

Berkshire Health Group

Board Meeting #15-08

Lenox Town Hall
Lenox Massachusetts
Monday, March 30, 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
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
Jorja-Ann Marsden	Berkshire County Insurance Group

Guests present:

Gene Daponte	Olson Mobeck Investment Advisors
James Kelley, CPA	BHG Treasurer
Lisa Laramy	BHG Wellness Coordinator
Sandra Stankiewicz	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Chair Mary Beverly called the meeting to order at 9:30 a.m.

Approval of the Minutes of the meeting of February 23, 2015 (Meeting #15-07):

Brenda Rondeau moved to approve the meeting minutes of February 23, 2015.

Motion

Dave Hinkell seconded the motion. The motion passed by unanimous vote.

Meeting with Investment Manager, Gene Daponte, Olsen Mobeck:

Gene Daponte reviewed the Account Summary and said that the January 1, 2014 beginning value of the portfolio was \$9,274,897. He said withdrawals in 2014 totaled \$3.2M, dividend income was \$67,083, interest income was \$176,845, capital appreciation was \$323,151, with an ending balance of \$6,627,807. Mr. Daponte said there was a gain in investments of \$552,909.

Mr. Daponte reviewed the year-to-date summary through March 24, 2015 and said the gain in investment was \$96,029. He said the ending value was \$6,723,836. He said that the portfolio outperformed the benchmark.

Steve Presnal joined the meeting.

Mr. Daponte reviewed the account performance and said that the year-to-date gross return on stocks was 1.9% and a 1.1% return on the fixed income account. Mr. Daponte said that bonds are a significant portion of the portfolio and most will mature during 2016 and 2017. He said the Investment Committee's goal is to stagger the maturity of the bonds each year to satisfy the group's cash flow needs.

In response to a question regarding the sale of some small dollar investment trades, Mr. Daponte said he is managing the risk to minimize volatility. He also said that when there is available cash, he may invest in private, taxable municipal bonds because of the return on investment.

Mr. Daponte noted that he and the BHG Treasurer, Jim Kelley, keep in regular contact, at least once monthly.

Paul Sieloff suggested setting a goal to increase the \$6.6M portfolio balance back up to \$9M.

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

Treasurer's Report:

The Treasurer, Jim Kelley, CPA, noted that People's Bank has agreed to collateralize the BHG cash account at no cost to the Group. Mr. Kelley reviewed the financial reports for February 2015 (unaudited figures). He said the cash position decreased by \$369K due to a reinvestment in the Schwab money market account. Mr. Kelley said that reinsurance receivables increased by \$27,000. He said there was a one month loss of \$1,000 and said it was due to the planned use of surplus funds. Mr. Kelley said that claims were at 97% of member assessment revenue.

Mr. Kelley distributed and reviewed two *Wall Street Journal* articles, one regarding a new high cost specialty Hepatitis C medication that is partly responsible for the increase of the US prescription drug spend. The second article was about a federal judge that overturned Maine's prescription drug law that allows residents to buy prescription drugs from some foreign countries.

There was a brief discussion.

Review of Warrant Summaries of December 2014 through April 2015:

Carol Cormier reviewed the BHG Warrants for December 2014 and January, February, March and April of 2015. She noted that the second quarter favorable settle-up with BCBS was reflected in the February warrant summary.

There was a discussion about Iron Mountain questioning the need to continue with their document storage services.

Jim Kelley said he would look into when the documents can be destroyed and will check on the expiration date of their contract.

Brenda Rondeau made a motion to approve the December 2014 through April 2015 warrant summaries as presented.

Motion

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

Wellness Consultant's report & status of the Wellness Consultant's position – Lisa Laramy:

Lisa Laramy said she has received questions from a few of the employers regarding the timing of spending down their FY15 wellness stipends. She said they just received the stipends in January and have been asked to spend them down through June 2015.

Sharon Harrison said that the Board would like to have the reports submitted in June listing the wellness expense and cost and what is planned for the second half of the year.

The Board agreed with Ms. Harrison.

Wellness activities - Lisa Laramy reviewed her report on activities for programs including *Healthy Steps* and the *Walk with Me* spring challenge. She said there are 90 participating in the Healthy Steps program and has received positive comments from the employees. Ms. Laramy said that the *Walk with Me* spring challenge is next and teams are getting created. She said the teams need to be registered on-line by March 31, 2015. Ms. Laramy said the spring fitness classes are starting soon and noted that Sharon Alibozek from Adams Cheshire RSD has been a great motivator.

Jorja-Ann Marsden said that it is difficult to coordinate a location to organize wellness programs for the entities of Berkshire County Insurance Group (BCIG) due to geographic barriers. Ms. Marsden asked if the BCIG employees could participate in programs run at other locations.

Lisa Laramy said that the programs and classes are open to all employees regardless of their employment location. She said she will conduct a survey to see what programs and classes the employees are interested in.

Ms. Laramy said the pricing of the BCBS biometric screenings has increased due to a change of vendors. She said she is working with Berkshire Health Systems to see if they may be able to provide the screenings at a lower cost. Ms. Laramy said she will be providing an aggregate report of the BCBS *Ahealthyme* program at the next meeting.

Status of Wellness Consultant's position – Lisa Laramy said that she will be moving on to a new position within Berkshire Health System (BHS) and said a replacement will be recommended. She said that she will help with the transition of the new person into BHG. Ms. Laramy said they have received a handful of resumes of interest.

