

**Berkshire Health Group
(BHG)**

Board Meeting #20-07

Lenox Town Hall
Lenox Massachusetts
Monday, April 27, 2020 at 9:30 a.m.

Virtual Meeting/Remote Participation/Meeting Recorded

Meeting Minutes

Board and Alternates Present:

Mary Beverly, Board Chair
Sharon Harrison, Board Vice-Chair
Jason Hoch
Greg Boino
Maureen Senecal
Andrea Wadsworth
Judy Houle
Terri Licata
Erika Snyder
Nancy Giardina

Town of Adams
Berkshire Hills RSD
Town of Williamstown
Central Berkshire RSD
Northern Berkshire Voc. RSD
Mt. Greylock RSD
So. Berkshire RSD
So. Berkshire RSD
Hoosac Valley RSD
Town of Lanesborough

Guests present:

James Kelley, CPA
Eugene Daponte
Leslieann Furcht
Heidi Fountain
Jonathan Payson
Tyler Sherman
Stacie Jackson
Carol Cormier
Christopher Nunnally
Karen Quinlivan

BHG Treasurer
People's United Advisors, Inc.
Town of Mt. Washington
Blue Cross Blue Shield of Mass. (BCBSMA)
Blue Cross Blue Shield of Mass. (BCBSMA)
Blue Cross Blue Shield of Mass. (BCBSMA)
Health Equity
Gallagher Benefit Services, Inc. (GBS)
Gallagher Benefit Services, Inc. (GBS)
Gallagher Benefit Services, Inc. (GBS)

Mary Beverly, Board Chair, called the meeting to order at 9:39 AM.

Approval of the minutes of February 24, 2020 (meeting #20-06):

Maureen Senecal motioned to approve the Board meeting minutes of February 24, 2020.

Motion

Jason Hoch seconded the motion. The motion passed by unanimous vote.

Treasurer's Report:

Treasurer Jim Kelley, CPA reviewed the March 31, 2020 financial statements (unaudited figures). He said he transferred \$1.5 million out of the MMDT and into the money market account for liquidity and cash flow purposes. He said that BHG experienced an overall profit for March of \$102,000 with health and dental

funds generating a \$499K profit and the investments generating a \$397K loss. He said that as of March 31st the Total Retained Earnings/Surplus stands at \$20,463,992.

Investment Advisor's update:

Gene Daponte, Investment Advisor, reviewed his exhibit as of April 17, 2020 showing Account Summary, Asset Class Return percentages, Bond Analysis and Account Value, Objective, Asset Allocation and YTD Total Return. He said the information was on a calendar year and a fiscal year basis. Mr. Daponte said that the Fiscal YTD returns were 1.1% on Equities and 3.2% on Fixed Income. He noted that some of the equity indexes against which the BHG investments are compared were in negative numbers

Carol Cormier asked Mr. Daponte for a forecast for the portfolio.

Mr. Daponte said that the near-term forecast is uncertain given the coronavirus pandemic situation. He said that the 12-month outlook for stocks is positive, but there is less clarity in the next six months. Mr Daponte said that stocks are rebounding because of the economic stimulus measures recently enacted. He said expectations are low this quarter.

There were no other questions.

Mary Beverly thanked Mr. Daponte for his participation. He left the meeting at this time.

Discussion of possible FY20 Premium Holiday:

Mary Beverly asked Carol Cormier to review.

Ms. Cormier said said that the Fund Balance far exceeds the target as established by the Fund Balance policy and claims this fiscal year are running low on a composite basis. She said that she hears that the local governmental units very much need some financial relief so it seems reasonable to consider the Premium Holiday for the month of June. She said that a dental plan premium holiday could be included as well. She said BHG has given premium holidays in the past to subscribers enrolled in active employee health plans.

Treasurer Jim Kelley said that the Dental Trust Fund Balance is about \$1.3 million so a dental premium holiday is reasonable.

Mary Beverly asked Sharon Harrison about an issue she heard from employees who are concerned because they are paying for dental coverage at a time when members can't get dental services because of the COVID-19 orders for shut down and distancing.

Ms. Harrison said that she thought the dental plan premium holiday is a good response to the employee concerns.

Judy Houle moved to have a premium holiday for active employee health plans for the month of June 2020.

Motion

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

Mary Beverly said that there would not be a Premium Holiday for the Medex plan.

Judy Houle moved to have a premium holiday for the dental plan for the month of June 2020.

