

Berkshire Health Group

Board Meeting #11-08

Lenox Town Hall
Lenox Massachusetts
Monday, May 23, 2011 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Greg Federspiel, Chair	Town of Lenox
Mary Beverly, Vice-Chair	Town of Adams
Jorja-Ann Marsden	Berkshire County Insurance Group
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
Janet Saddler	Town of Williamstown
Jay Barry	Southwick Tolland RSD

Guests present:

James Kelley, CPA	BHG Treasurer
Linda Loiselle	The Abacus Group
Kate Sharry	Enrollment Audit Solutions
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 9:30 a.m.

Approval of the Minutes of the meeting of April 11, 2011 (Meeting #11-07):

Kevin O'Donnell made a motion to approve the minutes of the April 11, 2011 meeting as written.

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

Motion

Treasurer's Report:

Treasurer Jim Kelley reviewed the financial statements of March 31, 2011 and April 30, 2011 (unaudited figures). He said that the overall cash position increased by \$774K and the Cash-Schwab portfolio increased by \$277K. Mr. Kelley said that the cash increase was mainly due to a \$515K transfer from the MMDT investment account to the CDARS money market account.

Mr. Kelley said that the overall cash position increased by \$156K at the end of April and the operating cash account increased by \$149K. Mr. Kelley said that the reinsurance receivable increased by \$67K and he said the investment account at Schwab increased by \$107K. Mr. Kelley said that the trust fund surplus is \$11.9M with a year-to-date profit through April of \$1.55M.

Jim Kelley said that the health claims are running at 90% of member assessment revenue, and the dental claims are running at 80% of member assessment revenue.

Mr. Kelley said that Marge Foster provided him with a template that he can use when developing an internal controls process.

There was a discussion about forming a Committee to work on an internal audit process. Mr. Kelley said that he would develop an audit process and send it to the auditor for his approval and comments.

Mary Beverly offered to remain after Board meetings to help.

The Board members asked Mr. Kelley to proceed with developing an internal audit process and bring a draft to the next meeting for finalization.

Distribution of FY07 Retiree Drug Subsidy (RDS) reimbursement:

Carol Cormier said that at the last meeting, Sharon Harrison asked if the reimbursement could be put into a revolving account.

Mr. Kelley said that the auditor said that the RDS money may not be put into a revolving account but must go into free cash for appropriation.

Carol Cormier asked the Board who had not decided on timing of the RDS reimbursement to let her know today as to whether they wanted to receive their RDS reimbursement in FY11 or FY12. She said that if she did not hear back today, it will be paid out in FY11.

Jorja-Ann Marsden said that one check can be sent to Berkshire County Insurance Group (BCIG) and BCIG will disperse it to each sub-unit.

Ms. Cormier said that some of the units in BCIG do not make a contribution to retiree health insurance and therefore they will not be eligible for the RDS reimbursement.

Kevin O'Donnell made a motion to approve the distribution of the RDS 2007 Subsidy as described on the spreadsheet provided by Group Benefits Strategies.

Motion

Mary Beverly seconded the motion. The motion passed by unanimous vote.

Warrants for May 2011:

Carol Cormier reviewed the May 2011 Warrant Summary and said that the June Warrant is being prepared

Jim Kelley said that he thought that there would be a quarterly settle-up month for the Diabetes Rewards Program. He said that the last one he received was in December.

Ms. Cormier said that she will check into it. She said that Linda Loiselle is expected to join the meeting today.

Kevin O'Donnell made a motion to accept the May 2011 Warrant Summary.

Motion

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

GBS Reports:

FY11 Funding Rate Analysis by Plan – Carol Cormier reviewed the Funding Rate Analysis report for FY11 with data through April 2011. Ms. Cormier said that the expense-to-funding ratio was 95.7%. She said that the Network Blue Value Plus plan was under-funded.

