

Berkshire Health Group

Board Meeting #17-06

Lenox Town Hall
Lenox Massachusetts
Monday, February 27, 2017 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Chair	Town of Adams
Erika Snyder	Adams Cheshire RSD
Christopher Ketchen	Town of Lenox
Rebecca Herzog	Berkshire County Insurance Group
Christopher Ketchen	Town of Lenox
Paul Sieloff	Town of Lanesborough
Karen Fink	Town of Great Barrington
Janet Saddler	Town of Williamstown
Melissa Falkowski	Central Berkshire RSD
Chris Regan	Southern Berkshire RSD

Guests present:

James Kelley, CPA	BHG Treasurer
Tony Mazzuco	Town of Adams
Christopher Collins	CanRx
Sandra Stankiewicz	Blue Cross Blue Shield of MA
Stephanie Burke	Blue Cross Blue Shield of MA
Jonathan Payson	Blue Cross Blue Shield of MA
Shannon Ashcroft	BHG Wellness Consultant
Carol Cormier	Group Benefits Strategies

The Chair, Mary Beverly, called the meeting to order at 9:35 AM.

Approval of the Minutes of the meeting of January 23, 2017, (Meeting #17-05):

Paul Sieloff noted three typographical errors.

Brenda Rondeau moved to approve the minutes of January 23, 2017 as amended by Mr. Sieloff.

Motion

Rebecca Herzog seconded the motion. The motion passed by unanimous vote.

Treasurer's Report:

Financial Statements for January 2017 - Jim Kelley, Treasurer, reviewed the financial reports for the period ending January 31, 2017 (unaudited figures). He said that January was a good month and reported a trust fund balance of approximately \$8.97 million.

Mr. Kelley noted that he included in his packet a statement by AON Consulting Pharmacy Practice and a 2/22/16 *Wall Street Journal* article on prescription drug importation.

FY16 financial audit - Auditor Anthony Marini, CPA of Lynch, Malloy, Marini, LLP joined the meeting by conference call. Mr. Marini reviewed the FY16 Audit Report with figures for FY15 and FY16. He said it was a clean audit opinion. He said that the Net Position was down only \$140,337 from the previous year; whereas, there had been a decrease of over \$2 million from FY14 to FY15.

Paul Sieloff asked about the Management Letter and about the triple B-rated investments.

Mr. Marini said that there was only one comment on the Management Letter, i.e. Segregation of Duties, which appeared in previous years' reports and is in all joint purchase group audit report management letters.

Jim Kelley said that the BHG has a policy that the group cannot purchase triple B-rated bonds, but if a bond drops from A-rated to a split rating, the investment manager must get approval from the Board to maintain it in the portfolio. He said the Board did vote to maintain these investments several years ago.

Janet Saddler moved to accept the FY16 audit report.

Motion

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

Review and Approval of the February and March 2017 Warrant Summaries:

Carol Cormier reviewed the Warrant Summaries for February and March and said that the total amount for February was \$1,878,255. She said this was low because of a large settle-up credit on the BCBS Level Monthly Deposit. She said the March warrant total was \$3,191,879.

Janet Saddler moved to approve the February and March 2017 Warrant Summaries.

Motion

Melissa Falkowski seconded the motion. The motion passed by unanimous vote.

Wellness Program Report:

Shannon Ashcroft, Wellness Consultant, provided two program updates noting that all assignments for the Working Wellness grants have been completed. She said each unit that participates will receive \$2,000 in March.

Ms. Ashcroft said that the Diabetes Care program mailers will be mailed out this week.

BCBS presentation on Health Savings Accounts (HSAs) and High Deductible Health Plans (HDHPs):

Sandra Stankiewicz introduced Stephanie Burke, an HSA and HDHP product specialist.

Stephanie Burke reviewed a handout titled "Health Savings Account (HSA) - Health Equity". She reviewed features of HSAs including ownership, tax advantages, savings, portability, funding and contribution limits, eligibility criteria, and investing. She reviewed a proposed HDHP benefit design that other joint purchase groups have adopted. Ms. Burke reviewed comparisons of costs to Individual and Family plan members enrolled the FY18 deductible plans versus in HSA-Qualified HDHPs with the proposed plan design under average and high medical plan utilization scenarios.

