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Berkshire Health Group

Board Meeting #12-03

Lenox Town Hall
Lenox Massachusetts
Tuesday, October 25, 2011 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Greg Federspiel, Chair	Town of Lenox
Mary Beverly, Vice-Chair	Town of Adams
Jorja-Ann Marsden	Berkshire County Insurance Group
Gerri Porter	Berkshire County Insurance Group
Kevin O'Donnell	Town of Great Barrington
Brenda Rondeau	Mt. Greylock RSD
Janet Saddler	Town of Williamstown
Stephen Presnal	Southwick Tolland RSD
Sharon Harrison	Berkshire Hills RSD
Maureen Senecal	Northern Berkshire Vocational
Marge Foster	Central Berkshire RSD
David Hinkell	Adams Cheshire RSD
Terri Licata	Southern Berkshire RSD

Guests present:

James Kelley	Treasurer, Berkshire Health Group
Maureen Daniels	BHG Wellness Coordinator
William Cameron	Central Berkshire RSD
Brian Poopor	Central Berkshire RSD
Alex Lomaglio	MA Teachers Association (MTA)
Cindy Polinsky	MA Teachers Association (MTA)
Joanne Johnson	Town of Williamstown
Tracey Ann Spencer	Williamstown Elementary School
Andrew Rapport	Southern Berkshire RSD
Alice Tortoriello	Southern Berkshire RSD
Sheila Tatro	Berkshire County Insurance Group
David Balardini	Central Berkshire RSD Retiree
Steve Corbin	Blue Cross Blue Shield (BCBS)
Patricia Kaplan	Blue Cross Blue Shield (BCBS)
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Chair Greg Federspiel opened the meeting at 9:37 a.m.

Approval of the Minutes of the meeting of September 27, 2011 (Meeting #12-02):

Kevin O'Donnell made a motion to approve the minutes of the September 27, 2011 meeting as written.

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

Motion

Treasurer's Report:

Treasurer Jim Kelley reviewed the financial statements of September 30, 2011 (unaudited figures). He said that there was a loss of \$168K for the month ended September 30, 2011.

Mr. Kelley said that the overall cash position increased by \$688K at the end of September, mainly due to advance collections of member assessment revenue and receipt of reinsurance proceeds. He said the Cash-Schwab portfolio decreased by \$357K.

Jim Kelley said that the health claims are running at 92% of member assessment revenue, and the dental claims are running at 75% 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 he met with the auditors at Group Benefits Strategies and said that the FY11 Financial Reports should be ready by late December, early January. He said that Mr. Bienvenue is reviewing Mr. Kelley's internal audit process proposal.

Warrant for November 2011:

Carol Cormier reviewed the November 2011 Warrant Summary and said that the BCBS quarterly settlement is included on the November warrant. Ms. Cormier said that BCBS had lowered the Level Monthly Deposit (LMD) amount in April. She said that BCBS sent a \$19K invoice to BHG for loss of interest from July.

Steve Corbin said that he is requesting that the interest charge be waived. He said that the new LMD amount is \$3,123,800.

Carol Cormier said that BHG received credit of approximately \$11K from BCBS. After discussions with the Attorney General, the BCBS Board made a decision to distribute the amount of the severance (\$4.26 million) paid to the former CEO to their clients as a good faith gesture. This one-time credit, amounts to approximately \$3.00 per subscriber.

The motion to approve the Warrant was deferred pending the BCBS determination of of the LMD interest charge.

GBS Reports:

FY11 Funding Rate Analysis by Plan – Carol Cormier reviewed the Funding Rate Analysis report for FY12 with data through September 2011. Ms. Cormier said that the expense-to-funding ratio was 96.8%. She said that all of the plans were sufficiently funded, with the exception of the Blue Care Elect, which has low enrollments and the Network Blue plan, which is slightly under funded. Ms. Cormier said that the dental plans are doing well.