Level Monthly Quarterly Accounting Reconciliation for BCBS, 3rd quarter– Ms. Cormier said that with one month of payment information in, BHG owes BCBS \$718K. Ms. Cormier said that the Level Monthly Deposit (LMD) has been lowered from \$3M to \$2.85M as requested by BHG.

Stop Loss Reports – Karen. Carpenter said that for the FY11 policy period with claims paid through April, five (5) members had claims exceeding the specific deductible of \$175K with claims totaling \$1.11M. She said that the aggregating specific deductible of \$100K has been met and said that reimbursement due the Group is \$136,896. Ms. Carpenter said that there were 14 claimants with claims at or higher than 50% of the deductible with claims totaling \$1.7M.

Carol Cormier said that the Reinsurance RFQs were sent out and are due back on June 2nd. She said that she requested a copy be sent to Greg Federspiel as well as to Group Benefits Strategies.

Dependent Eligibility Audit Proposal – Kate Sharry, Enrollment Audit Solutions (EAS):

Carol Cormier introduced Kate Sharry to the Board.

Kate Sharry gave a brief history of EAS and how the company began. Ms. Sharry reviewed the audit results of the City of Worcester and said that there can be big saving by identifying and terminating ineligible dependents from the health plans.

Carol Cormier said that the new legislative proposals would require enrollment audits as frequent as every two years.

Kate Sharry said that in addition to a reduction in premium and claims costs, that an audit will reduce the stop loss liability. She said that just one claim by an ineligible dependent could greatly reduce or wipe out a trust fund balance. Ms. Sharry said that the audit provides a series of mailings to each family subscriber with requests for documents. She said that she will report to the group periodically and at the end of the audit. She said that the cost savings estimate per ineligible dependent is \$4,000. Ms. Sharry said that she would provide the employers with a checklist of documents that they can use going forward with each new member.

Ms. Sharry reviewed past audit results and briefly explained the process. She said that she would provide specifics to the Group if they would like to move forward with an audit. She said that a timeline would be determined and there would be 3 to 4 mailings sent to subscribers of the family plans. Ms. Sharry said that it is beneficial for the employer to send out a “heads up” letter to the subscribers to introduce EAS. She said that otherwise the subscriber may not recognize the name and think it is junk mail. Ms. Sharry said that the letters can be customized to suit the BHG’s needs.

Ms. Sharry said that she requests that the towns do not accept any audit documents from their employees and asks that they refer them to her at EAS. Ms. Sharry said that the audit fee is based per subscriber and she guarantees 3 times the fee as their savings.

There was a question about combining the dependent and employee and retiree audit.

Kate Sharry said that she recommends a separate audit for employees and retirees.

Ms. Sharry said that at the end of the audit, it is up to the Board to decide whether to destroy the documents collected or to distribute them to the employers. Ms. Sharry said that there will be a separate file for each subscriber by unit.

Janet Saddler said that she resents ineligible dependent’s claims being paid by the Group and said she favors moving ahead with the audit.

There was a discussion about getting additional quotes.

The Board agreed to move ahead with the audit process and asked Carol Cormier to procure 2 additional quotes.

Diabetes Care Rewards Program – Quarterly Report through May 16, 2011 – Linda Loiselle distributed and reviewed the report from The Abacus Group and said that the program was slow to start in August. She said that in May, they ran a \$50 sign-up incentive program which will run until the end of May. She said that 10 additional members registered. Ms. Loiselle said that as of May 16th, there are 68 participants, or 19% of the total diabetics eligible to participate registered in the program. She said 48.5% of the participants have met all five requirements and are receiving their medications and supplies at no cost to them. She said that to date 318 scripts have been filled through the program and the plan costs for those scripts total \$45,386. She said approximately 8% or \$3,680. of that cost represent co-pay waivers to the members.

Carol Cormier asked Ms. Loiselle to check on the quarterly reconciliation for the program and told her that the last one received was in December.

