

**Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, November 19, 2008**

A regular meeting of the Board of Directors was held on Wednesday, November 19, 2008, at The Rhode Island Interlocal Risk Management Trust, 501 Wampanoag Trail, Suite 301, East Providence, RI 02915.

Roll Call

Board of Directors

Jane F. Correia	Bristol Warren RSD	Present
Lynne S. Dible	Town of Middletown	Present
Ned Draper	North Kingstown Schools	Present
Christine Tague	Town of Portsmouth	Present
Douglas Fiore	Tiverton Schools	Excused
David Krugman	Town of Richmond	Excused
Nancy Lalli	City of Newport	Excused
Steven Lindberg	N. Smithfield Schools	Present
John Mainville	Town of Burrillville	Present
James McDonald	City of East Providence	Excused
Robert Mushen	Town of Little Compton	Present
Randy Rossi	Town of Smithfield	Present
Robert Strom	Woonsocket Educ. Dept.	Present
Giovanni Venditti	Central Falls Schools	Present

Alternate Board Members

Richard Brown	City of East Providence	Excused
Lisa Cournoyer	Smithfield Schools	Excused
John Day	Town of Bristol	Excused
Michael Embury	Town of North Kingstown	Excused
David P. Faucher	Portsmouth Schools	Present
Jill Gemma	Town of N. Smithfield	Excused
James Goncalo	Town of Tiverton	Excused
Karen Hagan	Town of Charlestown	Present
Robin Kimatian	Burrillville Schools	Excused
James Lathrop	Town of Hopkinton	Excused
Kathleen Lombardo	Woonsocket Educ. Dept.	Excused
Catherine McLeish	Middletown Schools	Excused
Harold oRonö Devine	Little Compton Schools	Excused
Michael Saunders	Newport Schools	Excused
Irene Scripsack	N. Smithfield Schools	Excused
Cheryl Silva	Town of Warren	Present

Others Present

Shawn J. Brown	Treasurer	Present
Maureen Maurer	Secretary	Present
Steve May	Milliman	Present
Nicole Santiago	City of East Providence	Present
Kevin Walsh	Group Benefits Strategies	Present
William Bjerke	Group Benefits Strategies	Present

Call to Order

President Faucher called the meeting to order at 9:30 a.m. Secretary Maurer reported that a quorum was present, with 8 of the 14 voting members in attendance.

Agenda

A motion was made by R. Rossi, seconded by R. Strom, to approve the agenda for the November 19, 2008 regular meeting. The motion was approved unanimously.

Secretary's Report

A motion was made by J. Correia, seconded by R. Rossi, to approve the minutes (previously e-mailed) for the October 22, 2008 regular meeting. The motion was approved unanimously.

Treasurer's Report

S. Brown reviewed the monthly financials, discussing the Members' Receivables, the Deposit & Claims Administrator, Claims Payable, Loss Reserves, Medicare Part D, and Unearned Premiums. He pointed out that Milliman had set the Members' Contingency Reserve at \$5.41 million, which was slightly less than anticipated. The distribution of the members' surplus of \$1.2 million will be discussed at the next meeting. Year to date, the group has a net income of \$3.1 million with no odd expenses. There was a brief discussion about whether to go out to bid for next year's audit services, as well as the services of the actuarial firm. A motion was made by L. Dible, seconded by R. Strom, to accept the Treasurer's report as presented. The motion was approved unanimously.

Warrants

The warrants included re-imburements to Bristol Warren Regional Schools for the cost of running ads in the Providence Journal for the Rx Carveout consultant bid, the bill for Milliman's services, and the second part of the payment to CCR for the completion of the audit. A motion was made by R. Rossi, seconded by N. Draper, to approve the December 2008 Warrant Summary. The motion was approved unanimously.

