

**Berkshire Health Group**

**Board Meeting #17-05**

Lenox Town Hall  
Lenox Massachusetts  
Monday, January 23, 2017 at 9:30 a.m.

**Meeting Minutes**

**Board and Alternates Present:**

Mary Beverly, Chair	Town of Adams
Sharon Harrison, Vice Chair	Berkshire Hills RSD
Erika Snyder	Adams Cheshire RSD
Rebecca Herzog	Berkshire County Insurance Group
Maureen Senecal	Northern Berkshire Vocational RSD
Christopher Ketchen	Town of Lenox
Karen Fink	Town of Great Barrington
Janet Saddler	Town of Williamstown
Brenda Rondeau	Mt. Greylock RSD
Melissa Falkowski	Central Berkshire RSD
Chris Regan	Southern Berkshire RSD

**Guests present:**

James Kelley, CPA	BHG Treasurer
Sandra Stankiewicz	Blue Cross Blue Shield of MA
Shannon Ashcroft	BHG Wellness Consultant
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

The Chair, Mary Beverly, called the meeting to order at 9:32 AM.

**Approval of the Minutes of the meeting of December 20, 2016, (Meeting #17-04):**

Brenda Rondeau moved to approve the minutes of December 20, 2016.

Motion

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

**Treasurer's Report:**

Jim Kelley, Treasurer, reviewed the financial reports for the period ending November 30, 2016 (unaudited figures). He said that health claims and dental claims were each running at 79% of member assessment revenue. He said the overall cash position increased by a net of approximately \$11,000 during November. He said the investment account at Schwab increased by a net of about \$541K and the Schwab cash account decreased by \$393K as money was transferred for investment. Mr. Kelley said there was an unrealized loss of about \$2K on the investment portfolio in November. Mr. Kelley reported a one-month profit of \$158K. Mr. Kelley reported a trust fund balance of \$8.26 million.

Mr. Kelley reported on the December 31, 2016 financial statements (unaudited figures). He said that the overall Cash position decreased by approximately \$647K during December. He reported health claims

running 83% of member assessment revenue and dental claims at 76% of member assessment revenue. Mr. Kelley said that the Fund Balance (Equity) on December 31, 2016 was \$8.49 million.

Regarding the FY16 financial audit, Mr. Kelley said that the auditor would be reporting at the February meeting. He said that he and Ms. Cormier reviewed the draft audit report and requested some language changes.

**Review and Approval of the January 2017 Warrant Summary:**

Carol Cormier reviewed the Warrant Summary for January and said that the total amount was \$3.4 million. She noted a charge by In-Tech related to the RDS reopening audits.

Janet Saddler moved to approve the January 2017 Warrant Summary.

Motion
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Brenda Rondeau seconded the motion. The motion was approved by unanimous vote.

**Wellness Program Report:**

Shannon Ashcroft, Wellness Consultant, reviewed her report on programs through December.

*Online Health Assessment Incentive* – Ms. Ashcroft said about 150-175 people completed the online health assessment with an incentive. She asked if the Board would like to not do the program for a year since most of the participants were repeats from the last time. She said that would free up the incentive gift cards for other programs.

There was a discussion about Ms. Ashcroft’s suggestion. It was agreed that Ms. Ashcroft would put together a proposal.

*Diabetes Care Quarterly Mailing* – Ms. Ashcroft said she is not satisfied with the card and is having the vendor re-design it.

*New Wellness Coaching Program* – Ms. Ashcroft said the program is doing well. She said the program follows up on moderate to high risk screenings and offers three telephonic coaching sessions, one per month for three months. She said there’s weekly email support between calls and pre and post program assessments.

*Winter/Spring Screening Events* – She said the unit Wellness Champions are setting up Spring health fairs with screenings. She said she’d like all of the Champions to contact her.

*Fitness Center Open House Week* – Shannon Ashcroft said the centers are holding open houses January 23 – 29.

*Facebook Page Incentive* – Ms. Ashcroft said the BHG Wellness page has received 100 new “Likes” and is getting a lot of attention.

