



Town of Shrewsbury

MASSACHUSETTS 01545-5398

December 6, 2013

To: Insurance Advisory Committee (IAC)

From: Daniel J. Morgado

Re: Update

On December 4, 2013, the WSHG Steering Committee met primarily to adopt a plan for a reinsurance pool for Fiscal Year 2015. On July 1, at least three of the Commonwealth's Joint Purchase Groups (JPG) will assume a greater limit of self-insurance in a pooled fashion with specific excess stop loss moving from \$300,000 to \$800,000.

We expect that this arrangement will allow us to stabilize our reinsurance costs and provide an opportunity for some return to each JPG of surpluses in the future. This is an initial 3 year commitment. I view any downside risk here to be manageable.

Other highlights of the meeting were:

1. The fund balance for WSHG was reduced by \$5,468,236 during Fiscal Year 2013. We are expecting an additional reduction in Fiscal Year 2014 targeting an ending balance in the area of \$12 Million.
2. The funding analysis summary shows that we are running \$1.4 Million to the negative so far in Fiscal year 2014. The Harvard-Pilgrim portion of business is running costs at 105% above estimate. Fallon is running at 99.4%.
3. We continue to track large claims and the summary is attached.

Additionally, GBS advised yesterday that an error was made in calculating the Manager Blue for Seniors rate. We had been advised that the rate was \$363.41 when it should have been \$267.18.

Since our rate of participation in Managed Blue for Seniors and Medex II is very low, I have decided not to reopen enrollment for calendar year 2014 at this late date in the year. If any member of the IAC feels strongly otherwise, please advise.

Finally, please plan on a meeting soon after the first of the year so that I may take up with you the matter of our Health Insurance Program (HIP) for July 1, 2014. The matter of moving all active and non-Medicare eligible enrollees to the benchmark plans must be resolved.

Please advise me directly with any questions.

Cc Union/Association Presidents
Thomas Gregory
Carolyn Marcotte
Barbara Malone
Liam Hurley

WEST SUBURBAN HEALTH GROUP

SUMMARY OF ACTIVITY

FY 2014

CUMULATIVE

	FY 2012	FY 2013	FY 2013	FY 2013	FY 2014	FY 2014
	June	June	July	October	July	October
	06/30/12	06/30/13	07/31/12	10/31/12	07/31/13	10/31/13
Fund Balance Beg of year	20,927,485	22,746,936	22,746,936	22,746,936	17,278,700	17,278,700
Fund Balance end of month Unaudited Financial Statement	22,746,936	17,278,700	21,007,061	21,329,266	17,263,062	15,205,771
Increase (decrease) in Fund Balance	1,819,451	(5,468,236)	(1,739,875)	(1,417,670)	(15,618)	(2,072,929)
Member Assessment	125,964,029	121,835,836	10,110,865	40,647,699	10,728,963	42,851,448
Self insured claims:						
Tufts, HP, Fallon	88,556,544	91,924,021	8,709,150	30,906,060	8,199,759	33,938,592
BCBS	23,387,446	19,865,478		4,892,329		4,963,631
LMD BCBS	-	-	1,999,700	1,999,700	1,716,900	1,716,900
Total Claims	111,943,990	111,789,499	10,708,850	37,798,089	9,916,659	40,619,123
COBRA reimbursement (add back)	(419,220)	(375,245)	(29,940)	(133,390)	(22,517)	(90,240)
Reinsurance Recoveries (add back)	(1,476,623)	(287,025)	-	(102,376)	-	(97,323)
Claims net of Reimbursements	110,048,147	111,127,229	10,678,910	37,562,323	9,894,142	40,431,560
Premiums Paid	6,246,125	7,070,860	591,423	2,359,369	636,120	2,576,596
Total Claims & Premiums net of reimbursements	116,294,272	118,198,089	11,270,333	39,921,692	10,530,262	43,008,156
Member Assessments over Claims & Premiums	9,669,757	3,637,747	(1,159,468)	726,007	198,701	(156,708)
Other expenses and income:						
Administrative expenses - Providers & GBS	6,131,149	5,827,406	459,755	1,853,620	479,697	1,922,935
Reinsurance Premiums	644,784	697,092	58,059	232,852	67,369	269,358
Retiree Drug Subsidy 2008 Distribution	-	1,353,785				
Accounting, Legal, Misc, other*	1,998,029	2,067,166	149,651	689,301	111,669	478,399
Total Administrative costs	8,773,962	9,945,449	667,465	2,775,773	658,735	2,670,692
	895,795	(6,307,702)	(1,826,933)	(2,049,766)	(460,034)	(2,827,400)
Retiree Drug Subsidy	1,208,355	581,962	(639)	418,793	417,193	644,887
Medicare Reimbursement						
Interest earned on investments & Cash Balances	239,441	257,502	87,697	213,303	27,223	109,584
Net Gain (Loss)YTD	2,343,591	(5,468,238)	(1,739,875)	(1,417,670)	(15,618)	(2,072,929)
Change in IBNR	(524,140)					
Increase (decrease) in Fund Balance	1,819,451	(5,468,238)	(1,739,875)	(1,417,670)	(15,618)	(2,072,929)

