

## Health Insurance Trust Meeting – Minutes

### Thursday, February 4, 2021, 8:15AM

### Virtual Meeting

#### Member Attendees:

Steve Barrett, Margaret Dennehy, Steve Noone, John Petersen, Jim Snyder-Grant

#### Non-Member Attendees:

Marie Altieri, Tim Harrison, Sue Shillue, Dave Verdolino, Todd Vickstrom

1. Meeting was called to order at 8:15am by the Chair;
2. Approval of Minutes;
  - Minutes of December 3, 2020 to be amended;
    - Page 4, line 3 regarding uncommitted reserve of \$1.6 million; will be amended to eliminate comments regarding uncommitted reserve amount;
  - **Motion** to approve amended Minutes of December 3, 2020 (Margaret Dennehy), second (Steve Barrett); approved unanimously via roll-call vote;
  - The Trust has approved the amended Minutes of December 3, 2020;
3. Treasurer's Report – Tim Harrison
  - Report covering first six months of FY21; showing \$1.6 million loss; interest earnings are down significantly from FY20 (\$5,000, a decrease of \$65,000);
  - P&L Reconciliation shows a \$1.573 million deficit; Tim Harrison notes that December to June numbers do not always double loss number from July to December; unknown as to what June 30<sup>th</sup> will show;
    - December 2019 to June 2020 showed second half of FY20 at break-even rate;
    - FY19 did display loss spread evenly over time periods;
  - Sue Shillue notes that it has been a difficult year for claims projections due to COVID-19 and actuarial estimates;
    - P&L "other costs" represents reinsurance receivable following year-end; variance of \$35,538 in January is reinsurance, leading to discrepancy in P&L Reconciliation
4. Cash Flow – Cook & Co.
  - Updated Cash Flow for claims through December 2020; includes active plans and Medex subscribers;
  - December 2020 claims have been highest for fiscal YTD; total claims cost of \$1.8 million; funding rate is \$1.458 million, deficit of \$414,000;
  - FY21 YTD deficit is just over \$1 million;
  - Original vs. Revised projections;

- Revised claims projection becomes more accurate later in the year;
- Original projection is based on prior year claims and trends;
  - Revised projection utilizes 1/12<sup>th</sup> of original projection for each remaining month; current projection is six months of claims and six months of projection;
  - Revised projection is higher than original projection;
- COVID-19 leads to uncertainty of claims; stop-loss recoveries are more likely to be realized later in the year; prior year recoveries have been paid out, and are ramping up for the current year;
- Stop-Loss/Reinsurance through December 2020;
  - 12 claimants currently in excess of \$125,000 stop-loss deductible for a total of \$1.8 million; 0.7% of members are accounting for 22% of claims;
  - 2 lasered individuals; \$425,000 laser had reached \$309,000 but will not be an ongoing claim; \$730,000 laser has fulfilled \$315,000 through December 2020;
  - Percentage of reinsurance claims vs. total claims is unusual; Sue Shillue will calculate from same time period in FY20 for future meeting;
  - \$100,000 loss per month for remainder of FY21 would be required to match original projection;

#### 5. HPHC Vaccine Reimbursement Rate

- Notified by HPHC of two reimbursement options for COVID-19 vaccine administration;
  - Option A: Reimbursement at local Medicare rate, set by government (\$51.77 total);
  - Option B: Reimbursement at current MassHealth rate (\$90.66 total);
  - Option A is default choice, and preferred due to lower cost for Trust; HPHC was notified of choice of Option A;
- No decision has been made by BCBS, all claims related to COVID-19 vaccine are pending until decision is made;
- Marie Altieri notes that entire district is eligible for COVID-19 vaccine, with roughly 1,000 employees; estimate of 10% who may receive vaccine elsewhere and 15% who may opt-out; 750 total distributions;
- Roughly 500-600 District health subscribers, 200 Town subscribers; relates to approximately a \$35,000 expense to Trust; expense is not material to Trust reserves;
- Sue Shillue notes that covered members on family plans could increase numbers to 1,100 vaccinated; current CDC/FDA approvals allow no children (under the age of 16) to be vaccinated in FY21;

## 6. Rate-Setting for FY22 (vote)

- Draft process created for rate-setting discussion; to be considered for use in future rate-setting discussions;
- Sue Shillue notes impact of COVID-19 on plan renewal/actuarial projections;
  - Call with BCBS shows that inpatient care is now increasing significantly, non-urgent emergency care and elective surgeries are not increasing at this time;
  - Services delayed by COVID-19 are getting pushed out further than anticipated, with spike in COVID-19 cases from 2020 holiday season causing additional delays;
  - Notes that deferral of services can lead to more severe situations and costs later on; large costs and losses (premature birth, cancer, high cost prescription drugs) have remained in play; flu claims have been negligible;
  - Steve Barrett notes that actuarial COVID-19 bubble factor is higher than projected annual increase; Sue Shillue reminds Trust that COVID-19 and its impact is still an unknown variable at this time;
  - Trend was at 2.1% in prior years; additional COVID-19 factor shows claims for prior year to be understated; BCBS and HPHC expect annual trend to average 8% (medical between 6-9%, pharmacy at 12%);
- Rate projection worksheet;
  - Shows less of a reliance on original projection, and updates have been made to revised projection; worksheet is only for active plans, while Cash Flow Summary incorporates retiree Medex plan;
  - Other costs/reinsurance presented as a separate line item; represents paid reinsurance during first six months of FY21;
  - 5% rate increase was projected to decrease the Trust balance by \$1.7 million; additional COVID-19 factor would project a decrease in the Trust balance of \$2.7 million;
  - Assuming the projections are accurate, the uncommitted reserve without COVID-19 factor would end FY22 at \$2.9 million (17% of expenses); with COVID-19 factor at \$1.8 million (10%);
  - BCBS renewal rates presented (5% increase); PPO is lower than previously voted Trust rate; HMO and HSA plan rates are significantly lower than carrier recommendation, but does not take into consideration the drawing down of Trust fund; recommended rates to be within 5% of carrier, and currently down from 14-37%; moderate increases will be needed to cover future costs;
- Steve Barrett asks if a delay to the vote is possible to consider current town and district budgets;

