

**Berkshire Health Group
(BHG)**

Board Meeting #20-08

Lenox Town Hall
Lenox Massachusetts
Monday, June 22, 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
Lyndsay Broom
Greg Boino
Maureen Senecal
Andrea Wadsworth
Judy Houle
Terri Licata
Erika Snyder
Karen Fink

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

Guests present:

James Kelley, CPA
Elizabeth Piantoni, Wellness Consultant
Maureen Daniels
Denise Doyle
Heidi Fountain
Carol Cormier
Karen Quinlivan

BHG Treasurer
Berkshire Medical Systems
Berkshire Medical Systems
Stop Loss Insurance Brokers, Inc.
Blue Cross Blue Shield of Mass. (BCBSMA)
Gallagher Benefit Services, Inc. (GBS)
Gallagher Benefit Services, Inc. (GBS)

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

Approval of the minutes of April 27, 2020 (meeting #20-07):

Maureen Senecal motioned to approve the Board meeting minutes of April 27, 2020.

Motion

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

Treasurer's Report:

Treasurer Jim Kelley, CPA reviewed the May 31, 2020 financial statements (unaudited figures). He said the BHG had another good month. He reported the overall cash position decreased by a net of \$804,000 due to decreased advance payments of member assessment revenue. The Scwab money market account increased by \$358,000 as investment sales exceeded reinvestments. There was a overall profit for May of \$1,194,000 with health generating \$830,000 and dental \$107,000. The investment fund generated \$257,000. At 05/31/2020 the Unencumbered Surplus stands at \$18.3M.

Wellness Report:

Beth Piantoni, Wellness Consultant, reviewed her report. She highlighted that support of members during the pandemic has been more important than ever. She said she has been concentrating more of the programming and outreach to virtual modes which has been a good thing for the BHG. Some of the most successful programs have been through Zoom including webinars offered through BCBSMA and Well-Concepts focused on nutrition, sleep and stress management. During the next fiscal year she proposed not much change in the way of services with the proposed budget. The ability to provide many of the services virtually should not impact programs. She said there is a great partnership with Blue Cross using wellness credits. Ms. Piantoni said that although there is not a clear idea of what to expect for the coming year in terms of the pandemic, the budget presented should cover proposed programs.

Judy Houle motioned to accept the FY21 proposed wellness budget as presented.

Motion

Lyndsay Broom seconded the motion. The motion passed by unanimous vote.

Warrant for June 2020:

Carol Cormier reviewed the Warrant Summary for the month of June and noted there was nothing remarkable.

Judy Houle motioned to accept the June 2020 warrant as presented.

Motion

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

GBS Reports:

Carol Cormier reviewed the *Funding Rate Analysis* with data through May 31, 2020. She noted that the composite expense-to-funding ratio for health plans was 86.3%. Two plans, the Blue Care Elect Deductible and Access HMO Blue New England Saver are underfunded but enrollment in those plans is very low. There is an estimated funding surplus of \$4.3M based on paid claims data. Dental expense-to-funding ratio was 78.1%.

Reinsurance:

Karen Quinlivan reviewed the reinsurance reports. For the FY20 policy with \$225,000 specific deductible and \$100,000 aggregating specific deductible, (ASD), she said there were 3 members with claims above the deductible (excess claims). She said that the total excess claims were \$404,677. Total reimbursements were \$41,446 leaving outstanding reimbursements of \$263,231. The FY19 policy period had 3 members with total excess claims of \$127,183. She said that the aggregating specific deductible (ASD) has been met and total reimbursements of \$27,183 have been received leaving zero outstanding reimbursements.

Carol Cormier called attention to two GBS contracts for renewal for FY21. The Invoice and Roster Download Agreement and the Website Maintenance Agreement. She said each proposal is for a 3% increase in fees. They were no increases in the prior contract year.

Judy Houle moved to accept the Invoice and Roster Download Agreement and the Website Maintenance Agreement for FY21 as presented.