FUNDING RATE ANALYSIS BY PLAN - Policy Year 7/1/13 - 6/30/14
(Analysis for 4-mos., 7/13-10/13)

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 EPO	\$ 435,309	\$ 434,597	99.8%	\$712
Harvard Pilgrim Rate Saver/Benchmark	19,888,210	20,884,448	105.0%	(\$996,238)
Harvard Pilgrim PPO	467,745	339,673	72.6%	\$128,072
BCBS Network Blue	160,441	204,809	127.7%	(\$44,368)
BCBS Network Blue Rate Saver/Benchmark	4,009,648	4,049,046	101.0%	(\$39,398)
Fallon EPO Legacy	19,812	11,186	56.5%	\$8,626
Fallon EPO Rate Saver	4,894,215	4,864,673	99.4%	\$29,542
Fallon EPO Benchmark	9,298	8,254	88.8%	\$1,044
Tufts EPO	185,676	203,542	109.6%	(\$17,866)
Tufts Rate Saver	6,770,412	7,593,347	112.2%	(\$822,935)
Tufts POS/Navigator Benchmark	22,544	3,960	17.6%	\$18,584
HPHC Medicare Enhance	1,753,164	1,597,458	91.1%	\$155,706
BCBS Medex	2,304,864	2,144,193	93.0%	\$160,671
	\$ 40,921,338	\$ 42,339,186		(\$1,417,848)

103.5%

% COSTS/FUNDING:

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

FY07-08	FY09	FY10	CY11**	CY12	CY13
\$2,709,600.85	\$1,411,545.85	\$1,375,702.09	\$2,056,645.42	\$1,135,089.32	\$848,919.47
FINAL	FINAL	FINAL	FINAL	TO DATE	TO DATE

**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
Report of Excess Stop-Loss Claims

ACCOUNT NAME: WEST SUBURBAN HEALTH GROUP
 REINSURANCE CARRIER: Blue Cross Blue Shield
 POLICY DATES: 07/01/12 - 06/30/13
 PAID DATES: 07/01/12- 06/30/14
 STOP LOSS DEDUCTIBLE: \$300,000
 Excess Claims

