

Berkshire Health Group

Board Meeting #12-02

Lenox Town Hall
Lenox Massachusetts
Tuesday, September 27, 2011 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Greg Federspiel, Chair	Town of Lenox
Mary Beverly, Vice-Chair	Town of Adams
Jorja-Ann Marsden	Berkshire County Insurance Group
Geri Porter	Berkshire County Insurance Group
Kevin O'Donnell	Town of Great Barrington
Brenda Rondeau	Mt. Greylock RSD
Janet Saddler	Town of Williamstown
Stephen Presnal	Southwick Tolland RSD
Sharon Harrison	Berkshire Hills RSD
Bruce Turner	Southern Berkshire RSD
Maureen Senecal	Northern Berkshire Vocational
Marge Foster	Central Berkshire RSD
David Hinkell	Adams Cheshire RSD

Guests present:

James Kelley	Treasurer, Berkshire Health Group
Gene Daponte	Olson Mobeck
Maureen Daniels	BHG Wellness Coordinator
Kate Sharry	Enrollment Audit Solutions (EAS)
Karen T. Williams	Town of Stockbridge
Brad Furlon	HWQD/Berkshire County Insurance Group
Sheila Tatro	HWQD/Berkshire County Insurance Group
Andrea Wadsworth	Berkshire Hills RSD Wellness Champion
Alex Lomaglio	MA Teachers Association (MTA)
Steve Corbin	Blue Cross Blue Shield (BCBS)
Carol Cormier	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 August 8, 2011 (Meeting #12-01):

Kevin O'Donnell made a motion to approve the minutes of the August 8, 2011 meeting as written.

Janet Saddler seconded the motion. The motion passed by 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 June 30, 2010 – June 30, 2011.

Mr. Daponte said that Jim Kelley, BHG Treasurer, said that he wants to transfer \$1M of the cash investment to Peoples National Bank during December 2011. Mr. Daponte said that he has begun to liquidate the funds and is on track for the December timeline. Mr. Daponte said that he does not feel that it makes sense to take a fee for holding cash. He said that he could either transfer the cash to another account or move to an unbilled unsupervised category.

Mary Beverly made a motion to approve moving the cash to the Peoples National Bank.

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

Motion

Mr. Daponte noted that Olson Mobeck has ownership interest in Peoples National Bank, but said that did not influence Mr. Kelley's decision.

Mr. Daponte said that as the agency bonds matured, he has reinvested in taxable municipal bonds, which he said is a new asset class for BHG. He said that there is more stability at the state level. Mr. Daponte said that he increased the percentage of stock investments to 20%, up from 13% last year.

Greg Federspiel said that the Board was pleased with Mr. Daponte's management of its investments and thanked him for his presentation.

Mr. Daponte left the meeting at this time.

Treasurer's Report:

Treasurer Jim Kelley reviewed the financial statements of July 31, 2011 and August 31, 2011 (unaudited figures). He said that there was a loss of \$108K for the month ended July 31, 2011.

Mr. Kelley said that the overall cash position increased by \$541K at the end of August, mainly due to an increase in the brokerage account cash as sold investments exceeded reinvestments by \$503K. He said the Cash-Schwab portfolio decreased by \$547K. Mr. Kelley said that the reinsurance receivable decreased by \$192K.

Jim Kelley said that the health claims are running at 77% of member assessment revenue, and the dental claims are running at 86% of member assessment revenue.

Mr. Kelley proposed and reviewed an internal audit process and proposed setting up an audit subcommittee to enhance the controls over cash and marketable securities. He suggested asking the BHG auditor to review the process and to give comments.

The Board agreed and asked Mr. Kelley to submit the proposal to the auditor for review.

Dependent Eligibility Audit and proposed contract:

Greg Federspiel said that the Board received the proposed dependent eligibility audit contract by email and said that he asked Kate Sharry, Enrollment Audit Solutions (EAS), to modify the contract to round up or down the \$66K minimum savings to either \$64K or \$68K to represent 16 or 17 members, rather than 16.5 members. He said that he also asked Ms. Sharry to modify Section I B, first paragraph where it states he is responsible for all decisions related to the database, mailing lists, mailing materials and removal of dependents: He said he thinks it should say that the decisions would be made after consultation with the Board and GBS.

