

Berkshire Health Group

Board Meeting #13-02

Lenox Town Hall
Lenox Massachusetts
Tuesday, August 21, 2012 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Greg Federspiel, Chair	Town of Lenox
Mary Beverly, Vice-Chair	Town of Adams
Stephen Presnal	Southwick-Tolland-Granville RSD
Marge Foster	Central Berkshire RSD
Kevin O'Donnell	Town of Great Barrington
Bruce Turner	Southern Berkshire RSD
Brenda Rondeau	Mount Greylock RSD
Sharon Harrison	Berkshire Hills RSD
David Hinkell	Adams Cheshire RSD
Maureen Senecal	No. Berkshire Voc.-Tech School
Geri Porter	Berkshire County Insurance Group
Bruce Derwin	Town of Lanesborough
Janet Saddler	Town of Williamstown

Guests present:

James Kelley	Treasurer, Berkshire Health Group
Eugene Daponte	Olsen Mobeck Investment Advisors
Maureen Daniels	BHG Wellness Coordinator
Pat Kaplan	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies
Ginger Hastings	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Greg Federspiel opened the meeting at 9:35 a.m.

Approval of the Minutes of the meeting of July 24, 2012 (Meeting #13-01):

Sharon Harrison made a motion to approve the minutes of the July 24, 2012 meeting.

Kevin O'Donnell seconded the motion. The motion passed by a unanimous vote.

Motion

Investment Manager's Report – Olson-Mobeck:

Mr. Eugene Daponte, Olson Mobeck Investment Portfolio Manager for the Berkshire Health Group, distributed a copy of the Performance Review for the BHG account for the period July 1, 2011 – June 30, 2012.

Mr. Daponte said that he has been following the BHG Investment policy and said that the primary goal has been to preserve the principal investment. But, he said, that it is becoming difficult to find bond investments that are good investments. Mr. Daponte said that 14.6% of the bond portfolio will mature within the next year. He said that the bonds have appreciated over the past three years, but going forward the market value

of bonds is expected to erode. He said that the stocks historically yield higher returns over the long term than the best Corporate Bonds. However, Mr. Daponte said that stocks fluctuate, and BHG would need to decide if the group's Trust can withstand those fluctuations.

Jim Kelley said that the group has invested in Certificate of Deposits (CD's) that they could fall back on.

Mr. Daponte said that he will meet with Mr. Kelley to review the BHG's risk tolerance and then BHG may want to consider increasing the percentage of stock investments. He said that that the policy currently states a maximum of 25% in stock investments.

Greg Federspiel said that the Board will take Mr. Daponte's recommendation under advisement and will organize a sub-committee to meet with Mr. Kelley to review the investment policy and current financial statements.

Kevin O'Donnell, Bruce Turner, Sharon Harrison and Greg Federspiel volunteered for the Sub-Committee.

Greg Federspiel thanked Mr. Daponte and he left the meeting.

Treasurers Report -

Treasurer Jim Kelley reviewed the financial statements of July 31, 2012 (unaudited figures). Mr. Kelley said that the overall cash position increased by a net of \$467K at the end of July, mainly due to an increase in advanced member assessment revenue. He said the Cash-Schwab portfolio increased by \$116K.

Jim Kelley said that the health claims are running at 89% of member assessment revenue, and the dental claims are running at 85% of member assessment revenue.

Mr. Kelly said that there is a year-to-date profit of \$123K and that the Trust Fund balance was approximately \$11,047,000.

Mr. Kelley said that the Cedar Money Market Account was eliminated and that approximately \$1.5M is now in the Commonwealth Securities Company. He said that the MMDT is yielding interest rates of 0.29% and the sweep account is earning 0.40% and asked the Board members for direction.

The Board agreed to hold the money in the sweep account for now.

Approval of August 2012 Warrant Summary:

Carol Cormier reviewed the August 2012 Warrant Summary and said the total warrant amount was \$4,028,557.60. Ms. Cormier said that the increased amount was mainly due to the BCBS Level Monthly Deposit and settle-up for the quarter.

Kevin O'Donnell made a motion to approve the August 2012 warrant as presented.

