

**Berkshire Health Group**

**Board Meeting #17-04**

Lenox Town Hall  
Lenox Massachusetts  
Monday, December 20, 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
Maureen Senecal	Northern Berkshire Vocational RSD
Paul Sieloff	Town of Lanesborough
Christopher Ketchen	Town of Lenox
Jennifer Tabakin	Town of Great Barrington
Karen Fink	Town of Great Barrington
Janet Saddler	Town of Williamstown
Nancy Rauscher	Mt. Greylock RSD
Brenda Rondeau	Mt. Greylock RSD
Melissa Falkowski	Central Berkshire RSD
Chris Regan	Southern Berkshire RSD

**Guests present:**

James Kelley, CPA ( <i>by conference call</i> )	BHG Treasurer
Sandra Stankiewicz	Blue Cross Blue Shield of MA
Shannon Ashcroft	BHG Wellness Consultant
Bob Patterson	Town of Great Barrington
Jamie Foster	So. Berkshire Reg. Education Association
Alice Tortoriello	So. Berkshire Reg. Education Association
Alex Lomaglio	Mass. Teachers Assn.
Carol Cormier	Group Benefits Strategies (GBS)

The Chair, Mary Beverly, called the meeting to order at 9:33 AM.

**Approval of the Minutes of the meeting of November 7, 2016, (Meeting #17-03):**

Sharon Harrison moved to approve the minutes of November 7, 2016.

Motion

Chris Regan seconded the motion.

Paul Sieloff called attention to several typos on page 3 which Ms. Cormier said she would correct.

The motion passed by majority vote with Jennifer Tabakin and Janet Saddler abstaining.

**Treasurer's Report** (by conference call):

Treasurer Jim Kelley joined the meeting by conference call. He reviewed the financial reports for the period ending October 31, 2016 (unaudited figures). He said health claims were running at 81% of member assessment revenue for health plans, and at about 77% for dental. He said the overall cash position decreased by a net of approximately \$916,000 during October, mainly due to decreased advanced payments of member assessment revenue. He said the investment account at Schwab decreased by a net of about \$92K. Mr. Kelley said there was an unrealized loss of about \$37K on the investment portfolio in September. Mr. Kelley reported a one-month profit of \$459K, comprised of an operating profit of \$474K and net investment loss of \$15K for October. Mr. Kelley reported a trust fund balance of \$8.02 million.

Mr. Kelley said that the FY16 audit draft is complete and is being reviewed. He noted that \$900K of the trust fund surplus belongs to the dental fund.

Jennifer Tabakin asked about the \$92K decrease in the investment account.

Mr. Kelley replied that the decrease was the result of funds that matured or were sold and converted to cash.

Mr. Kelley left the meeting at this time.

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

Carol Cormier reviewed the December Warrant Summary totaling \$3,426,461.

Christopher Ketchen moved to approve the December 2016 Warrant.

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

**Wellness Report:**

Shannon Ashcroft, Wellness Consultant, reviewed her report. She said that Adams Cheshire RSD had received a Working Wellness grant and has now earned \$9,000. She said that four other regional school districts were working on the assessment phase of their grants. Ms. Ashcroft reviewed the other programs noting an increase in participants in the colonoscopy incentive program to 134.

Ms. Ashcroft said she recently met with the wellness coordinators of other municipal joint purchase groups and said there were many good program ideas exchanged. She said she will be looking into possibly implementing some of them.

There was a discussion about the Diabetes Care program.

Janet saddler said that diabetics should be targeted with a mailing from the BHG. The Board agreed.

Sharon Harrison said it may require quarterly mailings or more to get people interested and engaged.

Ms. Ashcroft said a 200 piece mailing would cost about \$675.

It was agreed that an eye-catching postcard rather than a letter would be sent.

Sandra Stankiewicz reminded the Board that BCBS cannot release diabetic member data to the employers because of privacy laws.

It was agreed that quarterly postcard mailings would go out from BHG to diabetics and that employers would send an email with the postcard image to all covered employees as a forwarded email from BHG prior to that postcard mailing.

**GBS Reports:**

*Financial reports* - Carol Cormier reviewed the *FY17 Funding Rate Analysis* report with data through November 2016. She said the expense-to-funding ratio for health plans was 90.3% and that, on a paid claims basis, there was a funding surplus of \$1,456,066. She said that the Medex 2 plan is slightly underfunded but is much better than earlier in the fiscal year. Ms. Cormier said that the expense-to-funding ratio through November for the dental plans was 92.2% with a funding surplus of \$440,997.