**GBS Reports:**

Ms. Cormier spoke about some changes being proposed by the Group Insurance Commission (GIC, among them closing the three largest health plans to new enrollments for FY18. She said she would keep the BHG updated.

*Financial reports* - Carol Cormier reviewed the *FY17 Funding Rate Analysis* report with data through December 2016. She said that on a paid claims basis the expense-to-funding ratio for health plans was 90.3% and that, on a paid claims basis, there was a funding surplus of \$1.74 million. She said that the

Medex 2 plan is 2% underfunded but doing much better than earlier in the fiscal year. Ms. Cormier said that the expense-to-funding ratio through December for the dental plans was 89.9% with a funding surplus of \$63K.

*Level Monthly Deposit (LMD) Reconciliation Report* – Ms. Cormier said that for the 2nd quarter of the fiscal year, the actual claims expenses were almost \$1.34 million lower than the LMDs.

*Reinsurance Reports* – Karen Carpenter reviewed the FY16 reinsurance report of claims exceeding the \$200K specific deductible with claims paid through December 2016. She said the total claims for the 13 members was \$4,231,863 with excess claims of \$1,633,241. Ms. Carpenter said that the \$100K aggregating specific deductible has been met and that \$1,521,377 has been reimbursed to the Group. She said there are reimbursements due BHG in the amount of \$11,945. She reviewed the claims between 50% and 100% of the deductible. She said there were total claims of \$2.58 million in this category incurred by 18 members.

Ms. Carpenter said that as yet no claims have exceeded the specific deductible in the FY17 policy period.

**Rate Projections for FY18:**

*Health Plan rates* - Carol Cormier reviewed the FY18 rate projections. She said BCBS and GBS do independent projections, and the BHG Board reviews the two sets of projections and makes a decision on the rates. She said BCBS is proposing a 1% increase to its administrative fees. She said BCBS has held its fees for several years. She said BCBS used a 5.5% decrement for claims since BHG is eliminating its Value Plus plans and moving to all Deductible plans for 7/1/17. She said GBS used the 5.5% claims reduction as well. Ms. Cormier reviewed the Rate Projections packet which included the calculations for FY18 claims. She reviewed four alternative funding scenarios. Carol Cormier said she recommended setting the FY18 Deductible plan rates at the current FY17 Value Plus plan rates.

Ms. Cormier noted that for Berkshire Hills RSD which went to the Deductible plans exclusively on 7/1/16, there would be rate increases. She said that the District experienced an 8% funding rate reduction in FY17.

There was a discussion.

Mary Beverly said she agreed with Ms. Cormier’s rate recommendations.

Janet Saddler made a motion to adopt Funding Scenario C in the exhibit, setting the FY18 Deductible health plan rates at the levels of the current FY17 Value Plus plan rates.

Motion

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

Ms. Cormier said that she plans to have the Cost Savings Analysis spreadsheets ready by December 21 or 22 and will send them to each employer. She said employers will have to insert their unit-specific enrollments and contribution percentages, and the spreadsheets will calculate the amount of Gross Total Savings which is the basis of the mitigation fund calculation.

*Dental Plan Rates* – Ms. Cormier reviewed the BCBS and GBS dental plan rates projections for FY18. She said that BCBS’s administrative fee proposal was for a 1% increase. She said she recommends an average of the two proposed rate increases, i.e. 6% increase. She noted that there was no increase for FY07.

Sharon Harrison said that the dental plans have long been over-funded and that there is equity in the dental trust fund.

Sharon Harrison made a motion to level fund the dental plans (0% increase).

Motion

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

**Discussion and possible vote on adding optional HSA-qualified High Deductible Health Plans (HDHPs):**

Carol Cormier said that at the last Board meeting it was suggested that Stephanie Burke, BCBS HDHP and HSA product specialist, be invited to the February Board meeting to make a presentation and answer questions from the Board. She said that successfully introducing these plans takes a big educational effort and that she thinks it is too late in the year to consider offering them for 7/1/17. She said now is the time for employers to learn about the arrangements and set up a program to educate employees.

