

Berkshire Health Group

Board Meeting #14-09

Lenox Town Hall
Lenox Massachusetts
Monday, June 23, 2014 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Chair	Town of Adams
Paul Sieloff	Town of Lanesborough
Melissa Falkowski	Central Berkshire RSD
Lauren Sartori	Town of Great Barrington
Jorja Ann Marsden	Berkshire County Insurance Group
Bruce Turner	Southern Berkshire RSD
Maureen Senecal	Northern Berkshire RSD
Janet Saddler	Town of Williamstown
David Hinkell	Adams Cheshire RSD
Lynn Bassett	Mount Greylock RSD

Guests present:

James Kelley	BHG Treasurer
Christopher Ketchen	Town of Lenox
Maureen Daniels	Berkshire Health System
Lisa Laramy	BHG Wellness Coordinator
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Pat Kaplan	Blue Cross Blue Shield (BCBS)
Ginger Hastings	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Chair Mary Beverly opened the meeting at 9:35 a.m.

Approval of the Minutes of the meeting of May 5, 2014 (Meeting #14-08):

Jim Kelley asked that the sentence “Mr. Kelley said that the bonds reach maturity after 5-years” be removed from page 2 of the minutes. He said that was not an accurate statement.

Bruce Turner made a motion to approve the minutes of the May 5, 2014 meeting as amended.

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

Motion

Treasurers Report:

Treasurer Jim Kelley reviewed the financial summary through April 30, 2014 and the financial statement through May 31, 2014 (unaudited figures). Mr. Kelley said that the investment account at Schwab decreased by a net of approximately \$1.1M. He said that the Schwab money market account increased by \$1.4M through April 30, 2014 as the investment manager sold some stocks and bonds, generating a \$4K of realized gain. Mr. Kelley said there was a one month unrealized gain of \$48K at the end of April.

Mr. Kelley explained the details of the investment transaction in response to a question asked by Paul Sieloff.

There was a discussion about the cash flow and monthly disbursements and whether or not the Board should consider implementing a policy regarding the Schwab cash account.

Mary Beverly said that it is the consensus of the Board that the Treasurer should work with the Investment Manager for a solution to the cash flow shortage.

Paul Sieloff asked the Treasurer to include the investment ledger details in his handouts at each meeting.

An Investment Committee was formed consisting of the Treasurer, Bruce Turner, and Paul Sieloff. Mary Beverly said that Sharon Harrison served on the previous committee and said she may want to volunteer.

Jorja Ann Marsden suggested that the Investment Committee meet and make a recommendation to the Board regarding the cash flow issue.

Jim Kelley said Mr. Sieloff suggested that the interest & dividends be forwarded on a monthly basis.

Mary Beverly suggested that that was an issue to be discussed by the board/subcommittee.

Mr. Kelley reviewed the financial statement through May 31, 2014 (unaudited) and said that the overall cash position increased by \$730,000 mainly due to reinsurance reimbursements of \$530,000. Mr. Kelley said that BHG experienced a one month overall loss of \$543,000 for the month ended May 31, 2014. Mr. Kelley said the trust fund surplus as stands at \$8,807,000 with a year-to-date loss of \$1,502,000.

Mr. Kelley said that the health claims are running at 99% of member assessment revenue and the dental claims are running at 88% of member assessment revenue.

Investment Policy Discussion:

Mary Beverly said that this item was discussed during the Treasurer's Report and that the sub-committee will meet and make their recommendation to the Board.

Approval of the June 2014 warrant:

Ginger Hastings reviewed the June 2014 warrant and noted that the invoices for Milliman in the amount of \$3,100 for the RDS attestation and the deposit of \$1,850 to Colewebdev for the website development are on the warrant.

Maureen Senecal made a motion to approve the June warrant as presented.

Motion

Jorja Ann Marsden seconded the motion. The motion passed by unanimous vote.

Ms. Hastings said that the PCORI (Patient Centered Outcomes Research Institute) fee of approximately \$6K is due on July 31, 2014 and will be added to the July warrant. She said that the Treasurer will file form 720 with the US. Treasury.

