

**Berkshire Health Group
(BHG)**

Board Meeting #22- 03

Monday, November 29, 2021 at 9:30 a.m.
Meeting by Virtual Participation

Meeting Minutes

Board and Alternates Present:

Sharon Harrison, Board Chair
Erika Snyder, Board Vice-Chair
Crystal Wojcik
Greg Boino
Lyndsay Broom
Joe Bergeron
Paula O'Neil
Chris Desjardins

Berkshire Hills RSD
Hoosac Valley RSD
Town of Adams
Central Berkshire RSD
Town of Lenox
Mt Greylock RSD
Northern Berkshire Voc. RSD
Southern Berkshire RSD

Guests present:

James Kelley, CPA
Gene Daponte
Reena Sharma
Linda Sciarappa
Richard Butler
Heidi Fountain
Dr. Thomas Hawkins
Chris Collins
Jim Riley
Joseph Anderson
Karen Quinlivan

BHG Treasurer
Peoples United
Mt Greylock RSD
Town of Williamstown
Berkshire Medical Systems
Blue Cross Blue Shield
Blue Cross Blue Shield
CanaRx
CanaRx
Gallagher Benefit Services, Inc. (GBS)
Gallagher Benefit Services, Inc. (GBS)

Sharon Harrison, Board Chair, called the meeting to order at 9:31 AM.

She disclosed that the meeting was being recorded and asked if there were any objections. There were none.

Ms. Harrison asked for a roll call of Board members who will be voting. The following voting members were present:

Sharon Harrison, Board Chair
Erika Snyder Board Vice-Chair
Crystal Wojcik
Greg Boino
Lyndsay Broom
Joe Bergeron
Paula O'Neil

Berkshire Hills RSD
Hoosac Valley RSD
Town of Adams
Central Berkshire RSD
Town of Lenox
Mt Greylock RSD
Northern Berkshire RSD

Chris Desjardins

Southern Berkshire RSD

Approval of the minutes of September 27, 2021 (meeting #22-02:

Erika Snyder motioned to approve the Board meeting minutes of September 27, 2021 as presented.

Joe Bergeron seconded the motion.

Motion

A roll call vote was taken

Sharon Harrison	yes
Erika Snyder	yes
Crystal Wojcik	yes
Greg Boino	yes
Lyndsay Broom	yes
Joe Bergeron	yes
Paula O'Neil	yes
Chris Desjardins	yes

The motion passed by unanimous vote.

Treasurer's Report:

Treasurer Jim Kelley, CPA reviewed his reports as of September 30, 2021 (unaudited figures). The overall cash position increased by a net of approximately \$690,000 during September. This was mainly due to an increase in advanced collections for September. A transfer to Adams Community bank in the amount of \$210,000 was made for increased yield on idle funds. Reinsurance receivables increased by \$12,000 during September and stands at approximately \$28,000 at month end. Prepaid expenses increased by \$186,000 and the settle-up credit due from BCBS at 09/30/2021 stands at approximately \$ 706,000. The investment account balance at MMDT stood at approximately \$4,313,000 representing the actuarial reserve balance. The group experienced and unrealized gain on the investment portfolio for September of approximately \$167,000. The group experienced an overall profit for September of \$485,000 with the health fund generating a \$250,000 profit and the dental fund a loss of \$5,000. The investment fund generated a \$240,000 profit for September. The surplus at the end of September was \$22,225,329.23. For the three months ended 09/30/2021, the group has experienced a YTD profit in investments of \$524,000. The Health Fund realized a profit of \$964,000 with claims as a percentage of member assessment revenue running at 82%. The Dental Fund had a YTD profit of \$29,000 with claims as a percentage of member assessment running at 81%. The records were dropped off with the auditor in September and they indicated that a draft would be ready for the rate setting meeting.

The overall cash position decreased by a net of approximately \$24,000 during October. This was mainly due to a decrease in advanced collections for October. A transfer to Adams Community bank in the amount of \$1,365,000 was made for increased yield on idle funds. Accounts receivable member assessments had approximately a \$399,000 credit balance as a few members overpaid their assessments. Reinsurance receivables decreased by \$21,000 during October and stands at approximately \$8,000 at month end. Prepaid expenses decreased by \$42,000 in the month of October. The balance stands at approximately \$664,000 at month end. The investment account balance at MMDT stood at approximately \$4,313,000 representing the actuarial reserve balance. The group experienced an unrealized loss on the investment portfolio for October

of approximately \$17,000. The group experienced an overall loss for October of \$146,000 with the health fund generating a \$160,000 loss and the dental fund a profit of \$22,000. The investment fund generated a \$8,000 loss for October. The surplus at the end of October was \$22,079,012.87. For the four months ended 10/31/2021, the group has experienced a YTD profit in investments of \$514,000. The Health Fund realized a profit of \$804,000 with claims as a percentage of member assessment revenue running at 86%. The Dental Fund had a YTD profit of \$51,000 with claims as a percentage of member assessment running at 77%. Reporting YTD versus prior YTD, the group's net income is up \$835,000 virtually all due to decreased claims expense relative to the prior year.

