

Berkshire Health Group

Board Meeting #19-04

Lenox Town Hall
Lenox Massachusetts
Monday, January 28, 2019 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Board Chair
Sharon Harrison, Board Vice-Chair
Maureen Senecal
Janet Saddler
Karen Fink
Lyndsay Broom
Melissa Falkowski
Erika Snyder
Brenda Rondeau
Chris Regan
Nancy Giardina

Town of Adams
Berkshire Hills RSD
Northern Berkshire RSD (McCann Technical School)
Town of Williamstown
Town of Great Barrington
Town of Lenox
Central Berkshire RSD
Adams-Cheshire RSD
Mount Greylock RSD
Southern Berkshire RSD
Town of Lanesborough

Guests present:

James Kelley, CPA
Bill Fraher, CPA, *by conference call*
Elizabeth Piantoni
Kristy Berard
Heidi Fountain
Jonathan Payson
Carol Cormier
Karen Carpenter

BHG Treasurer
Financial Auditor
Berkshire Health Systems/Wellness
Hoosac Water Quality District
Blue Cross Blue Shield of MA
Blue Cross Blue Shield of MA
Group Benefits Strategies
Group Benefits Strategies

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

Approval of the minutes of November 26, 2018 (meeting #19-03):

Brenda Rondeau motioned to approve the Board meeting minutes of November 26, 2018 as written.

Chris Regan seconded the motion. The motion passed by a majority vote with 2 abstentions.

Motion

Treasurer's Report:

Financial Statements for December 2018 (unaudited figures)- Jim Kelley, Treasurer, said as of December 31, 2018 the Cash position increased by a net of approximately \$2.294M. He said the profit for the month of December was \$388K and reported the Trust Fund Surplus/Total Retained Earnings of \$17,717,272.

Mr. Kelley said the Investment account at Schwab decreased by a net of \$2,126,000, due to security sales awaiting reinvestment. He said there was an unrealized loss on the portfolio of about \$242K for the month of December.

Mr. Kelley said Gene Daponte, the BHG's Investment Manager, will be attending the February Board meeting.

Approval of the December 2018, January & February 2019 Warrant Summaries:

Carol Cormier reviewed the Warrant Summaries and said the auditor's invoice was on the February Warrant.

Janet Saddler made a motion to approve the December, January and February warrants as presented.

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

Motion

FY18 Financial audit, Bill Fraher, CPA by conference call:

Bill Fraher referred to the 5-year trend summary of key financial information he provided with the audit report. Mr. Fraher said there was a 36.7% increase to the Cash and Investments since FY17 and the Claims Liability decreased by 30.37%. He noted the claims expense for FY18 was the lowest of the past five years. Mr. Fraher said the change to the Net Assets since the prior year was 54.0%. He said the health claims and fixed premiums expenses dropped by almost 10% from FY17 to FY18. Mr. Fraher said the other Operating Expenses, which he said is a small part of the expenses overall dropped 5.34%.

Mr. Fraher reviewed the Incurred But Not Reported (IBNR) decrease of 35.45% and said this may be due to it being set too high in previous years. He said he is comfortable with it set at \$1,775,000 and said there is still a small cushion at that level.

Mr. Fraher reviewed the Management Letter and said there are three types of internal control deficiencies, material weaknesses, significant deficiencies and control deficiencies. He said there were no material weaknesses noted during this year's audit. Mr. Fraher said there is a built-in concern when one person is in control of all of the financial functions. He noted all of the other Joint Purchase Groups have this same issue and said it does not warrant adding another person since there is not enough work for two people. He suggested giving another person on the Board the bank statements for review.

Mary Beverly said that is currently being done and a member of the Board reviews them each month.

Mr. Fraher said it would be helpful if the Peachtree software could be enhanced to add additional accounts to track items separately. Mr. Fraher said he would work with the Treasurer on that. He said the COBRA system should include a way to track each member's payments and balance. Mr. Fraher said some people pay in advance and he does not receive a breakdown by person.

Mr. Fraher said having a contract for the Treasurer would be helpful as well.