GBS Reports:

Funding Rate Analysis- Ginger Hastings reviewed the Funding Rate Analysis data through May 2014 and said the expense-to-funding ratio for health plans was 106.6% and for dental was 94.5%. She said on a paid

basis the health plan expenses exceeded the health plan funding by \$2,090,806. Ms. Hastings said that the Network Blue Value Plus plan costs are running high at 114.6% of funding.

BCBS Level Monthly Deposit (LMD) - Ginger Hastings reviewed the LMD quarterly reconciliation and said that the expenses exceeded the deposits by \$234,617 for June 2014. Ms. Hastings said BCBS is requesting an increase to the LMD which will be discussed later in the meeting.

Stop Loss Report – Karen Carpenter said that there are 6 claimants that have exceeded the FY14 policy deductible with total claims of \$2,024,459. She said that the \$100K Aggregating Specific Deductible has been satisfied and reimbursements of \$116,440 are currently pending. Ms. Carpenter said that reimbursements totaling \$608,018 has been received by BHG. Ms. Carpenter said that there are 18 claimants on the FY14 50% report through March 2014.

Ms. Carpenter reviewed the FY13 stop loss excess report with data through May 2014 and said that there are 8 claimants that have exceeded the FY13 policy deductible with total claims of \$ 2,039,638. She said that reimbursements totaling \$339,548 has been received by BHG. Ms. Carpenter said that reimbursements of \$90 are currently pending.

Ginger Hastings noted the increase of high cost claims in FY14 as compared to FY13.

GBS Retiree Drug Subsidy (RDS) Memorandum of Understanding (MOU):

Ginger Hastings said that GBS is proposing the same fee of \$6,600 to provide the administration of the RDS management. She said that the fee would be due in three installments of \$2,200, due on July 1, 2014, November 1, 2014 and March 1, 2015.

Bruce Turner made a motion to approve the proposed GBS fee of \$6,600 for the RDS management as presented.

Motion

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

Lauren Sartori asked if the management of the RDS MOU could be incorporated into the GBS contract, rather than as a separate item.

Ms. Hastings said that the GBS contract is a 3-year contract, while the RDS is a 1-year service provided. She also added that the government could choose to discontinue the program.

FY15 Reinsurance proposals:

Ginger Hastings said that GBS sent out the reinsurance RFQ in May. Ms. Hastings said that the current carrier, BCBS is a direct quote, no broker. She noted that the processing of the claims is efficient and all reimbursements are processed quickly. She said that 20% was added to the GBS health plan rate projections for FY15 as the expected reinsurance increase, but noted that the Board chose to reduce the recommended rates and fund some of the expenses from the fund balance. Ms. Hastings said that the BCBS quotes were high, with a 38.2% increase on their proposal to increase the Specific Deductible to \$225K. She said a laser of \$350K was assigned to one of the members, increasing the claims liability to the BHG

Ms. Hastings said that three bids were received from RMTS/Nationwide, submitted by Stop Loss Insurance Brokers (SLIB). She said the quote with the current policy specifications would be a 19.1% increase which includes a 5% broker commission. She said if the Board would like to consider increasing the current Specific Deductible of \$200K, that the increase would 3.7% for a \$225K deductible. She reviewed the excess report for FY14 and noted that if there had been a \$225K deductible, that only one member would have been in that range.

Ms. Hastings said that there were a few other bids received that were not competitive, so she did not include them on the exhibit.

In response to a question asked, Ms. Hastings explained that brokers receive a commission to submit the claims to the carriers and track the stop loss members. She said the broker is also charged by BCBS to receive the claims and diagnosis reports necessary to file for reimbursements.

Ms. Hastings said that BCBS reduced its rates after submitting its quote, but the decrease was insignificant. She also noted that if the Board chooses the quote from RMTS, they require the names and types of leaves of all members currently out on a leave of absence. She said this has not a typical request made by other carriers.

