

## **Berkshire Health Group**

### **Board Meeting #11-06**

Lenox Town Hall  
Lenox Massachusetts  
Tuesday, March 1, 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                    |
| 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               |
| Brenda Rondeau           | Mt. Greylock RSD                 |
| Marge Foster             | Central Berkshire RSD            |

##### **Guests present:**

|                   |                           |
|-------------------|---------------------------|
| James Kelley, CPA | BHG Treasurer             |
| Maureen Daniels   | BHG Wellness Coordinator  |
| Stephen Corbin    | Blue Cross Blue Shield    |
| Pat Kaplan        | Blue Cross Blue Shield    |
| Carol Cormier     | Group Benefits Strategies |
| Karen Carpenter   | Group Benefits Strategies |

Chair Greg Federspiel opened the meeting at 9:08 a.m.

##### **Approval of the Minutes of the meeting of January 25, 2011 (Meeting #11-05):**

Kevin O'Donnell made a motion to approve the minutes of the January 25, 2011 meeting.

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

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| Motion |
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##### **Treasurer's Report:**

Treasurer Jim Kelley reviewed the financial statements of December 31, 2010 and January 31, 2011 (unaudited figures). He said the overall cash position at the end of December increased by a net of \$857K. He said that the operating cash account increased by \$308K and the Cash-Schwab portfolio decreased by \$52K. Mr. Kelley said that the operating cash increase was mainly due to an increase in advance collections of member assessment revenue.

Mr. Kelley said that the investment account at Schwab increased by a net of \$96K due to approximately \$52K of cash proceeds redeployed into stocks or bonds. He said that there was an unrealized gain of \$27K on the investment portfolio for the month ending December 30, 2010.

Jim Kelley said that the health claims are running at 87% 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 loss of \$138K for the month ended December 31, 2010 and said that the fund balance surplus is approximately \$12M, with a YTD profit of approximately \$1.6M.

Treasurer Jim Kelley said the overall cash position at the end of January 2011 decreased by a net of \$345K. He said that the operating cash account decreased by \$187K and the Cash-Schwab portfolio decreased by \$158K. Mr. Kelley said that the operating cash decrease was mainly due to a decrease in advance collections of member assessment revenue.

Mr. Kelley said that the investment account at Schwab increased by a net of \$158K as cash was redeployed into investment securities. He said that there was an unrealized gain of \$59K on the investment portfolio for the month ending January 31, 2011.

Jim Kelley said that the health claims are running at 87% 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 \$207K for the month ended January 31, 2011 and said that the fund balance surplus is approximately \$12M, with a YTD profit of approximately \$1.7M.

Carol Cormier said that the Group may want to return some of the Retiree Drug Subsidy payments received to the individual units of BHG. She said another client is choosing to lower its trust fund surplus by returning one year of subsidy payments (FY07) back to the employers. Ms. Cormier said that the idea was brought to the CCMHG Steering Committee by their Treasurer, Rich Bienvenue who is the BHG's independent financial auditor.

Mary Beverly and Geri Porter joined the meeting.

Greg Federspiel said that he liked the idea and asked Carol Cormier to put together the information for the Board to consider.

Rich Bienvenue said that he would put the disbursement information in writing for the Board to review.

**FY10 Auditor's Report:**

Richard Bienvenue, CPA, Malloy, Lynch & Bienvenue, LLP, distributed a final draft of the "FY10 audited Financial Statements and Management Discussion and Analysis with required supplementary information years ended June 30, 2010 and 2009". He said he had given an independent report of the financial statements in accordance with the government auditing standards.

Mr. Bienvenue reported Net Assets of \$10.39M at year-end which he said was up by \$1.3M over the previous year-end figure.

Richard Bienvenue distributed a draft of the "Management Letter with Suggestions for Improvement in Accounting Procedures and Internal Control dated June 30, 2010" and reviewed changes in accounting standards and reporting that lowered the thresholds for certain control issues. He told the Board that he is required to present recommendations and comments regarding internal control and other matters. Mr. Bienvenue said that suggestions from the prior year(s) are carried forward from year to year as is the practice.

Mr. Bienvenue said the evaluation of the Group's internal controls requires him to report Segregation of Duties as a significant deficiency. He said that the other Joint Purchase Groups have this issue and encouraged the Group to ask the Treasurer to document his processes.

Jim Kelley said that he did document his duties and said that there is a quarterly review of the bank statements. He also noted that the Board has a Fund Balance and Investment Policy in place.

Mr. Bienvenue said that each control needs to be named, assigned to someone and if it isn't done by that person, a follow-up control needs to be documented. Each control needs to be documented with a signature and date of when it is completed.

Greg Federspiel asked Jim Kelley to write up a document of the financial controls and present it to the Board at the next meeting.

Mr. Bienvenue said that the monthly review by the Board of the GBS funding rate analysis and the Treasurer's financial reports is a good control.

