

Berkshire Health Group

Board Meeting #13-07

Lenox Town Hall
Lenox Massachusetts
Monday, February 25, 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
Brenda Rondeau	Mount Greylock RSD
Sharon Harrison	Berkshire Hills RSD
Maureen Senecal	Northern Berkshire Voc.-Tech School
Gerri Porter	Berkshire County Insurance Group
Janet Saddler	Town of Williamstown
Melissa Falkowski	Central Berkshire RSD
Terri Licata	Southern Berkshire RSD

Guests present:

James Kelley	Treasurer, Berkshire Health Group
Maureen Daniels	BHG Wellness Coordinator
Paul Sieloff	Town of Lanesborough
Pam Walsh	Central Berkshire RSD
Jo Anne Magee	Lenox School Committee
Corban von Ouhl	Town of Lanesborough - intern
John Baglini	Town of Lanesborough – intern
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Pat Kaplan	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies
Ginger Hastings	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Greg Federspiel opened the meeting at 9:30 a.m.

Approval of the Minutes of the meeting of January 28, 2013 (Meeting #13-06):

Brenda Rondeau made a motion to approve the minutes of the January 28, 2013 meeting.

Sharon Harrison seconded the motion.

Motion

The motion passed by a majority vote. Maureen Senecal abstained.

Treasurers Report -

Treasurer Jim Kelley reviewed the financial statements of January 2013 (unaudited figures). Mr. Kelley said that the overall cash position increased by a net of \$70K at the end of January. He noted that \$300K was transferred to the Schwab investment account. Mr. Kelley said there was a profit of approximately \$406K for the month ended January 31, 2013.

Jim Kelley said that the health claims are running at 91% of member assessment revenue, and the dental claims are running at 86% of member assessment revenue.

Mr. Kelley said that there is a year-to-date profit of \$584K and total equity (fund balance) was \$11,958,000.

Approval of March 2013 Warrant Summaries:

Carol Cormier reviewed the March 2013 Warrant Summary and said that there were no unusual expenses.

Mary Beverly made a motion to approve the March 2013 warrant as presented.

Brenda Rondeau 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 January 2013 and said the expense-to-funding ratio for health plans was 98.3% and for dental was 93.3%. She said the Network Blue Value Plus plan is underfunded on a paid basis by \$550,179. Ms. Cormier said the senior plan was doing well generating a funding surplus of almost \$500K. She reviewed the Retiree Drug Subsidy amounts and said that plan years were reconciled through FY11.

Jim Kelley said he thought there may be an error on the GBS reports and asked Ms. Cormier to check the GBS claims figures.

Ms. Cormier suggested that the Board may want to revisit the decision to increase the dental plan rates for FY14 by 3% since the dental plan expense-to-funding ratio is remaining quite low at 93.3%.

There was a brief discussion about the dental funding and the FY14 rate increase.

Janet Saddler made a motion to reverse the Board's previous decision to increase the dental rates by 3% and moved to level fund the plans for FY14 (0% increase).

Motion

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

Suzanne Donahue noted that the dental benefits are based on a calendar year.

BCBS Level Monthly Deposit (LMD) - Carol Cormier reviewed the LMD reconciliation and said that the claims expenses were lower than the deposits by \$314K through January.

Diabetes Rewards Program - Carol Cormier said that she will need to consult with the Abacus Group before reviewing the claims report with the Board.

Stop Loss Report - Karen Carpenter reviewed the FY12 stop loss reports with data through January 31, 2013. 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 \$93,103. She said that there are outstanding reimbursements of \$268.98 due. Ms. Carpenter reviewed the FY13 stop loss reports and said that there are 6 claimants on the report of 50% with a total of paid claims of \$864,295.

Wellness/Healthy Behaviors Update:

Maureen Daniels said that the six week fitness and nutrition program will be ending soon and said that the program was very well received. Ms. Daniels noted that the CY12 reimbursement requests for the BCBS Fitness Reimbursement program need to be submitted by March 31st. Ms. Daniel's said that the "Color

Your Plate” challenge starts in March and said that fruit baskets will be distributed to the employer site lunch rooms. She said that March is Colon Cancer Awareness Month and said that the Colonoscopy incentive program will be offered to members and their spouses this year. Ms. Daniels said that the smoking cessation program is ongoing. Ms. Daniel’s said that the Wellness Nurse saw over 30 members and advised two of those members to consult with their physicians about their test results. Ms. Daniels said that she was disappointed to find that the Wellness Credit Program Grant is not available to municipalities.

Greg Federspiel noted that the \$2,000 Wellness Stipends were distributed to the municipalities and said he would like to learn about the “Healthy Health Plan” that has been advertised.

Carol Cormier said that it is a Fallon Community Health Plan (FCHP) health plan and said that she would provide Mr. Federspiel with information.

Ms. Daniels said that she would also contact FCHP.

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

Carol Cormier said that two alternative programs, the RDS program and the Employer Group Waiver Plan (EGWP) were created and offered by the federal government to employers to incentivize them to keep prescription coverage on their retiree plans after passage of the legislation that created Medicare Part D. She said RDS provides a subsidy equal to 28% of eligible Rx expenses for Medicare eligible members. She said, in contrast EGWPs offer a financial benefit through lower rates. She said that beginning in 2011, the government began to require the pharmaceutical companies to give a 50% rebate within the Medicare Part D “donut hole”. She said this requirement made the EGWPs more attractive. Because of the lower rates, the EGWP plans provide a greater reduction in OPEB liability for employers in joint purchase groups. Ms. Cormier reviewed the savings comparison of offering Employer Group Waiver Plans (EGWPs) plans versus receiving RDS reimbursements based on 3 years of RDS monies and EGWP rates provided by BCBSMA. She said that if the group wishes to move to EGWPs, she recommends an implementation date of January 1, 2014 to allow time to communicate to the retirees. She said EGWP plans are rated on a calendar year basis as required by the government. 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.

