

**Berkshire Health Group
(BHG)**

Board Meeting #23- 10

Monday, May 22, 2023 at 9:30 a.m.
McCann Technical School
70 Hodges Cross Road
North Adams MA 01247

Meeting Minutes

Board and Alternates Present:

Sharon Harrison
Erika Snyder
Greg Boino
Paula O'Neil

Berkshire Hills RSD
Hoosac Valley RSD
Central Berkshire RSD
Northern Berkshire Voc. RSD

Guests present:

James Kelley, CPA
Richard Butler
Heidi Fountain
Chris Collins
Joseph Anderson

BHG Treasurer
Berkshire Medical Systems
Blue Cross Blue Shield of MA (BCBS)
CanaRx
Gallagher Benefit Services, Inc. (GBS)

Sharon Harrison, Board Chair, called the meeting to order at 9:33 AM.

There was not a quorum and therefore no formal votes were taken.

Treasurer's Report:

Treasurer Jim Kelley, CPA reviewed his reports as of April 30, 2023 (unaudited figures). The overall cash position increased by a net of approximately \$1,704,000 during April primarily due to \$1,800,000 being transferred from MMDT to cover beginning of month payments. Accounts receivable member assessments decreased by \$327,000 during March as the one member who was previously late in paying paid up. Accounts receivable – Reinsurance increased by approximately \$78,000 during April and the balance at April 30 stands at approximately \$354,000. The investment account at MMDT decreased by a net of \$1,787,000 representing interest earned of \$13,000 for the month and temporary transfer to Cash to cover cash flow timing differences. The group experienced an unrealized gain on the Schwab investment portfolio for April of \$100,000. The group experienced an overall profit for April of \$ 541,000. The Health Fund generated a profit of approximately \$406,000 and the Dental Fund a loss of approximately \$4,000 for the month of April. The Investment Fund experienced a profit of approximately \$139,000 for April. For the ten months ended 04/30/2023, the group has experienced a YTD profit in investments of \$482,000. The Health Fund realized a loss of \$661,000 with claims as a percentage of member assessment revenue running at 94%.

The Dental Fund had a YTD profit of \$95,000 with claims as a percentage of member assessment running at 80%. As far as retained earnings went, the actuarial reserve of about \$4,855,000 at 15% leaves an unencumbered surplus of 14.3M.

Mr. Kelly reviewed the current protections in place safeguarding BHG's cash positions at M&T Bank and Adams Community Bank. M&T extends an additional layer of protection up to \$5,000,000 through a collateralization mechanism. In contrast, Adams Community Bank affords BHG only the standard \$250,000 in protection. Considering the potential for financial volatility to trigger a catastrophic event – Mr. Kelly suggested some thought be given to avoiding the risk inherent in retaining the BHG cash banking relationship.

Mr. Kelly detailed 3 cash account banking options for BHG to evaluate which consider risk and return while taking advantage of the current opportunities to more actively manage its cash position for superior rates of return through MMDT. The pros, cons and additional labor costs associated with an active management process were summarized for each.

Bradley, Foster & Sargent, Inc. provided a 3 pager which was touched upon. For 2022, the BHG investment portfolio outperformed its stock and bond benchmarks by a significant margin. March 31, 2023 YTD performance saw BHG significantly underperform the S&P 500 due to a very narrow growth leadership of non-dividend paying stocks driving the S&P's performance. BHG investment strategy does not heavily weight this type of holding. The Q1 2023 BHG bond portfolio performance underperformed its benchmark whereas BHG focuses on shorter maturity bonds and therefore have not substantially appreciated in price with the Q1 yield declines.

GBS reports:

Joseph Anderson reviewed the *FY23 Funding Rate Analysis* with data through April 30, 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 97.3 % and 80.34% for dental respectively.

Reinsurance:

Joseph Anderson reviewed the reinsurance report for FY23. The FY23 policy period through April had 4 claimants in excess with updated total paid claims of \$ 1,539,008.97. There were \$ 439,008.97 in excess claims. No reimbursements have been received so there is a total outstanding amount due of \$ 339,008.97. Excess claims Claims will go towards aggregating specific so there is no outstanding amount due at this time. There were 7 claimants above 50% of the deductible with total claims of \$ 1,573,235.67.

Wellness program report:

Richard Butler presented his wellness report and reviewed the results of recent programs. In preparation for FY24 and the BHG wellness budget requirements, Mr. Butler provided a listing with cost projections for 10 separate wellness initiatives. Absent a quorum, no action could be taken to formalize a budget. There was discussion on the programs and cost assumptions in the proposal and the FY24 Wellness budget process is to be finalized at the next Board Meeting. The intention to vote on the FY24 wellness stipends at the June Board meeting was also noted

CanaRx Report:

Chris Collins said actual savings through April was \$25,273.26 with the monthly average \$6,318.32. Average savings is 74.87% with 20 enrolled members and 24 prescriptions filled. Enrolled members are increasing which is good. Trends have shown that quarterly postcards result in an uptick in enrollment and web traffic on the program site after the mailing

Other Business:

The next BHG Board meetings will be virtual on June 27, 2023.

There was no other business.

Sharon Harrison, Board Chair, adjourned the meeting by unanimous consent at 10:58 A.M.

*Prepared by Joseph Anderson
Gallagher Benefit Services, Inc.*