

Berkshire Health Group

Board Meeting #15-02

Lenox Town Hall
Lenox Massachusetts
Monday, September 22, 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
Christopher Ketchen	Town of Lenox
Steve Presnal	Southwick-Tolland-Granville RSD
Bruce Turner	Southern Berkshire RSD
Terri Licata	Southern Berkshire RSD
Dave Hinkell	Adams-Cheshire RSD
Geri Porter	Berkshire County Insurance Group
Jennifer Tabakin	Town of Great Barrington

Guests present:

James Kelley	BHG Treasurer
Maureen Daniels	BHG Wellness Coordinator
Brenda Rondeau	Mount Greylock RSD
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Chair Mary Beverly called the meeting to order at 9:32 a.m.

Approval of the Minutes of the meeting of August 19, 2014 (Meeting #15-01):

Janet Saddler made a motion to approve the minutes of the August 19, 2014 meeting.

Sharon Harrison seconded the motion. Three members abstained.

Motion

The motion passed by a majority vote.

Treasurers Report:

Treasurer Jim Kelley reviewed the financial summary through August 31, 2014. (unaudited figures). Mr. Kelley said that the overall Cash account increased by a net of \$21K at the end of August. Mr. Kelley said the Schwab investment account decreased by a net of \$14K. He said there was a one month unrealized gain of \$79K at the end of August. He said there was a one month planned use of fund balance surplus of \$167K.

Mr. Kelley said that the health claims are running at 97% of member assessment revenue, and the dental claims are running at 95% of member assessment revenue. Mr. Kelley noted that the Board voted to hold the FY14 dental rates for FY15.

Investment Policy Discussion and Investment Committee’s recommendation:

Paul Sieloff said that the Investment Committee was meeting after today’s Board meeting.

Sharon Harrison said that the Committee met following the last Board meeting and discussed 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 Gene Daponte, Investment Manager at Olson Mobeck will be joining today’s meeting. She said that the Committee will make its recommendation at the next meeting.

Approval of the September and October 2014 warrants:

Carol Cormier reviewed the September and October 2014 warrants and said that a short description of the payments have been noted on the invoice as requested by the Board.

Janet Saddler made a motion to approve the September and October warrant summaries as presented.

Motion

Sharon Harrison seconded the motion.

There was a brief discussion regarding the Berkshire Health System’s (BHS) wellness invoice.

Jim Kelley said that the BHS is behind on sending their monthly billings.

Maureen Daniels said she believes the amount billed was for two months.

A vote was taken on Ms. Saddler’s motion and passed unanimously.

GBS Reports:

Funding Rate Analysis- Carol Cormier said the Funding Rate Analysis (FRA) data through June 2014 was included in the packet again for reference. Ms. Cormier reviewed the FY15 FRA through July and said the expense-to-funding ratio for health plans was 97.7% and for dental was 111.3%. She said on a paid basis the health plan expenses exceeded the health plan funding by \$70,804. Ms. Cormier said that the Network Blue Value Plus plan costs are running high at 104.0% of funding. She noted that the report was data for one month only.

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

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.

Stop Loss Report – Karen Carpenter said that there are 9 claimants that have exceeded the FY14 policy deductible with total claims of \$2,889,084. She said that the \$100K Aggregating Specific Deductible has been satisfied, and reimbursements of \$33,621 are currently pending. Ms. Carpenter said that reimbursements totaling \$955,463 have been received by BHG. Ms. Carpenter said that there are 20 claimants on the FY14 “50% Report” through August 2014.

Ms. Carpenter reviewed the FY13 stop loss excess report with data through June 2014. She said that reimbursements totaling \$339,624 has been received by BHG. Ms. Carpenter said that there are \$0 reimbursements pending. Ms. Carpenter noted that the run-out period of the FY13 policy year has ended.

Affordable Care Act (ACA) Update:

PCORI – Carol Cormier said that some of GBS clients received an invoice from the IRS for fees for late filing, late payment, and interest for the FY13 plan year fees. She said that the regulations indicated that they paid on time and that GBS had this reviewed by legal counsel. Ms. Cormier said that two of the clients contacted the IRS and were given different ways to handle it. She said the Cape Cod Municipal Health Group's Treasurer recommends contacting the Tax Advocacy Office.

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.

There was a discussion about the BHG federal tax ID and the fact that a new number was assigned on July 7, 2010 during the ERRP program process.

Jim Kelley said that he will make the necessary updates on the bank accounts.

Wellness/Healthy Behaviors Update:

Maureen Daniels said that she was filling in for Lisa Laramy who was on a scheduled day off. Ms. Daniels said that the Healthy Me HRA promotion with the \$25 gift card incentive has begun and said that the program includes subscribers and dependents. She said that the program will run through November. She said that 17 flu clinics have been scheduled. Ms. Daniels said that several free fitness classes including yoga and cardio workouts are scheduled through the fall. She said that the next programs may include a small employee fee. Ms. Daniels said that the Walking Works program is a 6-week program that will run from September through November. She said that all participants will receive a Heart Healthy Cookbook and teams that log in 900 minutes by the end of the challenge will be entered in a drawing to win prizes such as FitBit activity trackers.

Employer reports on expenditures of FY14 wellness stipends:

Mary Beverly said it was agreed that the Board members would submit their wellness stipend reports at today's meeting.

Paul Sieloff asked how the stipends worked and what the reports should reflect.

Mary Beverly said that each unit was given a \$2,000 wellness stipend to use towards wellness programs, a wellness champion and supplies for flu clinics or health fairs. She said the reports should list how each unit utilized the stipend.

