

Berkshire Health Group

Board Meeting #12-06

Lenox Town Hall
Lenox Massachusetts
Monday, January 23, 2012 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Greg Federspiel, Chair	Town of Lenox
Mary Beverly, Vice-Chair	Town of Adams
Jorja-Ann Marsden	Berkshire County Insurance Group
Geri Porter	Berkshire County Insurance Group
Brenda Rondeau	Mt. Greylock RSD
Janet Saddler	Town of Williamstown
Stephen Presnal	Southwick Tolland RSD
Sharon Harrison	Berkshire Hills RSD
Marge Foster	Central Berkshire RSD
David Hinkell	Adams Cheshire RSD
Maureen Senecal	Northern Berkshire Vocational RSD
Kevin O'Donnell	Town of Great Barrington
Terri Licata	Southern Berkshire RSD

Guests present:

James Kelley	Treasurer, Berkshire Health Group
Maureen Daniels	BHG Wellness Coordinator
Cindy Polinsky	MA Teachers Association
William Cameron	Central Berkshire RSD
Steve Corbin	Blue Cross Blue Shield (BCBS)
Patricia Kaplan	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Greg Federspiel opened the meeting at 9:31 a.m.

Approval of the Minutes of the meeting of December 20, 2011 (Meeting #12-05):

Brenda Rondeau made a motion to approve the minutes of the December 20, 2011 meeting as amended.

Dave Hinkell seconded the motion. The motion passed by unanimous vote.

Motion

Treasurers Report -

Treasurer Jim Kelley reviewed the financial statements of December 31, 2011 (unaudited figures). Mr. Kelley said that the overall cash position increased by a net of \$983K at the end of December, mainly due to advance collections of member assessment revenue and receipt of RDS revenue. He said the Cash-Schwab portfolio increased by \$383K.

Jim Kelley said that the health claims are running at 78% of member assessment revenue, and the dental claims are running at 72% of member assessment revenue.

Mr. Kelley said that at month ended December 31, 2011, the trust fund surplus is \$14,864,000, with a year-to-date profit of approximately \$2,810,000.

Jim Kelley said that the audit report has been updated to reflect the progress that the Board has made in regards to its internal controls process. He said that the final copies should be received soon. Mr. Kelley said that he and Mary Beverly are working on finalizing the internal controls documents.

Approval of January 2012 Warrant Summary:

Carol Cormier reviewed the January 2012 Warrant Summary and noted the invoice for \$8,000.00 from Enrollment Audit Solutions for the Dependent Audit.

Kevin O'Donnell moved to approve the January Warrant Summary.

Motion

Sharon Harrison seconded the motion. The motion passed by unanimous vote.

GBS Reports:

Retiree Drug Subsidy (RDS) Memorandum of Understanding (MOU)- Carol Cormier said that Memorandum of Understanding for the FY12 Retiree Drug Subsidy is past due. She said that the total proposed fee is \$8,830, an increase of 2%. Ms. Cormier asked that the Board approve a two-thirds payment of \$5,887 due on February 1, 2012 and the last payment of \$2,943 be paid on July 1, 2012.

Sharon Harrison made a motion to approve the FY12 RDS MOU as written.

Motion

Kevin O'Donnell seconded the motion. The motion passed by unanimous vote.

Funding Rate Analysis- Carol Cormier reviewed the Funding Rate Analysis with data through December and said the expense-to-funding ratio for health plans was 87.6% and for dental was 82.9%.

BCBS Level Monthly Deposit -Ms. Cormier reviewed the BCBS level monthly deposit report for the 2nd quarter ending December 31, 2011 and said that BHG has a credit balance of \$2.0M which will be applied to next month's claims. She said that she supports Jim Kelley's request to BCBS to review the LMD.

Stop Loss Report - Karen Carpenter reviewed the stop loss reports with data through November 2011. She said that close to \$7.5K was owed to the BHG on the FY11 policy. She said that no members had exceeded the policy deductible for FY12. Ms. Carpenter said that a reimbursement of approximately \$15K is due for FY10 and said that she would follow up with the reinsurance broker on the status.

ERRP Update – Ms. Carpenter said that it is taking longer than the expected 30-day timeframe to receive reimbursement monies.

Wellness/Health Behaviors Update:

Maureen Daniels said that the Wellness Nurse is continuing to conduct the Blood Pressure Clinics and said that blood pressure monitors and follow-ups are provided to the members enrolled. Ms. Daniels said that the nurse may try meeting in groups to maximize her time. Ms. Daniels said that there was a lot of interest in the Maintain Campaign that will be completed in January. She said that there was a 23% spike in participation following the mailing of postcards for the colonoscopy incentive program.