Sandra Stankiewicz said she agrees with Ms. Cormier. She said that there will be concern and some confusion around moving to the regular Deductible plans and said she would not want to see this confusion be even greater with the addition of the far more complex HDHPs and HSAs. She said BCBS wants to be able to do a good job explaining the current Deductible plans.

Carol Cormier said that BCBS has a list of preventive medications that are recommended to be on a co-pay basis rather than subject to the deductible on the HDHPs. She said that the HSAs belong to the employee, are highly tax-advantaged, and are inheritable. She said that money in HSAs can be invested. She described how two other municipal joint purchase groups are going to offer these plans effective 7/1/17 and the requirements of the employers to contribute to the HSAs.

Mary Beverly asked Sandra Stankiewicz to see if Stephanie Burke can attend the February BHG Board meeting.

Ms. Beverly set the next BHG Board meeting for Monday, February 27 at 9:30 AM at Lenox Town Hall. She said she would like to have the HSA presentation at 10 AM.

Mary Beverly set the March BHG Board meeting for the 27<sup>th</sup> at 9:30 AM at Lenox Town Hall.

Sharon Harrison reminded the Board that it had talked about coming up with a better name for the Deductible plans.

Ms. Cormier said that since the deductible plans will be the only plans, they won't need an adjective or name distinguishing them from other variations of plans. She said they could simply be called Network Blue HMO, Blue Choice POS, and Blue Care Elect Preferred PPO.

The Board agreed with Ms. Cormier's suggestion.

**Cost Saving measures and possible next steps:**

Carol Cormier said that the Board requested that this item be carried as an ongoing agenda item. She said moving to the Deductible plans is a cost saving measure. She said that the cost of Specialty Drugs is going out-of-sight and thinks that it will be a worthwhile area on which to focus.

Mary Beverly said she was approached by a representative of CanaRx and suggested having a presentation on the program.

Carol Cormier said that other joint purchase groups use CanaRx with Abacus reviewing Rx pricing so that only the medications that result in a savings for the Group would be available for employees to purchase through the program. Ms. Cormier said she thinks bringing in CanaRx is a good idea.

Ms. Beverly said she would arrange for CanaRx to make a presentation at the March 27<sup>th</sup> Board meeting.

**BCBS Report:**

Sandra Stankiewicz spoke about setting up meetings for employees to learn about the deductible plans that will be available exclusively on 7/1/7. She asked that employers contact her to set up meetings. She said she wants to accommodate everyone. She suggested a Benefits Administrators' meeting in addition to employee meetings.

The Board agreed that the meetings Ms. Stankiewicz referred to should be set.

Carol Cormier asked Ms. Stankiewicz to coordinate with Karen Carpenter and Ruth Lynch on setting up the Benefits Administrators' meeting.

Ms. Stankiewicz said she is working on a Brainshark audio visual presentation on the deductible plans. She also mentioned setting up a BCBS Account Education Line that would be available to employees for three days with 2 hour shifts. She said the dedicated line would be answered by BCBS customer service employees who are fully informed about the BHG-specific changes in plan designs answering the calls. She said that Health Equity, the BCBS preferred HSA, HRA and FSA vendor can provide information about these programs.

Sandra Stankiewicz said that the Summaries of Benefits and Coverages (SBCs) will look a little different this year. She said the changes are most visual rather than content changes.

Ms. Stankiewicz mentioned the BCBS voluntary vision plan, Blue 20/20. She said that BCBS also offers voluntary dental. She said anyone interested should contact her.

Ms. Cormier said that the voluntary plans should be offered at the local level rather than the joint purchase group level. She said employers should check with counsel regarding possible requirements to go out to bid and bargaining obligations.

Ms. Stankiewicz said that BHG has a new BCBS Account Services Representative, Jonathan Payson who has members services background. She said he will attend the next Board meeting.

**Other Business:**

Sandra Stankiewicz said she received confirmation that Stephaine Burke will attend the February 27<sup>th</sup> BHG Board meeting.

There was no other business.

Brenda Rondeau moved to adjourn the meeting.

Motion

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

Mary Beverly adjourned the meeting at 11:23 AM.

*Prepared by Carol Cormier  
Group Benefits Strategies*