

**Governmental Health Group of Rhode Island  
Minutes  
Regular Meeting of the Board of Directors  
Wednesday, February 28, 2007**

A regular meeting of the Board of Directors was held on Wednesday, February 28, 2007, at the Portsmouth Town Hall, 2200 East Main Road, Portsmouth, 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	Excused
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
Kevin Walsh	Group Benefits Strategies	Present
Stephen Zubiago	Nixon Peabody LLP	Excused

**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 M. Goodman, to approve the agenda for the 02/28/2007 meeting. The motion was approved unanimously.

**Secretary's Report:**

A motion was made by S. Brown, seconded by M. Goodman, to approve the minutes (previously emailed) of the regular meeting held 01/24/2007. The motion was approved unanimously.

**Treasurer's Report:**

S. Brown reported that for the period ending 01/31/2007 the cash balance reflects the newly created CD portfolio with Wachovia of approximately \$2.0M. The yield on these investments is about 5.0%, compared to the PIP account held at Citizens, which has a yield of only about 4.3%. The plan for invested cash is to add more funds to the CD portfolio over time, as operations permit. Currently short-term investment yields are running more favorably than investment yields over the long-term. The financial reports also include an additional \$30K accrual for pharmaceutical rebates that are expected in April 2007. As of 01/31/2007, there was just \$18K in premiums outstanding and unpaid by the members. Overall, for the month of January 2007, there was a \$26K Net Loss, with YTD Net Income of \$2.6M reported on the Profit & Loss Statement for the period 7/1/06-1/31/07. This position is very close to where the group was last year at this time.

S. Brown also explained that \$82K was received for the Medicare Part D Subsidy for the period 01/2006-06/2006. K. Walsh reviewed the Medicare Part D Subsidy and Annual Administrative Fee distribution breakdown that had been emailed separately. He clarified with the group that a motion had already passed authorizing the Medicare Part D breakout based on eligible retiree counts for the period of the subsidy, and that the Part D Subsidy breakout worksheet was being provided for the record. A motion was made by M. Goodman, seconded by R. Mushen, to approve the Treasurer's Report for the period ending January 31, 2007 as presented. The motion was approved unanimously,

**Warrants:**

A motion was made by S. Brown, seconded by R. Murray, to approve the March 2007 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, which reflected an overall cost/funding ratio of 93.4% as of the end of January 2007. He reported that after seven months of operations in the fiscal year, this is a favorable position to be in. K. Walsh also explained that the Disputed Claims Log showed that most of the disputes were for duplicate claims that were paid correctly. This report confirms the high level of confidence the group has that claims are being paid correctly and accurately. K. Walsh also reported that there was now one excess claim over \$200K for the fiscal year, and three high claims with 50% losses, with the highest in this category at \$125K.

K. Walsh explained that on March 1, 2007, Blue Cross would be sending out rate renewal notifications for FY2008. He added that GBS would propose an RFP timeline for GHGRI to go out to bid in FY2008 for July 1, 2008. The timeline would schedule RFP advertisements in December 2007, with bids due to GHGRI during January or February 2008. He explained that in order to get the State contract retention charge, the entire group would have to move to United Health, from Blue Cross and that there could not be a combination of both plans offered by members. He added that the bids would be a challenge because of the many different benefit packages members of GHGRI have. Blue Cross has reported that retention charges are not set based on the different number of groups and benefits within those groups, so it would appear no savings would be realized if the GHGRI members all adopted one plan design. S. Brown recommended that the GHGRI include Town Administrators and School Superintendents in the bidding process and in the dissemination of information on the impact of the process to the unions and the community. Discussions continued regarding scheduling a meeting in September 2007 with the Town Administrators and School Superintendents to discuss the issues with them, and to also hold another meeting with union representatives to keep them abreast of the bidding process. K. Walsh added that the equivalent language in the union contracts is still an issue that needs to be resolved.

**Old Business:**

**Stop Loss Insurance Contract Status.** K. Walsh explained that he met with Blue Cross to discuss the Stop Loss Insurance contract that is not yet finalized. Blue Cross has not yet communicated the proposed changes to the contract, which they plan to do in April 2007 for the July 2007 renewals. They will develop a new contract template that will be effective July 2007 forward. K. Walsh added that there are approximately four or five items Blue Cross needs to address and make changes to in the current contract before he would recommend that GHGRI sign the Stop Loss contract. He anticipates these changes to be made by Blue Cross shortly.

**GHGRI Director/Officer Liability Insurance Policy.** J. Correia explained to the group that she had received a response from Tom Dwyer of the Trust regarding the request from GHGRI for public officials errors and omissions insurance coverage through the Trust. The Trust Underwriting Committee did consider the request for coverage at its January 2007 meeting and has requested additional information and research be done before they would consider underwriting this coverage for the GHGRI. Discussions continued regarding whether the GHGRI still wanted to pursue this coverage with the Trust even though coverage was in place with S.H. Smith Insurance Agency, and all agreed that the GHGRI should continue to pursue the Directors and Officers Liability insurance coverage from the Trust.

**7/07 Health Rate Increase.** K. Walsh reported that there are no changes to the rate estimates, but on March 1, 2007 Blue Cross will be mailing out rate increases for FY2008 to its members. Further discussions on the rate increases would take place at the March 28, 2007 Regular Meeting.

**New Business:**

**Extension of GBS Contract through FY2008.** S. Brown expressed concerns last month that the GBS contract period should run in parallel to the contract period we have with Blue Cross, and should extend to at least the end of FY2009. This would be in line with the bidding period also that we are currently planning to take place during FY2008. K. Walsh added that if GBS does all of the work for the FY2009 contract year and potentially loses the contract with GHGRI in FY2008 it would not make much sense. K. Walsh explained that he had prepared two options for the group to consider, and distributed the proposal. The Contract Extension Proposal included a One Year Extension and a One Year Extension with an additional Two Year Extension option. With the additional One Year Option, the fee charged for FY2009 to GHGRI would be an increase of 3.0% over the FY2008 fee, and with the additional Two Year Option GBS would hold the fee increase to 0% in FY2008 and FY2009, with a 3.0% increase charged only during FY2010. At this point, the GHGRI Board asked K. Walsh to step out of the room while they discussed the options for extending the GBS contract. A motion was made by G. Steckman, seconded by D. Faucher, to extend the GBS contract with the GHGRI through 6/30/2010, and at this time the GHGRI will go out to bid for its Consulting and Administrative Services. The motion was approved unanimously.

**Collective Bargaining Language.** K. Walsh reviewed the Collective Bargaining Language Survey that was emailed out on 02/06/2007. He explained that the word “equivalent” was seen throughout the different member contracts. He added that D. Kinder, the labor attorney involved in the Arbitration Case in North Kingstown on equivalency language, is very optimistic that the language is fine and that the case will be won in favor of allowing equivalent health insurance coverage.

**Other Business:**

The group discussed the Muni-Blue program kick-off, and suggestions were made that wellness incentives may help to gain employee commitment and involvement in a wellness initiative. Many communities continue to struggle with employee interest in a wellness program.

K. Walsh added that the Report from M. Gagnon of Blue Cross detailing the different plan designs offered by members of the GHGRI was not ready, but would be ready for review and discussion at the March 2007 Regular Board Meeting.

**Adjournment:**

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

The next regular meeting is March 28, 2007 at the Portsmouth Town Hall.

Respectfully submitted,

Lynne S. Dible, Secretary