



Town of Shrewsbury

MASSACHUSETTS 01545-5398

September 25, 2015

To: Insurance Advisory Committee (IAC)

From: Daniel J. Morgado

Re: Next Meeting

The IAC will meet on **Tuesday, September 29, 2015 at 3:00 PM** in the Selectmen's Meeting Room to consider the following:

AGENDA

1. Call to Order.
2. Introductions.
3. Reorganization of the Committee
4. Accept minutes of February 25, 2015 (attached).
5. Status Report on the flexible spending program. – Ms. Fowler
 - a. Membership
 - b. Increase of maximum annual employee contribution to the Medical/Dental FSA from \$2,500 to \$2,550.
 - c. On-line enrollment
 - d. Rollover option
6. Report of the Town Manager (see memos with attachments of September 15, 2015 and September 25, 2015 sent under separate cover)
7. Presentation by the Town Manager of the proposal for the Medicare Eligible Retiree HIP renewal for calendar 2016.
8. Action of the Insurance Advisory Committee relative to a recommendation regarding the Medicare Eligible Retiree HIP renewal for calendar 2016 (draft letter attached).
9. Set Next Meeting Date
10. Adjourn.

Please advise with any questions.

Cc Union/Association Presidents
Interested Parties
Michael Hale
Carolyn Marcotte
Mary Thompson
Kristen Las
Christine Fowler
Barbara Malone
Patrick Collins
Paula Brady
Carol Cormier
Jason Fortin
William Hickey

Referenced materials

Minutes of February 25, 2015

Memo with attachments from Daniel Morgado dated September 15, 2015

Memo with attachments from Daniel Morgado dated September 25, 2015

Draft Letter dated September 29, 2015

**Insurance Advisory Committee
February 25, 2015
Selectmen's Meeting Room**

PRESENT:

Member(s)	Organization(s)
David Hodgerney (Chairman)	Firefighters & Fire Captains (IAFF)
Larry Leone; Keith Baldinger	Public Works (SEIU) Custodians (AFSCME)
Brian Liporto; Noreen Christie	Shrewsbury Education Association (MTA) Shrewsbury Paraprofessional Association (MTA) Assistant Principals (MTA)
Scott Stark	SELCO (IBEW)
Norman Ludovico; Robert Tozeski	Non-Unionized Employees
Robert Pine	Retirees

ABSENT: Ryan Chartrand (Police Patrol Officers, Police Superiors, Dispatchers), Robert Marengo (Custodians)

ALSO PRESENT: Christine Fowler, Daniel Morgado, Thomas Gregory, Carolyn Marcotte, Mary Thompson, Barbara Malone, Michael Hale, Joseph Anderson (Fallon), Jason Fortin (Fallon)

Mr. Hodgerney convened the meeting at 3:00 PM.

On a motion by Mr. Pine, second by Mr. Tozeski, the minutes of the March 18, 2014, meeting were approved. All in favor.

Flexible Spending Update

Ms. Fowler provided a brief update on the Flexible Spending program explaining that there were 32 new participants for 2015. Mr. Gregory reminded the group that the optional \$500 roll-over provision is in place for the medical flex program this year.

Town Manager Report

Referencing his memorandum with attachments to the Insurance Advisory Committee dated February 16, 2015, Mr. Morgado provided an overview of the current health insurance program (HIP) explaining that the West Suburban Health Group (WSHG) has concluded its renewal process for the FY2016 HIP for active employees and non-Medicare eligible retirees. The towns of Ashland (GIC), Westwood (GIC), and Walpole (MIIA) and the Education Cooperative (MIIA) will be leaving the WSHG and there was a discussion about what this may mean for Shrewsbury. There will be a substantial increase in the rates for FY2016 as a result of the departure of these communities from the WSHG, high utilization, a reduced fund balance, new federally imposed fees, and the need to recover the cost of the Alternative Drug Program.

Mr. Morgado explained various exhibits to his memorandum and highlighted the following: a summary of current enrollment for FY2015 which shows 87% of active subscribers enrolled in a Fallon product and 46% of retirees enrolled in Harvard Pilgrim; the funding rate analysis for FY2014 which produced a shortfall of \$3,272,875; the funding rate analysis through December 2014 which produced a shortfall of \$773,409; the run-out on high claims and the new arrangement on reinsurance; a summary of activity from July 2014 to January 2015 which showed a dramatic drop in the fund balance from FY2013; an explanation of the deficit of \$165-\$190M that the Group Insurance Commission (GIC) is currently carrying; a review of the state's change in spending from FY2009 to FY2015 which shows an increase in total health insurance spending of \$3.05B and a decrease in local aid spending of \$518M; the projected skyrocketing of prescription drug costs; a review of GIC plan design changes anticipated for FY2016 which will increase tier-3 co-payments, deductible amounts, and out-of-pocket amounts; and a review of the FY2016 rates for the WSHG plans which shows an 11% increase for the Fallon products.

Mr. Morgado expressed concern about the long term viability of the WSHG should additional communities leave the group. Should the WSHG collapse, the only options available would be to 1) Go to a single plan on our own; 2) GIC or; 3) MIIA. Offering multi-plan offerings while being a sole community may not be possible due to the Town's heavy Fallon concentration. Also, being among the last communities in the WSHG leave open the possibility of ending up with a large surplus or with a large deficit.

Members of the IAC expressed their concern about the GIC around control and unilateral changes to plan design.

