

Berkshire Health Group

Board Meeting #15-09

Lenox Town Hall
Lenox Massachusetts
Monday, April 27, 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
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
Lauren Santori	Town of Great Barrington
Lynn Bassett	Mount Greylock RSD
Janet Saddler	Town of Williamstown

Guests present:

James Kelley, CPA	BHG Treasurer
Lisa Laramy	BHG Wellness Coordinator
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 March 30, 2015 (Meeting #15-08):

Sharon Harrison moved to approve the meeting minutes of March 30, 2015.

Motion

Dave Hinkell seconded the motion. Janet Saddler abstained. The motion passed by majority vote. Janet Saddler abstained.

Treasurer's Report:

The Treasurer, Jim Kelley, reviewed the financial reports for March 2015 (unaudited figures). He said the cash position decreased by \$140K. Mr. Kelley said that reinsurance receivables increased by \$83,000. He said there was a one month loss of \$548K and said it was mainly the result of planned use of surplus funds. Mr. Kelley said that claims were at 99% of member assessment revenue. He said the trust fund uncommitted surplus was \$1.15M at the end of March.

Maureen Senecal and Christopher Ketchen joined the meeting.

Mr. Kelley said he spoke to Gene Daponte, BHG's Investment Manager with Olson Mobeck, to give Mr. Daponte advanced notice that he anticipates the need to transfer funds of \$250K to the BHG cash account each month for the next three months.

Mr. Kelley said he contacted Iron Mountain regarding the expiration of the contract and said it expired in November. He said they gave him an approximate cost of \$6.24 per box to shred the BHG old documents. Mr. Kelley said he requested a quote from them on the total job.

Mary Beverly said she will also contact Valley Green for an additional estimate.

Review of the May 2015 Warrant Summary:

Carol Cormier reviewed the BHG Warrant for May 2015. Ms. Cormier said the Berkshire Bank payment of \$6,896.00 was for wellness incentives. She noted that it was a settle-up month with BCBS.

Sharon Harrison made a motion to accept the May 2015 warrant summary.

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

Motion

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

Lisa Laramy said there are two sites left to complete their final weigh-ins for the Healthy Steps program. She reported a total weight loss of 162 lbs. and 62.25 inches from the 7 sites that have weighed in. Ms. Laramy said there are 20 teams registered for the Walk with Me Spring Challenge. She said T-shirts will be awarded to all participants at the end of the challenge in June.

Ms. Laramy said 207 members completed the on-line *AHealthyme* health assessment and received their \$25 gift cards. She said the data collected indicate that 63% of the population reported they are in excellent or very good health and the top reported health conditions are allergies, high blood pressure, arthritis, pack pain and high cholesterol. Ms. Laramy reported that BHG is doing very well with preventative screenings.

Carol Cormier noted that 207 members is not a big participation level of the overall population of BHG which, she said, is over 2,000 active employee plan subscribers.

Ms. Laramy said the report indicate areas to improve include increasing members' physical activity, biometric screenings, renewal of *aHealthyme* and nutrition interventions. Ms. Laramy said BCBS fees to provide biometric screenings to the BHG members is almost 50% higher than what Berkshire Health Systems would charge. Ms. Laramy said BCBS has awarded BHG \$20,000 in wellness credits through plan year 2016. She said credits can be used for specific BCBS wellness services such as biometric screenings, Fit Bits, gift card incentive fulfillment via Hallmark redemption. Ms. Laramy talked about nutrition interventions.

Mary Beverly asked Ms. Laramy to obtain the list of specific services and costs from BCBS.

There was a discussion about the BHG Wellness Stipends, the utilization deadline and report submission.

The Board agreed that the stipends should be received in September to allow time to plan and implement programs, which is earlier than in the past. It was also agreed that if the stipend is not fully utilized by June, the following year's stipend would be less the balance left over from the previous year. The Board also noted that the stipend would not be provided without submission of the previous year's stipend utilization report.

GBS Reports:

Specifications for FY16 Reinsurance RFQ – Carol Cormier said she is anticipating sending out the FY16 BHG Reinsurance RFQ in mid-May. She said she would not receive the quotes back in time for the June 8th meeting and suggested rescheduling the meeting towards the end of June. She said the current policy is a 12/24 policy with a Specific Deductible (SD) of \$200K and with a \$100K Aggregating Specific Deductible (ASD). She suggested asking for quotes for a 12/24 policy at the current levels as well as quotes for a policy with a \$250K SD and no ASD and another with a \$250K SD and a \$200K ASD. Ms. Cormier noted that BCBS charges the brokers approximately \$12K to provide stop loss reporting.

