

Berkshire Health Group

Board Meeting #14-08

Lenox Town Hall
Lenox Massachusetts
Monday, May 5, 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
Lauren Sartori	Town of Great Barrington
Jorja Ann Marsden	Berkshire County Insurance Group
Bruce Turner	Southern Berkshire RSD
Maureen Senecal	Northern Berkshire RSD
Janet Saddler	Town of Williamstown
David Hinkell	Adams Cheshire RSD

Guests present:

James Kelley	BHG Treasurer
Gene Daponte	Olson Mobeck
Maureen Daniels	BHG Wellness Coordinator
Christopher Ketchen	Town of Lenox
Lucas McDiarmid	Town of Lanesborough
Schuyler Nelson	Town of Lanesborough
Pat Kaplan	Blue Cross Blue Shield (BCBS)
Ginger Hastings	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Chair Mary Beverly opened the meeting at 9:31 a.m.

Mary Beverly introduced Christopher Ketchen, Manager, Town of Lenox and Lauren Sartori, Town of Great Barrington.

Approval of the Minutes of the meeting of March 31, 2014 (Meeting #14-07):

Sharon Harrison made a motion to approve the minutes of the March 31, 2014 meeting. Bruce Turner seconded the motion. Dave Hinkell and Lauren Sartori abstained. Motion carried by majority vote.

Motion

Treasurers Report -

Treasurer Jim Kelley reviewed the financial statement through March 31, 2014 (unaudited figures). Mr. Kelley said that the overall cash position decreased by \$576,000 mainly due to a decrease in advanced collections of member assessment revenue. Mr. Kelley said prepaid expenses decreased by a net of \$45,000

as the settle-up credit at month end February 28, 2014 became a settle-up liability of \$372,000 as of March 31, 2014.

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 \$530,000 for the month ended March 28, 2014. Mr. Kelley said the trust fund surplus as stands at \$9,510,000 with a year-to-date loss of \$799,000.

Mr. Kelley said that the health claims are running at 99% of member assessment revenue and the dental claims are running at 87% of member assessment revenue.

Mr. Kelley noted that he added a retained earnings note to the balance sheet regarding the expected use of fund balance in the amount of \$2.9M to subsidize the rates.

Mary Beverly said that the auditor for the Town of Adams stated that they couldn't book their reserves because they are a municipality and not a non-profit organization.

Lauren Sartori said that the auditor for the Town of Great Barrington has always booked reserves and said she believes they are required to do so.

There was a discussion.

Investment Policy Discussion:

Jim Kelley said the Board members were in agreement at the last meeting that the current investment allocations are no longer flexible in regards to cash flow. Mr. Kelley said that Mr. Gene Daponte was invited to today's meeting to explain the current investments and allocations.

Mr. Daponte said that Olson Mobeck has managed the BHG portfolio since the year 1990 and said that he has been its manager since year 2000. He briefly reviewed the Account Summary on page 3 and said the current allocation is invested 35% into stocks and 61.5% into the bond market. Mr. Daponte reviewed the performance over the last quarter and noted that the bond portfolio is made up of high quality bonds, mostly corporate. Mr. Daponte said that following a discussion with Jim Kelley in April, he sold some of the bonds.

Mr. Kelley said that he has a concern of not having cash flow to pay expenses if claims costs exceed \$5M to \$6M over the next few months.

Paul Sieloff said that the bonds in the past reached maturity over a staggered period of time. He asked how that schedule went off track.

Mr. Kelley said that there used to be additional cash flow that is no longer available. He said that over the past three years, the Board has voted to apply that cash to supplement the health plan rates.

Paul Sieloff said that the Board relies on the Treasurer and Investment manager to manage the cash and investments.

Mr. Daponte said that he is willing to customize any type of investment account that the Board would want. He said that the cash would go to the Treasurer and will be outside of Olson Mobeck.

There was a discussion about the possibility of borrowing cash if it would become necessary. Mary Beverly said that BHG received a legal opinion and said that JPG's do not have the power to borrow money. She said that the Board would need to seek additional funds from each unit.

Bruce Turner said that the situation has not reached that point.

The Board discussed several options and the Board agreed that managing a balance between the investments and cash flow should be left to the Treasurer and Investment Manager to work out.

Mr. Daponte said that he will come up with \$1.5M to send to the Treasurer, which will leave a balance of approximately \$8M in investments. He said that the current policy is flexible as written and amended and he noted that the current allocations are sensible. Mr. Daponte suggested waiting until the second quarter to review the cash position before making any changes.

The Board members agreed with Mr. Daponte and asked him to attend the Board meetings on a more frequent basis.

Approval of the May 2014 warrant:

Ginger Hastings reviewed the May 2014 warrant and said the total due for May 2014 is \$3,689,307.68 with nothing remarkable to note.

Sharon Harrison made a motion to approve the May warrant as presented. Janet Saddler seconded the motion. All were in favor.

Motion

GBS Reports:

Funding Rate Analysis- Ginger Hastings reviewed the Funding Rate Analysis data through March 2014 and said the expense-to-funding ratio for health plans was 107.1% and for dental was 93.0%. She said on a paid basis the health plan expenses exceeded the health plan funding by \$1,846,785. Ms. Hastings said that the Network Blue Value Plus plan costs are running high at 115.7% of funding.