Sharon Harrison volunteered to interview the candidate.

Carol Cormier said that a copy of the BHS contract is included in the packet. She said she thought BHS should have provided notification to BHG in advance of a decision to search for a replacement for Ms. Laramy in her role as consultant to BHG.

Mary Beverly said she would contact her contact at BHS.

Ms. Laramy said she will be available to help with the transition throughout the spring. She left the meeting.

Mary Beverly suggested adding appropriate notification of a consultant leaving into the next contract. She said the resume she reviewed did not seem a qualified candidate.

Sharon Harrison said she would like BHG to be part of the interview process of at least the top two to three candidates.

The Board members agreed with Ms. Harrison.

GBS Reports:

Funding Rate Analysis (FRA) report - Carol Cormier reviewed the report for the health plans with data through February 2015. She said that the expense-to-funding ratio across all plans was 104.2% with a shortfall of funding from member assessments of \$1.03 million. She said the previous month the expense-to-funding ratio was 101.8%. Ms. Cormier said the dental plans are doing well with an expense-to-funding ratio of 92.6%.

Level Monthly Deposit (LMD) Reconciliation report – Carol Cormier said that the LMD at the end of February fell short of expenses by \$30.5K.

BHG Rate History from FY10 through FY16 – Ms. Cormier reviewed the GBS exhibit and said the last two columns to the far right shows the average increase per year as well as the overall increase from FY10 to FY16 for each plan.

Lauren Sartori thanked Ms. Cormier for preparing the exhibit and asked her to add the Medex senior plan information.

In response to a question asked by Melissa Falkowski, Ms. Cormier said it has been a while since going out to bid for health insurance, but noted that the group pays BCBS to administer the plans and does not pay premiums since BHG self-funds its claims and other expenses. She said the administrative expense represents just over 5% of total operating expenses. She said that BCBS is tied into the BHG wellness programs and also provides other services at low or no cost to the group.

There was a brief discussion about the planned one-on-one meetings between a BCBS representative and the PPO plan members who live in MA. It was noted that about 95% of the PPO utilization is in-network so people are paying for the ability to go out of network but aren't using that feature. Ms. Cormier said that the HMO plan may work as well or better and at a lower cost to the member and employer if the member is using all in-network providers.

Stop Loss Reports – Karen Carpenter 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 \$133.7K. She said that the \$100K Aggregating Specific Deductible (ASD) has been met, and there are reimbursements of \$33,704 due to the Group. She said that eight members had claims between \$100K and \$200K, totaling \$1.16M.

Jim Kelley asked Ms. Carpenter to contact the reinsurance broker to see if they would provide the large loss reports to her earlier in the month for financial reporting purposes.

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 Ms. Stankiewicz provided the BCBS expected claims decrements if the BHG were to adopt the GIC changes for a future year.

Ms. Cormier said Chapter 32B, Sections 21-22, the expedited collective bargaining sessions, can be utilized to make plan design changes that do not go beyond the plan design of the GIC's Benchmark plan. She said that BHG employers can use these Sections to move to the BHG's current deductible plans.

Ms. Cormier reviewed the estimated claims decrements for each of the changes depicted on the exhibit. She said the overall estimated savings from moving from the Value Plus plans to the Deductible plans that include the GIC's most recent plan design changes would be 5.2%. Ms. Cormier said the BCBS estimates the savings would be about 3.2% to make the GIC recent plan design changes to the BHG's deductible plans.

There was a discussion about changing the name of the Deductible plans to a more positive-sounding name.

Carol Cormier reviewed the following suggestions for the BHG Board to consider:

1. Use MGL Ch. 32B, S. 21&22, to bargain to the current Deductible plans or to the FY16 GIC level of benefits and eliminate the Standard plans effective July 1, 2016.
2. BCBS representatives to meet one-on-one with PPO members to discuss how the POS and HMO plans might meet their health care needs at a lower cost.
3. For July 1, 2016, consider offering the PPO plan only to out-of-area members and require in-area PPO members to change to the POS plan. She said the Board should prepare for the Cadillac Tax.
4. In early fall of FY16, compare costs for the current Medex with RDS to Medex as an EGWP plan. If costs are favorable, make the change on January 1, 2016.
5. Employer review of contribution strategies to determine selection incentives. She reviewed the best contribution strategies.

Ms. Cormier said the first goal would be to adopt or confirm adoption of Ch. 32B, Sections 21 and 22.

There was a discussion about organizing a Manager's and Superintendents' meeting in September.

The Abacus Group proposal for Rx claims analysis:

Carol Cormier said the Abacus Group proposal to review the prescription drug claims to see if it would be worthwhile to implement the myMedicationAdvisor® prescription drug program is \$4,000. Ms. Cormier said the cost of the proposal could be deducted from the program cost should the group sign on to the program.

The Board members agreed that the fee was too high and took no action.

Blue Cross Blue Shield report:

Sandra Stankiewicz said that some health fair dates have been scheduled and said to let her know if anyone wanted to schedule a fair or request materials. She suggested combining health fairs for the smaller entities.

Other Business:

There was no other business.

Sharon Harrison said she will contact the Board members once she has additional information on when the OPEB meeting will take place.

Sharon Harrison moved to adjourn the meeting.

Motion

Dave Hinkell seconded the motion. The motion passed by unanimous vote.

Chair Mary Beverly adjourned the meeting at 11:25 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*