

Berkshire Health Group

Board Meeting #14-07

Lenox Town Hall
Lenox Massachusetts
Monday, March 31, 2014 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Chair	Town of Adams
Sharon Harrison, Vice Chair	Berkshire Hills RSD
Paul Sieloff	Town of Lanesborough
Melissa Falkowski	Central Berkshire RSD
Stephen Presnal	Southwick-Tolland-Granville RSD
Lynn Bassett	Mount Greylock
Jennifer Tabakin	Town of Great Barrington
Jorja Ann Marsden	Berkshire County Insurance Group
Bruce Turner	Southern Berkshire RDS
Maureen Senecal	Northern Berkshire RDS

Guests present:

James Kelley	BHG Treasurer
Maureen Daniels	BHG Wellness Coordinator
Lisa Laramy	BHG Wellness Nurse
Lauren Santori	Town of Great Barrington
Lucas McDiarmid	Town of Lanesborough
Schuyler Nelson	Town of Lanesborough
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Ginger Hastings	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Chair Mary Beverly opened the meeting at 9:40 a.m.

Agenda items 1 and 2, BCBS presents Municipal Innovation Award and approval of the past minutes was postponed until the BCBS and GBS representatives arrived.

Treasurers Report -

Treasurer Jim Kelley reviewed the financial statement through February 28, 2014 (unaudited figures). Mr. Kelley said that the overall cash position increased by \$521,000. Mr. Kelley said prepaid expenses decreased by a net of \$670,000 as a settle-up credit was accrued through February. The settle-up credit as of 2/28/2014 stands at \$45,544.

Mr. Kelley said that the group experienced a one month unrealized gain on the investment portfolio of approximately \$95,000.

BHG experienced a one month overall loss of \$150,000 for the month ended 2/28/2014. Mr. Kelley said the trust fund surplus as of 2/28/2014 stands at \$10,039,000 with a year-to-date overall loss of \$269,000.

Mr. Kelley said that the health claims are running at 96% of member assessment revenue and the dental claims are running at 83% of member assessment revenue.

There was a discussion about the year-to-date loss and it was noted that the loss was due to the anticipated use of the fund balance to subsidize the rates.

In response to a question asked, Mr. Kelley explained how the BCBS level monthly deposit and quarterly settle-up works.

Wellness/Healthy Behaviors Update:

Maureen Daniels said that the BHG Wellness Champions met on Thursday, April 10th at 9am at the Lenox Town Hall. She said that the Walk with me in the Berkshires packets were distributed. Ms. Daniels said that the Healthy Me program is starting up. She said that sun screening and blood pressure clinics will be organized. Ms. Daniels said that 48 Colonoscopy Rewards have been awarded year-to-date. She said that the Town of Williamstown is in the lead. Ms. Daniels said that there are 32 participating in the new diabetes rewards program.

Lisa Laramy said that there has been a good response to the diabetes program.

Approval of the Minutes of the meeting of January 27, 2014 (Meeting #14-05):

Ginger Hastings said that the minutes were amended to reflect the description of the composite increase and the potential increase in fy 2016 if BHG did not increase rates in fy 2015 as requested. She said the amended minutes emailed to the Board on March 14, 2014.

Sharon Harrison made a motion to approve the minutes of the January 27, 2014 meeting as amended. Jorja Ann Marsden seconded the motion. All were in favor, motion carries.

Motion

Approval of the Minutes of the meeting of February 24, 2014 (Meeting #14-06):

Mary Beverly said that there were several typos in the minutes and said that it seemed as if the spell-check was not working.

Ms. Hastings said that she would look into the problem.

Jorja Ann Marsden made a motion to approve the minutes of the February 24, 2014 meeting as amended with the typos corrected. Sharon Harrison seconded the motion. The motion passed by a majority vote. Maureen Senecal abstained.

Motion

Approval of the April 2014 warrant:

Ginger Hastings reviewed the April 2014 warrant and said the total due for April 2014 is \$3,328,914.60 with nothing remarkable to note.

Sharon Harrison made a motion to approve the April warrant as presented. Maureen Senecal seconded the motion. All were in favor.

Motion

GBS Reports:

Funding Rate Analysis- Ginger Hastings reviewed the Funding Rate Analysis data through February 2014 and said the expense-to-funding ratio for health plans was 105.0% and for dental was 90.6%. She said on a paid basis the health plan expenses exceeded the health plan funding by \$1,143,359. Ms. Hastings said that the Network Blue Value Plus plan costs are running high at 112.6% of funding.