Ms. Loiselle said that they will continue to do quarterly mailings to eligible participants. In addition, she said that mailings will go out to non-compliant members and those with upcoming requirements will get reminder mailings. Ms. Loiselle said that those reminders used to be quarterly, but are now customized per participant. Ms. Loiselle said that when the program was introduced, the Abacus Group predicted 30% to 35% enrollment and 50% compliance in the program.

Ms. Loiselle said to let her know if anyone would like program flyers or information.

Greg Federspiel asked if a representative could be available to come out in the fall when BHG promotes the Biometric testings. He asked Ms. Loiselle to speak to Maureen Daniels, the BHG Wellness Coordinator to work out a plan.

Proposed State Legislation Discussion:

Carol Cormier said that she was encouraged by the House bill language about JPGs, but said that the Senate bill does not mention JPGs. Ms. Cormier said that she drafted a letter and hopes that all the units will send it to their legislators. Ms. Cormier said that she spoke to Seth Rolbein from Senator Wolf's office and said that the JPGs are too large to leave out of the legislation.

The Board said that they will send the letters out and suggesting referring to the House language in the letter.

Carol Cormier said that she would add the House language to the letter.

BCBS Report:-

Mental Health Parity Testing- Steve Corbin said after testing the BCBS health plans offered by Berkshire Health Group, that the Network Blue New England (NWBNE), the NWBNE Value Plus and the Blue Choice NE and Blue Choice NE Value Plus plans failed. He said there are two options that the Group has to bring the plans into parity. Mr. Corbin said that they could either add a co-pay to the In-network Office and Health Center Surgery service or remove the co-pay from the In-Network Out-patient Mental Health benefit in Office and Hospital settings.

Kevin O'Donnell made a motion to add the co-pay to the In-Network Office and Health Center Surgery benefit to bring the plans into parity.

Motion

Marge Foster seconded the motion. The motion passed by unanimous vote.

Non-participating Ambulance Providers – Steve Corbin said that BCBS is changing the way that they pay non-municipal ambulance providers. He said that some ambulance providers charge fees five times the

normal costs. Mr. Corbin said that in efforts to control costs and encourage providers to contract their services through BCBS, a check will be sent to the member with a letter stating that they will be responsible to sign the check over to the ambulance service. He said that municipal ambulance services that contract with a third-party billing company will also be treated in this way.

Janet Saddler said that one of her employees received a letter from an attorney stating that they were receiving the letter because they did not respond to a previous letter asking for payment. She said that the employee was not only asked about the current service received, but also about a previous medical claim that should not have been disclosed. She said the attorney had the member's claims information.

Pat Kaplan said that she has not heard that BCBS's Coordination of Benefits process includes sending outstanding bills to an attorney, but said that she would look into it.

Dependents of Dependents Coverage and BCBS - Carol Cormier said that the Board has previously voted to follow the PPACA ruling and not cover dependents of dependents. Ms. Cormier said that BCBS has decided to cover the grandchildren of employees across all of its health plans.

Steve Corbin said that BCBS is following the MA law of 1977 that states insurers are to cover dependents of dependents.

Ms. Cormier said that that law refers to insured groups and plans, not self-funded groups. Ms. Cormier said that if the BHG wishes to uphold its vote on this matter, it will be up to the Human Resource departments to communicate the eligibility rules to their employees and not enroll dependents of dependents. She said that they can refer to the PPACA guidelines.

Other Business:

The next meeting was scheduled on Thursday, June 9, 2011 at 9:30 a.m. The July 12th Board meeting was canceled and replaced with a meeting on Tuesday, August 2, 2011 at 9:30 a.m.

Jim Kelley asked that the auditor's contract be discussed at the June meeting. He said that the current contract is a three-year contract and a year to year contract may be better. Mr. Kelley said that he will contact Rich Bienvenue.

There was no other business.

Greg Federspiel adjourned the meeting at 11:08 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*