Sharon Harrison suggested revising the audit schedule dates until after the holidays when all of the employees will be back at work.

Kate Sharry said that she made the changes Mr. Federspiel requested and said that January 9, 2012 could be the scheduled start date. Ms. Sharry suggested that the first letter to be sent to members go out on employer letterhead introducing Enrollment Audit Solutions (EAS). She said that will insure that the employees will not think the letter is junk mail and will validate that EAS has been hired by the Berkshire Health Group. Ms. Sharry reviewed the new scheduled dates and said that the Board will need to choose a final deadline and termination date.

There was a discussion, and the Board agreed that the termination date should be April 1, 2012.

Kate Sharry said that she will draft the letters and update the schedule on the contract.

In response to a question asked, Ms. Sharry said that the subscriber audit is conducted separately from the dependent audit. She said that audit is less expensive, takes less time, and can be audited against the employer's records.

Kevin O'Donnell made a motion to approve the contract with Enrollment Audit Solutions to be paid 4 weeks following the signing of the amended contract.

Motion

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

Warrant for September and October 2011:

Carol Cormier reviewed the September and October 2011 Warrant Summaries and said that the Travelers Insurance Bond for the Treasurer is included on the October warrant.

Kevin O'Donnell made a motion to accept the July and August 2011 Warrant Summaries.

Motion

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

Fund Balance history and discussion of Fund Balance uses:

Carol Cormier reviewed the BHG Fund Balance history for fiscal year 2006 through 2011 and said that the fiscal year 2011 data is unaudited. Ms. Cormier said that the percentage of claims increase fluctuated and noted that not once during these years, did the claims meet or exceed the projections.

Greg Federspiel said that he would like the Board to discuss strategic ways to utilize the trust fund surplus, such as a premium holiday, continuing to distribute the Retiree Drug Subsidy, and subsidizing the health plan rates.

Kevin O'Donnell said that he would favor utilizing the funds to ramp up the wellness programs and to also incentivize the Value Plus plans.

Jane Saddler said that the Town of Williamstown offered a cash incentive to sign up for the Value Plus plans. She said that a side-by-side comparison of the plans was given to the employees to show the overall costs and benefits.

Marge Foster said that she favored giving a premium holiday.

Mary Beverly said that a premium holiday is attractive and more visible to employees.

State Municipal Health Reform Legislation Discussion:

Ms. Cormier gave an overview of the new legislation, i.e. amendments to Chapter 32B that give municipalities an expedited bargaining process outside of Ch. 150E to make plan design changes to the level of the Group Insurance Commission's (GIC's) benchmark plan. Ms. Cormier said that the legislation also

outlines the process to move to the GIC if a municipality can prove savings greater than 5% over what the municipality would save by making plan design changes on its own or, in this case, through the BHG.

Greg Federspiel said that the new legislation does not require making any changes, but said that the taxpayers will demand that changes be made.

Carol Cormier reviewed the BCBS projected savings between the BHG health plans as compared with the Tufts Navigator plan, the GIC 2012 benchmark plan. Ms. Cormier said that two of her other joint purchase group clients are recommending to their Boards to modify their two menus of plans, in BHG's case it's Legacy and Value Plus, to the GIC look-a-like versions. She said this would reduce the offerings to one menu of plans rather than two: high option/low option. She said if too many options of plans are offered, the cost savings analysis and mitigation proposal could be contestable because the employer would have to estimate plan migration of employees.

Ms. Cormier said that the legislation allows employers and groups for which tiered network plans are not appropriate to use up to tier 2 of the GIC benchmark plan. Ms. Cormier said that in the proposed plan design changes offered for discussion purposes, she changed the In-patient copay to \$500, down from the GIC \$700/\$300 copays. She said that Berkshire Medical Systems would be the higher tier. Ms. Cormier said that she is proposing an out-of-pocket maximum of \$2,000 individual and \$4,000 family. She said that the proposal is preliminary.

