

**Berkshire Health Group**

**Board Meeting #15-01**

Lenox Town Hall  
Lenox Massachusetts  
Tuesday, August 19, 2014 at 9:30 a.m.

**Meeting Minutes**

**Board and Alternates Present:**

Mary Beverly, Chair	Town of Adams
Sharon Harrison, Vice-Chair	Berkshire Hills RSD
Paul Sieloff	Town of Lanesborough
Melissa Falkowski	Central Berkshire RSD
Janet Saddler	Town of Williamstown
Lynn Bassett	Mount Greylock RSD
Christopher Ketchen	Town of Lenox

**Guests present:**

James Kelley	BHG Treasurer
Lisa Laramy	BHG Wellness Coordinator
Ingrid Borwick	Southern Berkshire RSD
Cindy Lamoureaux	Southwick-Tolland-Granville RSD
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Chair Mary Beverly opened the meeting at 9:40 a.m.

**Approval of the Minutes of the meeting of June 23, 2014 (Meeting #14-09):**

Janet Saddler made a motion to approve the minutes of the June 23, 2014 meeting.

Lynn Bassett seconded the motion. Sharon Harrison abstained.

Motion

The motion passed by a majority vote.

**Treasurers Report:**

Treasurer Jim Kelley reviewed the financial summaries through June 30, 2014 and July 31, 2014. (unaudited figures). Mr. Kelley said that the investment account at Schwab decreased by a net of \$428K, representing a \$500,000 return of funds that were not invested. Mr. Kelley said there was a one month unrealized gain of \$53K at the end of June. He said there was a one month loss of \$152K and a year-to-date loss of \$1.65M on June 30, 2014.

Paul Sieloff asked if the term “loss” could be changed to “planned reduction of fund balance” because the decision to utilize the fund balance to supplement the health plan rates was planned.

The Board agreed with Mr. Sieloff.

Mr. Kelley reviewed the financial summary through July 31, 2014 (unaudited) and said that the overall cash position increased by \$77,000 mainly due to advanced collections of member assessment revenue. Mr. Kelley said that the BCBS quarterly settlement increased the prepaid expenses by \$149K. He said that the investment account at Schwab decreased by a net of \$52K. Mr. Kelley said BHG experienced a one month profit of \$43,000 for the month ended July 31, 2014. Mr. Kelley said the trust fund surplus stands at \$8,697,000.

Mr. Kelley said that the health claims are running at 89% of member assessment revenue, and the dental claims are running at 105% of member assessment revenue. Mr. Kelley noted that the Board voted to hold the FY14 dental rates for FY15.

Mr. Kelley reviewed the Olson Mobeck account performance and said that the quarterly return on the equity account was 5.4% and 1.0% return on the fixed income account. He said the year-to-date return was 3.8%.

*Treasurer's Proposed Compensation Adjustment* – Mr. Kelley said that he has not had an increase in compensation for two years. He proposed a \$780 annual increase to his compensation based on additional responsibilities.

There was a brief discussion.

Janet Saddler made a motion to approve the increase to the Treasurer's annual compensation as described.

Sharon Harrison seconded the motion. The motion was approved by unanimous vote.

Motion
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**Investment Policy Discussion and Investment Committee's recommendation:**

Sharon Harrison said that the Investment Committee was meeting after today's Board meeting to discuss whether or not a policy is necessary to determine an amount that should be kept in the Schwab Cash Account and when it should be disbursed to the Treasurer. She said that the Committee will make its recommendation at the next meeting.

**Approval of the July and August 2014 warrants:**

Carol Cormier reviewed the July 2014 warrant and noted that the invoice for Atty. Paul Mulkern in the amount of \$1,475 was for the sole source opinion. She said that the US Treasury payment of \$6,242 was for the FY13 PCORI fees due July 31, 2014.

Ms. Cormier reviewed the August 2014 warrant and noted that the payment of \$4,860 to Berkshire Bank was for the wellness gift cards.

There was a discussion about the possibility of adding a brief description next to items on the Warrant Summary that are not self-explanatory.

Carol Cormier said that she will see if that would be possible.

Sharon Harrison made a motion to approve the July and August warrant summaries as presented.

