

## **Berkshire Health Group**

### **Board Meeting #17-03**

Lenox Town Hall  
Lenox Massachusetts  
Monday, November 7, 2016 at 9:00 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
Geri Porter	Berkshire County Insurance Group
Maureen Senecal	Northern Berkshire Vocational RSD
Paul Sieloff	Town of Lanesborough
Christopher Ketchen	Town of Lenox
Nancy Rauscher	Mt. Greylock RSD
Melissa Falkowski	Central Berkshire RSD
Chris Regan	Southern Berkshire RSD

#### **Guests present:**

James Kelley, CPA	BHG Treasurer
Karen Fink	Town of Great Barrington
Tricia Hickey	Town of Lanesborough
Marilyn Fracasso	Town of New Marlborough
Shannon Ashcroft	BHG Wellness Consultant
Joseph Callahan	MIIA Vice President
Christopher Bailey	MIIA HBT Manager
Heidi Fountain	MIIA Senior Account Exec
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

The Chair, Mary Beverly, called the meeting to order at 9:00 AM.

**Meeting with representatives of Mass. Interlocal Insurance Agency (MIIA) Health Benefits Trust:** A brief discussion was held on why the BHG is exploring seeking insurance through the MIIA Health Benefits Trust. Ms. Beverly said that the BHG approached MIIA as a measure to keep the group from fragmenting and by losing members, losing stability.

Ms. Beverly said that people present should not look upon this as a sales pitch or that MIIA is trying to lure the BHG into something. She said BHG approached them and that this is not a sales pitch. She said that once the idea was formed it seemed that we needed to explore this option in order to report back to our boards that we are doing our due diligence in trying to find solutions to our rising premiums while staying in the Blue Cross Blue Shield coverage family.

Joseph Callahan led the discussion. He explained MIIA's structure and representation. Mr. Callahan stressed that MIIA's goals are very similar to BHG goals. MIIA would not be absorbing the BHG. It would

be partnering with BHG. MIIA looks at the BHG as a peer, not a client. This entire process would probably take two years minimum if it succeeds at all. He said legal questions need to be explored and dealt with but he said he is confidently moving forward to make this partnership work if all parties agree.

Christopher Bailey spoke of the Blue Cross Blue Shield partnership and MIIA Trust premium structure. In the past the Trust has capped maximum increases for the overall trust, even though some groups should be raised higher. Also, he said that MIIA is very competitive in the health insurance marketplace. The overall health of the MIIA trust should be a significant factor in the decision to go forward with this. He sees the BHG as looking for solutions to health care prices and costs. He said the MMA wants this group to stay together and all believe staying in the Blue Cross Blue Shield family is very important in Berkshire County. He said MIIA has performed an independent review of BHG rates using twenty-four months of claims data. Mr. Bailey said that this data was analyzed, and numbers have been achieved. He said that their calculations show an approximate 12 to 12.5% increase in BHG rates for FY18 and MIIA will need a buy-in to their Trust Fund Balance. But it will probably be more toward FY19 before this could go forward.

Paul Sieloff requested the past five years of rate increases from them. They will provide this information.

Sharon Harrison made a motion to continue working with MIIA for at least the next two fiscal years to explore joining the Trust.

Motion

Chris Ketchen seconded the motion.

Further discussion was brief. It was a unanimous vote to continue.

MIIA Representatives left the meeting along with the Berkshire County Town Representatives.

*Minutes of the discussion with MIIA Health Benefits Trust were prepared by  
Mary Beverly, Chair of Berkshire Health Group*

Carol Cormier and Karen Carpenter, Group Benefits Strategies, joined the meeting at this time.

**Approval of the Minutes of the meeting of October 3, 2016, (Meeting #17-02):**

Sharon Harrison moved to approve the minutes of October 3, 2016 as written.

Motion

Christopher Ketchen 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 September 30, 2016 (unaudited figures). He said the cash position increased by \$1,274,000 during September, mainly due to the sale of securities in the amount of \$422K and advance collections of member assessment revenue. He said the investment account decreased by a net of about \$431K in September. He said there was an unrealized loss of approximately \$7K for the month of September. Mr. Kelley said that the Health Fund experienced a YTD profit of \$1.098M, and the Dental Fund experienced a YTD profit of \$21K. Mr. Kelley reported a trust fund balance of \$7.56 million.

Mr. Kelley briefly reviewed the Olsen Mobeck Investment performance quarterly report through September, and said the total calendar year-to-date gross return was 4.6%.

**Review and approval of the November 2016 Warrant Summary:**

Carol Cormier reviewed the November Warrant Summary and noted that the ACA Transitional Reinsurance Program fee was \$95,198 for CY16. She said CY16 is supposed to be the last year this fee will be collected.

Christopher Ketchen moved to approve the October Warrant.

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

**Wellness Report:**

Shannon Ashcroft said a total of 17 flu clinics at several locations conducting biometric screenings went well. She said she would like to conduct additional screenings in the spring and said that it is easier to promote programs by meeting people face-to-face. Ms. Ashcroft reviewed the Fall Fitness, Walk October Challenge, and Diabetes Care program updates. She noted that a new flyer distributed in an effort to increase participation in the Diabetes Care program resulted in more people signing up. In response to a question, Ms. Ashcroft said she will see if BCBS would provide her with the addresses of members currently taking diabetic medications so that she could send a targeted mailing. She said it was doubtful due to the HIPAA regulations.

