



## Town of Shrewsbury

MASSACHUSETTS 01545-5398

October 7, 2016

To: Insurance Advisory Committee (IAC)

From: Daniel J. Morgado

Re: West Suburban Health Group (WSHG)  
Fiscal Year 2018 Health Insurance Program (HIP)

Next week, the WSHG Board will meet and adopted rates for the Senior Plans and to affirmed plan design changes for the active HIP to be effective July 1, 2017.

In preparation of your next meeting on October 18, 2016, I wish to update you on what will be discussed relative to the WSHG in FY 2018 and beyond.

### Membership and Financial Issues of the WSHG

1. The South Middlesex Regional Vocational Technical School District (Keefe Tech) and the Town of Sherborn left the WSHG on July 1<sup>st</sup> as planned. Keefe Tech is now offering a single Harvard-Pilgrim high deductible (HDHP) program with Health Savings Accounts (HSA), while the Town of Sherborn joined MIIA (Blue Cross). The total enrollment from both organization was around 396 subscribers or 4% of total WSHG enrollment at the time they departed. I am aware of no other community seeking to leave the WSHG at this time. The Town of Wayland just announced a move to 100% Benchmark Plans effective January 1, 2017.
2. Resulting from contribution changes made by some communities, there is a major increase in Fallon subscribers. Fallon now accounts for 45% of the business done on the active plans surpassing Harvard-Pilgrim that now has 37% of the business.
3. The WSHG ended FY 2016 in the black on all carriers with the exception of Harvard-Pilgrim where we lost \$1.123 Million.
4. The unaudited fund balance of the WSHG rose to \$7.1 Million in FY 2016 from \$5.9 Million in FY 2015.

5. We continue to monitor large claims. We are now in our third year of the joint re-insurance arrangement we have with the Cape Cod Municipal Health Group and the Minuteman Nashoba Health Group which has shown positive results to date but another two years is needed to know for sure.

#### Fiscal Year 2018 Plan Design

1. The Steering Committee and Board have been spending a great deal of time thinking about how to keep the WSHG financially sound and competitive. Our main competition is of course the Group Insurance Commission (GIC) and to a lesser extent MIIA. Mrs. Mitchell has retired as the Executive Director of the GIC and the new Executive Director just took office. We have no expectations that there will be major changes in the GIC plan designs for FY 2018 but we do expect major changes for FY 2019 and beyond. This may change depending on the state of the Commonwealth's finances so we are carefully monitoring the situation.
2. The current plan for the future of the WSHG has the Rate Saver plans ending on 7/1/2018 (FY 2019) and the introduction of a high deductible HSA qualified plan patterned after what Keefe Tech implemented starting on 7/1/2017 (FY 2018). I expect that the FY 2018 HIP would have three components:
  1. Rate Saver Plans
  2. Benchmark Plans
  3. High Deductible HSA Qualified Plans
3. The HSA Qualified Plans will have deductibles of \$2,000 individual and \$4,000 family with the employer contributing in cash 50% of the deductible to an employee's HSA. The advantage of the HSA is that it is pre-tax and the employee gets to keep the balance in the account that may accumulate from year to year. It is another savings vehicle for employees. I have attached an example of the plan design provided by Fallon. The premium for such a plan is much less than for a Rate Saver Plan. The amount of the variance is not yet known but ranges quoted are 15% to 25%.

#### Senior Plans Renewal

1. I am not expecting any major changes in the plan designs and will send to you the renewal materials after I receive them next week.

The next meeting of the IAC is Tuesday, October 18, 2016, at 3:00 PM in the Selectmen's Meeting Room to formally review and act on the Senior Plan renewals.

Please advise me directly with any questions.

Cc Union/Association Presidents  
Kristen Las  
Michael Hale  
Patrick Collins  
Barbara Malone  
Carolyn Marcotte  
Mary Thompson  
Christine Fowler

