

**Berkshire Health Group
(BHG)**

Board Meeting #25- 02

Monday, October 7, 2024, at 9:30 a.m.

McCann Technical School
70 Hodges Cross Rd
North Adams MA 01240

Meeting Minutes

Board and Alternates Present:

Sharon Harrison, Board Chair
Erika Snyder, Board Vice Chair
Crystal Adelt
Paula O'Neil
Marlene Dileo
Greg Boino
Melissa Falkowski
Rachel Vadnais
Sophia Bletsos
Reena Sharma

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

Not Present:

Mark Pruhenski

Town of Great Barrington

Guests present:

Jim Kelley
Ashley Satko
Linda Sciarappa
Richard Butler
Hedi Fountain
Chris Collins
Joseph Anderson
Karen Quinlivan

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

Erika Snyder, Board Vice Chair, called the meeting to order at 9:30 AM.

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

Erika Snyder
 Crystal Adelt
 Paula O'Neil
 Marlene Dileo
 Greg Boino
 Melissa Falkowski
 Rachel Vadnais

Hoosac Valley RSD
 Town of Adams
 Northern Berkshire RSD
 Southern Berkshire RSD
 Central Berkshire RSD
 Town of Lenox
 Town of Williamstown

Approval of the minutes of the August 19, 2024 (# 25-01) meeting:

Motion

Greg Boino motioned to approve the notes and minutes of the August 19th, 2024 Board meeting.

Rachel Vadnais seconded the motion.

The motion passed by majority consent. Melissa Falkowski abstained.

Treasurer's Report:

Treasurer Jim Kelley, CPA reviewed his reports as of August 31, 2024 (unaudited figures). The August overall cash position decreased by a net of \$65,000. The cash at Schwab decreased by \$380,000 as idle cash was reinvested during August. Accounts receivable-reinsurance decreased by a net of approximately \$ 272,000 during August as amounts were received and the balance stands at approximately \$39,000 at the end of August. The investment account at MMDT decreased by a net of \$261,000 representing interest earned of \$23,000 for the month and net redemptions of \$284,000 in August due to operating losses. The group experienced an unrealized gain on the Schwab investment portfolio for August of \$ 79,000. The group experienced an overall loss for August of \$364,000. The Health Fund generated a loss of approximately \$515,000 and the Dental Fund a loss of approximately \$9,000 for the month of August. The Investment Fund experienced a profit of approximately \$ 160,000 for August. For the 2 months ended 08.31/2024, the group has experienced a YTD profit in investments of \$377,000. The Health Fund realized a loss of \$ 329,000 with claims as a percentage of member assessment revenue running at 96%. The Dental Fund had a YTD loss of \$37,000 with claims as a percentage of member assessment running at 106%. As far as retained earnings went, the actuarial reserve of about \$4,855,000 at 15% leaves an unencumbered surplus of \$ 6.3M. Claims for September appear to be running higher.

Approval of the July, August, and September warrants:

Motion

Greg Boino motioned to approve the July, August and September warrants.

Melissa Falkowski seconded the motion.

The motion passed by unanimous vote.

GBS Reports:

Joseph Anderson reviewed the *FY24 Funding Rate Analysis* with data through August 31, 2024. He reviewed the historical claims summary as compared to FY24 and pointed out the variance in trends. He said that the composite expense-to-funding ratio for health plans was 106.01 % with a deficit of \$354,489 and 106.68% for dental with a deficit of \$14,678 respectively. All in all a heavier utilization position and a deficit in funding. Claims were higher but the stop loss reimbursements will come into play. Medex was a positive result so far. The renewal is challenging this year but this does not add further weight.

Reinsurance:

Karen Quinlivan reviewed the reinsurance reports. The FY24 policy period through August had 7 claimants in excess with updated total paid claims of \$ 2,938,600.23 and excess claims of \$1,013,600.23. The aggregating specific has been met. There were \$874,079.50 in reimbursements and there is an outstanding reimbursement balance due of \$39,520.73. There were 17 claimants at or above 50% of the deductible with total claims of \$3,074,284.33. The FY25 report had no members in excess or at the 50% level yet.

Sharon Harrison, Board Chair joined the meeting at this time.

