

Berkshire Health Group

Board Meeting #15-03

Lenox Town Hall
Lenox Massachusetts
Monday, October 6, 2014 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Chair	Town of Adams
Sharon Harrison, Vice-Chair	Berkshire Hills RSD
Paul Sieloff	Town of Lanesborough
Melissa Falkowski	Central Berkshire RSD
Janet Saddler	Town of Williamstown
Christopher Ketchen	Town of Lenox
Maureen Senecal	No. Berkshire Reg. Vocational School
Steve Presnal	Southwick-Tolland-Granville RSD
Bruce Turner	Southern Berkshire RSD
David Hinkell	Adams-Cheshire RSD
Geri Porter	Berkshire County Insurance Group
Lynn Bassett	Mt. Greylock RSD

Guests present:

Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies (GBS)

Chair Mary Beverly called the meeting to order at 9:32 a.m.

1. Approval of the Minutes of the meeting of September 22, 2014 (Meeting #15-02):

Paul Sieloff moved to table the vote since several members said they had not received the minutes in advance.

Motion

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

2. Proposal to change the Medex prescription drug benefit to an EGWP plan effective 1/1/15:

Carol Cormier reviewed materials previously sent and materials in the Board packet. She said there are two separate questions to be answered: (1) Is moving to an Employer Group Waiver Plan (EGWP) for Medex the right thing to do? and (2) is January 1, 2015 the right time to do it?

Ms. Cormier said she thinks it is the right thing to do, and she discussed the reasons including the \$1.3 million in net savings to the employers and retirees, the fact that prescription drug trend is increasing and the Medex plan is about 60% Rx claims, and the fact that the OPEB liability for employers will drop considerably because of the significantly lower rates of EGWPs compared to Retiree Drug Subsidy (RDS) plans. She said these advantages of EGWPs come without any serious take-aways from the Medex coverage. She said the Mail Order Rx copays will have to be increased to double the retail co-pays which, she said, is the norm.

Ms. Cormier said answering the second question about timing is more complex. She said that there are a number of features that make BHG unique compared to other joint purchase groups. She said that (1) 41% of the BHG subscribers are on Medex which is very high, (2) BHG offers only one Senior plan, i.e. Medex; whereas, other groups offer multiple senior plans, (3) employers on average contribute a high percentage to the Medex premium compared to employers in other groups, (4) BHG has the same copays for a 90-day supply of medications by mail order as for a 30-day supply at retail; whereas, the norm is double copays for mail order, and (5) Medex revenues from the rates have been exceeding the plan expenses over the last five years thus contributing to the fund balance while the active plan rate revenues in the last two years have not been sufficient to cover expenses. Ms. Cormier said the trust fund is also receiving the Retiree Drug Subsidy (RDS) money of about \$500- \$600K/year for the Medex plan. She said because a Part D Rx plan (EGWP) is a fully insured plan, there would no longer be a contribution to the Fund Balance from the Rx portion of Medex. She said the Fund Balance is at the low end of the acceptable range, and so the BHG would have to make sure the active plans are adequately funded to avoid a negative impact to the Fund Balance.

Chair Mary Beverly said she wanted to go around the table and hear the thinking of each Board member.

Christopher Ketchen asked about the mechanics of the transfer to an EGWP plan for the Seniors.

Ms. Cormier and Suzanne Donahue reviewed the changes for plan members and what they would have to do. Ms. Donahue said there is no change to plan design.

Chris Ketchen said he favored the move to EGWP for 1/1/15.

Steve Presnal said his district contributes 50% to the Medex premium and this would be a big savings for the District and retirees. He said the District favors the move to EGWP for 1/1/15.

Geri Porter said that a number of the small employers in BCIG contribute 50%. She said she favors EGWP with a later implementation date.

Paul Sieloff asked what the reaction from employees would likely be if the EGWP were installed and then the active plan rates were to increase a lot. He said that his town would get a big reduction in its OPEB liability which he would definitely favor but said he is willing to put it off until the group gets its trust fund and rates in order so that the Fund Balance is strong at the time of the move to an EGWP.