BCBS Level Monthly Deposit (LMD) - Ginger Hastings reviewed the LMD quarterly reconciliation and said that the deposits exceeded the expenses by \$45,544 for February 2014. Ms. Hastings asked BCBS to review the deposit amount for an adjustment.

Suzanne Donahue said that BCBS will review the amount closer to the renewal date.

Mark Munier noted that the BCBS has made some system changes and said that there may be pending claims in the system that will impact the deficit.

Stop Loss Report – Karen Carpenter said that there are 3 claimants that have exceeded the FY14 policy deductible with total claims of \$986,278. She said that the \$100K Aggregating Specific Deductible has been satisfied and reimbursements of \$208,525 are currently pending. Ms. Carpenter said that reimbursements totaling \$77,753 has been received by BHG.

Jim Kelley, BHG Treasurer said that he noticed that there were claimant names listed on the FY13 50% report, the last page of the report.

Karen Carpenter collected the FY13 50% pages from all meeting packets. The Board members stated that they did not review that report yet. Ms. Carpenter continued to review the remaining reports. She said that there are 8 claimants on the FY14 50% report through February 2014. Ms. Carpenter reviewed the FY13 stop loss excess report with data through February 2014 and said that there are no changes from last month and that there are a credit due of \$11,228 which may need to be paid back to the reinsurer.

GBS Contract Renewal Proposal July 1, 2014 to June 30, 2017:

Ginger Hastings said that the Group Benefits Strategies Central Benefits Administration and Consulting Contract expires on June 30, 2014. Ms. Hastings said that GBS is proposing a 4.0% increase on the health plan fees and a 3.0% increase on the dental plan fees. She said that the fees are based on subscriber enrollment counts and estimates the total FY15 cost at \$251,666. She said the current FY14 cost per subscriber is \$4.99 and the estimated total cost for FY14 is \$242,297. Ms. Hastings said that updates were made to the contract to reflect the increase in fees, changing the name of the BHG Board Chair, effective dates and other minor text updates. She said the basic contract remains unchanged.

There was a discussion and Sharon Harrison made a motion to approve the 3-year GBS Contract as proposed. Jorja Ann Marsden seconded the motion. All were in favor.

Motion

BCBS Report:

North Adams Hospital closing - Mark Munier said that in response to the hospital closing, BCBS is working with regional labs and mobile imaging units such as Shields MRI to be sure that its members have access to their services. He said that for emergency care, members may seek care at Fairview Hospital in Great Barrington, Berkshire Medical Center in Pittsfield, and Baystate Franklin Medical Center in Greenfield and Baystate Medical Center in Springfield.

In response to a question, Mr. Munier said that BCBS will be setting up a toll-free number for members that need additional support or have questions. He also said that the nurse line is always available for members to

receive answers to non-emergency medical questions. Mr. Munier said that BCBS is working on information to send to the Berkshire Eagle for publication and will also create flyers he will send to BHG. He said that the main reason the hospital closed was due to the high memberships in Medicare. He said that 46% of the patients were on Medicare and the state reimbursements were only about 66-cents for each dollar of care. He said the hospital could not recoup the difference.

Enrollment Audit:

Sharon Harrison said that Chapter 32B requires that an enrollment audit be completed every two years. She said that the last audit was conducted as a group through BHG in 2012. Ms. Harrison asked if the Board would like to consider doing it as a group again.

Ginger Hastings said that Section 26 of Chapter 32B does require an audit be performed every two years, but said that hiring an independent auditor is not required. She said that the last audit conducted was a dependent audit.

Mary Beverly said that the Board favored a group audit performed by an independent audit firm at that time.

There was a discussion and the Board asked Ms. Hastings to obtain quotes for both subscriber and dependent enrollment audits.

Mark Munier said that enrollment companies often set a fixed amount per ineligible member to base the return-on-investment (ROI) figure on. He suggested trying to see if the actual ROI per person could be determined.

Website Proposal:

Karen Carpenter reviewed the proposal received by Colewebdev to develop a website for BHG and a proposal from GBS to implement and maintain the website. Ms. Carpenter said that Colewebdev would be using the website layout that they used for the CCMHG and MNHG websites. She said that the project cost of \$3,700 is lower than it would have been if a new layout was created. Ms. Carpenter said that the yearly hosting cost would be \$230 per year, but said that this cost is included in the project cost for the first year. She said that Colewebdev estimate that the project would be completed in 10 to 12 weeks.