**GBS Reports:**

*Financial reports* - Carol Cormier reviewed the *FY17 Funding Rate Analysis* report with data through September 2016. She said the expense-to-funding ratio for health plans was 93.1% and that, on a paid claims basis, there was a funding surplus of \$617,236. She said that the Medex 2 plan is underfunded by \$112,386. Ms. Cormier said that the expense-to-funding ratio for the dental plans was 97.7% with a funding surplus of \$7,279.

*Reinsurance Reports* - Ms. Carpenter reviewed the FY16 reinsurance report of claims exceeding the \$200K specific deductible. She said the total claims for the 13 members was \$4,206,762. Ms. Carpenter said that the \$100K aggregating specific deductible has been met, \$1,470,070 has been reimbursed to the Group, and there are reimbursements due BHG in the amount of \$36,691.71. She reviewed the claims between 50% and 100% of the deductible. She said there were total claims of \$2.56M in this category.

**Review of cost saving measures and possible next steps:**

Carol Cormier said Sandra Stankewicz will review the BCBS “Shop and Compare Costs” program and the 3-year report on Out-of-Pocket Rx cost report and other online tools at the next meeting.

Ms. Cormier referred to the Cost Containment Concepts exhibit she prepared listing some of the concepts she spoke to the Board about at prior meetings. She reviewed plan design options to include eliminating the Value Plus plans, bringing the cost-share plan design of the BHG Benchmark plans up to the level of the current GIC Benchmark plan, adding high deductible plans that qualify for Health Savings Accounts (HSAs). Ms. Cormier noted that Cape Cod Municipal Health Group and West Suburban Health Group are adding HSA-qualified high deductible plans on 7/1/17 and that they expect claims savings of about 19% to 23%. She said that employers in CCMHG and WSHG will be contributing to the employees’ HSAs.

Ms. Cormier reviewed prescription drug cost saving options including making changes to co-pays, tiering, and formulary changes. She said alternative sourcing and adopting a formulary for specialty drugs are other options. She said carving out the prescription portion of the health plan, a more serious move, could be looked at as well. Ms. Cormier said she is not necessarily recommending doing that at this time, but said there could be significant savings. She noted that direct contracting with a pharmacy benefit manager would need to be put out to bid. She said the group moved to a self-funded Medex 2 plan with a fully insured

Medicare Part D plan on July 1, 2016 and said the first 12-months savings through rate reductions is estimated at more than \$1.8M.

Ms. Cormier said the employer's contribution plays a significant role in the plans that employees select. She said that the contributions can be structured to give incentives to join the lowest cost comprehensive plan. She said that when employees pay more towards their monthly premiums, they are more interested in and engaged in cost containment options.

Ms. Cormier also discussed encouraging and/or incentivizing employees to increase participation in Health Assessments, health screenings, and Disease Management programs. She also suggested introducing a Telehealth program and finding ways to increase participation in the wellness programs. Ms. Cormier said the involvement of the Managers and Superintendents is important in promoting a culture of wellness from the top down. She suggested holding an annual meeting to let managers and superintendents know the plans and projects that the BHG has and is working on.

Ms. Cormier said that the Board might need to hire an actuarial analyst to project the savings for some of the concepts presented. She said that BCBS could also provide guidance on expected savings.

There was a discussion.

Paul Sieloff said that the Board has reviewed and discussed several ideas at past meetings and said he is concerned about the length of time that it is taking to adopt cost saving measures.

Sharon Harrison suggested eliminating the Value Plus plans for 7/1/17 but not adding the high deductible HSA-qualified plans until a later time.

Carol Cormier said that one of the differences between the high deductible plans and the current deductible plans is that the current deductible is set as low as some copays. She said that the high deductible plans might have deductibles such as \$2,000 Individual and \$4,000 Family but with an employer contribution to the HSAs. She said that CCMHG is requiring employers to contribute 50% of the deductible to the employee's HSA each year. She said the health plans report that on Individual plans only about 30% of the members meet the deductible and on the Family plans, about 50% reach the deductible. She said that HSAs are highly tax-advantaged and are a great savings/investment vehicle for retirement.

Christopher Ketchen said he favors pulling together a Manager's Meeting in December and making a change to the current Deductible plans for July 1, 2017.

Paul Sieloff made a motion to coordinate a Manager's Meeting in December with a plan to eliminate the Value Plus plans and offer the Deductible plans effective July 2017.

Motion

Rebecca Herzog seconded the motion.

Paul Sieloff amended his motion to include offering the high deductible HSA-qualified plan to the menu of offerings.

Rebecca Herzog seconded the amended motion.

Motion

Christopher Ketchen offered to contact the Managers and coordinate the date for the Managers' Meeting on either December 6<sup>th</sup> or 8<sup>th</sup> at 9:30 AM in Lenox, whichever date worked best for everyone.

Carol Cormier said GBS would prepare and send out the agenda and invitation for the meeting.

**Other Business:**

The next Board meeting was scheduled for December 12, 2016 at 10:30 a.m. at the Lenox Town Hall, Lenox, MA.

Ms. Beverly said that there will be a vote on Mr. Sieloff's motion at the December 12<sup>th</sup> meeting

There was no other business.

Sharon Harrison moved to adjourn the meeting.

Motion
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Chris Regan seconded the motion. The motion passed by unanimous vote.

Mary Beverly ajourned the meeting at 11:26 AM.

*Prepared by Karen Carpenter  
Group Benefits Strategies*