



## TOWN OF SHREWSBURY

Richard D. Carney Municipal Office Building  
100 Maple Avenue  
Shrewsbury, Massachusetts 01545-5398

September 15, 2015

To: Insurance Advisory Committee  
Interested Parties

From: Daniel J. Morgado

Re: West Suburban Health Group (WSHG) Steering Committee Meeting

Yesterday, the Steering Committee met in advance of a full WSHG Board meeting on September 24<sup>th</sup>.

There were several very important matters discussed which I will review with you in detail when the IAC next meets on Tuesday, September 29, 2015 at 3:00 PM in the Selectmen's Meeting Room.

The matters of importance fell into the categories of financial indicators of the WSHG, membership, plan design changes for FY 2017 and the Senior Plan renewal for calendar year 2016.

### Financial Indicators

The WSHG ended the fiscal year with a fund balance of \$5,951,989 (attached). It began the year with a fund balance of \$9,558,500, so the loss of fund balance was \$3,606,511. By way of comparison, the fund balance on June 30, 2013, was \$18,023,940. So in two years' time, the fund balance has dropped about \$12 Million. The primary reasons for this fund balance reduction were 1) use of fund balance to moderate premium rate increases; 2) expenses paid out that were not made part of rate setting process; and 3) higher than expected claims in some of the plans.

Through August 31, 2015, the fund balance has dropped another \$1.9 Million primarily due to the run out of claims for the Towns of Walpole, Ashland and Westwood that left the WSHG on June 30, 2015. WSHG is responsible to pay claims incurred prior to June 30, 2015, by subscribers of these communities but were not paid out until after July 1, 2015. If we end the fiscal year with a fund balance of \$3 Million or more, I will consider the fiscal year to be a success from a financial standpoint.

We reviewed large claims for Fiscal Year 2014 and Fiscal Year 2015 (attached). Large claims continue to be a draw on the fund balance and you will note one claim for Fiscal Year 2015 of

\$899,515. In total in Fiscal Year 2015, large claims cost the WSHG \$10.2 Million for a total of 38 claimants or \$267,690 per claimant.

You may recall that we are now operating under a new reinsurance program whereby the WSHG picks up the first \$300,000 of any claim. For losses of \$300,001 to \$800,000, the claim is paid from a pool of three Joint Purchase Groups (WSHG, Cape Cod & Minuteman Nashoba). For any losses above \$800,000, that is paid by an insurance policy. So in the case of the \$899,515 claim, the WSHG paid the first \$300,000, the reinsurance pool paid the next \$500,000 and the insurer paid \$99,515.

The Fallon plan offerings continue to do well (attached). Fallon ended Fiscal Year 2015 at a surplus and is showing a surplus after one month in Fiscal Year 2016. However, one month does not make year. For the first time, Fallon enrollment has grown greatly resulting for a change in contribution strategy by the Town of Wellesley which offers an incentive for employees to choose a Fallon plan. The change in Fallon enrollment from June to July is:

Month	# of Fallon Rate Saver Contracts		
	Individual	Family	Total
June	500	704	1204
July	696	1038	1734
Change	196	334	530

The question to be resolved is how this increase in membership, many of whom are former will affect the risk pool.

### Membership

As you recall, we lost about 20% of the enrollment in the WSHG resulting from the departure of Walpole, Ashland and Westwood.

Today, I learned that Natick has voted to accept G.L. c.32B, s.21-23 and Wayland is scheduled to act on this question on September 21<sup>st</sup>. Accordingly, I expect that these two communities will be leaving the WSHG for the GIC on July 1, 2016. If this does take place, I expect the impact to be very severe since the enrollment of both communities is very large and will further destabilize the non-Fallon plans.

In the case of Wayland, I am informed that the delta for employer cost between the WSHG and the GIC is about \$1.2 Million. In Shrewsbury's case the deltas between the WSHG and the GIC are far less:

Plan	Employer Cost	Employee/Retiree Cost	Total Cost
WSHG	\$8,736,106	\$3,885,114	\$12,621,220
GIC	\$8,711,806	\$4,107,269	\$12,819,075
Difference to WSHG	(\$24,300)	\$222,155	\$197,855

It is possible that other communities will leave the WSHG opting for the GIC, to go alone or join MIIA as did Walpole last year. I hope to get a full understanding of membership for FY 2017 at the full Board meeting.

### Plan Design Changes

The consensus of the meeting today is that the Benchmark Plans need to keep pace with the new GIC deductibles and co-pays. Also, that membership in the Rate Saver plans be closed to new members on June 30, 2016 and that the Rate Saver plans get phased out probably on July 1, 2017.

There may also be changes to the Harvard Pilgrim PPO plan and the Tufts Navigator Rate Saver EPO but those plans have very limited Shrewsbury participation (a total of 12 contracts). You can expect that the out of pocket maximums will be increased for the Fallon plans as we discussed last year. Fallon is at \$1,000/\$2,000 when everyone else is at \$2,000/\$4,000. I have also inquired about the continuation of the dental benefit.

