



**Minutes of the January 27, 2010
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, January 27, 2010, 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

1)	Christina Collins	Town of Jamestown	Present
2)	Pauline Silva	Bristol Warren Regional School District	Present
3)	Lisa Cournoyer	Smithfield Schools	Present
4)	Lynne S. Dible	Town of Middletown	Excused
5)	Michael Embury	Town of North Kingstown	Present
6)	David P. Faucher	Town of Portsmouth	Present
7)	Douglas Fiore	Tiverton Schools	Present
8)	Laura Kenyon	Town of Hopkinton	Present
9)	Robin Kimation	Burrillville Schools	Excused
10)	Nancy Lalli	City of Newport	Excused
11)	Steven Lindberg	N. Smithfield Schools	Present
12)	Thomas Mainville	Town of Glocester	Present
13)	James McDonald	City of East Providence	Present
14)	Robert Mushen	Town of Little Compton	Present
15)	Kathy Raposa	Town of East Greenwich	Present
16)	Giovanna Venditti	Central Falls Schools	Present
17)	Vacant	Woonsocket Education Department	

Alternate Board Members

1)	Patricia Anderson	Town of Charlestown	Present
2)	Richard Brown	City of East Providence	Excused
3)	John Day	Town of Bristol	Excused
4)	Harold "Ron" Devine	Little Compton Schools	Excused
5)	Jackie DiPetro	Town of Glocester	Excused
6)	Ned Draper	North Kingstown Schools	Excused
7)	Frances Gallo	Central Falls Schools	Excused
8)	James Goncalo	Town of Tiverton	Excused
9)	David Krugman	Town of Richmond	Present
10)	Jane Littlefield	Jamestown Schools	Excused
11)	John Mainville	Town of Burrillville	Present
12)	Randy Rossi	Town of Smithfield	Excused

13)	Marc Tanguay	Town of Middletown	Excused
14)	Michael Saunders	Newport Schools	Excused
15)	Irene Scripsack	N. Smithfield Schools	Excused
16)	William Sequino	Town of East Greenwich	Excused
17)	Cheryl Silva	Town of Warren	Present
18)	Louise Tetreault	Town of North Smithfield	Present
19)	Mark Dunham	Portsmouth Schools	Excused
20)	Vacant	Woonsocket Education Department	

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
Fran Johannis	North Smithfield Schools	Present

CALL TO ORDER

President Faucher called the meeting to order at about 9:05 A.M. A quorum was declared to be present, with 14 of 17 voting members in attendance.

Prior to moving to the formal Agenda, Mr. Faucher noted for the Board’s general information that Mr. Dunham from the Portsmouth Public Schools had been named as an Alternate Director replacing Ms. Tague, and Ms. Pauline Silva from the Bristol-Warren Regional Public Schools had been named as a Director replacing Ms. Correia. He welcomed both to the Board.

APPROVAL OF AGENDA

Mr. Mushen moved, seconded by Mr. Fiore, to approve the Agenda as presented; it was so voted unanimously.

SECRETARY’S REPORT OF MINUTES

Ms. Pauline Silva moved, seconded by Mr. Fiore, to approve the Minutes of the January 20, 2010 Special Meeting of the Board. It was so voted unanimously.

TREASURER’S REPORT

In the absence of Treasurer Shawn Brown, Mr. Slovak summarized the salient features of the Treasurer’s Financial Reports as of December 31, 2009, which had been distributed in advance to the Board. For both the Health Pool and the Dental Pool, he highlighted monthly activity and cumulative activity for the fiscal year to date, as shown in the box to the side.

	Net Income for month of December 2009	Cumulative Net Income through December 2009
Health Pool	-\$702,484	\$170,901
Dental Pool	<u>\$89,972</u>	<u>\$388,814</u>
Total	-\$612,512	\$559,715

Mr. Slovak briefly commented on the unfavorable results for December in the Health Pool, and contrasted that with the continuing favorable results for the Dental Pool.

Mr. Dwyer reported to the Board that the Woonsocket Education Department not only continued to pay its premiums quite late, but also that the Department's payment date for its November health insurance premium was more than 60 days late. Because the payment delinquency is more than 60 days, the Board's policy requires that the Department submit a written plan advising of its ability to bring its accounts current. Mr. Dwyer said he had written to the Department requesting such a plan, and distributed a copy of that letter, dated January 26, 2010, to the Board for its general information. Board discussion followed about this situation and possible remedies and ramifications. In response to a question from Mr. Faucher, Mr. Slovak said he continued to have cordial verbal communications with the Department's Business Manager about the problem, but that she has given no indication that the Department will be able to bring its account current in the near term.

Mr. Dwyer said he would advise the Board at its next meeting of the Department's response to his January 26th letter.

Mr. Mushen moved, seconded by Mr. John Mainville, to approve the Treasurer's Financial Reports; it was so voted unanimously.

WARRANTS

Prior to the meeting, two detailed Warrant Reports, both dated January 10, 2010 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 \$488,935.88. Within the package of supporting invoices, Mr. Walsh called to the Board's attention several invoices in particular – two for legal services from Nixon Peabody, one for the Board's Directors and Officers liability insurance coverage, one from Health Benefit Advisors for specialized consulting services, and last from the audit firm for the second half of its professional fee.

