

Berkshire Health Group

Board Meeting #17-02

Lenox Town Hall
Lenox Massachusetts
Monday, October 3, 2016 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
Janet Saddler	Town of Williamstown
Maureen Senecal	Northern Berkshire Vocational RSD
Paul Sieloff	Town of Lanesborough
Christopher Ketchen	Town of Lenox
Brenda Rondeau	Mt. Greylock RSD
Melissa Falkowski	Central Berkshire RSD
Chris Regan	Southern Berkshire RSD

Guests present:

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

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

Approval of the Minutes of the meeting of August 29, 2016, (Meeting #17-01):

Sharon Harrison moved to approve the minutes of August 29, 2016 as written.

Motion

Brenda Rondeau seconded the motion. Chris Regan abstained.

The motion passed by majority vote.

Treasurer's Report:

Treasurer, Jim Kelley, reviewed the financial reports for period ending August 31, 2016 (unaudited figures). He said the cash position decreased by \$362K during August, mainly due to the BCBS quarterly settle-up. He said approximately \$58K reinsurance reimbursements were received in August. The investment account decreased by a net of about \$159K in August. He said there was a unrealized loss of approximately \$35K for the month of August. Mr. Kelley said that the Health Fund experienced a YTD profit of \$820K, and the Dental Fund experienced a loss of \$9K. Mr. Kelley reported a trust fund balance of \$7.26M.

Review and approval of the October 2016 Warrant Summary:

Carol Cormier reviewed the October Warrant Summary and noted that the Wellness stipends were on the warrant.

Jim Kelley noted that the checks would be sent out in the next couple of days.

Sharon Harrison moved to approve the October Warrant.

Motion

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

Wellness Report:

Shannon Ashcroft reviewed status of the “Working on Wellness Grant” applications and participation. She said that five BHG units have started the grant process and noted that Adams-Cheshire RSD has earned \$9,000 to date. Ms. Ashcroft said that the new Colonoscopy Incentive Program postcards were mailed out on September 29, 2016. She said that there are 15 flu clinics scheduled and 6 locations will also be providing biometric screenings. Ms. Ashcroft reviewed the Fall Fitness, Walk October Challenge, and Diabetes Care program updates. She noted that a new flyer was created and distributed in an effort to increase participation in the Diabetes Care program.

GBS Reports:

Health Care Costs exhibits – Carol Cormier reviewed exhibits comparing health care costs of the US and other countries. She said that the US has the highest health care costs in the world and that the exhibits show that in the Massachusetts and D.C. have the highest costs in the US. Ms. Cormier said that the last exhibit shows that the top 5% of spenders account for 50% of the claims.

Financial reports - Carol Cormier reviewed the *FY16 Funding Rate Analysis* report with data through August 2016. She said the expense-to-funding ratio for health plans was 97.6% and that, on a paid claims basis, there was a funding surplus of \$144,528. She said that the Network Blue Value Plus plan is underfunded by \$293K. Ms. Cormier said that the expense-to-funding ratio for the dental plans was 106.8% with a funding shortfall of \$14,195.

Reinsurance Reports - Ms. Carpenter reviewed the FY16 reinsurance report of claims exceeding the \$200K specific deductible. She said the total claims for the three members was \$4,173,911. Ms. Carpenter said that the \$100K aggregating specific deductible has been met, \$1,408,025 has been reimbursed to the Group, and there are reimbursements due BHG in the amount of \$65,886. She reviewed the claims between 50% and 100% of the deductible. She said there were total claims of \$2.44M in this category.

Ms. Carpenter noted that there was an overpayment of FY15 reinsurance reimbursements of \$2,574.21 which was paid back to the carrier, RMTS National, which was on the October Warrant as paid to the broker, Stop Loss Insurance Brokers.

Proposed changes to the Joint Purchase Agreement:

Carol Cormier said that the proposed amendments were reviewed by the Board at a previous meeting, and said she changed the withdrawal notification date to December 1st as directed.

Ms. Cormier said that in Article 11, she added language to include Ch. 32B, Sections 21-23 of the MA General Laws. She said if the Board approves plan design changes that are eligible for bargaining under Sections 21-22, all units shall implement those changes on the date determined by the Board. She said cost share changes that are higher than the cost share level for the GIC Benchmark plan and changes other than cost share changes are not eligible for Sections 21-22 bargaining.

There was a discussion.

Paul Sieloff said that he believes the stumbling block for employers may be all of the steps required to utilize Sections 21-22.

Maureen Senecal said she favors offering a choice of health plans and a gradual process of moving to the new plan design.

Mary Beverly said that BHG has not made any changes for some time and said that she isn't sure that the group has the time to make gradual changes.

Carol Cormier said that to Article 12 regarding liability following withdrawal or termination of participation she added the language "but not more than one year unless approved by a vote of at least two-thirds of the full Board" as suggested by Sharon Harrison. .

Sharon Harrison made a motion to amend the Berkshire Health Group's Joint Purchase Agreement and the full draft and supplement draft of Article 11 as presented.

Motion

Melissa Falkowski seconded the motion. The motion passed by a majority vote, with one, Maureen Senecal, not in favor.

Carol Cormier said she would finalize the agreement and email a clean copy to the Board.