**WEST SUBURBAN HEALTH GROUP**

*Number of Subscribers by Plan*

**ENROLLMENTS on 02/22/16**

**ENROLLMENTS on 09/08/16\***

Active Employee Health Plans	Ind.	Family	Total	% of Total
HPHC EPO - Rate Saver	1,176	1,581	2,757	
HPHC EPO - Benchmark	6	4	10	
HPHC PPO	21	2	23	
<b>Total HPHC</b>	<b>1,203</b>	<b>1,587</b>	<b>2,790</b>	<b>45.6%</b>
Tufts EPO - Rate Saver	429	482	911	
Tufts EPO - Benchmark	2	0	2	
<b>Total Tufts</b>	<b>431</b>	<b>482</b>	<b>913</b>	<b>14.9%</b>
Blue Options EPO - Rate Saver	257	257	514	
Blue Options EPO - Benchmark	12	6	18	
<b>Total BCBS</b>	<b>269</b>	<b>263</b>	<b>532</b>	<b>8.7%</b>
Fallon SelectCare - Rate Saver	578	961	1,539	
Fallon DirectCare - Rate Saver	114	94	208	
Fallon SelectCare - Benchmark	54	33	87	
Fallon DirectCare - Benchmark	32	14	46	
<b>Total Fallon</b>	<b>778</b>	<b>1,102</b>	<b>1,880</b>	<b>30.7%</b>
<b>Total - all active employee plans</b>	<b>2,681</b>	<b>3,434</b>	<b>6,115</b>	<b>100.0%</b>

Active Employee Health Plans	Ind.	Family	Total	% of Total
HPHC EPO - Rate Saver	893	1,226	2,119	
HPHC EPO - Benchmark	11	5	16	
HPHC PPO	18	1	19	
<b>Total HPHC</b>	<b>922</b>	<b>1,232</b>	<b>2,154</b>	<b>36.8%</b>
Tufts EPO - Rate Saver	313	318	631	
Tufts EPO - Benchmark	4	3	7	
<b>Total Tufts</b>	<b>317</b>	<b>321</b>	<b>638</b>	<b>10.9%</b>
Blue Options EPO - Rate Saver	203	191	394	
Blue Options EPO - Benchmark	13	6	19	
<b>Total BCBS</b>	<b>216</b>	<b>197</b>	<b>413</b>	<b>7.1%</b>
Fallon SelectCare - Rate Saver	878	1,373	2,251	
Fallon DirectCare - Rate Saver	139	98	237	
Fallon SelectCare - Benchmark	69	46	115	
Fallon DirectCare - Benchmark	31	15	46	
<b>Total Fallon</b>	<b>1,117</b>	<b>1,532</b>	<b>2,649</b>	<b>45.3%</b>
<b>Total - all active employee plans</b>	<b>2,572</b>	<b>3,282</b>	<b>5,854</b>	<b>100.0%</b>

Benchmark plan enrollments (% of total)

2.70%

3.50%

Medicare Plans	Individual	% of Total
BCBS Medex	1,169	30.1%
HPHC Medicare Enhance	1,043	26.9%
Tufts Medicare Prime Supplement	840	21.6%
Managed Blue for Seniors	221	5.7%
Fallon Senior Plan	108	2.8%
Tufts Medicare Preferred HMO	501	12.9%
<b>Total for all Medicare plans</b>	<b>3,882</b>	<b>100.0%</b>

Medicare Plans	Individual	% of Total
BCBS Medex	1,110	29.3%
HPHC Medicare Enhance	992	26.2%
Tufts Medicare Prime Supplement	865	22.8%
Managed Blue for Seniors	212	5.6%
Fallon Senior Plan	119	3.1%
Tufts Medicare Preferred HMO	493	13.0%
<b>Total for all Medicare plans</b>	<b>3,791</b>	<b>100.0%</b>

on 2/22/16  
9,997

On 9/8/16  
9,645

Enrollment down by  
352 \*

**Total WSHG Enrollments**

\* Town of Sherborn and So. Middlesex Voc Tech RSD left the WSHG on 6/30/16. In Feb. they had 226 Active plan enrollees and 170 Senior plan enrollees (396 total).

**GROUP BENEFITS STRATEGIES  
WEST SUBURBAN HEALTH GROUP**

July, 2016

**FUNDING RATE ANALYSIS BY PLAN - Policy Year 7/1/15 - 6/30/16**  
(Analysis for 12-mos., 7/15-6/16)

**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	47,475,973	48,598,656	102.4%	(\$1,122,683)
Harvard Pilgrim PPO	701,472	578,363	82.4%	\$123,109
BCBS Network Blue Rate Saver/Benchmark	9,950,820	8,890,343	89.3%	\$1,060,477
Fallon EPO Rate Saver	25,583,777	25,024,462	97.8%	\$559,315
Fallon EPO Benchmark	1,318,575	901,234	68.3%	\$417,341
Tufts Rate Saver/Benchmark	16,373,954	15,606,497	95.3%	\$767,457
HPHC Medicare Enhance	2,219,881	1,743,378	78.5%	\$476,503
BCBS Medex	2,896,133	2,627,449	90.7%	\$268,685
	\$ 106,520,585	\$ 103,970,381		\$2,550,204

