

Berkshire Health Group

Board Meeting #15-10

Lenox Town Hall
Lenox Massachusetts
Monday, June 22, 2015 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Chair
Sharon Harrison, Vice-Chair
Paul Sieloff
Christopher Ketchen
Maureen Senecal
Bruce Turner
Melisa Falkowski
Brenda Rondeau
Lauren Sartori
Janet Saddler

Town of Adams
Berkshire Hills RSD
Town of Lanesborough
Town of Lenox
Northern Berkshire Reg. Vocational School
Southern Berkshire RSD
Central Berkshire RSD
Mt. Greylock RSD
Town of Great Barrington
Town of Williamstown

Guests present:

James Kelley, CPA
Matt Streeter
Lisa Laramy
Sandra Stankiewicz
Jay Swanson
Carol Cormier
Karen Carpenter

BHG Treasurer
Town of Granville
BHG Wellness Coordinator
Blue Cross Blue Shield of MA (BCBSMA)
Blue Cross Blue Shield of MA (BCBSMA)
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Chair Mary Beverly called the meeting to order at 9:36 a.m.

Approval of the Minutes of the meeting of April 27, 2015 (Meeting #15-09):

Sharon Harrison moved to approve the meeting minutes of April 27, 2015.

Motion

Janet Saddler seconded the motion. The motion passed by majority vote. Brenda Rondeau abstained.

Reorganization of the Board:

Janet Saddler motioned to elect Mary Beverly as Board Chair.

Motion

Sharon Harrison seconded the motion. There were no other nominations. The motion passed by unanimous vote.

Janet Saddler motioned to elect Sharon Harrison as Board Vice Chair. Mary Beverly seconded the motion. There were no other nominations. The motion passed by unanimous vote.

Motion

Treasurer's Report:

The Treasurer, Jim Kelley, reviewed the financial reports for April and May 2015 (unaudited figures). He said the cash position decreased by \$442K during April and that there was a one-month loss of \$525K. He provided year-to-date figures and noted a year-to-date loss of \$2.47 million which was planned use of surplus. Mr. Kelley said that during May the overall cash position decreased by approximately \$621K. He said there was a one-month loss (planned use of surplus funds) of \$237K in May. Mr. Kelley said that as of 5/31/15 the Group's fund balance was \$6,259,667. Mr. Kelley reminded the Board that it has no ability to borrow.

Mr. Kelley distributed an article from the *CFO Journal* about the Cadillac Tax.

Review of the June 2015 Warrant Summary:

Carol Cormier said that the July warrant was being held until the FY16 reinsurance decision is made at today's meeting. She reviewed the June Warrant Summary.

Sharon Harrison made a motion to approve the June 2015 Warrant Summary.

Motion

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

Wellness Consultant's report – Lisa Laramy:

Lisa Laramy said that a new wellness consultant, Shannon Ashcroft, has been hired. She reviewed Ms. Ashcroft's qualifications and skill sets.

Mary Beverly said that she and Sharon Harrison participated in the process.

Ms. Laramy reviewed the ongoing wellness programs.

It was agreed that the wellness consultant will do all administration of incentive gift cards, utilizing the BCBS wellness credit.

Ms. Laramy reviewed the proposed wellness program budget for FY16 and the proposed programs which include Olympic tracking program, Maintain Don't Gain, Fitness classes, diabetes and colonoscopy incentive programs, and "Bring A Friend Week" that provides a \$10 gift card to a fitness program participant who brings a friend from among the BHG eligibles (\$60 limit per unit).

Ms. Laramy said that the consulting rate increased to \$45.62/hour (mileage and travel billed separately), and Health Coach rate increased to \$58.79.

Sharon Harrison suggested sending quarterly emails to the employers to distribute to employees. The emails would be reminders of the BHG's wellness programs.

Lauren Sartori joined the meeting at this time.

Sharon Harrison moved to approve the proposed FY16 Wellness Budget of \$141,453 (plus the \$18,970 wellness credit from BCBSMA).