Stop Loss Reports – Karen Carpenter said that for the FY11 policy period with claims paid through September, eight (8) members had claims exceeding the specific deductible of \$175K with claims totaling \$1.88M. She said that the aggregating specific deductible of \$100K has been met, and \$300,958 has been paid to the BHG. She said that reimbursement due the Group is \$79,287. Ms. Carpenter said that there were 17 claimants with claims at or higher than 50% of the deductible with claims totaling \$2.19M. Ms. Carpenter said that there is an outstanding reimbursement of \$15,188 due BHG for FY10. She said that the Steve Corbin is working with the reinsurance carrier to obtain the claims detail from the provider. Ms. Carpenter said that for the FY12 policy period there is one claimant with claims at or higher than 50% of the \$200K deductible with claims totaling \$161,554.

Wellness/Health Behaviors Update:

Maureen Daniels said 204 biometric screening assessments were completed between September and October. She said that 157 members received flu shots at the three vaccine clinics that were held. Ms. Daniels reviewed the list of upcoming flu clinics. Ms. Daniels said that she will be promoting round two of the Healthy Behaviors program. Ms. Daniels said that the “Maintain, Don’t Gain” campaign will be run through the holidays, beginning with a weigh-in prior to the Thanksgiving holiday. She said that the wellness nurse, Lisa Laramy, RN conducted screenings at one location this month. Ms. Daniels said that she will be meeting with the wellness champions to discuss a strategic plan for wellness.

There was a discussion about the reluctance of some members to complete the wellness assessment. One Board member suggested that if a person had completed their colonoscopy screening prior to the start of Healthy Behaviors, they would not have other opportunities to earn enough points to receive the incentive reward.

Discussion about a possible Premium Holiday:

Greg Federspiel said that he would like the Board to continue the discussion about strategic ways to utilize the trust fund surplus, such as a premium holiday, continuing to distribute the Retiree Drug Subsidy, and subsidizing the health plan rates.

Marge Foster said that she is the BHG Board delegate representing 475 active employees and retirees of the Central Berkshire RSD. Ms. Foster said that the review of the fund balance history and current surplus has provoked the school committee and others at the district. Ms. Foster said that using some of that surplus to fund a one-month premium holiday would not reduce the balance below the policy level.

Marge Foster made a motion to approve a one-month premium holiday to be paid out in December 2011.

Maureen Senecal seconded the motion.

Motion

Sharon Harrison said that while she does not oppose giving a premium holiday, she has concerns that the current economic climate will continue for two or more years. Ms. Harrison suggested setting up a Committee to work on a 2 to 5 year strategic plan.

Greg Federspiel said that the Board already anticipates utilizing \$3M to subsidize the rates and said that adding another \$3M for a premium holiday would bring that amount to \$6M. He said that he does not favor that action.

David Hinkell said that he is not against a premium holiday, but said that he remembers when the BHG trust fund was between \$3M to \$4M and decreased dramatically due to unexpected high cost of claims. He said that the FY12 budget is already set and said that FY13 is looking like it may be difficult. Mr. Hinkell said that he favors subsidizing the rates and has concerns about the financial impact of subsidizing rates and also giving a premium holiday.

Carol Cormier said that an advantage of the premium holiday approach to reducing the fund balance is that it keeps the rates realistic. She also said that if the plan design changes are implemented, the rates will be less than they would be if no changes are made.

Sharon Harrison said again that she favors looking ahead over at least a three year timeframe. She said maybe look at a combining a number of the suggestions. Ms. Harrison said that the group may see return on investment of the wellness programs such as the Diabetes Program.

Greg Federspiel said that the only real way to drive costs down is through wellness initiatives and incentives. He proposed amending the motion to approve a ½ month premium holiday and the other half of the funds be invested into wellness program development.

Kevin O'Donnell said that he is inclined to support the amended motion.

Jim Kelley said that he favors a long-term approach and said that his concern is about high cost claims. He suggested using a maximum of \$1.5M of the Fund Balance now and revisiting the discussion in May.

Cindy Polinsky, MTA, said that she would be in support of tabling the vote to give the IACs time to review and voice their ideas.

Alex Lomaglio agreed and said that the input of the employees would make the process more valuable and smoother.