Ms. Burke answered questions from BHG Board members.

CanaRx presentation:

Chris Collins, CanaRx representative, distributed handouts and explained how the CanaRx program works. He said that the US is the only country that does not negotiate prescription drug prices with the pharmaceutical countries and that US drug prices are much higher than prices in other countries.

Mr. Collins noted that with the CanaRx program the contracts are between the individual health plan member and CanaRx and that the BHG would not be contracting with CanaRx. He said that CanaRx acts as the agent for individual US consumers, performing acts that they could perform for themselves if they took the time and expense to travel outside the US. Mr. Collins reviewed the features of the program including that CanaRx only deals with pharmacies in Tier One English-speaking countries, specifically Canada, Great Britain, Australia, and New Zealand. He said that only brand name medications are available through the program and that an individual must have taken a medication for at least 30 days before ordering through CanaRx. He reviewed the services CanaRx provides, the safety features, and the general expected savings and savings from specialty drugs.

James Kelley voiced his concerns about the program.

Ms. Cormier said that many Mass. municipal entities have been using the program for a decade or more and with no problems.

Mr. Collins said that he could provide a legal overview from CanaRx's attorney.

Chris Ketchen said that BHG should obtain an independent legal opinion.

The Board agreed with Mr. Ketchen and instructed Ms. Cormier to seek an opinion from counsel.

Ms. Cormier said she would submit this request to Atty. Kevin Feeley.

GBS reports:

Funding Rate Analysis (FRA) report - Carol Cormier reviewed the Funding Rate Analysis report with data through January 2017. She said that on a paid claims basis the expense-to-funding ratio was 89.8%, with a funding surplus of \$2.1 million. She said the expense-to-funding ratio for dental plans was 89.6%.

Reinsurance reports – Ms. Cormier said that the FY16 policy period information was updated on Feb. 22 and that there were 13 claimants who had claims over the \$200K specific deductible with claims totaling \$4,259,452 and excess claims of \$1,660,829. She said that of that amount all but \$31,511 has been reimbursed to BHG. She said that members with claims between 50% and 100% of the deductible had claims totaling just short of \$3 million.

Ms. Cormier said that there were no members exceeding the \$200K deductible in FY17 but that there were 10 members with claims between 50% and 100% of the deductible. She said these claims totaled almost \$1.4 million.

Cost saving measures and possible next steps:

Paul Sieloff said he would like Carol Cormier to review the list of cost saving measures she had provided comparing them to what is being considered by the GIC.

BCBS reports:

Sandra Stankiewicz introduced Jonathan Payson, the new BCBS Account Service Representative.

Ms. Stankiewicz said that they have started to do the informational meetings and that they are going well. She said that any unit that wants a meeting should get in touch with her. She said that a special meeting for Benefits Administrators will be held on Thursday, March 9 at 10 AM at Lenox Town Hall.

Ms. Stankiewicz spoke about the BCBS Account Education Line. She said she hoped to have the first date as May 9th and then two times during the following week. She said members will be able to call in during the specified times and speak with BCBS representatives who are knowledgeable about the changes that will occur on July 1, 2017.

Melissa Falkowski said the earlier the better for the Account Education Line. She suggested doing May 9th and two sessions the week before that.

Ms. Stankiewicz suggested Wednesday, May, 3rd, one in the morning and one in the late afternoon in addition to May 9th.

There was a question about whether employers would have to submit new enrollment forms.

Ms. Cormier said that if the employee stays on the same plan, i.e. HMO to HMO, that there would be no need to submit new enrollment forms. She said if the employee switches from PPO to HMO, for example, new forms would be required.

Other Business:

Mary Beverly set the dates for the next two Board meetings: March 27th and May 2nd, both at 9:30 AM at Lenox Town Hall.

There was no other business.

Janet Saddler moved to adjourn.

Motion

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

Chair Mary Beverly adjourned the meeting at 12:04 PM.

*Prepared by Carol Cormier
Group Benefits Strategies*