

Massachusetts Municipal Reinsurance Arrangement (MMRA)

Board Meeting

May 10, 2016 at 11:30 AM

Arthur J. Gallagher & Co. Offices
1900 Crowne Colony Drive, Ste. 308,
Quincy, MA

Primary and Alternate Board members present:

Marc Waldman, Chair	West Suburban Health Group (WSHG)
Dan Morgado	West Suburban Health Group (WSHG)
Noreen Mavro-Flanders	Cape Cod Municipal Health Group (CCMHG)
Francis "Skip" Finnell	Cape Cod Municipal Health Group (CCMHG)
Donna Madden	Minuteman Nashoba Health Group (MNHG)
Anthony Logalbo	Minuteman Nashoba Health Group (MNHG)

Guests present:

Tracey May	Arthur J. Gallagher & Co. (AJG)
Michael Madden (<i>by conference call</i>)	Artex Risk Solutions, Inc.
Jason Melton (<i>by conference call</i>)	2 nd MD
Kate Sharry	Group Benefits Strategies (GBS)
Carol Cormier	Group Benefits Strategies (GBS)

Chair Marc Waldman called the meeting to order at 11:50 AM.

Approval of the minutes of the November 17, 2015 MMRA Board meeting:

Skip Finnell moved to approve the minutes as written.

Motion

Donna Madden seconded the motion. The motion passed by unanimous vote.

Tracey May said that he moved some agenda items around because Michael Madden would not be available to join the meeting by conference call until later. He said he arranged with 2nd MD to have their conference call at 10 AM.

2nd MD presentation:

Jason Melton, CFO for 2nd MD, joined the meeting by conference call. He explained the background of the company which provides video or phone access to the world's top specialists to provide second medical opinions. He said appointments are scheduled to happen within 3 days of the request and that 2nd MD provides the consulting physician with the patient's medical records prior to the scheduled consult. Mr. Melton gave examples of successes in avoiding unneeded surgeries and treatments and health improvement. He provided examples of the expert physicians who are part of the 2nd MD program.

The MMRA Board and consultants asked questions of Mr. Melton. They thanked Mr. Melton for the presentation. Mr. Melton left the meeting at this time.

Review of MMRA Financial Reports:

Mike Madden, Artex Risk Solutions and the MMRA’s captive manager, joined the meeting by conference call. He reviewed the Year-to-Date Quarterly Management reports of the 2015 and 2014 Treaty Years with data through December 31, 2015 and answered questions from the Board. The reports provided data separately by joint purchase group and in composite. Treaty Year 2015 showed no losses. Treaty Year 2014 showed losses of \$3,174,973 (including IBNR) which exceeded the Loss Fund amount of \$2,760,447 by \$413,553. The Non-Premium Funding was reduced by \$413,553.

Mr. Madden remained on the conference call to participate in the MMRA marketing discussion.

MMRA Renewal and Marketing the Reinsurance:

Tracey May said that Berkley Insurance originally proposed a 14% rate increase for FY17. Mr. May said that this was unacceptable. He said that there was an expectation when the MMRA started that Berkley would be maintained for 3 years, but he said that the issues with Berkley go beyond the pricing. He spoke of the two claims that have gone unreimbursed for a year or more.

Mr. May distributed an exhibit showing quotes and details he received from four reinsurance carriers, including Berkley, that have A.M. Best “A” ratings and have experience in the captive markets. He said that Berkley came down to a 9% premium increase, but that there were better quotes. The other carriers that provided quotes were HCC, Symetra, and Transamerica. He said that HCC quoted a 4.2% rate increase. The second lowest quote came from TransAmerica at 7.9%. Mr. May said all carriers except for HCC confirmed their rates as firm and final. He said that HCC has requested the clinical summaries for high cost claimants on BCBS plans. Mr. May said he requested the clinical summaries from BCBS on April 13 and still has not received them.

There was a discussion about the problems with BCBS reporting and the fact that they were charging high fees for the reporting, unlike the other health plans which do not charge for the reports.

Mike Madden called attention to the distribution of the premiums quoted across the expenses and the collateral. He pointed out that carriers that quoted lower Retained Excess Premium and allowed for more of the premium to go towards the Loss Fund were more efficient. He noted that HCC had the lowest Non Premium Funding (collateral) requirement.

Marc Waldman said that HCC should be asked to give a firm quote by May 25th. He said Transamerica had the next best quote, and it is a firm quote so that would be the second choice.

Tony Logalbo moved to give Tracey May negotiating authority in asking HCC to respond with a firm quote by May 25th and if that is not provided or if the quote is not satisfactory, i.e. Retained Excess Premium must be at \$1.3M or below, to give the contract to Transamerica.

Motion

Skip Finnell seconded Mr. Logalbo’s motion. The motion passed by unanimous vote.

Mr. Madden left the conference call.

Discussion: “Growing the MMRA”:

Mr. May said that the Board will have to be willing to offer more than one specific deductible in order to attract other joint purchase groups and independent municipalities.

Carol Cormier said that GBS sends client reinsurance RFPs to Tracey May so he is receiving data on high cost claims for GBS clients which will be helpful in identifying groups that would be good for the MMRA.

The Board members said that it is too early to determine whether or not the MMRA is a success and that they want to see another year of financial data before considering an expansion.

Additional Business:

There was no other business.

Adjournment:

Tony Logalbo moved to adjourn.

Motion

Skip Finnell seconded the motion. The motion passed by unanimous vote.

*Minutes prepared by Carol Cormier
Group Benefits Strategies*