

## Health Insurance Trust Meeting – Minutes

Thursday, March 4, 2021, 10:00AM

Virtual Meeting

Member Attendees:

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

Non-Member Attendees:

Sue Shillue, Dave Verdolino, Todd Vickstrom

1. Meeting was called to order at 10:01am by the Chair;
2. Approval of Minutes;
  - **Motion** to approve amended Minutes of February 4, 2021 (Steve Noone), second (Jim Snyder-Grant); approved unanimously via roll-call vote;
  - The Trust has approved the Minutes of February 4, 2021;
3. Cash Flow – Cook & Co.
  - Updated Cash Flow for claims through January 2021;
    - Variance column shows YTD deficit of \$1.4 million;
    - YTD stop-loss recoveries are \$800K;
    - BCBS – January 2021 was a five-week payment month;
    - January's paid claims total \$1.541 million, with \$207,000 to be returned via stop-loss recoveries;
  - Claims data for first seven months of FY20 vs. FY21 show an increase of 12%, with stop-loss recoveries yet to come;
    - Margaret Dennehy notes surprise at increase from FY20 due to COVID-19-related deferrals of elective services;
    - Sue Shillue notes that this was not consistent across other groups; Sue will share information from a webinar hosted by Brandeis University on the impact of health costs;
  - Increased costs are due to increased unit prices, rather than jump in utilization;
    - Sue Shillue informed Trust of GIC projected rate increases, with the average proposed increase at 5.8%; Sue notes that plan increases vary and are higher than previous years; GIC has attempted to keep increases within state benchmark of 3.6%;
    - John Petersen asks Sue to send .pdf of GIC rates for HIT comparable plans; context from prior years to be included to give expanded view for rate-setting;
  - Steve Barrett asks for clarification on low number of participants accounting for high percentage of costs and impact of stop-loss payments for remainder of FY21;

4. Fiscal FY22 rates & review of rate setting process

- FY22 relative monthly rates:
  - HMO - \$874 individual/\$2,111 family
  - HSA - \$717 individual/\$1,731 family
- John Petersen notes the importance of rate-setting guidance and documentation to assist future Trustees for consistent discussion year-over-year;
- Trustees agree that a specific document should be created as a condensed financial history of Trust so as to view context for current rate-setting discussions;
- Appendices of rate-setting document shows historical change data over time, to be updated with FY22 rates and change figures;
- Jim Snyder-Grant suggests an .xml or .csv file to be available to assist with rate-setting calculations, summary sheet; Trustees agree; document will be created and made available for download on Docushare; document to be updated once per year after vote of new rates;
- Reserve history document for prior fiscal years (currently FY12 – FY20), tables to be updated in May of each year;
- Rate-setting history data to be included and updated when new rate guidance is given by entities;
  - Sue Shillue will update with carrier recommended rates;
  - Trustees agree that rolling five-year trends are valuable, and will be included in the Excel formatted document;
  - Medex rates included for historical purposes;
- Margaret Dennehy suggests Trustees have time to analyze document and data; John Petersen notes that document is not subject to vote and can be altered and adjusted;
- Large Claims/Stop-Loss Discussion;
  - Not currently listed on guidance document;
  - Steve Noone is in process of developing a 5-year historical document; has looked closely at gross claims rather than stop-loss experience; will look at data isolated from overall experience due to distortion created (volatility, payment lag, etc.); elimination of laser claims can help factor out as much of stop-loss experience as possible with cleaner data; focus on differentiation;
  - Jim Snyder-Grant would like to understand what the typical variance of distribution of stop-loss events and a level of likelihood of variation outside that; rate setting is based on intuitive sense of position;
  - Margaret Dennehy notes that large claims/stop-loss is a way of life, but are seldom long-term in nature; traditional claims experience only would be ideal, but not realistic;
  - Steve Noone's research indicates that stop-loss claims are growing more rapidly than others, and are driven by drug costs rather than high

cost procedures; would like to explore other avenues that are more predictable to protect the Trust;

- Margaret Dennehy notes the presence of sensitive data for large claims reports, and detail should not be disseminated for documents;
- Sue Shillue suggests that a lower stop-loss level would create more predictability for the Trust;
- Trustees note significant expense to Trust related to large claims, and inquire if there are avenues to offset costs;
- BCBS stop-loss management is interested in controlling costs associated with large claims; does active management help reduce size of claims?
  - Self-insured vs. fully insured medical management should be the similar; risk management comes from contracting directly through BCBS; programs can be implemented to try and address costs (Trust and entities/bargaining); PBM changes are subject to collective bargaining; BCBS program allows for change to plan design based on reduced cost with manufacturer coupon;
  - Sue Shillue suggests that the Trust actively involve Marianne Fleckner (Town of Acton) and Marie Altieri (ABRSD) for items that impact costs; identify what is necessary to bargain and potential cost savings;
  - Item will be added to future Trust meeting; Sue Shillue will confirm where risk management services lie (BCBS and HPHC);
  - Credible pool size is typically 3,000; current pool is 1,000, and not credible until three years of experience is reached; volatility is a function of the size of the pool, and claims even out over time;

## 5. Selection of Auditor for FY21

- Margaret Dennehy has reached out to a colleague with an email for solicitation of an auditor with no replies; Bill Fraher's new firm has not replied to interest; Margaret and Dave Verdolino will work together to identify auditor candidates; Margaret will also reach out to the current auditor for SMHG and Minuteman and Suburban West;
- Current audit fees are approximately \$9,000; Steve Noone will reach out to a colleague for assistance;
- Dave Verdolino is a member of the Massachusetts Society of CPAs who have a pool of interested auditors; notes that it should be an RFP; inquires if Trust has documentation of when Bill Fraher was engaged initially; Dave will make changes and update as necessary, and will share back with the committee to ultimately send to interested parties;
- Sue Shillue suggests a survey of other groups that have also utilized Bill Fraher as auditor; will send a list of auditors utilized by other entities to Margaret;
- John Petersen suggests a quick RFP (Town of Northborough), and will share to Margaret and Dave for review;

- Steve Barrett notes the intriguing possibilities that exist with Sue's list, notes suggests Clifton Larson, current CARES Act Consultant, as well as Powers & Sullivan (current Town external auditor);

6. Trust Policies
  - No discussion of policies at present meeting; will be discussed at next meeting;
7. Agenda Items for April 2021, Meeting Calendar through June 2021;
  - RFP for Stop-Loss;
  - Rate Setting process discussion (Petersen will put together a workbook format);
  - Discussion of auditor;
  - No meeting necessary on March 25, 2021;
    - April 29, 2021 meeting is compatible with Stop-Loss decision on calendar;
  - Margaret Dennehy thanks the Chair for support in putting together rate-setting guideline
8. **Motion** to adjourn (Margaret Dennehy); second (Steve Noone); approved via unanimous roll-call vote; Adjourned at 11:02am by Chair;

**Handouts:**

Meeting Agenda  
Draft HIT Minutes – 2/4/2021  
Acton HIT January Monthly Cash Flow – Cook & Co.  
Draft Rate Setting Process – Acton HIT – March 4, 2021