There was a discussion about whether or not to raise or keep the current specific deductible level.

Bruce Turner made a motion to approve quote “c” on the GBS exhibit, the reinsurance quote from RMTS/Nationwide, keeping the current policy specifications the same.

Motion

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

Ms. Hastings said that she will confirm if RMTS will extend the July 1 deadline for the leave of absence information to July 15.

It was subsequently confirmed that RMTS would extend the deadline to July 15, 2014.

Wellness/Healthy Behaviors Update:

Maureen Daniels introduced Lisa Laramy and said that she was chosen by Berkshire Health Systems (BHS) as the BHG Wellness Coordinator. She said that Ms. Laramy is a registered nurse and has been working with worksite wellness for 7 years. Ms. Daniels said that she is also a certified diabetes and fitness educator. Ms. Daniels said that she will be assisting Ms. Laramy during the transition.

Ms. Daniels reviewed the proposed FY15 Wellness Budget and Programs exhibit to include Flu Vaccine Clinics, Town/School stipends, Smoking Cessation, Colonoscopy Incentive and Diabetes Care Programs. Ms. Daniels also reviewed the Wellness Coordinator and Nurse budgets. Ms. Daniels said that she would like to see guidelines added to the wellness stipends that the units receive, such as a report on how it is spent.

Ms. Daniels said that the On-line Health Assessment Incentive and Innovation Award wellness programs are new on the proposal. She said that the on-line incentive proposed is a \$50 gift card to each employee who completes their health assessment. She said that the results of the individual assessment would produce a list of activities to help the member work towards reaching a healthier lifestyle.

Ms. Daniels said the Innovation Award program would address BHG’s top lifestyle risk factor, which is lack of physical fitness. She said that 100 Fitbits would be purchased and distribute them as an incentive for a multi-week wellness challenge in the fall. Ms. Daniels noted that the Board previously approved increasing the BCBS Fitness Reimbursement to \$300.

There was a discussion about Innovation Award and Health Assessment proposals.

Mary Beverly asked how the information from the health assessments would be utilized and how it would be determined who would be given the Fitbits.

Janet Saddler said she also had a concern of the cost of the Fitbits and the \$50 assessment incentive. She recommended lowering it to \$25.

Ms. Daniels said that the individual results are confidential, but that BCBS could run a report totaling the results if 50 or more members complete the assessment. She said that the information can be used to create targeted programs and will also give the members awareness of their health and lifestyle status.

Suzanne Donahue recommended setting a time period of about 4 to 6 weeks for members to complete the assessment. Ms. Donahue also said that a raffle prize could be awarded instead of a gift card if there is a concern of cost.

Janet Saddler made a motion to approve lowering the Health Assessment gift card incentive amount to \$25.

Motion

Lynn Bassett seconded the motion. The motion was approved by unanimous vote.

Ms. Daniels said that Ms. Laramy will come to the next meeting with an Innovation Award program that will incorporate the Fitbit as a raffle prize rather than an incentive gift.

There was a discussion about the unit wellness stipends of \$2,000 per unit. Most of the members of the Board said that their stipends were used in part to pay the Wellness Champion and fund the programs. One member said they purchased on-site exercise equipment.

Mary Beverly asked the Board members to submit a report of actual wellness expenditures for FY14.

Bruce Turner made a motion to approve the Wellness Budget as presented, with the exception of the Innovation Award program and to lower the \$50 gift card incentive to \$25 for taking the health assessment.

Motion

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

Mary Beverly thanked Ms. Daniels for her work as the BHG Wellness Coordinator and welcomed Lisa Laramy.

Berkshire County Insurance Group (BCIG) request for dental insurance for Mount Washington:

Jorja Ann Marsden asked the Board to consider approving Mount Washington's request to offer a BCBS dental insurance plan to its 7 members effective July 1, 2014. She said that their employer contribution rate is 50%.

Bruce Turner made a motion to approve Mt. Washington's request to offer dental insurance as requested.

