

**Berkshire Health Group
(BHG)**

Board Meeting Notes #23- 08

Monday, March 27, 2023 at 9:30 a.m.
Lenox Town Hall

Meeting Minutes

Board and Alternates Present:

Sharon Harrison, Board Chair
Crystal Wojcik
Greg Boino
Joseph Bergeron
Paula O'Neil

Berkshire Hills RSD
Town of Adams
Central Berkshire RSD
Mt. Greylock RSD
Northern Berkshire Voc. RSD

Guests present:

James Kelley, CPA
Richard Butler
Gene Daponte
Heidi Fountain
Judy Moniz
Chris Collins
Joseph Anderson
Karen Quinlivan

BHG Treasurer
Berkshire Medical Systems
Bradley, Foster and Sargent, Inc.
Blue Cross Blue Shield of MA (BCBS)
Blue Cross Blue Shield of MA (BCBS)
CanaRx
Gallagher Benefit Services, Inc. (GBS)
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Sharon Harrison, Board Chair, called the meeting to order at 9:32 AM.

There was not a voting quorum, therefore the meeting was held without voting items.

Investment Report:

Gene Daponte of Bradley, Sargent and Foster, Inc. provided an update on the Investment performance for the group from inception with his company at April 19, 2022 through December 31, 2022. The Investment Policy statement that the group has developed mandates that the group maintain a high quality portfolio. All bonds have to be A or better by Moody's, Standard and Poor and Fitch. At Bradley, Foster and Sargent the preference is that the rating be A or better as well. All bonds in the portfolio met the criteria but none. Walt Disney has a split rating that is rated favorably by Standard and Poor but not by Moody's. The preference was to hold it considering the bond comes due in 2023. As of 12/31/2022 the portfolio held \$2M in T bills, \$7M in Treasury notes and \$7M in Corporates for a total of \$16M with \$2M in liquid commonly traded stocks. The allocation is within the parameters of the investment policy. As of 12/31, 88% of the assets are in fixed income bonds, 11% in U.S. common stocks and 1% in cash. There was a negative impact on the investment value of over \$1M due to volatility in the market but the portfolio earns a current interest yield of 4.3%. Historical performance for the review period. In the beginning of the relationship in April, Mr. Daponte was aggressively selling equities to scale back on risk. The policy states that the group can have up

to \$7M and currently has \$2M. The S & P Benchmark for the period was down 12.90 % so the sale helped the group. The bond portfolio outperformed the benchmark. Had the group stayed with the portfolio that Peoples advocated the risk would have been greater for the group. The total loss YTD prior to fees was -5.10%. There are over \$9M in bonds coming due in under 1 year, \$4M in under three and \$2M in 3-5 years. With the turmoil in the banking industry, the likelihood of a recession is increasing. Yields on bonds are likely to decline and prices rise. Longer dated bonds are more sensitive to inflation. The average yield at maturity right now is 4.6%. The focus has been on investing in strong companies with irreplaceable assets. Maturity bonds are being replaced with fixed income. Charles Scwab is the keeper of the assets and BFS has limited authority to trade on the account as advisor and there is sufficient insurance to protect against fraud. The outlook is cautious on the near term. Inflation will place pressure on consumers and the geo-political risk will impact markets. Markets should bottom when the Fed cuts interest rates perhaps at the end of the year. Bradley Foster and Sargent has been named a top 100 investment firm by Barrons. Mr. Daponte said he is proud to be affiliated with the company.