Motion

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

Warrants for March, April, and May 2020:

Carol Cormier reviewed the three warrant summaries noting that May was a settle-up month with BCBS. She said the settlement was in BHG's favor by \$330K.

Maureen Senecal motioned to approve the March, April and May 2020 Warrant Summaries.

Motion

Judy Houle seconded the motion. The motion passed by unanimous vote.

Reinsurance for FY21:

Carol Cormier introduced Chris Nunnally of GBS and said he would present a new concept in municipal reinsurance rather than going out to bid each year. She said the number of reinsurance companies that bid on municipal business has decreased and some years there has been only one respondent to an RFQ. She said Mr. Nunnally will talk about a block pricing approach.

Chris Nunnally explained that in an effort to assure reinsurance coverage and to keep rates down, he had sought reinsurance carriers that would respond to a request for coverage of GBS's full book of self-funded business (block pricing) guaranteeing no premium increases for FY21, no policy changes, no new lasers in perpetuity, and guaranteeing the second year rates would not increase by more than 50%. He reviewed the slide exhibit explaining the program. He showed BHG reinsurance rate increases for the last three years. Mr. Nunnally said that there was an enhanced feature, Pinnacle Care, which is a program to help employees navigate through the health care system when they have a difficult situation. He said participation is voluntary and the employee initiates the contact with Pinnacle Care. He provided a list of major clients of Pinnacle Care including CIA, NSA, USPS, Morgan Stanley. He said there would be no extra cost for Pinnacle Care.

Carol Cormier noted that 50% increases in reinsurance are not all that unusual. She said Gallagher would be the broker.

There was a discussion. It was clarified that the BHG would need to notify GBS by May 8th of its decision and that if it decided to go with the block pricing, there is no requirement to remain in this arrangement for a second year.

Jim Kelley said that BHG has had few and low high cost claims and thought that it would do well in an RFQ situation.

Carol Cormier agreed that the high cost claims experience has been good but said that the high cost claims are not highly predictable events and she would not count on getting a zero percent increase in an RFQ situation. She explained the timeline and said that this was the earliest that GBS could bring such a proposal forward because the reinsurers want to wait as long as possible in the policy year to see what claims develop before making a proposal. She said if BHG doesn't want to go with it, GBS will put the reinsurance out to bid again which is usually done in early May.

Heidi Fountain asked about the arrangements and opportunities of BCBSMA to respond.

Chris Nunnally said that after GBS knows which clients are going with the arrangement, i.e. after May 8, it will then give the data to BCBSMA and give it an opportunity to respond to the requested block pricing arrangement.

Judy Houle moved to go out to bid for FY21 reinsurance.

Motion

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

Carol Cormier said that GBS will issue the reinsurance RFQ in early May.

Mary Beverly thanked Mr. Nunnally for the presentation.

COVID-19 plan design modifications:

Carol Cormier said that BCBSMA had been informed that BHG would opt in to the waivers of member cost share features, such as copays and deductibles, from services related to COVID-19 diagnosis and treatment.

Ms. Fountain said that now there is not a choice and that BCBS will waive the member cost share for all clients across the board including for telehealth visits with any in-network provider for any care.

Ms. Cormier said that employees are being furloughed and employers may continue coverage for them but that the BHG will have to vote to allow it to satisfy the reinsurance carrier such that claims of furloughed employees that exceed the stop loss deductible will be covered by reinsurance.

Judy Houle motioned allow employees furloughed because of the COVID-19 pandemic to be eligible for coverage through Berkshire Health Group so long as premiums are paid and provided the employee was enrolled at time of furlough.

Motion

Jason Hoch seconded the motion. The motion passed by unanimous vote.

BCBSMA and Health Equity presentations of HSA Qualified plans and HSAs:

Heidi Fountain introduced Tyler Sherman, BCBSMA and Stacie Jackson, Health Equity. She said that this presentation was designed to be a refresher on information previously provided at the time the BHG added the HSA qualified plans.

Mr. Sherman and Ms. Jackson reviewed the slide presentation and took questions.

Other Business:

Mary Beverly set the next BHG Board meeting for June 22 at 9:30 AM. She said it is not known if it will be an in-person meeting or another virtual meeting.

Andrea Wadsworth asked if BCBS will issue new dental plan ID cards for FY21.

Ms. Fountain said new ID cards for dental will be issued. She said ID numbers will not change.

There was no other business.

Maureen Senecal moved to adjourn the meeting.

Motion

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

Chair Mary Beverly adjourned the meeting at 11:19 AM.

*Prepared by Carol Cormier
Gallagher Benefit Services, Inc.*