

Berkshire Health Group

Board Meeting #11-05

Lenox Town Hall
Lenox Massachusetts
Tuesday, January 25, 2011 at 9:00 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
Sharon Harrison	Berkshire Hills RSD
Kevin O'Donnell	Town of Great Barrington
Maureen Senecal	Northern Berkshire Vocational
David Hinkell	Adams Cheshire RSD
Janet Saddler	Town of Williamstown
Bruce Turner	Southern Berkshire RSD
Brenda Rondeau	Mt. Greylock RSD
Marge Foster	Central Berkshire RSD

Guests present:

James Kelley, CPA	BHG Treasurer
Maureen Daniels	BHG Wellness Coordinator
Jenna Grelle Laramee	Berkshire Health System
Stephen Corbin	Blue Cross Blue Shield
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Greg Federspiel opened the meeting at 9:10 a.m.

Treasurer's Report:

Treasurer Jim Kelley reviewed the financial statements of November 30, 2010 and draft year-to-date Income Statement through December 31, 2010 (unaudited figures). He said the overall cash position at the end of November increased by a net of \$1.15M. He said that the operating cash account decreased by \$931K and the Cash-Schwab portfolio decreased by \$224K. Mr. Kelley said that the operating cash decrease was mainly due to an increase in advance collections of member assessment revenue of approximately \$461K and the quarterly settle-up credit due from BCBS in the amount of approximately \$695K.

Mr. Kelley said that the investment account at Schwab increased by a net of \$250K due to cash transfer waiting investment. He said that there was an unrealized loss of \$34K on the investment portfolio for the month ending November 30, 2010.

Jim Kelley said that the health claims are running at 84% of member assessment revenue, and the dental claims are running at 72% of member assessment revenue.

Mr. Kelley said that the group experienced a one month profit of \$352K for the month ended November 31, 2010 and said that the fund balance surplus is approximately \$12M, with a YTD profit of approximately \$1.7M.

Greg Federspiel asked Mr. Kelley about revenue from Government sources.

Mr. Kelley said that the revenue through November is approximately \$184K and said that possible collections for the year should be about \$500K.

There was a discussion about the fund balance and additional revenues.

Mary Beverly asked about giving a premium holiday.

Jim Kelley said that it should be considered.

Janet Saddler said that she favored using the surplus to reduce the rates rather than giving a premium holiday.

Mary Beverly suggested a combination of the two options.

Sharon Harrison said that she was cautious about using the fund balance in the past, but said that she favors using it this year.

Kevin O'Donnell agreed.

Janet Saddler asked if the wellness programs should be considered.

The Board agreed that wellness is a priority.

Jim Kelley noted that the reinsurance reimbursements were \$3.25 for every \$1 spent and said that the Group would have had a loss if it weren't for the reimbursements.

Dave Hinkell cautioned about the past where a \$6M fund balance disappeared and said that he would favor using a maximum of \$3M to reduce the rates.

Jim Kelley said that using 7.5% to 8% would not be unreasonable.

Greg Federspiel spoke about the Governor's recommendation to require municipalities into the GIC or make their plans comparable.

Wellness/Healthy Behaviors:

Maureen Daniels distributed a draft of the proposed wellness flyer that employers could distribute to their employees. She also distributed the wellness update and a BCBS frequent question and answer sheet regarding Healthy Behaviors.

Greg Federspiel suggested adding something like "BHG is a self-funded collaborative" to the logo.

Ms. Daniels said that Healthy Behaviors kicks off on February 1st and she reviewed the flyer with the Board. It was agreed that there should be a big promotion during February, March and April. It was suggested that the break rooms be supplied with fresh fruit and walking programs could be promoted.

Greg Federspiel asked if the results could be tracked by unit.

Ms. Daniels said that the results would not be tracked by unit, but said that after 50 members enroll, that the totals will be received. She said that blood pressure clinics will be held this quarter.

Carol Cormier and Karen Carpenter joined the meeting late due to weather conditions.

Ms. Daniels said that the “Walk with Me” program would begin in April and gym memberships will be available too. She said that she would re-send the gym membership information to the Board. Ms. Daniels challenged the Board members to complete the health assessment.

Sharon Harrison asked that the Board discuss the logo and said the logo is specific to the Healthy Behaviors program and said that she wanted to keep it clean and not change it.

Approval of the Minutes of the meeting of November 22, 2010 (Meeting #11-04):

Kevin O’Donnell made a motion to approve the minutes of the November 22, 2010 meeting.

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

Motion

Warrant for January 2011:

Carol Cormier reviewed the January 2011 Warrant Summary and noted that \$8,000 was paid to pre-fund the diabetes program prescription drug claims based on Abacus Group’s expectation of claims for January in addition to their fee of \$6,546. Ms. Cormier said that the first audit payment of \$5,000 was paid to Malloy, Lynch, Bienvenue, LLP.

Mary Beverly made a motion to approve the January 2011 Warrant.

Motion

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

Jim Kelley asked Steve Corbin to ask BCBS to review the Level Monthly Deposit for a possible reduction. He said that there has been at least a \$150K credit due the Group for past six months.

Auditor’s Report – Richard Bienvenue, C.P.A., Malloy, Lynch, Bienvenue, LLP:

Due to weather conditions, the auditor’s report will be rescheduled.

GBS Reports:

Early Retiree Reimbursement Program (ERRP) Update – Carol Cormier said that the first reimbursement request has been submitted by GBS on behalf of BHG for FY10. Ms. Cormier said that the reimbursement expected is \$123,915 for the month of June 2010, the first month that the program was initiated. She said that the wire transfer should be received within the next two weeks.