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

Motion
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**GBS Reports:**

Funding Rate Analysis- Carol Cormier reviewed the Funding Rate Analysis data through June 2014, year end and said the expense-to-funding ratio for health plans was 106.7% and for dental was 94.2. She said on a paid basis the health plan expenses exceeded the health plan funding by \$2,312,781. Ms. Cormier said that the Network Blue Value Plus plan costs are running high at 114.1% of funding. She noted that there are 9 high cost claimants with claims totaling \$2.86M that are all enrolled in the NWB VP plan. Ms. Cormier said that is 9.6% of the claims of all of the active plans.

Paul Sieloff asked if there may be additional disease management or care programs to help these individuals.

Suzanne Donahue said that BCBS reaches out to members with ongoing services and care following treatments. She said that BCBS mines the data in order to identify members with diabetes, high cholesterol, and asthma so BCBS can reach out to them. Ms. Donahue said that the programs dovetail with the wellness programs.

The Board requested an updated BCBS Informatics Report from Ms. Donahue.

Paul Sieloff made a motion to receive a report detailing the BCBS outreach made to the high cost claimants with dates and type of outreach conducted. He said he would also like to see whether or not the outreach was declined.

Motion
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Lynn Bassett seconded the motion.

There was a discussion about privacy issues.

A vote was taken on the motion and failed, 4 against and 3 in favor.

Mr. Sieloff noted that he did not like how the vote went and said that he will bring it up again at the next meeting.

Suzanne Donahue said that she will email the care management program descriptions.

Ms. Cormier continued to review the GBS reports and reviewed the Retire Drug Subsidy payments to date. She noted that the FY07 RDS monies were distributed to the employers and said \$3.868M remains undistributed.

Sharon Harrison noted that half of the fund balance is comprised of the RDS payments.

Carol Cormier reviewed the Funding Rate Analysis data through July 2014, and said the expense-to-funding ratio for health plans for July was 97.7% and for dental was 111.3%. She said that the NWB VP plan is underfunded by \$77K but noted that is for one month.

BCBS Level Monthly Deposit (LMD) – Carol Cormier reviewed the LMD quarterly reconciliation and said that the deposits exceeded expenses by \$325,587 for July 2014. Ms. Cormier noted that the LMD increased from \$3,241,600 to \$3,488,500 beginning July 2014.

Stop Loss Report – Karen Carpenter said that there are 9 claimants that have exceeded the FY14 policy deductible with total claims of \$2,856,463. She said that the \$100K Aggregating Specific Deductible has been satisfied, and reimbursements of \$149,524 are currently pending. Ms. Carpenter said that reimbursements totaling \$806,939 have been received by BHG. Ms. Carpenter said that there are 23 claimants on the FY14 “50% Report” through March 2014.

Ms. Carpenter reviewed the FY13 stop loss excess report with data through June 2014 and said that there are 8 claimants that have exceeded the FY13 policy deductible with total claims of \$ 2,039,624. She said that reimbursements totaling \$339,548 has been received by BHG. Ms. Carpenter said that a reimbursement of \$75 is currently pending. Ms. Carpenter noted that the run-out period of the FY13 policy year has ended.

Health Plan Enrollments - Carol Cormier reviewed the BHG health plan enrollment exhibit she prepared and noted that 83.6% of its subscribers are enrolled in Network Blue plans.

Reinsurance Premiums & Recoveries – Carol Cormier reviewed an exhibit she prepared depicting a 10-year history of reinsurance premiums paid and the reimbursements received by BHG. She said that the premiums only exceeded the recoveries received by \$604,967 over the 10-year period.

**Affordable Care Act (ACA) Update:**

Health Plan ID (HPID) – Carol Cormier said that all self-funded groups with over 50 employees are required to apply for an HPID by November 15, 2014. Ms. Cormier said that the HPID will be used as the standard identifier that is required by the Health Insurance Portability and Accountability Act. She said that GBS will apply for the HPID number on BHG's behalf.

Out-of-Pocket (OOP) maximums – Ms. Cormier said that the ACA will begin to require that all prescription drug co-pays count towards the health plan OOP maximums beginning July 1, 2015. She suggested that the Board discuss their options at the next meeting.