PAID THROUGH OCTOBER 2013

Claims last updated 11/20/13

Carrier	Dept#	Claims Applied			reimbursements since 10-1-13				Plan	ICD9 Code	Notes	
		Previous Month Total Claims	Additions/ Deletions	Updated Total Paid Claims	to Agg. Spec. Prem. (\$500,000)	Previously Reported Reimbursements	New Reimbursements	Total Reimbursements				Outstanding Reimbursements
FCHP	†	\$ 850,950.15	\$ -	\$ 850,950.15	\$ 432,842.00	\$ -	\$ 116,020.49	\$ 116,020.49	\$ 2,087.66	FEPO RS	191.9	fy12 50%
HPHC	0	\$ 345,049.00	\$ 60.11	\$ 345,109.11	\$ 45,049.00	\$ -	\$ 60.22	\$ 60.22	\$ (0.11)	HP PPO	1912	deceased 5/9/13
HPHC	†	\$ 333,554.34	\$ -	\$ 333,554.34	\$ -	\$ 29,179.99	\$ 4,374.35	\$ 33,554.34	\$ -	HP EPO RS	42823	fy06, fy11 excess, / fy10, fy11 50%
HPHC	0	\$ 468,999.01	\$ 464.79	\$ 469,463.80	\$ 22,109.00	\$ 68,143.11	\$ 79,086.52	\$ 147,229.63	\$ 125.17	HP EPO RS	5722	deceased 8/29/13
		\$ 1,195,999.15	\$ 60.11	\$ 1,999,077.40	\$ 500,000.00	\$ 97,323.10	\$ 199,541.58	\$ 296,864.68	\$ 2,212.72			
					<u>\$ (500,000.00)</u>				<u>\$ -</u>			
					\$ -				<u>\$ 2,212.72</u>			

4 claimants

WEST SUBURBAN HEALTH GROUP

Report of Claims at 50%+

ACCOUNT NAME: WEST SUBURBAN HEALTH GROUP

REINSURANCE CARRIER: Blue Cross Blue Shield

POLICY DATES: 07/01/12 - 06/30/13

PAID DATES: 07/01/12- 06/30/14

STOP LOSS DEDUCTIBLE: \$300,000

PAID THROUGH OCTOBER 2013

Claims last updated 11/20/13

Carrier	Dep#	Previous Month Total Claims	Additions/ Deletions	Updated Total Paid Claims	Plan Type	ICD9 Code	
BCBS	0	\$ 292,983.57	\$ -	\$ 292,983.57	NWB RS		deceased 11/19/12
THP	0	\$ 221,263.25	\$ (3,734.95)	\$ 217,528.30	TERS	1505	fy06 excess
HPHC	0	\$ 226,891.53	\$ 54.60	\$ 226,946.13	HP EPO RS	4241	fy12 excess
HPHC	0	\$ 215,212.44	\$ -	\$ 215,212.44	HP EPO RS	20200	fy12 50%
HPHC	0	\$ 270,946.82	\$ 4.34	\$ 270,951.16	HP EPO RS	20190	fy06,07,12 excess, / fy08 50%
HPHC	1	\$ 239,314.29	\$ -	\$ 239,314.29	HP EPO RS	41071	
HPHC	1	\$ 154,658.97	\$ -	\$ 154,658.97	HP EPO RS	3570	termed 9/30/13
BCBS	1	\$ 237,692.97	\$ 1,319.25	\$ 239,012.22	NWB RS	162.9	fy12 50%
HPHC	0	\$ 243,935.12	\$ -	\$ 243,935.12	HP EPO RS		deceased 1/27/13 fy12 50%
HPHC	2	\$ 170,619.37	\$ -	\$ 170,619.37	HP EPO RS	7423	
HPHC	0	\$ 173,325.99	\$ (923.40)	\$ 172,402.59	HP EPO RS	56983	
HPHC	0	\$ 200,092.51	\$ -	\$ 200,092.51	HP EPO RS	v5811	
THP	0	\$ 229,339.62	\$ (421.38)	\$ 228,918.24	TERS	416.9	
THP	2	\$ 222,626.03	\$ (75.83)	\$ 222,550.20	TERS	282.60	fy09 50%, / fy11, fy12 excess
THP	0	\$ 268,164.55	\$ 18,037.49	\$ 286,202.04	TERS	03842	fy10 50%
BCBS	0	\$ 172,352.24	\$ -	\$ 172,352.24	NWB RS	4160	
HPHC	0	\$ 181,342.88	\$ -	\$ 181,342.88	HP EPO RS		medicare eff 7/1/13 fy12 50%
THP	2	\$ 188,347.94	\$ (2,826.77)	\$ 185,521.17	TERS	41071	
THP	1	\$ 155,960.30	\$ 595.09	\$ 156,555.39	TERS	28731	
THP	0	\$ 167,497.67	\$ (3,000.00)	\$ 164,497.67	TERS	1744	fy03, fy11 - 50%
THP	0	\$ 178,816.88	\$ (95.73)	\$ 178,721.15	TERS	v5789	
FCHP	0	\$ 176,067.69	\$ -	\$ 176,067.69	FCHP SC RS	198.81	
FCHP	0	\$ 205,592.02	\$ -	\$ 205,592.02	FCHP SC RS	401	
FCHP	4	\$ 152,321.06	\$ (15,819.16)	\$ 136,501.90	FCHP SC RS	555.9	fy11, fy12 -50%
FCHP	0	\$ 237,166.98	\$ -	\$ 237,166.98	FCHP SC RS	157.3	
THP	0	\$ 166,740.69	\$ (3,400.62)	\$ 163,340.07	TERS	5789	
BCBS	1	\$ 179,520.64	\$ 130.81	\$ 179,651.45	NWB RS		
HPHC	1	\$ 154,224.57	\$ 1,003.65	\$ 155,228.22	HP EPO RS	1749	
HPHC	0	\$ 222,316.00	\$ 63.23	\$ 222,379.23	HP EPO RS	3559	fy10, fy12 -50%
HPHC	0	\$ 153,089.02	\$ 35.48	\$ 153,124.50	HP EPO RS	42732	
HPHC	1	\$ 155,048.75	\$ -	\$ 155,048.75	HP EPO RS	26881	
HPHC	0	\$ 189,699.26	\$ 3,799.42	\$ 193,498.68	HP EPO RS	41041	
HPHC	0	\$ 153,147.11	\$ 211.88	\$ 153,358.99	HP EPO RS	1749	
HPHC	0	\$ 171,264.97	\$ 978.41	\$ 172,243.38	HP EPO RS	99674	
FCHP	0	\$ 219,076.63	\$ -	\$ 219,076.63	FCHP SC RS		senior plan eff 8/1/13 fy10, fy11 - 50%
HPHC	1	\$ -	\$ 150,355.58	\$ 150,355.58	HP EPO RS	5789	
		\$ 6,946,660.33	\$ 146,291.39	\$ 7,092,951.72			