% COSTS/FUNDING:

97.6%

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

<b>FY07-08</b>	<b>FY09</b>	<b>FY10</b>	<b>CY11**</b>	<b>CY12</b>	<b>CY13</b>
<b>\$2,709,600.85</b>	<b>\$1,411,545.85</b>	<b>\$1,375,702.09</b>	<b>\$2,056,645.42</b>	<b>\$1,160,328.00</b>	<b>\$1,218,298.42</b>
<b>FINAL</b>	<b>FINAL</b>	<b>FINAL</b>	<b>FINAL</b>	<b>FINAL</b>	<b>FINAL</b>

\*\*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**

**FUND BALANCE**

FY09 - FY16

	Change in Fund Balance (FB)		
	Fund Balance	Budgeted Use of FB*	Actual Fund Bal. incrs/(decrs)
6/30/2009	\$ 17,804,449		
6/30/2010	20,256,658	(3,700,000)	\$ 2,452,209
6/30/2011	20,927,486	(3,500,000)	670,828
6/30/2012	22,771,076	0	1,843,590
6/30/2013	18,023,939	0	(4,747,137)
6/30/2014	9,558,331	(5,900,000)	(8,465,608)
6/30/2015	5,928,693	(2,000,000)	(3,629,638)
6/30/2016	7,146,646	0	1,217,953
	<i>est./unaudited</i>		

\* expected impact of funding rates on Fund Balance

GBS, Sept. 2016

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: 07/01/15 - 06/30/16  
PAID DATES: 07/01/15 06/30/17  
STOP LOSS DEDUCTIBLE: MMRA reimburses claims between \$300,000 & \$800,000 / above \$800,000 Berkley reimburses Excess Claims

PAID THROUGH JULY 2016

Claims last updated 08/15/16

reimbursements since 07/12/16

Carrier	Dep#	Previous Month Total Claims	Additions/ Deletions	Updated Total Paid Claims	Policy Year Deductible	Excess Amt	Berkley Reimbursements	Previous MMRA Reimbursements	New Reimbursements	Total Reimbursements	Outstanding Reimbursements	Plan	Notes
HPHC	0	\$ 451,308.31	\$ 7,843.27	\$ 459,151.58	\$ 300,000.00	\$ 159,151.58	\$ -	\$ -	\$ 121,209.96	\$ 121,209.96	\$ 37,941.62	EPO RS	fy12, fy13, fy15 50%
FHP	0	\$ 412,307.00	\$ 112.31	\$ 412,419.31	\$ 300,000.00	\$ 112,419.31	\$ -	\$ 69,814.38	\$ 19,026.69	\$ 88,841.07	\$ 23,578.24	EPO RS	termed 6/30/16
HPHC	0	\$ 525,957.45	\$ 507.59	\$ 526,465.04	\$ 300,000.00	\$ 226,465.04	\$ -	\$ 98,322.60	\$ 99,496.85	\$ 197,819.45	\$ 28,645.59	EPO RS	
FHP	3	\$ 646,841.00	\$ 37,395.00	\$ 684,236.00	\$ 300,000.00	\$ 384,236.00	\$ -	\$ 59,273.80	\$ 226,380.09	\$ 285,653.89	\$ 98,582.11	EPO RS	
HPHC	2	\$ 549,362.37	\$ 23,182.17	\$ 572,554.54	\$ 300,000.00	\$ 272,554.54	\$ -	\$ 122,157.98	\$ 120,404.86	\$ 242,562.84	\$ 29,991.70	EPO RS	
HPHC	3	\$ 429,544.99	\$ 6,491.02	\$ 436,036.01	\$ 300,000.00	\$ 136,036.01	\$ -	\$ -	\$ 63,538.84	\$ 63,538.84	\$ 72,497.17	EPO RS	
HPHC	1	\$ 451,468.60	\$ 9,269.18	\$ 460,737.78	\$ 300,000.00	\$ 160,737.78	\$ -	\$ -	\$ 1,507.03	\$ 1,507.03	\$ 159,230.75	EPO RS	
FHP	1	\$ 322,802.00	\$ 26,208.00	\$ 349,010.00	\$ 300,000.00	\$ 49,010.00	\$ -	\$ -	\$ -	\$ -	\$ 49,010.00	EPO RS	fy12 50%. fy13, fy14, fy15 excess
FHP	1	\$ 212,644.00	\$ 104,368.00	\$ 317,012.00	\$ 300,000.00	\$ 17,012.00	\$ -	\$ -	\$ -	\$ -	\$ 17,012.00	EPO RS	
FHP	0	\$ 270,532.00	\$ 33,686.00	\$ 304,218.00	\$ 300,000.00	\$ 4,218.00	\$ -	\$ -	\$ -	\$ -	\$ 4,218.00	EPO RS	fy14 50%
BCBS	1	\$ 291,861.05	\$ 56,912.92	\$ 348,773.97	\$ 300,000.00	\$ 48,773.97	\$ -	\$ -	\$ -	\$ -	\$ 48,773.97	EPO RS	termed 06/30/16
		<b>\$ 4,564,626.77</b>	<b>\$ 305,985.46</b>	<b>\$ 4,870,614.23</b>		<b>\$ 1,570,614.23</b>	<b>\$ -</b>	<b>\$ 349,568.76</b>	<b>\$ 651,564.32</b>	<b>\$ 1,001,133.08</b>	<b>\$ 569,481.15</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: 07/01/15 - 06/30/16  
 PAID DATES: 07/01/15 06/30/17  
 STOP LOSS DEDUCTIBLE: MMRA reimburses claims between \$300,000 & \$800,000 / above \$800,000 Berkley reimburses