Jim Kelley said BCBS also charges for the Retiree Drug Subsidy (RDS) reporting.

Funding Rate Analysis (FRA) report - Carol Cormier reviewed the report for the health plans with data through March 2015. She said that the expense-to-funding ratio across all plans was 106.2% with a shortfall of funding from member assessments of \$1.42 million. She said the previous month the expense-to-funding ratio was 104.2%. Ms. Cormier said the dental plans are doing well with an expense-to-funding ratio of 93.7%.

Level Monthly Deposit (LMD) Reconciliation report – Carol Cormier said that the LMD at the end of March fell short of expenses by \$342,471K.

Stop Loss Reports – Karen Carpenter reviewed the Excess Claims report for FY15 and said that four members exceed the \$200K specific deductible. She said that the total excess amount was \$221K. She said that the \$100K Aggregating Specific Deductible (ASD) has been met, and there are reimbursements of \$116,492 due to the Group. Ms. Carpenter said reinsurance reimbursements of \$4,601 have been received to date. She said that 15 members had claims between \$100K and \$200K, totaling \$1.9M.

Discussion about possible plan design changes and other cost-saving programs for FY17:

Carol Cormier reviewed an exhibit she prepared with suggestions for the BHG Board to consider. She said she revised the exhibit based on discussion at the last Board meeting:

Carol Cormier reviewed the following possible actions for the BHG Board to consider:

- Verify that all of the BHG-participating governmental units have adopted MGL Ch. 32B, S. 21-23 by September 2015.
- Change the name of the BHG “Deductible plans” for July 1, 2016 to a name that emphasizes the savings and other advantages.
- Eliminate the Value Plus plans effective July 1, 2016 or eliminate the Value Plus plans *and* change the plan design of the current Deductible plans to that of the GIC’s FY16 benchmark plan. Ms. Cormier said BCBS estimates a 67% savings if the Value Plus plan design is brought to the GIC’s FY16 benchmark plan level. She said BCBS estimates savings of about 3% from changing the current Deductible plans to the GIC’s FY16 benchmark plan level. Ms. Cormier said that the BHG employers could use Ch. 32B, S.21-22 to bargain these changes.
- Consider offering the PPO to out-of-area residents only and continue offering the POS for those living inside the service area who want to have an out-of-network benefit. Have BCBS representatives begin meeting with PPO members now to explain how the POS and HMO might meet their needs.
- In the fall of 2015 compare costs of the current Medex plan which is RDS-eligible with the costs of Medex plus a Part D Prescription Drug Plan (an Employer Group Waiver Plan (EGWP)).
- Employers should review their contribution strategies to determine the incentives that they are creating and make changes as needed.

Sharon Harrison said she would favor one move to eliminate the Value Plus plans rather than making further plan design changes to the deductible plans.

Carol Cormier noted that the employers using Ch. 32B, S.21-22 would be required to share 25% of the first-year's estimated savings with the employees. She said that this mitigation is required each time the expedited bargaining process is used. She said the mitigation is based on estimated savings on the current rates.

There was a discussion about the increased drug trends.

Carol Cormier said the drug trend has increased to about 15% and noted that it is considerably higher than medical trend. She said that about 50% of the prescription drug costs are included in the medical claims. She said this occurs when drugs are administered in a medical setting. Ms. Cormier said BCBS has estimated that in order to save money from the mail-order prescription drug program, the mail order co-pays should be at least 2 ½ times that of the retail Rx co-pays. She said she will ask BCBS for the data.

Ms. Cormier said if the BHG employers are going to consider utilizing MGL Ch. 32B, S. 21-22, she will bring a suggested timeline of events that will need to take place.

Paul Sieloff said he favors aggressive action to avoid another high rate increase.

Sharon Harrison, Janet Saddler and Maureen Senecal agreed that future negotiations may be difficult following utilization of the expedited process.

Lauren Sartori said she agreed with Mr. Sieloff's statement.

Ms. Cormier said the Board should prepare for the Cadillac Tax. She said if the PPO is made unavailable to those living in the service area, avoidance of the Cadillac Tax could potentially be managed through the rate setting process. Ms. Cormier noted that there are currently 67 POS contracts and 248 PPO contracts.

Mary Beverly asked the Board members to consider the information and to continue the discussion at the next meeting.

Other Business:

The next meeting was changed from June 8th to June 22nd. Another Board meeting was scheduled on August 24th, both to be held at the Lenox Town Hall, Lenox, MA at 9:30 AM.

There was no other business.

Sharon Harrison moved to adjourn the meeting.

Motion

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

Chair Mary Beverly adjourned the meeting at 10:55 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*