Investment Account Review:

Gene Daponte from Peoples United Advisors presented an annual fiscal year account review as of 06/30/2021 and a calendar YTD review as of 09/30/2021. The results on an absolute basis have been excellent on an annual basis. The stock market has been largely driving those results. There was a 13.2% rate of return as of 06/30/2021. The stock portfolio was up 37.6%. Year to date the rate of return is 5.6% with stocks yielding a 14.2% result. Bond rates are going to be difficult to achieve going forward. Minor unrealized losses may be experienced in the Fixed Income Portfolio as returns are expected to rise over the coming years. All bonds are invested short term within a 7 year ladder structure. The BHG investment policy of the last year and a half limits equities to a \$7M upper threshold. There were \$6.7M in equities as of 09/30/2021. Investment gain through 06/30/2021 was \$1,766,878 and YTD through 09/30/2021 \$824,338. Two Oracle bonds in the portfolio have fallen below BHG's threshold of A or better by one of the three rating agencies. These have fallen to the BBB range. They are both for \$100,000. Mr. Daponte said he believes it is in BHG's best interest to hold these bonds rather than to sell to be in compliance. The full equity portfolio as of 09/30/2021 was reviewed. It consists of large cap U.S. names that are carefully screened. There are also exchange traded funds and open ended mutual funds to gain diversification.

Joe Bergeron motioned to approve the exception and retention of the two Oracle bonds in question on the investment report as recommended by Gene Daponte.

Motion

Erika Snyder seconded the motion. There was a roll call vote.

Sharon Harrison	yes
Erika Snyder	yes
Crystal Wojcik	yes
Greg Boino	yes
Lyndsay Broom	yes
Joe Bergeron	yes
Paula O'Neil	yes
Chris Desjardins	yes

The motion passed by unanimous vote.

Acceptance of the November warrant summary:

The warrant summaries were reviewed.

Erika Snyder motioned acceptance of the November warrant summary as presented.

Motion

Joe Bergeron seconded the motion. There was a roll call vote

Sharon Harrison	yes
Erika Snyder	yes
Crystal Wojcik	yes
Greg Boino	yes
Lyndsay Broom	yes
Joe Bergeron	yes
Paula O'Neil	yes
Chris Desjardins	yes

The motioned carried by unanimous vote.

GBS reports:

Joseph Anderson reviewed the *FY21 Funding Rate Analysis* with data through October 2021. He reviewed and explained the new Gallagher format of reporting. He said that the composite expense-to-funding ratio for health plans was 94.37 % and 87.34 % for dental.

Reinsurance:

Karen Quinlivan reviewed the reinsurance reports. For the FY21 period through October, there were 5 claimants with claims above the the \$275,000 specific deductible. The aggregating specific deductible (ASD) of \$100,000 has been met. Total excess claims were \$542,287 and there were \$302,363 in reimbursements, leaving an outstanding balance of \$239,924. There was an overpayment from the FY20 period that was applied to FY21 in the amount of \$ 132,100.24, leaving an actual remaining outstanding balance of \$7,823. There were 15 claimants on the report of claims between 50% and 100% of the deductible with total claims of \$2,749,433. The FY22 policy period had no claimants at or above 50% of the deductible yet.

Wellness program report:

Richard Butler presented the current Wellness Program report. Walk October had a great turnout with 97 participants who accumulated over 6000 steps per day over 5-7 days or matched it with an equivalent activity. The health benefits with steps are associates with that amount or more. Everybody who participated received a gift voucher. Hero Coaching is ongoing with 9 participants. There are 17 members receiving Diabetes coaching. There is still interest from retirees on participation in the two coaching sessions throughout the year. They are over the phone and they receive \$180 for each session. Mr. Butler asked if the group would consider including some Medex members into the program. They are not on Blue Cross eligibility lists. There was discussion regarding whether the group would want to include that population.

Joe Bergeron motioned to include Medex retirees in the Diabetes Coaching program.

Motion

Erika Snyder seconded the motion. There was a roll call vote.

Sharon Harrison	yes
Erika Snyder	yes
Crystal Wojcik	yes
Greg Boino	yes
Lyndsay Broom	yes
Joe Bergeron	yes
Paula O'Neil	yes
Chris Desjardins	no response

The motion passed by majority vote.

There were health fair/flu clinics at Williamstown, SBRSD, CBRSD and Adams with over 170 flu shots administered and 35 biometric screenings. There is also currently a new wellness champion at Mt Greylock, Vicki Winchell.

