

## **Berkshire Health Group**

### **Board Meeting #17-09**

Lenox Town Hall  
Lenox Massachusetts  
Monday, June 12, 2017 at 9:30 a.m.

### **Meeting Minutes**

#### **Board and Alternates Present:**

Mary Beverly  
Sharon Harrison  
Rebecca Herzog  
Paul Sieloff  
Janet Saddler  
Erika Snyder  
Melissa Falkowski  
Chris Regan  
Brenda Rondeau  
Karen Fink  
Maureen Senecal

Town of Adams  
Berkshire Hills RSD  
Berkshire County Insurance Group  
Town of Lanesborough  
Town of Williamstown  
Adams Cheshire RSD  
Central Berkshire RSD  
Southern Berkshire RSD  
Mt. Greylock RSD  
Town of Great Barrington  
Northern Berkshire RSD (McCann Technical School)

#### **Guests present:**

James Kelley, CPA  
Gene Daponte  
Christopher Collins  
Shannon Ashcroft  
Maureen Daniels  
Sandra Stankiewicz  
Jonathan Payson  
Carol Cormier  
Karen Carpenter

BHG Treasurer  
Olson Mobeck Investment Advisors  
CanaRx  
BHG Wellness Consultant/Berkshire Health Systems  
Berkshire Health Systems  
Blue Cross Blue Shield of MA  
Blue Cross Blue Shield of MA  
Group Benefits Strategies  
Group Benefits Strategies

Mary Beverly, Chair, called the meeting to order at 9:30 AM.

#### **Approval of the minutes of May 2, 2017 (meeting #17-08):**

Janet Saddler motioned to approve the Board meeting minutes of May 2<sup>nd</sup> as written.

Motion
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Brenda Rondeau seconded the motion. The motion passed by majority vote. Mary Beverly and Sharon Harrison abstained.

#### **Investment Manager's Report – *Gene Daponte, Olson Mobeck:***

Gene Daponte distributed and reviewed the investment report with data through May 31, 2017. Mr. Daponte said the total return for fiscal year to date was 6.4%.

In response to a question from Sharon Harrison, Mr. Daponte referred to pie charts on page three of the report and said that the current allocation is 42% in stocks, 50% in bonds, and almost 8% in cash.

Mr. Daponte said he continues to think that stocks are where gains are to be made. He said that he thinks that looking at 2018 and over the next 5 years, stocks will be better than bonds and cash. He said BHG is adequately globally diversified. He said that he constructed the bonds maturity ladder to deploy at higher yields when bonds are matured.

Treasurer Jim Kelley said the point of the investment is to have funds available.

Paul Sieloff said that BHG is an outlier by having higher percentages of investments in stocks. He said that the group might want to lower the percentage.

Sharon Harrison said she sent out notes of the investment committee meeting. She said Mr. Daponte has been following the BHG's investment policy. She said questions are, "Does BHG want to keep the fund balance target at 10% of the prior 12 months of paid claims?" and "Does the group want to keep the equity limit at 50% of investments?" She also asked if the BHG has enough money in the more liquid funds.

Carol Cormier told the Board about the fund balance target policy of the CCMHG.

There was a discussion.

Paul Sieloff made a motion to increase the fund balance target to 12% of the prior 12 months of claims.

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

Motion

Sharon Harrison asked if the Board was comfortable with having up to 50% of investments in stocks to give Mr. Daponte flexibility.

There was a question as to whether the 50% referred only to investments under management or if it referred to all of the BHG's assets including MMDT money.

Paul Sieloff said he thinks 50% is too much.

Paul Sieloff moved to reduce the percentage of investments in stocks from 50% to 30%.

Motion

Maureen Senecal seconded the motion.

Jim Kelley says he has about \$1.5 million in the MMDT which is earning about 1.4% in interest now but has been as low as 0.2%.

Paul Sieloff amended his motion to go from up to 50% investment in equities to 35%.

Motion amended

Chris Regan seconded the motion.

Sharon Harrison said that the BHG had raised the limit on equities to 50% to provide more flexibility.

Janet Saddler said she is opposed to changing the percentage.

There was a discussion and a vote on the amended motion.

Mr. Sieloff's motion passed by majority vote, five votes to four.