BCBS Level Monthly Deposit (LMD) - Ginger Hastings reviewed the LMD quarterly reconciliation and said that the expensed exceeded the deposits by \$372,215 for March 2014. Ms. Hastings suggested holding off on the request to BCBS to review the deposit amount for an adjustment.

Stop Loss Report – Karen Carpenter said that there are 4 claimants that have exceeded the FY14 policy deductible with total claims of \$1,508,018. She said that the \$100K Aggregating Specific Deductible has been satisfied and reimbursements of \$321,740 are currently pending. Ms. Carpenter said that reimbursements totaling \$286,278 has been received by BHG. Ms. Carpenter said that there are 11 claimants on the FY14 50% report through March 2014.

Ms. Carpenter reviewed the FY13 stop loss excess report with data through March 2014 and said that there are 8 claimants that have exceeded the FY13 policy deductible with total claims of \$ 2,039,638. She said that reimbursements totaling \$338,044 has been received by BHG. Ms. Carpenter said that reimbursements of \$1,594 are currently pending.

Wellness/Healthy Behaviors Update:

Mary Beverly announced that Maureen Daniels, BHG Wellness Consultant received a promotion at Berkshire Health Systems (BHS) and will no longer be able to continue as the BHG consultant. She said that a new wellness coordinator will be chosen this week.

Maureen Daniels said that BHS is actively searching for a replacement and said she will help out during the transition. Ms. Daniels said she has enjoyed working with BHG and thanked the Board for the opportunity.

Ms. Daniels reviewed the current wellness programs in progress, including the “Walk with me in the Berkshires” walking program and on-site fitness classes. She said that sunscreen and blood pressure screenings were provided at the Health Fairs. Ms. Daniels said that she is promoting the Healthy Me program and AHealthyme on-line health assessments. Ms. Daniels said that the Colonoscopy Rewards program is running well. Ms. Daniels said that she will be submitting a wellness proposal targeting specific groups such as the DPW’s at the next Board meeting.

Paul Sieloff asked if the wellness programs were designed based on BHG’s members most high cost medical issues.

Ginger Hastings said that Ms. Daniels works closely with BCBS when making decisions about what programs to offer.

Ms. Daniels said that hypertension is a widespread issue and said a program was developed that provided home blood pressure monitors and consultations with the BHG nurse. She said that she will put together a report and will give additional wellness ideas at the next Board meeting.

BCBS Report

Suzanne Donahue said that there are still issues regarding member retirees that did not sign up for Medicare Part B when first eligible. She suggested that the employers may want to add a sentence to their open enrollment letters stating that if the retiree is 65 or older they are required by law to sign up for Medicare Part B and enroll into a senior plan. She said if a retiree is Part B eligible and does not submit the information required, the retiree would not be eligible for the retiree’s existing health coverage. Ms. Donahue said if a retiree is Medicare eligible and did not sign up for Part B, BCBS pays claims as if Medicare was prime.

Dave Hinkell said that he would share the letter that the Adams-Cheshire RSD distributes.

Website Development and Maintenance Proposals:

Colewebdev Website Development Proposal - Karen Carpenter said that Colewebdev added a statement to their proposal to include a transfer of the website to a new host should anything happen to the company.

Sharon Harrison made a motion to approve the Colewebdev contract and fee of \$3,700 as proposed.

Motion

Steve Presnal seconded the motion. The motion passed by a majority vote. Maureen Senecal was not in favor.

GBS Website Maintenance Proposal –

Sharon Harrison made a motion to approve the GBS Website Maintenance contract and fees of \$1,500 initial set-up fee and annual fee of \$3,500, amended with a June 1, 2014 start date.

Motion

Janet Saddler seconded the motion. The motion passed by unanimous vote.

Enrollment Audit:

Ginger Hastings said that Enrollment Audit Solutions, the company that performed the BHG Dependent Eligibility Audit is now owned by Group Benefits Strategies. She offered to re-do the RFP and send it to Mary Beverly.

Other Business:

Lauren Sartori said the GBS Central Benefits Administrator's contract that was emailed to the Board and asked if it was obtained through the MGL c30B process.

There was a discussion and the Board requested that Ginger Hastings obtain a legal opinion about whether or not Joint Purchase Groups are required to put out RFP's pursuant to MGL c30B process.

Mary Beverly said she is unaware of another company that does both consulting and central benefits administration.

There was a discussion about the possibility of adding fitness and weight loss benefits to the senior plans.

Pat Kaplan said BCBS can add fitness and weight loss benefits to the plans at no additional cost to the rates. She said the reimbursements would be paid as claims.

Ginger Hastings asked BCBS to run a report to show the current fitness and weight loss benefit utilization.

Ginger Hastings said that the Reinsurance RFQ is scheduled to be released on May 12, 2014 with a return date of June 9, 2014. She suggested moving the June 2, 2014 Board meeting to a later date.

The June 2nd meeting was rescheduled to June 23, 2014 at 9:30 a.m. at the Lenox Town Hall, Lenox, MA.

There was no other business.

Motion

Janet Saddler moved to adjourn.

Mary Beverly adjourned the meeting at 11:04 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*