Ms. Donahue said that she ran a report on the top 200 drugs not covered and said that most of those drugs fall in the category of lifestyle drugs. She said she can run a disruption report for BHG once the Board commits to the change.

Sharon Harrison said that it will be difficult to make a decision without reviewing the disruption report.

Ms. Donahue said that she will request the report and noted that a physician can request an exception to the formulary for a member for whom the formulary drug is not effective. Ms. Donahue said that CVS Caremark would be the Part D Plan provider. She said Express Scripts, the pharmacy benefit manager for the current Medex plan and other BCBS plans will not be able to transfer the member’s prescription history to CVS Caremark. She noted that Medex members would not have access to the Diabetes Rewards program with a Medex EGWP because the pharmacy benefit would be fully insured.

Greg Federspiel asked to add this item to the next agenda for further discussion.

FY12 Audit Exit Interview:

Richard Bienvenue reviewed the final draft of the “FY12 Audited Financial Statements and Management Discussion and Analysis with required supplementary information years ended June 30, 2012 and 2011”. He

said he had given an independent report of the financial statements in accordance with the government auditing standards.

He reported Net Assets of \$11,374,258 at year end which he said was an \$872,170 decrease over the previous year-end figure. Mr. Bienvenue reviewed the Statement of Net Assets and reported \$29,712 in reinsurance receivables and \$104,000 received in retiree drug subsidy monies for FY12.

Mr. Bienvenue reviewed the Management Letter and said that he did not identify any deficiencies in internal controls over financial reporting that he considers to be material weaknesses other than Segregation of Duties which is a standard finding for joint purchase groups. He said that he is aware that the Board has taken steps to mitigate this finding.

Mr. Bienvenue reviewed the 10-year history of claims and said that he compares the actual claims paid with the estimated claims. He reviewed the report.

There was a discussion about other Joint Purchase Groups' trust fund balance policies and how they manage surplus balances.

The Board thanked Mr. Bienvenue, and he left the meeting.

PPO – payments to out-of-network, out-of-state providers:

Suzanne Donahue said that BCBS currently pays PPO claims for services provided by non-participating BCBS providers in and outside of MA based on the charges billed. She said that effective January 1, 2012 for their insured business; BCBS modified its usual and customary (U&C) reimbursement policy for non-participating providers and will pay 100% in MA and 150% out-of-state, based on the BCBS Indemnity fee schedule. She said that the allowable options for self-funded accounts also include basing the payments on Medicare fee schedules, specifically 100%, 150% or 300% of Medicare allowed charges for in MA and out-of-state or all charges in MA or to make no changes. She said that if the provider charge is greater than the U&C fee, that the member may be responsible to pay the difference.

Ms. Donahue said that out of the 320 BHG PPO subscribers, 280 are living in MA. She said that she has found that there are some MA mental health providers that are not contracted with BCBS. Ms. Donahue said that currently the non-participating providers can bill whatever they choose for their services, and the cost can be very high.

Janet Saddler said that she would like to see a disruption report so that the Board can know how many members are currently utilizing non-participating providers.

Suzanne Donahue said that PPO members in MA that use non-participating providers are sent a check for the services they receive. She said that the member is responsible to pay the provider.

Other Business:

Town of North Adams and its request for BHG membership consideration- Carol Cormier said that she has not completed a full analysis due to the busy rate setting season. She said that she put together a rate comparison and said that the town's costs are much higher than the BHG costs. She said that if the Board would like to see a full analysis, that she would do that, but wanted to get the Board's view. She said that the high cost claims report of claims over \$50K totaled \$1.5M.

There was a discussion and a consensus of the Board to decline to make an offer of membership for July 1, 2013, but to re-consider for July 1, 2014 if the town is still interested.

Carol Cormier said that she will draft a letter to Town of North Adams for Mr. Federspiel to sign.

IBNR – Jim Kelley asked if the Board would like to review the IBNR calculation for a possible adjustment.

Greg Federspiel asked to add this topic to the next meeting agenda.

Abacus Diabetes Program data – Suzanne Donahue said that BCBS received the prescription data from the Abacus Group and said that BCBS will not accept the file if they are unable to use the data in the format provided. She said that the members are flagged for the disease management programs based on the prescription data in the BCBS system and that they will not be able to utilize the data from the Abacus Group for identifying members with diabetes.

Summaries of Benefits and Coverage (SBC's) - Pat Kaplan distributed a copy of the new SBCs to the Board so that they could become familiar with the format. She said that the Affordable Care Act states that the employer is responsible for distribution of all of the SBCs offered to each subscriber and any member who may not be living at the address of the subscriber. She said that the SBCs need to be sent out at least 60 days prior to the anniversary date of the plan and only applies to active health plans, not retiree plans. Ms. Kaplan said that she will distribute the SBCs to the employers with instructions. She said that the format of the SBCs is regulated and cannot be changed.

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

There was no other business.

Sharon Harrison moved to adjourn.

Motion

Brenda Rondeau seconded the motion.

Greg Federspiel adjourned the meeting at 11:32 AM

*Prepared by Karen Carpenter
Group Benefits Strategies*