

Berkshire Health Group

Board Meeting #13-10

Lenox Town Hall
Lenox Massachusetts
Monday, May 20, 2013 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Greg Federspiel, Chair	Town of Lenox
Sharon Harrison	Berkshire Hills RSD
Jim Brosnan	Northern Berkshire Voc.-Tech School
Jorja Ann Marsden	Berkshire County Insurance Group
Geri Porter	Berkshire County Insurance Group
Melissa Falkowski	Central Berkshire RSD
Bruce Turner	Southern Berkshire RSD
Dave Hinkell	Adams Cheshire RSD
Stephen Presnal	Southwick Tolland Granville RSD
Brenda Rondeau	Mt. Greylock RSD
Janet Saddler	Town of Williamstown

Guests present:

Maureen Daniels	BHG Wellness Coordinator
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Pat Kaplan	Blue Cross Blue Shield (BCBS)
Amy Higgins	Blue Cross Blue Shield (BCBS)
Linda Loiselle	The Abacus Group
Edward Aberger	The Abacus Group
Carol Cormier	Group Benefits Strategies
Ginger Hastings	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Greg Federspiel opened the meeting at 9:28 a.m.

BHG Board Roles and Officers:

Greg Federspiel said that today's meeting would be his and Carol Cormier's last meeting. He asked the Board to consider nominating members of the Board to serve as Board Chair and Board Vice-Chair. Mr. Federspiel gave a brief description of the responsibilities of the positions.

Carol Cormier said that she noticed on an email that Mr. Federspiel sent, suggesting that the Board may want to consider rotating the chair on an annual or semi-annual basis. Ms. Cormier said that if the Board wishes to rotate the Chair position she suggested doing so on a 2-year time period .

Greg Federspiel and Jim Brosnan agreed with Ms. Cormier.

Mr. Brosnan said that both Greg Federspiel and Carol Cormier have done a great job working with the Berkshire Health Group.

Janet Saddler said that she would like to nominate Mary Beverly as BHG Board Chair.

Sharon Harrison seconded the motion.

Motion

Greg Federspiel said that he spoke to Ms. Beverly who was sorry that she was unable to attend this day's meeting. He said that Ms. Beverly said she would be willing to accept the role of Board Chair if nominated.

The motion passed by unanimous vote.

Janet Saddler nominated Sharon Harrison as BHG Vice-Chair.

Motion

Bruce Turner seconded the motion. The motion passed by unanimous vote.

Mr. Federspiel said that the newly elected officers assume their roles at the next Board meeting.

The Board members thanked Carol Cormier and Greg Federspiel for their work with the Berkshire Health Group.

Janet Saddler presented Mr. Federspiel with a plaque recognizing his dedication and years of service on the Board as a member and as Board Chair.

Greg Federspiel presented Carol Cormier a gift certificate for her work as Account Executive working with BHG and said it was a job well done.

Mr. Federspiel and Carol Cormier thanked the Board for the recognition. Carol Cormier said that Ginger Hastings, GBS, has been attending all the Board meetings for the last several months and so will be able slip into the role of consultant easily.

Approval of the Minutes of the meeting of April 29, 2013 (Meeting #13-09):

Jim Brosnan made a motion to approve the minutes of the April 29, 2013 meeting.

Motion

Steve Presnal seconded the motion.

Brenda Rondeau abstained. The motion passed by majority vote.

Carol Cormier said that she wanted to let the Board know that Paul Sieloff is not an appointed member of the Board and that if the Town of Lanesborough wants to change their designation, that they can do so. She said that Mr. Sieloff made a motion at the previous meeting, however the motion did not pass.

Treasurers Report -

Greg Federspiel said that the Treasurer, Jim Kelley, was not able to attend this meeting. Mr. Federspiel distributed and reviewed the financial statements of April 2013 (unaudited figures). Mr. Federspiel said that the overall cash position increased by a net of \$10K during April. He said that the operating cash decreased by approximately \$115K.

Mr. Federspiel said that the health claims are running at 94% of member assessment revenue and the dental claims are running at 88% of member assessment revenue.

Mr. Federspiel said that there is an overall year-to-date profit of \$26K and total equity (fund balance) was \$11,400,000. He said Mr. Kelley reports an unrealized gain of \$102K on the Schwab investment account for month ending April 30, 2013.

Approval of April, May and June 2013 Warrant Summaries:

Carol Cormier reviewed the April, May and June 2013 Warrant Summaries.

Brenda Rondeau made a motion to approve the April, May and June Warrant Summaries as presented.

