

## Health Insurance Trust Meeting – Minutes

### Thursday, April 30, 2020, 8:15AM

### Virtual Meeting

#### Member Attendees:

Steve Barrett, Peter Berry, Margaret Dennehy, Steve Noone, John Petersen

#### Non-Member Attendees:

Marie Altieri, Jon Benson, Matt Frost, Tim Harrison, Sue Shillue, Dave Verdolino, Todd Vickstrom

1. Meeting was called to order at 8:17am by the Chair;
  - COVID-19 public gathering declaration was utilized to call meeting to order;
2. **Motion** to approve Minutes of March 5, 2020 passed unanimously via roll call (Motion: Barrett, Second: Dennehy);
3. Discussion of Treasurer's Report
  - Balance Sheet shows \$1.4 million loss for 9 months, as expected;
  - Interest rates have plummeted significantly, leading to interest balance decrease; .76% MMDT interest rate; Santander is currently .25%; Tim Harrison will monitor to see if money needs to be moved to MMDT and out of Santander;
  - P&L numbers are close to Cook and Company loss numbers; Treasurer's report shows interest income, Cook and Company does not; there is a timing issue for revenue discrepancies, with the belief that it will even out by year-end;
4. Cash Flow – Cook & Co.
  - Updated cash flow through March, 2020;
  - Combined monthly cash flow variance is a deficit of \$282,000; in part related to a 5-week payment month for HPHC and \$173,000 in claims paid in March that will be recovered under stop-loss;
  - Revised projection claims equal \$15.7 million based on nine months of data; all plan types show deficits;
  - 4Q projections due to COVID-19;
    - Seeing a short-term reduction in non-COVID-19 claims as elective procedures and preventative services are not being prioritized; decrease in claims related to car accidents and sports injuries;
    - Have not fully seen the impact of COVID -19 related claims;
    - Sue spoke to BCBS regarding COVID-19; projecting an impact of 0-3%; revised projection of two-year claims impact could be 2-8% (1-4% over one year);
    - Sue spoke to HPHC regarding COVID-19; no HPHC projection currently available;

- Both are working on reporting packages so specific information for HIT will be presented in the future;
    - Projected year-end fund balance is approximately \$5 million;
    - Results from plans relate to adverse selection rather than provider; HPHC HMO is showing significant loss, whereas BCBS is not; the reverse is true for the HSAs.
5. Discuss and Vote: RFP stop-loss for 7/20 – 6/21
- Current RFP is similar to last few years, the changes are:
    - More information added on page 4; adding 5 references from carrier and brokers across Mass Municipal Entities; adding caution for the future;
    - Quantity and turnaround time for reinsurance claims; where claims are issued;
    - Quote sheet – all relevant lasers must be final upon submission to ease the process, this cuts down on additional delays;
  - Three-year retrospective looks at actual claims between \$125,000 and \$150,000 to evaluate the difference in premium; utilizing what liability would have been;
  - \$150,000 limit is common, \$125,000 is on low side; quote should be based on claims and own experience rather than outside data; difference could yield premium savings;
  - Is \$175,000 a realistic option? Consensus is yes, and there is no risk in requesting proposal at this level;
  - Stop-Loss premium is \$800,000; projection from now until year-end is 75% loss ratio (favorable for Trust);
  - More data will be collected before vote on reinsurance for FY21;
    - Stop-loss at beginning of the year yields almost nothing; biggest recoveries are realized at year-end and into the next plan year; current year projects to break-even or net something for the Trust;
  - Backup for RFP includes confidential data and is therefore not included in RFP;
  - **Motion** to authorize Cook and Company to send out Stop-Loss RFP with amendments and \$125,000, \$150,000 and \$175,000 limits (Berry); Seconded (Noone); approved unanimously via roll-call vote;
  - Trust authorizes Cook and Company to issue Stop-Loss RFP with edits made by Trust;
6. Discuss and Vote: FY20 Contract Renewal for Consultation Services
- Increased fees for services over 2% in each of three years
    - Identical to previous contracts (voted for three years term, renewed yearly);
  - Current agreement only includes a 30-day notice of termination; Trust and Cook and Company agree a longer notice window would be preferable due to involved nature of work;

