

Health Insurance Trust Meeting – Minutes

Thursday, April 29, 2021, 8:15AM

Virtual Meeting

Member Attendees:

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

Non-Member Attendees:

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

1. Meeting was called to order at 8:17am by the Chair;
2. Approval of Minutes;
 - **Motion** to approve Minutes of March 4, 2021 (Margaret Dennehy), second (Steve Noone); approved unanimously via roll-call vote;
 - The Trust has approved the Minutes of March 4, 2021;
3. Treasurer's Report
 - Treasurer's report shows a similar picture to December figures; still tracking at a higher loss level than the cash flow summary;
 - Most recent BCBS bill was a significant payment above monthly premium level; report shows \$500,000 coming back to Trust via receivables, which are not presented in the Cook & Co. numbers;
 - Trust cash balance is over \$5 million, with little interest earned (\$6,000 year-to-date vs. \$94,000 in prior fiscal year);
 - Steve Barrett notes that the first quarter net loss is \$1.9 million; the cash flow summary shows \$1.8 million;
 - Tim Harrison notes that his current contract ends on June 30, 2021; Tim will scan and email current contract to Trust, as well as updated contract for Trust review; contracts to be added to DocuShare, and will be discussed at a future meeting;
4. Cash Flow, COVID Update – Cook & Co.
 - Updated Cash Flow for claims through March 2021;
 - February showed a variance of \$111,000 cost to funding; March showed a variance of \$265,000 cost to funding; total variance is a deficit of \$1.781 million;
 - Reimbursable claims of \$1.089 million have been paid under stop-loss, with a portion being attributed to prior fiscal year;
 - Reinsurance carriers expect that the full impact of claims has not been seen; contracts cover expenses incurred in 12-month period but paid over 24-month period; both years are tracked on cash flow summary;
 - HPHC experienced a 5-week payment month in March;
 - COVID-19 update;

- Sue Shillue has received updated COVID-19 reports from BCBS and HPHC through March 2021;
 - HPHC reports 32 positive COVID-19 cases for employees and dependents; carries a total cost of \$97,000 for testing and treatment;
 - BCBS reports 46 positive COVID-19 cases for employees and dependents; carries a total cost of \$30,000 for testing and treatment;
- The Chair notes that COVID-19 is not necessarily driving costs; delayed and deferred services are now being realized; fixed operating costs have led to increased rates; some recoveries of large claimants via stop-loss;
 - Sue notes that deferred procedures were considered with “COVID factor” as part of renewal projections, with an additional 7% on top of normal trend;
 - Sue notes the possibility of deferred services being realized, as well as an increase of more serious diagnoses due to delay in services;
 - Sue reiterates that increases across the board are not due to increases in utilization of services, but rather the increase in unit cost of care; cost of service is more expensive this year as compared to FY20;
- Marie Altieri notes that district staff members have had 38 positive COVID-19 cases (approximately half of carrier reported number); staff vaccination levels show 87% response for willingness to obtain COVID-19 vaccine, many staff members have been fully vaccinated;
 - Marie also notes the increase in elective procedures due to ability to perform work remotely; large increases seen in mental health needs and utilization;
- Sue will present large claim information at the next meeting; Sue will provide carriers with subscribers approaching 50% of stop-loss limit for current year and previous two years; run-off claims are being realized from lasered subscribers;
 - Sue cannot comment on the possibility of additional lasers for FY22, as all underwriters proceed differently; specialty medications are being considered for lasers;
- Steve Noone notes that reinsurance year-to-date is ahead of FY20; does not drive cash flow deficit; are rate increases driving deficit?
 - Sue will have more information from carriers soon; Sue notes that the year is still ongoing, and that reinsurance recoveries will be greater this year vs. last year;

5. Reinsurance (Stop-Loss) RFQ – Vote

- Sue Shillue notes that the current quotes will be similar to last year; current levels of reinsurance are being requested; current limit is \$125,000; slightly higher levels have been requested and will be presented with analysis for a three-year historical perspective;
- Does Trust want to consider a higher stop-loss level (\$250,000)?
 - Steve Noone notes that assuming additional risk would have been more palatable with a better financial outlook and healthier reserve; recommends staying at current \$125,000 limit; Margaret Dennehy agrees with this course of action;
 - The Chair notes the value of seeing additional figures for data-collection process;
 - Information on 4th level of reinsurance at \$250,000 to be gathered and presented at next meeting;
- RFQ is scheduled to be distributed after April paid claims are reconciled in the second week of May;
- **Motion:** Margaret Dennehy moves that the Trust will send out FY22 Reinsurance RFQ once discussed attachments are finalized; second (Steve Noone); approved unanimously via roll-call vote;
- The Trust will send out the FY22 Reinsurance RFQ once attachments are finalized;

6. Selection of Auditor for FY21 – possible Vote

- Margaret Dennehy and Dave Verdolino have approached Powers & Sullivan regarding auditing services, which are utilized by both town and district;
 - Dave Verdolino notes the potential issue of independence regarding auditor choice, but is pleased with services to district; Dave believes the consistency would be helpful between entities and the Trust;
 - Powers & Sullivan would be qualified to perform asset and IBNR auditing for the Trust;
 - Steve Barrett also notes satisfaction with Powers & Sullivan for town services;
- The Chair asks Trustees to consider auditor contract timeframe, and consider bringing Trust in line with town and district auditing cycle contracts;
 - Steve Barrett recommends a three-year traditional term, synchronizing with town and district would require a two-year contract;
- Trust agrees that it is in the best interest to remain on the same contract schedule as entities;
- Margaret Dennehy will provide an auditor proposal for the Trust to review and vote at next meeting;