Mr. Morgado reviewed the rating process making reference to Exhibit 10. Mr. Morgado reviewed the matter of Out-of-Pocket Maximums (OOP Max) and the changes proposed involving the establishment of OOP Maxs for the various plans as outlined in Exhibit 11. Mr. Fortin provided an explanation of the OOP Maxs. It was noted that the Fallon offerings have very low limits that will change in the future but not for July 1, 2015. The OOP Maxs are still below what is offered through the GIC and what are the maximum limits under the ACA. Mr. Fortin reported on OOP Maxs for the Fallon offerings for the past four years.

Mr. Morgado presented the rate chart for Fiscal Year 2016 which includes the increased premiums. There is no change in contribution ratios. There was a period of general discussion.

On a motion by Mr. Ludovico, second by Mr. Hodgerney, the Committee voted to adopt a positive recommendation relative to the proposed changes made by Mr. Morgado as outlined in his memo of February 16, 2015, and to authorize the chair to sign a letter to the Board of Selectmen communicating the IAC's positive recommendation. All in favor. The draft letter was part of the agenda materials.

Mr. Morgado thanked the IAC for their time and efforts and advised that a proposal for the FY 2017 HIP will be made in August. He suggested that all parties need to continue to work together in order to provide the best possible HIP to employees and retirees since the health insurance landscape is ever evolving and all must remain engaged.

The next meeting of the IAC will be scheduled as necessary.

The meeting adjourned at 4:20 PM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel J. Morgado". The signature is fluid and cursive, with a large initial "D" and "M".

Daniel J. Morgado
Town Manager

Referenced Materials

Minutes of the September 30, 2014, IAC meeting

Agenda with attachments dated September 22, 2014 [sic]

Memorandum from the Town Manager to the IAC with attachments dated February 16, 2015

Town of Shrewsbury
West Suburban Health Group Senior Plans
Rates as of **January 1, 2016**

% Paid Town/Retiree		Total Monthly	Town Monthly	Retiree Monthly
Medicare Supplement Plans				
Freedom Of Choice				
<i>Harvard Pilgrim - Medicare Enhance With First Health Part D</i>				
50/50	Subscriber	\$342.00	\$171.00	\$171.00
50/50	Surviving Spouse	\$342.00	\$171.00	\$171.00
<i>BC/BS - Medex II With Blue Medicare Rx</i>				
50/50	Subscriber	\$360.00	\$180.00	\$180.00
50/50	Surviving Spouse	\$360.00	\$180.00	\$180.00
<i>Tufts - Medicare Prime Supplement With PDP Plus</i>				
50/50	Subscriber	\$321.00	\$160.50	\$160.50
50/50	Surviving Spouse	\$321.00	\$160.50	\$160.50
HMO Medi-Wrap Plans				
<i>BC/BS - Managed Blue For Seniors</i>				
60/40	Subscriber	\$313.20	\$187.92	\$125.28
50/50	Surviving Spouse	\$313.20	\$156.60	\$156.60
Medicare Advantage HMO Plans				
<i>Fallon - Senior Plan</i>				
73.5/26.5	Subscriber	\$310.00	\$227.85	\$82.15
50/50	Surviving Spouse	\$310.00	\$155.00	\$155.00
<i>Tufts - Medicare Preferred HMO</i>				
73.5/26.5	Subscriber	\$267.00	\$196.25	\$70.76
50/50	Surviving Spouse	\$267.00	\$133.50	\$133.50

Town of Shrewsbury
West Suburban Health Group Senior Plans
Rates as of **January 1, 2015**

% Paid Town/Retiree		Total Monthly	Town Monthly	Retiree Monthly
Medicare Supplement Plans				
Freedom Of Choice				
<i>Harvard Pilgrim - Medicare Enhance With First Health Part D</i>				
50/50	Subscriber	\$328.33	\$164.17	\$164.17
50/50	Surviving Spouse	\$328.33	\$164.17	\$164.17
<i>BC/BS - Medex II With Blue Medicare Rx</i>				
50/50	Subscriber	\$340.00	\$170.00	\$170.00
50/50	Surviving Spouse	\$340.00	\$170.00	\$170.00
<i>Tufts - Medicare Prime Supplement With PDP Plus</i>				
50/50	Subscriber	\$330.00	\$165.00	\$165.00
50/50	Surviving Spouse	\$330.00	\$165.00	\$165.00
HMO Medi-Wrap Plans				
<i>BC/BS - Managed Blue For Seniors</i>				
60/40	Subscriber	\$295.63	\$177.38	\$118.25
50/50	Surviving Spouse	\$295.63	\$147.82	\$147.82
Medicare Advantage HMO Plans				
<i>Fallon - Senior Plan</i>				
73.5/26.5	Subscriber	\$299.00	\$219.77	\$79.24
50/50	Surviving Spouse	\$299.00	\$149.50	\$149.50
<i>Tufts - Medicare Preferred HMO</i>				
73.5/26.5	Subscriber	\$262.00	\$192.57	\$69.43
50/50	Surviving Spouse	\$262.00	\$131.00	\$131.00



Town of Shrewsbury

MASSACHUSETTS 01545-5398

DRAFT

September 29, 2015

Ms. Moira E. Miller, Chair
Board of Selectmen
100 Maple Avenue
Shrewsbury, MA 01545

Dear Ms. Miller:

At our meeting on Tuesday, September 29, 2015, the Insurance Advisory Committee (IAC) met with Mr. Morgado to review the proposed changes to the retiree (Medicare eligible) health insurance plans, effective January 1, 2016.

The proposed changes are as outlined in Mr. Morgado's memo to the IAC dated September 25, 2015 (attached).

After considering these proposals, the IAC voted to recommend to the Board of Selectmen that the changes be adopted as proposed.

I'm available should you have any questions.

Truly yours

_____, Chair
Insurance Advisory Committee

Cc IAC Members