There was further discussion focusing on whether the investment policy and targets referred solely to the percentage of funds under investment through Olson Mobeck or to all of the BHG's money.

Melissa Falkowski motioned to restore the percentage cap on investments in equities to 50% because she said that some people had misunderstood the situation when the previous vote was taken.

Motion

Brenda Rondeau seconded the motion.

Sharon Harrison said the policy refers to “all” the money.

Mary Beverly read from the Investment Policy where it says “all investment funds”. Ms. Beverly said that the percentages apply to money under investment only.

Melissa Falkowski withdrew her motion.

Withdrawal of Motion

Brenda Rondeau seconded the withdrawal of the motion.

Paul Sieloff made a motion to reduce the investment in equities in the Charles Schwab account managed by Gene Daponte from 50% to 35%.

Motion

Brenda Rondeau seconded the motion. The motion passed by majority vote with Sharon Harrison voting against the motion.

Gene Daponte left the meeting at this time.

#### **Treasurer’s Report:**

*Financial Statements for March 2017* - Jim Kelley, Treasurer, reviewed the financial reports for the period ending April 30, 2017 (unaudited figures). He said the overall Cash position decreased by a net of approximately \$939,000, mainly due to decreased early collection of member assessments. He said investments year to date showed a profit of \$395K, the health fund showed a profit of \$1.7 million and dental fund profit at \$57K.

#### **Review and Approval of the June 2017 Warrant Summary:**

Carol Cormier reviewed the Warrant Summary for June and said that the total amount was \$3,416,200.

Janet Saddler moved to approve the June 2017 Warrant Summary.

Motion

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

#### **Alternative Prescription Drug Purchasing program: start-up activities and implementation date –**

*Chris Collins, CanaRx:*

Chris Collins distributed and reviewed a timeline for the roll-out of the CanaRx program. He said he sent a list of website names that were available. There was a discussion.

Janet Saddler motioned to adopt the website name “BHGCanaRx”.

Motion

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

Carol Cormier said she is working on the program analysis forms and will send them to CanaRx shortly.

There was a discussion about the eligibility files that BCBS will provide.

Sandra Stankiewicz said the eligibility files will be sent to GBS, and GBS will send them to CanaRx.

Chris Collins said that CanaRx will bill the BHG on a monthly basis after CanaRx has paid for the prescriptions. He said CanaRx then seeks reimbursement for each member's purchases. He said that the BHG Treasurer can send payment to the P.O. Box in Detroit, MI.

Mr. Collins said that CanaRx likes to send the first letter to employees using the town or district's envelopes so that the employees are sure to open the mailing. He asked that each employer send the image of the unit's return address to GBS.

Chris Collins said that CanaRx will provide quarterly reporting, and he called attention to a copy of a sample report in the distributed materials.

Sharon Harrison moved to have the launch date for the CanaRx program on August 1<sup>st</sup>.

Motion

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

Sandra Stankiewicz said she would set up the eligibility files for the program.

Sharon Harrison suggested holding another Managers' Meeting in late September to update managers on the new programs and status of the group.

Mary Beverly asked Paul Sieloff to coordinate with the managers.

Mr. Sieloff said he will talk with Chris Ketchen about the meeting.

Sandra Stankiewicz asked the Board to let her know if it would like Stephanie Burke to attend to talk about the HSA-qualified High Deductible Health Plans (HDHPs) at the Managers' meeting.

Maureen Senecal said that No. Berkshire voted no on the CanaRx program and doesn't want the mailings to go to its employees.

Mary Beverly said the Board voted to add CanaRx effective 8/1/17, so all BHG active plan members are eligible to participate in the program.

### **Wellness Program Report:**

Shannon Ashcroft reviewed the updated proposed budget. She said that this was presented at the last meeting but that the Board did not vote on it. Ms. Ashcroft reviewed three different HERO (Health Employee Responsibility Option) coaching programs. The Option 1 annual cost per employee enrolled in the program is \$585, for Option 2 it's \$480, for Option 3 it's \$340. She noted that BCBS will provide a \$20,000 credit to BHG for wellness programs for FY18.

Sharon Harrison moved to approve the proposed wellness budget and adopt HERO program Option 1. She said after a year the program can be evaluated.

Motion

Brenda Rondeau seconded the motion.

