

Berkshire Health Group

Board Meeting #06-02

Lenox Town Hall
Lenox Massachusetts
Monday, September 28, 2015 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

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| Mary Beverly, Chair | Town of Adams |
| Sharon Harrison, Vice Chair | Berkshire Hills RSD |
| David Hinkell | Adams Cheshire RSD |
| Paul Sieloff | Town of Lanesborough |
| Christopher Ketchen | Town of Lenox |
| Melissa Falkowski | Central Berkshire RSD |
| Lauren Sartori-Hobgood | Town of Great Barrington |
| Geri Porter | Berkshire County Insurance Group |
| Janet Saddler | Town of Williamstown |
| Brenda Rondeau | Mount Greylock RSD |
| Maureen Senecal | Northern Berkshire Vocational RSD |
| Bruce Turner | Southern Berkshire RSD |
| Steve Presnal | Southwich Tolland Granby RSD |

Guests present:

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| Eugene Daponte | Olson Mobeck |
| Shannon Ashcroft | BHG Wellness Coordinator |
| Rebecca Herzog | Berkshire County Insurance Group |
| Sandra Stankiewicz | Blue Cross Blue Shield (BCBS) |
| Jay Swanson | Blue Cross Blue Shield (BCBS) |
| Carol Cormier | Group Benefits Strategies (GBS) |

Chair, Mary Beverly called the meeting to order at 9:30 a.m.

Approval of the Minutes of the meeting of August 24, 2015, (Meeting #16-01):

Motion

Brenda Rondeau moved to approve the minutes of August 24, 2015. Janet Saddler seconded the motion. The motion passed by a majority vote with Mary Beverly and Steve Presnal abstaining.

Investment Manager's report:

Gene Daponte of Olson Mobeck Investment Advisors reviewed the investment reports for fiscal year 2015. He said that the BHG's Investment Policy allows for up to 50% of investments in equities and that the portfolio has 43% in stocks, 54% in bonds and 3% in cash. He said he recently transferred almost all of the cash.

Mr. Daponte said that on January 1, 2015 the portfolio value was \$6,627,807 and that there has been a capital depreciation of \$227K. He said that for the fiscal year there was a 8.4% gross return on equities and 1.7% on fixed income investments. On a year-to-date calendar basis he said that there was a gross return on stocks of -5.1% and a positive 1.5% return on fixed income investments. Mr. Daponte said, "Looking below the

surface, it's ugly". He said the market is very volatile and that the volatility is expected to continue for 30 days or so. He said that the BHG will get through it.

Mr. Daponte said that the quality of the bond portfolio is very high and that he is expecting higher yields on bonds in the near future.

Paul Sieloff asked about the labeling of the year-to-date columns on the reports.

Mr. Daponte said that it was calendar year-to-date and that he would make that clear on the next reports.

Mr. Sieloff asked for a third column with fiscal year-to-date figures.

Mr. Daponte agreed to Mr. Sieloff's request.

In response to a question, Mr. Daponte said he is responding to Mr. Kelley's requests for distributions and that the \$600K that was sold was a mixture of stocks and bonds. He said Mr. Kelley gives him several weeks prior notice if he thinks a distribution will be needed.

October 2015 Warrant Summary:

Carol Cormier reviewed the Warrant Summary.

Janet Saddler moved to accept the October Warrant Summary.

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

Wellness Coordinator's report:

Shannon Ashcroft reviewed her report. She said that only seven people participated in the Summer Olympics Challenge which was very disappointing. She said that summer may not be a good time for this type of program.

Paul Sieloff said he likes the idea of summer programs but that the program was very complicated and should be simplified.

Shannon Ashcroft agreed and said the program should focus on one to three behaviors.

Ms. Ashcroft reviewed the rest of the report. She talked about the Par-Q questionnaire and Exercise Consent policies.

GBS Reports:

Carol Cormier reviewed the *FY16 Funding Rate Analysis* report with data through August 2015. She said the expense-to-funding ratio for health plans was 90.4% and that there was a two-month funding surplus of over \$650K. Ms. Cormier said that the expense-to-funding ratio for the dental plans was 100.8% with a funding shortfall of about \$2K.

Ms. Cormier said that for the first two months of FY16 the *Level Monthly Deposit* payments to BCBS have resulted in a \$685K credit to BHG.

Ms. Cormier reviewed the *FY15 reinsurance report* with seven claimants exceeding the \$200K specific deductible. She said total claims for the seven members was almost \$2 million, and the Excess Claims totaled \$576K. She said that the BHG has met the \$100K aggregating specific deductible and has been reimbursed \$448,756. She said there are \$27,343 in outstanding reimbursements due to BHG.

Ms. Cormier said that there were 20 claimants on the FY15 report of claims between 50% and 100% of the deductible for total claims of \$2.63 million.

Ms. Cormier said that the reinsurer, BCBSMA, over-paid BHG in the FY14 policy period. She said the October warrant includes the payment of \$3,841 due to BCBS.