Two annual GBS contract were presented for approval. The Roster and Invoice Download Agreement is an annual contract providing services to distribute monthly invoices and rosters through a secure web portal. The annual contract runs from 07/01/2024 through 06/30 2025 and costs \$157.50 per unit or \$1,732 for 11 units. The Website Maintenance Agreement is for the annual maintenance for the BHG website. It is an annual fee of \$3,785 for the FY25 period paid in four installments of \$946.25 each on September 1, 2024, December 1, 2024, March 1 2025 and June 1, 2025.

Approval of the GBS Invoice and Roster Download and Website contracts:

Motion

Melissa Flakowski motioned to approve the Invoice and Roster Download and Website contracts for FY25.

Greg Boino seconded the motion.

The motion passed by unanimous vote.

Sophia Bletsos from Lanesborough joined the meeting at this time.

Wellness Report:

Richard Butler presented the current wellness report. The Challenge “Check the Box” healthy summer checklist was conducted with five categories and 2-4 activities in each during July and August. There were 129 participants. Each site received one random prize winner for every ten participants. There were eighteen random winners. Fall Walk Tober has begun with the goal of achieving 6,000 steps for the month. A family member or friend can be invited for 10 days to be entered into a random drawing. The COVID and Flu vaccines have been ongoing at various locations. There is a \$25 incentive for employees and an additional \$25 for one family member. Health screenings are also available. There are currently three members enrolled in Hero Coaching. The Diabetes program has fourteen participants. A reminder will be going out soon. The Colonoscopy Program had seventy-six participants in FY24 and has eighteen so far in FY25.

CY25 Senior Renewal:

Joe Anderson said that the medical experience increased by 6% for the last 12 months. Last year there was a decision to buffer the exposure to the full calculation for the retirees given the trust balance. That put a foundation in place to add \$14 to the medical calculation. This year the medical calculation is up \$27 but the PDP portion has a material increase of \$43. The Inflation Reduction Act has changed the benefits that retirees receive from the prescription drug plan. In the past there was an \$8,000 catastrophic limit at which time the retiree would receive reduced copays. That has now been reduced to a \$2,000 limit at which time the copays are zero. The cost difference has been transferred to the carriers and PDP rates have therefore gone up. Blue Cross did a book rate increase across the board for all populations. The winners are the high utilizers, but the burden is spread across the entire block. The full calculation arrived at an amount of \$466.04 for a 17.6% increase. The proposed rate for consideration and discussion was \$450.00. Six different pricing models were

illustrated in five-dollar premium increments with the corresponding exposure to the trust. Low was \$435 and high was \$466.04.

Paula O'Neil said that James Brosnan asked if there was a way to spread the increase over two years instead of hitting the members with a 22% increase.

Mr. Anderson said that was the approach that was taken last year. That can be done again with the understanding that next year's calculation will be spring loaded for the shortfall. The new reality is that there is more utilization now.

Melissa Falkowski asked about the reserve funding level policy.

Jim Kelley said that it is 15% of projected claims. It is currently \$5.4 million. The trend on the trust is for continued losses. There has been discussion for increasing the reserve because of that.

Sharon Harrison said that Medex has historically created a surplus for the group. When thinking of subsidized rates, Medex does not cause as much concern, but the trend may be changing.

Joe Anderson said that plan design changes for copays may be something that can be looked at for next year to reduce costs. There may be 10% of the population now that hit the \$8,000 level but there may be 50% that would meet the \$2,000 level. There may be a greater population that has a lower total out of pocket.

Melissa Falkowski asked what the increase was last year.

Joe Anderson said the increase was 5.2% but the calculation was 9%.

There was discussion.

Approval of CY25 Senior Rates:

Motion

Sharon Harrison motioned to set the CY25 Medex rate of \$455.00 using \$238,126 of the trust balance.

Greg Boino seconded the motion.

The motion passed by majority vote. The vote was seven to three.

Blue Cross Report:

Heidi Fountain said that Blue Cross will be happy to attend any open enrollment meetings and supply materials. Formulary changes were also illustrated

CanaRx Report:

Chris Collins said that savings through August were \$14,755.22. A listing of potential members will be distributed to units soon.

Other Business:

The next meetings will be held on December 16th (virtual) at 9:30 A.M. and January 27th at McCann Technical School at 9:30 A.M.

There was no other business.

Sharon Harrison motioned to adjourn.

Motion

Greg Boino seconded the motion.

Erika Snyder, Board Vice Chair, adjourned the meeting at 10:33 A.M.

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