Transitional Reinsurance Program (TRP) fees - Carol Cormier said that the ACA is charging a fee on insured and self-insured health plans to fund a transitional reinsurance program to help cover a portion of the cost of high risk individuals buying health insurance on the exchanges during the first 3 years of health reform. She said that the fee for the first year, 2014, is \$63 per member, not including the senior plans. Ms. Cormier said it is required that the fee be paid through *www.Pay.gov* and said she sent Jim Kelley the account set-up instructions. She said that the filing and payment form should be released soon and said that enrollment count information will need to be uploaded as well. Ms. Cormier said that she has requested the enrollment counts from BCBS.

**Discussion about the Senior plans for next year:**

Carol Cormier said that at an earlier meeting the Board discussed the option of moving the Medex plan to an Employer Group Waiver Plan (EGWP). She said if the Board decides to make that change, the plan anniversary would have to change to January 1. Ms. Cormier said that the prescription drug 90-day mail order co-pays would have to be double that of the retail co-pays. Ms. Cormier said that currently the Plan Sponsor, BHG, receives 28% of 2014 allowable drug costs between \$310 and \$6,350 through the Retiree Drug Subsidy (RDS) program. Ms. Cormier said that the EGWP plans currently provide for higher savings, but the savings would go directly to each employer and its retirees through lower plan rates rather than to the BHG. She said that offering the EGWP provides a greater reduction in the employer's OPEB liability.

Carol Cormier said the prescription plan portion of the EGWPs would be fully insured, while the medical claims can continue to be self-funded. She said if the Board would like to make the change, it would need to vote the decision at its September Board meeting in order to do an Open Enrollment for seniors in late October – early November. She said that some groups have opted to make the transition in two steps. She said for BHG, the first step would be changing the senior plan to a January 1 renewal and changing the mail-order co-pays to double the retail copays. Ms. Cormier noted that the CMS drug formulary for EGWPs is slightly different than the BCBS Medex formulary. She said that some lifestyle drugs, vitamins, and folic acid are not on the formulary but said the latter two are available over-the-counter.

There was a discussion.

Suzanne Donahue said that if the employer contribution rate is 50% to the plan, that the savings to the retiree and employer are significant. She said that she can run prescription drug disruption reports. Ms. Cormier said that the retiree will need to utilize CVS Caremark and not Express Scripts for mail order drug fills.

Carol Cormier asked Ms. Donahue to run disruption reports by each unit.

**Sole Source letter for consulting and central benefits administration services:**

Mary Beverly said that the Board voted at its last meeting in favor of writing a sole source letter for its consulting and central benefits administration services. She said that while she respects the opinion received by Attorney Paul Mulkern, he could not obtain an opinion from the Inspector General's office, which he said was silent on the issue. Ms. Beverly said that through research she has found that no other company can provide the full range of services in addition to consulting services that Group Benefits Strategies (GBS) provides. She said that the unit that has concerns is not in attendance at this meeting and asked that the letter be added to the minutes.

Ms. Beverly read the proposed Sole Source Letter as attached at the end of this set of minutes.

**Wellness/Healthy Behaviors Update:**

Lisa Laramy said that she would like to propose two innovative programs that would help to address the BHG health issues that are caused by lack of physical fitness. She said she and Amy Higgins, BCBS Wellness Coordinator, discussed a program named "Walking Works". She said that participants would log in their exercises on-line over a time period of 6-weeks. She said that the employers may want to utilize some of the wellness stipends received from BHG to offer incentives.

Ms. Laramy distributed and reviewed information about the "Healthy Steps" 8-week program created by Berkshire Health Systems. She said that it is also a self-directed program that includes both nutrition and exercise. Ms. Laramy said that the participant will track their progress on a daily log that is turned in to the wellness champions at the end of the challenge. She said that there is an option to take initial body measurements that can be compared to the results. Ms. Laramy said that the program can be run at each location and can roll out at different times. She said that the cost of the incentive raffle prizes, Fit Bits, would average approximately \$315 per location. Ms. Laramy suggested that it would be beneficial to include a Registered Dietician at a cost of \$150 per informational session. She said that the overall estimated cost of the program would be approximately \$5,000.