- Boxborough town meeting did not shift, which drives budget process for entities; John Petersen notes that the calendar does not support trustees delaying rate decision and vote;
- John Petersen notes that while below-market rates succeed in drawing down Trust fund balance; future decisions may involve premium holidays to return excess reserves to the entities while avoiding below-market rates; two options for moving forward with vote; Margaret Dennehy remains opposed to the practice of premium holidays
  - Remain at current 5% recommended increase and try to close any gaps in future years;
  - Adjust rate to ease correction in later years, which may cause financial pain for entities;
- MNHG/WSHG rate comparison;
  - Compares Trust FY21 rates with other area joint-purchase groups;
  - WSHG offers four carriers, MNHG offers three, with no BCBS option;
  - Trust rates differ significantly from other groups;
  - Ratio shows WSHG rates to be 28% higher than Trust; MNHG is 11% higher than Trust;
  - Pricing between HMO and HSA plans are consistent with Trust plans; differential provided by BCBS between plans is 11%;
  - Marie Altieri notes that the comparison is helpful, but asks if the goal is to break-even with claims experience; John Petersen notes that break-even is ideal, and the consequence of being priced lower than other plans can lead to more subscribers to plans, which increases the cost of health care for the Town and the District;
- Steve Noone asks about other opportunities for boosting revenue outside of rate increases;
  - Sue Shillue notes that any ratio change between plans leads to net neutral claims; increasing rates for HSA only could be disincentive and lead to members dropping the lower cost option, negating savings;
  - John Petersen asks trustees to be mindful of any pending legislation that may improve Trust position going forward;
  - Do BCBS/HPHC provide projections based exclusively on insured, or for numbers in pool?
    - Renewal projection is a per member/per month cost due to credible nature of Trust; book of business would lead to less credibility and higher renewal numbers;
  - Margaret Dennehy notes that carrier estimates outside of most recent 5-7 years have come in higher; \$2.7 million reduction due to COVID-19 is actuarial study based on unknown factors; stop-loss projection and loss of laser will assist future numbers;

- Jim Snyder-Grant notes that COVID-19 numbers are based on cascading assumptions, and that COVID-19 bump should not be considered a long-term adjustment for shifts between years;
  - Trustees are aware that each percentage increase for health insurance increases entity budgets by \$120,000;
  - Trustees do not support remaining at previously provided 5% rate increase;
    - Steve Noone suggests an 8% increase;
    - Margaret Dennehy, Jim Snyder-Grant, and Steve Barrett support at 7% increase;
  - **Motion:** Margaret Dennehy moves that all plan rates in the Acton Health Insurance Trust be increased by 7%; second (Steve Barrett); approved unanimously via roll-call vote;
  - All plan rates for the Acton Health Insurance Trust will be increased by 7% for FY22;
  - Relative plan rate discussion;
    - HMO/HSA ratios;
      - Marie Altieri recognizes that value of having members in HSA plan; \$3,000 savings to entities for plan members; quarterly contributions act as incentive for members to join;
      - Rate increase solely for HSA plan would negatively impact enrollment, thereby negating entity cost savings;
    - John Petersen notes compelling argument for not moving relative rates of HSA and HMO plans; PPO plan rate already discourages enrollment, and will suffice;
  - **Motion:** Jim Snyder-Grant moves that no changes be made in the relative rates embodied in the health insurance plans offered by the Trust; second (Margaret Dennehy); approved unanimously via roll-call vote;
  - No changes will be made to the relative rates embodied in the health insurance plans offered by the Trust;
  - Cook and Co. will work with entity HR departments to set exact rates (divisible by pay periods) and present at future Trust meeting;
  - The Chair appreciates the efforts of the Trustees to make the best decision possible for the Trust;
7. Audit – FY20 and plan for next year
- Audit report is unchanged with exception of management discussion; auditor choice will be discussed at a future meeting;
8. FY23 budgeting
- Not discussed at current meeting;
9. Acton HIT report for Town of Acton FY20
- No discussion from Trustees regarding town report;

- **Motion** Steve Noone moves to submit report to Town of Acton; second (Margaret Dennehy); approved unanimously via roll-call vote;
  - The Trust will submit the report to the Town of Acton;
10. Agenda Items for March 4, 2021, Meeting Calendar through June 2021;
- PBM discussion, reinsurance, auditor proposals;
  - Sue Shillue has identified a potential benefit for members managing diabetes; Trust agrees that this benefit is an issue to be discussed with entity HR departments not with the Trust;
11. **Motion** to adjourn (Margaret Dennehy); second (Steve Barrett); approved via unanimous roll-call vote; Adjourned at 9:50am by Chair

**Handouts:**

Meeting Agenda

Draft HIT Minutes – 12/3/2020

Cash Flow Summary Review – December 2020 (Shillue)

Acton HIT Treasurer’s Report 7/1/20 – 12/31/20 (Harrison)

HPHC Email re: Vaccine Reimbursement Election for Self-Funded Plans

Acton Rate Projection Worksheet

Draft Rate Setting Process for Acton HIT

HIT/Cook & Co. Narrative

Acton HIT Relative Rates – Cook & Co.

FY21 Rate Comparison – HIT, WSHG, MNHG

DRAFT Acton Health Insurance Trust report for Town of Acton – FY20