Motion

Paul Sieloff seconded the motion. The motion passed by unanimous vote.

GBS Reports:

Funding Rate Analysis (FRA) report - Carol Cormier reviewed the report for the health plans with data through May 2015. She said that the expense-to-funding ratio across all plans at the end of March was 106.2% with a shortfall of funding from member assessments of \$1.42 million. She said at the end of May the expense-to-funding ratio for the health plans was 108%, and the funding shortfall was \$2.7 million. Ms. Cormier said the dental plans are doing well with an expense-to-funding ratio of 97.2%.

Level Monthly Deposit (LMD) Reconciliation report and vote on FY16 LMD – Carol Cormier said that the actual expenses for the first two months of the fourth quarter exceeded the LMDs and that BHG has a debit balance of \$236,668.

Ms. Cormier said that the current LMD is \$3,488,500 and that BCBS is looking for a 4.3% increase for FY16. She reviewed the history of the current LMD and said that she thought the request for FY16 was reasonable. She said BCBS is asking for \$3,637,200.

Bruce Turner move to approve the FY16 Level Monthly Deposit proposed by BCBSMA.

Motion

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

Subsequently BCBS agreed to round the
FY16 amount to \$3,635,000.

Stop Loss Reports – Karen Carpenter reviewed the Excess Claims report for FY15 and said that six members exceeded the \$200K specific deductible with total claims of \$1,710,185 and excess claims of \$510,185. She said that the Aggregating Specific Deductible has been met, and there have been reimbursements to the Group of \$110,119. She said that there is \$300,006 in outstanding reimbursements due. She said that 15 members had claims between \$100K and \$200K, totaling \$2 million. She said that there had been a \$2,015 overpayment by the carrier in the prior year, FY14.

New service from GBS: Carol Cormier said that employers from all the joint purchase groups often request member rosters from GBS's Enrollment and Billing Dept. She said the number of requests is growing and that GBS is going to automate this by providing employers access to their own downloadable monthly member rosters and invoice data in Excel format through a secure web portal. She said employers will be able to create historical records of their enrollment data. She said that there will be an annual fee of \$150 per unit, but that if all 13 BHG employers request the service, the annual fee per employer would be \$130 which is \$1,690 total fee. She said that GBS would no longer provide the reports on an *ad hoc* basis.

There was a discussion.

Janet Saddler moved to purchase the roster and invoice service from GBS for the BHG-participating employers at the annual fee of \$130 per employer.

Motion

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

FY16 Reinsurance quotes:

Carol Cormier said that the current broker and reinsurance carrier and BCBSMA were the only companies submitting proposals. She said municipalities are not required to use the MA Procurement Law, Ch. 30B, when seeking insurance quotes. She said the Request for Quotes (RFQ) is an informal process. Ms. Cormier reviewed the quotes at the three specification levels requested by the BHG. There was a discussion about whether or not to increase the specific deductible to \$200K.

Bruce Turner moved to accept the quote for reinsurance for FY16 from Stop Loss Insurance Brokers with RMTS/Nationwide at the current specific deductible level of \$200K with a \$100K Aggregating Specific Deductible (ASD), incurred in 12 months/paid in 24 months.

Motion

Maureen Senecal seconded the motion.

Treasurer Jim Kelley noted that a 15% increase had been built into the rates so the quote was below the expected increase.

The motion was approved by unanimous vote.

Website update and website maintenance contract:

Website update - Sharon Harrison said that she would like to have information about the Affordable Care Act added to the BHG's website. She also requested including a link to the MA General Laws, the Fact Sheet about the BHG, the investment policy, Employer Responsibilities, Advantages of Joint Purchase Groups, information for retirees who are approaching Medicare eligibility, and other information.

The Board agreed with Ms. Harrison's requests.

Karen Carpenter said she would add the items requested to the website.

Website maintenance contract with GBS – Carol Cormier said that GBS is proposing no fee increase for FY16. She said the annual fee is \$3,500 to be paid in 4 installments of \$875 each.

