

**Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, April 25, 2007**

A regular meeting of the Board of Directors was held on Wednesday, April 25, 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	Excused
Miriam Goodman	Director	Present
Nancy Lalli	Director	Excused
Glenn Steckman III	Director	Present
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	Excused
Joanne Vecchio	Alternate	Excused

Others Present

Lynne Dible	Secretary	Present
Kevin Walsh	Group Benefits Strategies	Present
Stephen Zubiago	Nixon Peabody LLP	Excused
Marc Gagnon	Blue Cross	Present for presentation

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 D. Faucher, seconded by J. Correia, to approve the agenda for the 04/25/2007 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 03/28/2007. The motion was approved unanimously.

Treasurer's Report:

S. Brown reported that for the period ending 03/31/2007, the overall cash balance was strong and the Accounts Receivable for the period were low. On the Profit & Loss Statement for the month, S. Brown reported that there was a loss in Net Income of \$110K, with positive Net Income year-to-date of \$2.5M. He added that activity overall for the month was normal. He also explained that the Pharmaceutical Rebates that are being accrued at \$360K for the fiscal year, or \$30K per month, are lower than the actual receipts of \$439K received to date, which reflects a favorable position.

A motion was made by J. Correia, seconded by D. Faucher, to approve the Treasurer's Report for the period ending March 31, 2007 as presented. The motion was approved unanimously.

Warrants:

A motion was made by S. Brown, seconded by D. Faucher, to approve the May 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 is at an overall cost/funding ratio of 95.4% as of the end of March 2007. He reported that there were a couple of members with ratios over 100%, after nine months of operations in the fiscal year. He also stated that this month's report reflects the breakout of administrative fees and GBS fees in separate columns as was requested last month, along with providing the calculation of these Administrative charges as a % of claims. M. Saunders requested that next month GBS also break out the contracted services K. Walsh agreed to make the change. K. Walsh also reported there were two excess claims over \$200K for the fiscal year and nine members with high claims with over 50% losses.

Old Business:

Blue Cross Presentation on FY2007 Health Rate Increases:

M. Gagnon of Blue Cross distributed the rate renewal packages to each member of the GHGRI and explained that the renewal is based on going into the third year of a three - year contract with Blue Cross. He went on to clarify that the experience period used to establish the 7/2007 rates was 10/2005 – 9/2006. D. Faucher asked what the overall rate increase percentage was for the GHGRI for 7/2007. M. Gagnon explained he did not have that calculation readily available but that the overall municipal rate in the state was 10%, so the GHGRI overall rate increase should

be very close to 10%. He went on to explain that the retention charge is 9.75% for FY2008, and the 7/2007 rates were developed using this retention charge. J. Correia asked whether, for budgeting purposes, Blue Cross could work to get the rates to the GHGRI sooner in the fiscal year. K. Walsh added that he is now better able to estimate the rate increases much sooner than in the past.

S. Brown explained that the GHGRI is now \$2.5M ahead, and asked M. Gagnon why we are contributing so much. He added that the group should work with Blue Cross underwriting to determine what is causing this. M. Gagnon explained that the rates are developed based on a fully insured, conservative approach. Blue Cross also uses a much lower cap of \$75K - \$100K for reinsurance, as opposed to the \$200K specific attachment point of the existing GHGRI reinsurance contract. S. Brown pointed out to the group that this causes the claims between \$75K and \$200K to be paid by the GHGRI and to also be factored into the premium cost by Blue Cross. K. Walsh suggested that Blue Cross re-run the 7/2007 rates in June using the specific stop loss amount that is voted on and compare the difference in the rates to see what impact this would have on the rates.

M. Gagnon continued with an explanation of the Multi-Year Proposal Savings that had been emailed the day before the meeting. The Proposal would replace the upcoming year, FY2008, and add an additional year on to the Agreement with Blue Cross. He explained that the current retention charge is based on a percentage of paid claims, and Blue Cross is proposing to convert this percentage to a fixed cost per contract. This fixed cost would be \$55.00 for 7/2007 and \$58.30 for 7/2008. This offer from Blue Cross would save the GHGRI approximately \$1.9M in retention dollars for the upcoming year. He added that the CIS, Rx rebates, and State mandated assessments are applied in retention. K. Walsh asked if Blue Cross would agree to eliminate the comprehensive benefit language from the contract, which would allow the Pharmacy Benefit Manager (PBM) to be carved out. M. Gagnon explained that a portion of the savings on this proposal is generated from the Rx rebates, and if the Rx were carved out, the retention charge would increase. K. Walsh also asked if Blue Cross had offered other groups a retention discount. M. Gagnon responded that Blue Cross had made the same offer to similar sized groups, but nothing better than this offer to the GHGRI. M. Gagnon added that Blue Cross is looking for an indication from the GHGRI as to whether there is any interest in this proposal, and if so, Blue Cross would go back and work on the revised rates.

At this point in the meeting, M. Gagnon excused himself and discussions continued regarding the Retention Contract Extension Proposal for 7/2007. The group discussed the importance of reviewing the revised proposal from Blue Cross in addition to the importance of going out to bid for health insurance for 7/2008. A motion was made by G. Steckman, seconded by S. Brown, to direct K. Walsh to meet with Blue Cross to negotiate a lower offer by providing each group with revised rates for 7/2007 that reflect the current \$200K Specific attachment point of the existing reinsurance contract. K. Walsh was further directed to negotiate with Blue Cross to make its retention offer more competitive with the UHC / State retention charge currently available to all RI Municipalities through June 30, 2010 and to allow the GHGRI to carve-out its prescription drug benefit. The motion was approved unanimously.

Discussions followed emphasizing that this information requested from Blue Cross should be provided in advance of the May 23, 2007 Regular Board meeting so that each Community can have time to review the proposal in advance of acting on it at the May meeting.

Directors/Officer Liability Insurance Coverage With The Trust: D. Faucher reported that he had spoken with T. Dwyer of the Trust yesterday regarding the status of the Directors/Officers Liability Insurance Application that was submitted by the GHGRI. T. Dwyer indicated that the Trust was still reviewing the application.

New Business:

New Member Applications / Letters of Intent: J. Correia reported that she sent letters to the Towns of Warren, Bristol, North Kingstown, the Northern .RI Collaborative, and Smithfield asking for acknowledgment that they were in fact interested in joining the GHGRI. She received back just one letter of intent from Smithfield Town and School.

Stop Loss Insurance Contract: K. Walsh reported that of the original nine items that were on the list to be reviewed, there is just one item outstanding. This outstanding item concerns the determination of what is considered confidential information. A response on this item from Blue Cross is still pending, and K. Walsh asked that the Stop Loss Insurance Contract review/approval be placed on the Agenda for the May 23, 2007 Regular Meeting.

Adjournment:

A motion to adjourn at 11:25 a.m. was made by G. Steckman, seconded by D. Faucher. The motion was approved unanimously.

The next regular meeting is May 23, 2007 at the Portsmouth Town Hall.

Respectfully submitted,

Lynne S. Dible, Secretary