

Berkshire Health Group

Board Meeting #06-08

Lenox Town Hall
Lenox Massachusetts
Monday, April 25, 2016 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Chair	Town of Adams
Sharon Harrison, Vice Chair	Berkshire Hills RSD
Erika Snyder	Adams Cheshire RSD
Christopher Ketchen	Town of Lenox
Melissa Falkowski	Central Berkshire RSD
Lauren Sartori-Hobgood	Town of Great Barrington
Gerri Porter	Berkshire County Insurance Group
Rebecca Herzog	Berkshire County Insurance Group
Janet Saddler	Town of Williamstown
Brenda Rondeau	Mount Greylock RSD
Maureen Senecal	Northern Berkshire Vocational RSD
Steve Presnal	Southwick Tolland Granville RSD
Paul Sieloff	Town of Lanesborough
Chris Regan	Southern Berkshire RSD

Guests present:

James Kelley	BHG Treasurer
Gene Daponte	Olson Mobeck Investment Advisors
Shannon Ashcroft	BHG Wellness Consultant
Sandra Stankiewicz	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

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

Approval of the Minutes of the meeting of March 22, 2016, (Meeting #16-07):

Brenda Rondeau moved to approve the minutes of March 22, 2016 as written.

Motion

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

Meeting with Investment Manager, Gene Daponte, Olson Mobeck Investment Advisors:

Gene Daponte said that he received \$600K from the BHG Treasurer, Jim Kelly and said he would like direction from the Board about what their expectations are regarding additional and future investments. Mr. Daponte said he has targeted the \$600K to the bond portfolio and noted that the longer term bonds earn higher interest rates than the shorter term bonds.

Chris Regan and Steve Presnal joined the meeting.

Mr. Daponte said the newer bonds purchased will mature into year 2023. He said he expects interest rates to increase in the next few years. Mr. Daponte said it is important to him to understand if or when the Board anticipates liquidating some of the investments.

Sharon Harrison said the Board spoke about working towards a staggering schedule of one bond maturing every five-years.

Mary Beverly said the Board has and is pleased with Mr. Daponte's performance and judgement regarding its investments.

Carol Cormier noted that the yearly Part D subsidy of approximately \$1.5M has discontinued with the move to the Medex 2 retiree plan with a Medicare Part D plan included.

Mr. Daponte suggested meeting with the finance sub-committee.

Mary Beverly introduced Chris Regan as the new Board representative for Southern Berkshire RSD. She said Ms. Regan had served on the BHG several years ago.

Sharon Harrison said she will coordinate the finance sub-committee meeting.

Chris Regan said she is willing to serve on the finance sub-committee.

Mr. Daponte distributed and reviewed the investment report. He said the group recouped the loss from last year and noted that the investors have been cautious in their investments. Mr. Daponte said stocks are expected to become more attractive over the next 5 years. He said he is comfortable with commenting or suggesting if he feels the asset allocation policy needs to be adjusted.

Lauren Sartori-Hobgood asked Mr. Daponte to add a column to the report to show the investment results on a fiscal year basis.

Mr. Daponte said he would do that.

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

Treasurer's Report:

Treasurer, Jim Kelley reviewed and explained what some of the balance sheet account titles represent. He said the Board had hired an actuary in 2012 to assist with guidelines for setting an appropriate fund balance level. Mr. Kelley said the results of that study showed that if the trust had an uncommitted fund balance of 10% of expected claims, the fund balance may be inefficient once in 20 years. He said the Board adopted a policy to keep the fund balance between 10% and 15% of expected claims. Mr. Kelley also noted that a cushion is needed if the Group has a deficit in the same year that a unit decides to leave the group, the group will need to pay the claims run-out of that unit.

Mr. Kelley reviewed the financial reports for March 2016 (unaudited figures). He said the cash position increased by \$656K mainly due to reinsurance reimbursements received in excess of \$600K. He said he transferred, as instructed, \$600K to the Schwab account and said a portion was invested in bonds. He said there was a one month loss of \$610K due to planned use of surplus.

Mary Beverly said following the purchase of a new computer and printer for the Treasurer, the old printer has a fair market value of \$85. She said if no one else is interested in purchasing it, that she would like the Board's permission to purchase it for the Town of Adams.

Janet Saddler made a motion to approve the transfer of the old printer to the Town of Adams at no cost to the town.

Motion

Christopher Ketchen seconded the motion. The motion passed by a unanimous vote.

Review and approval of the April and May 2016 Warrant Summaries:

Carol Cormier noted that the April Warrant Summary was not included in the packet and will be added to the next meeting agenda. She reviewed the May warrant.

Sharon Harrison moved to approve the May Warrant Summary.

Motion

Brenda Rondeau seconded the motion. The motion passed by a unanimous vote.

Wellness Report:

Shannon Ashcroft, Wellness Consultant, reviewed the Wellness program updates and new programs coming up in the spring. She said the *Walk with me in the Berkshires* and Spring fitness classes have begun and she said units are booking their Spring health screening events. Ms. Ashcroft said Wednesday is *National Walk at Lunch Day*.

Ms. Ashcroft said that half of the Berkshire County Insurance Group employers have contacted her to say they would like to be included in the wellness communications and program notifications.

