

Berkshire Health Group

Board Meeting #13-11

Lenox Town Hall
Lenox Massachusetts
Monday, June 24, 2013 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Chair	Town of Adams
Sharon Harrison, Vice Chair	Berkshire Hills RSD
Maureen Senecal	Northern Berkshire Voc.-Tech School
Bruce Turner	Southern Berkshire RSD
Janet Saddler	Town of Williamstown
Paul Sieloff	Town of Lanesborough
Jennifer Tabakin	Town of Great Barrington
Steve Presnal	Southwick Tolland Granville RSD

Guests present:

James Kelley	BHG Treasurer
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)
Ginger Hastings	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Mary Beverly opened the meeting at 9:20 a.m. Ms. Beverly introduced Jennifer Tabakin, Town Manager at the Town of Great Barrington and newly appointed BHG Board member representing the town. Ms. Beverly asked the meeting attendees to introduce themselves.

BHG Board Roles and Officers:

Ginger Hastings said that the Board discussed setting term limits for the chair position and suggested a 2-year time period at the last Board meeting.

There was a brief discussion.

Janet Saddler made a motion to limit the term of Board Chair to a 2-year time period effective with today's meeting.

Motion

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

Approval of the Minutes of the meeting of May 20, 2013 (Meeting #13-10):

Janet Saddler made a motion to approve the minutes of the May 20, 2013 meeting.

Motion

Melissa Falkowski seconded the motion.

Maureen Senecal and Mary Beverly abstained. The motion passed by majority vote.

It was noted that Paul Sieloff is now an appointed member of the Board representing the Town of Lanesborough.

Treasurers Report -

Treasurer Jim Kelley reviewed the financial statements of May 2013 (unaudited figures). Mr. Kelley said that the overall cash position decreased by a net of \$83K at the end of March. Mr. Kelley said there was a one-month loss of approximately \$969K for the month ended May 31, 2013. He said that an additional \$183K was paid to BCBS as it was a settle-up month.

Jim Kelley said that the health claims are running at 97% of member assessment revenue and the dental claims are running at 88% of member assessment revenue.

Mr. Kelley said that there is a year-to-date loss of \$943K and total equity (fund balance) was \$10,431,000. He said that health claims were up by over \$600K at the end of May.

Mr. Kelley said there was an unrealized loss of \$150K on the Schwab investment account for month ending May 31, 2013.

Approval of July 2013 Warrant Summary:

Ginger Hastings reviewed the July 2013 Warrant Summary.

Jim Kelley said he paid Milliman \$3,100 on a previous warrant and said that the same fee is listed on the July warrant. Mr. Kelley asked Ms. Hastings to check on the total cost of their actuarial services. He said that he will hold off making that payment until hearing back from her.

Janet Saddler made a motion to approve the July Warrant Summary as presented with the exception of the Milliman invoice.

Motion

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

Following the meeting, it was found that the total fee due Milliman for the actuarial service was \$3,100. Due to the timing of receiving the payment, Milliman sent a statement of account to GBS for processing. GBS removed the fee from the July warrant and re-issued the cover page of the warrant to Mr. Kelley.

GBS Reports:

Funding Rate Analysis- Ginger Hastings reviewed the Funding Rate Analysis with data through May 2013 and said the expense-to-funding ratio for health plans was 103.6% and for dental was 96%. She said on a paid basis the funding shortfall was \$1.13M. She said the Network Blue Value Plus plan is underfunded by \$1.9M.

BCBS Level Monthly Deposit (LMD) - Ginger Hastings reviewed the LMD quarterly reconciliation and said that the expenses exceeded the deposits by \$661K for the quarter ending May 31. Ms. Hastings noted that the amount due BCBS at the end of the last quarter was \$182K. Ms. Hastings said that BCBS is recommending increasing the LMD from \$3,020,400 to \$3,241,600.

Suzanne Donahue said that the increase has been billed and was based on claims and trend factors.

Ginger Hastings said that BCBS can review the LMD again in six months.

Steve Presnal made a motion to approve the increase of the BCBS LMD to \$3,241,600.

Motion

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

Stop Loss Report - Karen Carpenter reviewed the FY12 stop loss reports with data through May 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 five members that had exceeded the policy deductible with total claims of \$1,24M. Ms. Carpenter said the \$100K Aggregating Specific Deductible has been satisfied and that there are reimbursements of \$140,864 due. She said there are 15 claimants on the report of 50% with a total of paid claims of \$2M.

Sharon Harrison joined the meeting.

Wellness/Healthy Behaviors Update:

Wellness Coordinator's Contract – Maureen Daniels said that her 3-year contract with BHG expires on September 30, 2013 and asked if the Board would like to renew it with the same terms.

