

Town of Chester
Board of Selectmen
Tuesday, January 25, 2011
7:00 PM

Special Meeting to Introduce Proposed Healthcare Plan
Approved Minutes

I. **Preliminaries**

1.1 *Call the Meeting to Order*

Chairman Stephen Landau called the meeting of the Board of Selectmen for the Town of Chester to order at 7:15 PM.

1.2 *Roll Call*

Chairman Landau addressed the attendees. Michael Weider is unable to attend the meeting.

Members present:

Vice Chairman Jack Cannon
Joe Castricone
Gene P. Charron
Chairman Stephen Landau

1.3 *Pledge of Allegiance*

Chairman Landau led the attendees in the Pledge of Allegiance.

1.4 *Proposed Town Employee Healthcare Plan*

Chairman Landau announced that the purpose of this meeting is to hear a presentation by MVP Healthcare for providing healthcare insurance to Chester town employees.

1.5 *Proposed Program Highlights*

Chairman Landau noted that there have been many questions and rumors about the proposed changes to the town employee healthcare plan and he hoped this meeting would be able to address some of those concerns. He noted that the BOS is charged with managing a number of expenditures and it is important to get a consensus on the ways to manage all of the budget items. Chester has a \$3.5 to \$4 million budget and all the citizens in town have to be represented, those living both in and outside of town. This meeting should be a forum for information gathering as well as an opportunity to be fair to all citizens as well as employees. Anthem is the current provider for the Town of Chester, and the committee is trying to determine whether MVP can meet the Town's needs.

Chairman Landau invited the healthcare committee members, along with Liz Sanbo, the representative from MVP, to come forward and make the presentation to the BOS and those town employees present. The Healthcare Committee members are: Chris, Tim Lovelace, Kim Misko, Jack Cannon and Mike Weider.

Liz Sanbo described the proposed plan to those present. Ms. Sanbo noted that she had worked at

1 Anthem at one time, and she recognized that healthcare costs have climbed significantly in the
2 last few years. She stated that MVP has been providing coverage in New Hampshire for five
3 years and that MVP has 28,000 member participants in New Hampshire. MVP was started by a
4 group of physicians from the Mohawk Valley area of New York. There are 750,000 plan
5 members in New York, Vermont and New Hampshire.
6

7 MVP offers plans for both businesses and municipalities which are similar to those provided b y
8 Anthem. Ms. Sanbo noted that commercial plans now have a different level of plan as the same
9 level of benefit plan currently utilized by Chester, are no longer available in most cases. This plan
10 proposed for the Town of Chester employees is a “high deductible” plan which she likened to the
11 kind of plans in place before HMOs first appeared. Ms. Sanbo sand that once the plan deductible
12 is met for the employee (and his/her family), the plan starts picking up costs.
13

14 **Ms. Sanbo** explained how plan rates are set. The rate for this proposed plan is set based on 1st
15 quarter 2011 information. New Hampshire companies have to file their rates with the state on a
16 quarterly basis; for this reason, she cannot provide guaranteed cost information until at least May.
17 She handed out the packets of information to the Board of Selectmen and the Committee
18 Members.
19

20 During her presentation, **Ms. Sanbo** noted that there are several plan design options provided in
21 the packet and that they are similar to any small business plans offered by MVP. She noted again
22 that this proposed plan is “high deductible” and is very similar to an HAS (health savings
23 account) in that employees can open up accounts to use pre-tax dollars to cover deductibles.
24

25 Preventive care, regardless of what the deductibles are, is covered in full without office visit co-
26 pay or a deductible. Ms. Sanbo stated that covering preventive care in full is a requirement of the
27 Obama Healthcare plan. Benefit summaries were included in the presentation to help identify
28 other services that those present might want to look at that include co-pays.
29

30 Ms. Sanbo said that those summaries represent the standard offered by MVP in New Hampshire.
31 She reviewed the co-pays for various services such as prescription drugs. She noted that MVP
32 plans come with wellness benefits such as earning up to \$300 from MVP for doing wellness-
33 oriented programs. With the HRA (health reimbursement arrangement) earn points for preventive
34 visits (Well Style Extras), annual exam, blood sugar, cholesterol, and body mass index testing for
35 example.
36

37 There was discussion about use of generic drugs to reduce costs, utilizing the Exclusive Provider
38 Organization, which is a huge nationwide network shared with CIGNA. If an employee goes to a
39 network physician, they will not need to get a referral. It was noted that there are currently some
40 “holes” in this plan. For example, the hospital in North Conway has not yet completed an
41 agreement with MVP. **Ms. Sanbo** indicated that all of the other hospitals in NH are part of the
42 plan except for two—Portsmouth Regional and Parkland. Ms. Sanbo said that those hospitals’
43 representatives will be meeting with MVP in April and she felt that things look good for those
44 facilities’s acceptance of MVPs proposals.
45

46 There was some discussion about the uneasy feelings employees may have related to these
47 negotiations and where they would have to go for treatment if Portsmouth and Parkland don’t
48 participate. It was noted that Boston hospitals participate with MVP. Outside of the normal MVP
49 operating area, hospitals and doctors that are CIGNA participants can be selected by employees
50 and they will then be covered by MVP.
51

1 There was much discussion regarding the issue of deductibles--\$2,500 per person or \$5,000
2 aggregate. **Mr. Charron** stated that Chester will hire a third-party to manage their healthcare
3 deductibles and claims. Claims can be submitted to the third-party who will then reimburse the
4 employee for the deductible. It was pointed out that assuming the third-party pool is funded by
5 the Town; employees will not actually be “paying” any deductibles themselves. They will be
6 reimbursed by the fund pool.