Janet Saddler asked if these programs were included in the BHG Wellness Budget that was approved.

Ms. Laramy said that these programs are being proposed as the Innovation programs that were listed on the budget but not approved pending detailed program information. She noted that BHG recently received a \$5,000 Wellness Innovations award from BCBS.

There was a discussion.

Janet Saddler made a motion to approve both wellness programs as described by Ms. Laramy.

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

Motion
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Lisa Laramy asked the Board for direction regarding the BCBS Health Risk Assessment (HRA) Healthyme Program. She asked for clarification regarding a maximum incentive dollar amount of \$25 gift cards or an end date to take the assessment. Ms. Laramy also asked if the program incentive would extend to the whole family or employee only.

The Board agreed that the HRA promotion should end On November 30, 2014 and said that there is no cap on the \$25 gift card incentives. The Board also clarified that the program includes subscribers and dependents.

Lisa Laramy said that the administrative fee to process the Colonoscopy Incentive gift cards was set to increase by \$15. She said that she would take over doing the administering of the cards at a cost of \$54.95 each.

Ms. Laramy said that 20 gift cards were given to new participants of the Diabetes Care program and directed to see their Endocrinologists.

Mary Beverly reminded the Board members to submit a report of actual wellness expenditures for FY14 at the next meeting. She asked to add this item to the next agenda.

**Enrollment Audit discussion, continued:**

Carol Cormier said that the law requires municipalities to perform an eligibility enrollment audit every two years. She said that it does not specify that an outside firm should be hired and said that each unit can perform the audits on their own and document what they have done and the results. Ms. Cormier said that at the conclusion of the last audit by Enrollment Audit Solutions (EAS), each unit was given a list of documents to obtain from its employees when newly hired or making changes to their health plans. She also suggested adding a memo or letter to the employer's open enrollment material to remind employees that it is their responsibility to notify the employer of any dependent changes.

There was a discussion.

Janet Saddler said she favored performing future audits at the employer level to save costs.

Sharon Harrison said she favored an outside firm to perform the audit at a group level for anonymity reasons.

Mary Beverly asked to keep this topic on the next agenda and asked Ms. Cormier to look at the timing of the last audit.

**Website Update:**

Karen Carpenter said that the BHG Website is just about complete. She said that she will forward the draft website link to Mary Beverly and Sharon Harrison for their comments and suggestions prior to authorizing the "Go Live" of the site.

**BCBS Report:**

Smoking Cessation Benefit - Suzanne Donahue said that BCBS is increasing the smoking cessation therapy allowance from one 90-day supply to two 90-day supplies of patches per calendar year per the federal requirement.

Dependent coverage to age 26 – Ms. Donahue said that the ACA requirement to cover dependent children up to the date the dependent turns age 26 has changed. She said the coverage will be extended through the end of the month that the dependent turns 26 years old. She said this change will take place on plan anniversary, beginning July 1, 2015 for BHG plans.

Transgender Surgery – Ms. Donahue said that the MA Division of Insurance (DOI) has issued guidance regarding discrimination on the basis of gender identity or gender dysphoria including medically necessary surgery and related health care services. She said that beginning July 1, 2015, there will be no exclusions.

Ms. Donahue said that Bill Rowbottom would be replacing Pat Kaplan as the BCBS Account Service Consultant for the Berkshire Health Group. She said that Karen Carpenter sent the announcement out to the group by email. Ms. Donahue said Mr. Rowbottom's BCBS phone number is 617-246-7506.

**Other Business:**

The following BHG Board meetings were scheduled to be held at 9:30 a.m. at the Lenox Town Hall, Lenox, MA:

September 22, 2014,  
October 27, 2014,  
November 17, 2014,  
December 22, 2014

There was no other business.

Sharon Harrison moved to adjourn.

Motion
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Lynn Bassett seconded the motion. The motion passed by unanimous vote.

Mary Beverly adjourned the meeting at 11:35 a.m.

*Prepared by Karen Carpenter  
Group Benefits Strategies*