36 claimants

Daniel J Morgado

From: Carol Cormier <ccormier@gbs-consult.com>
Sent: Thursday, December 05, 2013 1:04 PM
To: 'Ashland Town Manager'; Barbara Mulcahy; 'Betty Dennis'; 'Bill Rowbottom'; 'Carolyn Collins'; Carolyn Marcotte; Barbara Mulcahy; 'Cheryl Daebritz'; 'Cheryl Ingersoll'; 'Cindy Thompson (Email)'; 'Debbie Deegan'; 'Donna Lemoyne'; foleys@holliston.k12.ma.us; 'Jerry Lane'; 'Jim Johnson'; Joanne Liburd; 'Judith Fitzpatrick'; 'Karen Jelloe'; Kirsteen Leveillee; 'Linda Clark'; Mandy Brigham; 'Maria Rosado'; 'Mariellen Murphy'; Marilyn Thompson; 'Mary Bousquet'; Mary Grillo; Miriam Johnson; 'Nancy Baker'; 'Pam Dukeman'; 'Rose Bragdon'; Sauer, Bahiya; scolton@jpkeefe.org; 'Sophie Grintchenko'; 'Susan Adler'; 'Susan Huwe'; Tricia Schmitt; vdonohue@walpole-ma.gov; 'William Keegan'; 'Christine Brodeur'; 'Christine Tague'; 'Christopher Coleman'; 'David Davison'; 'David Ramsay'; 'Debbie Reynolds'; 'Dr. Steven Hiersche'; 'Jim Lynch'; 'Marc Waldman (Waldman, Marc)'; 'Martha White'; 'Mary Beth Bernard'; 'Michael Boynton (Boynton, Michael)'; Daniel J Morgado; 'Peter Hoagland'; 'Richard Tranfaglia'; 'Ruth Hohenschau'; 'Senchyshyn, John'
Cc: Carpenter, Karen (w); Donahue, Suzanne; Lynch Ruth
Subject: WSHG Sr. Plan rates - A CORRECTION!!
Attachments: CY14 Senior Rates.xlsx