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

Motion

GBS Reports:

GBS COBRA administration service fee proposal- Carol Cormier said that GBS is proposing a \$.02 increase per eligible subscriber for the renewal of the next 3-year service fee.

Sharon Harrison asked about the 2% administrative fee charged to the former BHG members enrolled in COBRA.

Carol Cormier said that the 2% additional fee is allowed by law. She said it is an administrative fee that is paid into the BHG trust fund account and recorded as revenue.

Bruce Turner made a motion to approve the GBS COBRA 3-year administrative fee proposal as presented.

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

Motion

Retiree Drug Subsidy (RDS) Memo of Understanding (MOU)- Carol Cormier reviewed the GBS RDS MOU and said that the proposed fee has been reduced by \$900. She said that if BHG decides to move the Medex plan to an EGWP plan, the FY14 RDS work will still need to be completed through the Reconciliation. Ms. Cormier said the proposed fee is \$6,600 due in three payments of \$2,200.

Jim Brosnan made a motion to approve the RDS MOU as presented.

Motion

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

Carol Cormier said that the RDS information and authorizations that Greg Federspiel has now will have to be transferred to Mary Beverly.

Funding Rate Analysis- Carol Cormier reviewed the Funding Rate Analysis with data through April 2013 and said the expense-to-funding ratio for health plans was 101.3% and for dental was 94.4%. She said on a paid basis the funding shortfall was \$377,313. She said the Network Blue Value Plus plan is underfunded by \$1.21M.

BCBS Level Monthly Deposit (LMD) - Carol Cormier reviewed the LMD quarterly reconciliation and said that the deposits exceeded the claims expenses by \$153K fro the quarter ending April 30.

FY14 Reinsurance RFQ – Carol Cormier said that the FY14 BHG Reinsurance RFQ was sent out and quotes are due back on May 28, 2013. She said that the proposed rates will be available at the June meeting.

Stop Loss Report - Karen Carpenter reviewed the FY12 stop loss reports with data through April 2013. She said that four members had exceeded the policy deductible with total claims of \$993,625. Ms. Carpenter said that the \$100K Aggregating Specific Deductible has been satisfied and that BHG has received claims reimbursements of \$93,729. She said that there are no outstanding reimbursements due. Ms. Carpenter reviewed the FY13 stop loss reports and said that there are two members that had exceeded the policy deductible with total claims of \$459,912. Ms. Carpenter said the \$100K Aggregating Specific Deductible has not been met. She said there are 14 claimants on the report of 50% with a total of paid claims of \$1.91M.

Wellness/Healthy Behaviors Update:

Maureen Daniels said that Southwick Tolland RSD had a great health fair with approximately 12 to 15 vendors attending. Ms. Daniels said that a member who went for a colonoscopy screening as part of the wellness incentive program needed to have surgery due to a severe blockage. She said that the member mentioned that she was not originally going to go for the screening and only did so because of the incentive. Ms. Daniels said that there are 21 walking teams and said that 7 or 8 teams are from the Berkshire Hills RSD. She said they are very competitive. Ms. Daniels said that the on-site fitness classes will be ending before Memorial Day, but will be back in the fall.

Melissa Falkowski said that participation in the Zumba classes at Central Berkshire RSD has improved since making an adjustment to the timing of the classes.

Maureen Daniels said that she distributed the proposed Wellness Budget and Programs for FY14 at the last meeting. She said that the budget includes a proposal for implementing a new diabetes program at a cost of \$21,600. She said that the program would include meeting with a nurse twice a year, phone calls and an incentive of \$360 a year per participant. Ms. Daniels said that the program could be run similar to the colonoscopy program with a third party administrator. Ms. Daniels said that the \$360 incentive number was derived from the average per month member savings of \$22 to \$26 reported on the Abacus Group's diabetes program report.

Greg Federspiel suggested devoting time at the next BHG Board meeting to focus on making decisions regarding the wellness programming. Mr. Federspiel asked Ms. Daniels to send a summary of the proposal to the Board.

Carol Cormier asked to keep the HIPAA laws in mind when making the proposal.

Ms. Daniels said that she had a preliminary conversation with BCBS about the privacy issues.

Diabetes Rewards Program report – Linda Loiselle and Ed Aberger, PhD:

Linda Loiselle distributed a packet of materials, including the diabetes rewards program report and a physicians commentary in the American Journal of Managed Care regarding how best to manage pharmacy for people with diabetes. She said that Dr. Aberger would be presenting the data analysis of program success for organizations using the Good Health Gateways (GHG) Diabetes Program.

