

Berkshire Health Group

Board Meeting #15-07

Lenox Town Hall
Lenox Massachusetts
Monday, February 23, 2015 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Chair	Town of Adams
Sharon Harrison, Vice-Chair	Berkshire Hills RSD
Paul Sieloff	Town of Lanesborough
Melissa Falkowski	Central Berkshire RSD
Janet Saddler	Town of Williamstown
Christopher Ketchen	Town of Lenox
Maureen Senecal	No. Berkshire Reg. Vocational School
Steve Presnal	Southwick-Tolland-Granville RSD
Bruce Turner	Southern Berkshire RSD
David Hinkell	Adams-Cheshire RSD
Brenda Rondeau	Mt. Greylock RSD
Lauren Santori	Town of Great Barrington

Guests present:

James Kelley, CPA	BHG Treasurer
Lisa Laramy	BHG Wellness Coordinator
Sandra Stankiewicz	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies (GBS)

Chair Mary Beverly called the meeting to order at 9:32 a.m.

Approval of the Minutes of the meetings of January 26, 2015 (Meeting #15-06):

Bruce Turner noted two typos on page 5.

Brenda Rondeau moved to approve the meeting minutes of January 26, 2015 with the typo corrections as noted.

Motion

Sharon Harrison seconded the motion.

The motion passed by unanimous vote.

Treasurer's Report:

The Treasurer, Jim Kelley, CPA, reviewed the financial reports for January 2015 (unaudited figures). He said it was a bad month financially, noting a reduction in cash because advanced collections were down and investments did not do well. He said that claims were quite high in January and said he would like BCBS to provide an explanation. Mr. Kelley said that claims were at 98% of member assessment revenue. He reported a one-month loss of \$854K. .

Paul Sieloff asked Mr. Kelley who controls the Schwab Cash account.

Mr. Kelley said that the investment manager, Gene Daponte of Olson Mobeck, controls the account upon instruction from BHG. He said he told Mr. Daponte that he would not need any money from the account until May.

Paul Sieloff said that the BHG was losing money on the account because of the fees and that there was no reason to keep the money in that account.

After discussion, Mary Beverly asked Mr. Kelley to discuss this matter with Mr. Daponte. She said that if Mr. Daponte is holding the money to reinvest it, that is one matter; but if he is not holding it for that reason, then he should send the money to Mr. Kelley.

Lauren Sartori asked about the frequency of reporting from Olsen Mobeck.

Jim Kelley said reports are provided quarterly, and the investment adviser attends meetings annually & lately semi-annually to discuss the investment results.

Paul Sieloff requested that the Treasurer inquire of Olson Mobeck regarding the Schwab Cash account (reinvest or remit proceeds) and that what has been done about it be placed on the next agenda.

Independent Auditor's report on the FY14 Financial Statements:

Anthony Marini, CPA, of Lynch, Malloy, Marini, LLP joined the meeting by conference call. He reviewed the audit report letter and said that the BHG received a clean opinion with no material adjustments to the financial statements of June 30, 2014. He reviewed the Management Discussion and Analysis (MD&A) and said that under "Financial Highlights" it is noted that the year-end Net Position (fund balance) was \$8.66 million. He said that this was a planned reduction in the fund balance. He said the he was willing to add a statement to the report noting that the BHG has apolicy with a targeted fund balance range.

Mr. Marini reviewed the financial statements. He said investments were down \$1.6 million from the prior year and that the Net Position decreased by \$1.6 million.

Mr. Marini reviewed the Required Supplemental Information. This led to a discussion about the formula used to estimate the Incurred But Not Reported (IBNR) claims. It was agreed that although the formula may be a bit conservative, it was preferred to an approach that might turn out to be too aggressive.

The Board agreed that Mr. Marini should add a comment to the MD&A pertaining to the fund balance policy and target.

Lauren Sartori asked about the custodial credit risk statement on page 8. There was a discussion, and it was acknowledged that it was not practical to have many accounts so as not to exceed \$250K in any one account.

Jim Kelley said that the custodial credit risk is monitored, and he provides the Board with the Veribank reports.

Janet Saddler said that at the BHG's request the bank can issue a letter of credit.

Jim Kelley said he would check into this.

Mr. Marini said he would provide the Management Letter. He said the only item would be the Segregation of Duties which, he said, appears on every joint purchase group management letter.

It was acknowledged that the BHG has procedures in place that mitigate against concerns raised by the separation of duties issue.

Wellness Coordinator's report:

Wellness activities - Lisa Laramy reviewed her report on activities for programs including *Healthy Steps* and the *Walk with Me* spring challenge. She talked about health fairs and including biometric screenings. She said the wellness coaching is available for 4 hours per week. She said the colonoscopy incentive program was going well with 32 participants year-to-date. She said there will be \$1,000 put into gift cards for the Weight Watchers® programs and that the Diabetes Care program is getting good feedback.

