

**Berkshire Health Group**

**Board Meeting #06-05**

Lenox Town Hall  
Lenox Massachusetts  
Monday, January 11, 2016 at 9:30 a.m.

**Meeting Minutes**

**Board and Alternates Present:**

Mary Beverly, Chair	Town of Adams
Sharon Harrison, Vice Chair	Berkshire Hills RSD
David Hinkell	Adams Cheshire RSD
Christopher Ketchen	Town of Lenox
Melissa Falkowski	Central Berkshire RSD
Lauren Sartori-Hobgood	Town of Great Barrington
Gerri Porter	Berkshire County Insurance Group
Janet Saddler	Town of Williamstown
Nancy Rauscher	Mount Greylock RSD
Maureen Senecal	Northern Berkshire Vocational RSD
Bruce Turner	Southern Berkshire RSD
Steve Presnal	Southwick Tolland Granville RSD

**Guests present:**

James Kelley	BHG Treasurer
Shannon Ashcroft	BHG Wellness Coordinator
Sean Follick	The Abacus Group
Erika Snyder	Adams Cheshire RSD
Rebecca Herzog	Berkshire County Insurance Group
Sandra Stankiewicz	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

The Chair, Mary Beverly, called the meeting to order at 9:37 a.m.

**Approval of the Minutes of the meeting of November 30, 2015, (Meeting #16-04):**

Nancy Rauscher said that the minutes omitted Brenda Rondeau's vote against plan design changes for FY17.

Janet Saddler moved to approve the minutes of November 30, 2015 as amended.

Motion

Sharon Harrison seconded the motion. The motion passed by majority vote with Maureen Senecal and Nancy Rauscher abstaining.

**Treasurer's Report:**

Treasurer, Jim Kelley, reviewed the financial reports for November 2015 (unaudited figures). He said the cash position increased by \$206K during November mainly due to the maturity of a bond that was not reinvested. He said there was a one month profit of \$251K. He said that claims were 89% of member

assessments. Mr. Kelley said that as of 10/31/15 the Group's total equity was \$7,005,932 with uncommitted surplus reserves of \$2,222,932. Mr. Kelley said there was a year-to-date investment loss of \$8K.

Mr. Kelley said the auditor is proposing a \$300K IBNR adjustment. He suggested that the auditor call in on speaker phone to the next Board meeting to review the audit report.

Ms. Sartori-Hobgood said she would would like to hear the auditor's report prior to taking a vote on the FY17 health plan rates.

**January 2016 Warrant Summary:**

Carol Cormier reviewed the January Warrant Summary with invoices totalling \$3.72 million.

Janet Saddler moved to accept the January Warrant Summary.

Motion
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Bruce Turner seconded the motion. The motion passed by unanimous vote.

In response to a request from the Treasurer, Sandra Stankiewicz said that she would look into possibly lowering the BCBS Level Monthly Deposit.

**GBS Reports:**

Carol Cormier reviewed the *FY16 Funding Rate Analysis* report with data through November 2015. She said the expense-to-funding ratio for health plans was 94.4% and that, on a paid claims basis, there was a funding surplus of \$945K. She noted that \$360K of that amount was from reinsurance reimbursements for events of the prior year. Ms. Cormier said that the expense-to-funding ratio for the dental plans was 89.3% with a funding surplus of about \$66K.

Ms. Cormier said that for the FY16 the *Level Monthly Deposit* payments to BCBS have resulted in a \$652K credit to BHG through November.

Karen Carpenter reviewed the *FY15 reinsurance report* with eight claimants exceeding the \$200K specific deductible. She said total claims for the eight members was \$2.15 million, and the Excess Claims totaled \$566K. She noted that there was a credit adjustment made to the claims of one member which resulted in that member's claims falling below the specific deductible. She said that the BHG has met the \$100K aggregating specific deductible and has been reimbursed \$470,285. She said there is an overpayment of reimbursements to BHG of \$3,553.

Ms. Carpenter reviewed the FY16 reinsurance report of claims exceeding the \$200K specific deductible. She said the total claims for the one member was \$259,192. Ms. Carpenter said that the \$100K aggregating specific deductible has not been met. She reviewed the claims between 50% and 100% of the deductible. She said there were total claims of \$372,368.

**Presentation by The Abacus Group on myMedicationAdvisor® feasibility study:** Carol Cormier introduced Sean Follick, Director of Sales and Marketing at The Abacus Group.

