

**Berkshire Health Group  
(BHG)**

**Board Meeting #25- 04**

Monday, January 27, 2025, at 9:30 a.m.

McCann Technical School  
70 Hodges Cross Rd  
North Adams MA 01247

**Meeting Minutes**

**Board and Alternates Present:**

Sharon Harrison, Board Chair  
Erika Snyder, Board Vice Chair  
Ashley Satko  
Greg Boino  
Sophia Bletsos  
Lyndsay Patenaude  
Joe Bergeron  
Jim Brosnan  
Marlene Dileo  
Rachel Vadnais

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

**Not Present:**

Gina Dario

Town of Lanesborough

**Guests present:**

Jim Kelley  
Dave Fierro  
Richard Butler  
Heidi Fountain  
Rebecca Herzog  
Joseph Anderson  
Karen Quinlivan

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

Sharon Harrison, Board Chair, called the meeting to order at 9:31 AM.

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

Sharon Harrison

Berkshire Hills RSD

Erika Snyder	Hoosac Valley RSD
Ashley Satko	Town of Adams
Greg Boino	Central Berkshire RSD
Sophia Bletsos	Town of Great Barrington
Lyndsay Patenaude	Town of Lenox
Joe Bergeron	Mt Greylock RSD
James Brosnan	Northern Berkshire RSD
Marlene Dileo	Southern Berkshire RSD
Rachel Vadnais	Town of Williamstown

**Approval of the minutes of the December 16th, 2024 (# 25-03) meeting:**

Motion
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Joe Bergeron motioned to approve the minutes of the October 7th, 2024, Board meeting.

Erika Snyder seconded the motion.

The motion passed by unanimous consent.

**Treasurer's Report:**

Treasurer Jim Kelley, CPA reviewed his reports as of December 31, 2024 (unaudited figures). The December operating cash position decreased by a net of \$799,000. The cash at Schwab increased by \$336,000 as idle cash was awaiting reinvestment at month end. The investment account at MMDT decreased by a net of \$828,000 representing interest earned of \$14,000 for the month and net redemptions of \$842,000 in December as a result of claims payment timing differences. The group experienced an unrealized loss on the Schwab investment portfolio for December of \$175,000. The group experienced an overall loss for December of \$743,000. The Health Fund generated a loss of approximately \$617,000 and the Dental Fund a loss of approximately \$21,000 for the month of December. The Investment Fund experienced a loss of approximately \$147,000 for December. For the six months ended 12/31/2024, the group has experienced a YTD profit in investments of \$715,000. The Health Fund realized a loss of \$4,154,000 with claims as a percentage of member assessment revenue running at 110%. The Dental Fund had a YTD loss of \$11,000 with claims as a percentage of member assessment running at 91%. As far as retained earnings went, the actuarial reserve of about \$4,855,000 at 15% leaves an unencumbered surplus of \$4.7M. Claims for December appear to be running higher yet there is no money due for reinsurance at this time and surplus is depleting.

The auditor will come to the next meeting. Incurred but not reported claims decreased by \$1,663,006. FY23 claims were adjusted upward by \$356,000 in FY24 as well as accounts receivable reinsurance by \$191,435. The net effect of the entries increased the loss by those amounts. The actuarial reserve is projected to increase by \$1,000,000, thus leaving the unencumbered surplus of \$3,800,000. Back-to-back years of increased claims could put the group at risk of large increases or member assessment. An actuarial reserve study years ago stated that 15% of projected claims on hand will cover claims 95% of the time in any one year. If 20% were retained, it would cover 99% of the time. After audit, the actuarial reserve will increase from \$5.4 million to \$6.3 million for 15% and 20% would be \$8 million.

**Approval of the December and January warrants:**

Joe Bergeron motioned to approve the December and January warrants.

Motion
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Greg Boino seconded the motion.

The motion passed by unanimous vote.

**GBS Reports:**

Joseph Anderson reviewed the *FY25 Funding Rate Analysis* with data through December 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 112.01 % with a deficit of \$2,143,953 and 96.08% for dental with a surplus of \$26,047 respectively. The concerning factor is that the deficit ratio has been consistent. Network Blue is at 108.96% which represents 93% of the group. Medex has been consistently over 100% but there was an increase for 01/01/2025. Coming into renewal, the preliminary calculation is challenging. All in all a heavier utilization position and a deficit in funding.

**Reinsurance:**

Karen Quinlivan reviewed the reinsurance reports. The FY24 policy period through December had 7 claimants in excess with updated total paid claims of \$ 2,974,793.75 and excess claims of \$1,049,793.75. The aggregating specific has been met. There were \$949,615.03 in reimbursements and there is an outstanding reimbursement balance due of \$178.72. There were 17 claimants at or above 50% of the deductible with total claims of \$3,063,628.30. The FY25 report had no members in excess but at the 50% level there were 12 claimants with \$ 1,990,394.70 in updated total paid claims. The amount due for FY24 was actually received in January, therefore, the group is currently not due any money for reinsurance.

The question was raised regarding whether the group could go down to a \$175,000 specific deductible.

