

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

A regular meeting of the Board of Directors was held on Wednesday, March 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	Present
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
Christine Tague	Town of Portsmouth	Present
Giovanna Venditti	Central Falls Schools	Present
Vacant	Woonsocket Educ. Dept.	

**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
Frances Gallo	Central Falls Schools	Excused
James Goncalo	Town of Tiverton	Excused
JoAnne Santos	Town of Charlestown	Present
Robin Kimatian	Burrillville Schools	Excused
Laura Kenyon	Town of Hopkinton	Present
Kathleen Lombardo	Woonsocket Educ. Dept.	Present
Catherine McLeish	Middletown Schools	Present
Harold "Ron" Devine	Little Compton Schools	Excused
Michael Saunders	Newport Schools	Excused
Irene Scripsack	N. Smithfield Schools	Excused
Cheryl Silva	Town of Warren	Present
Vacant	Town of N. Smithfield	

**Others Present**

Shawn J. Brown	Treasurer	Present
Maureen Maurer	Secretary	Present
Steve May	Milliman	Present
William Bjerke	GBS Insurance Agency	Present
Kevin Walsh	GBS Insurance Agency	Present
Stephen A. Alfred	RI Interlocal R.M. Trust	Present (12:00-12:30)
Thomas E. Dwyer	RI Interlocal R.M. Trust	Present (12:00-12:30)

**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 J. Mainville, to accept the agenda. The motion was approved unanimously.

**Secretary's Report**

A motion was made by J. Correia, seconded by L. Dible, to approve the minutes (previously e-mailed) for the February 25, 2009 regular meeting. The motion was approved unanimously.

**Treasurer's Report**

Woonsocket Education Department made one payment, so they are one month in arrears. GHGRI posted a net income of \$3.7 million for the eight months of FY2009, although the net income for February 2009 was a loss of \$593,668.85. A motion was made by J. Correia, seconded by D. Fiore, to accept the Treasurer's report as presented. The motion was approved unanimously.

**Warrants**

With regard to the \$3,000.00 bill from the Mayforth Group, J. Correia asked D. Faucher to inquire if lobbyist R. McAuliffe would pro-rate the fee for his services. Also, the amount of money paid to hire Steve Zubiago of Nixon Peabody was questioned. Nixon Peabody has been the legal counsel for the GHGRI since 2004, and S. Zubiago is experienced in the field of business regulations and insurance. A motion was made by J. Correia, seconded by R. Mushen, to approve the April 2009 Warrant Summary for the amount of \$323,938.92. The motion was approved unanimously.

(R. Rossi and S. Lindberg arrived at 9:40 a.m.)

### **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 94% for the eight months of claims activity as of the end of February 2009. The large claim of the Town of Smithfield totals \$583,985.26.

### **OLD BUSINESS**

#### **Award of Dental Contract**

W. Bjerke of GBS Insurance Agency presented the recommendations of the dental bid subcommittee that reviewed the two dental bids from BCBSRI and Delta Dental. The Board was asked to approve changing from fully insured to self insured funding, which will allow the group to avoid the premium tax of 1.75%, and also to accept the bid from Delta Dental for either a two or three year arrangement. Also, he announced that Delta Dental has the option of an excellent sealant program which would provide enhanced coverage and great cost savings for a small increase in working rates.

A motion was made by R. Rossi, seconded by J. Correia, to accept Delta Dental as the vendor for a self-funded plan for a three year term. The motion passed unanimously.

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

S. May of Milliman provided an analysis of the proposal submitted by Blue Cross Blue Shield Rhode Island (BCBSRI) for the pharmacy benefit manager RFP, comparing the 2008 rates with 2009 rates and the proposed 2010 rates. The 2010 proposal produces 5% savings from the current 2008 arrangement. The budget analysis of fiscal years 2008, 2009 and 2010 also revealed significant savings, with a cost increase from FY2009 to FY2010 on the order of 4%, as compared to the average pharmacy projected range of 6%-11%. He concluded that the BCBSRI proposal was competitive with current market prices.

#### **Distribution of Surplus**

There was a motion by R. Rossi, seconded by N. Draper, to approve the distribution of the \$1,225,268 surplus money to original board members according to the breakdown of the surplus distribution FY2008 worksheet that was previously e-mailed. The motion was passed unanimously.

**Commitment to Merge with RI Interlocal Trust: Strategic Decision**

D. Faucher distributed copies of a proposed resolution to pursue a merger with the Rhode Island Interlocal Risk Management Trust. If executed, the document would express a good faith interest in pursuing a merger with the Trust, but would not commit the GHGRI to actually merging with the RI Interlocal Trust if legal or financial considerations prevented it. There was a lengthy discussion about various aspects of this document and the implications of agreeing to it.

Stephen A. Alfred, Chairman of the Board of Trustees of the Trust, and Thomas E. Dwyer, Executive Director of the Trust, entered the meeting and spoke to the group about their interest in pursuing the merger with GHGRI. They explained that The Trust is not interested in being only a service provider and expending Trust resources without the possibility of a merger. The question for the service provider, in the event of no merger, then becomes who has fiduciary responsibility for the financial and policy decisions for the GHGRI. The collaboration between the Trust and the GHGRI would be successful only if the Trust staff members who assume the administrative and treasury duties of the GHGRI are answerable to the Trust Board. A Health Care Committee would be formed, whose members would act in an advisory capacity to the Trust Board and Management Committee. They did not rule out the possibility of a short term administrative services agreement while the merger and a timetable for the merger was being addressed.

It was agreed to table the discussion and the vote on the resolution to merge with The Trust until a special board meeting on Thursday, April 9, 2009.

**Governor's Supplemental Budget Status: Commitment to State Bid for Health Insurance**

The State has asked the GHGRI to commit to participate in the State's bid for health insurance (current State contract with United expires 6/30/10). There was discussion about the conditions needed to protect the interests of the GHGRI, and what advantage, if any, this participation would give GHGRI. There was a motion by N. Draper, seconded by J. Mainville, to have D. Faucher respectfully decline participation in the State bid at this time. The motion passed unanimously.

**BCBSRI ASO Amendment #6 re: lower retention charges**

Having conferred with the Executive Board subsequent to the February board meeting, D. Faucher signed an agreement (on the deadline of March 16) to accept Amendment #6 with BCBSRI. Amendment #6 results in lower retention charges effective as of March 1, 2009; requires ACH payments; requires members to commit to offering full comprehensive plans and stipulates that the GHGRI must use stop-loss insurers preferred by BCBSRI. Failure to comply with the requirements results in penalties being imposed. There was a motion by R. Rossi, seconded by D. Krugman, to ratify Amendment #6. The motion passed unanimously.

**Embedded Employees Legislation**

The legislation to change RIGL 45-5-20.1 (H5687 and S781) was referred to committees in both the House and the Senate.

**NEW BUSINESS**

**Membership of Town of Jamestown and Jamestown School as of July 1, 2009**

K. Walsh reported that, despite poor claims experience for October 2006-September 2007, Jamestown's 2008 claims experience has improved appreciably. The Town and School are jointly rated for 169 members. There was a motion by R. Rossi, seconded by D. Krugman, to accept Town of Jamestown and Jamestown Schools as of July 1, 2009, for three year participation, with a voting seat, and with capital reserve contribution of \$16.30 per member. The motion passed unanimously.

**Adjournment**

A motion to adjourn at 12:30 p.m. was made by D. Krugman, seconded by L. Dible. The motion was approved unanimously.

The next regular meeting will be held on Wednesday, April 22, 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