There was a discussion about a cost of living (COL) raise and Ms. Daniels said that there is a yearly 5% COL provision built into the contract. Ms. Daniels said that she will bring in a copy of the proposed contract to the next meeting.

The Board said that they will vote on the contract at the next meeting.

Suzanne Donahue introduced Amy Higgins, BCBS Wellness Coordinator to the Board. She said that Ms. Higgins will be working with Ms. Daniels and the BHG wellness committee members on the BCBS wellness programs. Ms. Donahue said that Ms. Higgins will be presenting the Health Informatics wellness portion of the report to the Board later in the meeting.

Ms. Daniels said that she emailed the 2014 Wellness Program proposal and budget to the Board as requested at the last meeting. She reviewed her proposal to replace the Abacus Diabetes Care Rewards program. She said that the program she is proposing would utilize the BHG wellness nurse who would coach and manage staff members and their dependents that are diabetic along with the BCBS Case Management Program. She said that members could receive \$360 per year in rewards for participating in coaching sessions and managing their disease. Ms. Daniels said that she has concerns of other illnesses that are not addressed with the diabetes program. Ms. Daniels said that the current program doesn't address those issues or members that are pre-diabetic. She said that the Abacus Group is not a local program and is unaware of the local Berkshire resources. Ms. Daniels said that people with diabetes do not have frequent hospital visits.

Ms. Daniels said that she would like the focus of the wellness programs to be on healthy lifestyles. She suggested approving her proposal for one year and if the Board isn't satisfied with the results, the Abacus Group program could be re-instated. Ms. Daniels said that Suzanne Donahue ran a report and is confident that the BCBS receives better discounts utilizing Express Scripts than Catamaran, the prescription benefits manager for the Abacus Group program.

Ginger Hastings said that she received the prescription reports from BCBS and Abacus and could complete a cost analysis for the Board to review.

Sharon Harrison said that she would like to see the analysis and noted that the Board made the decision to target a specific illness and started with the Diabetes Care Rewards Program. She suggested looking at the top 5 cost driving illnesses and deciding which of those they would like to target.

Ginger Hastings asked how Ms. Daniels would obtain the names and claims information and asked about the outreach to the members.

Ms. Daniels suggested that BCBS could send the initial letter to the members and said that since she nor Berkshire Health System (BHS) cannot obtain the names or claims. She said that she is unsure of how the data will be processed. She said possibly a third party vendor would work similar to the way the colonoscopy program works.

Suzanne Donahue said that diabetes is not a high cost driver for the BHG right now. She said that another member incentive could be the ability to obtain all diabetic medications at the same price of mail order prescriptions.

Mary Beverly said that 44 of the eligible participants of the current program are enrolled in Medicare and receive their medications at no cost. She said that BHG also contracts with BCBS for their Disease Management programs.

Maureen Daniels said that the missing piece is the coaching. She said that the nurse can monitor the member's progress through BHS if the member gives authorization.

Ginger Hastings noted that if BHG moves to the EGWP plans, those members will no longer be eligible for the diabetes program.

Janet Saddler said that she is disappointed with the current diabetes program and the huge investment for the low enrollments.

Sharon Harrison said that she would like to see proof of the savings and said she has a concern about the current contract and communications to the existing participants of the program. She asked if the contract with the Abacus Group could be extended for 3 months to allow for a transition to the new program.

Suzanne Donahue said that no one can give a solid return on investment (ROI) because it is a cost avoidance type of program.

Sharon Harrison said that the American Diabetes Association reports nationally and said that members with diabetes are hospitalized for issues that are related to or caused by their diabetes.

Sharon Harrison made a motion to maintain the Abacus Group Diabetes Care program contract through September 30, 2013 and to obtain more detailed information on the proposed BHS and BCBS diabetes program and transition.

Motion

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

Mary Beverly asked Ginger Hastings to prepare the report comparing the prescription pricing of the Abacus Group and BCBS and asked that it be emailed to the Board prior to the meeting. She noted that the information should not contain proprietary information and be in aggregate form.

Ms. Daniels reviewed the remainder of the wellness proposal for 2014 and asked if the Board would be continuing to distribute wellness stipends to the employers.

There was a discussion and the Board agreed to continue with the stipend of \$2,000 to each BHG employer to include the newest member, the Town of Lanesborough. The Board members agreed that the employers should be submitting a form to describe the wellness activity that the stipend was used for.

Sharon Harrison made a motion to approve the 2014 proposed Wellness Programs and Budget with the exception of the Wellness Insurance Plan to include biometric screenings and a deductible reward.

Motion

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

Paul Sieloff asked for a list of all active contracts with renewal dates that the BHG is currently participating.

Ginger Hastings said that GBS will prepare the list.