Blue Cross Blue Shield Informatics Report:

Heidi Fountain introduced BCBSMA Senior Medical Director, Dr. Tom Hawkins and Health Engagement Manager, Lynn Clark, and Director of Clinical Pharmacy Marketing Strategy, Sheila Gordon.

Ms. Fountain said the report covered Medical, Pharmacy and Dental claims for 2020 and 2021 policy years and compared enrollments, utilization and costs of the two periods. Claims were incurred and paid through the end of August, 2021. The comparators were BCBSMA Commercial Municipal book of business. It excluded accounts without BCBSMA pharmacy benefit. Benchmarks were adjusted for age and gender, PMPM, Utilization and Use and Cost Trends. Dental benchmark is not age/gender adjusted and not limited to overall benchmark filters. Plan performance at a glance showed 51% of members had a well visit in the current period, lower than benchmarks of 59.9%. Hedis cancer screenings were above benchmark and the percentage of members with preventive and diagnostic dental services was above benchmark. Costs of 15.9% were driven by .4% of members with claims over \$150,000. This was higher than 11.8% in the prior period but below benchmark of 17.5%. An 8.2% increase in ER use compared to a 6% reduction in benchmark use. Urgent Care use declined 4% while benchmark increased 42%. Telehealth was 14% below benchmark and 72% of visits were for behavioral health. Pharmacy use and PMPM were below benchmark but 60% of prescription costs were driven by specialty drugs. Use of medical pharmacy services increased 25% and was 44% above benchmark. Members with cardiometabolic conditions was similar to benchmark at 27.1%. Engagement in weight management and fitness is important.

Annual cost comparison declined 2.5% from the prior period. The average age was relatively unchanged. The total net paid PMPM increased 13% similar to benchmark trend of 12.4% and was 11.8% below benchmark. Net PMPM increased 8% excluding outliers over \$150,000.

Lynn Clark then reviewed Health Engagement. Cancer screening rates remained above benchmark after slightly slipping in 2020. Well visit rates increased in the current period, but less than the rebound in the benchmark. There has been a need for reminders for mammography and colorectal screening but the gap has been closing after reminders. Fitness and weightloss are on par with benchmark as well as flu shots.

Joe Bergeron asked how the group is doing in terms of deferred procedures coming out of Covid.

Dr. Tom Hawkins responded that outpatient procedures have rebounded beyond pre pandemic levels.

Modifiable Health Risks were reviewed. Health Care costs can be attributed to largely preventable chronic diseases. The percentage of members incurring a claim driven by modifiable risk was below benchmark and claims costs driven by a modifiable risk was below benchmark in all but one category, high cholesterol.

Dr. Thomas Hawkins reviewed medical cost drivers by category and per member per month medical and pharmacy costs by plan type. He reviewed individual high cost claims over \$150,000.

Dr. Hawkins continued to review the cost and utilization by categories of Covid-19, Cardiometabolic, Musculoskeletal, Behavioral Health and Oncology.

Sheila Gordon reviewed the overall pharmacy profile and performance. Overall pharmacy utilization increased 3% and was 9% below benchmark. The average cost per script increased 1% and was 17% below benchmark. The increase in single source brand name drugs, due to vaccines, resulted in a reduction in the percentage of generic drugs compared to the prior period. Specialty drug use was below benchmark and represented 60.5% of total pharmacy cost. Overall medical pharmacy use increased 25% and was 44%

above benchmark. Medical pharmacy PMPM increased 69% to a cost similar to benchmark with increased cost of outpatient related services.

Heidi Fountain reviewed financial utilization metrics. The percentage of members with costs below \$5,000 dropped by 2.4% points in the current period. Members with costs between \$5,000 and \$50,000 increased 2.4% points and PMPM increased. Members with claims over \$150,000 increased as did their PMPM. Inpatient admissions declined 30% overall in the recent period compared to a Benchmark decrease of 4%. PMPM declined 20% for inpatient services compared to benchmark with a 6% increase. Surgical and medical admissions remained below pre-covid levels and maternity admissions were similar. Outpatient services remained lower than benchmark. There was a 12.6% decrease in non emergent ER utilizations compared to a 24% decrease in benchmark. Emergent ER use increased 16% while benchmark was stable. Dental utilization increased slightly in the recent period. Net PMPM and member cost share increased in the current period after use/1000 increased 22% to a rate 6% above benchmark. Net PMPM remained 17% below benchmark.

Ms. Fountain reviewed *Proposed Recommendations* in several areas including Cardiometabolic, Musculoskeletal, and Behavioral Health.

Sharon Harrison thanked all from Blue Cross for the presentation.

Other Business:

The next BHG Board meetings were scheduled for Monday January 24, 2022 at 9:30 A.M. (rate setting), and Monday, February 28, 2022 at 9:30 A.M.

There was no other business.

Sharon Harrison adjourned the meeting by unanimous consent at 11:17 A.M.

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