Mary Beverly thanked Mr. Fraher for his report and for including the five-year summary and said it was very helpful.

Mr. Fraher said he would finalize the audit if the Board is okay with everything.

Wellness Report:

Report on Wellness Programs - Elizabeth Piantoni distributed the Wellness Program report. She said the nutrition, stress management, and fitness programs are the programs the employees have interest in based on the wellness survey she sent out.

Ms. Piantoni said 95 employees participated in the Maintain Don't Gain holiday challenge and she said there was an overall weight loss of 189 lbs. Ms. Piantoni said the Health Fairs and Biometric Screenings are

scheduled for the winter and spring. She said a \$25 incentive would be given to all who are screened. Ms. Piantoni said the new Colonoscopy Incentive Program mailings were sent out at the beginning of January.

Ms. Piantoni said 30 members are participating in the Diabetes Care Coaching Program. She said a new mailing went out in January.

Ms. Piantoni reviewed the upcoming programs to include the 30/30 Fitness Challenge in February and the 21 Day Mindfulness Challenge in March.

Ms. Piantoni said there is a lack of engagement on the part of some of the Wellness Champions. She said only 1 person attended the last phone conference.

There was a discussion about the lack of engagement of some of the Wellness Champions, and Mary Beverly asked the members of the Board to speak with their champions about this. She said it may be that another person may want to participate.

Beth Piantoni said she would send out a short survey of interest in being or becoming a Wellness Champion.

Wellness Resource Guide/Brochure – Beth Piantoni recommended utilizing a professional printer for the first year's publication.

The Board members agreed Ms. Piantoni and Sharon Harrison did a great job of pulling the brochure together.

Ms. Piantoni asked each member to review them and to send their suggestions to Sharon Harrison and Ms. Piantoni. She said she would obtain pricing from the Berkshire Print Shop, Kwik Print, and Quality Print.

GBS Reports:

Carol Cormier reviewed the FY19 *Funding Rate Analysis (FRA)* report with data through December. She said that on a paid claims basis the composite expense-to-funding ratio for the health plans was 81.0%. She noted the funding surplus includes stop loss reimbursements of about \$288K. Ms. Cormier said the dental plan expense-to-funding ratio was 83.3%.

BCBS Level Monthly Deposit (LMD) report – Carol Cormier reviewed the LMD report and asked Heidi Fountain to request a reduction in the amount of deposit due to the consistent credit balance.

In response to Ms. Fountain's question for a recommendation, Mary Beverly suggested a \$600K reduction in the quarterly amount.

CanaRx update – Carol Cormier said she would ask CanaRx about the frequency of targeted letters sent to the members. She said she did mention to CanaRx that the marketing appeal of the letters could use updating.

Karen Carpenter reviewed the FY18 *policy reinsurance reports*. She said that there were five members with claims over the \$225K specific deductible. She said total claims were \$1,772,462, and excess claims were \$647,440. She said the group has been reimbursed \$550,371. Ms. Carpenter reviewed the FY19 report of claims at 50% of the deductible and said there were three members with claims totaling \$412,745.

Rate Projections for FY20 and discussion about possible Premium Holiday:

Carol Cormier referred to the FY20 rate projection packet and said BCBS proposes to increase its administrative fee by 1%. Ms. Cormier reviewed the GBS fees and said the fees were included in current contract. Ms. Cormier said that both she and BCBS separately calculate claims projections using two years

of claims experience and trend factors. Ms. Cormier said she included a 20% increase for the FY20 reinsurance policy.

Ms. Cormier reviewed the following scenarios:

Current Funding Scenario – Annualized funding of \$31,233,360 for the health plans and \$105,840 for the dental plans.

Scenario A – the BCBS projections with a composite decrease of -7.12%

Scenario B – the GBS projections with a composite decrease of -6.0%

Ms. Cormier said she is not recommending a reduction of rates. She suggested level funding the rates and possibly returning some of the RDS money or giving a premium holiday. Ms. Cormier reviewed the dental plan projections and said a 1% increase is recommended.

Janet Saddler made a motion to level fund the dental plan rates at the FY19 rates.