Janet Saddler said she would like to have progress reports on the HERO program.

It was agreed that the incentives would be dispersed at the time the requirements were met with the last incentive of \$50 for the final screening.

The motion passed by unanimous vote.

It was agreed that the annual wellness stipends will be paid out on the September warrant.

**GBS reports:**

Carol Cormier reviewed the Funding Rate Analysis (FRA) report for health plans with data through April. She said the expense-to-funding ratio on a paid claims basis was 93.2% and there was a funding surplus of about \$2 million. She said that the funding was sufficient for all active employee health plans, but that Medex 2 was underfunded by about 3.4%. She said that there was almost \$590K in reinsurance reimbursements received for Network Blue Value Plus.

Ms. Cormier reviewed the Funding Rate Analysis for the dental plans with data through April. She said the expense to funding ratio was 91.2%.

Karen Carpenter reviewed the reinsurance reports for FY17 with data through May 17, 2017. She said that there are four members with claims exceeding the \$200K specific deductible with total claims of \$849,801 and excess claims of \$49,801. She said the policy has a \$100,000 Aggregating Specific Deductible (ASD) which has not yet been met. She reviewed the report of claims between 50% and 100% of the specific deductible with 15 members having total claims of \$1.98 million.

Karen Carpenter reviewed the reinsurance reports for FY16 with data through May 17, 2017. She said that there were 15 members with claims exceeding the \$200K specific deductible with total claims of \$1,641,861. She said that the ASD had been met and the Group has been reimbursed \$1,538,020. She said that there is \$3,841 in reimbursements due. Ms. Carpenter said that 21 members had claims between 50% and 100% of the specific deductible with total claims just short of \$3 million.

**Reinsurance quotes for FY18:**

Carol Cormier said that BHG received quotes from only two companies, the incumbent broker and carrier which are Stop Loss Insurance Brokers (SLIB) and HM Life Insurance Co. and BCBSMA providing non-brokered quotes. Ms. Cormier said she asked for quotes at \$200K, \$225K and \$250K specific deductibles, all with the \$100K Aggregating Specific Deductible (ASD). She reviewed the exhibit showing the quotes at the various levels of coverage requested and estimated annual expense. She said SLIB/HM provided the lowest quotes at all levels.

There was a discussion about the options.

Janet Saddler motioned to accept the quotes from Stop Loss Insurance Brokers/ HM Life Insurance Co. at the \$225K specific deductible level/\$100K Aggregating Specific Deductible with Individual monthly rate of \$13.79 and Family rate of \$33.83.

Motion
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It was noted that expected savings for reinsurance premiums for this quote is 7.2% compared to current expense.

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

Chris Regan and Jim Kelley left the meeting at this time.

**Telehealth:**

Sandra Stankiewicz, BCBSMA, said she spoke in detail about the Telehealth program at the last meeting. She said Telehealth is not available for Medex members. She said the co-pay for a Telehealth visit is typically \$20. She explained that the Telehealth calls are on the American Well platform insuring privacy and security. She explained that information will be sent to members when they sign on. She said if the BHG or the units are doing CanaRx informational meetings, she could come to explain Telehealth. Ms. Stankiewicz also said she could meet with unions if requested. She said the charge to BHG for Telehealth services will be \$0.50 per subscriber per month.

There was a discussion.

Paul Sieloff motioned to add Telehealth effective September 1, 2017.

Motion

Rebecca Herzog seconded the motion. The motion passed by majority vote with Maureen Senecal voting no.

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

Mary Beverly tabled this topic until the next meeting.

**BCBSMA report:**

Ms. Stankiewicz explained that the BCBS members on the new plans will be getting new ID numbers and new ID cards. She said that there will be prescription drug formulary changes effective September 1, 2017 and that affected members will be notified.

**Other Business:**

Mary Beverly said that if anyone wants to distribute items or information to other Board members, they should go through herself or Carol Cormier.

Mary Beverly said the next Board meeting will be on August. 21 at 9:30 AM at Lenox Town Hall.

Janet Saddler moved to adjourn the meeting.

Motion

Brenda Rondeau seconded the motion. The motion passed by unanimous vote.

Chair, Mary Beverly, adjourned the meeting at 12:15 PM.

*Prepared by Carol Cormier  
Group Benefits Strategies*