The entire matter of plan design will be reviewed in great detail on September 24<sup>th</sup>.

### Senior Plan Renewal

I expect that the Senior (Medicare eligible) plans will renew as follows:

Plan	CY 2015	CY 2016	Change	Percent
Medex II	\$340.00	TBA		
Managed Blue for Seniors	\$295.63	TBA		
Fallon Senior	\$299.00	\$322.00	\$23.00	7.7%
Tufts Medicare Prime Supplement	\$330.00	\$342.00	\$12.00	3.6%
Tufts Medicare Preferred HMO	\$262.00	\$267.00	\$5.00	1.9%
Harvard-Pilgrim Medicare Enhanced	\$328.33	\$342.00	\$13.67	4.2%

Plan design will change based upon Fallon's requirements of:

- ER co-payment from \$50 to \$75
- Retail Rx from \$10/25/50 to \$10/30/65
- Mail Order Rx from \$20/50/100 to \$20/60/\$162.50
- Part D limits are modified to keep pace with Federal law.

I will send to you a full proposal and report after the September 24<sup>th</sup> Board meeting.

Please advise with any questions.

Cc Union/Association Presidents  
Patrick Collins  
Barbara Malone  
Michael Hale

Kristen Las  
Carolyn Marcotte  
Mary Thompson  
Christine Fowler  
Paula Brady

WEST SUBURBAN HEALTH GROUP

SUMMARY OF ACTIVITY - CUMULATIVE ACCRUAL

FY 2016

	CUMULATIVE						
	FY 2013	FY 2014	Delta	FY 2015	Delta	FY 2016	FY 2016
	June	June		June		July	August
	<u>06/30/13</u>	<u>06/30/14</u>		<u>06/30/15</u>		<u>07/31/15</u>	<u>08/31/15</u>
Fund Balance Beginning of year	22,771,078	18,023,940	(4,747,138)	9,558,500	(8,465,440)	5,951,989	5,951,989
Fund Balance end of month	18,023,940	9,558,500	(8,465,440)	5,951,989	(3,606,511)	4,937,232	4,056,928
Increase (decrease) in Fund Balance	(4,747,138)	(8,465,440)	(3,718,302)	(3,606,511)	4,858,929	(1,014,757)	(1,896,061)
<b>REVENUE:</b>							
Member Assessment	121,835,836	127,080,569	5,244,733	134,314,479	7,233,910	9,756,946	19,423,579
<b>EXPENSES:</b>							
Self insured claims:							
Tufts, HP, Fallon	91,924,021	99,318,317	7,394,296	101,968,135	2,649,818	7,863,347	15,634,185
BCBS	19,865,478	19,287,336	(578,142)	15,189,928	(4,097,408)	-	-
LMD BCBS	-	-	-	-	-	1,202,800	2,405,600
Total Claims	111,789,499	118,605,653	6,816,154	117,158,063	(1,447,590)	9,066,147	18,039,785
COBRA reimbursement (add back)	(375,245)	(257,765)	117,480	(328,370)	(70,605)	(16,989)	(32,541)
Reinsurance Recoveries (add back)	(362,614)	(706,073)	(343,459)	(1,504,419)	(798,346)	-	-
Claims net of Reimbursements	111,051,640	117,641,815	6,590,175	115,325,274	(2,316,541)	9,049,158	18,007,244
Premiums Paid	7,070,860	9,610,577	2,539,717	12,514,531	2,903,954	1,218,177	2,433,317
Total Claims & Premiums net of reimbursements	118,122,500	127,252,392	9,129,892	127,839,805	587,413	10,267,335	20,440,561
Member Assessments over Claims & Premiums	3,713,336	(171,823)	(3,885,159)	6,474,674	6,646,497	(510,389)	(1,016,982)
Other expenses and income:							
Administrative expenses - Providers & GBS	5,827,406	5,556,640	(270,766)	5,400,006	(156,634)	108,007	217,500
Reinsurance Premiums	697,092	807,483	110,391	2,157,926	1,350,443	158,773	316,450
Retiree Drug Subsidy 2008 Distribution	1,353,785	-	(1,353,785)	-	-	-	-
Increase in Unpaid Claims	-	540,255	-	-	(540,255)	-	-
Transitional Reins Contribution	-	-	-	862,097	862,097	-	-
Accounting, Legal, Misc, other*	2,067,166	2,310,638	243,472	1,905,591	(405,047)	164,868	225,833
Total Administrative costs	9,945,449	9,215,016	(1,270,688)	10,325,620	1,110,604	431,648	759,783
	(6,232,113)	(9,386,839)	(2,614,471)	(3,850,946)	5,535,893	(942,037)	(1,776,765)
Retiree Drug Subsidy	1,227,473	626,028	(601,445)	96,092	(529,936)	-	-
Medicare Reimbursement	-	-	-	-	-	-	-
Interest earned on investments & MV adjust	257,502	295,371	37,869	148,343	(147,028)	(72,721)	(119,296)
Net Gain (Loss) YTD	(4,747,138)	(8,465,440)	(3,178,047)	(3,606,511)	4,858,929	(1,014,758)	(1,896,061)
Change in IBNR	-	-	-	-	-	-	-
Increase (decrease) in Fund Balance	(4,747,138)	(8,465,440)	(3,178,047)	(3,606,511)	4,858,929	(1,014,758)	(1,896,061)

