

**Berkshire Health Group**

**Board Meeting #13-04**

Lenox Town Hall  
Lenox Massachusetts  
Monday, October 22, 2012 at 9:30 a.m.

**Meeting Minutes**

**Board and Alternates Present:**

Greg Federspiel, Chair	Town of Lenox
Mary Beverly, Vice-Chair	Town of Adams
Stephen Presnal	Southwick-Tolland-Granville RSD
Marge Foster	Central Berkshire RSD
Kevin O'Donnell	Town of Great Barrington
Bruce Turner	Southern Berkshire RSD
Brenda Rondeau	Mount Greylock RSD
Sharon Harrison	Berkshire Hills RSD
Maureen Senecal	Northern Berkshire Voc.-Tech School
Jorja-Ann Marsden	Berkshire County Insurance Group
Geri Porter	Berkshire County Insurance Group
Janet Saddler	Town of Williamstown

**Guests present:**

James Kelley	Treasurer, Berkshire Health Group
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies
Ginger Hastings	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Greg Federspiel opened the meeting at 9:40 a.m.

**Approval of the Minutes of the meeting of August 21, 2012 (Meeting #13-03):**

Kevin O'Donnell made a motion to approve the minutes of the August 21, 2012 meeting.

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

Motion
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**Treasurers Report -**

Treasurer Jim Kelley reviewed the financial statements of August 31, 2012 and September 30, 2012 (unaudited figures). Mr. Kelley said that the overall cash position decreased by a net of \$501K at the end of September, mainly due to a decrease in advanced member assessment revenue. He said the Cash-Schwab portfolio increased by \$73K of which \$59K was cash proceeds in the Schwab money market account awaiting redeployment into stocks or bonds.

Jim Kelley said that the health claims are running at 90% of member assessment revenue, and the dental claims are running at 92% of member assessment revenue.

Mr. Kelley distributed the Veribank quarterly review report and said that People's United Bank continues to be rated green with three stars, the highest rating attainable.

Mr. Kelley said that there is a year-to-date profit of \$414K and that the Trust Fund balance was approximately \$11,265,000.

Mr. Kelley said that he included the Olsen Mobeck performance statement for the quarter ending September 30, 2012 and a copy of the BHG Fund Balance guidelines with the financial reports.

Greg Federspiel said that Gene Dupont spoke at the last Board meeting and asked to consider modifying the BHG Investment Policy, increasing the stock percentage limit to provide additional flexibility. He said that it was recommended to increase the stock percentage from 25% to 35%.

Jim Kelley said that there is sufficient cash available in the BHG account that could be used as a cushion if needed. He said that he felt comfortable with the change at this time.

Sharon Harrison made a motion to amend the BHG Investment Policy to read "up to 35%" investments into stock funds.

Motion

Kevin O'Donnell seconded the motion. The motion passed by unanimous vote.

It was noted that Mary Beverly and Dave Hinkell review the Treasurer's reports prior to each Board Meeting.

**Approval of September and October 2012 Warrant Summaries:**

Carol Cormier reviewed the September and October 2012 Warrant Summaries and noted that the Diabetes Program deposit was lowered.

Sharon Harrison said that Maureen Daniels mentioned that a few members said that it was difficult to obtain the physician documentation required to achieve compliance in the program.

Carol Cormier suggested asking a representative from the Abacus Health Group to the next meeting to discuss the program and ways to enhance participation.

Kevin O'Donnell made a motion to approve the September and October 2012 warrants as presented.

Motion

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

**GBS Reports:**

Funding Rate Analysis- Carol Cormier reviewed the Funding Rate Analysis with data through September 2012 and said the expense-to-funding ratio for health plans was 100.1% and for dental was 105.2%.

BCBS Level Monthly Deposit (LMD)- Carol Cormier reviewed the LMD reconciliation and said that the claims expenses were lower than the deposits by \$294K through September.

Diabetes Program Report – Carol Cormier reviewed the Diabetes Program report for September 1, 2011 through August 31, 2012 and said that there are a total of 370 BHG members eligible to utilize the program. She said that 111 are currently participating, which is 30% of those eligible. She said the target for participation is 50%. Ms. Cormier said that 40% of those participating are meeting all of the requirements and are obtaining free medications and supplies.