Mr. Anderson said that the stop loss market is very challenging. Very rarely can you go back down once you have raised a deductible. The risk of not getting quote would increase along with premiums going way up. The group would be priced out of the market and it does not make sense.

**FY26 Active Plan Renewal:**

Heidi Fountain asked Joe Anderson to provide a brief overview for the market in general coming into the renewal and what he is seeing state wide.

Joe Anderson said that MIIA set their bands last week with the average increase at 14.8%. They have a low of 9.9% and a high of 19.9%. They have not done that type of an increase in quite some time. The GIC is calculating at a double digit increase. There are three other joint purchase groups in the state which are calculating at double digits. Drug spend and medical inflation is increasing trend tremendously. The group has an independent CPA and an auditor to manage the fund balance and help facilitate and guard against the shock value of a year like this. It can be a managed benefit over time with a financial voice in the decision making process to maintain control.

The 14 year rate increase history was referred to. The average increase over 14 years was 5% but there were successive years when the rate increases were zero %. In good claims years that is fine but when they turn, trend places a group in a precarious position. The private sector can do plan design changes but the municipal world is governed by Chapter 32B. Post COVID, the provider and hospital network has also changed. There is an increase in ER usage and a shortage of bed space. There are higher provider charges billed to the carrier and that drives costs up. Medicare charges have always been depressed. In order to make up the difference, those costs get passed on to the active population.

Mr. Anderson said the BCBS administrative charge on the renewal is increasing 1.5%. for health and dental Gallagher is holding their fee steady at no increase. Blue Care Elect was looked at first. It is not a credible plan for rating purposes but the cost per contract to remember is \$2,626.41. Blue Cross calculated a 20% increase and Gallagher an 18% increase. Network Blue is the credible plan that is the driver of experience. The cost per contract is \$1,602.50 because of the managed care component of the plan. Claims increased year over year by 12% in the last 24 months. The calculation uses an inflationary trend of 10%. Fees and

reinsurance are to added to the anticiapted claims per month. Stop loss was assumed to have an increase of 25%. A required fund rate is then arrived at. Gallagher uses data though December and Blue Cross uses data through the end of October and has two months of trend, hence there will be differences between the two calculations. Blue Cross arrived at a 22.05% and Gallagher arrived at 15.55% for the deductible plan.

Current funding for the FY25 period is at \$35,972,340. Two scenarios were then reviewed. Based on BCBS projected claims there would be an average increase of 21.8%. Gallagher used theiur own projections for Network Blue and Blue Cross projections for the non- credible Blue Care Elect and Blue Choice plans. The average increase for Gallagher was 16%. Five scenarios were also illustrated at average increases of 14%, 12%, 11% and 10% with the respective impact to the trust balance.

There was discussion.

James Brosnan motioned to approve a 16% average increase in rates for FY26.

Motion

Erika Snyder seconded the motion.

The motion carried by a majority cote of 7 to 3.

There was discussion regarding whether it would be feasable to offer a 2 person plan.

Joe Anderson said that previous analysis points that the 2 person population tends to be empty nesters with higher utilization. The cost exposure has to be spread over the remaining population, therefore you are helping fewer people to impact more people. An analysis could be done see what can be done from a cost perspective.

Dental was looked at next. Across the state there are increases on dental. The current rate is \$32.00 for individual and \$88.00 for family. A proposed rate increase of 3.13% to individual and 2.27% to family was poroposed bringing the rates to \$33.00 and \$ 90.00. respectively. There has been no dental rate increase in quite some time.

Rachael Vadnais said that she is receiving complaints that dentists are requiring payment up front from members because payment from Blue Cross is too slow. They then need to file for reimbursement.

Heidi Fountain asked for the names of dentists to investigate whether they have dropped from network.

Joe Bergeron motioned to increase dental by the recommended percentages for rates of \$33.00 for individual and \$90.00 for family.

Motion

Rachel Vadnais seconded the motion.

The motion passed by unanimous vote.

### **Wellness Report:**

Richard Butler presented the current wellness report. In January, a 30-minute video was introduced called 'Blood Sugar Basics'. It provided valuable information on the topic and 147 members had a chance to receive an incentive reward. February will have an activity titled 'Out with Added Sugar" to reduce added sugar in the diet. Wellness activities are ongoing at area locations. There are currently 3 members enrolled in Hero Coaching and there are 27 participants in the Diabetes program.

**Blue Cross Report:**

Heidi Fountain said that during the Informatics report, several initiatives were mentioned such as the Cost Share Assistance program for specialty drugs. There is also a Weight Management program that can be presented, and she asked for time at the next meeting. She reminded groups that may be considering adding the high deductible plans that some lead time is necessary to establish group numbers and get them set up with Health Equity. She asked for any considering to contact her as soon as possible, by the end of March.

**CanaRx Report:**

CanaRx was unable to attend the meeting but provided their report in the packet for review.

**Other Business:**

The next meeting will be held on March 31, 2025, at Lenox Town Hall at 9:30 A.M.

There was no other business.

Sharon Harrison, Board Chair, adjourned the meeting at 11:11 A.M.

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