

**Governmental Health Group of Rhode Island Minutes**  
**Regular Meeting of the Board of Directors**  
**Wednesday, February 25, 2009**

A regular meeting of the Board of Directors was held on Wednesday, February 25, 2009, 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        | Present |
| David Krugman     | Town of Richmond        | Present |
| Nancy Lalli       | City of Newport         | Excused |
| Steven Lindberg   | N. Smithfield Schools   | Present |
| John Mainville    | Town of Burrillville    | Present |
| James McDonald    | City of East Providence | Present |
| Robert Mushen     | Town of Little Compton  | Present |
| Randy Rossi       | Town of Smithfield      | Present |
| Vacant            | Woonsocket Educ. Dept.  |         |
| Christine Tague   | Town of Portsmouth      | Present |
| Giovanna 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 |
| Vacant              | Town of N. Smithfield   | Excused |
| James Goncalo       | Town of Tiverton        | Excused |
| Karen Hagan         | Town of Charlestown     | Excused |
| Robin Kimatian      | Burrillville Schools    | Excused |
| Laura Kenyon        | Town of Hopkinton       | Present |
| Kathleen Lombardo   | Woonsocket Educ. Dept.  | Present |
| Catherine McLeish   | Middletown Schools      | Excused |
| Harold "Ron" 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 |
| William J. Thompson | Milliman                  | Present |
| Steve May           | Milliman                  | Present |
| William Bjerke      | Group Benefits Strategies | Present |
| Kevin Walsh         | Group Benefits Strategies | Present |
| Caitlin Nangle      | Mercer                    | Present |
| Marc Gagnon         | BCBSRI                    | Present |
| Rich Krupski        | BCBSRI                    | 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 10 of the 14 voting members in attendance. (C. Tague and John Mainville arrived 5 minutes after the meeting started.)

**Agenda**

A motion was made by D. Krugman, seconded by R. Rossi, to change the order of the agenda for the February 25, 2009 regular meeting, so that W. Thompson of Milliman would present first, followed by M. Gagnon and R. Krupski of BCBSRI, followed by the other items on the agenda. The motion was approved unanimously.

**Secretary's Report**

A motion was made by R. Rossi, seconded by J. Correia, to approve the minutes (previously e-mailed) for the February 2, 2009 regular meeting. The motion was approved unanimously.

**Treasurer's Report**

Woonsocket Education Department has missed two payments. A motion was made by R. Rossi, seconded by C. Tague, to assess a 12% interest penalty against Woonsocket Education Department. The motion was approved unanimously. A motion was made by J. Correia, seconded by R. Rossi, to accept the Treasurer's report as presented. The motion was approved unanimously.

**Warrants**

The warrant items included a bill from the group's legal counsel, Nixon Peabody, and a bill from the Mayforth Group. A motion was made by R. Rossi, seconded by D. Fiore, to approve the March 2009 Warrant Summary for the amount of \$475,547.36. The motion was approved unanimously.

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

K. Walsh reviewed the Self-Funded Cost vs. Funding analysis for the policy period 7/1/08 – 6/30/09 (previously emailed), for which the overall cost/funding ratio remained at 92% for the seven months of claims activity as of the end of January 2009. The large claim of the Town of Smithfield totals \$583,836.47.

### **OLD BUSINESS**

#### **Equity Allocation Policy**

W. Thompson, Principal and Consulting Actuary, Milliman, reviewed a document entitled “GHGRI Equity Allocation Policy: Review of January 28, 2009 Draft”, which defines the method for distributing GHGRI’s equity and the changes in equity among its members. The equity of GHGRI is comprised of the Member Contingency Reserve (MCR) and surplus. He explained how the existing surplus distribution formula does not recognize the length of time a member has been contributing. He proposed an alternate plan which would recognize the length of time a member has contributed. After some discussion in which the Board seemed to be in favor of the alternate plan, he suggested that the Board consider adopting a revised Policy at a future meeting. He offered to revise his draft Policy for that future meeting.

#### **Distribution of Surplus**

There is \$1.2 million to be distributed among existing members. A motion was made by R. Rossi, seconded by J. Correia, to table this item until the next meeting at which time a detailed breakdown based on the existing policy will be available. The motion was approved unanimously.