Ms. Carpenter reviewed the GBS Website Maintenance fees that would be charged should the Board agree to purchase the service. She said that there would be an initial set-up fee of \$1,500. Ms. Carpenter said that GBS is proposing an annual fee of \$3,500 to maintain the website. She said that the proposals are included in the meeting packets.

Sharon Harrison said that she has done some research on creating websites and said that she thinks that the Colewebdev proposal is inexpensive. She said that she favors having a website with all of the BHG information in one place. She said that the proposed GBS maintenance contract is reasonable as well.

Jennifer Tabakin asked to have a statement added to the Colewebdev proposal to include a transfer of the website to a new host should anything happen to the company. She also asked Ms. Carpenter to find out the name of the hosting company.

Steve Presnal said he favors the creating of a BHG website.

Mary Beverly asked to add the proposal to the next meeting agenda for a vote. She said this would allow the Board time to review the CCMHG and MNHG websites and to ask Colewebdev to update their proposal.

BCBS presents Municipal Innovation Award:

Mark Munier said that the award was designed to create competitiveness between companies when implementing wellness initiatives. He said that the municipalities have a natural competitiveness. Mr. Munier said that most groups are implementing some form of wellness programs now, but he said that BHG has implemented measurable programs such as the diabetes program. He said that BG has taken wellness to a higher level and really making an investment in their members. Mr. Munier said that BCBS is recognizing BHG by awarding the group with its Municipal Innovation Award and a \$5,000 check.

The Board thanked Mr. Munier and photographs were taken.

Investment Policy Discussion:

Jim Kelley said that he requested additional cash flow at the last meeting. He said that request prompted a review of the investment policy. Mr. Kelley said that he has held approximately \$3.0M to \$4.0M in the past, but said that the BHG expenses have been increasing steadily, leaving his cash short by several hundred thousand dollars. He noted the Board's decision to utilize \$3.0M of the trust fund surplus for FY14 and FY15. Mr. Kelley cautioned about the possibility of adverse claims experience.

Ms. Harrison said that it was not her intent to restrict the Treasurer's use of cash.

Sharon Harrison rescinded her February 24, 2014 motion to add to the Investment Policy Statement a statement that includes that a minimum threshold of 115% cash outside the investment portfolio rolling and based on the previous 12 months of warrants. Jorja Ann Marsden seconded the motion. All were in favor, motion carries.

Motion

Mary Beverly said that the Board also voted to expand the stock range up to 50% with a target of 40%. She said that she now does not favor that decision. She said that the BHG bonds will not mature for 6 to 10 years.

Bruce Turner said that the Board relies upon the Treasurer and Investment Manager to manage its funds and to keep the Board aware of its concerns.

Paul Sieloff said that he would favor asking Mr. Daponte to the next Board meeting for further discussion and advisement.

The Board agreed with Mr. Sieloff and asked Mr. Kelley to invite him to the next meeting.

BCBS Report

Suzanne Donahue distributed a flyer with information about the BCBS "ahealthyme" wellness website program. Ms. Donahue said that the employers can use the flyer to spread the word about the site. She said that Amy Higgins had previously done a presentation of the website to the Board.

Member issue - Ms. Donahue said that one of the member retirees did not sign up for Medicare Part B when first eligible due to misinformation given at the employer level. She said that BCBS pays claims as if the member has Part B if they do not sign up when eligible. She asked the Board if they would like to consider making an exception so that this member's \$90 plus claims could be paid. She said that the member has since signed up and will be effective for Part B on July 1.

Melissa Falkowski said that she recalled that the Board took a vote previously regarding these matters. She said that the decision was to hold the municipality responsible to decide how to handle these situations.

Lynn Bassett said that she does not favor setting a precedent by involving the BHG.

The Board agreed to write a letter to the municipality informing them of the Board's past vote and decision to not be involved in these matters.

FY15 SBC's (Summary of Benefits & Coverage's) – Suzanne Donahue said that Pat Kaplan will be sending these out once they are ready and will contact each unit.

In response to a question asked, Ms. Donahue said that the out of pocket maximums pocket maximum on the Blue Care Elect Value Plus plan was set at \$6,350 per individual and \$12,700 per family, per the federal guideline at the last Board meeting.

Other Business:

Jennifer Tabakin introduced Lauren Santori, the Town of Great Barrington's new Finance Director to the Board and said that she will be the town's alternate BHG Board member.

The next scheduled meeting is May 5, 2014 at 9:30 a.m. at the Lenox Town Hall, Lenox, MA.

There was no other business.

Motion

Sharon Harrison moved to adjourn.

Mary Beverly adjourned the meeting at 11:50 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*