WEST SUBURBAN HEALTH GROUP

SUMMARY OF ACTIVITY - MONTHLY ACCRUAL

FY 2016

\*Using Unaudited June 2015 FB

	Monthly	
	July	August
FUND BALANCE-END JULY & monthly change	4,937,232	(881,304)
Increase/(Decrease)from prior month	(1,014,757)	1,251,184
Member Assessment	9,756,946	9,666,633
Invest (Net of MV)	(72,721)	(46,575)
RDS	-	-
<b>MONTHLY REVENUE</b>	<b>9,684,225</b>	<b>9,620,058</b>
Claims	9,066,147	8,973,638
Premiums	1,218,177	1,215,140
Reimb. (COBRA & Reins Recoveries)	(16,989)	(15,552)
	10,267,335	10,173,226
Admin Costs	431,648	328,135
<b>MONTHLY EXPENSES</b>	<b>10,698,983</b>	<b>10,501,361</b>
<b>Increase(Decrease) Fund Bal</b>	<b>(1,014,758)</b>	<b>(881,303)</b>

**WEST SUBURBAN HEALTH GROUP**  
**Report of Excess Stop-Loss Claims**

ACCOUNT NAME: WEST SUBURBAN HEALTH GROUP  
 REINSURANCE CARRIER: MMRA / Berkley Life & Health Ins.  
 POLICY DATES: 07/01/14 - 06/30/15  
 PAID DATES: 07/01/14 06/30/16  
 STOP LOSS DEDUCTIBLE: MMRA reimburses claims between \$300,000 & \$800,000 / above \$800,000 Berkley reimburses  
**Excess Claims**

**PAID THROUGH JULY 2015**

*Claims last updated 09/02/15*

*reimbursements since 06/16/15*

Carrier	Dep#	Previous Month Total Claims	Additions/ Deletions	Updated Total Paid Claims	Policy Year Deductible	Excess Amt	Previously Reported Reimbursements	New Reimbursements	Total Reimbursements	Outstanding Reimbursements	Plan	Notes
THP	0	\$ 423,481.00	\$ -	\$ 423,481.00	\$ 300,000.00	\$ 123,481.00	\$ 78,852.99	\$ 42,163.36	\$ 121,016.35	\$ 2,464.65	THPRS	terminated 4/17/15
HPHC	1	\$ 302,990.00	\$ 2,191.00	\$ 305,181.00	\$ 300,000.00	\$ 5,181.00	\$ 5,455.04	\$ -	\$ 5,455.04	\$ (274.04)	HPHRS	fy14 excess fy14 excess
FCHP	1	\$ 390,756.00	\$ 57,802.00	\$ 448,558.00	\$ 300,000.00	\$ 148,558.00	\$ -	\$ 90,756.16	\$ 90,756.16	\$ 57,801.84	FSC RS	fy12 50%, fy13, fy14 excess
HPHC	3	\$ 340,828.00	\$ 1,246.92	\$ 342,074.92	\$ 300,000.00	\$ 42,074.92	\$ -	\$ 40,828.08	\$ 40,828.08	\$ 1,246.84	HPHRS	
HPHC	0	\$ 216,763.00	\$ 238,794.00	\$ 455,557.00	\$ 300,000.00	\$ 155,557.00	\$ -	\$ -	\$ -	\$ 155,557.00	HPHRS	deceased 5/31/15
HPHC	1	\$ 152,776.00	\$ 746,739.00	\$ 899,515.00	\$ 300,000.00	\$ 599,515.00	\$ -	\$ -	\$ -	\$ 599,515.00	HPHRS	
THP	1	\$ 299,697.00	\$ 3,038.00	\$ 302,735.00	\$ 300,000.00	\$ 2,735.00	\$ -	\$ -	\$ -	\$ 2,735.00	THP EPO	
BCBS	0	\$ 299,103.00	\$ 2,957.38	\$ 302,060.38	\$ 300,000.00	\$ 2,060.38	\$ -	\$ -	\$ -	\$ 2,060.38	NWB RS	fy14 50%
HPHC	1	\$ 296,922.00	\$ 43,144.19	\$ 340,066.19	\$ 300,000.00	\$ 40,066.19	\$ -	\$ -	\$ -	\$ 40,066.19	HPHRS	Term 6/30/15
HPHC	3	\$ -	\$ 593,103.00	\$ 593,103.00	\$ 300,000.00	\$ 293,103.00	\$ -	\$ -	\$ -	\$ 293,103.00	HPHRS	Term 6/30/15
FHP	0	\$ 214,687.00	\$ 95,070.00	\$ 309,757.00	\$ 300,000.00	\$ 9,757.00	\$ -	\$ -	\$ -	\$ 9,757.00	FSC RS	fy13, fy14 50%
		<b>\$ 2,938,003.00</b>	<b>\$ 1,784,085.49</b>	<b>\$ 4,722,088.49</b>		<b>\$ 1,422,088.49</b>	<b>\$ 84,308.03</b>	<b>\$ 173,747.60</b>	<b>\$ 258,055.63</b>	<b>\$ 1,164,032.86</b>		