Ms. Loiselle said that the American Diabetes Association (ADA) has reported an estimated total economic cost of diabetes in 2012 of \$245 billion, a 41% increase since 2007. She said that the articles included in the packet support the type of diabetes program that the Abacus Group has designed for the BHG. She said that open formularies are necessary since diabetics usually have other illnesses. She said that it helps if the physicians have flexibility to prescribe medications given the co morbidities associated with diabetes. Ms. Loiselle said that the diabetes program has been designed with an open formulary to allow the physician's this flexibility. She said that the program does not include step therapies of brands to increase medication adherence. Ms. Loiselle said that the goal of the program is to encourage diabetic members to visit their physician and to complete the 5 care guidelines. She said that the drug costs will likely go up and that is viewed as a positive, given the program's goal is to increase medication adherence. Ms. Loiselle said that medical expense typically goes down (hospitalization days and admissions) which is a bigger component of costs. She said that reports have shown that completing these 5 care guidelines reduces overall costs and said Dr. Aberger will present these examples.

Ms. Loiselle said that there is targeted outreach and consistent mining of data for eligible members to the program. She said that the Abacus Group also sends emails and texts to members depending on the situation or reminder needed. She said that it is important that members who have fallen out of compliance be cut off from the reward of free medications and supplies. She said that as a result of feedback received in

December, a new incentive program was put into place using “loss regret” messaging. Ms. Loiselle said that this incentive has resulted in an increase of about 10% in compliant members since January. Linda Loiselle said that a “loss regret” letter is sent to those members who are not compliant to let them know that they missed out on a chance to win a bonus incentive check.

Dr. Ed Aberger said that the mailings really work and noted that prior to sending the notice about the bonus incentive, 49 members were compliant. He said after the mailing the compliance number rose to 61. He said that BHG is right on track with the national average with 48% of compliant participants. Dr. Aberger said that over the past 10 years pharmacy costs have been studied for ways to reduce costs, such as increasing co-pays and switching to generics. He said making those changes do help to lower costs in most cases, but it is not helpful when dealing with members who have diabetes. Dr. Aberger said that there are no generic insulins, only brand names. He said it has been proven that medication adherence of members with diabetes improves when barriers such as step therapy and co-pays are removed. Dr. Aberger said that it is true that Rx and physician visit costs will increase, but savings on inpatient stays exceed those costs and can be avoided. He reviewed 2 case studies. One study followed a company that maintained 50% compliance and participation of their diabetic population over a 5 year time span. He said this study had projected diabetic costs of \$1.2M in the fifth year and actual costs were below \$920K and said hospital days were also reduced. Dr. Aberger said the second study had the added benefit of a nurse educator which showed even greater results. He said that the BHG nurse could be integrated into the diabetes program and would be an added bonus for the members having that personal touch.

Greg Federspiel said that it would be best to find a way to work together to achieve the best results.

Dr. Aberger said that most of Abacus’s clients have been offering the diabetes program for 2 to 3 years and said that 5 years is the longest of all their accounts. He said overall costs are down 5% and trend is running about 7% to 8%.

Carol Cormier said that the BCBS report of the count of diabetics is low. She said this is misleading because there are other illnesses brought on by having diabetes that are not reflected in the report as diabetes.

Linda Loiselle said in 2009 when the proposal for the group was prepared, 24% of total BHG costs were from members with diabetes.

Sharon Harrison asked what illnesses on the BCBS report reflect illnesses that are prevalent to diabetics.

Ed Aberger said cardiovascular disease, kidney, eye, and renal disease are most common and approximately one-third of physician visits are diabetes related.

Dr. Aberger noted that there are testimonials from BHG members on the last slide of the presentation.

The Board thanked Ms. Loiselle and Dr. Aberger for their presentation.

Member issue:

Pat Kaplan said that there is a retiree who did not sign up for Part B when eligible. Ms. Kaplan said that the member reported that she never received any of the mailings that were sent by the employer or by BCBS notifying her to do so. Ms. Kaplan said that the member has since signed up and will be eligible on July 1, 2013. Ms. Kaplan said that BCBS pays claims for Medicare eligible retirees as if they had Medicare Part B. She said that by doing so, this member has been billed for \$3,185.22 by providers and there may be additional claims until Medicare Part B is effective. Ms. Kaplan said that the member believes the claims should be paid by the employer or BCBS.

Jim Brosnan said he believes the responsibility for the claims is the employers.

Janet Saddler agreed with Mr. Brosnan and said if the employer has made every effort to contact the retiree and the retiree refused to enroll, then it should be the subscriber's responsibility.

