steve Noone, , Margaret Dennehy, Himaja Nagireddy, Theresa O’Leary, Andrew Schwartz

#### **Non-Member Attendees:**

Marie Altieri, Lena Jarostchuk, Sue Shillue (remote), Melissa Andrew

#### **1) Call to Order:**

- Meeting was called to order at 8:16 am by the Chair

#### **2) Approval of Minutes:**

- Minutes from January 5, 2023 were unanimously approved.

#### **3) Treasurer Report – Margaret Dennehy**

- Audit is complete. Will be distributed once everything is finished.

#### **4) Cash Flow – Sue Shillue, Cook and Company**

- Sue presented the year to date cash flow with claims through December. Variance showed a deficiency of just under \$470,000. Costs have been offset by \$381,000 due to reinsurance recoveries from last year.
- Though we do not know what is going to happen with the rest of the year, we are trending very similar to last year. Generally, the second half of the year is when people start seeing large claims hitting reinsurance.
- Last year the deficit was about \$100,000 higher at this time.
- 11 claims are at 50% stop loss. Only one is over the stop loss limit. FY22 Lasered claim at \$730,000. Total was \$775,00 through the end of the year. This year, through the first six months, that claim is at \$338,000
- Sue has asked HPHC to give us a quote for renewal with 100% of rebates going to the trust, vs. 70% as we currently have in place. This would result in an increase in administrative costs.
- Sue also clarified that the ACA specifies that there cannot be a lifetime dollar limit on payment of diabetes claims.
- Margaret Dennehy asked how the difference in the \$175,000 vs. \$150,000 stop loss limit was affecting the trust so far. Sue has not seen a big difference and noted that we only have one person over the limit, so we have effectively paid an extra \$25,000 this year.

#### **5) Update on Pharmacy Benefit Management – Sue Shillue**

- Sue would like to decide whether or not we will pursue unbundled rebate system with Blue Cross. She feels it is a no-brainer based on the projected savings. The only downside she sees is the first year cash flow issue. She had another conversation and asked BCBS outright if she was missing something. BCBS agreed that it made sense to unbundle.
- Sue also noted that going with the plan to carve out the pharmacy benefit could not take place for July 1. It could also mean we would have to leave BCBS. There would also be a new formulary that would steer utilization toward brand name drugs.
- Sue added that it may be the time for the Town and the School to look at the benefits package. Components of our plan, like deductibles or co-payments, have not been changed in a while. If we did this, the issue of carving out the pharmacy benefit or looking at a new formulary would be part of that larger discussion. Her recommendation now is to focus now on if we want to change the financial relationship with how the prescription drug plan operates at Blue Cross Blue Shield.
- Steve Noone noted that switching this relationship could save us close to half a million dollars.
- Andrew Schwartz asked how and when this would effect customer? Sue reiterated that this would not be a change in formulary and therefore no drive to brand name drugs, so there is no change to the employee/patient at the counter. As far as the cost to the Trust, our utilization is mostly generic, and the discount is currently 83% and would rise to 85%. With the brand name drugs, the current discount is 62% and this would change to 18%, but this would be offset by the rebates. The projected savings is \$466,000. For mail order, the brand name discount is currently 63%. That would go down to 24%.
- Sue also noted that BCBS's proposal shows a second year savings of and additional \$137,000, added to the \$466,000. In the third year this would rise another \$61,000, all due to the increase in rebates.
- Hamija Nagireddy asked about brand name vs. generic drug use by the members. Sue will run a report that shows the number of prescriptions per tier.
- Marie Altieri shared the details of the insurance plans the Town and School employees are offered. Two HMOs, Blue Cross and Harvard Pilgrim. Two versions of each, the low deductible and high deductible with an HSA. Low deductible is \$250 Individual, \$750 Family. For the HSA, deductible is \$1500 for an individual, \$3,000 for a family, but the town or school put half of that into the HSA. Copays for a 30-day supply are currently \$15 generic and \$30 for preferred brand, \$45 for brand name. For a 90 day supply, the cost is doubled.
- Marie Altieri also noted that 2017 was the last time benefits were changed. It may be a good time to re-negotiate benefits as last time the Trust was in a different financial situation. Because the school is negotiating with all three unions this year, next year may be a time to look at benefits, copays, etc.
- Steve Noone asked if Sue could walk us through an example next time using some common drug's cost and how that would change under the new system.

- Sue verified that we would not need to do anything to get the rebates, they would be automatically applied.
- Andrew Schwartz mentioned two new items of interest in the Pharmacy Market: Mark Cuban's new plan and Amazon's Rx Pass. It may be something to consider in the future for our employees.
- Sue will also bring us details on another program from BCBS the program that lowers the cost of higher cost drugs. The downside is if they opt not to do it, they have to pay coinsurance. This type of change would need to be negotiated.
- Steve Noone and Marie Altieri noted that we can make the proposed rebate structure change without negotiations. This would be a one year decision.
- Margaret Dennehy asked if members will be steered toward brand name drugs. Sue reiterated that they would not. We would keep the same formulary, but would get rebates on the brand name drugs we already use. We could also change to a more aggressive formula for additional savings, but we are most likely not considering this at this point.

6) Contract Renewals

- There is still a question of what will happen with Tim Harrison and his firm. We will table this discussion until next month.
- Cook & Co. There are two contracts. Sue Shillue's consulting (\$27,000) and a service rep to work one day per week at school and town hall (\$32,500.) Margaret Dennehy asked if there are any other options to compare. Stop loss is the biggest problem. Theresa O'Leary will look to see if MIIA offers anything.
- Marie Altieri noted how important the services providers are. They have both been great and with so many departures, making sure that whoever is handling the books knows what they are doing is very important. There are two needs, both the advice and the service providers.
- Margaret Dennehy made a motion to explore options for insurance and advisory services consultant to the Trust. Andrew Schwartz seconded. The motion was unanimously approved.
- Marie Altieri reminded the Trust that any changes in plan design need to be done in a timely manner for our April open enrollment. Any change in the pharmacy structure needs to be done soon. She noted that this is only for one year and low risk.

7) Review Draft Town Report for Acton—Steve Noone

- This will be going to Town Manager when requested, please send any comments to Steve.

8) Discussion of Policies – Reserves & Investment

- No new discussion

8) Meeting was adjourned at 9:25 am. Next meeting will be on Thursday, February 23, 2023.

Handouts:

Meeting Agenda

Draft HIT Minutes for January 5, 2023

Acton HIT December 2022 Cash Flow – Cook & Co.

Acton HIT Town Report

Cook and Co. Contract

Harrison Treasury Services Contract