

**Berkshire Health Group
(BHG)**

Board Meeting #22- 04

Monday, January 24, 2022 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
Diane Stevens
Lyndsay Patenaude
Joe Bergeron
James Brosnan
Paula O'Neil
Chris Desjardins
Rachel Vadnais

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

Guests present:

James Kelley, CPA
Tony Roselli, CPA
Josh Lang
Erika Oleson
Charles Blanchard
Richard Butler
Heidi Fountain
Bernard Edwards
Chris Collins
Jim Riley
Joseph Anderson
Karen Quinlivan

BHG Treasurer
Roselli and Clark Associates
Town of Lanesborough
Town of Stockbridge
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

Berkshire Hills RSD
Hoosac Valley RSD
Town of Adams
Central Berkshire RSD

Diane Stevens	Town of Lanesborough
Lyndsay Patenaude	Town of Lenox
Joe Bergeron	Mt Greylock RSD
Paula O'Neil	Northern Berkshire RSD
Chris Desjardins	Southern Berkshire RSD
Rachel Vadnais	Town of Williamstown

Approval of the minutes of November 29, 2021 (meeting #22-03:

Joe Bergeron motioned to approve the Board meeting minutes of November 29, 2021 as presented.

Erika Snyder seconded the motion.

Motion

A roll call vote was taken

Sharon Harrison	yes
Erika Snyder	yes
Crystal Wojcik	yes
Greg Boino	yes
Diane Stevens	no response
Lyndsay Broom	yes
Paula O'Neil	yes
Chris Desjardins	yes
Rachel Vadnais	yes

The motion passed by majority vote.

Auditors Rep[ort on FY21 Financial Statements:

Tony Roselli, CPA reviewed an Audit summary which is a five year history of the financials. He said that the Group had another good year and there were no issues. He reported year-end Net Assets (Fund Balance) of \$22,177,495 even though there was a June Premium Holiday. Reviewing the summary, cash and investments have increased in each of the past 5 years to \$26.2 million at the end of FY21. He said Net Assets have steadily increased over the last four years. Claims had an increase in FY21 due to Covid recovery and participant contributions have decreased slightly. Reinsurance Receivables increased towards the end of the year. Other operating expenses decreased 19.65%. Investment Income realized a 6.87% increase. Net Assets as a percentage of health claims, claims administration and fixed premium expenses was 67.73% in FY21. He said that the Investment policy should be revised to include when an investment does go outside of established parameters. There were two Oracle bonds that went below A grade. The Fund Balance policy of 15% may be considered as well. Net Assets have been over 60% approaching 70% for the last two years. Premium holidays have been used in the past to address excess net assets.

Treasurer's Report:

Treasurer Jim Kelley, CPA reviewed his reports as of November 30, 2021 (unaudited figures). The overall cash position increased by a net of approximately \$68,000 during November. A transfer to Adams Community bank in the amount of \$1,480,000 was made for increased yield on idle funds. Reinsurance receivables decreased by \$283,000 during November and stands at approximately \$5,000 at month end.

Prepaid expenses decreased by \$347,000 in November mainly due to the use of settle-up credit towards the November payment to BCBS and the balance stands at approximately \$ 317,000. The investment account balance at MMDT stood at approximately \$4,314,000 representing readily available cash approximating the actuarial reserve calculation. The group experienced an unrealized loss on the investment portfolio for November of approximately \$245,000. The group experienced an overall loss for November of \$1,192,000 related to the reversal of audit adjustments related to the recently completed audit for FY21. The only two audit adjustments were related to estimates in the 06/30/2021 figures. The surplus at the end of November was \$22,356,328.99. For the five months ended 11/30/2021, the group has experienced a YTD profit in investments of \$382,000. The Health Fund realized a loss of \$269,000 with claims as a percentage of member assessment revenue running at 93%. The Dental Fund had a YTD profit of \$66,000 with claims as a percentage of member assessment running at 77%.

There was a Veribanc report as of 09/30/2021. Adams Community Bank still got the highest rating of three green stars but it highlighted the ongoing concern of undercapitalization of the bank relative to its peers. It is at 7.54 versus peers at 15.02. They still received a high rating so it is not of current concern.

The overall cash position increased by a net of approximately \$362,000 during December. This was mainly due to increased advanced collections for December. Accounts receivable member assessments increased by \$221,000 as one member was late in paying the assessment due. Prepaid expenses decreased by \$316,000 in the month of December mainly due to high claims expenses in December that shifted the prepaid to a settle-up payment due BCBS at month end. The investment account balance at MMDT stood at approximately \$4,314,000 representing readily available cash approximating the actuarial reserve calculation. The group experienced an unrealized gain on the investment portfolio for December of approximately \$252,000. The group experienced an overall loss for December of \$325,000 with the health fund generating a \$646,000 loss and the dental fund a profit of \$13,000. The investment fund generated a \$308,000 profit for December. The surplus at the end of December was \$22,031,401.66. For the six months ended 12/31/2021, the group has experienced a YTD profit in investments of \$690,000. The Health Fund realized a loss of \$915,000 with claims as a percentage of member assessment revenue running at 97%. The Dental Fund had a YTD profit of \$79,000 with claims as a percentage of member assessment running at 77%. In relation to last year, YTD there is a 146,000 loss and last year there was a \$2.2M profit.