Medex rate for CY2017:

Carol Cormier referred to the CY17 Medex rating exhibit in the meeting packet and said that since the Medex 2 plan went into effect off-anniversary, that the plan will renew on January 1. She said the projected rate of \$328.27 is an increase of 2.6%. Ms. Cormier said that the self-funded Medex 2 medical portion of the rate, plus administrative fees, increased by 1.6% to \$173.63, while the fully insured Blue Medicare Rx portion of the rate increased by 6.8%. Ms. Cormier said this increase is considerably less than she is seeing for her other clients. She said the trend for the senior plans is 18%, so she considers the increase to be low. Ms. Cormier said that there are a total of 1,429 BHG Medex subscribers.

Sandra Stankiewicz said that the Medicare Part D plan discounts are now reflected in the rates, rather than returned as the Retiree Drug Subsidy.

There was a discussion and several Board members expressed displeasure with the increase.

Carol Cormier said that the FY16 Medex rate, prior to implementation of the change to the EGWP version of Medex was \$429. She said that even with the 2.6% rate increase, the decision to move to EGWP was big saver.

Sharon Harrison asked what the impact would be to hold the rate at \$320.

Carol Cormier said holding the rates would cost the group at least an additional \$144K at \$9 per subscriber. She cautioned about the declining fund balance.

Janet Saddler said that the BCBS rates have always been unrealistic.

Ms. Stankiewicz said that year over year, the Board has not increased the rates as projected by BCBS, so now the rate is unrealistically low. She said the Blue Medicare Rx Part D rates are approved by CMS.

Ms. Cormier explained some of the reasons that the prescription drug costs are increasing, including the fact that unlike in other countries the US does not regulate drug pricing and so pharmaceutical companies can

charge whatever they want. She said direct-to-consumer marketing, the fact that large pharmaceutical companies have purchased the independent generic manufacturers and are charging higher costs for generics, and the increase in high cost specialty drugs coming to market have all influenced the spend for pharmaceuticals.

Paul Sieloff made a motion to approve a Medex 2 rate of \$329 for CY17.

Motion

Melissa Falkowski seconded the motion. The motion passed by a unanimous vote.

The Board asked Ms. Cormier if she could provide the active plan rate projections for the last week in January.

Ms. Cormier said she would do that but that doing the projections early will cut off one month of claims data that could affect the projections. She said that the earlier the projections are done the higher the trend factors because there is more uncertainty with early projections.

Options for FY18 and beyond:

Carol Cormier said the Board discussed the possibility of changing the existing BHG deductible plan design to the level of the current GIC benchmark plan design. She said eliminating the Value Plus plans on July 1, 2018 and replacing them with a qualified high deductible Health Savings Account (HSA)-qualified plan was another option discussed. Ms. Cormier said she suggested a long term strategy to control costs that also included a telehealth program, enrollment audit, and RDS re-openings.

Paul Sieloff asked if the group could eliminate a plan that has minimum enrollments.

Sharon Harrison said that each employer would need to bargain the elimination of a plan before it could be eliminated.

Paul Sieloff said he would like to provide employees with promotional materials or a magnet to encourage alternatives to going to the ER.

There was a discussion about urgent care and the lack of facilities in the Berkshire area.

Sandra Stankiewicz said she would send information to the Board with a list of urgent care facilities.

Paul Sieloff said he would like a list of cost saving ideas and the expected savings. He said then the Board could focus on the easiest, most cost effective options.

Carol Cormier said that she has provided several cost savings ideas including the change in Medex to an EGWP, but noted that GBS is not an actuarial firm. She said the Board may want to hire a different consultant to obtain independent estimates of savings.

Mary Beverly said that the Board worked on moving the Value Plus plans to the Deductible plan for months last year and then the vote failed.

Carol Cormier suggested organizing a sub-committee to work on ideas that could be presented to the Board. She said she would make a list of options and run it by Sandra Stankiewicz for BCBS's ideas. She said the high deductible HSA plans would address the cost increases and help make the employees better purchasers of health care. She said that she would recommend requiring employers to contribute 50% of the deductible amount to the employee's HSA.

Sharon Harrison left the meeting.

BCBS Report:

Sandra Stankiewicz said that Jay Swanson has a new position within BCBS and will no longer be the BHG Account Service Consultant. She said a new person will be designated within the next month and to contact her directly during the transition.

ACA Employer Reporting – Sandra Stankiewicz said that the BCBS member report used in ACA reporting will be provided this year at no cost to the group now that the system has been designed.

Carol Cormier said that the report will be sent to GBS. She said GBS will break down the report by employer and send to each employer through the GBS secure web portal.

Mary Beverly and Janet Saddler said that they were unable to open the reports last year.

Ms. Cormier referred Ms. Beverly and Ms. Saddler to Ruth Lynch at GBS for help.

Ms. Stankiewicz said that National Drug Take-Back Day is October 22nd this year and she distributed informational posters. She said the program aims to provide a safe and responsible way of disposing of unused prescription drugs, while also educating the public about the potential for abuse of medications.

Sandra Stankiewicz said that she ran a Chronic Condition Management report in response to the Board's concern about the low participation in the Diabetes Care program. She reviewed the report and said the same is true of the BCBS Diabetes Disease Management program. Ms. Stankiewicz said based on the report, it seems that employees do not want to be contacted. She said that BCBS identifies members whose outpatient and/or self-management may not be optimal. She said members that are covered by AQC-contracted providers are referred for management by their clinical team. Ms. Stankiewicz said others receive a phone call from a BCBS Nurse Coach. She said that complex case management is for one-time medical issues such as a transplant or high risk pregnancy. Ms. Stankiewicz said she wanted the Board to know what types of outreach and programs that BCBS is doing for its members.

Other Business:

The next Board meetings were scheduled for November 7, 2016 at 9:30 a.m. at the Lenox Town Hall, Lenox, MA.

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 11:10 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*