Greg Federspiel said that if a municipality chooses to make no changes, there is a requirement to report on an annual basis to the state what the municipality would have saved if plan changes had been made.

Carol Cormier suggested hiring an independent actuary to add credibility to the employers' proposals and cost savings analyses. She said that the Segal Company is familiar with municipalities and is giving a special price. She said that the price would be around \$750 per plan comparison/analysis and could be a bit less.

Kevin O'Donnell made a motion to procure the Segal Company for an independent actuarial review of the proposed plan design changes as described.

Motion

Dave Hinkell seconded the motion. The motion passed by unanimous vote.

Alex Lomaglio, MA Teachers Association said that he believes that Chapter 32B requires that prior to distribution of fund surplus, the matter is supposed to go through the IAC for input.

Carol Cormier said that she is very familiar with the laws of Chapter 32B and said that she has not seen or heard of that requirement.

GBS Reports:

FY11 Funding Rate Analysis by Plan – Carol Cormier reviewed the Funding Rate Analysis report for FY12 with data through August 2011. Ms. Cormier said that the expense-to-funding ratio was 94.3%. She said that all of the plans were sufficiently funded, with the exception of the Blue Care Elect and Value Plus plans which have low enrollments.

Stop Loss Reports – Karen Carpenter said that for the FY11 policy period with claims paid through July, six (6) members had claims exceeding the specific deductible of \$175K with claims totaling \$1.45M. She said that the aggregating specific deductible of \$100K has been met, and \$273,099 has been paid to the BHG. She said that reimbursement due the Group is \$28,078. Ms. Carpenter said that there were 16 claimants with claims at or higher than 50% of the deductible with claims totaling \$2.16M. Ms. Carpenter said that there is an outstanding reimbursement of \$15,188 due BHG for FY10. She said that the reinsurance carrier is in the

process of obtaining an authorization from the member claimant to receive the claims detail from the provider.

Wellness/Health Behaviors Update:

Maureen Daniels said that she requested a claims report of preventable illnesses and injuries from BCBS and will have it available for the next Board meeting. She said that she would like to promote an increase of physical activities of the members. Ms. Daniels said that flu shot clinics and health screenings are coming up in October. She said that free hand sanitizers will be distributed at the flu shot clinics. Ms. Daniels distributed copies of the birthday postcard used to communicate the \$50 colonoscopy screening incentive available through BHG.

Mary Beverly said that she received positive feedback on the session on proper lifting technique at the Town of Adams screenings.

Carol Cormier noted that all preventative visits and screenings on the proposed plan design chart would remain at a \$0 copay. She asked Steve Corbin to provide her with a list of the BCBS services that the deductible would apply to.

Maureen Daniels asked the Board to consider renewing the \$2,000 Wellness Grants to each entity for fiscal year 2012.

Kevin O'Donnell made a motion to approve the \$2,000 Wellness Grant to each unit coordinator for fiscal year 2012.

Motion

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

Other Business:

Brenda Rondeau asked Carol Cormier to send the Medex letter template to the Board.

Ms. Cormier said that the Medex with OBRA plan was normally offered whenever a unit passed Section 18. She said that with the raising of the active plan copays, the standard Medex plan may be actuarially comparable to the active employee plans. Ms. Cormier said that any unit that has not previously adopted Section 18 will need to notify their retirees that they will need to apply for Medicare Part B and move to a senior plan when their Part B becomes effective. She said that Social Security's annual Part B enrollment period for late entrants to Part B is January 1 to March 31 of each year, for an effective date of July 1. Ms. Cormier said that she will send the Board the instructions as to how they can apply to SSA to have any late enrollment penalties automatically debited.

The next Board meeting is scheduled on October 25, 2011, to be held at the Lenox Town Hall at 9:30 a.m.

There was no other business.

Greg Federspiel adjourned the meeting at 11:55 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*