Stop Loss Report - Karen Carpenter reviewed the FY12 stop loss reports with data through September 2012. She said that four members had exceeded the policy deductible with total claims of \$985,513. Ms. Carpenter said that the Aggregating Specific Deductible has been satisfied and that BHG has received claims reimbursements of \$27,752. She said that there are outstanding reimbursements of \$57,761 due.

Reinsurance Procurement - Carol Cormier said that she emailed a letter to the Board from Jack Sharry, President of GBS, regarding the lack of interest from reinsurance carriers to quote on municipal business. Ms. Cormier said that GBS is working on a solution to the issue. She said that GBS met with Gallagher Insurance Benefit Services, a national leader in the placement of stop loss coverage for public entities. Ms. Cormier said that the Board can choose to utilize the same process as in previous years, but will also have the option to use Gallagher Insurance Benefit Services exclusively or with the incumbent broker only. She said this will be something to discuss for the next renewal.

**Wellness/Healthy Behaviors Update:**

Greg Federspiel said that Ms. Daniels was out due to a family illness and there would be no wellness update.

**Shingles Vaccine for Medex:**

Carol Cormier said that the Medex plan does not currently cover the shingles vaccine, but said that Suzanne Donahue will explain an option that may be available.

Suzanne Donahue said that Medex only provides coverage for services that are approved by Medicare and since Medicare does not cover the shingles vaccine, neither does the Medex plan. She said she is working on a rider to cover the cost of the vaccine at a \$0 member cost and is waiting for approval. Ms. Donahue said that physicians do not prescribe this vaccine for all of their patients and it is a service that will need to be administered in a doctor's office. Ms. Donahue said that she expects approval at the end of the week and will provide the rider to Carol Cormier. She said that the Board can decide if they would like it added.

Mr. Federspiel asked that this item be added to the next agenda

**Medicare Supplement Plans: RDS vs. EGWP for Rx cost reduction:**

Carol Cormier explained that the Retiree Drug Subsidy (RDS) process provides reimbursement of 28% of the cost of the eligible covered prescription drugs for the Medicare supplement plans. She said that the Employer Group Waiver Plan (EGWP) builds Medicare Part D into the health plan product, and the savings is obtained through lower premiums as opposed to receiving RDS monies. Ms. Cormier suggested that the Board obtain a quote from BCBS for a Medex plan with self-funded medical services and fully insured Part D prescription coverage.

Suzanne Donahue said that the lower premium gives the retirees a rate reduction, as well as the employer. She said that CMS determines which drugs are covered on their formulary. Ms. Donahue said that she will run a disruption report and said that the prescriptions will be a 3-tier structure, which the current BHG Medex plan already has. Ms. Donahue said that the mail order is a double Rx co-pay of \$20/\$40/\$70 and said she will run a mail order utilization report. She said that she is expecting to obtain the rate this afternoon.

Mr. Federspiel asked that this item be added to the next agenda.

**Schedule for developing and approving FY14 rates:**

The Board asked to review the rates in late January.

Ms. Cormier said that the medical trend factor has gone down, but said that

the plan design changes will make the projections complex.

**BCBS Report:**

Suzanne Donahue said that BCBS will conduct flu clinics again this year and said that Pam Santin is the BCBS contact person. She said that members can also obtain a flu shot at the pharmacy with no co-pay. Ms. Donahue said that effective January 1, 2013, BCBS will be providing in-house disease management to better coordinate care for members with chronic conditions. She said that effective July 1, 2013; the age and frequency restrictions for preventive colorectal services will be removed from the PPO plans. She said that the Network Blue NE plan does not have this restriction. In addition, she said that three new mandates effective July 1, 2013 for BHG is a hearing aid benefit for children up to age 21; cleft lip and palate coverage up to age 18; and members will be able to designate physician assistants as their PCP and will be able to provide some PCP services at a lower cost.

**Other Business:**

The next BHG Board meetings were scheduled for December 3, 2012 and January 28, 2012, both at 9:30 a.m. to be held at the Lenox Town Hall, Lenox, MA.

There was no other business.

Brenda Rondeau moved to adjourn.

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

Greg Federspiel adjourned the meeting at 11:05 AM

*Prepared by Karen Carpenter  
Group Benefits Strategies*