

Berkshire Health Group

Board Meeting #20-02

Lenox Town Hall
Lenox Massachusetts
Monday, October 21, 2019 at 9:30 a.m.

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Board Chair
Sharon Harrison, Board Vice-Chair
Lyndsay Broom
Janet Saddler
Melissa Falkowski
Greg Boino
Maureen Senecal
Erika Snyder
Karen Fink
Andrea Wadsworth
Judy Houle

Town of Adams
Berkshire Hills RSD
Town of Lenox
Town of Williamstown
Central Berkshire RSD
Central Berkshire RSD
Northern Berkshire Voc. RSD
Adams Cheshire RSD
Town of Great Barrington
Mt. Greylock RSD
So. Berkshire RSD

Guests present:

James Kelley, CPA
Eugene Daponte
Heidi Fountain
Carol Cormier
Karen Carpenter

BHG Treasurer
Investment Manager, People's United Advisors
Blue Cross Blue Shield of MA
Gallagher Benefit Services, Inc. (GBS)
Gallagher Benefit Services, Inc.(GBS)

Mary Beverly, Board Chair, called the meeting to order at 9:30 AM. She welcomed the new Board member, Greg Boino from Central Berkshire RSD.

Approval of the minutes of September 16, 2019 (meeting #20-01):

Janet Saddler motioned to approve the Board meeting minutes of September 16, 2019.

Motion

Maureen Senecal seconded the motion. The motion passed by a majority vote. Erika Snyder abstained.

Investment Report:

Eugene Daponte, Investment Manager, distributed the Account Review as of September 30, 2019 and reviewed the Account Summary on page 3. He said that there was a Fiscal YTD gain of \$119,455 and an FY19 gain of \$574,934. He said that the target allocation to stocks is 35% and the current percent is 34%. He said 65% of the portfolio is in bonds and most bonds fall in the one to two-year period. He said he has begun to extend out the maturities. He said he has followed the Board's request to avoid tobacco and similar investments.

Investment Subcommittee Recommendations:

Subcommittee Chair Sharon Harrison referred to her handout. She said that as of June 30th retained earnings approached \$20 million. She said the Subcommittee recommends setting the actuarial reserve at 15% of claims costs of the prior twelve months rather than 13.5% in order to better protect against loss.

Furthermore, Ms. Harrison said that the subcommittee recommends that \$1.5 million be held liquid monthly to be available to the Treasurer each month to pay bills in the event that one or more governmental units were to be late in monthly payments.

Sharon Harrison said that the subcommittee also recommends that the Board consider holding \$3 million aside for a possible premium holiday in FY20 rather than underwriting the FY21 rates.

Ms. Harrison said that the fourth recommendation is to continue to ladder the maturity of the bonds, keeping in mind bond purchase opportunities and cash flow needs in each subsequent year.

Lastly, Ms. Harrison said the subcommittee recommends that the Board maintain the investment maximum of 35% in equity for all funds held by the Board's investment company.

There was a discussion about money held in the MMDT. Treasurer Jim Kelley said that 2.5% had been earned through June 30, 2019. It was agreed that Mr. Kelley and Mr. Daponte will keep in touch on this matter.

Janet Saddler motioned to change the actuarial reserve from 13.5% of the previous year's claims expense to 15%.

Motion

Karen Fink seconded the motion. The motion passed by unanimous vote.

Andrea Wadsworth motioned to hold up to \$2 million in cash each month.

Motion

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

Janet Saddler moved that \$3 million be made available at year's end in anticipation of a possible Premium Holiday.

Motion

Andrea Wadsworth seconded the motion. The motion passed by unanimous vote.

The Board agreed to maintain the status quo regarding the 4th and 5th investment subcommittee recommendations.

The Board agreed to invest in the MMDT if the People's United Advisors' rate is equal to or lower than the MMDT rate.

