

**Berkshire Health Group
(BHG)**

Board Meeting #22- 06

Monday, March 28, 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
Josh Lang
Lyndsay Patenaude
Joe Bergeron
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
Southern Berkshire RSD
Town of Williamstown

Guests present:

James Kelley, CPA
Gene Kelley
Tom Sargent
Richard Butler
Mike Breen
Chris Collins
Jim Riley
Joseph Anderson
Karen Quinlivan

BHG Treasurer
Bradley, Foster and Sargent
Bradley, Foster and Sargent
Berkshire Medical Systems
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 9:32 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
Josh Lang
Lyndsay Patenaude
Joe Bergeron
Paula O'Neil

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

Chris Desjardins
Rachel Vadnais

Southern Berkshire RSD

Approval of the minutes of February 28, 2022 (meeting #22-05:

Joe Bergeron motioned to approve the Board meeting minutes of February 28, 2022 as presented.

Greg Boino seconded the motion.

Motion

A roll call vote was taken

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|-------------------|-----|
| Sharon Harrison | yes |
| Erika Snyder | yes |
| Crystal Wojcik | yes |
| Greg Boino | yes |
| Josh Lang | yes |
| Lyndsay Patenaude | yes |
| Joe Bergeron | yes |
| Paula O'Neil | yes |
| Chris Desjardins | yes |
| Rachel Vadnais | yes |

The motion passed by unanimous vote.

Treasurer's Report:

Treasurer Jim Kelley, CPA reviewed his reports as of February 28, 2022 (unaudited figures). The overall cash position increased by a net of approximately \$410,000 during February primarily due to the Schwab money market funds awaiting reinvestment. Reinsurance receivables decreased by a net of \$282,000 during February, as reinsurance proceeds were received. Prepaid expenses increased by \$284,000 in February mainly due to the settle-up credit due from BCBS at month's 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 loss on the investment portfolio for February of approximately \$294,000. The group experienced an overall loss for February of \$111,000. The Health Fund generated a profit of approximately \$144,000 and the Dental Fund a loss of approximately \$5,000. The Investment Fund experienced a loss of approximately \$249,000 for February. For the eight months ended 02/28/2022, the group has experienced a YTD loss in investments of \$55,000. The Health Fund realized a loss of \$490,000 with claims as a percentage of member assessment revenue running at 94%. The Dental Fund had a YTD profit of \$93,000 with claims as a percentage of member assessment running at 79%.

Investment Advisor Presentation and Discussion:

Investment advisor, Eugene Daponte moved to a new firm Bradley, Foster and Sargent. He introduced the company Chief Investment Officer, Tom Sargent. Mr. Daponte then said they would present an overview of the company and then give an opportunity for all to ask questions.

Mr. Daponte noted he has been the BHG investment advisor for the last 20 years. During that time, he helped the group navigate the 2000.com collapse, the 2008 global financial crisis and most recently, the global pandemic fallout. He was pleased that during his tenure, there wasn't a single bond default and there

weren't any significant auditor comments over the years. In the past few years, cash has been returned from the Schwab brokerage account to Jim Kelley to invest elsewhere rather than buy overpriced bonds. In 2008, the board approved his recommendation to add stocks to the asset allocation mix, resulting in significant capital appreciation for the account. Bradley, Foster and Sargent is a 25 year old firm based in Hartford but opening an office in Litchfield very soon. They have assets under management of \$6 billion and are recognized by both Barons and CNBC as a top 100 firm. They are a registered investment firm in the United States. The firm stood out to him because they are privately owned and long term focused. It has a deep bench of experienced professionals with high ethical standards. There is a team of four or five which produce original research - unusual for a firm of that size.

Interest rates are rising and the Federal reserve is beginning to withdraw its stimulus from the economy. There is a silver lining with rising rates for the BHG. While there was cash available to devote to bond purchases, there was also money available to invest in short term instruments. The cash built up in short term investments can now be deployed to higher yielding bonds. Bradley, Foster and Sargent works extensively with Schwab. That means that BHG can keep their current Schwab account with all it's account features. Bradley, Foster and Sargent will also honor the current fee rate charged to BHG from Peoples United. That goes back to the 1990's when the group agreed to three tenths of 1%.

Tom Sargent said that the original principals were looking for a firm that managed money like they manage their own. That means having the financial advisor be the individual that buys and sells securities and not an intermediary. You want to make money but have an eye towards capital preservation. Research is done on identifying businesses that are high quality that can preserve capital and grow it over time.

Sharon Harrison thanked them for their contribution and said the the group would have an internal discussion.

Eugene Daponte and Tom Sargent left the meeting.

Sharon Harrison said that her confidence was not with Schwab or Peoples in the past, it was with Gene Daponte. She asked for input from others.