Responding to Mr. Sieloff's question, Melissa Falkowski said that when active plan rates increased by 9%, she thought the employees would be angry but it seemed they were not.

Lynn Bassett said that the District's Superintendent thinks that the move to an EGWP is too fast and said she would be voting against the change for 1/1/15.

Bruce Turner said his district is ready to move on this for January 1, 2015.

Sharon Harrison said that she has been requesting to reduce the Medex rates in recent years. She said that she thinks the Board should not look at the Medex EGWP decision in isolation but as part of a bigger picture and part of an overall strategy for the BHG.

Dave Hinkell said he favors the concept but thinks it needs a little more time to get the information out. He asked about getting the information out to retirees at the spring open enrollment.

Maureen Senecal said the EGWP will be a big hit on the retirees. She said in the list of medications and tiers on the formularies provided, at least ten prescription drugs would move from Tier 2 to Tier 3 with the Part D formulary. She said this would be in addition to the added costs of Mail Order copays. She said retirees

have worked hard to preserve their health benefits, sometimes at the expense of salary increases. Ms. Senecal said that there is also the problem of the Part D Late Enrollment Penalty.

Ms. Cormier said the late enrollment penalty is not an issue for group’s Medex members because the penalty is only applied if the member did not have Medicare Creditable Coverage prior to the move to Part D. She said the BHG’s group Medex plan has had Medicare Part D Creditable Coverage all along and that BHG pays Milliman actuaries to attest to that fact each year in order to qualify the plan to receive the Retiree Drug Subsidy. She said this information goes directly to CMS and to BCBS. She said in the over 2000 retirees in other groups and accounts that transferred to an EGWP in the last several years, she is not aware of any who were transferred to Part D from a non-Part D plan and were assessed a late enrollment penalty.

Suzanne Donahue confirmed that there will be no Part D late enrollment penalties. She said the Group or Carol Cormier will write BCBS an attestation that the plans have had Creditable Coverage.

Janet Saddler said that she is prepared to vote in favor of the change on January 1, 2015.

Mary Beverly asked for a motion.

Janet Saddler moved to implement the change of the Medex self-funded prescription drug coverage to a fully insured Medicare Part D EGWP effective January 1, 2015.

Motion

Steve Presnal seconded the motion.

Mary Beverly called for a roll-call vote which was as follows:

Janet Saddler	Yes,
Maureen Senecal	No,
Dave Hinkell	No,
Sharron Harrison	No,
Bruce Turner	Yes
Linda Basset	No,
Melissa Falkowski	No,
Paul Sieloff	No,
Geri Porter	No,
Steve Presnal	Yes,
Christopher Ketchen	No,
Mary Beverly	No.

Mary Beverly said the vote on the motion failed.

Christopher Ketchen asked if the Board should move now to make the change for CY2016.

The concensus of the Board was to re-visit this proposal at FY16 rate–setting time.

Steve Presnal asked if the group could start the Medex EGWP on July 1 with a six-month rate.

Suzanne Donahue said that July, 2015 was a possible start date and then the rate would change January 1, 2016.

Carol Cormier said this would respond to Dave Hinkell’s interest in getting the Medex information out at Spring Open Enrollment time. She said that the Board would have to make the decision no later than April 1, 2015 for a July 1 start-up date.

3. Medex Mail Order Rx co-pays if vote on Item #2 fails:

Mary Beverly asked the Board members if they had any interest in changing the Mail Order Rx copays for January 1, 2015.

Bruce Turner moved to take no action on Medex Mail Order Rx copays at this time.

Motion

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

Other Business:

Suzanne Donahue, BCBS, said that there is an issue with a member enrolled through Town of Soutwick who is Medicare eligible but not enrolled in Medicare Part B. Ms. Donahue said she would send the information to Ms. Cormier and would be prepared to discuss this at the next BHG Board meeting.

There was no other business.

Sharon Harrison moved to adjourn the meeting.

Motion

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

Chair Mary Beverly adjourned the meeting at 10:26 AM.

*Prepared by Carol G. Cormier
Group Benefits Strategies*