**PAID THROUGH JULY 2016**

*Claims last updated 08/15/16*

Carrier	Dep#	Previous Month Total Claims	Additions/ Deletions	Updated Total Paid Claims	Plan Type	Notes
THP	3	\$ 296,207.83	\$ 163.60	\$ 296,371.43	EPO RS	
THP	4	\$ 284,151.71	\$ 122.70	\$ 284,274.41	EPO RS	
FHP	0	\$ 201,314.00	\$ -	\$ 201,314.00	EPO RS	Medex eff 3/1/16
HPHC	0	\$ 214,290.01	\$ 5,377.40	\$ 219,667.41	EPO RS	
HPHC	0	\$ 272,964.86	\$ -	\$ 272,964.86	EPO RS	
HPHC	0	\$ 200,440.73	\$ 697.88	\$ 201,138.61	EPO RS	
THP	0	\$ 151,174.59	\$ 90.97	\$ 151,265.56	EPO RS	termed 06/30/16
THP	1	\$ 217,497.62	\$ -	\$ 217,497.62	EPO RS	fy15 excess
BCBS	2	\$ 159,344.63	\$ 6,754.45	\$ 166,099.08	EPO RS	
HPHC	0	\$ 158,241.90	\$ -	\$ 158,241.90	EPO RS	
HPHC	0	\$ 198,591.32	\$ 3,080.32	\$ 201,671.64	EPO RS	
HPHC	0	\$ 256,285.71	\$ 2,174.23	\$ 258,459.94	EPO RS	fy14, fy15 - 50%
HPHC	0	\$ 187,064.74	\$ 19,364.26	\$ 206,429.00	EPO RS	
FHP	0	\$ 200,766.00	\$ (20,137.00)	\$ 180,629.00	EPO RS	deceased 1/11/16
HPHC	0	\$ 189,454.94	\$ 855.55	\$ 190,310.49	EPO RS	fy14 50%
FHP	4	\$ 228,357.00	\$ 20,460.00	\$ 248,817.00	EPO RS	
FHP	3	\$ 160,015.00	\$ 408.00	\$ 160,423.00	EPO RS	
BCBS	0	\$ 152,198.07	\$ -	\$ 152,198.07	EPO RS	
HPHC	0	\$ 167,405.20	\$ 6,425.47	\$ 173,830.67	EPO RS	
HPHC	0	\$ 188,761.82	\$ 2,926.45	\$ 191,688.27	EPO RS	
HPHC	4	\$ 202,210.92	\$ (7,824.13)	\$ 194,386.79	EPO RS	
HPHC	1	\$ 210,627.70	\$ 8,666.32	\$ 219,294.02	EPO RS	
HPHC	1	\$ 181,403.96	\$ -	\$ 181,403.96	EPO RS	
HPHC	0	\$ 150,249.72	\$ 6,728.67	\$ 156,978.39	EPO RS	
HPHC	0	\$ 161,389.56	\$ 9,895.82	\$ 171,085.38	EPO RS	fy09, fy10 & fy11, fy12, fy13 50%
HPHC	0	\$ 162,471.48	\$ 28,128.78	\$ 190,600.26	EPO RS	termed 06/30/16
HPHC	1	\$ -	\$ 160,963.84	\$ 160,963.84	HPHRS	fy14 excess, fy15 50%
THP	1	\$ -	\$ 218,821.32	\$ 218,821.32	EPO RS	fy15 excess,
FHP	1	\$ -	\$ 165,207.00	\$ 165,207.00	EPO RS	
BCBS	0	\$ -	\$ 158,325.90	\$ 158,325.90	EPO RS	
BCBS	0	\$ -	\$ 201,161.57	\$ 201,161.57	EPO RS	
HPHC	0	\$ -	\$ 269,195.82	\$ 269,195.82	EPO RS	deceased 7/6/16
		<b>\$ 13,830,830.25</b>	<b>\$ 1,871,962.84</b>	<b>\$ 15,483,971.77</b>		