Motion

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

Legal Opinion regarding MGL c 30B:

Janet Saddler said that she read the legal opinion that was emailed to the Board and said that she was not confident with the opinion, which seemed to be indecisive.

Mary Beverly said that she has researched other consultant companies and said that none of them provide the full scope of services that GBS does. She said that GBS does all the administrative work, COBRA, reporting, and coordinate, attend and keep minutes of the Board meetings.

Bruce Turner suggested writing a sole source document to record the reasons for not doing a RFP.

Lauren Sartori agreed with Mr. Turner.

There was a discussion.

Bruce Turner made a motion to document why GBS is the sole source and to keep it on file.

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

Motion

Mary Beverly said that she would write the document.

BCBS Report:

Medex Fitness Benefit - Suzanne Donahue said that the active plans fitness reimbursement benefit is up to \$300 per family. She said that adding a fitness reimbursement to the Medex plan would benefit the health of the members, but noted that there would be no positive impact on the BHG claims. She suggested increasing the mail-order prescription co-pays to double that of the current retail co-pays if the fitness reimbursement benefit is added to the plan to offset the cost.

Dave Hinkell made a motion to approve adding a fitness reimbursement to the Medex plan.

Bruce Turner seconded the motion.

There was a discussion about the possibility of moving to Medex 2, an employee group waiver plan (EGWP).

Dave Hinkell rescinded his motion so that the Board could review all of the Medex options in the fall, including the EGWP plan, fitness reimbursement and double mail-order co-pays.

Level Monthly Deposit (LMD) – Suzanne Donahue said that the LMD is based on past claims experience and enrollment projections going forward. She said BCBS is proposing increasing the LMD to \$3,488,500 and said the amount can be revisited in 6-months if necessary.

Ginger Hastings said that based on the claims over the past months, that the amount seems reasonable.

The Board agreed with Ms. Hastings.

Pat Kaplan announced that she was retiring and that this would be the last meeting that she would be attending. She said that she enjoyed working with BHG and said she would miss everyone.

The Board members wished Ms. Kaplan well.

Enrollment Audit discussion, continued:

Mary Beverly said that BHG contracted with an outside audit company to perform a dependent eligibility audit in 2012. She said that each unit was given a list of documents to obtain from their employees when newly hired or making changes to their health plans. Ms. Beverly said that the law requires municipalities to perform an eligibility audit every two years, but noted that the law was not specific as to the type of audit. She said that each unit can perform its own audit.

Ginger Hastings suggested sending out reminders to employees once a year, maybe at open enrollment, that it is their responsibility to inform their employer of any divorce or status changes. She said that since the BHG has already performed an audit and now that the dependent age has increased to age 26, the savings may be less than when first performed. Ginger Hastings said that Enrollment Audit Solutions, the company that performed the BHG Dependent Eligibility Audit is now owned by Group Benefits Strategies.

Paul Sieloff asked about units that are not currently diligent about getting the necessary eligibility documents. He asked if the list of documents and marriage affidavit could be resent to the Board with a reminder to collect them going forward.

Website Development and Maintenance Proposals:

Colewebdev Website Development Proposal - Karen Carpenter said that a draft copy of the BHG website homepage is in the meeting packet and asked for comments.

The Board members liked the homepage and asked Ms. Carpenter to continue working with the designer to develop the site. One member asked to see another option for the mountains in the logo.

Other Business:

Dave Hinkell asked the Board to consider allowing Adams-Cheshire RSD to hold a special open enrollment period following union negotiations. He said that there may be a change to the employer health plan contribution percentages. He was unsure of when they would finalize their agreements, but said it may be September or October.

Bruce Turner made a motion to approve a special enrollment period for the Adams-Cheshire RSD for the fall of 2014.

Motion

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

Meetings were scheduled on August 19, 2014 and September 22, 2014, both at 9:30 a.m. at the Lenox Town Hall, Lenox, MA.

There was no other business.

Motion

Bruce Turner moved to adjourn.

Mary Beverly adjourned the meeting at 11:40 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*