Motion

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

Reinsurance for FY21:

Carol Cormier said that in response to an RFQ she received reinsurance proposals for the FY21 contract period. She agreed with Jim Kelly that given the group's financial situation and the fact that BHG has not raised rates, the group should consider raising the reinsurance policy deductible. She pointed out an error on the first page of the proposal packet. Ms. Cormier reviewed quotes received at the current specific deductible of \$225,000 and the \$100,000 Aggregating Specific Deductible (ASD). Ms. Cormier said the best quote came from the current reinsurer, Stop Loss Insurance Brokers with HM Insurance. The quote represented a 15.2% premium increase with an added \$450,000 laser on one claimant. Total increased risk on the quote is 39.9%. Prior experience with lasers has resulted in most anticipated high cost claims not coming to the level of the laser. Quotes at \$250,000 specific deductible followed the same pattern with Stop Loss Insurance Brokers being the best quote with a negative 2.2% premium increase and increased risk of 21.7%. Quotes at \$275,000 deductible resulted in Stop Loss Insurance Brokers showing a negative 17.1% premium increase and increased liability of 5.6%. Only one quote was received at \$300,000 from Stop Loss Insurance Brokers showing a negative 24.7% premium increase and 4.1% decrease in liability.

Carol Cormier suggested taking advantage of the excess fund balance and increasing the specific deductible, thereby reducing the premium.

Mary Beverly and Jim Kelly agreed with this position noting that in the several prior years there have only been three members with claims above the specific deductible.

Maureen Senecal said that if the specific deductible is raised, it may be difficult to get quotes in the future that are at lower specific deductible levels.

Ms. Cormier said that it makes sense to raise deductibles to adjust to hyper-inflation associated with reinsurance. She pointed to an illustration that showed that at the \$250,000 deductible level, more than 6 additional claimants would be needed to make the \$225,00 deductible a better deal, and at \$275,000 more than 5 would be needed.

Sharon Harrison motioned to accept the \$275,000 specific deductible quote for reinsurance from Stop Loss Insurance Brokers and HM Insurance.

Motion

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

COVID-19 update:

Heidi Fountain said throughout the month of April there were 4 confirmed cases of Covid-19 and 24 suspected cases for a total of 27 cases. Total claims were \$6,036. State statistics show a low incidence of the disease in the Berkshire area.

Buying into Medicare:

Carol Cormier said that everyone received information indicating numbers of over age 65 retirees who are enrolled in active employee health plans. She provided a spreadsheet calculating costs of the Medicare Buy-in compared to active employee plan costs for employers that contribute 75% of premiums to all plans. BHG employers have high contribution percentages to both the active employee plans and to Medex. The lowest contribution is 70% and highest is 85.5%. She said that employers can use the spreadsheet and fill in the numbers that apply to their governmental unit. In doing the analysis, the employers groups would probably be best to use a worst case scenario given they do not know how many quarters a person may have paid into

Medicare. Ms. Cormier said that the information on the distributed spreadsheet does not look favorable for the BHG employers. She said that this does not need to be a group decision and that each employer can decide based on its own information whether or not it makes sense to do the Medicare Buy-In. Heidi Fountain said she wanted to point out the potential claims savings for those members over 65 that are still on the active plans.

Carol Cormier said that this is a problem that will eventually resolve itself with employees aging out. Employees hired after April 1986 are paying into Medicare. It would be a hard sell to make a buy-in mandatory for employer groups. Individual employers can choose to do it on their own, but they would not get the advantage of claims savings since claims savings go to the joint purchase group and not specifically to the employer.

Heidi Fountain offered to confirm the eligibility list and provide 2 years of claims data to support any decisions.

Sharon Harrison said that Berkshire Hills RSD would not be interested.

Mary Beverly said that the group would not move forward with gathering more data at this time.

BCBSMA Report:

Heidi Fountain said that new ID cards are being issued for HMO New England plans because of language that needs to be included on ID cards regarding emergency and out-of-network services. Because of Covid-19, there is an extension of the deadline to filing for the fitness reimbursement for 2019. The deadline will extend from March 31, 2020 to 60 days past the end of the emergency. Any submissions past the prior deadline that were previously denied have been re-processed.

Other Business:

Mary Beverly asked Carol if she wanted to talk about cost saving measures for the group.

Ms. Cormier wanted to point to one program in particular that is being used by other groups to help control the high cost of specialty medications. The program is called OptiMed and information could be provided at a future meeting.

Mary Beverly said she would like to thank Jim Kelly for his dedication to the group as this may be his last meeting.

Andrea Wadsworth said that this is her last meeting. She said she has taken another position and her replacement is Joe Bergeron. He will attend the next meeting.

The next BHG Board meetings are set for September 28, 2020 at 9:30 AM. and October 26, 2020 at 9:30 AM.

There was no other business.

Judy Houle moved to adjourn the meeting.

Motion

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

Chair Mary Beverly adjourned the meeting at 10:55 AM.

*Prepared by Karen Quinlivan
Gallagher Benefit Services, Inc.*