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

**BCBS Report:**

*Medex 3-Tier Pharmacy Alternative:*

Steve Corbin said that he ran an impact report to see how many members would be affected by the closed Rx formulary that will be put in place on July 1, 2011. He said that the disruption will be minimal. Mr. Corbin said that the Medex plan drug formulary will be the same as the Berkshire Health Group active plans.

Carol Cormier asked Mr. Corbin if he would check to see if the mail order prescription numbers in the report is for a 90-day or 30-day supply.

Pat Kaplan said that each of the BHG units dental plans offer different benefit levels. Ms. Kaplan said that she wanted to confirm that the dependent eligibility rules are going to remain the same as they are now. She said that the standard is that dependents are covered to age 19 unless they are a full-time student in which case they would be covered up to their 25<sup>th</sup> birthday.

Carol Cormier said that the PPACA rules only affect the eligibility of adult children on the health plans and not the dental plans. Ms. Cormier suggested that the employers add a statement about the dental eligibility when they send out the adult child eligibility information.

The Board asked Karen Carpenter to email a copy of the Dental Comparison Chart to them.

Pat Kaplan reminded the Board to contact her for representation at their health fairs.

**Warrants for February & March 2011:**

Carol Cormier reviewed the February 2011 Warrant Summary and said that the Board asked BCBS to consider a reduction of the level monthly deposit. Ms. Cormier said that there has been a credit balance due BHG for at least the past six months. Ms. Cormier noted that there were two payments made to the Abacus Group. She said that the \$14,000 payment is for funding the claims and supplies and the other is for the Diabetes program fees.

Ms. Cormier said that the Abacus Group payment on the March 2011 warrant is for the Diabetes Program fees.

Jim Kelley noted that the Treasurer's bill included a reimbursement of \$1,025 for a new computer that the Board previously authorized.

Mary Beverly made a motion to accept the February and March 2011 Warrant Summaries.

Motion

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

**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 said that there was nothing new to report and said that the updated reports through January would be emailed out to the Board. Ms. Cormier said that she would ask Mr. Bienvenue to send the final audit electronically for distribution to the Board.

*Stop Loss Reports* – Karen Carpenter reported that for the FY10 policy period with claims paid through January, 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 \$15,964 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 9 claimants with claims at or higher than 50% of the deductible with claims totaling \$1.07M. Ms. Carpenter said that one claimant exceeded the FY11 specific deductible of \$175K with claims totaling \$188,311. She said that the aggregating specific deductible of \$100K has not been met.

**Wellness/Healthy Behaviors:**

Maureen Daniels distributed the Wellness Budget outline for March 2011 and reviewed the current wellness initiatives and proposed budget items. Ms. Daniels said that to increase awareness, fruit baskets with attention-grabbing messages about the Health Assessments inserted will be delivered to the staff rooms at each location within the next couple of weeks. She said that the Committee will be pushing the Kick-off of the Healthy Behaviors website to include monthly raffles for completion of the Health Assessment. Ms. Daniels said that 75 members have already completed the Assessment.

Ms. Daniels distributed a flyer called “Color your Plate” emphasizing eating 5 or more servings of colorful fruits and vegetables every day. She said that it is a nutritional challenge with a points tracking sheet on the back. Ms. Daniels said that a \$35 gift basket will raffled to up to 10 members who complete the challenge.

Ms. Daniels said that a walking program called “I-did-a-walk” will run from February to March. She reviewed the budget items and proposed adding additional screening incentives and a Wellness Nurse. She said the nurse would work 4 hours a week and be present at the screenings and health fairs. Ms. Daniels said that this is a new idea and said that the nurse would be available to do independent counseling for those at risk.

Sharon Harrison said that the school nurses may also be a good resource and suggested linking them to the program. She also said that the Employee Assistance Program (EAP) should be notified of the wellness programs.

Carol Cormier asked the Board to send GBS the contact information for each of their nurses to forward to Ms. Daniels for coordination.

Maureen Daniels suggesting combining the health fairs with the screenings. She said another proposed program is a “Happy Birthday Colonoscopy” incentive.

Carol Cormier said that some of her other clients have offered a \$100 incentive for getting a routine colonoscopy when recommended. She said that the employee would also need the day off.

The Board liked the proposal.

Kevin O'Donnell made a motion to approve a \$175K budget to cover the proposed Wellness budget items for fiscal years 2011 and 2012.

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| Motion |
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Sharon Harrison seconded the motion. The motion was approved by unanimous vote.

**Proposed State Legislation Discussion:**

There was a discussion about Governor Deval Patrick's proposed legislation impacting the health benefits for MA governmental employers.

**Other Business:**

The next meeting was scheduled on Monday, April 11, 2011 at 9:30 a.m. with lunch and Biometric Screenings for the Board members at 11:00 a.m.

There was no other business.

Greg Federspiel adjourned the meeting at 11:03 AM.

*Prepared by Karen Carpenter  
Group Benefits Strategies*