

Minnesota Healthcare Consortium
Mt. Iron, Minnesota

Minnesota Healthcare Consortium (MHC)
Joint Powers Authority (JPA) Board of Directors
Location: Resource Training Solutions, Sartell, Minnesota
2:00 p.m., Wednesday, September 5, 2018
(218) 749-9259

Members: Jim Fish, Lakes Country Service Cooperative; Julie Peterson, Northeast Service Cooperative; Jason Carlson, Northwest Service Cooperative; Paul Bravinder, Resource Training Solutions; Lynn Gorski, Southeast Service Cooperative; Jodi Sapp, South Central Service Cooperative; Darin Balken, Southwest West Central Service Cooperative

A G E N D A

1. Call to Order, Chair Carlson (*action*)
2. Roll Call (*action*)
3. Welcome and Introductions
4. Board of Directors: Proxy Vote for NESC (*action*)

As outlined in Section 3.5 of the JPA, MHC allows proxy votes from member Service Cooperatives. Julie Peterson, School Board Member, Moose Lake serves on the NESC board of directors and has been officially appointed by NESC to replace John Berklich as proxy for this meeting (September 5th) of the MHC Board of Directors. NESC informed Chair Carlson of its plan ahead of the meeting via email. We recommend that the board take action to formally acknowledge Julie Peterson's proxy status.

5. Board Minutes, Review and Adoption (*action – attachments*)
 - Board Minutes – May 2, 2018 (Pages 6-10)
 - Board Minutes – July 26, 2018 (Pages 11-12)

Please find attached the unapproved minutes from the regular board meeting held Wednesday, May 2, 2018, at Resource in Sartell, and the unapproved minutes from the special board meeting held Thursday, July 26, 2018, via conference call. Both sets of minutes have been reviewed by Chair Jason Carlson and the Management Committee and, pending final board review, we recommend adoption.

6. Special Guests – Donn Hanson, Managing Director; and Brian Johnson, Senior Managing Consultant, PFM Asset Management, LLC

We are pleased to welcome Donn Hanson and Brian Johnson of PFM Asset Management, LLC, as our guests. They will discuss the economic environment and fixed income market in general then share MHC's specific investment strategies and resulting performance to date.

7. Management Services Reports (*action – attachments*)

- Treasurer's Report – Lynn Gorski (Pages 13-15)
- Disbursement Report – Lynn Gorski (Pages 16-22)
- Managed Account Report – Jeanette Mellesmoen
 - Account Statement – Transaction Summary ISD RSR (Pages 23-24)
 - Account Statement – Transaction Summary CCOGA RSR (Pages 25-26)
 - Account Statement – Transaction Summary CCOGA IBNR (Pages 27-28)
- Rate Stabilization Reserve (RSR) Report – Jeanette Mellesmoen (Page 29)
- 2017 CCOGA Settlement – Genie Newville/Jeanette Mellesmoen
- MHC FY18 Audit: Progress Report – Jeanette Mellesmoen

We will present a series of fiscal reports and recommendations for board review and action.

8. MHC Settlement Guidelines – Reconciliation of Regional RSRs among Member SCs (*action*)

The CCOGA Settlement reported in item #7 is the final settlement under the previous agreement between the Service Cooperatives and Blue Cross. The new agreement is between the JPA (MHC) and Blue Cross and, as a result, MHC will now be conducting its own settlement process, which includes reconciliation of regional RSRs. With this fundamental change in mind, the Management Committee recommends that the board adopt the following settlement guidelines: (1) each region shall maintain a rate stabilization reserve (RSR) funding corridor of between 50 – 150% at the time of settlement and (2) if a region falls below the 50% minimum requirement, a funding call will be issued and the region will be required to submit funds to MHC to, at a minimum, get to the 50% minimum. Let's review.

9. Statewide Insurance Consultant Report (*action – attachments*)

- Minnesota Healthcare Consortium Group and Contract Counts by Pool (Page 30)
- 2018/2019 School Renewals Summary (rates effective various dates in 2018) (Page 31)
- 2019 CCOGA Renewal Preview (rates effective 1/1/2019) (Page 32)
- Program Development Summary: Learn to Live, Omada, Vitals SmartShopper, Sharecare (Pages 33-39)

Statewide Insurance Consultant Genie Newville will present MHC activity reports for board review and action.

10. VEBA Advisory Committee (*action – attachments*)

- Minnesota Healthcare Consortium: VEBA Committee Update, August 2, 2018 (Pages 40-48)
- Further Investment Report – Fall 2018 (Page 49)
- VEBA Advisory Committee Minutes
 - Thursday, May 3, 2018 (Pages 50-51)
 - Thursday, August 2, 2018 (Pages 52-53)
- Proposed Amendment to the VEBA Plan Recommended May 3, 2018, by Unanimous Vote of the VEBA Advisory Committee (Page 54)

As you may recall, the VEBA Committee of the member SC Executive Directors has become the VEBA Advisory Committee and reports to the board. Working with Further, we have significant activity with \$180M in total assets under management in 50,550 individual HSA and VEBA member accounts.

11. Proposal from Next Generation Healthcare Economics – Analytics and Reporting (Pages 55-62)
(*action – attachment*)

To assist with analytics and reporting, we recommend the proposal from Next Generation Healthcare Economics for a period of one year. The need for analytics and reporting will continue and likely grow but, for now, a one year commitment with “NexGen” best fits within our planning goals presently under review this year (FY19). Bill Colopoulos, Principal at Next Generation Healthcare Economics will join us to answer any questions from the board.

12. MHC Partner Relations Update (*information/discussion – attachment*)

Blue Cross has named Anthem’s Craig Samitt, MD, as its new CEO:
https://www.bluecrossmn.com/healthy/public/personal/home/about-us/us-newsroom/us-news-releases/sa_listpage_body/CEO%20news%20release?presentationtemplate=Consumer_Design/PT_ListDetails. MHC writes \$450M in annual premium through Blue Cross Blue Shield of Minnesota.

At Further, we work with senior account representative Marlo Peterson as well as CEO Matt Marek. Recently, the Minneapolis Star and Tribune featured Matt Marek in an article on the growth of HSAs. Working with Further, formerly SelectAccount, Service Cooperatives have been HSA (and VEBA) pioneers since 2002. (Matt Marek Newspaper Article Pages 63-64)

13. Planning for FY19 (*information/discussion*)

The Management Committee is conducting program evaluation, including feedback from member SCs, for the next iteration of the Minnesota Healthcare Consortium. The issues *at the state level and in multiple dimensions* include value, capacity, resources, alignment, sustainability, and growth. Right now, our focus is primarily on renewals and the bid law requirements under HITA coming in 2019. However, with the transition to the MHC JPA model essentially complete and over three years remaining on our agreements with Blue Cross and Further, we believe that revisiting our successes, challenges, and opportunities are timely for FY19 program planning.

14. Other

15. Schedule of Board Meetings (*action*)

Here is the schedule of quarterly board meetings for FY19:

- 2:00 p.m., Wednesday, December 5, 2018, Resource, Sartell – Focus: Audit
- 2:00 p.m., Wednesday, February 6, 2019, TBD (Twin Cities Area) – Focus: Annual Reorganization Meeting
- 2:00 p.m., Wednesday, May 1, 2019, Resource, Sartell – Focus: FY20 Budget

Please keep in mind that special meetings may be convened by the Chair or by a majority of the board per JPA Agreement Section 3.4. And, depending upon activity over the course of the program year, the Management Committee may also recommend changes to this meeting schedule.