Treasurer's Report:

Treasurer Jim Kelley, CPA reviewed his reports as of February 28, 2023 (unaudited figures). The overall cash position increased by a net of approximately \$9,000 during February due to advance payment of member assessment revenue. Accounts receivable reinsurance proceeds increased by approximately \$237,000 due to one large new claim for fiscal year 06/30/2023. Prepaid expenses decreased by approximately \$888,000 due to a large settle-up credit being applied to the February level monthly deposit. February resulted in a high claims experience, thus resulting in a settle-up due of approximately \$129,000 at month end. The investment account at MMDT increased by approximately \$265,000 representing interest earned for the month of \$15,000 at 4.77% and temporary excess cash invested of \$250,000 for a portion of the month. The group experienced an unrealized loss on the Scwab investment portfolio for February of \$204,000 and experienced realized gains of \$19,000 for February. The group experienced an overall loss for February of \$425,000. The Health Fund generated a loss of approximately \$268,000 and the Dental Fund a loss of approximately \$17,000 for the month of February. The Investment Fund experienced a loss of approximately \$140,000 for February. For the eight months ended 02/28/2023, the group has experienced a YTD profit in investments of \$92,000. The Health Fund realized a loss of \$4,000 with claims as a percentage of member assessment revenue running at 92%. The Dental Fund had a YTD profit of \$135,000 with claims as a percentage of member assessment running at 73%. As far as retained earnings went, the actuarial reserve of about \$4,855,000 at 15% leaves an unencumbered surplus of 14.6M. Premium holiday will use \$3M.

GBS reports:

Joseph Anderson reviewed the *FY23 Funding Rate Analysis* with data through February 28, 2023. He reviewed the historical claims summary as compared to FY22 and pointed out the variance in trends. He said that the composite expense-to-funding ratio for health plans was 95.05 % and 76.44% for dental respectively. He pointed out an increase in expenses for Medex for the month of February which seems to be across the board for all groups in relation to timing and deductible across the board for those plans. It may bear watching for future planning if it is to be a regular annual occurrence.

Sharon Harrison asked if there was an easy explanation on how to order prescriptions through CVS Caremark that could be sent out to all.

Heidi Fountain said that they would send out an email to all.

Reinsurance:

Karen Quinlivan reviewed the reinsurance reports. The FY22 policy period through February had 5 claimants in excess with updated total paid claims of \$ 2,045,284.89 and excess claims of \$670,284.89. The aggregating specific has been met. There were \$555,329.59 in reimbursements and there is an outstanding reimbursement balance due of \$14,955.30. There were 14 claimants at or above 50% of the deductible with total claims of \$2,689,772.07. The FY23 policy period through February had 2 claimants in excess with updated total paid claims of \$ 875,163.49. Aggregating specific has been met and there is an outstanding so there is no outstanding amount due of \$ 225,164.49. There were 8 claimants at or above 50% of the deductible with total claims of \$ 1,476,866.77.

Wellness program report:

Richard Butler presented his wellness report. The 5 for 5 Lifestyle Checklist challenge was a success with 65 participants. The Berkshire 150 will start on April 16th which focuses on 5 weeks of 150 minutes of exercise per week. Last year there were 165 participants. Fitness classes are ongoing at 6 sites. The Colonoscopy screening program had 46 participants for FY22-23. Hero Coaching has taken off with 31 new participants in FY23. Biometric screenings are ongoing. There is room for 160 screenings annually in the budget and there have been 118 so far. The Diabetes program is ongoing with new mailings sent out. Upcoming wellness activities include Stained Glass in Mt. Greylock and a 9 hole golf outing in Adams.

BCBS Report:

Heidi Fountain introduced Judy Moniz in person and said that if they can be of any help for open enrollment, please reach out. All of the 26 claims for mental health through Well Connections that needed to be reprocessed for claims back to 07/01/2022 have been completed. She also mentioned a voluntary vision benefit that individual member units can add and to contact them directly if there are any questions.

CanaRx Report:

Chris Collins said that number of prescriptions filled in February was down but the cost was higher so the plan savings were higher than the member savings. There was one additional member in February so the efforts will continue to grow participation. Projected annual savings is \$55,000 for the group.

Other Business:

The next BHG Board meetings are scheduled for April 24, 2023 9:30 AM (virtual) and May 22, 2023 McCann Tech.

There was no other business.

Sharon Harrison adjourned the meeting at 10:35 A.M.

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