Ms. Ashcroft said that the Wellness Champions think that offering larger prizes in less quantity may have a greater impact in incentivizing members to participate in the programs. She said doing this would not increase the cost of the incentives.

The Board agreed that it was worth trying.

GBS Reports:

Financial reports - Carol Cormier reviewed the *FY16 Funding Rate Analysis* report with data through March 2016. She said the expense-to-funding ratio for health plans was 97.9% and that, on a paid claims basis, there was a funding surplus of \$631.8K. Ms. Cormier said that the expense-to-funding ratio for the dental plans was 96.4% with a funding surplus of about \$40K.

Reinsurance Reports - Ms. Carpenter reviewed the FY16 reinsurance report of claims exceeding the \$200K specific deductible. She said the total claims for the three members was \$1,406,614. Ms. Carpenter said that the \$100K aggregating specific deductible has been met, \$647,375 has been reimbursed to the Group, and there are reimbursements due BHG in the amount of \$59,239. She reviewed the claims between 50% and 100% of the deductible. She said there were total claims of \$2.6M.

Ms. Carpenter noted that there was an overpayment of FY15 reinsurance reimbursements of \$4,753 which may need to be paid back to the carrier, RMTS National.

GBS On-line Roster Service – Carol Cormier said the GBS on-line roster service agreement expires on June 30, 2016. She said there is no increase in fees in the proposed renewal.

Sharon Harrison made a motion to approve renewing the GBS roster agreement effective July 1, 2016.

Motion

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

Discussion about Managed Blue for Seniors:

Carol Cormier said BHG has offered the Managed Blue for Seniors plan for many years and no one has enrolled in it. She said the retail prescription coverage requires coinsurance for the member rather than copays and the coinsurance percentages are high. She said the Board can choose to either eliminate the plan or change the plan to an EGWP plan as was done with Medex.

Sandra Stankiewicz said that the rate may be a little lower, but noted that there is a MA residency restriction.

Brenda Rondeau made a motion to eliminate the Managed Blue for Seniors plan.

Motion

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

Lauren Sartori-Hobgood asked Karen Carpenter to add a comment to the website that the plan is no longer available.

Update on meetings with retirees to explain Medex 2 and Blue Medicare Rx:

Sandra Stankiewicz, BCBSMA, said that the meeting for the Benefits Administrators went well. She said the first three retiree meetings are scheduled on May 11th. She said she will be sure to remove the Southwick Tolland Granville RSD members from the mailing lists. Ms. Stankiewicz noted that the medical benefits will remain the same.

Janet Saddler asked Ms. Stankiewicz to emphasize to the members that the prescription drug ID cards will be sent to them inside of the Rx formulary mailing. She said she is concerned the ID cards might inadvertently get discarded.

Ms. Stankiewicz said she would do that and said she will update the Board when the cards are mailed out. She said the members will also receive a Medex card. Ms. Stankiewicz asked the employers to forward her a copy of one of the actual 21-day letters that were mailed along with an Excel file of to whom the letters were sent. She said she needs this from each of the employers.

Lauren Sartori-Hobgood said that Ms. Stankiewicz did an excellent job presenting at the Administrators meeting, but suggested using a Powerpoint presentation for future meetings.

Update on RDS re-openings for audits:

Carol Cormier said that GBS informed In-Tech Health Ventures that they were the chosen company to complete the re-opening audits of at least 2-years of RDS applications. She noted that InTech will receive 23% of any recoveries found.

BCBS Report:

Sandra Stankiewicz said to let her know if BCBS was needed to attend any health fairs. She said dates in mid-May are the only dates available.

Other Business:

Discussion about possibly amending the Joint Purchase Agreement – Carol Cormier said she provided the Board with a Joint Purchase Agreement (JPA) marked up with some suggested changes to review for discussion at the next meeting. She said the memo attached to the JPA pertains to Article 12, Liability upon Withdrawal. She said she brought up this topic at the last meeting because another Joint Purchase Group (JPG) had 4 units withdraw last year. She said that group amended its JPA in January requiring withdrawing units to pay the first month of run-out claims that were incurred prior to the unit's withdrawal. She said she is presenting this to BHG for consideration and discussion because when the JPGs were formed in the late 1980s/early 1990s, options such as the GIC and MIIA were not available. She said until recent years it has

been very rare for a JPG participant to withdraw. She said now this possibility should be considered so that the remaining units are not negatively impacted.

There was a discussion about liability upon withdrawal.

Carol Cormier suggested changing the definition of proportionate share and the notice of withdrawal date to December 1st even if the Article 12 remains unchanged. She suggested that the proportionate share be based on members rather than subscribers. Ms. Cormier also suggested adding to Article 8 that participant units must pay as billed and that retroactive credits would appear on the next invoice. She also suggested tightening up the language in Article 11 regarding changing the level of coverage since that was written prior to Sections 21- 23. Ms. Cormier said she will bring some exhibits to the next meeting.

The next scheduled meeting is on June 1, 2016, at 9:30 a.m. at the Lenox Town Hall, Lenox, MA.

There was no other business.

Janet Saddler moved to adjourn the meeting.

Motion

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

Mary Beverly ajourned the meeting at 11:13 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*