Motion

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

GBS Reports:

Funding Rate Analysis- Carol Cormier reviewed the Funding Rate Analysis with data through July 2012 and said the expense-to-funding ratio for health plans was 102.8% and for dental was 107.5%. Ms. Cormier said that the reports included the claims run-out for the Legacy plans and also the Lanesborough data.

BCBS Level Monthly Deposit (LMD)- Carol Cormier reviewed the LMD reconciliation and said that the claims expenses were lower than the deposits by \$38K through July.

BCBS PPO Out-of-Network Enrollments by State – Carol Cormier said that the Board voted at a previous meeting to keep the BCBS out-of-network provider payments as they have been even though BCBS has changed how they pay these providers on their insured plans and now pays 150% of Medicare charges, and members may be balance billed. Ms. Cormier reviewed the report and said that the total BHG BCBS out-of-network utilization is currently 2% to 3%. Ms. Cormier noted that the Board wants to revisit implementing the change for next open enrollment to allow for a longer member notice period.

Stop Loss Report - Karen Carpenter reviewed the stop loss reports with data through July 2012. She said that there was a claimant on the FY11 policy that was hospitalized beginning in the FY11 policy and crossed into the FY12 policy. She said that \$6,800 of those claims were incurred in the FY12 policy and would be credited on the FY11 policy. Ms. Carpenter said that there are no outstanding reimbursements due BHG for the FY11 policy. For FY12 she said that four members had exceeded the policy deductible with total claims of \$976,402. Ms. Carpenter said that the Aggregating Specific Deductible has not been applied yet, but said that \$76,402 is expected to be eligible for reimbursement to BHG for this policy period to date.

Wellness/Health Behaviors Update:

Ms. Daniels distributed a handout about the Smoking Cessation Program that is beginning this week. She said that members can receive up to \$200 in incentives for staying nicotine free. She said that phone calls will be made to subscribers about the Colonoscopy incentive available to subscribers and their spouses. Ms. Daniels said that she is working on the Healthy Behaviors point system on-line issue. Ms. Daniels said that she is continuing to work on a BHG website and Facebook presence with Lorie Tencati from Southern Berkshire RSD. Ms. Daniels said that flu shot and screening combinations will be available on-site during October and November. She said to contact her for further information.

Fund Balance Analysis by Milliman:

Carol Cormier introduced Ginger Hastings from Group Benefits Strategies and said that she is attending some of the Joint Purchase Group meetings to become more familiar with how the groups work.

Carol Cormier said that she previously distributed the Milliman analysis of the fund balance to the Board and said that Table 1 gives a summary of various uncommitted fund balance levels and the risks associated with those levels.

The Board discussed the options and agreed that keeping the uncommitted fund balance level between 10% to 15% would allow for flexibility and to maintain fiduciary responsibility.

Mary Beverly made a motion to change the Fund Balance Policy uncommitted Fund Balance levels to 10% to 15% of the past 12 months of claims

Motion

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

There was a discussion about budget planning and it was determined that it was too early to know if the rates for FY14 would increase or stay the same.

Bruce Derwin asked when the Town of Lanesborough rates would receive the subsidized rates.

Carol Cormier said that after two full years of participation in the Berkshire Health Group, the town would receive the same rates as its other members.

Possible distribution of RDS monies – discussion:

Marge Foster said that she came to the Board meeting prepared to make a motion to distribute additional Retiree Drug Subsidy reimbursements to the employers. She said that after the discussions about the fund balance policy, she would like to postpone the discussion until after the FY12 Financial Audit is reviewed.

The Board agreed to postpone the discussion.

Greg Federspiel left the meeting.

BCBS Report:

Pat Kaplan said that she was happy to report that effective September 15, 2012, Walgreens will be part of the BCBS pharmacy network once again. She said that Express Scripts Inc, the BCBS pharmacy manager and Walgreen's Pharmacy have reached agreement and renewed their contract. Ms. Kaplan said that the flu vaccine is also available at any pharmacy with Express Scripts at \$0 member co-pay.

Other Business:

The next BHG Board meetings were scheduled for September 24, 2012 and October 22nd, both at 9:30 a.m. to be held at the Lenox Town Hall, Lenox, MA.

There was no other business.

Brenda Rondeau moved to adjourn.

Motion

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

Mary Beverly adjourned the meeting at 11:15 AM

*Prepared by Karen Carpenter
Group Benefits Strategies*