Carol Cormier noted that the stipend distribution began prior to the hiring of the BHG Wellness Consultant.

There was a discussion and some of the members gave a brief description of their wellness expenditures.

Mary Beverly asked that the remaining reports be submitted at the next Board meeting or email them to Karen Carpenter at GBS. She asked that all of the reports be shared with Lisa Laramy and be distributed to the Board.

There was a discussion about withholding the stipend until the reports were submitted.

Mary Beverly asked to add this item to the October 27th meeting agenda.

Review of information about the Senior plan options:

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 the current mail-order copays for a 90-day supply are the same as the retail copays for a 30-day supply. Ms. Cormier said that most mail-order copays are double the retail copay. She said that the prescription utilization report provided by BCBS is in the meeting packet and said that 75% of the prescriptions on the Medex plan are filled at retail pharmacies and 25% are filled through Mail-Order. She noted that the report is shown by group number as requested.

Ms. Cormier recommended either moving to EGWP plans or changing to double retail copays for the mail-order drugs. She explained that a move to EGWP plans would require moving to a January 1st anniversary date. 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 higher savings through lower plan rates, but the savings would be realized by each employer and its retirees in proportion to their contributions to the rates. She said that offering the EGWP provides a greater reduction in the employer's OPEB liability.

Carol Cormier reviewed the following three Medex January 1, 2015 scenarios:

1. *Status quo* renewal proposal rate of \$407.69,
2. Current Medex plan with double mail-order RX copays with a rate of \$394.49,
3. EGWP with double mail order RX copays with a rate of \$299.46.

Ms. Cormier said that the estimated CY15 savings of moving to EGWP versus a *status quo* renewal is \$1,876,708.

Suzanne Donahue said that the pharmacy network and benefits would remain the same. She said that the retiree will need to utilize CVS Caremark and not Express Scripts for mail-order drug fills. Ms. Donahue said that once the member receives their new ID card, CVS offers a *Fast Start* program to help with the transition. She said the retiree would call *Fast Start* and they will call the physicians on behalf of the retiree for new mail-order prescriptions.

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. Ms. Cormier also noted that retirees with high incomes may pay a higher Part D rate, similar to the high income Part B rate.

Carol Cormier said that if BHG wanted to make the move in two steps, 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.

There was a discussion about the RDS that BHG currently receives.

Mary Beverly said that if the Board doesn't vote to move to EGWP, she would not favor doubling the mail-order copays.

There was a discussion.

Suzanne Donahue said that there would be an electronic enrollment transfer and noted that there is a 21-day letter that will need to be mailed to the retirees 21 days in advance of the change to EGWP. She said that BCBS would ideally like to be notified 90 days prior to implementation.

In response to a question asked, Carol Cormier said that the RDS fee paid to GBS would be eliminated after the RDS run-out was complete.

Maureen Senecal said that James Brosnan, Superintendent of No. Berkshire Voc. High School, asked that the vote be delayed to review further information.

Janet Saddler suggested moving the October 27th Board meeting to October 6th to vote on the change to the Medex plan. She said that would allow time for educating the retirees and for BCBS to implement.

The Board members agreed to add a meeting on October 6th to vote on the Medex plan, but also decided to keep the October 27th meeting for regular business.

Mary Beverly asked to add the item "Vote on Proposal to move the Medex plan to EGWP" and asked Ms. Cormier to add the impact of the loss of RDS versus the rate reduction to the rate exhibit. She also asked Ms. Cormier to add the current rates to the exhibit and to distribute it to the Board members prior to the meeting.

Out-of-Pocket (OOP) maximums:

Carol Cormier said that the ACA will begin to require that all prescription drug co-pays count towards the health plan OOP maximums upon renewal in 2015. She said that the expedited bargaining process defined in Sections 21-23 could be used if changes are to be made.

Carol Cormier said she is concerned about increasing drug costs and costly new drugs that have come to market. She said she requested BCBS to provide information on the number members with Hepatitis C and the number who are receiving the very expensive drug, Sovaldi.

Suzanne Donahue said that she could provide data requested data.

Mary Beverly asked to add this item to the October 27th 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 the last audit was performed by Enrollment Audit Solutions (EAS) a little over 2 years ago.

Sharon Harrison said she recalled requesting audit pricing to perform another dependent audit on all members enrolled on BHG's plans.

Carol Cormier said that if each unit is obtaining the eligibility documents from its employees when newly hired or making changes to their health plans, the only ones that may need to be checked is changes to ex-spouses marital status.

Suzanne Donahue said that she will run a report to see how many dependents over the age of 26 are still covered. She noted that they may be eligible based on a disability.

Mary Beverly asked to keep this topic on the next agenda and asked Ms. Cormier to look into the cost of doing another audit.

Other Business:

Website Update- Karen Carpenter said that she forwarded the BHG Website draft link to Mary Beverly and Sharon Harrison for review. She said that there were some issues with the various internet browsers that were being used. Ms. Carpenter said that the website should be ready to “Go Live” soon.

Transgender Surgery – Carol Cormier said that the MA Division of Insurance (DOI) has issued Bulletin with guidance regarding discrimination on the basis of gender identity or gender dysphoria including medically necessary surgery and related health care services. She said that BCBS will add transgender surgery and related services to the benefit plans effective 7/1/15.

The next BHG Board meeting was scheduled to be held on October 6, 2014 at 9:30 a.m. at the Lenox Town Hall, Lenox, MA.

There was no other business.

Janet Saddler moved to adjourn.

Motion

Chris Ketchen seconded the motion. The motion passed by unanimous vote.

Mary Beverly adjourned the meeting at 11:08 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*