

**Governmental Health Group of Rhode Island  
Minutes  
Regular Meeting of the Board of Directors  
Wednesday, June 27, 2007**

A regular meeting of the Board of Directors was held on Wednesday, June 27, 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	Excused
Nancy Lalli	Director	Present
Glenn Steckman III	Director	Excused
Robert Murray	Director	Present

Alternate Board Members:

Edward Mara	Alternate	Excused
Catherine McLeish	Alternate	Present
Christine Tague	Alternate	Present
Harold "Ron" Devine	Alternate	Excused
Maureen Macera	Alternate	Excused
Michael Saunders	Alternate	Excused
Vacant	Alternate	Excused
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 D. Faucher, to approve the agenda for the 06/27/2007 meeting. The motion was approved unanimously.

**Secretary's Report:**

A motion was made by S. Brown, seconded by R. Mushen, to approve the minutes (previously emailed) of the regular meeting held 05/23/2007. The motion was approved unanimously.

A motion was made by S. Brown, seconded by D. Faucher, to approve the minutes (previously emailed) of the special meeting held 05/30/2007. The motion was approved unanimously.

**Treasurer's Report:**

S. Brown reported that for the period ending 05/31/2007, GHGRI's cash position was strong and all accounts receivable were current. On the Profit & Loss Statement for the month, he reported that the claims were higher than last month and, therefore, there was a loss in Net Income of \$82K, with positive Net Income year-to-date of \$3.1M.

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

**Warrants:**

A motion was made by S. Brown, seconded by D. Faucher, to approve the July 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 95.5% as of the end of May 2007. He reported that there was a large range between members, with the lowest cost/funding ratio being 71% and the highest ratio over 100%. He added that two members had ratios over 100% after eleven months of operations in the fiscal year. K. Walsh also reported there were two excess claims over \$200K for the fiscal year, with four or five that could potentially exceed \$200K. He added that there were sixteen high claims with over 50% of the \$200,000 limit in expenses as of the end of May 2007.

**Old Business:**

**Retention Contract Extension Proposal 7/07:** Regarding the recently approved retention contract extension with Blue Cross, J. Correia explained that she had heard member concerns regarding rates going back up in FY2009. S. Brown added to the discussion that Ernest Almonte of the State Auditor General's Office recommended budgeting an amount during a good fiscal year that would serve as a reserve for a year that was not as good. He added that GHGRI should have a reserve to stabilize the rates. K. Walsh explained that self-funded groups have to be careful not to under fund and rely solely on reserve funds.

**New Members:** K. Walsh reported that to date he had not received any communication from the communities that had previously expressed interest in joining the GHGRI, including Bristol, North Kingstown, and the Northern RI Collaborative. He added that he had followed up with Smithfield School Department and they informed him that they needed additional information on the GHGRI before any decisions would be made to join. Discussion followed regarding how a distribution from the reserves would likely attract some attention. R. Murray suggested looking for some of the bigger cities and towns to join the GHGRI. K. Walsh observed that it made sense to approach those communities that were currently fully insured and not those who were already self-insured. S. Brown explained that he and D. Faucher could make a presentation at the GFOA breakfast in the fall timeframe, after the completion of the second audit cycle, in order to disseminate information about the success of the GHGRI.

**Stop Loss Agreement FY2007:** K. Walsh distributed the Report from GBS on the Reinsurance Quotes for FY2008. He explained that the annual premium currently for FY2007 is \$891K with a \$200K stop loss deductible, and explained that the Historical Analysis of the Optimal Stop Loss Deductible in section 2 of the presentation shows that for both FY2006 and FY2007, a \$250K deductible would have been the best level for the group. He continued to explain that GBS also prepared a Prospective Analysis based on different levels of specific stop loss deductibles, and found that \$350K would be the best deductible level for next year. D. Faucher added that he and S. Brown had spoken with B. Thompson of Milliman who recommended, at a minimum \$250K (due to inflation), but would not be opposed to a deductible level of \$300K or \$350K because of the significant GHGRI reserves.

K. Walsh went on to explain that a \$300K Aggregating Specific Stop Loss sets a lower projected (billable) premium by about 25%. The Carrier then keeps the excess claim reimbursements up to \$600K, sharing in the risk.

The discussion continued regarding the potential impact on the smaller groups, of moving to a higher specific stop-loss point if they are pooled at the higher stop-loss point. K. Walsh explained that the Board needs to decide on the reinsurance deductible amount, and then separately decide how this would impact rates for 7/2008 based on pooling for the rating. Currently the GHGRI pays out \$891K in premium and BCS paid out \$300K in excess claims. This nets out to GHGRI paying \$600K in effect.

K. Walsh added that the vendor SLIB/HM did quote a lower rate than Blue Cross, but they were concerned with two members' claims experience, which may increase their quoted premium. He explained that Aggregate Quotes were also received which set a limit on the overall group's stop loss experience. He said that GBS has never received a payout on this arrangement and would not recommend this type of coverage.

A motion was made by S. Brown, seconded by D. Faucher to move to the \$300K stop-loss point for the GHGRI based on current health insurance trends, and purchase the coverage from BCBSRI for 7/1/2007. The motion was approved unanimously.

Continuing with the discussion regarding pooling levels, K. Walsh reminded everyone that the Board previously set the pooling level at \$200K for all members in the GHGRI, and asked if at this time the Board wanted Blue Cross to re-rate each member based on the new \$300K deductible level. A discussion ensued regarding the timing of a surplus distribution and whether some reserve funds should be maintained to fund a protected rate with minimum and maximum levels set each year by the GHGRI. D. Faucher explained that the group has six months to discuss and implement the process to move the GHGRI to a more pure risk-sharing arrangement.

S. Brown added that the GHGRI should be spending its time setting a blended rate, and an underwriter could be hired to calculate the rates for the GHGRI.

**Directors/Officer Liability Insurance Coverage With The Trust:** D. Faucher discussed the letter received from the Trust regarding the GHGRI Application for Directors' and Officers' Liability Insurance. The Trust would charge a minimum of \$20K for this coverage, and we currently pay approximately \$4,200 for the coverage. Based on this information, there is no need to further pursue coverage for this insurance from the Trust since they clearly do not want to underwrite the coverage.

**New Business:**

**Appointment of Alternate Board Member - Portsmouth:** A motion was made by S. Brown, seconded by D. Faucher, to appoint Christine Tague as the Alternate Board Member for Portsmouth Schools. The motion was approved unanimously.

**Adjournment:**

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

The next regular meeting is July 25, 2007 at the East Bay Educational Collaborative in Warren, RI.

Respectfully submitted,

Lynne S. Dible, Secretary