*Level Monthly Deposit (LMD) Reconciliation Report* – Ms. Cormier said that for October, the first month of the 2<sup>nd</sup> fiscal year quarter, the actual claims expenses were \$710,719 lower than the LMD.

*Reinsurance Reports* – Carol Cormier reviewed the FY16 reinsurance report of claims exceeding the \$200K specific deductible with claims paid through October 2016. She said the total claims for the 13 members was \$4,223,841, with excess claims of \$1,623,841. Ms. Cormier said that the \$100K aggregating specific deductible has been met and that \$1,478,073 has been reimbursed to the Group. She said there are reimbursements due BHG in the amount of \$45,768. She reviewed the claims between 50% and 100% of the deductible. She said there were total claims of \$2.58 million in this category.

Ms. Cormier said that as yet no claims have exceeded the specific deductible in the FY17 policy period.

**Report on the 12/8/16 meeting with Managers and Superintendents:**

Chris Ketchen said he thought the meeting went very well. He said that there was a good turnout and good questions.

Sharon Harrison agreed with Mr. Ketchen's assessment and said she got questions after the meeting. She said it made people aware of what others are doing.

Paul Sieloff said the meeting went well and that it is helpful to hear from others. He said that although the employers are organized in a group, in some ways each is in a bubble. He said it is important that everyone is in on the discussion about the need for alternative ways to provide services without extra spending. He said BHG must keep at it.

**Discussion regarding eliminating Value Plus plans:**

Mary Beverly reviewed how the BHG had come to the point of considering eliminating the Value Plus (VP) plans and going with the deductible plans. Ms. Beverly said she would go around the table to get the opinions of the Board members prior to entertaining a motion and a vote.

Janet Saddler said that she and the Williamstown Town Manager are opposed to dropping the VP plans. She said they think each unit should do it on its own without forcing those who are not ready to make the move. She said she thinks BHG should wait to see what happens with MIIA.

Maureen Senecal said she agreed with Ms. Saddler. She said she ran the numbers for No. Berkshire Voc-Tech and found that even small changes to the contribution level create greater savings than going to the deductible plans. She said that the district could lower the contributions over a 3-year period. She said she thinks the POS plan could be dropped and that No. Berkshire would be okay with changing hospital ER copays.

Carol Cormier said that there are very few people on the POS plan so from that standpoint it could be eliminated, but she said she is concerned that the POS members would choose the more expensive PPO plan

rather than the HMO. She said the out-of-network utilization is extremely low on the POS so suggested having BCBS meet with the POS members one-on-one to explain how they could be well-served at lower costs on the HMO.

Chris Regan asked why it is better to make the change as a group than individually.

Carol Cormier said almost half of BHG's subscribers are on Medex and that the active employee pool is not all that large. She said that having too many plans splits up the risk pool too much. Ms. Cormier said that she thinks the best direction for the future is the HSA-qualified high deductible plans. She said that they have value to the employee and employer. Ms. Cormier said that if BHG maintains both the Value Plus plans and the GIC-like deductible plans for HMO and PPO, it would not be smart to add a third set of plans. If only the GIC-like deductible plans are offered, the HSA-qualified high deductible plans would be a good second offering. She said some employers might choose to offer only the high deductible plans in the future.

Chris Regan said that the mitigation plan is important and that she wants to give the mitigation fund money to those disproportionately affected by the plan design changes. She said that she would like to look at it this way as a group and perhaps have BHG hire someone to give out the funds to those who need it.

Mary Beverly, Sharon Harrison, and Jennifer Tabakin said that in their experience all employees want their share of any savings.

Chris Ketchen said that he has been talking with the Town of Lenox superintendent. He said that each entity may land in a different place but all could probably benefit from hearing from Berkshire Hills RSD which made the change to deductible plans for 7/1/16. He asked Sharon Harrison to tell the Board what went well and what didn't in the district's move to the deductible plans.

Sharon Harrison moved to eliminate the Value Plus plans effective July 1, 2017.

Motion
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Paul Sieloff seconded the motion.

Sharon Harrison, in response to Mr. Ketchen's request, said that the proposal to eliminate the Value Plus plans is not new and has been on the table for awhile. She said it was voted down by the BHG Board last year. She said that even those who voted against it then said that they knew it was going to have to happen.

