

Approved minutes February 24th, 2011

The Trust met and discussed the (3) cash flow report, (4) adjust newly voted based insurance rates (if needed), (5) set discount from base rate for new/higher co-pays, (6) discuss having BC BS do required actuarial for mental health parity \$5733.

Attendees were: Bob Evans; chair, Mike Gowing; Sec., John Murray, John Petersen, Don Aicardi, Peter Savage and Tess Summers.

Meeting called to order at 8 AM.

Motion was made to approve the minutes by (BE), seconded by (JP) from the February 10, 2011 meeting: **approved unanimously.**

(3) A discussion was held about the cash flow from July, 2010 through February, 2011. Another positive month; a favorable variance overall of \$900,000 with Master Health Plus continuing to lose each month. All other plans continue to show a positive return.

(4) Two recommendations were presented to the board on rate-setting; One from John Petersen and the second from John Murray. Both agreed on the HMO offering and that budgets have nothing to do with rate-setting; the key sticking point is around Master Health Plus.

In John Petersen's presentation, he discussed the philosophy of rate-setting based on the small number of participants in a plan and why the sample rate was not great enough to accurately predict rate increases. His recommendation was to increase the time span and create a three-year, rolling average to help increase the sampling rate. He feels strongly that rate-setting should not be based on the actions of a single plan but a composite of all the plans offered. He also believes that the differentiation between procedural costs should be borne by an MHP enrollee, but not the entire price of the procedure. The reinsurers use lasers to isolate high-cost individuals -- the town should not laser their employees. Essentially, what is the social contract of the Trust? Our goal is to provide best healthcare for employees at a reasonable cost.

John Murray's position: rate setting has never been based on what the insurer charges per procedure. Moving people out of Master Health Plus is administration but not the job of the Trust. We decided long ago not to cross subsidize. If in fact MHP is losing money and we increase the charge to cover the cost, the consumer always has the option of moving out of the plan if the expense is too high. We keep the Trust fund balance high enough to offset sudden increases and absorb them. Are we ready to take a \$360,000 loss on Master Health Plus as that is where we're headed this year?

A motion was made by (JM)(and seconded by (MG)) to set the following rates -- set the rates for each plan, individual and family, to increase as follows: on Blue Care Elect: 4/8%, HMO Blue: 3/3%, Master Health Plus: 36/36%. On Medex, any savings in the prescription plan should come off the rate. After discussion, the vote was one "aye," (JM) four "nays," (MG)(BE)(TS)(JP) **motion failed**.

A motion was made by (JP)(and seconded by (MG)) to reduce the rates approved at the February 10, 2011 meeting by approximately 1 1/2% across the board to decrease the balance of the fund. After discussion of the March cash flow which showed an increase in the fund balance of \$230K since our initial rate-setting vote, the vote was three "aye," (JP)(TS)(MG)and two "nay." (JM)(BE)**Motion carried**.

This will, essentially, reduce the overall voted at the February 10 meeting to about 3 1/2% (from 5%). The group agreed to discuss the over arching philosophy of the Health Insurance Trust at a later date.

The next discussion revolved around the Medex prescription co-pays in both the schools and the town.

A motion was made by (JM) seconded by (MG) to move all the Medex rates that were set two weeks ago as follows: Medex prescription should change co-pay to be the closest to the standard plan (10/25/40 co-pay) and the monthly rate decreased by 10%. **Motion passed unanimously**.

After a discussion of the co-pays in both the schools and the town with regards to zero co-pay provision addition on preventative care (by law), it was estimated

that there is about a 1.6% difference in costs to the trust as the result of copay differences between the schools and the town.

A motion was made by (JP) (and seconded by (MG)) to set rates for active town employees (not Medex) at 2% less than the rates that we just voted. **Motion passed unanimously.**

(6) A motion was made by (BE) and seconded by (JM) to engage Blue Cross Blue Shield to do actuarial test for mental health parity act \$5733. **Motion passed unanimously.**

A question of translating the percentage changes into actual dollars (rates) for open enrollment came up. The rate-setting, notwithstanding, should be converted to dollars by John M., Don A., and Peter.

The next meeting date was set for March 24, 2011.

A motion to adjourn was made: **Motion unanimous.**

Respectfully submitted, Mike Gowing: Sec.