

## Approved minutes from the December 16 HIT meeting.

Basic meeting agenda covered the approval of the previous meetings' minutes, discuss cash flow, discuss status of the audit, rate setting, legislative changes in budget advice and our next meeting date.

Attendees: Bob Evans (BE), chair; Mike Gowing (MG), Sec.; Tim (T); Tess Summers (TS); John Murray (JM); Peter Savage (PS); John Petersen (JP); Don Aicardi (DA); Carla Brockmeier (member of the public).

Meeting called to order at 8:05 teachers AM in the superintendent's conference room.

Motion was made to approve the minutes of last meeting; there were No Changes in Meeting Minutes and Were Approved "As Is."

(JP) Why Are the Numbers so High for Master Health Plus?

(PS) \$92,000 claimant skews the overall. The other plans seem to be in line. Master health plus med costs are higher due to lack of discounts.

(JP) What are the total costs of the two highest claimants?

(PS) The \$92,000 and the next one is less than 60,000.

(JM) MHBC (all except Medex) are all higher, why? The balance sheet shows them higher.

(PS) There is more of a concentration of cost due to the number of people in MHP. Looking at a balance of plus \$558 when some were anticipating \$338, we were anticipating a breakeven.

(T.) I wanted to attend to make sure I am calculating correctly.

8:15 a.m., Don arrived.

(JM) Master Health Plus went to 50-50, but a lot of people moved into the HMOs. Whatever you could get from Blue Cross on how each plan is doing would be helpful. You are right Tim, but most of the money is in Harvard, about 150 K. the Blue Cross products, on your sheet, because you lump them are the ones that are costing more.

(PS) Tim, your sheet is lumping them monthly, the cash flow should show by plan.

(T.) Now that we have the first quarter, we can look at trend. We can add November and December and have something by late January

(JP) John what is the issue?

(JM) We moved people out of Master Health Plus into HMOs, why are we experiencing the 3% savings anticipated?

(PS) If I look at the cash flows, MHP is -200 while the HMOs are +180 -- that is why the combined one is the best gauge. Including Harvard Pilgrim you got about 300,000 back. The cash flow should give you by plan.

(JP) What is the cost increase the assumption? If you had moved everybody out of Blue Cross and the argument would have been irrelevant to the town. I don't know why you're inherently concerned about the performance.

(JM) We moved everybody out of Master Health Plus, most people went into the Blue Cross HMO. So why are we seeing savings -- it could be experience it could be more people are going. I just don't know why that group as a whole has gone up.

(PS) John, when you say that you're anticipating a 3% savings, you're not taking into account that you have a 10 to 12% inflationary factor going into the MHP plan. So if you move these people out, you save what you would've spent on Master Health Plus but you still have the cost of the HMO -- that would be approximately a 5% reduction; the Master Health Plus is currently running a deficit, it is \$200,000 in the toilet. The Blue Care elect, which we assumed would breakeven is \$80,000 to the good. And Network Blue which we thought was going to be running a negative is running \$131,000 to the positive. The problem still is each of these groups individually is small enough so that if you get two \$50,000 claims, which is going to happen periodically, for a couple months it will skew the savings. Currently, you have 10 HMO, 12 MHP. Master Health Plus is currently costing a lot but you have a plan to move people out of it -- it will take some time before that shows up. You've only got 80 people. The number of people you have on Master Health Plus, which went up 21% over the past 12 months, you do see a difference.

(JM) If things max out, can we anticipate the savings?

(PS) If I was asked, I would recommend an increase 2%.

(JM) We are carrying 9%.

(BE) Are we done on cash flow? Approve an increase of \$200 per month to Cook & Co. I would like a motion to formally approve that.

(JP) I move that Cook & Co. be approved to manage the health insurance trust and senior subsidy.

**Motion carried, all AYES.**

(BE) What about the audit?

(JP) It says the trust has not provided 10 years -- in my mind, even if we don't have 10, we have five.

(TS) That's because that has been in there every year but the current auditor has only been doing it for the past five.

(JP) Then our plan should reflect that we have five years of audited results and the plan intends to capture 10 years with the passage of time. I understand that it's a legal issue on his end up we should describe what we are planning to do.

(T.) If it was me, I would say five audited, five unaudited.

(MG) That make sense, he is the CPA and can't attest to something that he hasn't done. It's not like he has to trust Don's numbers...

(JM) We can have him clean it up this year.

(TS) On page 2, it should be June 30, 2010.

(JP) We should be tracking but is March a good time of year?

(JM) Yes.

(JP) In looking at the cash flows, and the Master Health Plus plan was our largest, I recommend moving MHP down on the list. So we have the highest to the lowest. Or should we leave it as is?

(MG) The only pushback I would have on that would be year-over-year comparison would be more difficult.

(All) yes, leave it.

(JP) I want total to include Medex. Why did we have a decrease year over year? On page 4, we need to reference it. Perhaps the trust total year-to-year - costs should be referenced to relative health care cost

(T.) We should have reviewed the draft.

(JP) We didn't know we would be receiving the bound draft today.

(PS) Is Tess still going to be the contact on page 4 or Don?

