

Health Insurance Trust Meeting – Minutes

Thursday, May 28, 2020, 8:15AM

Virtual Meeting

Member Attendees:

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

Non-Member Attendees:

Marie Altieri, Brian McMullen, Sue Shillue, Todd Vickstrom

1. Meeting was called to order at 8:16am by the Chair;
 - COVID-19 public gathering declaration was utilized to call meeting to order;
2. **Motion** to approve Minutes of April 30, 2020 passed unanimously via roll call (Motion: Noone, Second: Berry);
3. Cash Flow – Cook & Co.
 - Updated cash flow through April, 2020;
 - The impact of COVID-19 on claims is being realized with a reduction in overall claims;
 - HPHC sent Sue Shillue specific information related to COVID-19 claims,
 - Total claims are significantly lower for April; \$934,000 vs. \$1.4 million for previous month; Sue is seeing this with other accounts;
 - Cash flow does not reflect an additional \$213,000 that will be claimed under Stop-Loss policy;
 - April variance is a surplus of \$208,000; YTD FY20 deficit is \$1.2 million (through 10 months) vs. full-year initial deficit projection of \$2.8 million based on carrier claim estimates;
 - May and June claims are expected to be similar to April claims;
 - BCBS is operating on a 5-week month, which will increase claims;
 - Claims are not being slowed down due to COVID-19 with the presence of electronic billing processes;
 - Sue's estimate of the year-end variance is that the Trust will experience a loss between \$500,000 and \$1 million; \$300,000 to be recovered via Stop-Loss;
 - Claims could spike once regular business resumes during the next FY (an increase in elective and preventative procedures);
 - Cash Flow document will be amended to include a footnote to explain "other costs;"
 - A one-month premium holiday would reduce health care costs for entities and members by \$1.3 million (75% to entities, 25% to members);
4. COVID-19
 - Utilization reports from BCBS and HPHC will be presented at next meeting;

- Chair recognizes the potential merit of a premium holiday;
 - To be discussed at length in the fall, when unrestricted assets at end of FY20 can be accurately estimated and information about claims expectations for FY21 is clearer;

5. Trust Policies, Southeastern MA Health Group Meeting policy review

- Trust Fund Unrestricted Asset Guideline
 - The Trust does not have a policy relating to unrestricted assets, the Trust agreement stipulates that balances above 30% of expenses must be returned to members. Each year the Trustees have discussed the unrestricted assets as part of the rate setting process.
 - Should a policy be implemented regarding unrestricted assets?
 - Estimate of IBNR is 7-10% due to electronic claims; assets of two to three times IBNR are one possible target;
 - The SMHG policy recognizes that it is a guideline; circumstances may require deviation (“escape hatch” language); the target fund balance should be presented for clarity;
 - The Trustees agree that a policy should be implemented;
 - Chair appreciates comments on IBNR and percentages;
 - Steve Noone will gather information from Town Finance Committee to assist with implementation of policy;
 - Margaret Dennehy will review the Trust Agreement and past minutes to collect information about the Trustees historical discussions of unrestricted assets for discussion at a future meeting of the Trust.
- Trust Funds Investment Policy, SMHG Investment Policy review
 - The Trust does not have an investment policy, investments are periodically discussed as part of the Treasurer’s reports and guidance provided
 - Unrestricted assets must be appropriately invested;
 - At the moment, investment returns are low due to low interest rates;
 - An investment policy would provide more detailed parameters under which the treasurer should operate;
 - Investments are governed by state law; SMHG utilizes an investment manager; prudent investor provision allows for other investment opportunities outside of state guidance (not state mandated);
 - Trust has discussed an investment policy in the past, but no policy has ever implemented;
 - Town of Acton has a draft policy; Steve Barrett will share with Trust at subsequent meeting;
 - Liquidity in funds is important to consider with any policy;

- Investment policy needs to be in line with Trust agreements, or Trust agreements need to be amended;
- Trust consensus is that a policy should be adopted; Margaret Dennehy will research current state laws, Trust agreements, and prior meeting minutes for additional information on policy implementation;

6. HIT Online Documents (Town of Acton website)
 - Acton Health Insurance Trust Agreement will be added to the site
7. Agenda items for June 18th (Election of officers)
 - Will Jon Benson be seated on Trust?
 - Peter Berry will be present on 6/18; Board of Selectmen meeting on 6/29 will appoint Peter's successor;
 - Trust agrees that officers will be elected on 6/18;
 - Stop-Loss RFQ information will be presented and a policy selected by vote of the Trustees;
8. **Motion** to adjourn (Dennehy); seconded (Berry); approved via unanimous roll-call vote;
Adjourned at 9:02am by Chair

Handouts:

Meeting Agenda

Draft HIT Minutes – 04/30/2020

Cash Flow Summary Review – April 2020 (Shillue)

Cook & Company/Acton HIT Contracts – Fully Executed

MA DPH COVID-19 Cases in MA – 5/25/2020

COVID-19 Plan Amendments – HPHC Executed

Berkshire Health Group Investment Policy Statement as of June 2017

SMHG Trust Fund Balance Guideline - 2/25/20