Janet Sadder moved to approve the proposed FY16 website maintenance agreement with Group Benefits Strategies.

Motion

Maureen Senecal seconded the motion. The motion passed by unanimous vote.

Possible plan design changes for FY17:

Carol Cormier reviewed the updated spreadsheet on the impact of the Cadillac Tax if rates were to increase 7% annually until 2018 and beyond. She said that although it is likely that some things about the Cadillac Tax will change before 2018, employers must proceed based on the information they have now. She said the tax is on the employer and is based on the total annual premium or rate. She explained that the spreadsheet was based on the thresholds of \$10,200 annual premium for an Individual plan and \$27,500 for a Family plan. She said that there are higher thresholds, i.e. \$11,850/\$30,950, for people with certain high risk occupations and for qualified retirees 55 and older. Ms. Cormier said that the plan designs that BHG has been looking at that would bring the plans in line with the GIC's benchmark plan may not be sufficient to bring the PPO and POS monthly rates down to levels that would avoid the Cadillac Tax. She said it will be important for employers to have contribution strategies that create incentives for employees to move out of the high cost plans. Ms. Cormier added that FSA contributions are included in the Cadillac Tax.

Carol Cormier said that, as previously discussed, all employers should adopt Ch. 32B, S. 21-23 even if they do not use these sections to bargain in the possible plan design changes. All Board members at the meeting said that their units had adopted these sections of Ch. 32B.

The names of the current deductible plans were discussed, and the Board indicated interest in changing the names to emphasize positive features of the plans.

Ms. Cormier said she had asked Sandra Stankiewicz, BCBS, what the claims decrement would be for going to Mail Order RX copays that were 2.5 times the current retail RX copays. She said that Ms. Stankiewicz said that BCBS estimates the impact to be a 0.5% claims decrease.

The Board asked that GBS send a new chart of the proposed plan design changes to the Board prior to the August Board meeting with the goal of taking a vote on the changes at that meeting. The Board members agreed that they did not want to have a special meeting for managers but rather the Board would come up with a plan for FY17 and then possibly invite the Managers to a regularly scheduled Board meeting.

Subscriber Enrollment Audit:

Carol Cormier said that GBS can prepare a draft RFP for the enrollment audit services and send it to the Board for review. She said that since GBS provides this service, the BHG would have to have another designee or a subcommittee of the Board to review the proposals and make recommendations to the Board.

The Board asked Ms. Cormier to prepare a draft RFP for review.

BCBS report:

Sandra Stankiewicz introduced Jay Swanson, the BCBS Account Representative to the Berkshire Health Group. She said that she and Mr. Swanson attended the health fairs and said they reminded the employees of the wellness programs and fitness activities. She said when they talked to employees about plan options, the employees on the PPO did not want to consider changing to lower cost options. She said that many enrolled in the PPO believe that the most expensive plan must be the best plan and were not willing to consider other plans that might meet their needs just as well as the expensive plan. She said one concern of some PPO members when they were asked to take a look at the HMOs was about coverage when traveling outside the service area. She said some employees thought that the HMO would not cover emergency care out of the area which, she said, is not the case.

Carol Cormier suggested a “Did You Know?” campaign which would be very short bits of plan information that could be included in payroll checks, sent to employees by email and posted on the BHG’s website. She said the out-of-area coverage issue would be a good topic.

Ms. Stankiewicz said BCBS is always available to help support the BHG employers and their initiatives.

Other Business:

Lauren Sartori said that the OPEB bid document went out and was or is about to be awarded. She said that reports will be needed.

Christopher Ketchen said the award of the contract is going to Segal & Co.

There was no other business.

Sharon Harrison moved to adjourn.

Motion

Lauren Sartori seconded the motion. The motion passed by unanimous vote.

Chair Mary Beverly said the next meeting is on August 24th. She adjourned the meeting at 11:40 AM.

Subsequently a meeting was scheduled for June 30 at 9:30 AM at Lenox Town Hall to reconsider the decision about FY16 reinsurance.