

**GATEWAY HEALTH GROUP BOARD OF DIRECTORS
MEETING MINUTES OF MEETING
JUNE 23, 2015
CARVER TOWN HALL**

Attendance:

Carver: Michael Milanoski, Peter Gray
Lakeville: Rita Garbitt
Mattapoissett: Brenda Herbeck, Secretary
Marion: Gary Carreiro, Chair
Old Colony Vocational Technical School District: Sarah Griffith
Old Rochester Regional School District – Laura Kearns, Pat Meagher
GHG Treasurer: Debra Blanchette
EBS Foran: Edd Byrnes
Auditor - William Fraher,

Carreiro opened the meeting at 9:40am

Review of Minutes

Motion to accept the minutes of May 12th by Garbitt.
Seconded by Kearns
Approved Unanimously

Treasurer's Report

Meagher recently became the Treasurer of ORRSd and is back as a member on the Gateway board. Meagher stated his views regarding entities leaving the Group that he had put forth upon his retirement. He shared his concerns regarding the Mayflower Health Group, namely, the size of buy-in rates, the fact that rates could stay the same for 3 years but it was a gamble if savings would be realized by the 4th year, the fact that if an entity left they would not get their buy-in back. He stated he was glad to be back in the Group and members reflected that sentiment.

Blanchette distributed the warrant for May. With regard to the Treasurer's Report, Byrnes reported there is approximately \$200K still due to the Group from the settlement. Blanchette will add it to the Rockland Trust fund upon receipt.

Motion by Garbitt to accept the Treasurer's Report.
Seconded by Milanoski
Approved Unanimously

FY 14 Audit Status

Bill Fraher, the new auditor, distributed simplified financial information from the 2014 audit he recently completed. For his clients he usually prepares a 5-year comparison. In reviewing the previous auditing firm's 2013 audit, he found a posting error of \$400K, so he changed the financials to reflect the reclassification of expenses. It was agreed that the report is user friendly, in that reviewing the summary of financial information is easier than perusing the whole audit.

In reviewing his reports, he noted the Group had more surplus in 2013, but still had some surplus in 2014. The IBNR is a liability on the books at the end of the FY. He stated that it is prudent to have a surplus "cushion", and that the \$50K after claims run-out was satisfactory. Surplus should be over 100 % of the operating revenue vs expenses. The Group started with a policy to have 3% surplus and in an attempt to meet that goal, had increased rates a little and had changed underwriting of large claims. 2012 was a tough year for claims and had used up the surplus. It was agreed that 3-5 % should be our surplus target. Reinsurance surplus should be put into surplus not to rate reduction.

In the management letter, Fraher noted, as a significant deficiency, that the same person who performs accounting does the banking also. He noted that because this is a small group, segregation of duties

becomes a problem, but with enough oversight, he does not view the problem as a material weakness, as the prior firm did. Blanchette explained that she provides copies of bank statements and a report at each board meeting. In an effort to be more transparent, Blanchette offered to inquire of Eastern & Rockland Trust whether bank statements could be sent to another member to review the activity. Morris recommended the status quo on the reporting, but questioned whether there was a co-signer on the bank accounts. Blanchette will find out who is the current co-signer. It was agreed to sign on a new co-signer after official board vote for officers in the Fall.

The audit for FY 2015 could be completed by late November. Financials would be available shortly after the FY end and claims could be wrapped up in late October/beginning of November.

Voted on motion of Milanosky to increase the surplus up to 1% each year until the surplus goal of 5% of claims is reached.

Seconded by Garbitt

Approved Unanimously

Byrnes Report

Byrnes sent the PCORI fees to Blanchette for payment, which currently are \$2 per member.

The “Cadillac” tax of 40% on the amount of the PPO premium above the “Cadillac” tax premium will be effective in 2018. Milanoski requested Byrnes project rates for 5 years reflecting the “Cadillac” tax calculation.

Milanoski inquired on the status of the new plan to help avoid the ACA penalties. Byrnes stated they are fighting with attorneys, so he has no information as to when it will be available. Such a plan needs to be in place before 1/1/2016. With regard to the ACA, seasonal employees may be excluded from the calculation, but seasonal employees working longer than 6 months might not be considered seasonal. If the employer-offered insurance is too expensive and an employee goes to the State’s Health Connector and gets a subsidy, the entity would be subject to the \$2,000 penalty, but the penalty would be more cost effective than paying for that employee’s premium.

New Business

Byrnes stated that, although he is happy with re-insurance rates from BCBS, it is appropriate to go out to bid for the next FY. He is looking at a 17.5% rate increase, so would try deductible leveraging. He recommended an increase in the amount from \$135,000 to \$140,000-\$175,000; and he recommended a second level deductible to help reduce the premium. A decision should be made in December.

Morris stated he would like to see claims information monthly, but Byrnes recommended quarterly. Byrnes stated the Group had agreed to report combined claims not by entity, so as not to single out those having bad claims. Morris thought if claims were reported by entity, the Group could develop a strategy to help target the problems. Milanosky would like claims reported by plan.

Old Business

The website is back up and running.

Next Meeting Date

The August meeting, set at the May meeting, will be at the Beverly Yacht Club in Marion on Wednesday, August 19th at noon.

Motion to adjourn at 11:05am by Griffith

Seconded by Kearns

Approved Unanimously

Respectfully Submitted:

Brenda Herbeck

Secretary