Ms. Harrison said that Berkshire Hills RSD (BHRSD) management talked to the employees about why the district should go to the deductible plans, a main reason being that it would save jobs. She said the District did a lot of talking and made it worthwhile for the employees by offering a mitigation fund that was 45% of the total savings. She said they explained that the addition of the Maximum Out-of-Pocket was a benefit to employees, and she said they gave a big push to FSAs. She said enrollments in the FSAs doubled. Ms. Harrison said that BHRSD is looking longterm. She said BHRSD has about 245 employees and said that health insurance is more than 25% of the budget.

Janet Saddler said that using Ch. 32B, S. 21-22 costs employers on the contract side.

Sandra Stankiewicz, BCBSMA, reviewed the deductible chart she provided. She said that the data was for clients that have deductibles on their health plans and goes back to January 2015. She said that 45% of HMO Individual plan members met less than 1/4<sup>th</sup> of their \$250 annual deductible and 38% of Individual members met their full deductible. She said for Family HMO plan subscribers 22% met less than 1/4<sup>th</sup> of their \$750 annual deductible and 11% met the deductible.

Carol Cormier said that not all services are subject to the deductible, for example office visits are not subject to it. She said preventive services are all provided with no member cost-sharing as required by the Affordable Care Act (ACA).

Chair Mary Beverly recognized Alex Lomaglio, Mass. Teachers Association, from the audience.

Alex Lomaglio said that communication with employees is the key. He also said that employers should be careful about voting on plan design changes if their unit has not adopted Ch. 32B, Section 21-23.

Carol Cormier said that she surveyed the governmental units and that all reported that their appropriate public authorities had adopted Ch. 32B, Sections 21-23.

In response to a question, Sandra Stankiewicz said that BCBS will provide the employee education programs to explain the deductible plans just as they did with retirees regarding the recent changes made to Medex.

Ms. Beverly called for a roll-call vote on Ms. Harrison's motion to eliminate the Value Plus plans effective 7/1/17. The votes were as follows:

Town of Adams – Yes  
Town of Great Barrington – Yes  
Town of Lanesborough – Yes  
Town of Lenox – Yes  
Town of Williamstown – No  
Adams Cheshire RSD – Yes  
Berkshire Hills RSD – Yes  
Central Berkshire RSD – Yes  
Mt. Greylock RSD – Yes  
No. Berkshire Reg. Voc-Tech – No  
So. Berkshire RSD - Yes  
Berkshire County Insurance Group - No

Mary Beverly said that with a vote of 9 in favor and 3 opposed the motion passed.

The Board agreed to postpone a vote on adding the HSA-qualified plans until it get more information.

Carol Cormier said that Stephanie Burke, a product specialist with BCBSMA, had recently given a very good presentation on the high deductible plans and HSAs and asked Sandra Stankiewicz if she could make that presentation at a BHG meeting.

It was agreed that there will be a presentation on HSA-qualified plans for the February BHG Board meeting and that the Board would consider voting at that time on whether or not to add the plans for FY18 or FY19.

Karen Fink asked about administration of HSAs.

Ms. Cormier said that BCBS has a preferred HSA administrator which is Health Equity. She said she would recommend that BHG use the preferred administrator because data is provided by BCBS to Health Equity on a daily basis.

**Cost saving measures and possible next steps:**

Ms. Beverly said that this item will be tabled for today. The Board agreed to put this item on the agenda as an ongoing item.

**BCBSMA report:**

Ms. Stankiewicz said she had presented the information about the deductibles earlier in the meeting and had nothing to add.

**Other Business:**

Karen Fink said that Town of Great Barrington used a company called Greatland for ACA reporting and filing last year. She said their costs were reasonable and the town was pleased with their work.

Carol Cormier asked Ms. Fink to send her the information about Greatland in an email for distribution to the Board members.

Sharon Harrison asked Ms. Cormier to have GBS send information to the Board members on how to access the GBS online secure web portal for monthly member data.

Ms. Cormier said she would ask Ruth Lynch to send out an email with the information.

Ms. Beverly set the next BHG meeting for January 23, 2017. She said that the rates would be set at this meeting.

Janet Saddler moved to adjourn the meeting.

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

Chair Mary Beverly adjourned the meeting at 11:12 AM.

*Prepared by Carol Cormier  
Group Benefits Strategies*