Mr. Embury moved, seconded by Ms. Cournoyer, to approve the Health Pool Warrant in the amount of \$488,935.88; it was so voted unanimously.

2. The second Warrant was for the Dental Pool in the amount of \$15,525.00 representing only Delta Dental administrative fees.

Ms. Venditti moved, seconded by Mr. Mushen, to approve the Dental Pool Warrant in the amount of \$15,525.00; 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 first five months of the policy period July 1, 2009 through June 30, 2010 had been distributed by GBS Insurance Agency. One report pertained to the Health Pool, and the other to the Dental Pool.

Mr. Walsh briefly summarized key items in the Health Pool Report. He noted that the Loss Ratio through December stood at 100.1%, a significant deterioration from the 97.9% Ratio as of the end of October. For the month of December alone, Mr. Walsh pointed out that the Loss Ratio was 111%. Particularly high Loss Ratios were noted for two Members – the Woonsocket Education Department, and the Charlestown/Hopkinton/Richmond entity.

Also reviewed were the High Cost Claims Reports for the current policy year and the prior policy year. Mr. Walsh commented that one particular claim for the Woonsocket Education Department for the current policy year jumped by about \$350K in the last two months from an amount which as of the end of October was still below the stop-loss insurance attachment point to an amount as of the end of December at roughly \$761,000, about \$210,000 above the \$550,000 stop-loss attachment point. Brief Board discussion ensued about the continuing poor trends in claims experience for the current year.

Finally, Mr. Walsh briefed the Board about disputed claim activity and the resolution of several matters on this list.

Mr. Bjerke next reported on the Dental Pool activity in terms of the Cost/Funding Ratio. Loss trends continue to be favorable, he said, with the current Loss Ratio at 82% through the end of December, about the same as of the end of November. Nonetheless, he noted that experience for the month of December alone was the poorest of the six months to date at a 90% Loss Ratio. He stressed, however, that December experience commonly produces one of the highest monthly Loss Ratios due to the tendency of subscribers to use dental services during this month before their maximum yearly benefit allowance expires.

Upon conclusion of Mr. Bjerke's report, the Board discussed the prospects for the dental insurance rate renewals for the coming policy year commencing July 1, 2010, and also reviewed expectations concerning the expanded base of participating entities in the Dental Pool as of July 1, 2010.

No formal Board actions were taken or required on these Reports. President Faucher said the Reports would be placed on file.

OLD BUSINESS

Revised Equity Allocation Policy

Prior to the meeting, Mr. Dwyer had circulated to the Board a marked-up copy of changes to the Equity Allocation Policy developed as a result of the Board's review of this Policy at its special meeting of January 20, 2010. Mr. Dwyer summarized those changes, and also identified two items in the draft which warranted further change: 1) the numbering sequence for certain sections of the revised Policy was incorrect; and 2) on the last page in Section 4 the word "surplus" should be replaced with the word "equity".

President Faucher explained that he was now seeking authority from the Board to distribute these changes to the chief executive officers (CEOs) of the participating GHGRI member entities for

their comment, if any. He noted that the circulation of the changes to the CEOs for comment prior to Board action is required by the terms of the Agreement for Joint Negotiation and Purchase of Health Coverages executed between GHGRI and each participating Member entity. Mr. Faucher circulated a draft of the cover letter he anticipated sending to the CEOs along with the proposed amendment, and asked for Board input. Along with the letter and proposed amended Policy, he said he planned to send the Minutes of the Board's January 20th meeting in order to provide additional detail and rationale for the changes, while at the same time demonstrating the extent of the Board's deliberations about the matter.

Directors indicated their concurrence with Mr. Faucher's distribution plan. Discussion of the changes was limited in that extensive discussion of the matter had occurred at the Board's January 20th meeting.

Mr. McDonald moved, seconded by Mr. Mushen, to authorize the President to distribute the proposed changes to the Equity Allocation Policy to the chief executive officers of the GHGRI Member entities as presented by Mr. Faucher; it was so voted unanimously.

Mr. Faucher concluded the discussion by advising that the Policy itself would be presented for formal adoption by the Board at its March meeting after the specified 30 day comment period, per the Agreement for Joint Negotiation and Purchase of Health Coverages, had elapsed.

NEW BUSINESS

Marketing and Membership Matters

Prior to the meeting, Mr. Dwyer had provided to the Board a memo dated January 25, 2010 containing background information about marketing plans for the coming policy year starting July 1, 2010 and about the question of the eligibility of small employers for GHGRI membership. Mr. Faucher asked Mr. Dwyer to address the small employer matter first.