11 claimants

**WEST SUBURBAN HEALTH GROUP**  
**Report of Claims at 50%+**

ACCOUNT NAME: WEST SUBURBAN HEALTH GROUP  
 REINSURANCE CARRIER: MMRA / Berkley Life & Health Ins.  
 POLICY DATES: 07/01/14 - 06/30/15  
 PAID DATES: 07/01/14 06/30/16  
 STOP LOSS DEDUCTIBLE: MMRA reimburses claims between \$300,000 & \$800,000 / above \$800,000 Berkley reimburses

**PAID THROUGH JULY 2015**

*Claims last updated 09/02/15*

Carrier	Dep#	Previous Month Total Claims	Additions/ Deletions	Updated Total Paid Claims	Plan Type	
HPHC	0	\$ 177,093.00	\$ -	\$ 177,093.00	HPHRS	deceased 10/13/14
HPHC	1	\$ 273,982.00	\$ 10,967.00	\$ 284,949.00	HPHRS	fy11 50%
HPHC	2	\$ 200,445.00	\$ 65.00	\$ 200,510.00	HPHRS	
HPHC	0	\$ 223,866.00	\$ 20,714.00	\$ 244,580.00	HPHRS	
HPHC	0	\$ 223,512.00	\$ 34,735.00	\$ 258,247.00	HPHRS	Term 6/30/15
HPHC	0	\$ 191,551.40	\$ 8,157.60	\$ 199,709.00	HPHRS	deceased 12/31/14
HPHC	1	\$ 271,528.00	\$ 2,103.00	\$ 273,631.00	HPHRS	fy06, fy11, fy13, fy14 excess, /:
HPHC	0	\$ 217,739.00	\$ 4,373.00	\$ 222,112.00	HPHRS	deceased 2/27/15
BCBS	3	\$ 168,372.00	\$ 14,653.00	\$ 183,025.00	NWB RS	fy14 excess
HPHC	1	\$ 188,303.00	\$ 67,490.00	\$ 255,793.00	HPHRS	fy14 excess
HPHC	1	\$ 156,341.00	\$ 1,060.00	\$ 157,401.00	HPHRS	
FHP	0	\$ 181,220.00	\$ (9,333.00)	\$ 171,887.00	FSC RS	deceased 3/13/15
FHP	0	\$ 163,340.00	\$ 5,282.00	\$ 168,622.00	FSC RS	
HPHC	0	\$ 158,389.00	\$ 2,402.00	\$ 160,791.00	HPHRS	deceased 3/15/15
HPHC	0	\$ 250,678.00	\$ 13,119.00	\$ 263,797.00	HPHRS	deceased 2/26/15
HPHC	0	\$ 174,433.80	\$ 13,045.15	\$ 187,478.95	HPHRS	deceased 5/3/16
THP	0		\$ 188,131.74	\$ 188,131.74	TERS	Term 6/30/15
FHP	0		\$ 152,342.00	\$ 152,342.00	FSC RS	
HPHC	1		\$ 153,923.00	\$ 153,923.00	HPHRS	
HPHC	0		\$ 211,032.00	\$ 211,032.00	HPHRS	fy12, FY13 50%
HPHC	0		\$ 155,417.00	\$ 155,417.00	HPHRS	fy14 50%
HPHC	2		\$ 200,165.00	\$ 200,165.00	HPHRS	
HPHC	0		\$ 189,545.00	\$ 189,545.00	HPHRS	fy14 50%
HPHC	0		\$ 216,807.70	\$ 216,807.70	HPPO	
THP	1		\$ 161,070.00	\$ 161,070.00	TERS	
FHP	1		\$ 167,753.00	\$ 167,753.00	FSC RS	
FHP	2		\$ 244,313.00	\$ 244,313.00	FSC RS	
		<b>\$ 3,220,793.20</b>	<b>\$ 2,229,332.19</b>	<b>\$ 5,450,125.39</b>		

27 claimants

WEST SUBURBAN HEALTH GROUP  
Report of Excess Stop-Loss Claims

ACCOUNT NAME: WEST SUBURBAN HEALTH GROUP  
REINSURANCE CARRIER: Blue Cross Blue Shield  
POLICY DATES: 07/01/13 - 06/30/14  
PAID DATES: 07/01/13- 06/30/15  
STOP LOSS DEDUCTIBLE: \$300,000  
Excess Claims