Ms. Daniels suggested the possibility of giving a premium reduction incentive to those that complete the biometric screenings.

Carol Cormier said she thought that a premium reduction incentive would need to be negotiated at each unit.

Sharon Harrison suggested continuing the gift card incentives.

Greg Federspiel asked Ms. Daniels to look at a few different proposals that the Board could review.

Mary Beverly suggested looking at HRAs and said that the Steering Committee may want to meet before the next meeting.

Segal Company proposal for actuarial review of Fund Balance:

Greg Federspiel said that in response to the Board's request for an actuarial review of the BHG Fund Balance Policy, Segal Company proposed a fee of \$7,500 to complete the work.

The Board members said they thought the fee was high..

Mary Beverly suggested obtaining quotes from other actuarial companies.

Greg Federspiel asked Ms. Cormier to ask Segal Company to consider lowering their fee.

Jim Kelley said that he would obtain quotes from other companies as well.

Adam Cheshire request for special open enrollment February 1st to February 15th for paraprofessionals:

Dave Hinkell said that the employee contribution rate for Adam Cheshire RSD paraprofessionals will be changing to 25%, up from 20% and asked for a special open enrollment for less than 47 employees with an effective date of March 1, 2012.

Mary Beverly made a motion to approve Adam Cheshire's request for a special open enrollment as specified above.

Motion

Kevin O'Donnell seconded the motion. The motion passed by unanimous vote.

Town of Adams – member reimbursement request:

Mary Beverly explained that a Town of Adams retiree enrolled in the BCBS Medex plan was having difficulty obtaining coverage for a medical bill. Ms. Beverly explained the issue and asked the Board to consider approving payment of the bill.

The Board asked Mr. Corbin, BCBS, to look into this before taking any action.

Retiree Drug Subsidy (RDS) distribution:

Greg Federspiel said that the Board's last discussion resulted in moving ahead with an RDS distribution of plan years 2006, 2008, 2009 and 2010, all of which have been reconciled. He said that the 2011 plan year is not reconciled yet. Mr. Federspiel reviewed page 6 of the funding rate analysis and said that the total of all four years subsidy is approximately \$1.749M.

Marge Foster said that she requested this item to be added to the agenda and said that she would also like to request that the Board reconsider giving a premium holiday of \$3M instead of distributing the RDS monies.

Greg Federspiel asked to table this item until after review of the proposed FY13 rate projections. The Board agreed.

FY13 Rate Projections:

Carol Cormier said that she noticed an error on page 22, scenario 3E and asked that the Board write in the corrected information as she explained the changes. Ms. Cormier reviewed the BCBS administrative fees and said that BCBS proposed a 2% increase for all plans. She also reviewed the GBS fees and the high cost claims experience for plan years 2010 and 2011. Ms. Cormier said that the BCBS projections were

significantly different than that of GBS this year. She said that was the case with the health plan projections for most of her groups this year.

Carol Cormier reviewed the current funding for FY12 and the following funding rate scenario projections for FY13:

Scenario 1 – Full Funding, rates based on BCBS projections – composite increase of 7.1%. Ms. Cormier noted that she converted BCBS's separate rating of the Standard vs. Value Plus plans into a composite increase and applied the increase percentage of the composite to the current Standard and Value Plus rates.

Scenario 2 – Full Funding, rates based on GBS projections – composite increase of 7.8%.

Scenario 3A- Using the lower of the BCBS and GBS projection for each plan – composite increase of 4.1%.

Scenario 3B – Using the lower of the BCBS and GBS projections for each plan, except the BlueCare Elect plan, used the average of the two projections. – composite increase of 5.3%. Ms. Cormier said that she recommends using this scenario to prepare the cost savings analysis of what the rates would have been if no changes were made to the current plans.

Scenario 3C – Ms. Cormier said that this scenario needs to be corrected, but said that it isn't one that would be considered.

Scenario 3D – Reduces Scenario 3B rates by 3.86% and projects using \$1.5M fund balance subsidy. Composite increase of 1.3%.

Scenario 3E – Based on Scenario 3D, but estimates applying \$1,070,880 fund balance subsidy. Carol Cormier said that she will update this scenario with the corrections noted earlier. She said that it was difficult to estimate the migration of members.

Greg Federspiel asked Ms. Cormier to create a scenario if all members stayed in the Value Plus plans.

Mr. Federspiel asked Mr. Corbin to explain why the BCBS analysis reflects a 10% increase if the current rates are now 20% higher than actual claims and expenses.