Motion

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

Janet Saddler made a motion to approve Funding Scenario B with a 6% composite decrease to the rates and round them to the nearest whole dollar.

Motion

Brenda Rondeau seconded the motion.

There was a discussion about either decreasing the rates or holding the rates (0% increase) to be in a better position next year.

A vote was taken on Ms. Saddler's motion and the motion was defeated.

There was additional discussion.

Maureen Senecal made a motion to decrease the rates by a composite of 3% and to give a ½ - month premium holiday in FY19.

Motion

Brenda Rondeau seconded the motion.

Carol Cormier noted that a 1% decrease is equal to \$500K.

Ms. Senecal's motion was withdrawn.

Ms. Senecal made a motion to decrease the rates by a composite of 3%.

Motion

Janet Saddler seconded the motion.

A vote was taken and was defeated with 4 in favor and 7 against.

Sharon Harrison made a motion to hold the rates at the FY19 level (0% increase).

Motion

Nancy Giardina seconded the motion. A vote was taken on the motion and passed by a majority vote of 8 in favor and 4 against.

There was a discussion about giving a premium holiday.

Brenda Rondeau made a motion to give a one-month premium holiday in June 2019 for the active employee plans.

Motion

Chris Regan seconded the motion. A vote was taken and passed by a majority vote of 8 in favor and 3 opposed.

Dependent Eligibility Audit Proposals:

Carol Cormier said three proposals were received: Gallagher Benefits Services (\$27,800), HMS (\$38,205), and BMI (\$24,290). She said she will review the comparison of proposals, but will have no input and make no recommendations since Gallagher/GBS is one of the respondents.

Ms. Cormier referred to the comparison exhibit in the meeting packet and said in 2012, BHG contracted with Enrollment Audit Solutions (EAS), a subsidiary of GBS to do a dependent eligibility audit. She said GBS absorbed EAS and Kate Sharry was President/Owner of both companies. She said now that Gallagher has purchased GBS, they would use Impact Interactive to perform eligibility audits. Ms. Cormier said Kate Sharry would be the lead person directing the audit.

In response to a question, Ms. Cormier said the savings is estimated at between \$3,500 and \$4,000 per member. Ms. Cormier reviewed the proposals comparison.

There was a discussion. Brenda Rondeau made a motion to accept the Gallagher/ Impact Interactive proposal.

Motion

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

BCBS Report:

Heidi Fountain that BCBS Fitness and weight loss expansion will be effective for the senior plans on January 1st and for the active plan members on July 1, 2019. She said proton pump inhibitors will be taken off of the Rx formularies effective January 1st since they are available over-the-counter.

Heidi Fountain distributed information about a new prescription program named Smart90® and said members will be able to go to a CVS pharmacy for a 90-day prescription at the lower mail order copay. She recommended adoption of the program for July 1, 2019.

Carol Cormier asked if the drug pricing for BHG for the 90-day supply at retail would be the same as the pricing through mail order. Ms. Fountain said it would be the same.

Ms. Fountain distributed information about the BCBS Diabetes Care Value Program which she said is aimed at adherence. She said the members are identified through their prescriptions and Express scripts will do the communications to members. Ms. Fountain said the member would be given a 1-touch meter and could track their progress through an APP.

Ms. Fountain reviewed a high level utilization summary report comparing services provided last year to this year. She said in-patient costs are up by 9.6%, and said the per member per month utilization is up as well. Ms. Fountain said the number of in-patient admissions is down by 9.2%, which is good, but said the costs of services increased. She noted there was a 2.6% drop in membership. Ms. Fountain said there were fewer out-patient visits and the emergency room visits have gone down. She said prescription drug costs decreased by 5% and said it may be due to the BCBS re-negotiation of provider contracts. She said there would be no additional cost to the group for either program and said the diabetes program would supplement the Berkshire Health Group's current program.

Janet Saddler made a motion to approve adding both programs for July 1, 2019.

Motion

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

Other Business:

The next Board meeting was scheduled for February 26th at 9:30, to be held at the Lenox Town Hall, Lenox, MA.

There was no other business.

Mary Beverly adjourned the meeting at 11:56 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*