

MINUTES

Sanbornton Health Insurance Study Committee (HISC)

Meeting Date and Time: Thursday, May 30, 2019 at 2:00 PM

Meeting Place: Meeting Room, Sanbornton Town Offices

Chairman Dick called the meeting to order at 2:03 PM

Roll Call

Regular Members present: Paul Dexter (Employee Rep), Julie Lonergan (Employee Rep), Ray Masse (Citizen Rep), Jim Dick (Citizen Rep)

Regular Members absent: Tom Salatiello (Selectmen's Rep), Budget Committee Rep

(Note: The Budget Committee in regular meeting appointed Craig Weissman as the representative to the Committee. He subsequently sent an email to the Board of Selectmen stating that he would not serve on the Committee. To date, the Budget Committee has not met to appoint an alternate representative. The Budget Committee position remains open until they select a member to participate.)

Others present at the meeting: Mike Connelly, Account Manager for New England Employee Benefit Company (NEEBCo)

New Business

- a. Paul Dexter suggested the review of the minutes be deferred since Mike Connelly was present to provide insights on the Town's insurance coverage. All agreed.
- b. Mike Connelly from NEEBCo introduced himself. He explained that NEEBCo is a brokerage, and their job is to match their customers with the right coverage. There is no fee for their service - they get paid by the insurance carriers. NEEBCo has been in business since 1988, and Mike has been with them since 2000.
- c. Mike explained that under the Affordable Care Act, all premiums for small businesses (<50 employees) are based strictly on demographics, and specifically on age. The rates shown in the planning material are an "illustrative" composite rate, since exact rates will depend on the age of the employees being covered. The rates aren't impacted by how much employees claim during a year. He provided the historical plans and rates that the Town has used since NEEBCo became the broker in 2014.
- d. Mike stated that the biggest change since he's been working with Sanbornton has been in the use of the HRA. He commented that he was surprised when he was told that the Town would continue to cover all out-of-pocket expenses in 2019. Paul Dexter noted that this is the first time that a HISC has addressed the HRA, and not just premiums and policy coverage. Mike explained that the HRA is administered by a third party, who receives the claims from the health care provider, validates it with the insurance carrier, and submits it to the Town for payment by the HRA. Ray Masse asked why the Town used an HRA, and not something like a Health Savings Account (HSA). Mike explained that to establish an HSA, the Town must have a High Deductible Health Plan (HDHP) as defined under ACA (which the Town does not currently have). One advantage of an HRA for the Town is that if the money isn't spent in a policy year, it goes back to the Town. With an HSA, the money remains with the employee forever (until it is spent).

- e. Mike provided some pros and cons of both an HRA and HSA. He pointed out that an HRA is very flexible, and the Town can decide exactly what is covered and what is not. He noted that in the past when the HRA covered only the insurance deductibles, utilization was only about 20%. He stated that the HRA can be used to create employee incentives to manage their health care costs. An example would be using the HRA to cover the entire copay for an ambulatory surgery visit, but requiring the employee to pay cost share associated with hospital surgery (which is much more expensive). If the HRA covers the copay, that would encourage the employees to use the less costly option of the ambulatory center.
- f. Mike reiterated that the Town must be under a HDHP to consider an HSA. To qualify as a HDHP, all of the first dollar cost must go toward the deductible - there cannot be any copays required before the deductible is met. He explained that there are limits on the maximum contribution for an individual/family within an HSA (\$3550 for an individual/\$7100 for a family in 2020). Up-front costs have to be paid by the employee, and if they don't have enough in their HSA, it can be a hardship. Ray Masse noted that moving to an HSA could leave some employees with a significant increase in their out-of-pocket costs compared to the current coverage, and any potential change would have to be "phased in". Mike suggested that the Town could offer two different plans with incentives for employees to move to an HSA.
- g. Mike also explained the difference between a "copay" (a fixed amount that the employee pays based upon the service being received) and "co-insurance" (a percentage of the overall negotiated price for a service that the employee must pay once the deductible has been reached).
- h. Mike explained that in our area, there are really only three companies (Tufts, Anthem, and Harvard) that offer Health Maintenance Organization (HMO) plans. The other choice would be to use a Preferred Provider Organization (PPO) which offers a much wider range of service providers within the network. Mike pointed out, however, that the increased provider options typically come with significantly higher premiums, which is why the Town has traditionally used an HMO.
- i. The Committee talked about the various options for plans and additional coverage. Julie Lonergan pointed out that the Town could go back to the HRA just covering deductible and not total out-of-pocket expenses. Ray Masse noted that there is a hybrid solution somewhere that can balance employee welfare and benefits while controlling the rising costs of healthcare coverage.
- j. Jim Dick asked about the impact of the Town having a retiree covered under its insurance. Mike explained that Harvard and Anthem will cover retirees under any plan. Tufts will only cover retirees 65 or older under the regular plans. That was the issue that prevented the Town from making the planned shift to Tufts for CY2018.
- k. The Committee discussed the different strategies that could be employed, such as going with a plan that provides 100% coverage. While a plan like that would be more expensive up front, it might have fewer "surprises" by eliminating the out-of-pocket expenses under an HRA. Mike said he would try to provide the Committee with the 4th quarter plan designs and pricing as soon as they are available. While they may change for Q1 2020, they would be a good planning tool to get a sense of what the options are in terms of deductibles, premiums and out-of-pocket expenses to help develop some options for the Town.
- l. The Committee thanked Mike for his time and the information he provided. Mike Connelly departed the meeting at 3:40 PM..
- m. The Committee returned to the review of the previous meeting's minutes. Paul Dexter made a motion to accept the minutes from the 5/23/10 meeting, as amended. During the discussion, Ray Masse seconded the motion. Ray offered some minor administrative corrections that were accepted. The motion to accept the minutes as amended passed unanimously..

n. The next meeting was scheduled for Thursday, June 13 at 2:00 PM.

A motion was made by Ray Masse to adjourn the meeting, seconded by Paul Dexter. Motion passed unanimously.

Meeting adjourned at 4:04 pm.

Respectfully submitted,
Jim Dick