

**Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, June 28, 2006**

A regular meeting of the Board of Directors was held on Wednesday, June 28, 2006, at the Portsmouth Town Hall, 2200 East Main Road, Portsmouth, Rhode Island.

Roll Call

Board of Directors

Jane F. Correia	President	Present
Cynthia Brown	Director	Excused
Shawn J. Brown	Treasurer	Present
Ron Devine	Director	Excused
Miriam Goodman	Director	Present
Nancy Lalli	Director	Present
Robin Reasor	Director	Excused
Patricia Watkins	Director	Excused

Alternate Board Members:

David P. Faucher	Vice President	Present
Maureen Macera	Alternate	Excused
Catherine McLeish	Alternate	Present
Edward Mara	Alternate	Excused
Robert Murray	Alternate	Present
Robert Mushen	Alternate	Present
Glenn Steckman III	Alternate	Present
Michael Saunders	Alternate	Present

Others Present

Lynne Dible	Secretary	Present
Stephen Zubiago	Nixon Peabody LLP	Excused
Kevin Walsh	Group Benefits Strategies	Present

Call to Order

President Correia called the meeting to order at 9:35 a.m. Secretary Dible reported that a quorum was present.

Agenda

A motion was made by R. Mushen, seconded by M. Goodman, to approve the agenda for the 06/28/06 meeting. The motion was approved unanimously.

Secretary's Report:

A motion was made by S. Brown, seconded by D. Faucher, to approve the minutes (previously emailed) of the meeting held 05/31/06. The motion was approved unanimously.

Treasurer's Report:

A motion was made by D. Faucher, seconded by R. Mushen, to approve the Treasurer's Report for period ending 05/31/2006 as presented. S. Brown reported that as of 05/31/2006 there was no unexpected financial activity. He added that based on the recommendations in the Milliman Report he adjusted where the IBNR liability was being reported and also made the adjustment to the recognition of premiums on the financial statements. As of 05/31/2006, there were no reconciling items and Net Income for the GHGRI was \$700K. The motion was approved unanimously.

S. Brown informed the group that he would be scheduling a meeting with K. Walsh, Milliman and CCR to begin work on the year-end audit. He explained that the auditing of claims at Blue Cross would begin shortly, also adding that the FY2006 Financial Statements for the GHGRI are required to be completed by 12/31/2006.

Warrants:

A motion was made by S. Brown, seconded by D. Faucher, to approve the July 2006 Warrant Summary. The motion was approved unanimously.

Self-Funded Cost vs. Funding Analysis:

K. Walsh provided an overview of the Self-Funded Cost vs. Funding Analysis Report. He reported that the overall Cost/Funding ratio was 87% at the end of May 2006, covering 11 months of claims. He mentioned that disputed claims have also been adjusted with a savings of \$4,000.

He also reviewed the High Cost Claim Report through May 2006 stating that there were now two members in excess of the \$200,000 ceiling.

Old Business:

Retroactive Billing Policy. S. Brown explained that Ruth from GBS had completed the reconciliation and retroactive billing for the period 7/01/05 – 4/30/06 and that he would be emailing these bills out later today. He added that the same process would be done for the period 7/01/05 – 6/30/06 at the end of September, which would complete any retroactive adjustment billing for the fiscal year. S. Brown reported that there were no material amounts resulting from this retroactive billing and added that any material adjustments would be handled on an individual group by group basis. A motion was made by S. Brown and seconded by R. Murray

to approve the Retroactive Billing Policy that had been reviewed at the May 2006 meeting. The motion was approved unanimously

DBR Approval of Plan of Operation. S. Brown explained that J. Correia, D. Faucher, K. Walsh and himself met with William Thompson of Milliman yesterday to review the Feasibility Study. The Report is now final and can be issued to DBR in order to satisfy the requirement that the GHGRI have one done. Discussions continued regarding the need for aggregate stop loss insurance, especially in the event of a pandemic. K. Walsh pointed out that the Feasibility Report states that aggregate stop loss coverage is not necessary and that there is adequate stop loss coverage currently with the \$200K threshold per member.

S. Brown went on to review the Report stating that the IBNR reserve calculation was considered to be reasonable. The issue of building up a capital reserve to cover additional costs not covered in the premium calculation was discussed and will be addressed further at the July 2006 Regular Meeting. S. Brown added that the use of interest earnings might be one solution for covering other operating expenses of the GHGRI. Further discussion followed regarding how to handle new members and the distribution of surplus reserves.

K. Walsh discussed how Milliman recommended not having stop loss coverage after the GHGRI reserves are built up. Initially, as the reserves build up, the \$200K threshold level can be increased and eventually coverage can be stopped. Discussion followed regarding the difference in the GHGRI surplus projection for FY2006 done by Milliman compared to the projection done by GBS. K. Walsh explained that the Feasibility Report projects a very conservative \$748K surplus at 6/30/06, as opposed to the estimate reported by GBS of \$2.0M.

A motion was made by S. Brown, seconded by R. Murray to accept the Milliman GHGRI Feasibility Report and send it to S. Zubiago to forward to the DBR. The GHGRI Board will include a letter drafted by S. Zubiago highlighting the best-case scenario presented in the Report since the GHGRI is operating better than is reflected in the Feasibility Report. The 6/30/2006 Financial Statements are also to accompany the Feasibility Study and the letter to the DBR. The motion was approved unanimously

Proxy Voting Definition. A motion was made by S. Brown, seconded by G. Steckman, to accept the revised proxy voting definition previously emailed. The motion was approved unanimously

Meeting Dates FY2007. J. Correia announced that the next meeting would be on 7/28/2006 at the East Bay Educational Collaborative in Warren, RI. The Regular meetings of the GHGRI will be held at this location through December 2006. She added that she would email out to everyone the meeting dates for FY2007 along with directions to the East Bay Collaborative building in Warren.

New Business:

Retention Analysis Report. K. Walsh explained that the retention charge for FY2007 for the GHGRI is 10.25%, which is lower than it would have been for each group alone, with the exception of Newport, because of its size. He added that he would quantify this and provide an analysis for the July 2006 Regular meeting. He continued to explain that the retention charge is based on a group's size, and bigger groups have lower retention charges.

Third Party Administrator (TPA). K. Walsh explained that there had been a question raised by DBR as to whether GBS was acting as a TPA for the GHGRI, and he wanted to clarify that GBS does none of the things a TPA does. Because of this they do not need a TPA license.

Reinsurance Bid Analysis. K. Walsh reviewed the bids with the GHGRI and explained that the lowest quote at the current Specific level of \$200K was from Blue Cross Blue Shield of RI for an annual premium of \$886K, a 7.1% increase from the current estimated annual premium. This quote does include a retention credit from Blue Cross. He stated that GBS recommends the Blue Cross reinsurance with \$200K Specific and Aggregate coverage, but reminded everyone that the Milliman Feasibility Report does not recommend purchasing Aggregate coverage. K. Walsh explained that due to the possibility of a pandemic, GBS is recommending the Aggregate coverage. After further discussion by the GHGRI, a motion was made by S. Brown, seconded by D. Faucher, to accept the Blue Cross quote for reinsurance for \$200K Specific coverage without the Aggregate coverage. . The motion was approved unanimously

Adjournment: A motion to adjourn at 10:45 a.m. was made by S. Brown seconded by D. Faucher. The motion was approved unanimously.

The next regular meeting is July 26, 2006 at the East Bay Educational Collaborative.

Respectfully submitted,

Lynne S. Dible, Secretary