

Berkshire Health Group

Board Meeting #14-02

Lenox Town Hall
Lenox Massachusetts
Monday, September 30, 2013 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Chair	Town of Adams
Sharon Harrison, Vice Chair	Berkshire Hills RSD
Maureen Senecal	Northern Berkshire Voc.-Tech School
Bruce Turner	Southern Berkshire RSD
Janet Saddler	Town of Williamstown
Paul Sieloff	Town of Lanesborough
Lynn Bassett	Mount Greylock RSD
Geri Porter	Berkshire County Insurance Group
Dave Hinkell	Adams Cheshire RSD
Melissa Falkowski	Central Berkshire RSD
Stephen Presnal	Southwick-Tolland-Granville RSD

Guests present:

Maureen Daniels	BHG Wellness Coordinator
Eugene Daponte	Olson Mobeck Investment Advisors
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Pat Kaplan	Blue Cross Blue Shield (BCBS)
Ginger Hastings	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Chair Mary Beverly opened the meeting at 9:30 a.m.

Approval of the Minutes of the meeting of August 26, 2013 (Meeting #14-01):

Paul Sieloff made a motion to approve the minutes of the August 26, 2013 meeting.

Motion

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

Investment Managers Report:

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, 2012 – June 30, 2013.

Mr. Daponte said that the Board approved increasing the percentage of stock investments up to 35% to provide additional flexibility. He said that it has become difficult to find bond investments that are good investments. He said that he has increased the stock allocation to approximately 33%. Mr. Daponte said that 63% of the bond portfolio will be maturing over the next 5 years and he will be able to invest in higher yielding accounts.

Mr. Daponte said that the investments were performing very well and that the portfolio has appreciated 5.5% for the fiscal year ending June 30, 2013. Mr. Daponte said that the fund totals began at \$7.8M, with Contributions of \$300K. He said the investments increased by \$439,266 and the ending market value was \$8.55M.

Mr. Daponte said that he believes that stocks will yield much higher than bonds and said he was going to speak to Jim Kelley about a recommendation to make another increase to the stock percentage of the portfolio.

Sharon Harrison joined the meeting.

Mr. Daponte offered to attend the meetings on a more frequent basis.

The Board agreed that it would be best to wait until after Mr. Daponte speaks with Jim Kelley to make a decision on the frequency of visits.

Mary Beverly 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.

Approval of the September and October 2013 Warrant Summaries:

Ginger Hastings reviewed the September and October 2013 Warrant Summaries and said that there were no items outside of the normal expenses.

Sharon Harrison made a motion to approve the September and October Warrant Summaries as presented.

Steve Presnal seconded the motion. The motion passed by unanimous vote.

Motion

GBS Reports:

Funding Rate Analysis- Ginger Hastings reviewed the Funding Rate Analysis with data through August 2013 and said the expense-to-funding ratio for health plans was 103.5% and for dental was 95.4%. She said on a paid basis the expenses exceeded the health plan funding by \$200,570K. Ms. Hastings said that the Network Blue Value Plus plan costs are running high at 114.4% of funding.

Suzanne Donahue noted that August was a 5 week month and could be the reason for the increased claims expense.

Sharon Harrison asked if the RDS Distribution(s) could be noted on the financial reports.

Ginger Hastings said she would have it noted.

BCBS Level Monthly Deposit (LMD) - Ginger Hastings reviewed the LMD quarterly reconciliation and said that the deposits exceeded the expenses by \$61K for the month ending August 2013.

Stop Loss Report - Karen Carpenter reviewed the FY12 stop loss excess report with data through June 2013 and said that BHG has received all reimbursements due in the amount of \$94,812. Ms. Carpenter reviewed the FY13 stop loss reports through August and said that there are eight members that had exceeded the policy deductible with total claims of \$2.03M. Ms. Carpenter said the \$100K Aggregating Specific Deductible has been satisfied and that there are reimbursements of \$29,368 due. She said that BHG has received claims

reimbursements of \$308,031. She said there are 17 claimants on the report of 50% with a total of paid claims of \$2.1M. Ms. Carpenter said that there are 2 claimants on the FY14 50% report with a total of paid claims of \$265,123.

Treasurer's Report:

Mary Beverly said that Jim Kelley was unable to attend the meeting today and said that the treasurer's reports have been included in the meeting packet.

Wellness/Healthy Behaviors Update:

Maureen Daniels said that the flu clinics are scheduled to begin tomorrow and she distributed a list of the locations. She said that BCBS members, spouses and dependent children 18 years of age and older are eligible to participate. Ms. Daniels said that the 6-week No Diet Diet challenge begins tomorrow and said that it is an awareness program to be mindful about eating habits.

Ms. Daniels said that the Abacus termination letters went out on September 6th. She said the letter included her contact information so members can call regarding the new diabetes program. She said she received 26 phone calls to date and will also offer the new program to the retirees. She said that she will be sending a mailing this week to 190 BCBS members eligible for the program, but was waiting to see how many phoned her after receiving the Abacus letter. Ms. Daniels said that she hasn't been able to locate a gift card vendor to process the incentives for the program. She said that she would like the Board to consider authorizing an account to draw cash to purchase the gift cards. She said that there is also a \$5 bank fee charged to purchase the cards. Ms. Daniels said the Colonoscopy incentives are on hold for the same reason. She distributed copies of the Diabetes Program mailing and form that physicians will need to fill out regarding the medical exams and lab tests. She said that there will be more lenient with the program compliance.