Funding Rate Analysis by Plan – Carol Cormier reviewed the report with data through November 2010. She said for the health plans, the composite expense-to-funding ratio was 88%. She said that on a paid basis, the composite funding exceeded the composite expenses by \$1,772,644. Ms. Cormier noted that approximately \$300K in reinsurance reimbursements received were included in that total. Ms. Cormier said that for the dental plans the expense-to-funding ratio was 83.5% through November.

Stop Loss Reports – Karen Carpenter reported that for the FY10 policy period with claims paid through November, ten (10) members had claims exceeding the specific deductible of \$150K with claims totaling \$3.13M and excess claims totaling \$1.6M. She said that the aggregating specific deductible of \$100K has been met and said that there are outstanding reimbursements of \$15,574 due the Group. Ms. Carpenter said that there were 29 claimants with claims between 50% and 100% of the deductible with claims totaling \$3.03 million. Ms. Carpenter said that for the FY11 policy period, there was 4 claimants with claims at or higher than 50% of the deductible with claims totaling \$608,852.

Diabetes Care Rewards Program – Quarterly Report through November 30, 2010 - Carol Cormier reviewed the report and said that there 33 participants, or 9% of the total diabetics eligible to participate registered in the program. She said 42% of the participants have met all five requirements and are receiving their medications and supplies at no cost to them. She said that to date 100 scripts have been filled through the program and the plan costs for those scripts total \$14,595.69. Ms. Cormier said that she spoke to Linda Loiselle about the low participation in the plan and said that it may be partly due to the members not recognizing the Abacus/Good Health Gateways name or not recognizing that it is a program offered by the BHG.

Mary Beverly said that one of the employees of the Town of Adams told her that they received the information by mail and asked her if it was a joke.

Sharon Harrison suggested that the employers should send communications to their employees to explain that this program is offered by BHG. She asked Karen Carpenter to send the Board the 1-800 number for the program so that they could send it out to their employees.

Carol Cormier suggested that Maureen Daniels contact Linda Loiselle at Abacus.

BCBS Report:

Mental Health Parity testing - Steve Corbin said that BCBS completed the Mental Health Parity testing for BHG at no cost to the group last year. He said that the test needs to be completed again if the health plans are not Grandfathered under PPACA. Mr. Corbin said that the fee for BCBS to complete the test this year is \$7,453 should BHG want BCBS to do it for them.

Mary Beverly made a motion to approve that the Mental Health Parity testing for all of the BCBS plans offered by BHG be completed by BCBS at a fee of \$7,453.

Motion

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

Steve Corbin said that he will send a letter to BHG that will need to be signed authorizing BCBS to complete the testing and agreeing to pay the fee.

Medex 3-Tier Pharmacy Alternative:

Steve Corbin distributed and reviewed information about an alternative 3-tier prescription option that is available for the Medex plan. He said that currently the Medex plan has an open formulary for the prescription benefit. Mr. Corbin said that the 3-tier option would offer the same closed formulary as the active plans.

Carol Cormier said that one of her other clients has opted to change from an open formulary to a closed formulary this year and then implement the 3-tiered design next year.

The Board briefly discussed the option and said that if they decided to make this change, that they would implement the full plan all at once.

Steve Corbin said that the Board has the option of deciding the cost of the tiering. Mr. Corbin said that he could run an impact report to see how many members would be affected by the closed formulary. He said that there are alternative drugs for those drugs that would no longer be covered.

FY12 Rate Projections:

Carol Cormier reviewed the BCBS proposed Administrative Fees for FY12 and said that BCBS has proposed a 2% increase for all plans.

Carol Cormier explained the rate projection process and reviewed the high cost claims experience for the two most recent years. Ms. Cormier reviewed the following FY12 Funding Scenarios.

Scenario #1: Group Benefits Strategies full funding scenario with a 16.3% composite increase.

Scenario #1B: BCBS full funding scenario with a 12.7% composite increase.

Scenario #3: Blue Care Elect plan rates are the average of Scenario #1 & #1B rates with a composite increase of 14.3%.

Scenario #4A: Based on scenario #3 but using \$1M of fund balance surplus which reduces rates by 2.5% for a composite increase of 11.5%.

Scenario #4B: Same as scenario #4A with a variation of individual plan rates.

Scenario #5A: Based on scenario #3 but using \$2M of fund balance surplus which reduces rates by 5% for a composite increase of 8.6%.

Scenario #5B: Same as scenario #5A with a variation of individual plan rates.

Scenario #6A: Reducing Scenario #3 rates by 3.7%, using \$1.5M of fund balance surplus for a composite increase of 10.1%.

There was a discussion, and the Board agreed that a higher increase for the Blue Care Elect plan was appropriate and they favored using \$3M of the trust fund surplus to reduce the rates. The Board also agreed not to increase the Medex plan rates.

The Board asked Carol Cormier to draft a notice that employers could use to distribute to their employees to explain how they were using money from the trust fund surplus to reduce the rates and to let them know how it may affect the rates next year.

Kevin O'Donnell motioned to approve the rates on Scenario #5A using \$3M of the trust fund surplus and setting the Network Blue NE plan at a 5.2% increase.

Motion

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

Medex 3-Tier Pharmacy Option:

Kevin O'Donnell motioned to change the current Medex pharmacy benefit by adding a closed formulary and a 3-tiered pharmacy structure of \$10/\$20/\$35.

Motion

Marge Foster seconded the motion.

Carol Cormier said that the members currently taking a high cost drug would benefit from the change and those that take generic drugs would see an increase.

A vote was taken. Maureen Senecal opposed the change. The vote passed by a majority vote.

BCBS Dental Rates:

Janet Saddler motioned to approve the BCBS Dental Rates as proposed.

Motion

Brenda Rondeau seconded the motion. The motion passed by unanimous vote.

Other Business:

There was no other business.

Greg Federspiel adjourned the meeting at 11:10 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*