PAID THROUGH JUNE 2015

Claims last updated 07/30/15

Claims Applied  
to Agg. Spec.  
Prem.

reimbursements since 06/16/15

Carrier	Dep#	Previous Month Total Claims	Additions/ Deletions	Updated Total Paid Claims	Policy Year Deductible	Excess Amt	Claims Applied to Agg. Spec. Prem. (\$500,000)	Previously Reported Reimbursements	New Reimbursements	Total Reimbursements	Outstanding Reimbursements	Plan	Notes
THP	0	\$ 338,580.53	\$ (7,225.71)	\$ 331,354.82	\$ 300,000.00	\$ 31,354.82	\$ 13,263.00	\$ 25,112.00	\$ -	\$ 25,112.00	\$ (7,020.18)	TERS	fy11 50%
HPHC	0	\$ 589,410.51	\$ -	\$ 589,410.51	\$ 300,000.00	\$ 289,410.51	\$ 289,410.00	\$ -	\$ -	\$ -	\$ 0.51	HPHC RS	deceased 8/29/13
HPHC	2	\$ 436,929.31	\$ 5.37	\$ 436,934.68	\$ 300,000.00	\$ 136,934.68	\$ 130,058.00	\$ 6,822.43	\$ -	\$ 6,822.43	\$ 54.25	HPHC RS	
HPHC	1	\$ 612,114.52	\$ (0.01)	\$ 612,114.51	\$ 300,000.00	\$ 312,114.51	\$ -	\$ 315,681.46	\$ -	\$ 315,681.46	\$ (3,566.95)	HPHC RS	
FCHP	1	\$ 476,355.70	\$ -	\$ 476,355.70	\$ 300,000.00	\$ 176,355.70	\$ 65,209.00	\$ 111,146.65	\$ -	\$ 111,146.65	\$ 0.05	FCHP SC	fy12 50%, fy13 exces:
HPHC	0	\$ 425,037.24	\$ -	\$ 425,037.24	\$ 300,000.00	\$ 125,037.24	\$ -	\$ 125,037.24	\$ -	\$ 125,037.24	\$ -	HEPO RS	deceased 9/30/14
HPHC	0	\$ 538,285.12	\$ 168.73	\$ 538,453.85	\$ 300,000.00	\$ 238,453.85	\$ -	\$ 238,246.60	\$ -	\$ 238,246.60	\$ 207.25	HEPO RS	deceased 7/10/14
BCBS	3	\$ 467,571.07	\$ (1,174.07)	\$ 466,397.00	\$ 300,000.00	\$ 166,397.00	\$ 2,061.00	\$ 165,509.82	\$ -	\$ 165,509.82	\$ (1,173.82)	NWB RS	
HPHC	0	\$ 343,819.43	\$ -	\$ 343,819.43	\$ 300,000.00	\$ 43,819.43	\$ -	\$ 43,819.43	\$ -	\$ 43,819.43	\$ -	HEPO RS	deceased 4/14/14
HPHC	1	\$ 484,867.07	\$ 448.11	\$ 485,315.18	\$ 300,000.00	\$ 185,315.18	\$ -	\$ 185,522.56	\$ -	\$ 185,522.56	\$ (207.38)	HEPO RS	fy06, fy11, fy13 exces
HPHC	1	\$ 315,118.34	\$ 1,013.71	\$ 316,132.05	\$ 300,000.00	\$ 16,132.05	\$ -	\$ 15,118.35	\$ -	\$ 15,118.35	\$ 1,013.70	HEPO RS	
HPHC	1	\$ 479,722.02	\$ -	\$ 479,722.02	\$ 300,000.00	\$ 179,722.02	\$ -	\$ 175,499.59	\$ -	\$ 175,499.59	\$ 4,222.43	HPPO	
		<u>\$ 5,507,810.86</u>	<u>\$ (6,763.87)</u>	<u>\$ 5,501,046.99</u>			<u>\$ 1,901,046.99</u>	<u>\$ 500,001.00</u>	<u>\$ 1,407,516.13</u>	<u>\$ -</u>	<u>\$ 1,407,516.13</u>	<u>\$ (6,470.14)</u>	
							<u>\$ (500,000.00)</u>				<u>\$ 1.00</u>		
							<u>\$ 1.00</u>				<u>\$ (6,469.14)</u>		

12 claimants

**WEST SUBURBAN HEALTH GROUP**  
**Report of Claims at 50%+**

ACCOUNT NAME: WEST SUBURBAN HEALTH GROUP  
 REINSURANCE CARRIER: Blue Cross Blue Shield  
 POLICY DATES: 07/01/13 - 06/30/14  
 PAID DATES: 07/01/13- 06/30/15  
 STOP LOSS DEDUCTIBLE: \$300,000