Steve Corbin said that the projections are based on projected claims from last year and deductions across all products.

Carol Cormier said that the GBS funding rates include reinsurance and the GBS administrative fees. She said she used 2 years of historical claims data and applied trend to those claims. She said that Scenario 3A is not out of line. Ms. Cormier noted that sources of revenue other than from the funding rates are not taken into consideration. She said these include the RDS, interest earnings, and other income are not taken into consideration.

Janet Saddler said that if all are going to the Value Plus plans from the Legacy plans, she cannot understand why there would even be an increase.

Carol Cormier said that a 0% increase to the Value Plus plans is reasonable.

There was a discussion about the projection process and use of fund balance.

Carol Cormier said that BHG will be offering both the Value Plus and Deductible plans. She said that once the rates are set that she will send out a cost savings analysis template that the employers will be able to use to calculate their savings.

Greg Federspiel said that he is in favor of level funding the Value Plus plans and anticipates looking at a premium holiday towards the end of next year. He said that he is comfortable distributing the RDS subsidy.

Marge Foster made a motion to keep the FY13 rates for the Value Plus (VP) plans the same as FY12 and rate the Deductible plans lower than the VP plans by 8.5% for the HMO and POS plans and 7.3% for the PPO plans.

Motion

Sharon Harrison seconded the motion. The motion passed by unanimous vote.

Sharon Harrison made a motion to reduce the Medex Enhanced rate to \$390 per month.

Motion

Marge Foster seconded the motion. The motion passed by unanimous vote.

Marge Foster made a motion to untable the discussion about the premium holiday.

Motion

Maureen Senecal seconded the motion. The motion passed by unanimous vote.

Marge Foster made a motion to grant a full month premium holiday in FY12 to all members utilizing approximately \$3M of fund balance monies.

Motion

Maureen Senecal seconded the motion.

Greg Federspiel said that he would prefer to use the fund balance surplus strategically and is not in favor of this motion.

Jorja-Ann Marsden said that a premium holiday benefits both the employers and employees.

Dave Hinkell said that he has changed his original opinion and is now in favor of the premium holiday.

Sharon Harrison agreed with Greg Federspiel and said she would like to use the opportunity to be strategic with the surplus dollars.

There was a discussion about when to have the premium holiday if it is approved by the Board.

Cindy Polinsky said that because of the out of pocket expenses that will be added with the plan design changes this year, she asked the Board to consider delaying this discussion until March.

A vote was taken and passed by a majority vote. Sharon Harrison, Greg Federspiel and Kevin O'Donnell voted against the motion.

Implementing plan design changes at the local level:

Greg Federspiel said he would like to get a sense of what plans the units will be offering to their members on July 1, 2012.

Most Board members thought they would be offering both plan designs: the Value Plus and the Deductible plans. One Board member said they would be offering only the Deductible plan and one member was not sure.

Carol Cormier asked Steve Corbin to work with Ruth Lynch, the Enrollment Manager at GBS, regarding group numbers and the process to use to move the members into the new plans. She suggested moving the members electronically unless the employee is switching plan types.

BCBS Dental Rates:

Carol Cormier said that the projections recommend a 2% decrease in rates and said that she could round the rates up to the nearest whole dollar.

Sharon Harrison made a motion to approve decreasing the BCBS dental plan rates by 2% and round up to the nearest whole dollar.

Motion

Kevin O'Donnell seconded the motion. The motion passed by unanimous vote.

Brenda Rondeau made a motion to approve increasing the dependent eligibility age for the dental plans to age 26 effective July 1, 2012.

Motion

Sharon Harrison seconded the motion. The motion passed by unanimous vote.

Carol Cormier suggested sending information about the change with the open enrollment materials.

Other Business:

Janet Saddler asked if Express Scripts was pulling out of RiteAid as well as Walgreens.

Steve Corbin said that Express Scripts Inc, the BCBS pharmacy manager and Walgreen's Pharmacy have not renewed their contract. He said that it does not affect RiteAid Pharmacy.

Greg Federspiel said that the next meeting dates are for February 28 and March 20, both to be held at 9:30 AM at Lenox Town Hall.

Carol Cormier said that she will send wording on the Section 21 vote to the Board.

There was no other business.

Motion

Brenda Rondeau moved to adjourn.

Sharon Harrison seconded the motion. The motion passed by unanimous vote.

Greg Federspiel adjourned the meeting at 11:50 AM

*Prepared by Karen Carpenter
Group Benefits Strategies*

