

**Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, October 25, 2006**

A regular meeting of the Board of Directors was held on Wednesday, October 25, 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	Excused
Vacant	Alternate	Excused
Harold "Ron" Devine	Alternate	Excused
Maureen Macera	Alternate	Excused
Michael Saunders	Alternate	Excused
Robin Reasor	Alternate	Present
Joanne Vecchio	Alternate	Excused

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 S. Brown, seconded by D. Faucher, to approve the agenda for the 10/25/2006 meeting. The motion was approved unanimously.

Secretary's Report:

A motion was made by S. Brown, seconded by R. Murray, to approve the minutes (previously emailed) of the annual meeting held 09/27/2006 and the regular meeting also held 09/27/2006. The motion was approved unanimously.

Treasurer's Report:

A motion was made by D. Faucher, seconded by N. Lalli, to approve the Treasurer's Report for period ending 09/30/2006 as presented. S. Brown reported that the only outstanding item that is not reflected on the statements is the billing for stop loss insurance which is still being worked out. He stated that there was nothing unusual to report on claims and added that all payments from the groups that were behind have been received. He reported that the additional \$3,000 stipend that was approved for the Treasurer for audit work would not be paid until the audit is completed.

K. Walsh pointed out that the board approved the payment last month for reinsurance covering the period 7/06-9/06 and will approve the payment for the 10/06 reinsurance today on the November warrant. BCS has approved that the billing be made on their behalf by GBS.

S. Brown reported that the annual audit for FY2006 should be completed, with a draft report in about 30 days. The Blue Cross external audit department has not released the lag report yet which is causing a slight delay. The final audit report would then be submitted to the bank and the Auditor General. The motion was approved unanimously.

Warrants:

A motion was made by S. Brown, seconded by R. Murray, to approve the November 2006 Warrant Summary, revised on 10/23/2006 to include the Secretary's stipend. S. Brown reported that the payment to the US Postal Service is for a post office box used exclusively for GHGRI business. The motion was approved unanimously.

Self-Funded Cost vs. Funding Analysis:

K. Walsh provided an overview of the Self-Funded Cost vs. Funding Analysis, which reflected an overall cost/funding ratio of 96% as of the end of September 2006. He reported that there were a few groups with high loss ratios, and the cost/funding ratio is higher this year than last year because the group had a running cash advantage last year. He added that there were no new excess claims to report this month and there have been no changes to the Disputed Claims Report since last month.

K. Walsh reported that GBS now has the full load of claims for the period 10/05-9/06, which is the rating period for FY2008. GBS can begin to discuss trends with Blue Cross to see how our rates compare within the group. Discussion followed regarding how the GHGRI could validate the premium rates provided by Blue Cross and the possibility of GHGRI setting its own rates. Further discussion continued regarding the obligation that the GHGRI has to go out and seek competitive rates for FY2009. S. Brown noted that the group should be aware that there have been union issues in other communities who have sought competitive bids for equivalent health insurance. The equivalency language is in question currently in North Kingstown.

K. Walsh explained that East Providence schools went out to bid and United Health Care bid a much lower retention charge than Blue Cross did; therefore, they are looking very closely at United as an option. He added that United only had approximately thirty (30) claims problems documented in the city of Providence which is a group of about 2500 members. Most of these problems were claims coding errors; others were related to prescription drug quantity limits and prior authorizations. He has not heard of any other complaints with United Health. Additional discussions continued regarding whether the GHGRI should become completely self-funded. K. Walsh explained that smaller entities are often better off being a part of a larger group, making it easier to share the risk.

Old Business:

DBR approval / GHGRI Officer Insurance status. J. Correia reported that she had not heard any more from S. Zubiago, who is still working on getting J. Torti of the DBR to finalize the process of approval. S. Brown commented that it is possible that J. Torti is waiting to receive the final audit report before he gives the DBR approval. D. Faucher reported that C. Bodziony of the Trust is looking into whether the GHGRI can purchase the E&O Insurance prior to the DBR approval. He should have the answer to that question for the November meeting. K. Walsh added that he does have another vendor that the GHGRI may be able to purchase E&O insurance from in the event the Trust is unable to provide it to us at this time.

Stop Loss Insurance status. K. Walsh reported that he has made comments on the draft policy from Blue Cross multiple times and has not heard back from M. Gagnon on the final document. He added that he would contact Blue Cross and have information for the November meeting on this.

Final FY2006 reconciliation / retroactive billing. K. Walsh reported that R. Lynch of GBS completed the final FY2006 reconciliation and sent out the final retroactive billing invoice a couple days after the October 2006 meeting. This process is now completed.

