

Health Insurance Trust Meeting – Minutes

Thursday, October 27, 2022– 8:15 am

Member Attendees:

Steve Noone, Steve Barrett, Margaret Dennehy, Himaja Nagireddy

Non-Member Attendees:

Marie Altieri, Lena Jarostchuk, Tim Harrison, Sue Shillue, Patricia Harris, Ruth Cvitkovich, Dave Verdolino

1) Call to Order;

- Meeting was called to order at 8:19 am by the Chair

2) Approval of Minutes;

- Minutes from September 29, 2022 were unanimously approved

3) Treasurer Report – Tim Harrison

- Mr. Harrison discussed the June 30 unaudited balance sheet. Shows over 3 million dollars in assets. We are now required to wire payment to Blue Cross Blue shield, so they have worked with Margaret Dennehy to make sure funds are in the account for payment by the end of the month
- End of year showed a loss just shy of \$1.2 million loss. Will be adjusted after audit. Loss is less than half of what it was in 2021.
- Dave Verdolino asked why accounts payable was negative. Tim Harrison responded that once per quarter BCBS settles with the HIT. The Trust overpaid BCBS in April, May, June and this shows as a credit in July.
- Steven Noone noted that our total balance is at about 10%. As low as we'd like to see it.
- Steve Barrett noted that this report is as of June 30th and how does September feel? Tim responded that data is current, but neglected to give a projection.
- Sue Shillue noted that we are almost even in terms of cash flow. Steve Barrett added that the hope is that with our 10% rate hike we will start to see a better situation.

4) Cash Flow – Sue Shillue, Cook and Company

- Sue presented the year to date cash flow.
- For July, August, September we are down by \$25,000 on funding. No revenue. These numbers assume funding is coming in monthly.
- Tim Harrison inquired as to why with a 10% rate increase, we still project a loss.
- Sue Shillue responded that we set rates early and we were not sure the increase in rates would cover the cost 100%, but we do look as close to even as possible for first quarter
- Steve Barrett noted that may have been one of our best quarters
- Marie Altieri noted that it is the beginning of the fiscal year and that employees on the high deductible plans would have lower claims as they are using their deductible.

- Margaret Dennehy inquired if the \$92,000 in the Claims Reimbursable section are included in the \$25,000 deficit. Sue will look into this and let us know.

5) Separating Prescription and Medical Services – Blue Cross Blue Shield of MA and Cook & Co

- Mike Breen and Dan Shanahan from BCBS presented to the Trust regarding the “carving in” of prescription benefits. It was noted that if you are a group with less than 1,000 subscribers, like the Acton HIT, BCBS does not allow carving *out*. If the Trust decided to do this, BCBS would no longer provide the medical portion of the insurance.
- BCBS is transitioning to CVS from Express Scripts for their pharmacy benefits as of January 1st. Sue Shillue noted that our retirees are already using CVS.
- BCBS’s presentation cited their Milliman study showing a 6% savings by remaining with an integrated pharmacy benefit. They are also expecting a savings with the new CVS relationship, which would be passed on to clients.
- Dave Verdolino inquired as to the percentage of pharmacy cost as a percentage of the total healthcare cost. Sue Shillue responded that this is usually about 20% for the active population and closer to 50% for retirees.
- Rebates were discussed. BCBS currently applies rebates behind the scenes so the members see lower costs at the point of sale. The new CVS formulary has an unbundled rebate process available. The Trust would get a quarterly rebate check for all claims that are processed. The Trust will have the option to change to this applied rebate method or remain with the current system.
- BCBS will get the HIT a data analysis of what the numbers would have been had the applied rebate method been in place for the last 12 or 24 months of claims.
- BCBS confirmed that if we were to change to having the rebates paid quarterly, we would get 100% of the rebates. Harvard-Pilgrim currently pays us 70% of the rebates. If we were to choose the 100% rebates with HPHC, the administrative fees would go up.
- Getting the rebates directly would not affect the employees; their co-pays would remain the same. Overall claim costs to the Trust may go up.
- The Trust was in agreement that an analysis is needed before any decisions can be made.
- BCBS was questioned about the policy of not allowing a “carve out” for the prescription benefit for policies with fewer than 1000 lives. They believe in total cost of care and this has been their policy for years.
- BCBS responded to Steve Barrett’s question about the entry of non-traditional players as a pharmacy plan. These are companies like Amazon, Walmart, Google. BCBS will continue to monitor what this may mean for the business.
- Steve Barrett noted that the trustees looking at carve-out while BCBS is saying that costs would likely go up. BCBS agreed that this is what their Milliman study showed, though every situation is different.
- Marie Altieri asked for a clarification of the projected savings by remaining with a “carve in” method. BCBS and Sue Shillue gave the example that if 80% of your total spend is on medical, you would expect that medical cost would increase by 6% even if your prescription costs would go down.

- Himaja Nagireddy requested more detail about the Milliman study and about patient privacy with respect to integrated care. BCBS responded that study looked at BCBS as a whole and the 6% savings was across the whole. With respect to privacy, BCBS follows PHI, HIPAA, etc. and conducts audits to make sure these are being followed.
- Dave Verdolino asked about the effect of current legislation passed by Congress. BCBS responded that it may take a long time to see the effects.
- BCBS commented on other advantages to moving to CVS. CVS has better relationships in the market, and clinical programs for various conditions such as diabetes, arthritis, cancer, etc.
- Sue Shillue noted that for reinsurance, the HIT has one member lased at \$730,000 because of pharmacy. BCBS is hoping that the new relationship with CVS could be beneficial for the member and bring the cost down
- Margaret Dennehy added that privacy is a concern and has serious concerns about HIPAA. BCBS responded that HIPAA and privacy is a top priority at BCBS. They will get a copy of their policies to Margaret.
- Steve Barrett asked if the Trust did decide to carve out prescriptions, could we look for a waiver of the 1,000 lives policy and keep BCBS for the medical. Mike Breen responded that he would try and fight for this, but couldn't guarantee he would win.
- It was discussed by members that this is not an easy or quick decision. Rebates, brand names and generics add to the confusion. We will need the analysis from the various companies before we can make a decision.
- Marie Altieri noted that the employees really want Blue Cross, which may not be an option if we were to choose to carve out. Sue Shillue reminded the Trust that they were going to check in with an attorney to see if a carve-out plan would need to be negotiated.
- Dave Verdolino inquired about any impact of the Harvard Pilgrim and Tufts merger. Sue Shillue responded that there is no impact at this time. All HPHC products will stay HPHC at this time.

6) Discussion of Policies

- No new discussion

7) Next Meeting

- There was a discussion of adding another meeting and when and what budget and claims information would be available for rate setting.
- Next meeting was set for December 1, 2022 at 8:15 am. An additional meeting was added on January 5th, 2023.

8) Margaret Dennehy made a motion to adjourn the meeting. Steve Barrett seconded. The meeting adjourned at 9:43 am.

Handouts:

Meeting Agenda

Draft HIT Minutes for September 29, 2022 Meeting

Acton HIT September 2022 Cash Flow – Cook & Co.

Proposed HIT Calendar 2022-2023

Treasurer Report June 30 2022

Value of Integration BCBS PBM Presentation