

Berkshire Health Group

Board Meeting #13-06

Lenox Town Hall
Lenox Massachusetts
Monday, January 28, 2013 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Greg Federspiel, Chair	Town of Lenox
Mary Beverly, Vice-Chair	Town of Adams
Stephen Presnal	Southwick-Tolland-Granville RSD
Kevin O'Donnell	Town of Great Barrington
Bruce Turner	Southern Berkshire RSD
Brenda Rondeau	Mount Greylock RSD
Sharon Harrison	Berkshire Hills RSD
Jim Brosnan	Northern Berkshire Voc.-Tech School
Geri Porter	Berkshire County Insurance Group
Janet Saddler	Town of Williamstown
Dave Hinkell	Adams Cheshire RSD
Marge Foster	Central Berkshire RSD

Guests present:

James Kelley	Treasurer, Berkshire Health Group
Melissa Falkowski	Central Berkshire RSD
Paul Sieloff	Town of Lanesborough
David Donaghue	Mt. Greylock RSD
Corban von Ouhl	Town of Lanesborough - intern
John Baglini	Town of Lanesborough - intern
Maureen Daniels	BHG Wellness Coordinator
Carol Cormier	Group Benefits Strategies
Ginger Hastings	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Greg Federspiel opened the meeting at 9:34 a.m.

Approval of the Minutes of the meeting of December 3, 2012 (Meeting #13-05):

Brenda Rondeau made a motion to approve the minutes of the December 3, 2012 meeting.

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

Motion

Treasurers Report -

Treasurer Jim Kelley reviewed the financial statements of November and December 2012 (unaudited figures). Mr. Kelley said that the overall cash position decreased by a net of \$776K at the end of December, mainly due to increased Cash at Schwab from security sales awaiting reinvestment of approximately \$401K. Mr. Kelley said there was a profit of approximately \$188K for the month ended December 31, 2012.

Jim Kelley said that the health claims are running at 92% of member assessment revenue, and the dental claims are running at 83% of member assessment revenue.

Mr. Kelley said that there is a year-to-date profit of \$177K and total equity (fund balance) was \$11,551,000.

Approval of January and February 2013 Warrant Summaries:

Carol Cormier reviewed the January and February 2013 Warrant Summaries and said that there are no unusual expenses on the January warrant. She said that February was a BCBS settle-up month and noted that the credit balance was applied.

Kevin O’Donnell made a motion to approve the January and February 2013 warrants as presented.

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

Motion

GBS Reports:

Funding Rate Analysis- Carol Cormier reviewed the Funding Rate Analysis with data through November 2012 and said the expense-to-funding ratio for health plans was 101.6% and for dental was 93.9%. She said the health plans were underfunded on a paid basis by \$221,789. Ms. Cormier said the senior plans were doing well. She said that the Retiree Drug Subsidy plan years were reconciled through FY11.

Steve Presnal joined the meeting.

BCBS Level Monthly Deposit (LMD)- Carol Cormier reviewed the LMD reconciliation and said that the claims expenses were lower than the deposits by \$343K through December, end of the second quarter.

Stop Loss Report - Karen Carpenter reviewed the FY12 stop loss reports with data through December 31, 2012. She said that four members had exceeded the policy deductible with total claims of \$993,103. Ms. Carpenter said that the \$100K Aggregating Specific Deductible has been satisfied and that BHG has received claims reimbursements of \$87,472. She said that there are outstanding reimbursements of \$5,630 due.

Diabetes Rewards Program - Carol Cormier reviewed the Diabetes Program report for September 1, 2012 through November 30, 2012 and said that there are a total of 383 BHG members eligible to utilize the program. She said that 129 are currently participating, which is 34% of those eligible. She said the target for participation is 30%. Ms. Cormier said that 40% of those participating are meeting all of the requirements and are obtaining free medications and supplies. She said the target for compliance is 50%.

Ms. Cormier reviewed the report of diabetic medication and supply costs by plan and said that the average per member per month is \$25.13.

Wellness/Healthy Behaviors Update:

Maureen Daniels said that the afternoon of health that was scheduled January 16th did not have a good turnout and said it was probably due to the snow. She said that the next one is scheduled on March 13th in Southwick Tolland RSD. Ms. Daniel’s said that the Wellness Nurse will be in break rooms for the “Love your Heart” campaign providing heart health information and blood pressure screenings. She said that some of the upcoming programs include “You’re Sweet Enough” and “Color Your Plate” challenges. Ms. Daniels said that she is developing a 5K run for BHG members.

Mary Beverly asked if the Board was going to continue to provide Wellness Stipends to the municipalities.

The Board members agreed that the stipend should continue.

Mary Beverly made a motion to approve a \$2K Wellness Stipend to each municipality for FY13.

Janet Saddler seconded the motion. The motion passed by a unanimous vote.

Motion

Medicare Supplement Plans: RDS vs. EGWP for Rx cost reduction:

Carol Cormier said that the Board discussed Employer Group Waiver Plans (EGWPs) at the last meeting. She said that if the group wishes to go in that direction, she recommends an implementation date of January 1, 2014 to allow time to communicate to the retirees. Ms. Cormier asked Ms. Donahue if she would run a disruption report comparing the Medex plan formulary with the Medex EGWP formulary to see what drugs would not be covered and how many members would be disrupted should the Board decide to make the change.