Mr. Follick gave a brief overview of The Abacus Group and said that from its inception in 1988 Abacus has been a risk management and analysis firm. He said the Group's principals are recognized nationally and have academic affiliations to both Brown University and Harvard Medical School

Mr. Follick said that Group Benefits Strategies first contacted the group about the international prescription drug buying program. He said other Mass. municipal entities have been offering the myMedicationAdvisor® program for a decade or more. Mr. Follick said that Abacus insures that the myMedicationAdvisor® program medications are safe and appropriate. He said that the program is a voluntary program offered through

CanaRx and said that the medications are supplied through Canada, the UK, Australia, and New Zealand. Mr. Follick said the generic mail-order portion of the program offers its members generic medications at a \$0 co-pay for up to a 90-day supply. He said the members contract directly with CanaRx. He said that Abacus insures savings to the group by selecting only those medications that will save money.

In response to a question, Mr. Follick said that the shipping costs are included in the group costs, but noted that only drugs that save money net of shipping costs and waived co-pays will be included on the medication lists. He said that the Abacus Group will report quarterly on utilization, costs and estimated savings.

Mr. Follick said that communications will be sent out to all eligible covered members, and representatives from the Abacus Group will attend health fairs and meetings. Mr. Follick said that Abacus will receive raw claims data files from Blue Cross Blue Shield and will send out program information to anyone on that list who is eligible. He noted that the appropriate HIPAA regulations will be followed.

Carol Cormier confirmed the information that Mr. Follick said and noted that new medication lists are sent out to the employers on a quarterly basis. She said that the Abacus Group has looked at the viability of implementing the drug program for BHG twice in the past, perhaps ten years ago, but said their analyses at the time showed that the program did not result in a savings for the BHG so they didn't present a proposal.

Mr. Follick reviewed the fee schedule and said that the BHG fee per contract would be \$1.25 which would include promotions, mailings, and representation at health fairs. He said the initial goal is to achieve a 2 to 1 savings after which the savings would be split by 25% to the Abacus Group and 75% to BHG. He said the group can launch the program at any time of the year and noted that it usually takes 60 to 90 days to start up.

In response to a question about termination of the arrangement, Mr. Follick said he would check on it but thinks there is a 90-day notice required to discontinue the program. He said he would mail a copy of the contract to Ms. Cormier for distribution to the Board.

The Board agreed to take this matter up again at the next meeting.

Mary Beverly thanked Mr. Follick, and he left the meeting.

**Wellness Coordinator's report:**

Shannon Ashcroft reviewed the BCBS Top Health Conditions report based on the BHG non-confidential data provided by BCBS. She said the top conditions that can be addressed with wellness programs are hypertension and hyperlipidemia. She said additional health screenings could have an impact on those conditions and may help to prevent some incidents of strokes. She said there is money in the current budget to add the additional screenings. Ms. Ashcroft noted that spouses were typically less healthy than the employees and suggested a bigger push to include spouses in the BHG programs. She explained how to read the report.

The Board agreed that spouses should be included in the Health Risk Assessment program.

Ms. Ashcroft said there were 14 submissions for the 2015/2016 *Colonoscopy Incentive* program and said the program continues to do well.

In response to a question about the Diabetes Care Program, Ms. Ashcroft said she believes there are approximately 26 participants and said the coaching has been changed to add goal setting to the program.

Mary Beverly asked Ms. Ashcroft to bring participant information and counts for the diabetes program to the February meeting.

Sharon Harrison asked if BCBS would be able to send out a postcard or letter to eligible members to let them know about the diabetes program.

Sandra Stankiewicz said she didn't think that BCBS would be able to do that since it isn't a BCBS program, but she said she would talk to the Wellness Department to see if there was something they could do to help.

It was suggested that the program information be included in the open enrollment materials.

Mary Beverly asked Ms. Ashcroft to prepare materials with specific information about the program.

Ms. Ashcroft continued with her report and said that BHG now has a Facebook page.

Karen Carpenter said she would add the link to the BHG website.

Ms. Ashcroft said that half of the participants that signed up for the *Maintain Don't Gain Holiday Challenge* weighed in and had a total weight loss of about 194 pounds. She said that the January/February newsletter highlighted the wellness initiatives of Lorie Tencati, the Wellness Champion from Southwick Tolland Granville RSD. Ms. Ashcroft said the fitness "Open House Week" is from January 18<sup>th</sup> through January 24<sup>th</sup> and said members can try out the participating gyms for free. She said the gyms are offering 2016 corporate membership discounts for BHG members. Ms. Ashcroft said she will create a list of facilities and their discounts.

Ms. Ashcroft said she looked into a worksite wellness grant but said each employer will need to apply for it. She said BHG cannot apply as a group and said that each location would need to match the grant amount that they apply for.

**FY17 Preliminary Rate Projections:**

Carol Cormier said that BCBS and GBS do independent rate projection calculations. She said the GBS rate projections were calculated on a composite of the Value Plus and Deductible plans together since there are very few enrollees in the Deductible plans. She reviewed the projections for each plan and noted that BCBS uses a trend factor based on its book of business since BHG is not large enough to use its own trend. Ms. Cormier said she has provided two sets of projections, the BCBS projection and the GBS projections.