Reinsurance Quotes for FY14:

Ginger Hastings reviewed the spreadsheet of quotes received in response to the FY14 BHG Reinsurance RFQ and said that 3 quotes with the requested terms and 4 alternative quotes were received. Ms. Hastings said that the current reinsurer, HM Insurance Group submitted their quote with no increase to the FY13 premiums. She said that BCBS submitted the recommended quote with a -5.8% reduction in premiums and noted that this quote has unlimited claims maximums and no commissions. Ms. Hastings said that a broker is not necessary since BCBS is the sole carrier for BHG.

Sharon Harrison made a motion to approve quote “c” from BCBS at a single rate of \$11.92 and family rate of \$25.47 with a \$200K specific deductible, \$100K aggregating specific deductible and unlimited maximums.

Motion

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

RDS versus EGWP for Medex:

Ginger Hastings said that the Board members agreed to add this item to the September 2013 meeting agenda. She said that the comparison between the RDS and EGWP plans was distributed at a past meeting. She said that she will distribute the comparison to the Board when it is updated with additional information.

Sharon Harrison asked that the comparison be added to each meeting packet until a decision is made.

BCBS Report – Informatics report presentation – Part II:

Suzanne Donahue said that there was a question asked at the last meeting as to what illnesses are categorized by “central nervous system”. She said they are Meningitis, Multiple Sclerosis, Parkinson’s Disease, Alzheimer’s and Attention Deficit Disorder. Ms. Donahue said that Amy Higgins will report on the wellness component of the report.

Suzanne Donahue said that the members obtaining preventative screening tests is higher than average, and said that is a positive result. Ms. Donahue said that she wanted to point out that diabetes cost for BHG is higher than the benchmark, but the member rate is lower than the benchmark. She said that joint degeneration is a top driver and is age driven and responsible for 15% of total hospital admissions. Ms. Donahue said that the pharmacy costs per member per month was 11% higher than the benchmark. She noted that this result may be due to the rising drug costs, while the member co-pay stays the same. Ms. Donahue said that the member cost share is decreasing, but said that the switch to the Value Plus plans may help with this. She said that the mail order usage decreased from FY11 to FY12 and said that cholesterol medications are the highest cost-ranked pharmacy class.

Janet Saddler left the meeting.

In response to a question, Ms. Donahue said she would find out what percentage of the retail medications are for maintenance drugs.

There was a discussion about the BCBS Mail-order Prescription Opt-out program.

Ginger Hastings said that she believes that implementing the program would require negotiations since it isn't a BCBS policy change.

Suzanne Donahue said that she would check to see if BCBS would be open to offering the program to individual towns that do not have union employees.

Amy Higgins said that BHG has one of the oldest member population compared with other municipalities and said this results in higher rates of age related conditions. She said that the average member age is 52. Ms. Higgins said that muscular and skeletal conditions were 12% below the benchmark, but were 9% of total costs. She said that cancer treatment costs drove almost 10% of claims cost, but noted that BHG is doing a great job with the colonoscopy incentive program. Ms. Higgins said that the top 5 modifiable risks were lack of physical fitness, injury, stress, inappropriate level of care and cardiovascular disease. She said that 6% of the members had no claims cost in FY12. Ms. Higgins said that maternity costs increased 15%, but said that was 9% lower than the benchmark.

Sharon Harrison said the rise of maternity costs may be due to the requirement to insure dependents to age 26.

Suzanne Donahue said that effective July 1, 2013, it is required that oral contraceptives are covered at no cost to the member.

Ms. Higgins said that joint degeneration, coronary artery disease and neonatal management accounted for 41% of inpatient claims. She said that she will work with Ms. Daniels to promote the BCBS Living Healthy Babies program. She said that the program offers information and resources to help before conception, during pregnancy, and after the baby is born.

Suzanne Donahue noted that poor oral care has an impact on low birth rate.

Melissa Falkowski left the meeting.

Ms. Higgins said that 65% of visits to the emergency room were for non-emergent care. She said that she will look at the utilization of the BCBS Blue Care Line.

Mary Beverly said that the Value Plus plan ER co-pay is \$75 and said that may help going forward. She said that the ER co-pay on the Legacy plans was only \$25.

Amy Higgins said that the BHG Wellness programs are awesome and said she will continue to work with Ms. Daniels to bring additional programs and ideas to the group.

There was a discussion about communicating to the members about the \$0 co-pay for wellness visits and adding a section to the wellness newsletter beginning with "do you know...".

Other Business:

The next BHG Board meetings were scheduled for August 26, 2013 and September 30, 2013, both to be held at 9:30 a.m. at the Lenox Town Hall, Lenox, MA.

There was no other business.

Steve Presnal moved to adjourn.

Motion

Sharon Harrison seconded the motion.

Mary Beverly adjourned the meeting at 11:45 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*