New Business:

Coalition of Joint Purchase Groups Meeting – D. Faucher reported on the Massachusetts Coalition of Joint Purchasing Groups meeting that he attended on 10/13/06. The meeting lasted three hours of which 1 ½ hours were devoted to the subject of wellness. One group alone in this coalition is spending about \$200K on wellness initiatives to promote physical fitness and reduce tobacco use. There are some groups using incentives to get members to switch plans. They discussed how difficult it is to move employees/unions to less costly standardized plans. At this meeting the groups stated that they have also had problems getting statistics and reports from the providers on the impact of these wellness programs, similar to the GHGRI issues with the Good Health Benefit. D. Faucher reported that overall this coalition of joint purchasing groups in Massachusetts is farther along than the GHGRI in addressing issues of wellness and standardizing plans, but they do also have many of the same problems as we do in the areas of reports and statistics on the success/failure of these wellness programs.

Discussion continued regarding Muni-Blue and what the members of the GHGRI are doing about this new program being offered by Blue Cross. G. Steckman reported that Tiverton is setting up a wellness committee involving the unions, who are very willing to work together on this initiative. He added that the benefit of the Muni-Blue program is the information/education that it will provide to the employees.

S. Brown pointed out that there is a case in N. Smithfield that Middletown is reviewing regarding the issue of retirees having to switch plans to match the plans of current employees. He will inform the group of the ruling once the review of the case is completed.

K. Walsh explained that he did receive a report from Blue Cross on the activity of the Good Health Benefit program for the fiscal year, and he found nothing in that report to justify the \$99K that the GHGRI paid for this program in FY2006.

Medicare Part D GBS administrative fee breakout. K. Walsh reported that GBS is beginning to see data from CMS and over the next 30-60 days the GHGRI should see their data. He explained that GBS put together an allocation rationale based on subscriber counts as a way to allocate the administrative fee to those groups seeking the Part D subsidy. A motion was made by S. Brown seconded by G. Steckman, to approve the model provided by GBS as presented, based on subscriber counts as of June 2006, as a method to allocate the administrative fee to groups seeking the Part D subsidy. The motion was approved unanimously.

New Member Policy – D. Faucher explained that he is looking for feedback on what method to use for future surplus distribution calculations. The group can use a calculation method based on premium paid by each member or based on enrollment count as of a specific date. Discussions continued regarding which method to use noting that if premium paid was used this may hurt/help a member if the premium was not calculated correctly. D. Faucher mentioned that the GHGRI may want to consider a blended rate, which is what the Trust uses when calculating a surplus distribution. S. Brown requested that GBS provide both calculations (premium paid vs. enrollment at 6/06) to illustrate the different results. K. Walsh agreed to provide these calculations in order for the group to compare them prior to adopting a method.

New Business

K. Walsh reported that he reviewed the actual claims incurred by the group for FY2006 and found that 80% of the claims were paid within 2 months. He will look at the % paid after 3 months, but is hoping to see the same IBNR calculation from Milliman when they finalize their report.

K. Walsh invited everyone to attend a meeting on 11/17/06 for Aquidneck Island communities on how to realize savings in health care. Blue Cross, Town Administrators and School Superintendents will be there from Aquidneck Island communities.

K. Walsh explained that the city of Cranston will be seeking competitive bids for health insurance in 7/07, and they have mentioned that they would like to work with the GHGRI to get competitive quotes but are not interested in joining the GHGRI. K. Walsh added the timing is not quite right for them to join the GHGRI.

The members of the GHGRI agreed to move the December regular meeting from 12/27/06 to 12/20/06, as long as the 1/07 warrants would be available for approval by the board by 12/20/06.

Additional discussions continued regarding informing the RI Department of Education on what the GHGRI is doing. The Department of Education is reportedly looking to reimburse school districts that offer medical insurance equivalent to the State contract. Members of the GHGRI agreed to invite C. Diaz of the RI Department of Education and P. Schaefer of Municipal Affairs to the regular meeting of the GHGRI in January 2007 to present to them the final audit report and general information about what and how the GHGRI is doing.

D. Faucher reported that Portsmouth (town, schools & Water and Fire District) recently went out to bid for dental insurance, and was able to save \$85K by switching to Blue Cross Dental Insurance.

Adjournment:

A motion to adjourn at 11:00 a.m. was made by G. Steckman seconded by D. Faucher. The motion was approved unanimously.

The next regular meeting is November 22, 2006 at the East Bay Educational Collaborative.

Respectfully submitted,

Lynne S. Dible, Secretary