



**Minutes of the August 26, 2009
Regular Meeting of the Board of Directors**

A regular meeting of the Board of Directors of the Governmental Health Group of Rhode Island (GHGRI) was held on Wednesday, August 26, 2009, at the offices of The Rhode Island Interlocal Risk Management Trust, 501 Wampanoag Trail, Suite 301, East Providence, RI 02915.

ROLL CALL

Board of Directors

Stacey Busby	Woonsocket Education Department	Excused
Christina Collins	Town of Jamestown	Present
Jane F. Correia	Bristol Warren Regional School District	Present
Lynne S. Dible	Town of Middletown	Present
Ned Draper	North Kingstown Schools	Excused
Douglas Fiore	Tiverton Schools	Excused
David Krugman	Town of Richmond	Present
Nancy Lalli	City of Newport	Present
Steven Lindberg	N. Smithfield Schools	Present
John Mainville	Town of Burrillville	Present
Thomas Mainville	Town of Glocester	Excused
James McDonald	City of East Providence	Present
Robert Mushen	Town of Little Compton	Present
Kathy Raposa	Town of East Greenwich	Excused
Randy Rossi	Town of Smithfield	Present
Christine Tague	Portsmouth Schools	Excused
Giovanna Venditti	Central Falls Schools	Present

Alternate Board Members

Richard Brown	City of East Providence	Excused
Lisa Cournoyer	Smithfield Schools	Present
John Day	Town of Bristol	Excused
Harold "Ron" Devine	Little Compton Schools	Excused
Jackie DiPetro	Town of Glocester	Present
Michael E. Embury	Town of North Kingstown	Excused
David P. Faucher	Town of Portsmouth	Present
Frances Gallo	Central Falls Schools	Excused
James Goncalo	Town of Tiverton	Excused
Robin Kimatian	Burrillville Schools	Excused
Laura Kenyon	Town of Hopkinton	Excused
Jane Littlefield	Jamestown Schools	Excused
Kathleen Lombardo	Woonsocket Education Department	Excused
Catherine McLeish	Middletown Schools	Excused
JoAnne Santos	Town of Charlestown	Excused
Michael Saunders	Newport Schools	Excused

Irene Scripsack	N. Smithfield Schools	Excused
William Sequino	Town of East Greenwich	Excused
Cheryl Silva	Town of Warren	Present

Others Present

Kevin Walsh	GBS Insurance Agency	Present
William Bjerke	GBS Insurance Agency	Present
Thomas Dwyer	RI Interlocal Risk Management Trust	Present
Ronald Slovak	RI Interlocal Risk Management Trust	Present
Marc Tanguay	Town of Middletown	Present
Louise Tetreault	Town of North Smithfield	Present

CALL TO ORDER

President Faucher called the meeting to order at about 9:35 a.m. A quorum was declared to be present, with 10 of the 17 voting members in attendance.

AGENDA

Ms. Correia moved, seconded by Mr. Rossi, to approve the Agenda. It was so voted unanimously.

SECRETARY'S REPORT OF MINUTES

Mr. Rossi moved, seconded by Ms. Correia, to approve the Minutes of the July 22, 2009 meeting. It was so voted unanimously.

TREASURER'S REPORT

In the absence of Treasurer Shawn Brown, Mr. Slovak distributed and then summarized the salient features of the Treasurer's Financial Reports as of July 31, 2009. He said that these Reports were the first to be prepared by the accounting office of the Rhode Island Interlocal Risk Management Trust (The Trust) pursuant to the new administrative services agreement between GHGRI and The Trust. For this reason, the Reports were not distributed to the Board in advance of the meeting and had also not yet been reviewed by Treasurer Brown due to Mr. Brown's unavailability because he was away on vacation, Mr. Slovak added. Nonetheless, he said he believed them to be accurate in all material respects. In the future, Mr. Slovak said that he intended to be able to distribute the monthly Financial Statements to the Board in advance of the meeting.

Mr. Slovak commented that the reports contained new and separate Financial Statements for the self-funded Dental Pool, which began operation July 1, 2009.

For the first month of the new fiscal year, he noted that the reports showed the Dental Pool with a surplus and the Health Pool with a deficit. Given the limited time period, this information was not particularly meaningful, he observed.

Messrs. Dwyer and Slovak also advised the Board about the status of the delinquent premium balances and late fee charges for the Woonsocket Education Department (WED). Mr. Dwyer explained that subsequent to the last Board meeting, payment for outstanding balances had been received from the WED, so he opted not to assess late fee charges. The Board had extended that flexibility to waive the late fees to Mr. Dwyer. Moving forward, however, and pursuant to the express provisions of the Board's new Late Fee Interest Policy for Delinquent Payment of Amounts Due, the WED and other Member entities with delinquent balances would be charged late fees. He added that WED's payment pattern continues to be delinquent, and that it is also not paying the associated late fee charges arising from these delinquencies. He said Trust Management was following up with the WED per the provisions of the Late Fee Interest Policy.

Mr. Faucher next advised that the Board that the WED had submitted a request dated August 20, 2009 to withdraw from the GHGRI. In response to that request, he said that he had consulted with GHGRI legal counsel to confirm his understanding that the GHGRI Bylaws and the Member's Agreement for Joint Negotiation and Purchase of Health Coverages prohibited such a withdrawal at this point in the policy year since the WED had not provided the requisite 90 days advance notice of its intent to withdraw prior to the start of the policy year on July 1st. Counsel confirmed that understanding. In a subsequent phone conversation with WED's Business Manager Stacey Busby, Mr. Faucher said he and Mr. Dwyer had conveyed that information to her and also inquired about the reason for the withdrawal request. Ms. Busby informed them that the WED had been advised it could expect substantial financial savings if it switched its health care coverage from GHGRI to a program offered by the Rhode Island Municipal Insurance Corporation (RIMIC). She was not able, however, to provide qualitative or quantitative information about these reputed savings.

