

**Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, September 27, 2006**

A regular meeting of the Board of Directors was held on Wednesday, September 27, 2006, at the East Bay Educational Collaborative, 317 Market Street, Warren, Rhode Island.

Roll Call:

Board of Directors

Jane F. Correia	Director	Present
Shawn J. Brown	Director	Present
David P. Faucher	Director	Present
Robert Mushen	Director	Present
Miriam Goodman	Director	Present
Nancy Lalli	Director	Present
Glenn Steckman III	Director	Present
Robert Murray	Director	Present

Alternate Board Members:

Edward Mara	Alternate	Excused
Catherine McLeish	Alternate	Present
Vacant	Alternate	Excused
Harold "Ron" Devine	Alternate	Excused
Maureen Macera	Alternate	Excused
Michael Saunders	Alternate	Excused
Robin Reasor	Alternate	Excused
Joanne Vechio	Alternate	Excused

Others Present

Lynne Dible	Secretary	Present
Stephen Zubiago	Nixon Peabody LLP	Excused
Kevin Walsh	Group Benefits Strategies	Present
Marc Gagnon	Blue Cross Blue Shield of RI	Present
Ellen Conway	Blue Cross Blue Shield of RI	Present

Call to Order:

President Correia called the meeting to order at 9:40 a.m. Secretary Dible reported that a quorum was present.

Agenda:

A motion was made by D. Faucher, seconded by M. Goodman, to approve the agenda for the 09/27/2006 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 08/23/2006. The motion was approved unanimously.

Treasurer's Report:

A motion was made by J. Correia, seconded by G. Steckman, to approve the Treasurer's Report for period ending 08/31/2006 as presented. S. Brown reported that claims were somewhat higher than in previous months, which caused a reduction in the net proceeds and also a negative net income for the period. The expenses do not reflect the invoice for the reinsurance, as the bill was just recently finalized. S. Brown reported that the reinsurance expense would be reflected in next month's statements. S. Brown explained that this was not the first month that the statements reflected a negative net income.

S. Brown reported that GBS is completing the final FY2006 reconciliation and that R. Lynch will be issuing the final invoices for any retroactive billing adjustments over the next week. S. Brown also added that the payment delays that were seen last month due to the beginning of the fiscal year are no longer an issue and most outstanding payments have been received and are reflected in the increased interest income for the period.

S. Brown reported that the annual audit for FY2006 is on schedule. K. Walsh reported that the CCR auditors had not visited the GBS offices yet, although he had spoken with them, but expected them to do their fieldwork at GBS over the next month. The motion was approved unanimously.

Warrants:

A motion was made by D. Faucher, seconded by S. Brown, to approve the October 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. The group determined that an amended report was needed to correct for the missing Woonsocket data. K. Walsh subsequently emailed the corrected report, which reflected an overall cost/funding ratio of 98.7% as of the end of August 2006. He added that six groups had high claims activity, with cost/funding ratios of over 100%, and distributed a summary by group of the reasons for the high ratios. He added that there have been no changes to the Disputed Claims Report since last month.

K. Walsh reported that the High Cost Claim Report for the period included just three excess claims, which he explained that for a group this size with approximately 4,500 contracts and 8,000 members was very favorable. The question was asked as to whether there was a seasonal component to some claims, especially for teachers who may schedule procedures during the vacation months. S. Brown added that there is a correlation between the number of workdays and the number of claims during a given month, which came to light when working on calculating the IBNR. He added that the reports provided by Blue Cross do not provide enough detail to determine seasonality of claims or the impact that changes to co-pays may have on utilization.

K. Walsh reported on the Actual FY2006 Claims Report in relation to the IBNR. The report is based on data received from Blue Cross, and reflects that the IBNR is approximately two weeks of claims, or \$1.961K. He added that the IBNR calculation being prepared by Milliman will be interesting, since conservatively a one month IBNR calculation should be fine based on these estimates, not the 1 ½ or 2 month IBNR calculation that was previously discussed. The information provided by Blue Cross shows that the majority of the claims are being paid within two weeks.

K. Walsh added that there might be other reasons to carry more than the minimum IBNR, such as to protect against the Bird Flu pandemic. S. Brown added that currently a 45-day calculation for the IBNR is being carried on the books.

S. Brown explained that the next step after determining the proper IBNR calculation is to determine the proper reserve calculation. K. Walsh added that currently the IBNR calculation that is being carried on the balance sheet is most likely conservative, but this is not a bad thing as the group is starting out. In the future, the excess IBNR may be used to reduce the premium rates, if the group decides to use it in this manner.