Acceptance of the December and January warrant summaries:

The warrant summaries were reviewed.

Joe Bergeron motioned acceptance of the December and January warrant summaries as presented.

Motion

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

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

Chris Desjardins	yes
Rachel Vadnais	yes

The motioned carried by majority vote.

GBS reports:

Joseph Anderson reviewed the *FY21 Funding Rate Analysis* with data through December 2021. He reviewed the historical claims summary as compared to 2020 and pointed out an increased trend. He said that the composite expense-to-funding ratio for health plans was 96.66 % and 86.2 % for dental.

Reinsurance:

Karen Quinlivan reviewed the reinsurance reports. For the FY21 period through December, 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 \$542,343 and there were \$442,343 in reimbursements, leaving an outstanding balance of \$0. There were 15 claimants on the report of claims between 50% and 100% of the deductible with total claims of \$2,753,114. The FY22 policy period had 1 claimant in excess with updated total paid claims of \$ 285,438. The aggregating specific has not been met, therefore there is no outstanding reimbursement due. There was on claimant at or above 50% of the deductible with total claims of \$152,506.

FY23 Rate projections and vote:

Joseph Anderson reviewed BCBS proposed administrative fee increases of 2% for health and 2% for dental. GBS fees increased 2% on health and dental. Network Blue Claims experience in the most recent trailing twelve months illustrated a 25.2% increase in claims costs. Blue Cross uses a medical trend of 6.77% and a drug trend of 10% with their calculation based on experience. GBS weights the most recent 12 months at 67% and the previous 12 months at 33%. The BCBS calculation resulted in a proposed rate increase of 9.1%. The GBS projection illustrated a 8.2% increase. On a composite basis across all plans, BCBS came up with an increase of 8.22% in monthly premium. GBS came up with an increase of 8.18%. Total funding for FY22 was \$29.9M. Renewal options were presented for discussion. Option 1 presented an 8.18% composite increase and option 2 presented a 4% composite increase. Mr. Anderson noted that in the past the group had experienced a problem when the rate was underfunded to spend down fund balance. Claims experience continued to increase and the group reached a point where there were increases of 15% required to match claims trend. That is a challenging fiscal environment to manage. A one month premium holiday would be equal to 8.33% budgetary use of Fund Balance, so if the 8% increase were considered with a premium holiday the net impact would be zero.

Jim Kelley said that when the group previously drew down Fund Balance with pricing, the group had an \$18M plus surplus and in a matter of four years it was down to roughly \$1.5M. The practice is risky if you have some bad claims experience. Medical inflation is cumulative so if the group underwrites, that has to be recouped plus the additional percent trend of following years, so it catches up.

Heidi Fountain said that looking at claims experience for underwriter review, there was an increase of about \$3M in claims from the 2020 to 2021 period and there were about 20 more individuals on the HMO plan there were showing up on the large loss report. That is food for thought when thinking about claims projections.

There was discussion.

Lyndsay Patenaude motioned to continue talking and not set a rate at this meeting

Motion

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

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

Paula O'Neil, Northern Berkshire alternate, announced that Jim Brosnan returned to the office and was joining the meeting.

Joe Bergeron motioned that the group increase rates by 8% and have a one month premium holiday for FY23.

Motion

Erika Snyder seconded the motion. There was discussion and roll call vote.

Sharon Harrison	yes
Erika Snyder	yes
Crystal Wojcik	yes
Greg Boino	yes
Diane Stevens	no response
Lyndsay Broom	yes
Joe Bergeron	yes
James Brosnan	no
Chris Desjardins	no
Rachel Vadnais	Abstain

The motion carried by majority vote.

Mr. Anderson then reviewed dental claims. Dental claims projections and calculations had the rate coming in flat so it prompted a recommendation to hold the current rates at a zero% increase.

Erika Snyder motioned that the group increase dental rates by 0%.

Motion

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

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

The motion carried by majority vote.

Wellness program report:

Richard Butler presented a brief Wellness Report based on the short amount of time left. There was discussion with Wellness champions if there could be a BHG sponsored ski night at various centers.

Sharon Harrison asked if there was any additional liability and what budgetary allocations are included.

Richard Butler said that the participants fill out a physical activity readiness form. Money already allocated for fitness classes throughout the year could be used. The group hadn't gone beyond either full payment or partial payment. He could discuss with the ski areas. The consensus was that perhaps a program that pertains to members of all abilities would be best and it was decided further thought might be warranted

BCBS Report:

Heidi Fountain had nothing new to report.

Other Business:

The next BHG Board meeting is scheduled for Monday February 28, 2022 at 9:30 A.M.

There was no other business.

Sharon Harrison adjourned the meeting by unanimous consent at 11:07 A.M.

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