Ms. Cormier reviewed the BCBS Medex senior plan projections and said she prepared a projection of the current Medex plan with and without a double mail-order prescription drug (Rx) co-pay. She said that the mail order program is for a 90-day supply compared to the 30-day supply available through retail. She said the member saves one-month's copay when he/she orders through the mail; whereas, currently the member saves two month's copays. Ms. Cormier said she also prepared a Medex2 EGWP plan projection. She said the Medex2 medical claims would continue to be self-funded, but the Rx portion would become a Medicare Part D plan (PDP) through Blue Medicare Rx. She said a double mail-order Rx co-pay would be required when moving to the Medex2 EGWP plan. Ms. Cormier said that the EGWP plan could be implemented in July, but would renew in January, six months later and each January after that.

Ms. Cormier said that based on the BCBS projections, the composite rate increase for the *status quo* active and Medex plans is 13.2% or 12.5% with the double mail-order Rx co-pay on the Medex plan.

She said that based on the GBS projections, the composite rate increase for the active plans is 12.2% or an 11.6% increase with the double mail-order Rx co-pay on the Medex plan.

Ms. Cormier said the suggested rate increases for the dental plans is 3.2%.

Ms. Cormier reviewed the Medex2 rate with the Blue Medicare Rx PDP and said the self-funded medical portion of the rate would be \$173.71 and the fully insured prescription drug (PDP) portion of the rate would be \$144.73 for a combined rate of \$318.44. She noted that the BCBS fees, PCORI tax, and GBS fees were

included in the medical portion of the rate. She said that the EGWP version of the plan results in savings of about \$130 per member per month. She said that the savings is shared by the governmental unit and the retiree.

There was a discussion about setting the active employee plan rates realistically to be able to cover their actual costs.

In response to a question about savings, Ms. Cormier said that each unit can move independently to the Deductible plans which will lower its costs by 7 to 8%.

There was a discussion about the Medex plan options.

Bruce Turner left the meeting.

Sandra Stankiewicz said that BCBS would help with the transition to the Medex2 plan if that is what the Board chooses. She said educational meetings can be held and noted that education will be a key factor in the transition. Ms. Stankiewicz said that the retiree meetings typically last about one and a half hour. She said that BCBS also has a dedicated phone line to help the senior members. She noted that one of the most asked questions is if members can use their same retail pharmacies or if they must use CVS, since CVS/Caremark is the Pharmacy Benefit Manager (PBM). She said members may continue to use other pharmacies.

Sharon Harrison said that the BHG Finance Committee is not recommending utilizing any fund balance to supplement the FY17 rates if the Board opts to move to the Medex EGWP plan. She said that if the Board does not go with EGWP, the Committee is not recommending use of anything higher than \$500K to subsidize the plans.

The Board agreed to take the vote on the FY17 rates at the January 25<sup>th</sup> meeting.

Carol Cormier said that she would look at homogenizing the rate increases a bit but emphasized the importance of funding the Network Blue plan appropriately since it has the largest enrollment by far.

Lauren Sartori-Hobgood thanked Group Benefits Strategies for keeping the employers up to date on all of the Affordable Care Act information.

Carol Cormier said that BCBS will be sending the member data for the ACA reports to GBS on January 15<sup>th</sup>. She said that GBS will then separate the data by employer and will upload the information to the GBS web portal used for the Online Roster Service.

**Blue Cross Blue Shield Report:**

Sandra Stankiewicz referred to an exhibit that she prepared about the transition to the Medex 2 plan and what it would mean for the members. She noted that it was not an official BCBS document but a collection of the previous Board meeting discussions.

Ms. Stankiewicz said that the \$300 fitness reimbursement benefit has been added to the Medex plan.

Ms. Stankiewicz suggested that the Board may want to vote on the *Telehealth* benefit at the next meeting.

**Other Business:**

Mary Beverly said that there would be no wellness report at the next meeting. She asked Ms. Cormier to include the Abacus myMedicationAdvisor® program, the FY17 rates, EGWP, the financial auditor's report

by phone, the RDS re-opening, and the double prescription co-pay for the Medex mail-order on the next agenda.

It was noted that the Board might consider receiving quotes from auditors for the FY16 financial audit.

The next meeting previously scheduled is January 25, 2016, at 9:30 a.m. at the Lenox Town Hall, Lenox, MA.

There was no other business.

Janet Saddler moved to adjourn the meeting.

Motion
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Nancy Rauscher seconded the motion. The motion passed by unanimous vote.

Mary Beverly ajourned the meeting at 12 :07 PM.

*Prepared by Karen Carpenter  
Group Benefits Strategies*