Stipend reports – Lisa Laramy reviewed her exhibits of the employer reports on utilization of the annual wellness stipends of \$2,000 per unit. She recommended increasing the stipends to \$2,600 for each of the 13 governmental units. She said the additional funds could be taken from her budget.

Melissa Falkowski said that the stipends to wellness champions were being provided for work that is done during regular working hours.

It was agreed that “stipend” was not the correct term and that the money to each unit should be referred to as “wellness grants”.

There was a discussion about the *pros* and *cons* of continuing to provide the wellness grants to units in the same or higher amounts *versus* reducing employer grants and keeping more money in the general wellness budget in order to centralize more of the wellness programs.

Lisa Laramy said that the work of the wellness champions needs to be recognized.

The Board agreed with Ms. Laramy.

Mary Beverly said that the governmental units should use it in accordance with the goals of the programs by June 30th or give it back to BHG, i.e. use it or lose it.

There was further discussion about de-centralized versus centralized approach to providing wellness programs.

Janet Saddler said that each Board member should be monitoring what his/her wellness champion is doing and if not satisfied with what they're doing, should change it. She said she prefers to keep it decentralized.

Mary Beverly urged the members to use the money they were allotted for FY15 for wellness programming. She said that if they use it and provide a report on how the money was used, they'll get another grant next year.

GBS Reports:

Funding Rate Analysis (FRA) report - Carol Cormier reviewed the report for the health plans with data through January 2015. She said that the expense-to-funding ratio across all plans was 104.8% with a shortfall of funding from member assessments of \$1.03 million. She said the previous month the expense-to-funding ratio was 101.3% with a shortfall of funding of about \$233K.

Ms. Cormier asked Sandra Stankiewicz, BCBS, to run reports to determine what caused the increase in claims in January.

Ms. Cormier reviewed the FRA for the dental plans and said that the expense-to-funding ratio through January was 90.9%.

Level Monthly Deposit (LMD) Reconciliation report – Carol Cormier said that the LMD for January fell short of expenses by \$395K.

Stop Loss Reports – Ms. Cormier reviewed the Excess Claims report for FY15 and said that two members exceed the \$200K specific deductible. She said that the total excess amount was \$104.6K. She said that the \$100K Aggregating Specific Deductible (ASD) has not been met, and therefore no reimbursements are due to the Group. She said that five members had claims between \$100K and \$200K, totalling \$695K.

ACA Cadillac Tax – Ms. Cormier said she updated the exhibit on the Cadillac Tax that was previously distributed to include actual FY16 rates rather than estimates. She said the actual rates were higher than the estimates, and the Cadillac Tax amounts due in 2018 assuming 7% annual rate increases were higher than on the original exhibit. She said tht BHG will have to address this problem through plan design changes.

Review of GIC plan changes for FY16:

Carol Cormier reviewed an exhibit showing the plan design changes the GIC recently approved for 7/1/15 compared with the current plan design features of the BHG’s plans. She said she asked Ms. Stankiewicz to provide at the next meeting the expected claims decrements if the BHG were to adopt the GIC changes for FY17.

Blue Cross Blue Shield report:

Sandra Stankiewicz discussed several programs that the Board had discussed in FY13.

PPO provider payments - Sandra Stankiewicz, BCBS Account Executive, reviewed the Out-of-Network (OON) provider reimbursement options for the PPO. She said that changes were made in 2012 and that the BHG now pays Usual & Customary charges for Mass.-based out-of-network providers. She said because most PPO members live in MA, making changes to the basis of payment of out-of-state OON services will not provide much in savings.

\$9 Mail Order RX program – Ms. Stankiewicz distributed the *\$9 mail order Rx medication list*. She said the member pays \$9 for a 90-day supply. She urged the Board members to get the word out about this program.

Select Home Delivery – She said that with this program members will receive their maintenance medications by mail unless they actively opt out of the program. She said that the cost of drugs through mail order has been rising and that it no longer is a clear savings for members to use mail order when the mail order copays are only two times the amounts of the retail copays.

Carol Cormier mentioned the alternative prescription drug program that other clients were using and for which the BHG had an analysis done about 10 years ago. She said it might be worth looking at again.

Maureen Senecal said she had been thinking about this, too. She moved to get a proposal from The Abacus Group to do an analysis of prescription drug claims to see if savings could be obtained from the alternative Rx program.

Motion

Melissa Falkowski seconded the motion. The motion passed by unanimous vote.

Sandra Stankiewicz distributed the *Care Management Programs* brochure.

Brenda Rondeau asked if the care management was outsourced.

Ms. Stankiewicz said she would check and get back to the Board about Ms. Rondeau’s question.

Other Business:

There was no other business.

Brenda Rondeau moved to adjourn the meeting.

Motion

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

Chair Mary Beverly adjourned the meeting at 11:38 AM.

*Prepared by Carol Cormier
Group Benefits Strategies*