

Acton Health Insurance Trust

Friday, March 1 2024 – 8:18 AM

Member Attendees:

Chair: Steve Noone, Finance Committee
Clerk: Andrew Schwartz, School Committee
Melissa Andrew, ABRSD Treasurer
Theresa O'Leary, Town Tax Collector (Remote)
Alissa Nicol, Acton Select Board Representative

Peter Light, Superintendent
Andrew Shen, Deputy Superintendent
Yanxin Schmidt, ABRSD School Committee
Sheri Matthews, Director of Finance and Operations, ABRSD
Marianne Fleckner, Director of Finance for Acton
Steph Krantz, District Assistant Treasurer
Diane Laflash, Gallagher Representative
Marian Gil, Gallagher Representative
Lucy MacCallum, Gallagher Representative

Non-Member Attendees:

Minutes:

- Call to Order
 - Meeting was called to order at 8:17 am by the Chair.
 - Approval of Minutes (Andrew does a very nice job. Attaboy to Andrew)
 - Motion – Alyssa
 - Second – Andrew
 - Edit Requested –
 - Moved Yanxin to Non-Member Attendees
 - Under MIA, consider changing “Raise” to “Increase”
 - Unanimously Approved
- Treasurer’s Report
 - Provided in Docushare and in person
 - Accounting Reports are on a Cash basis
 - Some additional changes are shown due to accounting methodology
 - 2.9mm loss based on the cash flow
 - Cash Balance of \$819,000 out of the School/Town
 - As of January, remainder will be \$600,000
 - Considering this rate of spend, we may not have enough to cover expenses through June
 - Balance will be monitored monthly
 - Cash basis accounting may not reflect the incoming funds from rate increase
 - Monthly report will be provided to the trust
 - Q: Can you explain the two current month and two year to date columns
 - A: The document compares this year to last year
 - Q: Did you say that out of the \$2mm that was received, \$600K remains in January
 - A: Yes,
 - Q: And you’re not confident that we will have enough for the rest of the year?
 - A: I didn’t say that, I am going to monitor this over the course of the rest of the year monthly. We are getting BCBS funds monthly, HP is still quarterly, that allows greater visibility into cash flow. This will also reflect the new rate increases and may adjust the information
 - Treasurer will be here monthly to provide his updates going forward
 - Request : please provide a guide for the ongoing administrative costs for the treasurer team

- Audit Report

- Did not vote to approve the Audit report last meeting
- Motion to approve the Audit Report
 - Moved by Alissa
 - Second by Theresa
 - Unanimously approved
- YTD Claim Analysis
 - Review of document provided by Gallagher
 - January loss ratio 112% but slightly skewed due to Harvard Pilgrim issue
 - Claims comparison current v. Previous year
 - Claims increase yearly 16.5% (down from previous claims increase)
 - Claims are 1.5m for the month
 - Q: June in FY23 – over \$2mm in claims, shows that we are not sure that the timing will play to our benefit. Claims seem to come in high in June
 - A: Some of that was due to the data breach, and that was when HP issues hit. Due to that breach and HP's attempt to make good, the numbers were skewed
 - The Big question is still what's cash flow 7/1
 - As the two groups move to MIIA, BCBS will do ACH weekly
 - As long as we are able to pay our claims, BCBS will continue to pay our coverage
 - If we take a look at the numbers, 1.8mm average monthly claims cost. Technically if we were to dissolve, we would use that information to set the basis for claims coverage from the trust. That will include additional cash flow that will come in to the trust
 - Rebates, claims, etc
 - We would need to pay a monthly to MIIA as well as to hold the payout
 - Carriers typically would like to hold 2 months in reserve to cover the coverage costs of claims
 - We may need to hold some level of funds and some level of HIT for up to 3 years to fulfill the obligations of the trust/insurance companies
 - Q: Can we ask HP for their runout date?
 - A: Yes, it's usually 12 months, but we will ask
 - Q: Is it consistent with your point of view that upon moving from a self-funded trust to MIIA, we would need to target a 2 month or so reserve and that we would need to hold those reserves throughout the run-out life of the trust?
 - A: Yes, after 2 years you should be ok, IT may be up to 3 years
 - Q: Where would the funding for that ongoing concern of the trust come from after the shift to MIIA
 - A: Go to page 5, we can see that the funding that will come in for December and January to show an estimate for 1.6/1.9 mm = we gained about \$346K for that month. We may be able to have the total amount necessary to cover runout. Additionally revenue/expenses as 117%. We log expenses as they come in. This creates a slight discrepancy in the accounting method. Our expenses and our loss are shifting. Additionally revenue from Rx Rebates is currently flowing in to the Trust. Approx \$270K approx / quarter (credited to our invoice)
 - Q: As there's a 2 quarter lag, will we get the rebates after the move to MIIA
 - A: BCBS may not continue to pay once we leave BCBS, Gallagher to check/confirm
 - Q: As we are looking to move from Self-Funding to MIIA, we're not quite dissolving the trust, but we are no longer using it as a vehicle. What is the administrative responsibility of the District/Town upon dissolution?
 - A: The vote would be to not dissolve the trust, but would instead be towards moving to MIIA. We would need to have accounting, etc, through December 31, 2024.
 - Q: The school committee will withdraw from the trust, effectively dissolving the trust, per their attorney. It is easier for the town than the committee