7
8 In response to a question, Ms. Sanbo stated that all national pharmacy chains participate with
9 MVP, plus there is mail-order available through MedCo for maintenance drugs. Employees can
10 go on-line and look at available information to determine which method of purchase will cost
11 them the least amount of money.

12
13 In response to another question regarding allowable charges, those present were advised that
14 those charges are what MVP and the hospital have agreed upon. A question was asked regarding
15 the plan rider. The response was that since the Town of Chester will be paying 100% of the
16 deductible, then the rider is irrelevant.

17
18 A question was asked about the payment turnaround time it takes for MVP to pay a claim. Ms.
19 Sanbo stated that it is dictated by the State of New Hampshire that carriers have 60 days to pay a
20 claim.

21
22 Those present were advised that second opinions will be covered under the deductible and are not
23 mandatory. A second opinion will be paid for if the patient wants one. However, the physician
24 from whom the opinion is being sought must be a member of the MVP network.

25
26 There was some additional discussion about the third party management of the deductible pool.
27 Costs were of interest. Benefits Strategies, LLC is a company that provides third party
28 administration for the design, compliance and administration of these programs. Ms. Sanbo
29 estimated it could cost \$1,000 or so for set up and then there is a fee per participant.

30
31 Regarding the plan rates, those present were reminded that all commercial carriers change rates
32 on a quarterly basis and that information is released about two months in advance of the quarter
33 for which the rates are being set. Once the plan is set, the rates are good for one year.

34
35 Other questions included information on the cap on physical, occupational speech therapy, etc.
36 This plan has caps on these services and the employee will be responsible to pay the balance due
37 beyond the cap. There is a cap of 12 visits for Chiropractic visits. The plan will pay the plan
38 amount for up to 12 visits; from that point on, the employee will be responsible for the full
39 amount of the visit.

40
41 There was a request for a definition of “urgent care.” Ms. Sanbo said that urgent care is care that
42 is neither an “emergency” nor “standard” care. Urgent care services are medically necessary to
43 treat an illness or injury that has the potential to become an emergency if treatment is delayed
44 longer than 24 hours.

45
46 Other questions included an explanation of durable medical equipment (wheelchairs, walkers,
47 canes, crutches), and more detailed information on enrollment requirements, such as the
48 difference between open enrollment and a qualifying event. Ms. Sanbo indicated that you can
49 change your membership if you have a qualifying event such as marriage, divorce, birth, etc. The
50 *event date is the coverage date*. If you don't have a qualified event, then the *event date is the plan*
51 *date*.

1 Pre-existing conditions do not apply and will be covered from group to group. Also, there are no
2 evaluations or exams required to be included in this plan. Membership is seamless from the old to
3 the new plan.
4

5 A question came up regarding claims processing for plan participants. Plan participants will
6 happen electronically when the participant presents his/her ID card. If the employee is out of the
7 country, it will be necessary to process your claim via paper when you return to the US. All
8 claim information for the participant is available online or via the telephone.
9

10 Eye care is a covered benefit that falls under routine vision exam. Ms. Sanbo indicated that the
11 plan does not cover contact lenses or eyeglasses—only the examination.
12

13 MVP offers their pharmacy formulary available online and it is expected to be the same as the
14 current plan.
15

16 **Ms. Sanbo** said that MVP currently provides services to Loudon, Candia, Campton and
17 Sanbornton. She noted that the Town of Fremont no longer uses MVP as their healthcare plan
18 provider. She also discussed the Small Group Rating Pool (of which Chester is a part) which
19 covers companies or municipalities with fewer than 50 eligible employees. Rates are determined
20 by the history usage for the small groups. The SIC code, age of participants and location of
21 business are added into the base rate to come up with the final rate.
22

23 **Chairman Landau** noted that if at any time the plan rate becomes unacceptable, then the Town's
24 relationship with MVP may be cancelled "at will." MVP cannot terminate their arrangement with
25 the Town at will. It was noted that the plan cost will be higher should a smaller number of
26 eligible employees participate. It was noted that there must be an employee-employer relationship
27 in order for a person to participate in the Town's plan.
28

29 **Mr. Castricone** expressed some concern about unknown costs and the ongoing negotiations with
30 Parkland. He was assured by Ms. Sanbo that those questions will be resolved by April.
31

32 **Ms. Sanbo** noted that MVP's customer service center is located in Schenectady, NY. She also
33 agreed to come back and talk to any other plan participants who have questions. Plan packets
34 were distributed to the town employees present. Patricia Martin, Board of Selectmen Secretary,
35 has plan packets for employees not present at the meeting.
36

37 **Mr. Cannon** made a motion to adjourn the meeting at 8:30 PM. The motion was seconded by
38 **Mr. Castricone**. All were in favor. So moved. Meeting adjourned at 8:30 PM.
39
40

41 Respectfully Submitted by

42
43 Susan Messer