

**Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, November 22, 2006**

A regular meeting of the Board of Directors was held on Wednesday, November 22, 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	Excused
Miriam Goodman	Director	Present
Nancy Lalli	Director	Excused
Glenn Steckman III	Director	Excused
Robert Murray	Director	Excused

Alternate Board Members:

Edward Mara	Alternate	Excused
Catherine McLeish	Alternate	Present
Vacant	Alternate	Excused
Harold "Ron" Devine	Alternate	Present
Maureen Macera	Alternate	Excused
Michael Saunders	Alternate	Present
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 9:30 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 11/22/2006 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 regular meeting held 10/25/2006. The motion was approved unanimously.

Treasurer's Report:

A motion was made by D. Faucher, seconded by M. Goodman, to approve the Treasurer's Report for period ending 10/31/2006 as presented. S. Brown reported that the balance sheet for the period reflects a cash balance that is higher this month than last month due to the timely payments received from both Bristol and Newport. This cash balance is offset by the Unearned Premiums liability. He added that there was no extraordinary activity to report for the month.

S. Brown discussed the status of the audit, explaining that the auditors are currently waiting for detailed reports from Blue Cross in order to further test the lag report for the IBNR estimate. He added that he would coordinate an additional meeting for anyone who is interested in attending, to include both CCR and Milliman for the purpose of reviewing the final FY2006 audit and IBNR calculation.

K. Walsh reported that relative to the IBNR discussion, GBS had updated the FY2006 claims with those paid in October, and based on this, an IBNR number of \$2.2 million appears to be a realistic estimate.

S. Brown explained that the audit had been invoiced in full, and that he would hold on to the final progress payment until the draft report was issued to the GHGRI Board. The motion was approved unanimously.

Warrants:

A motion was made by S. Brown, seconded by D. Faucher, to approve the December 2006 Warrant Summary. K. Walsh reported that the warrant includes a \$3,000 invoice from GBS, which is for the Medicare Part D Drug Subsidy filing for plan year 2 (FY2007). This fee will be netted against the Part D receipts once they are received. 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 94% as of the end of October 2006, which is down from 96% last month. He reported that there were a couple of groups with cost/funding ratios over 100%, with Little Compton being the lowest at 73% for the four-month period July – October 2006. He also reported that there were no new excess claims over \$200,000 for the fiscal year, and currently there is just one high claim of \$102,000 incurred for the fiscal year. He added that there were no changes to the Disputed Claims Report since last month.

K. Walsh distributed the new marketing brochure that is currently being sent out by United Health Care. Discussions followed regarding the North Kingstown arbitration case concerning going out to bid for equivalent health care coverage, and if this equivalency language is not approved as a result of this arbitration, it will be difficult for United Health Care to compete with Blue Cross. K. Walsh also discussed the health insurance quote situation in East Providence, explaining that East Providence Schools are self-funded, but the City is fully insured. They went out to bid for health insurance together, and the fully insured rates bid by United Health Care were not less than those bid by Blue Cross, so the City of East Providence is staying with Blue Cross. East Providence Schools did extend their self-funded arrangement with Blue Cross and are still analyzing the United Health Care quote, which would provide them with considerable savings over a 3-year period mainly due to the retention discount. They are also working with the unions to get them on board with a change to United.

K. Walsh proposed some dates that would be appropriate for the GHGRI to go out to bid for health insurance for FY2009. He recommended that preparations to begin the bidding process commence in October 2007, with the formal RFP process to begin on November 1, 2007, and the receipt of bids by December 1, 2007. S. Brown added that the GHGRI should receive Memorandum of Agreements from all of the unions affected prior to the RFP process, so that everyone is aware of what each Town/City/School is doing. This would also show to the bidders that the GHGRI is serious about considering all quotes. Discussion followed about the possibility of each community splitting their health insurance offerings among different vendors.

Old Business:

DBR approval / GHGRI Officer Insurance status. D. Faucher reported that based on the last conversation he had with the Trust, he is unsure as to whether they will provide the E&O insurance coverage to the directors and officers of the GHGRI. He added that the Trust told him they were waiting to hear back from their reinsurance company, and were not able to offer the coverage at this time. Discussions continued regarding other avenues that the GHGRI could pursue in order to get the E&O insurance. S. Brown and K. Walsh explained that they each are aware of some other insurance companies that may be interested in providing the coverage. A motion was made by S. Brown, seconded by M. Goodman, authorizing the GHGRI to proceed with obtaining quotes from other E&O insurance carriers for the GHGRI Directors and Officers, and also authorizing the GHGRI Board to write a letter to the Trust requesting that their Underwriting Committee formally consider the GHGRI's request for Director's and Officers' liability insurance coverage. The motion was approved unanimously.

R. Devine added that the Newport County Regional Special Education Board of Directors recently received liability coverage through the Trust for a reasonable annual premium. He recommended the GHGRI Board consult with the attorney that worked to secure this insurance for the Regional Special Education Board of Directors.

K. Walsh reported that he had not heard any news from S. Zubiago regarding the status of the RIDBR approval. He would check with him and possibly invite both him and J. Torti of the RIDBR to the December 20, 2006 regular board meeting.

Stop Loss Insurance status. K. Walsh reported that he is still waiting to hear from M. Gagnon of Blue Cross regarding the revisions to the stop-loss insurance contract, adding that he hopefully will have information for the December meeting on this outstanding issue.

Good Health Benefit / Muni-Blue. M. Goodman reported that Woonsocket had cancelled the Good Health Benefit, and did receive a refund from Blue Cross. K. Walsh added that based on the report received from Blue Cross on the activity and success of the program, the annual cost for the program does not appear to be justified. Discussions followed regarding the Muni-Blue program and what members were doing to implement it.

New Business:

Initial 7/07 Rate Increases – K. Walsh reported that he had contacted M. Gagnon regarding preliminary rate information for July 2007, and was told that the information is not ready at this time. M. Gagnon did explain that in looking at the first quarter trends, the corporate rate increase looks to be about 10.5%, and although the GHGRI cannot use this estimate exactly, it does reflect, in general, the market trends.

K. Walsh then went on to review the Draft Claims Summaries report for the FY2008 rating period (October 2005 – September 2006) prepared by GBS. He cautioned that he still needed to re-run the large claim report for this period and calculate the pooling charge in order to fine-tune the report to reflect the net pooling amount. He explained that the report shows an estimated % increase in claims over the prior year rating period. He will follow up at the December 20, 2006 meeting with additional information on the 7/07 rate increases.

Discussion followed regarding the use of a blended rate in the future as a way to smooth out big increases and decreases over time. D. Faucher explained that this is the method the Trust uses.

D. Faucher also mentioned that the Surplus Distribution models would be discussed at the December 20, 2006 meeting. M. Goodman added that in looking at the GHGRI Agreement, it appears that the calculation for any surplus distribution is to be calculated based on subscriber count. This item will be discussed further at next month's meeting.

Adjournment:

A motion to adjourn at 10:50 a.m. was made by M. Goodman seconded by D. Faucher. The motion was approved unanimously.

The next regular meeting is December 20, 2006 at the East Bay Educational Collaborative.

Respectfully submitted,

Lynne S. Dible, Secretary