

HEA Meeting

October 25, 2016

1. Introduction

- a. BBP's relationship with the MTA;
- b. experience in this area

2. Where is the Town of Hingham right now?

a. The Mayflower Group

- i. 37 governmental units on the South Shore
- ii. 10,800 subscribers
- iii. 20,000 members
- iv. Offers a variety of plans from 2 carriers – Blue Cross & Harvard Pilgrim – covering Active Employees, Non-Medicare Retirees and Medicare Retirees
- v. Hingham offers 3 Plans to Active employees and Non-Medicare Retirees:
 1. BCBS Benchmark HMO (414 Subs)
 2. BCBS Benchmark PPO (73 Subs)
 3. HPHC Benchmark HMO (114 Subs)
- vi. Hingham offers 2 Plans to Medicare Retirees:
 1. BCBS Medex III (494 Subs)
 2. HPHC Medicare Enhance (85 Subs)

b. **Unfavorable Claim Experience** - The Town's claim experience has been extremely unfavorable for the last 3 years. In the twelve month period ending June 30, 2016 the Town's combined loss ratio Active & Retiree was 107%

- i. Town expects an increase from Mayflower of at least 10% for FY2018, the period starting on July 1, 2017

ii. Town sought competitive bids for the FY18 from HPHC and from Blue Cross

1. BCBS proposed a 19.8% increase
2. HPHC proposed a 22.8% increase

iii. **MIIA** - Town sought competitive proposals from another purchasing group – MIIA – the Massachusetts Interlocal Insurance Association

1. MIIA is a subsidiary of the M.M.A.
 - a. Largest municipal purchasing group in state with over 120 municipal groups and 30,000 subscribers
2. MIIA offers exclusively products from BCBS
3. MIIA sets each individual member's rates based on its own claim levels.
4. MIIA offered a variety of "benchmark" plan options to Hingham;
5. Their proposal to match the current benefits came in at an 11.3% rate increase.
6. They also offered other options, with scaled back pharmacy coverage for retirees

iv. **GIC** The Town did a comparison to the State's Group Insurance commission (GIC)

1. The GIC has 240,000 subscribers & 400,000 covered lives
2. The GIC covers all state employees and employees of 50 cities, Towns 7 School Districts
3. The GIC offers 11 plans for Active employees and 6 plans for Medicare retirees
4. BCBSMA is not offered by the GIC
5. The GIC Plans would lead to lower overall costs for the Town

- a. The Town's Consultant estimates a savings of almost \$2,000,000 below the anticipated costs with Mayflower.
- b. Mitigation
 - i. The GIC has higher copayments than the current plans and the Town will establish a 5 Year mitigation fund to reimburse in-patient copayments, out-patient copayments & MRI's.
 - ii. The Town will also reduce premiums by \$75 for Individuals and \$150 for families for one month in the fall of 2017.
- c. Annual Premium deductions for all employees will be lower under the GIC Option than under the MIIA Option or the Mayflower option

3. What Are The Options?

- a. Stay with Mayflower
 - a. Pay more in premiums;
 - b. hope that claim experience improves in future so that the Town can get a good bid from BCBS or HPHC
- b. Move to GIC
 - a. lower premiums;
 - b. mitigation fund will defray some of the high copays; be prepared to seek bids in future
- c. Join MIIA
 - a. Higher premiums
 - b. Risk of even higher premiums in future if claim experience remains bad