**PAID THROUGH JUNE 2015**

*Claims last updated 07/30/15*

Carrier	Dep#	Previous Month Total Claims	Additions/ Deletions	Updated Total Paid Claims	ICD9 Plan Type	
THP	0	\$ 164,145.90	\$ -	\$ 164,145.90	THP RS	<i>deceased 12/31/13</i>
THP	0	\$ 168,070.23	\$ -	\$ 168,070.23	THP RS	<i>deceased 11/19/13</i>
FCHP	0	\$ 210,677.75	\$ -	\$ 210,677.75	FCHP SC	<i>deceased 3/13/15</i>
HPHC	1	\$ 215,161.35	\$ -	\$ 215,161.35	HEPO RS	
HPHC	0	\$ 271,814.24	\$ -	\$ 271,814.24	HEPO RS	<i>deceased 12/1/14</i>
HPHC	0	\$ 209,055.11	\$ (145.73)	\$ 208,909.38	HEPO RS	<i>termed 4/30/15</i>
FCHP	0	\$ 273,088.62	\$ -	\$ 273,088.62	FCHP SC	
BCBS	1	\$ 200,902.49	\$ (26,057.69)	\$ 174,844.80	NWB RS	<i>termed 7/31/14</i>
BCBS	0	\$ 165,102.63	\$ -	\$ 165,102.63	NWB	<i>deceased 1/17/14</i>
HPHC	0	\$ 162,224.60	\$ -	\$ 162,224.60	HEPO	<i>deceased 9/11/14</i>
HPHC	1	\$ 243,260.53	\$ -	\$ 243,260.53	HEPO RS	
HPHC	1	\$ 186,550.75	\$ -	\$ 186,550.75	HEPO RS	
HPHC	0	\$ 197,104.49	\$ -	\$ 197,104.49	HEPO RS	
HPHC	0	\$ 210,490.94	\$ -	\$ 210,490.94	HEPO RS	<i>term 6/30/15</i>
HPHC	0	\$ 189,895.71	\$ -	\$ 189,895.71	HEPO RS	
HPHC	0	\$ 260,808.13	\$ (26.45)	\$ 260,781.68	HEPO RS	<i>deceased 2/26/15</i>
HPHC	0	\$ 258,530.27	\$ (1,938.33)	\$ 256,591.94	HEPO RS	<i>deceased 5/31/15</i>
HPHC	0	\$ 201,079.66	\$ (110.31)	\$ 200,969.35	HEPO RS	
FCHP	1	\$ 188,521.93	\$ -	\$ 188,521.93	FCHP SC	
HPHC	0	\$ 257,886.65	\$ 1,406.94	\$ 259,293.59	HEPO RS	
BCBS	1	\$ 200,132.79	\$ (3,643.87)	\$ 196,488.92	NWB RS	
THP	0	\$ 163,352.21	\$ 1,856.22	\$ 165,208.43	THP RS	<i>deceased 9/30/14</i>
FCHP	0	\$ 193,706.30	\$ -	\$ 193,706.30	FCHP SC	
FCHP	0	\$ 240,559.31	\$ -	\$ 240,559.31	FCHP SC	
HPHC	0	\$ 178,304.33	\$ -	\$ 178,304.33	HEPO RS	
HPHC	0	\$ 194,632.90	\$ -	\$ 194,632.90	HEPO RS	
HPHC	0	\$ 196,071.38	\$ -	\$ 196,071.38	HEPO RS	
HPHC	1	\$ 169,193.08	\$ -	\$ 169,193.08	HEPO RS	<i>deceased 4/24/14</i>
HPHC	1	\$ 158,363.48	\$ (302.28)	\$ 158,061.20	HEPO RS	
THP	0	\$ 150,296.93	\$ -	\$ 150,296.93	THP RS	
BCBS	0	\$ 242,189.15	\$ (1,324.34)	\$ 240,864.81	NWB RS	
HPHC	3	\$ 207,631.61	\$ -	\$ 207,631.61	HEPO RS	
HPHC	0	\$ 183,849.20	\$ (14,656.12)	\$ 169,193.08	HEPO RS	<i>deceased 10/13/14</i>
HPHC	0	\$ 251,170.12	\$ -	\$ 251,170.12	HEPO RS	
HPHC	0	\$ 191,438.93	\$ -	\$ 191,438.93	HEPO RS	
HPHC	1	\$ 157,751.71	\$ -	\$ 157,751.71	HEPO RS	<i>term 6/30/15</i>
		<b>\$ 7,313,015.41</b>	<b>\$ (44,941.96)</b>	<b>\$ 7,268,073.45</b>		

37 claimants

**GROUP BENEFITS STRATEGIES  
WEST SUBURBAN HEALTH GROUP**

July, 2015

**FUNDING RATE ANALYSIS BY PLAN - Policy Year 7/1/14 - 6/30/15**

(Analysis for 12-mos., 7/14-6/15)