- Q: But you are withdrawing your active members and direct your retirees and move them to Aetna
 - A: You can't dissolve the trust until the runout is complete. For at least 2 years. The legal entity needs to be resolved.
 - A: As far as the contract for retirees – that goes through December and it is billed through Mass Strategic Health Group. And the contract is split out between the town and district. The Retirees are not a big issue
 - As far as administrative costs, we saw runout claims and they went out about 5 months and about \$2mm (inclusive of June's claims)
 - The administrative duties will need to be an ongoing discussion – The treasurer bills the retirees monthly. We will need an audit June 30. Records will need to be managed. There are a lot of pieces that need to be defined
 - We need to define how to evolve the HIT into the new format
- With multiple obligations – town of Acton and its interest, School and its interest and HIT's interest – we may need additional counsel to determine a path forward
 - Trust doesn't mind that you withdraw, but you may need to continue to participate due to ongoing obligations
 - Trust may not be able to assign benefit
- Attorneys will be invited to the next HIT meeting, to review the situation and provide insight
- Current Stoploss
 - One new person who has gone into excess – total of 5, 5 additional at 50%
 - \$684K in excess claims – we have received about \$400k and the remainder coming back. \$193K to come back
 - More will start to enter into this space as we get closer to the end of the year
 - Runout will be 12 Months
 - Prior stop-loss is in the final 5 months of contract
 - As we get close to the end, there's not a lot of activity. Some adjustments, and some movement. We are currently due about \$69k
 - Total of about \$270k is due HIT through StopLoss
 - Will offset claims cost
 - Numbers are trending in the right direction
 - Q: MedEx Table page 11 – the budgeted cost is 0 due to the shift. Are the claims noted here shifting to Aetna?
 - A: The Claims up to 12/31 are HIT's and we will watch them. MedEx takes longer to pay claims. It's a Medicare supplement to cover the overflow that Medicare does not pay
 - Q: when you were talking about the money that was necessary for the runout, is that legal or standard?
 - A: Standard for the industry to have that money on reserve. BCBS understand our cash flow, and instead will allow weekly ACH to assist in managing the cash flow. July will be heavy, but after that things will be smaller
 - Run out last year in July was 1.4 m August was about half that
 - Q: It would seem though we would need to know the balance of July 1, as the school needs to understand the ongoing obligation to the trust to provide insight into the budget planning for the upcoming fiscal year. Can we provide insight into the obligation and cash position of the Trust as of July 1?
 - A: We can look at it based on previous trends, but something bad could happen again. Using 112% as a ratio for the year may be the best route. Pages 14 and 15 show claim payments and better understand the future of how this may work during run out
 - Q: Do companies have a deadline for including a claim?
 - A: Up to about 24 months
 - Q: Can we have a slide for next meeting that addresses this question?

- A: Yes, though it will be illustrative, and the trust will be only responsible for the governmental documentation. June 30 the administration costs will disappear. Trust will be responsible for the claims alone
- Town Report
 - Comments
 - Line-edits to come
- Adjourn
 - Meeting was adjourned at *9:12 am*
 - Moved : Alissa
 - Seconded : Andrew
 - Voted unanimously
 - Next HIT meeting will be hybrid and occur on March 28 , 2023 at 8:15 am

Handouts:

- Meeting agenda
- Previous Meeting Minutes
- Documents are stored on the HIT Document Site
 - <http://doc.acton-ma.gov/dsweb/View/Collection-17925>