

**Governmental Health Group of Rhode Island  
Minutes  
Regular Meeting of the Board of Directors  
Wednesday, December 17, 2008**

A regular meeting of the Board of Directors was held on Wednesday, December 17, 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
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.	Excused
Christine Tague	Town of Portsmouth	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	Present
Kathleen Lombardo	Woonsocket Educ. Dept.	Excused
Catherine McLeish	Middletown Schools	Present
Harold "Ron" Devine	Little Compton Schools	Excused
Michael Saunders	Newport Schools	Excused
Irene Scripsack	N. Smithfield Schools	Excused
Cheryll Silva	Town of Warren	Excused

**Others Present**

Shawn J. Brown	Treasurer	Present
Maureen Maurer	Secretary	Present
Steve May	Milliman	Present
Bill Thompson	Milliman	Present
Marc Gagnon	BCBSRI	Present
Kevin Walsh	Group Benefits Strategies	Present
William DiLibero	Town of Hopkinton	Present
Marc Tanguay	Town of Middletown	Present
Laura Sitrin	Proxy, City of Newport	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 9 of the 14 voting members in attendance. (C. Tague and G. Venditti arrived 5 minutes after the meeting started.)

**Agenda**

A motion was made by R. Rossi, seconded by J. Correia, to approve the agenda for the December 17, 2008 regular meeting. The motion was approved unanimously.

**Secretary's Report**

A motion was made by L. Dible, seconded by R. Rossi, to approve the minutes (previously e-mailed) for the November 19, 2008 regular meeting. The motion was approved, with one director, D. Fiore, abstaining because he was absent for the previous meeting.

**Treasurer's Report**

Treasurer S. Brown reported that the tax returns for the group have been filed, and that Medicare D checks will be sent out. The net income for November 2008 was \$1.1 million and \$4.1 million for year to date (July – November 2008). A motion was made by J. Correia, seconded by R. Mushen, to accept the Treasurer's report as presented. The motion was approved unanimously.

**Warrants**

A motion was made by R. Rossi, seconded by J. Correia, to approve the January 2009 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 – 6/30/09, which is at an overall cost/funding ratio of 89.1% for the twelve months of claims activity as of the end of November 2008. The Stop Loss Claims were not updated for the month.

### **OLD BUSINESS**

#### **Presentation by Bill Thompson of Milliman for the Claims Fluctuation Reserve Report (10:30 – 11:00 a.m.)**

At 10:30 a.m., W. Thompson, Principal and Consulting Actuary of Milliman, Inc., made a presentation on the GHGRI Claim Fluctuation Reserve Analysis as of June 30, 2008. The Claim Fluctuation Reserve (or Contingency Reserve) is created to absorb excess claims if actual claims exceed expected claims. The reserve for the GHGRI is set at \$5.4 million, which, with rates, is adequate to cover actual claims over a 2 year period with 95% confidence. W. Thompson compared the one year and two year statistical fluctuation for the earlier, smaller GHGRI with the current, much larger group.

(L. Sitrin, proxy from Newport, left at 11 a.m.)

#### **RFP to Hire Pharmacy Benefits Manager (PBM) (11:00 – 11:30 a.m.)**

Steve May from Milliman reported that BCBSRI has a fiduciary responsibility to provide the financial statements to GHGRI. As a self-insured group, GHGRI should have access to any data concerning costs, so that the group can assess the current fees vis-a-vis market rates and premiums. BCBSRI agreed to give the information to D. Faucher as the client. BCBSRI will not be presenting an RFP for the Pharmacy Benefit carveout; they have proposed that a program that integrates medical care and pharmacy needs is better for the client. The subcommittee handling the RFP process expressed a desire to move forward with the RFP, adding that the GHGRI needs more information in order to make a decision on whether to proceed. There was discussion about whether the GHGRI would pay BCBSRI to integrate medical data with pharmacy care, even though the carveout would result in less administrative work for BCBSRI and should result in lower administrative costs. A motion was made by R. Rossi, seconded by N. Draper, to continue with the RFP process for the Pharmacy carveout. The motion passed unanimously.

#### **Hiring a Lobbyist**

D. Faucher reported that the cost of hiring a lobbyist is \$18,000; he will explore whether RIMIC and WBCH are interested in splitting these costs equally with GHGRI. There was discussion about how hiring a lobbyist is essential to protecting the interests of the GHGRI and how a lobbyist can protect the financial gains of the group by informing legislators of the group. A motion was made by C. Tague, seconded by S. Lindberg, to

proceed with hiring a lobbyist, with the Executive Committee making the final decision of who to hire which would likely be Rick McAuliffe of the Mayforth Group. The motion passed unanimously.

### **Actions Regarding Embedded Employees from Separate Entities**

D. Faucher distributed a copy of a letter from Stephen D. Zubiago, Nixon Peabody LLC, regarding the issue of embedded employees. In the letter, S. Zubiago stated that certain separate legal entities that are distinct from the GHGRI members that are cities and towns are not eligible to receive health insurance through the GHGRI. Each community will need to identify these legally separate entities and inform them that they will need to seek other forms of health insurance by July 1, 2009. A motion was made by C. Tague, seconded by D. Fiore, to have D. Faucher draft a letter to the CEOs of all GHGRI members to inform them of this legal opinion and to require them to inform any embedded employees who are not be eligible for health insurance through the GHGRI that they need to seek other forms of health insurance, and to assume liability if any ineligible employee has claims that exceed the stop loss level after July 1, 2009. The motion passed unanimously.

### **Double Coverage Update**

K. Walsh of GBS Insurance reported that he had four different results from trying to establish double coverage: the first compared Social Security numbers (7 members), the second compared dependents (45 members), the third addresses (2 members) and the fourth street addresses using primary and secondary addresses (180 members), which adds up for a total of 234 members. A motion was made by D. Fiore, seconded by J. Correia, to seek a legal opinion concerning privacy issues related to double coverage. The motion passed unanimously.

### **NEW BUSINESS**

#### **Presentation by Marc Gagnon, BCBSRI, on Health Savings Accounts and Consumer Driven Health Plans (9:30 – 10:30 a.m.)**

M. Gagnon talked about Health Savings Accounts, where participants put aside money in an interest-bearing account that they control to pay for eligible medical care expenses tax-free. HSAs have two parts: medical coverage with a qualified high deductible plan and banking component, via a vendor. Everything is covered 100% within the network of providers once the individual or family deductible is met and all services except preventative care apply to deductible including prescription drugs. The issues of whether participation is elective or mandatory and how to determine the employer's contribution were addressed.

(J. McDonald arrived at 9:45 a.m.; S. Lindberg and J. Mainville arrived around 10 a.m.)

**Distribution of Surplus**

S. Brown and K. Walsh will meet with W. Thompson of Milliman in early January to determine the formula to distribute the \$1 million surplus to the original eight members. A motion was made by C. Tague, seconded by J. Correia, to table this topic to next month. The motion passed unanimously.

(C. McLeish left at 12:05 p.m.)

**Bid Out or Renew Contracts for Audit and Actuarial Services**

A motion was made by J. Correia, seconded by L. Dible, to extend the contracts with CCR for the audit and with Milliman for actuarial services by one year. The motion passed unanimously.

**Adjournment**

A motion to adjourn at 12:10 p.m. was made by R. Mushen, seconded by R. Rossi. The motion was approved unanimously.

The next regular meeting will be held on January 28, 2009, 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