31 claimants

**WSHG – Plans for the Future**

*Revised 8/25/16*

WSHG currently offers two types of HMO plans\*:

- (1) Rate Saver HMO plans with no deductibles and comparatively low copays;
- (2) Benchmark HMO plans with \$300 Individual/\$900 Family deductibles eff. 7/1/16 and higher copays - similar to the GIC's Benchmark plan as it was in 2015.

WSHG offers one PPO plan primarily for those living outside the HMO service area\*.

WSHG offers 6 Medicare Supplement plans/Medicare Advantage plans\*\*.

**Major actions to be accomplished:**

<b>Effective date</b>	<b>Action or proposed action</b>	<b>Status</b>
7/1/16	Bring the plan design features of the WSHG's current Benchmark plans closer to those of the GIC's current Benchmark plan.	Approved and implemented on 7/1/16
7/1/17	Add high deductible HSA-qualified plans to the WSHG's roster of offerings. Each employer can decide whether or not to offer the new plans and on what basis, subject to collective bargaining requirements. Employers will contribute 50% of the deductible amount to each employee's HSA account.	Approved adding the plans. Some details re PPO plan design are yet to be determined.
7/1/18	Eliminate the Rate Saver plans.	Approved
Within next several months	Review and revise WSHG Fund Balance Policy based on Milliman analysis recommendations.	

*\*HMOs and PPO are self-funded.*

*\*\*BCBS Medex and HPHC Medicare Enhance have self-funded medical and fully insured Medicare RX PDPs. Other Medicare plans are fully insured for medicare and RX.*

Rate Saver vs. Qualified High Deductible (QHD) Plan comparison

	Rate Saver <i>(Select Care and Direct Care)</i>	QHD <i>(Select Care and Direct Care)</i>
<b>Deductible</b> The amount of allowed charges you pay per benefit year before payment is made by Fallon for certain covered services.	Not applicable	\$2,000 individual/\$4,000 family
<b>Benefits</b>	<b>Copayments</b>	
Routine physical exams	\$0 per visit	\$0 per visit
PCP office visits	\$20 per visit	Covered in full after deductible
Specialist office visits	\$35 per visit	Covered in full after deductible
Routine eye exams <i>(one every 12 months)</i>	\$0 per visit	Covered in full after deductible
Short-term rehabilitative services <i>(60 visits per illness or injury)</i>	\$20 per visit	Covered in full after deductible
Preventive services	Covered in full	Covered in full
Diagnostic services	Covered in full	Covered in full after deductible
Imaging (CAT, PET, MRI)	Covered in full	Covered in full after deductible
Chiropractic care <i>(12 visits per calendar year)</i>	\$20 per visit	Covered in full after deductible
Retail prescription drugs	\$10/\$25/\$45	\$10/\$30/\$65 after deductible
Emergency room	\$75 per visit (waived if admitted)	Covered in full after deductible
Inpatient room and board	\$250 copayment	Covered in full after deductible
Inpatient care services and maternity care	\$250 copayment	Covered in full after deductible
Same-day surgery	\$125 per surgery	Covered in full after deductible
Out-of-pocket max <i>(Individual/Family)</i>	\$1,000 individual/\$2,000 family	\$6,550 individual/\$13,000 family
It Fits! reimbursement	\$200 individual/\$400 family (Select Care) \$250/\$500 (Direct Care)	\$200 individual/\$400 family (Select Care) \$250/\$500 (Direct Care)

15.8% potential savings to change from Rate Saver to the Qualified High Deductible (QHD) Plan shown above.

18.3% potential savings to change from Rate Saver to the Qualified High Deductible (QHD) Plan with prescription \$25 / \$50 / \$100

16.1% potential savings to change from Rate Saver to the Qualified High Deductible (QHD) Plan with prescription \$10 / \$40 / \$75

16.4% potential savings to change from Rate Saver to the Qualified High Deductible (QHD) Plan with prescription \$15 / \$40 / \$75