Update on prescription drug (Rx) claims analysis by The Abacus Group – Carol Cormier said that all the required paperwork has been signed and Abacus has made the request for the claims data from BCBS.

CY16 Rate proposals for BCBS Medex 2 with Blue MedicareRx:

Carol Cormier said that BHG has been considering changing its RDS-eligible Medex 3 plan to an Employer Group Waiver Plan (EGWP), i.e. a Medex 2 plan for medical and Blue MedicareRx PDP for prescription drugs. She said that there are times that are better than others to make this move and explained that with the current Medex 3 plan the BHG receives the Retiree Drug Subsidy (RDS) which has contributed \$5.19 million to the BHG trust fund since 2006. She said that there are no restrictions on how the RDS money can be used and that BHG has used it to reduce rates and also did a distribution of the FY07 RDS of \$435,607 to BHG employers. She said that with EGWP plans the savings go to the employer and retiree in the form of lower rate rather than to the BHG. She said that EGWP rates are considerably lower than the Medex 3 rates, and the medical benefits on the two types of plans are identical. Ms. Cormier said that there are usually only minor disruptions with the Blue MedicareRx program.

Ms. Cormier said that she requested CY16 Medex 2 and Blue Medicare Rx rates from BCBS to give the Board an idea of the price differences between the current Medex plan and an EGWP Medex plan. She said that the Medex 2 plan would be self-funded and Blue Medicare Rx is only offered on an insured basis. Ms. Cormier said the EGWPs run on a calendar year basis and that it is probably too late to make the change for January 1, 2016. She said that the BHG could make the change effective July 1, 2016 with a rate change again on January 1, 2017 to put it on a calendar year schedule. She reviewed the BCBS rate proposal for Medex and Blue Medicare Rx for January 1, 2016 and July 1, 2016, comparing the rates to the current Medex plan rate. She said that if BHG were able to make the change for this January, the EGWP rate of \$321.05 would be \$102.95 lower per month than the current Medex rate of \$424.00.

Sandra Stankiewicz talked about the possible types of pharmacy disruption which would include non-coverage of lifestyle drugs and certain vitamins which are available over the counter. She said that there will be some drugs that might change co-pay tier.

The Board was interested to know the degree of pharmacy disruption from a move to an EGWP.

Sandra Stankiewicz said she would have the disruption report run.

Mary Beverly said that this item should be put on the October Board agenda for further review and discussion.

The Board requested that Ms. Cormier provide information on prior years' subsidies to the funding rates.

Discussion about possible plan design changes and other changes for FY17:

Carol Cormier reviewed the page of possible actions regarding plan design changes and other measures to control costs and minimize or avoid the Cadillac Tax that goes into effect in 2018.

Ms. Cormier then referred to the spreadsheets that compare, on an actuarial basis, the current BHG Value Plus plans and Deductible plans with the GIC's current Benchmark plan, showing the expected claims decrements estimated by BCBS for each cost-sharing plan design feature that is different between the BHG plans and the GIC Benchmark plan.

Sharon Harrison said she had requested an actuarial comparison of the plan design features of the current BHG Value Plus plans with the current BHG Deductible plans.

Ms. Cormier said that she would have that for the next meeting and gave the Board an estimate of the overall claims decrements of going from the BHG Value Plus plans to the BHG Deductible plans. She said the BHG has made an 8% differential in the Network Blue VP rate and Network Blue Deductible rate.

Ms. Cormier called attention to a Definitions page that had been requested by the Board.

Sharon Harrison asked that the Definitions page be put on the BHG website.

Mary Beverly said that the Plan Design issue will be placed on the Board agenda for the October meeting.

Blue Cross Blue Shield Report:

Sandra Stankiewicz said that diagnosis coding changes from ICD-9 to ICD-10 go into effect on October 1, 2015. She said providers will have to bill under the new codes which are very different from the ICD-9 codes. She said that there could be a claims lag and that the impact could be as high as 20% initially as providers adjust to using the new coding.

Ms. Stankiewicz said that there was an Excellus BCBS data breach. She said Excellus is in central New York and that the breach might affect some Medex and PPO members. She said BCBS of MA will notify members who might be affected from their Excellus membership in prior years or from out-of-state care.

Ms. Stankiewicz asked if the Board members would like direct communications from her, such as the BCBS municipal newsletter. She said, if so she would need all the email addresses.

There was a consensus of the Board to have GBS continue to filter the information and provide the Board members with what they need.

Sharon Harrison asked if BCBS could send the ACA required reporting forms to employees as they do with the HC-1099.

Sandra Stankiewicz said that BCBS would not be able to do that.

Other Business:

Lauren Sartori-Hobgood talked about the OPEB calculations that Segal Co. is working on. She said Segal Co. cannot complete the work because two towns have not yet sent in their information.

There was no other business.

Janet Saddler moved to adjourn the meeting.

Motion

Brenda Rondeau seconded the motion. The motion passed by unanimous vote.

Mary Beverly adjourned the meeting at 11:17 AM.