



**Minutes of the April 28, 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, April 28, 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	Excused
4)	Lynne S. Dible	Town of Middletown	Excused
5)	Michael Embury	Town of North Kingstown	Excused
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	Excused
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	Excused
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 Sripsack	N. Smithfield Schools	Excused
16)	William Sequino	Town of East Greenwich	Excused
17)	Cheryl Silva	Town of Warren	Excused
18)	Louise Tetreault	Town of North Smithfield	Present
19)	Mark Dunham	Portsmouth Schools	Present
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
Robert Gerardi ¹	Woonsocket Education Department	Present ²

CALL TO ORDER

Board Chair and President Faucher called the meeting to order at about 9:08 AM. At that time, a quorum was declared to be present, with 11 of 17 voting members in attendance.

**COMMENTS FROM DR. GERARDI REGARDING LATER AGENDA ITEM:
– WOONSOCKET EDUCATION DEPARTMENT PREMIUM DELINQUENCY**

With the consent of the Board, Chair Faucher offered Dr. Robert Gerardi, Superintendent of Schools for the Woonsocket Education Department (WED), the opportunity to address the Board on the Agenda topic pertaining to the Department’s premium payment delinquency. Dr. Gerardi had asked that he be allowed to speak at the outset of the meeting, explaining that he did not want to be present during the Board’s later discussion of the matter because he thought his presence might make some Directors feel awkward about comments they might wish to make and actions the Board might want to take then.

Dr. Gerardi continued by describing the troubled financial history of the City of Woonsocket and its Education Department. He acknowledged that substantial amounts were owed to the GHGRI for premium payments, and that the Department was now not even able to meet the terms and timeline of the payment plan it had put proposed last month to the GHGRI. It was highly unlikely, he added, that the Department could meet those obligations even in the near future, characterizing the City and Education Department’s financial situation as “chaos”. A chief cause of the Department’s delinquency, he alleged, is the City’s withholding of funds legally due the Education Department, making it difficult if not impossible for the Education Department to meet its financial obligations. He indicated he expected the Woonsocket School Committee to

¹ Not present as a voting Director since no appointment letter has been received.

² Present only for the first portion of the meeting, as reflected in the Minutes.

initiate action shortly calling for an investigation into the alleged mishandling of funds due to the Education Department by City officials.

Dr. Gerardi also commented about findings contained within a recent forensic audit report, commissioned by the City, of the WED's finances. He disputed several of those findings.

He declared his belief that the WED would be better served by remaining a member of GHGRI, but also said he realized that the Board might have no alternative but to terminate membership due to the Department's large and growing premium payment delinquency. He added that could not now envision a scenario where payments could be made to the GHGRI for amounts past due without a Court order.

Messrs. Faucher and Dwyer asked Dr. Gerardi several questions to clarify certain of his statements. In response to one question, Dr. Gerardi confirmed that the 2009-2010 WED budget contained funds sufficient to cover only 10 months of health and insurance payments, explaining further that funding for the other two months was intended to come from another budget year. This accounting procedure, he said, had been agreed to by the City during budget deliberations last year.

Dr. Gerardi then left the meeting.

APPROVAL OF AGENDA

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

SECRETARY'S REPORT OF MINUTES

Mr. Mainville moved, seconded by Mr. Fiore, to approve the Minutes of the March 24, 2010 Meeting of the Board. It was so voted unanimously.

TREASURER'S REPORT

Health and Dental Pools

In the absence of Treasurer Shawn Brown, Mr. Slovak summarized the salient features of the Treasurer's Financial Reports as of March 31, 2010, 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	Cumulative Net Income
	March 2010	through March 2010
Health Pool	-\$795,107	\$137,631
Dental Pool	-\$23,645	\$269,370
Total	-\$818,752	\$407,001

Mr. Slovak pointed out that March activity in the Health Pool resulted in a very large loss of nearly \$800,000. At least some part of that, he said, might be attributable to a correction

in March to account for prescriptions drug costs which had only been estimated for January and February activity. Due to a problem with the Blue Cross Blue Shield (BCBS) claims reporting system, prescription drug costs were not contained within the claims data provided by BCBS to The Trust and GBS Insurance Agency for those two months. As a result, Mr. Slovak had estimated those costs for the purpose of the monthly Financial Statements. For March's data, the problem had been corrected, he said, and claims data now fully reflects prescription drug costs for all months, including January and February of 2010.

Mr. Slovak also commented briefly on investment income, noting once again the very low rate of return at about 0.006%.

No Board comments were offered or questions posed.

Mr. Mushen moved, seconded by Mr. Mainville, to approve the Treasurer's Report for the Health Pool as presented; it was so voted unanimously.

With regard to the Dental Pool, Mr. Slovak said claims activity was again relatively high in March, leading to a small monthly operating loss. The high level of activity present in March continued the trend of higher monthly claims cost first evident in January, he added. Nonetheless, for the year to date, the net income level is positive at about \$270,000, he remarked.

No Board comments were offered or questions posed.

Mr. Mushen moved, seconded by Mr. Mainville, to approve the Treasurer's Report for the Dental Pool as presented; it was so voted unanimously.

Delinquent Payment Status – Woonsocket Education Department

Mr. Slovak briefly commented that, as Dr. Gerardi, indicated in his comments earlier in the meeting, the WED had not made its promised April 19, 2010 payment of its delinquent February health insurance premium. At this point, health insurance premiums are delinquent, he said, for three months – February, March, and April.