#### **Renewal of Contract for Actuarial Services**

A motion was made by R. Rossi, seconded by L. Dible, to approve a one-year extension of the contract with Milliman to provide actuarial services for the group. The motion was approved unanimously.

#### **Renewal of Contract for Auditing Services**

S. Brown recommended that the group extend the contract with CCR for one year for auditing services. The increase in fees for FY2009 (from \$41,000 to \$63,000) can be explained by the growth of the GHGRI, the addition of the dental pool and new auditing standards. A motion was made by D. Krugman, seconded by R. Rossi, to approve the one year extension with CCR for auditing services. The motion was approved unanimously.

### **Award of Dental Contract**

W. Bjerke, of GBS Insurance, distributed information on dental bids received. A motion was made by N. Draper, seconded by D. Fiore, to table this item until next month's meeting so that the Pharmacy Benefits Manager (PBM) Committee will have time to review the dental bids. The motion was approved unanimously.

A motion was made by J. Correia, seconded by R. Rossi, to have the PBM Committee review the retention rate offer from BCBSRI (see New Business, first item), the carve out of prescription medications and dental bids. The motion was approved unanimously.

### **Embedded Employees Separate Entities, Legislative Initiative**

The draft of the legislative bill to amend the language of RIGL Section 45-5-20.1 has been sent to Senator M. Teresa Paiva-Weed, Representative Amy G. Rice and Representative J. Russell Jackson. This bill would specify the names of separate legal entities that, in addition to municipalities and school districts, would be eligible to receive health care insurance through the GHGRI or a similar cooperative risk management program. This legislation is also supported by the West Bay Community Health and the RI Interlocal Risk Management Trust. D. Faucher will supply the bill numbers when they become available.

### **Initiative to Affiliate with RI Interlocal Trust**

D. Faucher and S. Brown will meet with the Executive Board of the RI Interlocal Risk Management Trust the week of March 15th to discuss the possibility of having the GHGRI affiliate with The Trust in order to receive, at a minimum, some degree of administrative support. Once D. Faucher and S. Brown have met with the Trust and received approval to move forward, the committee chaired by R. Rossi will begin their meetings.

### **Governor's Supplemental Budget Status**

As the result of a meeting sponsored by Marie Ganim, Aide to Senator Paiva-Weed, which was held on February 20, 2009, the legislation for Article 19 of the Supplemental Budget will move forward, but only for school districts. Legislation sponsored by Representatives McNamara, Malik and Gallison has also been placed before the committee for discussion. The group will now try to meld both pieces of legislation and arrive at something that is palatable to everyone.

### **Initiative to Carve Out Prescription Drugs**

See discussion under New Business, "BCBSRI Proposal re: Lower Retention Charges."

## **NEW BUSINESS**

### **BCBSRI Proposal re: Lower Retention Charges**

M. Gagnon and R. Krupski, BCBSRI, reviewed a document entitled “Sixth Amendment to Governmental Health Group of Rhode Island, Inc. Administrative Services Agreement Medical Only”, including the amended “Substitute Multi-Year Retention Schedule”, with a billed monthly retention rate of \$28.00 (cost per subscriber) effective March 1, 2009 through June 30, 2011.

The document also included amendments requiring the use of ACH debits for payments and penalizing the GHGRI if it were to select a stop-loss insurance carrier which was non-preferred by BCBSRI. There was some discussion about what the retention fee would be if the GHGRI elected to pursue prescription drug carve out, rather than accept the BCBSRI requirement that the GHGRI only offer a package of ‘fully comprehensive health care.’

A motion was made by R. Rossi, seconded by C. Tague, to have the current PBM Carve Out Committee review Amendment #6 as presented by BCBSRI. The motion passed unanimously.

### **BCBSRI July 2009 renewals**

The rates quoted for July 1, 2009 are based on the individual members’ claims experience for a 12 month period from October 2007 to September 2008.

### **Adjournment**

A motion to adjourn at 12:05 p.m. was made by R. Rossi, seconded by L. Dible. The motion was approved unanimously.

The next regular meeting will be held on Wednesday, March 25, 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