(BE) Still Tess.

(JM) The auditors' opinion is that we are in rapid increase -- is that still valid? I think Peter should talk about the impact going forward.

(JP) I don't know if we are still in rapid increase but it was reflective of the past years. There are employees moving in and out of the plans as well as new retirees that are all impacting the system.

(BE) John, you wanted to input to rate setting timing and process.

Tim left at this point.

(JP) Our rate-setting meeting bump right up against town meeting and which created a problem. Setting the rates comes early due to town meeting. We set the rates too high last year. We should use three-year rolling averages. We should set rates but review them in a month. The best way would be to have two meetings two weeks apart.

(MG) Do we need to do a straw poll?

(JP) No, it's not a straw poll; we are going through all the numbers. If we do need to make adjustments they should be minor adjustments.

(PS) We don't need to vote each plan at town meeting, do we want to say "we believe we need 5%?" If we see a remarkably good experience for a remarkably bad experience do we change the number to reflect it? It always comes back to budget. If you set a lower rate it will just mean that you have that much more money left over.

(JM) The problem is that the bottom line budget, if we overbudget, it affects the other plans. If we are under, it comes out of the general fund at end of year. The problem being, what are you cutting what is the effect of that? If you over or under the wrong.

(PS) You are going to be wrong either way.

(JP) it over weights the recent event.

(PS) It is the industry standard, particularly regarding municipalities.

(JP) Do we use reserves to smooth out the hills and valleys year-to-year? We have reserves that can buffer that. That will give us a better management experience on the other side. Note: Peter agreed with John P. at this point in time!

(PS) You don't want to be in the same boat as the GIC having to change rates in the middle of the year.

(JM) There are people who believe that we should do this regardless of the cost. The first step, is determine what our fund balance is going to be -- does this require a policy change?

(JP) Are you proposing something?

(JM) I can't, it's not on the agenda.

(JP) I would like to get it on next month

(TS) Set a preliminary rate and a final rate.

(BE) Are you in favor of the two-week or one meeting next month? We are meeting just before it goes to warrant.

(JP) If we have the January cash flows, set the preliminary when we meet in early February. I would like to see a meeting shortly after we have the January cash flow was in set our preliminary rates.

(BE) Normally, we would meet the fourth Thursday of January. For the purposes of setting fund balance, cash flows, and to set the preliminary rate, that we meet on February 3 and February 24. That will give us one more month of data. That way we can make adjustments if necessary.

(JM) Don, you go to your budget meeting with the FINCOM in January?

(DA) Yes.

(JM) If we get the number in February, are we still okay? I think we have a high number so it really doesn't matter.

(DA) I think we need the state budget information to be able to set rates. Between the state budget and the health care cost estimates -- we should be okay.

(BE) item 6 on the agenda is the discussion of the new legislation on the trust. Do we know the impact of the legislation? Do we know what the impact is going to be of having 26-year-olds that live at home? What about the autism bill? What do we think the Senate will do to house one?

(JM) I don't know if the schools have ever done actuarial number but the town is very low.

(PS) We don't know what that impact will be, we may have house one by that time. If you ask me, I think you could have a 2% increase next year based on the performance of the trust this past year regarding claims. I don't think you can be grandfathered on this. The 26-year-olds are going to present less than 1/10 of 1%. The autism is still an unknown. I just don't know.

(BE) Let me understand this, if we vote 7% would take care of our budgetary needs, do we need to know an autism number from Blue Cross Blue Shield? Would we have that by February? And now we come down to the last item on the agenda, the entities in town are supposed to use 9% the moment we are obviously not going to keep the 9% we want to give them a lesser amount?

(JP) We are at nine, we need to reduce the 9%.

(BE) How should we reset it?

(JP) I would be comfortable with 8%.

(BE) I would be comfortable with eight I would actually be comfortable seven. The FINCOM is going to squeeze the budget.

(JM) What is happening with inflation? We're looking at a level service budget. So this is really about the level of reserves to be used.

(JP) If FINCOM is going to hold the limit on reserves to \$2 million, we should be straight up with our estimates. We should be realistic but not overly optimistic. In the ALG discussion, 1% equals approximately \$150,000. We should put out a preliminary number so that the ALG would know what they're dealing with budgetary-wise. I wouldn't want to go below 5%.

(DA) The superintendent is using 9% in his presentation.

(PS) A lot of outside factors are going to influence next year, particularly Master Health Plus. Next year they're going to be at 50-50. I think you're going to have everyone come out of Master Health Plus next year. I could live with 5%, in fact, I could live with 3 1/2%.

(BE) I couldn't live with 5%. The problem with five is in a year from now. I will lay off firemen and teachers because I have to build up the trust balance. I don't have a problem with growing the fund but I don't want to be put in a position.

(PS)The fund balance was too high in the past.

(JP) I move to recommend to their boards to reduce the rate to 8%. **All AYES, one NAY, motion passed.**

(BE) Is there anything else we need to discuss?

(JP) I move to adjourn. **All AYES.**

The next meeting is scheduled for February 3 at 8 AM in the superintendent's conference room.

Respectfully submitted,

Mike Gowing, Secretary