Greg Federspiel asked to add this item and the PPO out-of-network out-of-state provider payments to the next agenda for further discussion.

FY14 Rate Projections:

Ms. Cormier said that this year's renewal was more complex due to the change from Legacy plans to Value Plus plans and also adding the Deductible plans on July 1, 2012. She noted that the BCBS Network Blue plan was under-funded by 3% on a paid claims basis through November.

Greg Federspiel said that the Board anticipated that \$3M of fund balance surplus would be utilized in FY12.

Janet Saddler said that the new Section 18 legislation requiring Medicare eligible retirees to enroll in Medicare Part B and senior plans may impact claims.

Ms. Cormier said that there are new Affordable Care Act fees that include a *Transitional Reinsurance Program* and gives the Department of Health and Human Services (HHS) the authority to collect reinsurance "contributions" of \$12 billion in 2014, \$8 billion in 2015 and \$5 billion in 2016. She said these contributions will be used to help stabilize the individual insurance markets across the country and will be allocated to help pay the cost of covering people with pre-existing medical conditions. She said that the reinsurance fee applies to both insured and self-insured health plans, and an early estimate of the 2014 fee is \$5.25 per member per month, or \$63 per member per year. Ms. Cormier said that the transitional program is expected to run from 2014 to 2016. She said that the PCORI fees are for Patient Care Outcomes Research and are expected to cost \$1 per member per year (PMPY) for the first year and \$2 PMPY the second year. Ms. Cormier said that the third fee is a one-time state assessment on insurers and self-funded employers/groups and said that the amount has not been determined or disclosed yet. She said that the health plans will be responsible for most of this fee and will not be able to charge back to the accounts or members. Ms. Cormier said that these fees have not been figured into the rate projections.

Ms. Cormier reviewed the health plan administrative fees and said that BCBS did not increase the health plan administrative fees, but increased the dental fees by 2%. Ms. Cormier reviewed the GBS fees per contract.

Carol Cormier reviewed the current funding for FY13 and the following funding rate scenario projections for FY14:

Scenario #1 – Full Funding, rates based on BCBS projections – composite increase of 6.4%.

Scenario #2 – Full Funding, rates based on GBS projections, except the Blue Choice plan – composite increase of 9.9%.

Scenario #3 - Using a blend of the BCBS and GBS projection for each plan – composite increase of 7.9%.

Scenario #4 – Based on Scenario #3 and a 6.4% increase to all plans, except Medex and putting \$1M fund balance surplus at risk – composite increase of 5.3%.

There was a discussion about the expected use of the fund balance surplus.

Ms. Cormier said that the Retiree Drug Subsidy (RDS) money could be returned to the employers as a way to lowering the fund balance without artificially deflating the rates.

There was a discussion.

Jim Brosnan made a motion to approve a 0% increase in rates and expected use of \$3M fund balance.

Janet Saddler seconded the motion.

Motion

Greg Federspiel said that he is concerned about a rate spike in future years if the rates are kept artificially low.

Mary Beverly agreed with Mr. Federspiel.

Marge Foster said that she favors distribution of additional RDS money or a premium holiday as a way to reduce the fund balance.

A vote on the motion was taken and passed by a majority vote of 9 in favor, 3 opposed.

FY14 Dental Rates- Carol Cormier reviewed the dental projections and said that the GBS projected a 4.9% increase and BCBS projected a 0.8% increase. Ms. Cormier suggested a 3% increase.

Jim Brosnan made a motion to increase the dental rates by 3%.

Motion

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

Sharon Harrison made a motion to allow Granville to offer the same dental plan as that of Southwick Tolland RSD and to set the Granville and Southwick-Tolland RSD dental rates the same.

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

Motion

Other Business:

Greg Federspiel said that he attended the annual luncheon with Andrew Dreyfus, the president of BCBS, and said that BCBS is focused on promoting their Alternative Quality Contract rather than paying providers a fee for service. He said that the program is doing well in the east, but said that the Berkshire area is a challenge because of the limited quantity of facilities and hospitals. Mr. Federspiel said that BCBS is also promoting a tiered network product that does not work well in western MA.

Jim Brosnan asked about the Town of North Adams and their request for membership consideration.

Carol Cormier said that she may be able to have the analysis completed sometime in late February. She noted that the town had previously requested consideration in 2009, but their claims were very high at that time. Ms. Cormier said that if their request is accepted, that their rates should be based on the unsubsidized rates, the "in-between" scenario.

The next BHG Board meeting was scheduled for February 25, 2013 at 9:30 a.m. to be held at the Lenox Town Hall, Lenox, MA.

There was no other business.

Motion

Brenda Rondeau moved to adjourn.

Sharon Harrison seconded the motion.

Greg Federspiel adjourned the meeting at 11:20 AM

*Prepared by Karen Carpenter
Group Benefits Strategies*