Treasurer's Report:

Jim Kelley, Treasurer, distributed and reviewed the financial reports of August 31, 2019 (unaudited figures). Mr. Kelley said that the overall Cash position increased during August by almost \$2.5 million. He said the Total Retained Earnings (Fund Balance) was \$17.4 million but that the BHG experienced a monthly overall loss of approximately \$22,000.

Mr. Kelley reviewed the financial reports of September 30, 2019 (unaudited figures) He said the overall Cash position decreased by about \$159,000 during September mainly due to the investment of Schwab money market proceeds of \$545,000. He said BHG experienced a monthly overall profit of approximately

\$694,000 for the month. He said that as of September 30, 2019 the Total Retained Earnings were \$18.1 million.

Mr. Kelley said he had repairs done to the computer but that it was still not working well.

The Board approved buying a new computer for the Treasurer, trading in the old with total expenses being up to \$1,500. The Board also approved purchase of software.

Jim Kelley said that he was in touch with the auditor last week and expects to have the numbers for the January meeting.

Approval of the October 2019 Warrant Summary:

Carol Cormier reviewed the Warrant Summary for October with the total amount of \$2,972,263.

Janet Saddler moved to approve the October 2019 Warrant Summary.

Motion

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

Wellness Report:

Report on Wellness Programs - Elizabeth Piantoni said that the wellness budget that the Board approved in July included a 5% increase in the wellness consulting fees for Berkshire Health Systems.

Sharon Harrison moved approval of the 6th Amendment to the BHG's Consulting Contract with Berkshire Health Systems (BHS) for wellness programs.

Motion

Janet Saddler said that a 5% increase seems excessive and suggested a 2.5% increase.

Beth Piantoni said last year's increase was also 5%.

Janet Saddler said that Beth Piantoni does a great job and that is not the issue.

Sharon Harrison suggested having the BHS program Director, Maureen Daniels, meet with BHG to discuss fees. She said BHG is a public municipal entity and not a for-profit company.

Mary Beverly said she would discuss this with Ms. Daniels.

There was no second to Ms. Harrison's motion.

Beth Piantoni reviewed her report of the active wellness programs. She said flu clinics are in progress. She mentioned a program that 53 members are participating in to climb the number of stairs in the Empire State Building. She said she would like to distribute gift cards to employees who participate in the Wellness Challenges.

There was a discussion about gift cards and the basis for awarding them.

It was agreed that gift cards could be awarded for participation in Challenges and not just in general wellness programs.

Ms. Piantoni reviewed the wellness Challenges. She said the wellness newsletter will come out around the holidays.

The Board discussed the proposed Wellness Champion Agreement.

Sharon Harrison said she would work with Ms. Piantoni on the language and bring it back to the Board.

It was agreed that there should be no requirement for the Wellness Champions to sign the Agreement other than to acknowledge that they had read it.

GBS Reports:

Funding Rate Analysis (FRA) - Carol Cormier reviewed the FRA Summary with data through September 2019. She said the composite expense-to-funding ratio was 90.8% for health plans and 89.6% for dental.

Reinsurance reports – Karen Carpenter reviewed the *FY19 reinsurance* reports with data through September 2019. She said three claimants exceeded the \$225K specific deductible with total claims of \$802,177 and excess claims of \$127,177. She said that the Aggregating Specific Deductible (ASD) of \$100K was met and \$8,005 has been reimbursed to BHG. Ms. Carpenter said the reinsurer owes BHG \$19,172. She said that there were 18 claimants on the report of claims between 50% and 100% of the specific deductible, i.e. between \$112,500 and \$225,000. She said total claims for these members was \$3.04 million.

Ms. Carpenter reviewed the *FY20 reinsurance reports*. She said there was one claimant who exceeded the \$225K specific deductible with total claims of \$238,933.

Dental Plans:

Heidi Fountain discussed the differences in the Lanesborough, Williamstown, and Mt. Greylock dental benefits. She said that Lanesborough did not have the non-participating (Non-Par) provider Rider, whereas Mt. Greylock did have it. She said that this had impact for 17 Mt. Greylock participants when the school district moved to the Lanesborough plan design. She said that the Non-Par provider Rider could be added to Mt. Greylock back to July 1, 2019.