Dave Balardini, a retiree and former BHG Board member, said that this has been discussed several times over the years and is usually motivated by districts going through financial difficulties. He said that the fund balance looks to be only three months of claims reserve. Mr. Balardini said that based on his experience, a review of 9 or 10 months of claims is preferred, not just 3 months into the year. He said that there are eight claimants on the stop loss report generating over \$1.8M of claims. Mr. Balardini said it is the Board's fiduciary responsibility to make decisions that are beneficial to the Group as a whole.

Jorja-Ann Marsden said that she also favors a long term plan and agrees with the Treasurer.

Janet Saddler made a motion to table Ms. Foster's motion and revisit the discussion in March 2012.

Motion

Brenda Rondeau seconded the motion. The motion passed by a majority vote of 8 in favor and 3 against.

Sharon Harrison made a motion to form a Sub-Committee to further discuss uses of the fund balance surplus.

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

Motion

Kevin O'Donnell, Jim Kelley, Sharon Harrison and David Hinkell volunteered to serve on the Sub-Committee.

Greg Federspiel encouraged the Board members to speak with their IACs and bring their input to the next Board meeting.

State Municipal Health Reform Legislation Discussion:

Carol Cormier reviewed The Segal Company's projected savings between the BHG health plans as compared with the plan design features similar to the GIC 2012 benchmark plan. Ms. Cormier explained how the plan year deductible works and said that it will apply to Inpatient admissions, Outpatient surgeries, ER, diagnostic imaging and testings and durable medical equipment. She said that all preventative services will remain at a \$0 co-pay and will not be subject to the deductible.

Steve Corbin said that he will email the standard list of services that the deductible will apply to.

Ms. Cormier said that she will ask the Segal Company why its estimate in savings for the Value Plus Plans is so much higher than the BCBS estimates.

Sharon Harrison asked if the OOP maximum could be lowered to \$1,000 Ind/\$2,000 Family, rather than \$2,000 Ind/ \$4,000 Family.

Carol Cormier explained that the maximum would be reached sooner and the members would then have no copays. She said this would defeat the purpose of the plan design changes.

Cindy Polinski asked if there is a way to calculate the savings of just moving to the Value Plus Plans.

Carol Cormier said that the actuarial value for the Value Plus plans is 6-7% lower than the standard plans.

There was a discussion about deciding what plan design changes should be made and how many plans would be offered.

Dave Hinkell said that the general consensus at the last Board meeting was to alter the plan design of all of the plans and to offer one menu of plans.

Greg Federspiel said that the timetable of events show the vote on plan design changes to take place at this meeting. He said that he would like to table the vote until the next Board meeting and asked everyone to be prepared to do vote on Nov. 22.

Alex Lomaglia asked if a unit does not want to offer the new plan designs that the Board votes to offer, would they need to find insurance someplace else?

Greg Federspiel said that they would.

Dave Hinkell said that units that agree to the plan design changes can make their employees whole by offering a mitigation proposal.

BCBS Report:

Steve Corbin said that effective January 1, 2012, upon renewal for their insured business, BCBS will change the way they pay for covered services provided by most out-of-network providers for the Blue Care Elect and Preferred Blue PPO plans. He said that reimbursement will be based on a usual and customary fee schedule based on the standard allowance that BCBS of MA has established for its indemnity products. He said that the member will be responsible for their applicable cost sharing amount plus any charges greater than the amount allowed by BCBS. He said that it does not apply to emergency room charges. He said that this change is optional for the self-funded clients.

Carol Cormier asked Mr. Corbin to provide a report of the percentage of BHG usual and customary charges out of state and the costs charged by the providers.

Durable Medical Equipment – Mr. Corbin proposed eliminating the current \$1500 annual maximum allowed for DME on the BHG plans and changing to a 20% coinsurance with no maximum benefit. He said that this change is actuarially neutral and is optional for BHG.

Other Business:

The next Board meeting is scheduled on November 22, 2011, to be held at the Lenox Town Hall at 9:30 a.m.

Greg Federspiel encouraged the Board to meet with their IACs for plan design change input.

There was no other business.

Greg Federspiel adjourned the meeting at 11:45 AM.