In response to a question from the Board about the history of non-payment, Messrs. Faucher and Dwyer pointed out that even before The Trust began serving as the GHGRI's program administrator on July 1, 2010, the WED had been frequently delinquent in its premium payments during fiscal year 2008-2009.

Since this matter was scheduled for consideration as a separate Agenda item under Old Business, Chair Faucher deferred further Board discussion on this item until later in the meeting.

WARRANTS

Prior to the meeting, two detailed Warrant Reports, both dated April 12, 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 \$443,730.41. Mr. Walsh pointed out two items to the Board – a small invoice for the cost of the working lunch at the last Board meeting, and the legal invoice from Nixon Peabody. There were no questions about the Warrant items.

Mr. Mainville moved, seconded by Mr. Fiore, to approve the Health Pool Warrant in the amount of \$443,730.41; it was so voted unanimously.

2. The second Warrant was for the Dental Pool in the amount of \$15,476.70 representing only Delta Dental administrative fees. There were no questions about the Warrant item.

Mr. Mushen moved, seconded by Ms. Raposa, to approve the Dental Pool Warrant in the amount of \$15,476.70; 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 prepared by GBS Insurance Agency for the first nine months of the policy period July 1, 2009 through June 30, 2010 had been distributed to the Board. One report pertained to the Health Pool, and the other to the Dental Pool.

Mr. Walsh summarized key items in the Health Pool Report. He emphasized that the very high Loss Ratio of 130% for the month of March is misleading in that it contains an extraordinarily large charge for the cost of prescription drugs. That charge, he said, corrects the understated prescription drug charges in the prior two months. In response to a question from Chair Faucher, he estimated that the about half of the extraordinarily large increase in the cost of claims was attributable to the prescription drug charge correction, and the rest to normal claims activity. For the year-to-date, the Report showed the Loss Ratio at just slightly in excess of 100%.

Mr. Walsh also highlighted disputed claims activity being monitored and resolved by his firm.

Regarding the Dental Pool’s Loss Ratios, Mr. Bjerke next commented that though the last three months produced Ratios in the 106% to 108% range, for the year-to-date the Ratio remained a favorable 91%. He said he was not particularly alarmed by the high ratios of the last three months, and discussed likely causes for it.

Mr. Bjerke further reported that he and the Delta Dental Account Executive Kimberly Lanzire had met with all Dental Pool Members to discuss rates, coverage options, and the program in general.

Chair Faucher asked whether the Northern Rhode Island Collaborative, GHGRI’s newest Member effective July 1, 2010, would be a participant in the Dental Pool. Mr. Bjerke said he would check on the expiration date for the Collaborative’s fully insured contract with Delta Dental and report back.

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

OLD BUSINESS

Woonsocket Education Department Premium Payment Delinquency

At the request of Chair Faucher, Mr. Dwyer briefly summarized the efforts he had made to secure an acceptable payment plan from the Department to bring its accounts current. He noted that the Department had already failed to meet the terms of the one plan which the Department had submitted, and that he had found unacceptable and thus rejected.

Several Board members expressed their view of the situation. Mr. Thomas Mainville reiterated his understanding that the WB Community Health Program was not interested in having the Woonsocket Education Department (WED) as a Member, and that he expected the Department would find it difficult to secure alternative insurance coverage from any source given its very poor payment history.

Mr. Dwyer said he believed there was no alternative but to terminate both membership and insurance coverage for the WED with a target effective date of May 31, 2010. Further discussion occurred among staff and Board members about whether coverage should be terminated as soon as the end of April or deferred until the beginning of the new fiscal and policy year. Mr. Dwyer said he expected it would be impossible to take all the steps necessary for an orderly termination of coverage in the next few days in order for coverage to end on April 30th.

Mr. Walsh pointed out the importance of clarifying with the stop-loss insurance carrier the coverage available once GHGRI membership terminates prior to the end of the fiscal year, given that two large WED claims are in excess of the stop-loss attachment point.

Chair Faucher then presented a draft motion regarding coverage and membership termination for the Board's consideration. Discussion ensued about the wording of the motion.

Mr. McDonald then moved, seconded by Ms. Raposa, to remove the Woonsocket Education Department from membership in the GHGRI due to continued failure to remit premium contributions in a timely manner, and further that Management and legal counsel are directed to effect the termination of membership as soon as practical and after providing proper notice but no later than May 31, 2010; it was so voted unanimously.

GHGRI/Trust Merger Status

Mr. Faucher reported on the status of the anticipated merger of the GHGRI with and into The Trust, noting that a meeting would be occurring shortly with Management Committee of The Trust's Board to review the recommendations of the Joint Merger Committee – in particular, the recommendation that a “one corporation” model be utilized as the corporate vehicle for the merged entity. He said he anticipated the merger would become effective sometime in June.

With the merger date now drawing close, he invited Board members to indicate to him their interest in serving on the to-be-created Benefits Pool Committee of The Trust Board under the new corporate structure. He said he wanted to be able to pass along to The Trust Board Chair a list containing the names of individuals who should be considered for possible appointment to the Benefits Pool Committee.

NEW BUSINESS

There was no New Business.

ADJOURNMENT

There being no further business before the Board, Mr. Thomas Mainville moved, seconded by Mr. McDonald, to adjourn the meeting. It was so voted unanimously.

The meeting stood adjourned at approximately 10:30 AM.

Respectfully submitted,



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