Janet Saddler made a motion to add a policy that in situations where a retiree fails to enroll in Medicare Part B when eligible, that the BHG will not be responsible for payment of resulting service costs that Medicare Part B would have covered.

Motion

Jim Brosnan seconded the motion. Sharon Harrison abstained. The motion passed by majority vote.

BCBS Select Home Delivery Rx program:

Suzanne Donahue distributed and reviewed information about the BCBS Select Home Delivery Rx mail order program. She said she spoke about this cost saving program at the last meeting. Ms. Donahue said that this is a mandatory mail order program for certain maintenance medications with an option to opt out of the program. She said the members would receive a letter to let them know about the program and then a second letter would be sent asking them to take action. She said that if the member does not respond, their next prescription will be filled at the pharmacy as usual for two times and then the member will be charged full cost at the pharmacy until they contact BCBS to make a decision.

Jim Brosnan said that he does not favor a mandatory program and would like to move forward with educating members on the mail order program. He said he would like it to be a voluntary choice.

Sharon Harrison agreed with Mr. Brosnan.

Suzanne Donahue said 18% to 20% of BHG members utilize the mail order program now.

Greg Federspiel said he favors the Select Home Delivery Rx "opt out" program and doesn't think it is a change in benefits at all if the member has a choice to opt out.

There was a discussion.

Suzanne Donahue distributed a letter that BCBS sends to diabetic members to let them see what tests or medications are up to date or not. She said that the physicians that have agreed to the BCBS Quality Care Contract are incentivized to be sure their patients are meeting their measures. Ms. Donahue noted that the physicians in the Berkshire area have not signed on to the contract.

RDS versus EGWP for Medex:

Carol Cormier said that at previous meetings the Board discussed whether or not to fully insure the prescription portion of the Medex plan and continue to self fund the medical claims. She said that this change would reduce the Medex rate and lower the OPEB liability, but would make the plan ineligible for RDS reimbursements since Part D would be incorporated into the plan. She explained that the savings first calculated didn't take into account that the current costs of the Medex plan is 88% of the rates charged. Ms. Cormier said that the renewal date would need to be moved to January 1 per CMS rules. She noted that CMS does not approve the rates until the fall. Ms. Cormier said that the prescription co-pays for the mail order program would also be changed to twice the cost of the retail co-pays for a 90-day prescription.

Ginger Hastings said to allow time for communication to the retirees, the Board could vote on the concept and wait for the rates to come out in the fall.

The Board members agreed to add this item to the September 2013 meeting agenda and asked for a one page summary of the pros and cons of making this change.

BCBS Report – Informatics report presentation:

Suzanne Donahue reviewed the HEDIS preventative screening test results for years 2010 and 2011 on page 19 of the Informatics report and said that the rates of diabetes eye exams and screenings have increased. She said some of this is due to the diabetes rewards program and also from the BCBS disease management programs. She said that members newly diagnosed with diabetes are typically 100% compliant with their care regimen.

Carol Cormier asked Ms. Donahue to provide a report that would show how many of the diabetics are meeting all 4 of the screening measures shown.

Ms. Donahue reviewed the financial dashboard on page 5 and said that the total claims per member per month averaged \$479.31 in FY12 as compared to the benchmark of \$455.02. She said that could be due to the older population of the municipal sector. Ms. Donahue noted that the clinical benchmarks used in the presentation account for the age and gender mix of BHG's membership.

Ms. Donahue said that the preventative visits and screenings have increased and is listed in the top 10 clinical conditions by cost, which she said is positive, but noted that the benchmark was 8% higher. She said that BHG joint degeneration and cardiovascular conditions are lower than the benchmark and noted that is probably due to the age of the population. She said that joint degeneration accounted for approximately 9% of BHG's claims. Ms. Donahue said that members with claims above \$50K accounted for 24.5% of claims, compared to 25.3% during the prior period. She said that the in-patient costs have gone down. Ms. Donahue said that claims in excess of \$150K accounted for 6.7% of claims and said that was less than the network average of 9.6%. Ms. Donahue said that 537 members with joint degeneration had an average annual cost per member of \$5,356 versus the benchmark cost of \$3,340 per member. She said that 5% of costs are related to a lack of member physical fitness.

Ms. Donahue stopped reviewing the report and said that the second half of the report will be presented at the next Board meeting and will address the wellness programs. She asked the Board members to bring the reports with them to the next meeting.

Other Business:

The next BHG Board meeting was scheduled for June 24, 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 noon.

*Prepared by Karen Carpenter
Group Benefits Strategies*