➤ *Small Employer Eligibility*

After summarizing the history of this matter in which small employers with less than 50 employees and quasi-governmental agencies had previously asked to be considered for membership in the GHGRI, Mr. Dwyer described steps that both he and GHGRI counsel Stephen Zubiago had taken to resolve the question. Two matters had been addressed. First, as a result of a change to the enabling legislation that allows the GHGRI to exist, it is now clear that quasi-governmental agencies are eligible for GHGRI membership, he said. Second, notwithstanding this legislative change, a question remains about whether another State law known as the "Small Employer Health Insurance Availability Act" (Chapter 27-50) precludes these small employers – who are often but not exclusively quasi-governmental agencies – from participation in the GHGRI. This law, Mr. Dwyer explained, applies to employers with less than 50 employees, and requires that such employers be rated and priced for premium purposes under a "community" model system. The GHGRI program does not utilize that system for establishing its Member entities' premiums.

Mr. Dwyer said that Mr. Zubiago and counsel for Blue Cross Blue Shield of Rhode Island had conferred and concluded that the provisions of Chapter 27-50 control the issue and preclude employers with less than 50 employees from participating in GHGRI. In the memo to the Board, Mr. Dwyer presented an excerpt from Mr. Zubiago's e-mail opinion on the matter.

Mr. Dwyer then described an alternative approach that might be utilized to allow a small employer to join GHGRI if it could "affiliate" with a larger entity participating in the GHGRI program. Mr. Dwyer described the "affiliation" test, and presented a draft policy to the Board that would allow this alternative to be used.

Ms. Cheryl Silva asked several questions about the manner in which the proposed Policy would work in practice. Mr. McDonald inquired about the way confidentiality of personal health information could be maintained in an "affiliate" relationship. Discussion ensued among the Board and Mr. Dwyer about these and related matters.

Mr. McDonald moved, seconded by Mr. John Mainville, to approve the small employer membership policy as set forth below; it was so voted unanimously.

Small Employer Membership Eligibility Policy

- If a small governmental entity with less than 50 employees can find a larger GHGRI Member with which to affiliate for rating purposes, and
- If the "affiliation" meets the test specified in Chapter 27-50 of State law, and
- If the larger affiliated entity agrees in writing to include the smaller entity in its census for health coverage rate-making purposes, and
- If the smaller entity agrees to be bound by the precise terms and conditions of GHGRI membership for its larger affiliated entity, then
- GHGRI will accept the smaller entity's employees as "embedded" employees within the larger affiliated entity.

Mr. Faucher said he and Mr. Dwyer would respond to the entities that had requested membership advising them of the Board's newly adopted Policy on this matter. Ms. Cheryl Silva also requested that a similar communication be sent to the Bristol County Water Authority, which had expressed interest in GHGRI membership.

➤ Marketing

Mr. Faucher briefed the Board on his recent efforts to market the GHGRI program to certain local governmental entities that had not yet decided to secure health and dental coverage through one of the intergovernmental pools currently in existence in Rhode Island. Copies of letters sent to these entities were distributed, and brief discussion ensued about the possibility of GHGRI's membership base expanding in the coming year.

State Legislation regarding Teachers' Health Insurance Coverage

Mr. Faucher advised the Board that Senate Bill 777 Substitute A which establishes a mechanism to create a proposed uniform package of health insurance plans for school employees has become law by virtue of the General Assembly's votes in January 2010 overriding the Governor's veto of this legislation in July 2009.

He briefly recounted the history of this bill, and noted in particular one provision of the legislation which creates a technical advisory to assist in the development of the uniform benefit plans. Membership on that committee, he said, is to include a representative from the GHGRI as well as the other insurance purchasing collaborative. However, Mr. Faucher said no one – from the State or elsewhere – has yet contacted him in relation to the bill in general or the technical advisory committee.

Mr. Fiore commented that the withdrawal provisions governing an entity's participation in the GHGRI and the withdrawal conditions of the Board's Equity Allocation Policy might need to be reconsidered if legislation is forthcoming that precludes a school system from so participating in favor of a State-mandated system of some sort.

Member Rates for 2010-2011

Prior to the meeting, Messrs. Faucher and Dwyer had provided to the Board information about the BCBSRI proposed increases in premium rates for the policy year 2010-2011, along with a chart showing historical information about rate changes for Member participants.

Mr. Faucher sought input and comment from the Board about the rate changes. Discussion followed, with some Directors remarking that the size of the rate increase, though unwelcome, was nonetheless not particularly surprising in light of the unfavorable Loss Ratios currently being experienced by the Health Pool.

Mr. Mainville asked whether administrative costs, especially those that might result from the planned merger of The Trust and GHGRI, had been factored into the rates. Further discussion ensued about the integration of these costs into the rates and the status of the merger.

Mr. Faucher explained that there had been no new developments had occurred with respect to the merger, but that work continued behind-the-scenes by staff on a number of different open merger issues. Ms. Cheryl Silva requested that the topic of the Merger be listed routinely as an Old Business item on the Board's meeting agendas until this matter came to a close.

ADJOURNMENT

There being no further business before the Board, Mr. Fiore moved, seconded by Ms. Venditti, to adjourn the meeting; it was so voted unanimously.

The meeting stood adjourned at about 10:10 A.M.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. E. Dwyer', with a stylized flourish at the end.

Thomas E. Dwyer
Acting Secretary on behalf of Secretary Shawn Brown