Self-Funded Cost vs. Funding Analysis/ High Cost Claim Report

K. Walsh provided a handout (previously emailed) and reviewed the Self-Funded Cost vs. Funding analysis for the policy period 7/1/08 ó 6/30/09, which is at an overall cost/funding ratio of 90.3% for the twelve months of claims activity as of the end of October 2008. There was one large claim at 50% of Specific (Smithfield) reported for the period July 1, 2008 ó June 30, 2009. There were 7 disputed claims with BCBSRI which totaled \$5,500.00

OLD BUSINESS

Double Coverage Update

K. Walsh will have his IT specialist attempt to generate information on double coverage within the GHGRI membership by matching addresses, Social Security numbers, and birthdates. He will present the results to the Executive Committee, and the topic will be put on the agenda for the December meeting.

Broker's Commission for Stop Loss Insurance Update

The Department of Business Regulation will not approve GHGRI collecting the \$50,000 broker's fee directly, but they do not object if the group collects the money (retroactive to July 2008) through a designated broker of record. K. Walsh will be named the broker of record and will reduce his monthly consultant fee by a comparable amount, thereby passing the \$50,000 back to GHGRI. An addendum will be added to the contract between GBS Insurance Agency and GHGRI.

NEW BUSINESS

Update on Selecting a PBM to Carve Out Rx by Steve May of Milliman (9:30 a.m.)

S. May from Milliman distributed an updated timeline for selecting a consultant for the Rx Carveout. He pointed out that it is in the interests of GHGRI to keep the incumbent (BCBSRI) involved, but it is not clear how to do that if they do not respond with a proposal. Even though Wellpoint is a successful carveout consultant in other states (such as Connecticut), Wellpoint will not be able to bid for the GHGRI carveout consultant position because they are contracted with BCBSRI to handle its prescription program. It was agreed to word the RFP so that GHGRI is not obligated to choose the best bid and can opt to reject all bids, thus allowing BCBSRI to remain in consideration.

(J. Mainville entered the meeting at 9:40 a.m.; S. Lindberg at 9:45 a.m. and N. Draper at 9:50 a.m.)

S. May is currently collecting information from BCBSRI through the end of November, and he hopes that the entire process will be completed before April 1, 2009. He expects to receive bids from the three big consultants, Express Scripts, CVS Caremark (most aggressive in New England) and Medco. The standard length of a PBM contract is no

more than 2 years, which allows for flexibility. There was discussion about the importance of letting the unions know about this RFP and how they will benefit from the carveout. D. Faucher agreed to draft and circulate a letter for members to use with their unions.

S. Mayø associate at Milliman, Lisa Daly, is drafting the RFP with a target date of December 12, 2008. C. Tague volunteered to join the Rx Carveout Sub-committee.

GBS Insurance Agency serving WB Community Health

Bob Dooley of West Bay Community Health (WBCH) has asked K. Walsh to assist with some projects on dental bids and the stop loss bid. K. Walsh assured the Board that this business relationship would not affect his work for GHGRI and that there were no conflicts of interests. The Board had no objection to GBS Insurance Agency doing this work for WBCH.

Discussion re: Independent Entities with Health Insurance Coverage through a GHGRI Member

D. Faucher introduced a question about the status of smaller separate legal entities, such as water/fire departments, libraries, housing authorities or senior centers which are brought into the GHGRI group through arrangements with their respective municipalities and/or school districts. He said that the Bristol Warren Water Authority wants to join the GHGRI, but only has 38 members and falls under the state law governing the health care for groups smaller than 51. There was discussion about how bringing these smaller groups into GHGRI might bring risk to the group because the claims experience of the smaller entities could go against the municipalityø experience.

(N. Draper left the meeting at 11 a.m.; S. Lindberg at 11:25 a.m.; C. Tague and J. Correia at 11:30 a.m.)

It was agreed that each community would investigate the arrangements with these smaller entities and report back. D. Faucher will seek legal advice and ask whether legislative changes might help the situation.

Adjournment

A motion to adjourn at 11:32 a.m. was made by R. Rossi, seconded by R. Strom. The motion was approved unanimously.

The next regular meeting will be held on December 17, 2008, at 9:30 a.m. at The Rhode Island Interlocal Risk Management Trust, 501 Wampanoag Trail, Suite 301, East Providence, RI 02915.

Respectfully submitted,

Maureen D. Maurer, Secretary