Jim Kelley said that Mr. Daponte has always looked out for the groups best interest. The bond issue was the perfect example. When things got tight in the bond market, he sent the money back to the group. He honors his fiduciary duty and he has been impressed with him over the years.

Rachel Vadnais said it would be best to stay with someone you've known and trusted over the years instead of going with somebody you don't know.

Erika Snyder motioned to move investment funds to Bradley, Foster and Sargent.

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

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|-------------------|-----|
| Sharon Harrison | yes |
| Erika Snyder | yes |
| Crystal Wojcik | yes |
| Greg Boino | yes |
| Josh Lang | yes |
| Lyndsay Patenaude | no |
| Joe Bergeron | yes |
| Paula O'Neil | yes |

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| Chris Desjardins | yes |
| Rachel Vadnais | yes |

The motion passed by majority vote.

Acceptance of the March warrant summary:

The warrant summary was reviewed.

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

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

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|-------------------|-----|
| Sharon Harrison | yes |
| Erika Snyder | yes |
| Crystal Wojcik | yes |
| Greg Boino | yes |
| Josh Lang | yes |
| Lyndsay Patenaude | yes |
| Joe Bergeron | yes |
| Paula O'Neil | yes |
| Chris Desjardins | yes |
| Rachel Vadnais | yes |

The motion passed by unanimous vote.

GBS reports:

Joseph Anderson reviewed the *FY22 Funding Rate Analysis* with data through February 28, 2022. 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 95.16 % and 86.97 % for dental.

Reinsurance:

Karen Quinlivan reviewed the reinsurance reports. For the FY21 period through February, 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 \$533,744 and there were \$442,343 in reimbursements, leaving an overpayment credit balance of \$8,599.67. There were 15 claimants on the report of claims between 50% and 100% of the deductible with total claims of \$2,752,432. The FY22 policy period had 1 claimant in excess with updated total paid claims of \$ 560,209. The aggregating specific has been met. There were \$183,885 in reimbursements and there is an outstanding reimbursement balance due of \$1,324. There were 5 claimants at or above 50% of the deductible with total claims of \$841,662.

Wellness program report:

Richard Butler presented a current Wellness Report. Winter Fitness sessions are ongoing with 6 out of 11 sites offering classes. Rethink Your Drink finished with 48 participants from 7 sites. Top comments were less alcohol, less sugar, less caffeine, more water, tea and kombucha. There was positive response for the available Omron automated blood pressure cuffs. There were 46 people interested in the first week. Delivery and instructions will take place in April /May. Hero Coaching is going well with 5 participants

since January. There are currently 10 participants in the Diabetes program. The first health fair will be held at Mount Greylock on April 8th. Central Berkshire will have a Teacher Development Day and BHG Wellness meeting in May or June. Wellness stipend reports for FY21 have been sent to Karen Quinlivan from most entities with the exception of only 2 groups. Those checks will be distributed soon.

BCBS Report:

Mike Breen attended the meeting on behalf of Heidi Fountain. He said that there was nothing new to report. He just wanted to mention that any groups should let her or Peter Cahill know of any open enrollment needs for health fairs etc.

Other Business:

Sharon Harrison asked if people were inclined to vote for a premium holiday in FY22.

There is currently an unencumbered balance of \$13M.

Joe Bergeron said that he was interested in keeping a consistent thought of keeping up with premiums to match trend while trying to make sure that the group is not holding reserves in excess.

Erika Snyder echoed Joe Bergeron's comment.

Jim Kelley said that he thought it was reasonable for the group to approve a premium holiday.

Joe Anderson said that one of the reasons that the premium increased for FY23 was so the group could in a pulsed, structured fashion get the trust balance down to something that is generous enough to prepare for next year.

Joe Bergeron motioned to approve a full month premium holiday in FY22 for active health and dental.

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

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| Sharon Harrison | yes |
| Erika Snyder | yes |
| Crystal Wojcik | yes |
| Greg Boino | yes |
| Josh Lang | no response |
| Lyndsay Patenaude | yes |
| Joe Bergeron | yes |
| Paula O'Neil | yes |
| Chris Desjardins | yes |
| Rachel Vadnais | yes |

The motion passed by majority vote. The premium holiday is planned for the month of June.

Sharon Harrison asked for the Wellness Stipends and the Premium Holiday to be taken off ongoing items and leave the Wellness Booklet for now until she and Richard Butler can discuss.

The next BHG Board meetings were scheduled for Monday April 25, 2022 at 9:30 AM and Monday May 23, 2022 at 9:30 AM.

There was no other business.

Joe Bergeron motioned to adjourn the meeting.

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| Motion |
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Erika Snyder seconded the motion.

Sharon Harrison adjourned the meeting by unanimous consent at 10:32 A.M.

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