Janet Saddler said that Williamstown will stay as it is until the planned dental plan consolidation on July 1, 2020.

Sharon Harrison motioned to add the Non-Par Rider to the Mt. Greylock RSD dental plan retroactive to July 1, 2019.

Motion

Karen Fink seconded the motion. The motion passed by unanimous vote.

Heidi Fountain reviewed changing from calendar year dental benefits to policy year benefits. She said only the OOP Maximum and Deductibles could be moved to a policy year. She said that no other plan design features could be changed to a policy year basis.

There was a discussion.

The Board took no action on changing to a plan year for OOP maximums and deductibles.

There was discussion about consolidating to one dental plan design for FY21. Heidi Fountain noted that So. Berkshire RSD's plan was quite different from the others. She said that all units except So. Berkshire could be rolled into one plan design with all units having the same rates, and So. Berkshire could continue with its current plan design which would have different rates.

Heidi Fountain spoke about the Dental Blue Freedom PPO plan. She said it is a passive PPO and that changing to this plan would save about 4% on rates. Members who go to dentists not in the Dental Blue Freedom (DBF) PPO network could continue to see those dentists with coverage. Members who go to DBF

PPO providers would have lower per service charges and their benefits will go further. She said that there is no downside for members.

The Board asked Ms. Fountain to provide Dental Blue Freedom rates as well as current plan rates at renewal.

Karen Fink said that Town of Great Barrington is in negotiations with unions and that dental coverage is a topic of bargaining. She asked if the BHG would be okay with the town adding dental coverage.

The Board agreed.

BCBSMA Report:

Heidi Fountain said that the telehealth mailers went out and that BCBS added the BHG logo to the cards. She said that there have been a couple of drug formulary changes for the Medex plan.

Ms. Fountain talked about two new BCBS programs that are free. She said *RationalMed* improves patient health by identifying gaps in care and providing medication safety interventions through provider outreach and alerts. She said it identifies adverse drug risks. She said that another new program called *StepIn* is available to accounts that have Diabetes Care Value and is empowered by ESI and Livongo. She said the program provides a cellular enabled scale to synch with the member's smart phone. The program also provides health coaching.

Other Business:

Ethics Commission ruling - Carol Cormier said that a member of the Board of another MA Municipal Joint Purchase Group (JPG) was told she had a conflict of interest serving on the Board because she was receiving her health benefits through the JPG. Ms. Cormier said the JPG Board member called the Ethics Commission (EC) and the EC attorney confirmed the conflict but explained that the Board member could provide a Disclosure Form to the Appropriate Public Authority (APA). The APA's signature on the form would allow it the individual to serve on the Board. She said that it is the APA that originally appoints the JPG Board members and said at least two-thirds of JPG Board members receive their health benefits through their JPG. The JPG in this situation engaged legal counsel who talked to lawyers at the EC and to MMA executives. Ms. Cormier said legal counsel wrote an opinion letter which she distributed to the BHG Board along with copies of the Disclosure forms. She urged Board members who receive benefits through the BHG to do the Disclosures and file them with the Town Clerk or districts' equivalents of town clerks.

Board resignation - Ms. Falkowski said this will be her last meeting representing Central Berkshire RSD on the BHG Board. She said that she will be the new Business Manager for the Lenox Public Schools so will still have affiliation with the BHG.

Next meetings - Mary Beverly said the next Board meeting will be on Monday, November 25 at Lenox Town Hall at 9:30 AM. Meetings were also set for December 16 at 9:30 AM and January 27 at 9:30 AM.

There was no other business.

Janet Saddler moved to adjourn the meeting.

Motion

Maureen Senecal seconded the motion. The motion passed by unanimous vote.

Chair, Mary Beverly, adjourned the meeting at 11:38 AM.

*Minutes prepared by Carol Cormier,
Gallagher Benefit Services, Inc (GBS)*