Old Business:

DBR approval / GHGRI Officer Insurance status. J. Correia reported that S. Zubiago is making every effort to get the proper documentation and approvals from the DBR so that the GHGRI E&O insurance can be purchased and put into place. The conference call that had been scheduled between J. Torti and S. Zubiago was postponed. D. Faucher will check with the Trust regarding the possibility of getting the E&O insurance for the GHGRI prospectively, and not retroactively, based on the fact that the legislation passed taking the DBR out of the oversight process, and the GHGRI had no E&O claims prior to this legislation being passed. D. Faucher will report to the group as to the status of the officers insurance at the next meeting.

Stop Loss Insurance status. K. Walsh reported that the last update from Blue Cross on this was 9/5/2006. He is waiting for the final invoice, and will send it out as soon as he receives it.

Final FY2006 reconciliation / retroactive billing. K. Walsh reported that R. Lynch of GBS has almost completed the final reconciliation and will have it for next month's meeting. The final retroactive billing should be going out to each community next week.

New Business:

Stipend for Treasurer (audit related work) / Secretary. S. Brown reviewed his monthly responsibilities and the support that he has provided for the annual audit. He requested an additional \$3,000 stipend annually to cover the audit related work. This would be added to his \$1,000 per month or \$12,000 annual stipend that is already in place. A motion was made by G. Steckman seconded by D. Faucher to approve the additional \$3,000 annual stipend for audit related work, for the Treasurer of GHGRI. The motion was approved unanimously.

The Secretary reviewed her monthly responsibilities for the group, and requested a monthly stipend of \$192 per month to cover the time spent executing her responsibilities as Secretary for the GHGRI. D. Faucher explained that a more round number for budgeting purposes makes more sense, and proposed a \$200 per month or \$2,400 per year stipend for the Secretary. A motion was made by S. Brown seconded by D. Faucher, to approve a \$200 per month, or \$2,400 annual stipend for the Secretary of the GHGRI. The motion was approved unanimously.

Special Assessments. S. Brown explained that as was identified in the Feasibility Study, only claims and reinsurance are included in the premium calculations. Any other fee such as consulting or legal fees are not covered in the premiums that are received by the GHGRI by each community. As was noted last month, the interest income fell short as a means to cover these additional expenses, so we may need to address the possibility of charging a special assessment to cover them. S. Brown added that a special assessment mechanism based on a minimal amount each year would be a reasonable way to cover these additional costs. He added that in the future a lot of the non-recurring costs mostly related to the DBR approval of the Plan of Operation would go away. D. Faucher added that it would make sense to wait for the Milliman report on the IBNR calculation, because we may not need to charge a special assessment if the IBNR we currently are carrying is overly conservative. He suggested that S. Brown assess the special assessment figure required and provide it to the group. This assessment would most likely be divided based on the number of subscribers.

S. Brown discussed that the GHGRI owes GBS approximately \$3,000 for the administration of the Medicare Part D reimbursement program and is looking for a methodology, such as by number of Medicare Part D subscribers, to allocate this cost. K. Walsh will propose some methods for this allocation prior to the first distribution from Medicare.

New Member Policy. A subcommittee consisting of the Executive Committee will be responsible to work on this policy and report back to the group at a future meeting. D. Faucher will check to see what he has on the New Member Policy that was previously worked on and email it out to the Executive Committee for their review.

Muni-Blue / Good Health Benefit Program Reports. Blue Cross presented information on their new Muni-Blue Wellness Program, a program designed specifically for municipalities to help their employees manage their own health and wellness through a suite of customized health management solutions. There will be a dedicated worksite Health Service Specialist specifically for each community to assist with the coordination and promotion of onsite health educational activities and this person would be the point of contact for the employees. This program is being offered in conjunction with the Good Health Benefit.

K. Walsh stated that the GHGRI had paid \$99K for the Good Health Benefit program over the last year and has yet to see any reports on the outcomes of the wellness programs or documentation that measures the overall success or failure of the GHB program. He again requested that Blue Cross provide the GHGRI with this information.

Adjournment:

A motion to adjourn at 11:50 a.m. was made by G. Steckman seconded by R. Murray. The motion was approved unanimously.

The next regular meeting is October 25, 2006 at the East Bay Educational Collaborative.

Respectfully submitted,

Lynne S. Dible, Secretary