Mr. Faucher said that he anticipated arranging a meeting with WED officials in the coming weeks to discuss this withdrawal request in detail, and that he would keep the Board apprised of those discussions at future Board meetings. A brief discussion followed among the Board members about the implications of such a withdrawal request.

Formal action was not taken by the Board to approve the Treasurer's Report, but by consensus the Board indicated its acceptance of the Report.

WARRANTS

Prior to the meeting, two detailed Warrant Reports, both dated August 10, 2009 and supplemented by supporting invoices, had been circulated to the Board for review.

1. The first Warrant was for the Health Pool in the amount of \$520,516.67. Additional information about several items in the Warrant was presented, including an explanation from Mr. Walsh that the size of the Blue Cross Blue Shield (BCBS) Administration charge was abnormally high this month in order to correct the accounting for a retroactive adjustment that had previously been taken.

Mr. Krugman moved, seconded by Mr. Rossi, to approve the Health Pool Warrant of \$520,516.67; it was so voted unanimously.

2. The second Warrant was for the Dental Pool in the amount of \$15,269.70 representing only Delta Dental administrative fees.

Mr. Rossi moved, seconded by Ms. Dibble, to approve the Dental Pool Warrant of \$15,269.70; it was so voted unanimously.

SELF-FUNDED COST VS. FUNDING ANALYSIS & HIGH COST CLAIM REPORT

Prior to the meeting, two “Self-Funded Cost vs. Funding Analysis” reports for the policy period July 1, 2008 through June 30, 2009 had been distributed by GBS Insurance Agency. One report pertained to the Health Pool and the other to the Dental Pool.

Mr. Walsh summarized the information in the Health Pool Analysis noting that the Cost/Funding Ratio was slightly above 100%, but adding that one month’s worth of data was not significant in assessing a trend or creating any immediate concern for Policy Year 2009-2010. Relative to Policy Year 2008-2009, Mr. Walsh also commented on claims run-out and stop-loss insurance implications now that this year has ended.

Mr. Bjerke similarly highlighted pertinent items in the Dental Pool Analysis, where the Ratio stood at 70% after one month. It was noted that the Analysis is the first one prepared for the Dental Pool since the Pool just came into existence July 1, 2009. Brief discussion ensued among Board members and Mr. Bjerke about the significance, if any, of a time lag for reporting dental claims in terms of its effect upon the most favorable 70% ratio. Mr. Bjerke indicated that he did not believe reporting delays caused the low Ratio.

No formal Board actions were taken or required on these Reports.

OLD BUSINESS

Update on Initiative to Merge with Rhode Island Interlocal Risk Management Trust

Messrs. Faucher and Dwyer reported on the first meeting in late July of the Joint Merger Committee, comprised of representatives from the boards of both GHGRI and The Trust. They identified key matters under review and summarized the next steps being taken by the Committee to move the merger forward.

In particular, Messrs. Dwyer and Faucher described matters which need to be resolved regarding the contracts that each entity – GHGRI and The Trust – currently has with BCBS. Mr. Dwyer said he would soon be contacting BCBS to propose an approach to resolve the question of which contract would be operative and controlling in the event of a merger. Issues related to that contract question were briefly discussed by the Board.

No formal Board actions were taken or required on this report.

Delta Dental Self-funded Group

Mr. Bjerke reported that a draft Agreement between GHGRI and Delta Dental had been fully developed and was now undergoing careful review by him, Mr. Faucher, and GHGRI Counsel Steve

Zubiago. Based on that review, several provisions appeared to need some revision to achieve better clarity, he said. However, no substantive issues had arisen, he added.

The Agreement should be ready for submission to the Board for final approval at its next meeting in September, he commented.

Revised Late Fee Policy for Delinquent Payments

Prior to the meeting, Mr. Dwyer had distributed to the Board a finished version of the Late Fee Policy incorporating the changes that the Board had authorized at its July meeting. However, a further revision was necessary, Mr. Dwyer said, because he had overlooked a change that should have also been made in another part of the Policy. Mr. Dwyer then distributed a revision showing that change.

By consensus, the Board indicated that the revised Policy contained all the changes it had authorized at its July meeting and accurately reflected the Board's intent. Since the Board had previously voted to approve the Policy with these amendments, no additional Board action was required.

Mr. Dwyer said he would distribute a final version of the Late Fee Policy to all Members.

NEW BUSINESS

Delta Dental Administrative Services Agreement

Because the Delta Dental Administrative Services Agreement was still undergoing review and revision, as earlier reported by Mr. Bjerke, Mr. Faucher recommended that Board action to approve this Agreement be deferred until the September meeting. There was no Board objection to that deferral.

ADJOURNMENT

Mr. Rossi moved, seconded by Ms. Lalli, to adjourn the meeting; it was so voted unanimously. The meeting stood adjourned at approximately 10:20 a.m.

Respectfully submitted,



Thomas E. Dwyer
Acting Secretary

The next regular GHGRI Board meeting will be held on Wednesday, September 23, at 9:30 a.m. at the offices of The Rhode Island Interlocal Risk Management Trust, 501 Wampanoag Trail, Suite 301, East Providence, RI 02915.