**FUNDING ANALYSIS SUMMARY FOR SELF-FUNDED HEALTH PLANS**

<u>HEALTH PLAN</u>	<u>Estimated Funding (rates x enrollments)</u>	<u>Estimated Plan * NET Costs</u>		<u>Estimated Funding Surplus/(Shortfall)</u>
Harvard Pilgrim Rate Saver/Benchmark	64,762,522	68,288,606	105.4%	(\$3,526,084)
Harvard Pilgrim PPO	1,179,252	1,625,195	137.8%	(\$445,943)
BCBS Network Blue Rate Saver/Benchmark	13,104,366	12,215,087	93.2%	\$889,279
Fallon EPO Rate Saver	15,625,913	15,469,566	99.0%	\$156,347
Fallon EPO Benchmark	678,677	315,607	46.5%	\$363,070
Tufts Rate Saver/Benchmark	22,762,598	22,239,845	97.7%	\$522,753
Tufts POS	73,044	26,794	36.7%	\$46,250
HPHC Medicare Enhance	2,715,899	2,777,420	102.3%	(\$61,521)
BCBS Medex	3,353,615	3,077,023	91.8%	\$276,592
	\$ 124,255,886	\$ 126,035,142		(\$1,779,257)

% COSTS/FUNDING:

101.4%

Retiree Drug Subsidy payments to date based on Plan Year Incurred:

**FY07-08**  
**\$2,709,600.85**  
**FINAL**

**FY09**  
**\$1,411,545.85**  
**FINAL**

**FY10**  
**\$1,375,702.09**  
**FINAL**

**CY11\*\***  
**\$2,056,645.42**  
**FINAL**

**CY12**  
**\$1,160,328.00**  
**FINAL**

**CY13**  
**\$1,218,298.42**  
**FINAL**

\*\*Includes 7/1/10-12/31/10  
\$655,536.02  
1/1/11-12/31/11  
\$1,357,259.41

NOTES:

\* NET Costs include paid claims, carrier administration, reinsurance premium, and reinsurance reimbursements.

Other "Program Costs" such as GBS Management fee, GBS COBRA fee, WSHG Treasurer and Assistant Treasurer fees, Claims Audit fee, and legal and miscellaneous costs are not included in the above analysis.

\*\* Plan year changed from fiscal year to calendar year on 1/1/2011.

**GROUP BENEFITS STRATEGIES  
WEST SUBURBAN HEALTH GROUP**

September, 2015

**FUNDING RATE ANALYSIS BY PLAN - Policy Year 7/1/14 - 6/30/15**

(Analysis for 1-mos., 7/15)

**FUNDING ANALYSIS SUMMARY FOR SELF-FUNDED HEALTH PLANS**

<u>HEALTH PLAN</u>	<u>Estimated Funding (rates x enrollments)</u>	<u>Estimated Plan * NET Costs</u>		<u>Estimated Funding Surplus/(Shortfall)</u>
Harvard Pilgrim Rate Saver/Benchmark	4,045,530	4,777,393	118.1%	(\$731,863)
Harvard Pilgrim PPO	66,772	132,222	198.0%	(\$65,450)
BCBS Network Blue Rate Saver/Benchmark	844,975	969,239	114.7%	(\$124,264)
Fallon EPO Rate Saver	2,119,019	1,754,404	82.8%	\$364,615
Fallon EPO Benchmark	84,628	31,474	37.2%	\$53,154
Tufts Rate Saver/Benchmark	1,376,461	1,438,905	104.5%	(\$62,444)
HPHC Medicare Enhance	175,980	182,086	103.5%	(\$6,106)
BCBS Medex	234,084	281,166	120.1%	(\$47,082)
	\$ 8,947,449	\$ 9,566,890		(\$619,441)

% COSTS/FUNDING:

**106.9%**

Retiree Drug Subsidy payments to date based on Plan Year Incurred:

**FY07-08**  
**\$2,709,600.85**  
**FINAL**

**FY09**  
**\$1,411,545.85**  
**FINAL**

**FY10**  
**\$1,375,702.09**  
**FINAL**

**CY11\*\***  
**\$2,056,645.42**  
**FINAL**

**CY12**  
**\$1,160,328.00**  
**FINAL**

**CY13**  
**\$1,218,298.42**  
**FINAL**

\*\*Includes 7/1/10-12/31/10  
\$655,536.02  
1/1/11-12/31/11  
\$1,357,259.41

NOTES:

\* NET Costs include paid claims, carrier administration, reinsurance premium, and reinsurance reimbursements.

Other "Program Costs" such as GBS Management fee, GBS COBRA fee, WSHG Treasurer and Assistant Treasurer fees, Claims Audit fee, and legal and miscellaneous costs are not included in the above analysis.

\*\* Plan year changed from fiscal year to calendar year on 1/1/2011.

**WEST SUBURBAN HEALTH GROUP**

<b><u>Fully Insured Senior Plans</u></b>	<b><u>CY15 Rates</u></b>	<b><u>CY16 Proposed Rates</u></b>	<b><u>Percent Increase</u></b>
Managed Blue for Seniors	\$ 295.63	not received	N/A
Fallon Senior Plan	\$ 299.00	\$ 322.00 *	7.7%
Tufts Medicare Prime Supplement	\$ 330.00	\$ 342.00	3.6%
Tufts Medicare Preferred HMO	\$ 262.00	\$ 267.00	1.9%

**\* Plan design changes for Fallon Senior plan**

ER co-pay goes from \$50 to \$75 for CY16;

Retail Rx co-pays go from \$10/25/50 to \$10/30/65;

Mail Order Rx co-pays go from \$20/50/100 to \$20/60/162.50.