7. Plan Design - wellness benefits, prescription drugs

- Trust would like to assess the role of the town and district in implementing services;

- Marianne Fleckner, Director of Human Resources for the Town of Acton is introduced;
 - Marianne notes union negotiation and bargaining in conjunction with the district and town; plan design is negotiated between unions and health insurance working group;
- Marie Altieri notes that the working group has been successful in the past; the role of entities is to negotiate with the unions; notes that the Trust has a role to discuss and recommend cost savings for plan design, but does not vote plan design;
 - The Chair agrees with this assessment of roles for Trust and entities;
- Jim Snyder-Grant inquires as to an informal model to understand plan design and the impact of rates;
 - Marianne notes that the health insurance working group is provided carrier utilization reports to address impact of new premiums;
 - Sue Shillue notes that any benefit change that would increase costs should be discussed by the Trust for subsequent plan year rate-setting;
- Timing of the next major revision to plan design;
 - Marie Altieri notes the impact of COVID-19 on discussions, and that the timing is driven largely by the school committee and select board;
 - HPHC and BCBS high-deductible plans were implemented in the last round of major negotiations, and decreased contribution costs of plan (30% of employees moved to the high-deductible plan);
- Sue Shillue notes that prescription drug prices are a factor behind cost increases; inquires as to entity negotiation on lowering prescription costs if there is no change to subscriber copay structure;
 - Marie Altieri notes that a change to prescription drug plan would not be negotiated but a provider change may require bargaining;
 - The Trust cannot decide before entities approach bargaining with unions;
- Jim Snyder-Grant is confident that the interest of the Trust is being considered by entities during plan design and negotiations; Trustees can be asked for opinion, and acts in the best financial interest of the Trust; the entities consult closely with professionals during plan design discussions;
- Steve Noone notes compliance with state laws on plan offerings, but also that plan design has changed significantly in the past;
- Trustees agree that plan design is within the purview of entities and collective bargaining;
- Sue Shillue asks if potential cost-saving information should be brought to Trust meetings before approaching entities;
 - Steve Noone notes that the Trust is seen as a financial agency ultimately paying cost of services; Trust should be involved in any discussion of cost-saving measures, then directed to entities to negotiate with unions, if necessary;

- Potential cost saving measures to be presented to entities, offered to both union and non-union benefit-eligible employees;
 - Diabetes Management program;
 - Jim Snyder-Grant notes the financial impact to overall health costs to pre-diabetic subscriber population, and would be a good spot to increase likelihood of cost-savings;
 - Increase to wellness benefit, which would be nominal increase to Trust expenses;
 - Marianne Fleckner notes the importance of a wellness program with regard to employee health and overall health costs; would like to increase benefit with minimal cost to Trust; the goal would be to decrease preventable health costs by improving employee wellness;
 - The Trustees are in support of an increase to current wellness benefit, pending review of total cost and financial information;
 - Steve Barrett would like to gauge interest in having town and district representation at HIT meetings;
 - The Chair believes a discussion prior to rate-setting process could include entity input; Trustees can preview discussion and set rates to properly incentivize subscriber behavior;
 - The Chair also notes the presence of nine unions, and coordination between Trust and entities can only assist with implementation and rate-setting process;
 - The fall HIT meeting schedule will be adjusted to include HR representation;
 - Marie Altieri notes that current plans (PPO excepted) are New England/regionally based; would like to inquire about plan design that would cover employees outside of New England with less cost to Trust and subscribers;
 - Sue Shillue notes that the total cost of the PPO plan is intentionally set to disincentivize plan utilization, which is typical for plan level;
8. Group eligibility for HIT membership (e.g., ActonTV)
- The Chair was contacted to see if Trust could provide services to ActonTV;
 - Can groups be rolled into Trust? Should Trust consider expanding to other entities?
 - Trustees agree that expansion would make sense, but ActonTV would not be the proper fit;
 - Steve Barrett notes that the water district was originally a part of the Trust and then exited, which required a change in HIT agreement); regionalization encompassed Boxborough elementary teachers; Town of Boxborough may be a fit to be covered by the Trust;

- Trustees agree that future additions to Trust would be supported to expand current pool of covered employees; would only be open to governmental employers and agencies;
- Trustees would need to examine what implementation entails with regard to current agreement; The Chair notes that historical data regarding the composition of the Trust would be helpful;

9. Trust Policies

- No discussion of policies at present meeting; will be discussed at next meeting;

10. Agenda Items for May 27, 2021, Meeting Calendar through June 2021;

- Sue Shillue notes that the reinsurance RFQ may not be presented on May 27th due to timing of receipt of proposals;
- Meeting on May 27th might not be required, and will be discussed by Trustees via email;
- The Chair notes the tentative plan for in-person Trust meeting to celebrate the end of FY21;
 - The expectation is that 100% of attendees will be fully vaccinated by June meeting;
 - Jim Snyder-Grant notes that a hybrid remote/in-person meeting could be possible utilizing Town Hall Zoom capability;

11. **Motion** to adjourn (Noone); second (Dennehy); approved via unanimous roll-call vote;
Adjourned at 9:33am by Chair;

Handouts:

Meeting Agenda

Draft HIT Minutes – 3/4/2021

Acton HIT March Monthly Cash Flow – Cook & Co.

Financial Report – 3/31/2021

FY22 Reinsurance RFQ for Acton Health Insurance Trust