- **Motion** to approve Cook and Company’s contract with the addition of a 90-day notice window (Berry); seconded (Barrett); approved unanimously via roll-call vote;
- Cook and Company’s contract has been renewed with the addition of a 90-day notice window;
- Contract Service Representative (Wendy Larson)
  - Wendy works one day per week at Acton Town Hall, one day per week at District; how is on-site defined during COVID-19 shutdown period?
  - Wendy has come on-site as needed; finance and HR functions for the town and district have been essential; Wendy does split and short shifts to process materials (open enrollment);
  - Work can be done remotely, but precautions can be taken if going on-site is necessary;
  - Prior contract did not designate who the representative is;
  - Due to length of tenure and expertise, Wendy has become a highly experienced employee; there is a fee discrepancy based on experience and value of employee; contract used is standard Cook & Co., although Wendy is the only Cook & Co. employee currently covered under this type of contract;
  - In regards to fee, the perspective is over three-year period; terminal year will bring into alignment with actual cost of compensation and value of services;
    - The chair sought Marie Altieri’s compensation advice and guidance in reevaluation of compensation;
  - Cook and Company was realizing substantial loss with representative contract and is open to adjustment; Cook and Company are not looking to profit from the contract;
  - Trustees agree that a “key-woman” clause should be discussed;
  - Cook and Company may not be able to handle a 90-day departure window for Service Representative; Cook may be able to identify someone else in case of Wendy’s departure, potentially not on-site;
    - Trustees are comfortable with a 30-day notice on a contractual basis;
- **Motion** to trustees to approve Service Representative Contract with 30-day cancellation notice and a “key-woman” departure clause (Barrett); seconded (Berry);
  - Amendment by Steve Noone to remove language referring to “on-site,” unless agreed to by parties; Seconded (Dennehy)
    - Amendment was approved via unanimous roll-call vote;
  - Contract Renewal was approved via unanimous roll-call vote; the Service Representative Contract has been approved;
  - Trustees unanimously wished to provide recognition for the hard work and excellent service provided by Wendy Larson in the minutes;

## 7. COVID-19

- Review COVID-19 coverage decision
  - Trust's self-insured nature leaves independent choice on covering costs, BCBS and HPHC simply administer claims, they do not make and cannot authorize changes to plan design. The chair directed that BCBS and HPHC include full COVID-19 coverage adding coverage for items not already included in plan benefits via email on April 8<sup>th</sup>, 2020 commenting that nominal cost increases from co-pays and deductibles were expected; financial exposure was low. The decision should be reviewed at the next meeting of the Trust.
  - MA DHP COVID-19 information used to compare and contrast Massachusetts infection data between 4/20 and 4/28;
  - COVID-19 tests are free via federal and/or state mandate; with regard to Town and District:
    - Aware of 3-4 employees who have or have had COVID, no hospitalization; 3-4 employees who have lost relatives to COVID
  - **Motion** to approve of the action of the Chair on April 8<sup>th</sup> (Berry); seconded (Noone); approved unanimously via roll-call vote;
- Discuss overall impact on Trust
  - Revenues to hospitals are down; estimate is net-effect will be reduction in costs; current fiscal year will be favorable with relation to costs, other years is unforeseen; unrestricted trust assets of roughly \$5 million made an easier decision to cover COVID-19 related costs;
  - COVID-19 could have negative impact on budgets to district; internal discussions
  - Coming up to the end of three-year window for health plan dynamics (cost sharing, etc.); one-month health premium suggested as lever to pull in the future;
  - The Trust will consider premium reductions through premium holidays for FY21 depending on unrestricted asset position and state and federal revenues;
  - FY21 budgets already set, but challenges likely lie for FY22;
  - COVID-19 impact discussion topic will remain on agenda going forward to discuss all necessary impacts to town, school, and Trust

## 8. Southeastern MA Health Group Meeting policy review

- Defer discussion to next meeting

## 9. HIT Online Documents (Town of Acton website)

## 10. Agenda items for May, confirm meeting dates May 28, June 18

- Sue will present an analysis of financial impact of one-month holiday at subsequent meeting;

11. Motion to adjourn (Barrett); seconded (Noone); approved via unanimous roll-call vote;  
Adjourned at 9:29am by Chair

**Handouts:**

Meeting Agenda

HIT Financial Statements – March 2020 (Harrison)

HIT P&L Reconciliation (Harrison)

Cash Flow Summary Review – March 2020 (Shillue)

Reinsurance RFQ 2020 (Shillue)

Proposed Acton HIT/Cook and Company Contract 2020 – 2023 (Petersen)

Proposed Acton HIT/Cook and Company Contract Service Representative 2020 – 2023  
(Petersen)

Massachusetts Department of Public Health COVID-19 Dashboard – April 20, 2020

Massachusetts Department of Public Health COVID-19 Dashboard – April 28, 2020

Email from John Petersen to Margaret Dennehy and Sue Shillue, cc: AHIT, Re: Insurance  
Coverage for COVID Costs – April 8, 2020