

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

A regular meeting of the Board of Directors was held on Wednesday, November 28, 2007, at the East Bay 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
Harold "Ron" Devine	Director	Present
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
Christine Tague	Alternate	Present
Robert Mushen	Alternate	Excused
Maureen Macera	Alternate	Excused
Michael Saunders	Alternate	Excused
Joann Vecchio	Alternate	Excused
Vacant	Alternate	

**Others Present**

Giovanna Venditti	Central Falls Schools	Present
Douglas Fiore	Tiverton Schools	Present
Lynne Dible	Secretary	Present
Colleen Pilat	Recording Secretary	Excused
Kevin Walsh	Group Benefits Strategies	Present
Ginger Hastings	GBS Insurance Agency	Present
Marc Gagnon	Blue Cross/Blue Shield RI	Present
Richard Krupski	Blue Cross/Blue Shield RI	Present

**Call to Order**

President Faucher called the meeting to order at 9:32 a.m. Secretary Dible reported that a quorum was present.

## **Agenda**

A motion was made by J. Correia, seconded by M. Goodman, to approve the agenda for the November 28, 2007 regular meeting. The motion was approved unanimously.

## **Secretary's Report**

A motion was made by J. Correia, seconded by S. Brown, to approve the minutes (previously emailed) of the annual meeting held September 26, 2007 and the regular meeting held October 24, 2007. The motion was approved unanimously.

## **Treasurer's Report**

S. Brown reported that the balance sheet once again reflects a good cash position. The only outstanding receivable is from Tiverton for the month of October in the amount of \$280,174.90. September's low claims experience followed through the month of October, which could mean a good year-end. In reviewing the October Balance sheet, total assets were \$12,939,140.87; total liabilities and equity were \$12,939,149.87; and the profit and loss year-to-date comparison showed \$242,704.60 compared to the July through October total of \$1,532,512.66.

A motion was made by J. Correia, seconded by M. Goodman, to receive the Treasurer's Report for the period ending 10/31/07. The motion was approved unanimously.

## **Warrants**

A motion was made by S. Brown, seconded by J. Correia, to approve the amended November 2007 Warrant Summary. The total amount to be paid was actually \$689,095.41, which included an adjustment to BCBS RI administrative fees from \$253,559.60 to \$253,833.60. The motion was approved unanimously.

## **Self-Funded Cost vs. Funding Analysis**

K. Walsh provided a handout and reviewed the Self-Funded Cost vs. Funding analysis for the policy period 7/1/07 – 6/30/08, which is at an overall cost/funding ratio of 90% as of the end of October 2007.

## **OLD BUSINESS**

### **Dental RFP**

G. Hastings of GBS Insurance Agency reviewed the request for dental quote forms as a preliminary step to soliciting dental quotes. Several entities are coming to the end of their contracts with their current carriers, allowing them to solicit quotes as a group (for purposes of this meeting, the GHGRI Subset Group). K. Walsh raised a concern whether Delta Dental might be aggressive in trying to keep the business and suggested that the GHGRI Subset Group consider breaking off and getting a separate dental agreement or modify the existing GHGRI participation agreement to include dental. A motion was made by G. Steckman, seconded by J. Correia, that D. Faucher and K. Walsh consult legal counsel, Steve Zubiago, for legal advice and

present his recommendation at the next meeting. GBS will pay for legal costs up front and the GHGRI will address how to reimburse GBS at a later date.

G. Hastings continued her presentation, noting that the carrier which is ultimately chosen will pay her broker fees. The premium rate will include the broker fee, but the self-funded groups will show the fee separately. The timeline is to send out the form by mid-December, expecting to get it back by mid-January to present at the January meeting, with a final decision by March-end. G. Hastings will make the adjustments as discussed and email the request for quotations form to everyone.

### **New Member Policy**

D. Faucher began by suggesting that the Board provide conceptual approval of the new policy without precise figures. He proposed that the Board set up an ad hoc White Board subcommittee to brainstorm and come up with the percentages that are not in the policy.

Two changes to the old member policy are proposed: Item #6 makes it clear that new members do not share in existing contingency reserve surplus that the group already has earned. If a gain is experienced by the group, it will be shared proportionately. If there is a deficit the first year, the new member would pay an assessment in cash, but would be allowed to borrow some portion of it if the contingency reserve has not been dramatically affected. Item #9 introduced the notion of a capital contribution by new members. If the Board agrees to the concept of a surcharge as a capital contribution (which the White Board sub-Committee will attempt to identify), he suggested that the surcharge amount be listed on the invoice separately from the BCBSRI working rates (upon which co-shares are based). Another question he asked is whether the group wants to grow. A lengthy discussion followed. Several suggestions were made and considered. A motion was made by M. Goodman, seconded by H. Devine, to approve the establishment of a White Board ad hoc sub-Committee to review the New Member Policy and make recommendations at the next board meeting. The motion was approved unanimously. The White Board sub-committee is comprised of D. Fiore, S. Brown, K. Walsh, M. Saunders, W. Thompson (Actuary) and D. Faucher.

### **Blue Cross Proposal**

M. Gagnon and R. Krupski joined the meeting at this point to review adjustments to the proposal introduced at the October Board meeting. For the second and third year, BCBSRI lowered the escalators to conform to the tax levy increases as we had requested. They were obligated, however, to modify the first year cost per contract amount to \$38.50, with the second year at \$40.33, and the third year at \$41.14. Two contingencies were discussed. If BCBSRI were to win the State bid in 2010, BCBSRI would extend the cost per contract and plan provisions to municipalities, including the GHGRI. The second contingency discussed was whether any municipality would have more favorable terms from BCBSRI than those provided to the GHGRI in Amendment #4, with the exception of the State and the City of Providence because of their relative size. BCBSRI agreed to add wording to Amendment #4 which would offer the GHGRI this protection.

M. Gagnon and R. Krupski left the meeting at this point. Discussion continued and an error was noted in the BCBS rate increase for 2010 which is actually a 2% increase rather than the 4.5%

that they listed in the proposal. A motion was made by R. Devine, seconded by G. Steckman, to accept the BCBS proposal as amended. The motion was approved unanimously.

### **Member Surplus Allocation/Distribution**

S. Brown opened the discussion by asking the Board what size surplus distribution is considered appropriate. He distributed a spreadsheet and noted that there is a problem with the math, and that numbers are still being reviewed and reworked. Following the review and corrected miscalculations, he will isolate the town portion from the school portion based on subscriber counts. A motion was made by S. Brown, seconded by C. Tague, that a dividend of 40% of the June 30, 2007, surplus be declared at the December meeting when exact figures are known. The 40% was based upon the \$900,000 year one surplus, plus the \$200,000 of excessive IBNR in year one. He stated that he intends that the Board review this amount distributed subsequent to June 30, 2008, to see if additional money should be distributed. He noted that distributing 40% would leave approximately \$5 million on hand which should generate sufficient interest income to cover operating expenses. The motion was approved unanimously.

### **NEW BUSINESS**

#### **2008 Meeting Calendar**

The 2008 board meeting schedule was distributed.

#### **Medicare Part D Distribution**

K. Walsh had nothing to report at this time.

#### **ACH Payments to GHGRI**

S. Brown asked that this item be tabled until a later meeting.

#### **Adjournment**

A motion to adjourn at 12:33 p.m. was made by G. Steckman, seconded by Ron Devine. The motion was approved unanimously.

The next regular meeting will be held on December 19, 2007, at the East Bay Educational Collaborative in Warren, RI.

Respectfully submitted,

Lynne S. Dible, Secretary  
Colleen Pilat, Recording Secretary