## Carol Cormier

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**From:** Cannon, Robert [Robert.Cannon@fchp.org]  
**Sent:** Wednesday, September 09, 2015 3:13 PM  
**To:** ccormier@gbs-consult.com  
**Subject:** 2016 Fallon Senior Plan HMO renewal with West Suburban Health Group (WSHG)  
**Attachments:** EGWP16 Admin Guidelines SP MAPD 20150901.pdf; WSHG EGWP16 RWi0 HMO SP 20150908.pdf; \_Certification\_.htm

Good afternoon Carol,

I hope you are well and getting ready for a busy Fall Season. It would seem that Summer passes all too quickly each year.

Thank you in advance for your continued support for Fallon Senior Plan HMO with our mutual clients. I appreciate your diligence and efforts on their behalf and for me as well. Below is information pertinent to the 2016 Medicare HMO renewal for this client.

### **Medicare HMO** summary information for January 1, 2016:

- ✓ The 2015 plan will no longer be available. The 2016 plan is similar and with changes noted below as well as on the renewal documents.
  - ✓ The plan premium is changing from \$299 pmpm to **\$322** pmpm.
  - ✓ This is a 7.7% increase over 2015. The premium increase is driven by overall medical and Rx cost increases.
  - ✓ The ER copayment is changing from **\$50 to \$75** per visit.
  - ✓ The retail Rx copayments are changing from **\$10/25/50 to \$10/30/65**.
  - ✓ The Mail Order Rx copayments are changing from **\$20/50/100 to \$20/60/\$162.50 (2x, 2x, 2.5x the retail)**
  - ✓ The Part D Rx catastrophic values have been updated in compliance with CMS.
- ✓ *Please note that premiums charged for these HMO plans are based on plan design utilization and not client specific experience.*

I will be glad to speak about the renewal with the WSHG group as we do each year. Upon renewal completion I will queue up the group members to receive their annual notice documents, usually for mid-Autumn. Of course, if you have any questions or suggestions, please do not hesitate to contact me directly. Thank you once again. I look forward to working with you during the upcoming renewal season.

With regards and best wishes for good health!  
Bob C

Robert Cannon / Medicare Account Manager  
Fallon Community Health Plan / 10 Chestnut Street / 5th floor / Worcester, MA 01608  
Ph: 508-368-9532 / Fx: 508-831-0912 / Toll Free: 1-800-333-2535 Ext 69532  
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Fallon Health is the leading health care services organization that supports the diverse and changing needs of those it serves. In addition to providing innovative health insurance solutions for businesses and consumers, and a variety of Medicaid and Medicare products, we excel in unique health care programs and services that

**GROUP BENEFITS STRATEGIES  
WEST SUBURBAN HEALTH GROUP**

**HPHC Medicare Enhance ANTICIPATED CLAIMS AND PROJECTED RATES FOR CALENDAR YEAR 2016**

<b>Medicare Enhance with PDP - GBS projections</b>	<u>8/13-7/14</u>	<u>8/14-7/15</u>
Medicare Enhance expected Medical Claims/contract/mo.:	\$ 107.40	\$ 151.26
Trended thru 12/2016 (3% annualized trend for 29/17 mos.)	\$ 118.69	\$ 157.83
Weights used:	30%	70%
<b>GBS Expected Medicare Enhance claims/mo. CY16</b>	\$ 146.09	
HPHC Proposed Administrative Fee, CY16 (1.5% increase):	\$ 33.47	
Est. GBS fee, CY16:	\$ 4.25	
<b>GBS- Proposed funding rate for Medical + Fee, CY16:</b>	<b>\$ 183.81</b>	
AETNA Medicare Part D premium, CY16 (3.0% increase):	\$ 158.00	
<b>GBS's proposed full funding rate, CY16:</b>	<b>\$ 341.81</b>	4.1% increase over CY15 rate

<b>Medicare Enhance with PDP - HPHC projections</b>		
Medicare Enhance expected Medical claims/contract/mo. CY16:	\$ 137.94	2.8% Annualized Trend
HPHC Proposed Administrative Fee, CY 16 (1.5% increase):	33.47	
Est. GBS fee, CY16:	4.25	
<b>HPHC-Proposed funding rate for Medical + Fees, CY16 :</b>	<b>\$ 175.66</b>	
MEDICARE PART D/AETNA Part D Premium, CY16 (3.0% increase)	\$ 158.00	
<b>HPHC 's proposed full funding rate, CY16:</b>	<b>\$ 333.66</b>	1.6% increase over CY15 rate

Current (CY15) Full funding rate, CY15 \$ 328.33