I'm very sorry to inform you that the Managed Blue for Seniors rate on the rate sheet I issued was incorrect. It should have been **\$267.18** and not **\$363.41**. The corrected rate sheet is attached. I know the timing is terrible! This was my error, and I apologize. I think I was confused by the way the separate medical and RX rates were presented.

Carol

Carol G. Cormier, MHA, LIA
Vice President
Group Benefits Strategies
15 Midstate Dr., Ste 110
Auburn, MA 01501
p: 508.832.0490; 800.229.8008
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WEST SUBURBAN HEALTH GROUP

Senior Plan Rates effective January 1, 2014 - December 31, 2014

Health Plans*	CY14 Monthly Rate	% incr/decr from CY13	Financial Arrangement	Status
BCBS Medex 2 with Blue Medicare RX	\$ 311.63	-26.5%	self-funded medical/insured RX	Approved
HPHC Medicare Enhance with First Health Part D plan	\$ 328.33	-13.1%	self-funded medical/insured RX	Approved
Managed Blue for Seniors**	\$ 267.18	-33.5%	fully insured	Approved corrected 12/5/13
Fallon senior Plan*** [Medicare Advantage plan]	\$ 278.00	-0.4%	fully insured	Approved
Tufts Medicare Prime Supplement with PDP Plus	\$ 320.00	-5.4%	fully insured	Approved
Tufts Medicare Preferred HMO [Medicare Advantage plan]	\$ 252.00	5.0%	fully insured	Approved

* Effective 1/1/14, all WSHG Senior Plans incorporate a Medicare Part D Prescription Drug Plan (PDP)

** RX coinsurance on Managed Blue for Srs. eliminated and replaced with co-pays

*** Fallon Sr. Plan Office Visit co-pays changed from \$10/\$20 to \$15/\$25

NOTE: As of 1/1/14, no WSHG Senior plan members are eligible for My Medication Advisor RX programs or Diabetes Rewards Program.

TOWN OF SHREWSBURY
WEST SUBURBAN HEALTH GROUP SENIOR PLANS
RATES AS OF January 1, 2014 (Corrected 12/5/2013)

% PAID		TOTAL	TOWN	RETIREE
Town/Retiree		MONTHLY	MONTHLY	MONTHLY
MEDICARE SUPPLEMENT PLANS				
FREEDOM OF CHOICE				
<i>HARVARD PILGRIM - MEDICARE ENHANCE WITH FIRST HEALTH PART D PLAN</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	\$311.63	\$155.82	\$155.82
50/50	SURVIVING SPOUSE	\$311.63	\$155.82	\$155.82
<i>TUFTS - MEDICARE PRIME SUPPLEMENT WITH PDP PLUS</i>				
50/50	SUBSCRIBER	\$320.00	\$160.00	\$160.00
50/50	SURVIVING SPOUSE	\$320.00	\$160.00	\$160.00
HMO MEDI WRAP PLANS				
<i>BC/BS - MANAGED BLUE FOR SENIORS</i>				
60/40	SUBSCRIBER	\$267.18	\$160.31	\$106.87
50/50	SURVIVING SPOUSE	\$267.18	\$133.59	\$133.59
MEDICARE ADVANTAGE HMO PLANS				
<i>FALLON - SENIOR PLAN</i>				
75/25	SUBSCRIBER	\$278.00	\$208.50	\$69.50
50/50	SURVIVING SPOUSE	\$278.00	\$139.00	\$139.00
<i>TUFTS - MEDICARE PREFERRED HMO</i>				
75/25	SUBSCRIBER	\$252.00	\$189.00	\$63.00
50/50	SURVIVING SPOUSE	\$252.00	\$126.00	\$126.00