Mary Beverly said that she would talk to Jim Kelley about the issue.

Suzanne Donahue said that the vendor that BCBS utilized in the past has raised their fees to an unacceptable level. She said BCBS is continuing to work on a solution. Ms. Donahue said that the active employees participating in the program will receive their mail order diabetic prescriptions for a 3-month supply at the cost of 1-month retail co-pay. She said BCBS is unable to do this for members on retiree plans.

RDS versus Medicare Part D Prescription (PDP) coverage for Medex continued discussion:

Ms. Hastings said that if the Board decides to change to the Medex 2 plan, the senior plan renewal date would change to January 1 and double retail co-pays will be required for mail order prescriptions. She said that the GASB liability will also decrease with this change. She said that BHG would no longer be eligible to receive the RDS. Ginger Hastings said that the full comparison between the RDS and Medex 2 plan was distributed at a past meeting and is included in the meeting packet as requested.

Ms. Hastings said that the current BHG Medex rate is \$390. She said the rate for the Medex 2 PDP plan is \$259.74 and for Medex 3, the preliminary rate is \$385.90. Ms. Hastings said that the Blue Medicare prescription (PDP) rate came in very low, at \$94.63.

Ms. Hastings proposed the following Medex 2 rate options.

Option 1 - rate proposed is \$260 and would require annual funding of \$4,205,760 and combined member and employer savings expected to be \$2,100,360.

Option 2 -rate proposed is higher at \$280 and would require annual funding of \$4,529,280 and savings of \$1,776,840.

Ms. Hastings said she would recommend option 2 to help with the transition from the RDS.

There was a discussion about the mail order prescription co-pay increase and its impact on the retirees.

Ms. Hastings said that the premium decrease may help to offset the prescription costs. She noted that no one knows how much longer the RSD program will continue.

There was a question about whether or not retiree benefits can be modified without negotiations.

Ms. Hastings said that changing retiree benefits requires a notification to the unions, but not negotiation.

Janet Saddler said she has a concern about continued savings after this year.

Mary Beverly said she is concerned about the increased prescription cost to the retirees.

Suzanne Donahue said that there is no prescription “donut hole” with the Medex 2 plan and said that the premium will go down. She said that CVS Caremark has a Fast Start program that will help to reach out to the members to help the retiree through the prescription mail order transition. Ms. Donahue said the Board will need to make a decision at this meeting for a January 1 start date. She said it may be an easier to only change to double prescription co-pays this year. She said that would also provide a savings to BHG.

Sharon Harrison said if the savings is approximately \$1.7M and BHG is not receiving the RDS money, she said the net savings will only be about \$500K. She asked the Board to consider if the savings warrants the disruption.

Paul Sieloff said that a savings of \$500K and the savings to GASB cannot be ignored. Mr. Sieloff said that the member and the employers will benefit from the change.

There was a discussion.

Paul Sieloff made a motion to approve changing from the Medex 3 plan to the Medex 2 PDP plan effective January 1, 2014 and asked for a roll call vote.

Motion

Lynn Bassett seconded the motion.

Roll Call Vote: Yes: Lynn Bassett, Steve Presnal, Paul Sieloff, Mary Beverly. No: Janet Saddler, Maureen Senecal, Dave Hinkell, Sharon Harrison, Geri Porter, Melissa Falkowski. Abstained: Bruce Turner. The motion failed.

There was a brief discussion about the rising health care costs.

Health Care Reform Updates:

GBS Seminar – Ginger Hastings said that GBS sent invitations to a seminar they are hosting regarding employer responsibilities under the Affordable Care Act. She said that the seminar will be held on October 22, 2013 at 9:00 a.m. at the Sheraton Framingham Hotel. She said Attorney Joseph Bartulis is the speaker and encouraged the Board members to attend. She said a copy of the invitation is included in the meeting packet.

PPO – payments to out-of-network, out-of-state providers, revisited:

Suzanne Donahue said that BCBS currently pays PPO claims for services provided by non-participating BCBS providers in and outside of MA based on the charges billed. She said that BCBS can change the way

they pay these providers with little impact to the members. She said BCBS would pay on Medicare fee schedules and said that if the provider charge is greater than the U&C fee, that the member may be responsible to pay the difference. Ms. Donahue said that 53 members utilized out of state, out of network providers from July 2012 to June 2013.

Janet Saddler had a concern about a change in benefits and if negotiations would be required.

Paul Sieloff made a motion to adopt the change the way BCBS pays out-of-state, out-of-network providers as presented effective July 1, 2014.

The motion was not seconded. The Board took no action.

Mary Beverly asked Ms. Hastings to obtain a legal opinion regarding changing senior plan designs and union requirements. Ms. Hastings said that she would.

BCBS Report:

Suzanne Donahue said that the OOP maximums on benefits such as durable medical equipment will need to be reviewed during the health plan renewal. She said that the ACA requires removal of dollar limits on all services they deem to be essential health benefits. She said more information will follow.

Other Business:

Ginger Hastings asked Suzanne Donahue to provide its rate projections to her by the end of December to include the October claims expense.

The next BHG Board meetings were scheduled: October 28, 2013, December 16, 2013 and January 27, 2014, all to be held at 9:30 a.m. at the Lenox Town Hall, Lenox, MA. It was noted that the rate projections would be reviewed at the January meeting.

There was no other business.

Sharon Harrison moved to adjourn.

Motion

Mary Beverly adjourned the meeting at 11:30 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*