

**MINUTES OF THE  
CAPE COD MUNICIPAL HEALTH GROUP**

**STEERING COMMITTEE**

Wednesday, January 11, 2012 9:00 AM  
Sandwich Municipal Office Building, Sandwich, MA

**MEETING MINUTES**

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, January 11, 2012 at the Sandwich Municipal Office Building, Sandwich, MA.

The following people attended the meeting:

**Committee Members Present:**

A. Francis (“Skip”) Finnell, Chair	Dennis-Yarmouth RSD
Noreen Mavro-Flanders, Board Chair	County of Dukes County
Marie Buckner	Town of Sandwich
Debra Blanchette	Town of Barnstable
Gerry Panuczak	Town of Chatham
Heather Harper	Town of Falmouth
Maggie Downey	Barnstable County
Erin Orcutt	Cape Cod Regional Technical High School
Susan Milne	Town of Yarmouth

**Guests Present:**

Richard Bienvenue, CPA	CCMHG Treasurer
Lisa Vitale	Town of Brewster
Claudia Borden	Town of Barnstable COA
Hans Baumhauer	Nauset Regional School District
Susan Wallen	Nauset Regional School District
Craig Mayen	Town of Sandwich
Joan Plante	Town of Eastham
Brook Styche	Barnstable Teachers Association
Suzanne Donahue	Blue Cross Blue Shield of MA (BCBS)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Fred Winer	Tufts Health Plan (THP)
Nina Conroy	Delta Dental
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Skip Finnell, Chair, called the meeting to order at 9:10 a.m.

**Approval of the Minutes of the December 9, 2011 meeting:**

Marie Buckner motioned to approve the minutes of the December 9, 2011 meetings.

Gerry Panuczak seconded the motion. The motion passed by unanimous vote.

Motion
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**Subcommittee review of CCMHG Mission Statement:**

Maggie Downey said that she would report on the amended CCMHG Strategic Plan at the next Steering Committee meeting.

**State Mandates:**

Carol Cormier said she sent all of the correspondence regarding CCMHG and BCBS's position regarding adoption of the state mandates to Jennifer Miller, Bureau Chief at the Attorney General's office. Ms. Cormier said she proposed several meeting dates to Ms. Miller and is waiting for a response.

**Adoption of Section 21-23:**

Carol Cormier said she recently learned that adoption of Section 21-23 for districts other than school districts must be by voters at a district meeting. She said that some of the districts hold only one annual meeting. Ms. Cormier said that they can call a special meeting. She said that she was told that only one of the fire districts has a quorum requirement for a special district meeting. She said that she will send an email to all of the fire districts. Ms. Cormier said that Attorney Paul Mulkern has written a letter to Pam Kocher at the Administration and Finance and asked for corrective legislation.

Skip Finnell asked Ms. Cormier to add this item to the next CCMHG Steering Committee and Board meeting agendas.

**Tufts new Medicare supplement plan:**

Fred Winer said that he is proposing replacing the Tufts Medicare Prime Supplement plan with a new plan called the Tufts Medicare Preferred Supplement plan. He said that the new plan has richer benefits than the Prime plan and lower rates. He said that any physician that accepts Medicare will accept the new plan. He reviewed the benefits and said that the In-patient copay of \$300 and the Out-patient copay of \$50 will be eliminated with the new plan. He said that the new plan has a hearing aid allowance of \$1,700 every two years. He said that the copay for physician office visits, routine eye and hearing exams is \$10 on the new plan. Mr. Winer said that the new plan rate for July is \$323. Mr. Winer said that Tufts lowered the Prime plan rate to \$302 in January 2012, down from \$333. He said that the Medicare Preferred Supplement plan has better benefits and said that the rate of \$302 is a lower rate than the Prime Supplement original rate of \$333.

Mr. Winer said that the Tufts Medicare HMO rate renews on January 1, while the plan renews on July 1. He said that the rate effective January 1, 2012 decreased from \$242 down to \$226.

Carol Cormier suggested that for the Board meeting Mr. Winer create a chart showing the Tufts senior plan rate changes with the plan year and rate renewal dates.

Noreen Mavro-Flanders made a motion to recommend to the Board to replace the Tufts Medicare Prime Supplement plan with the Tufts Medicare Preferred Supplement plan effective July 1, 2012.

Maggie Downey seconded the motion. The motion passed by unanimous vote.

Motion
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**Health Plan Reports:**

*Harvard Pilgrim Health Care (HPHC)*- Bill Hickey said that HPHC is changing how they administer the Medicare Enhanced plan. He said that physicians will no longer have to file for payment with HPHC after Medicare pays its portion of charges. He said that HPHC will now automatically pick up the balances.

*Blue Cross Blue Shield (BCBS)*- Suzanne Donahue said this month BCBS will send letters to the CCMHG members who today are 65 or older and who have not informed BCBS about their Medicare status. She said the letter will ask them to certify their status for Medicare Part A and Part B. She said that if they do not respond, BCBS will pay as if Medicare were primary, meaning that the retiree will get billed for the services that Medicare would cover.

Carol Cormier said Section 18A allows Medicare eligible retirees who have more than one covered dependent to stay on a family plan. She said that BCBS's new practice will create problems for these people.

Ms. Donahue said she would try to identify the dimensions of the possible problem.

*Delta Dental* - Nina Conroy said that she is looking forward to Open Enrollment this year and said that Delta Dental is holding their administrative fees for CCMHG for FY13.

Claudia Borden, Outreach and Shine Coordinator, said that Tufts Health plan and other plans offer a plan to Medicare eligible members that has \$0 copays and no cost for Medicare Part B and that the monthly premiums are lower than the CCMHG premiums.

Carol Cormier said that the plans on the non-group market are not comparable in terms of benefits to those offered by CCMHG.

Fred Winer said that the CCMHG drug plans are very comprehensive and cannot be compared to the plan Ms. Borden is referring to.

### **Treasurer's Report**

Treasurer Richard Bienvenue reviewed the financial statements (unaudited figures) as of November 30, 2011. He reported a Total Fund Balance of \$27,972,447. Mr. Bienvenue reviewed the Cash Flow Projection and said that the net change was minus \$1.424M. He said that this reflects the health plans quarterly settlement.

Sue Milne joined the meeting.

Rich Bienvenue said he expects a \$6.5M cash flow surplus at year end. He said that the final quarterly health plan settlement is not included on the report.

Mr. Bienvenue said he would have the December statements (unaudited) for the January 18<sup>th</sup> Board meeting.

Debra Blanchette moved to accept the Treasurer's report.

Motion
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Erin Orcutt seconded the motion. The motion passed by unanimous vote.

### **Rating for FY13:**

Skip Finnell asked Carol Cormier to review the rate projection packets and to tell the Committee what expenses and revenues are not built into the rates.

Carol Cormier said that on the income side, Interest Income from Investments, Retiree Drug Subsidy (RDS) and Early Retiree Reimbursement Program reimbursements (ERRP) are not specifically taken into account to reduce the rates except to the extent that these revenues add to the trust fund balance. She explained that on the expense side, the alternative prescription drug program (myMedicationAdvisor®) claims and expenses, Wellness program expenses, and the reinsurance Aggregating Specific Deductible are not included. She said the revenues mentioned historically have more than offset these expenses..

Noreen Mavro-Flanders said that if CCMHG distributes the RDS monies, perhaps the Committee should reconsider excluding the RDS expenses from the rate calculations.

Ms. Cormier said that the CCMHG is contemplating distributing RDS monies from FY06 and FY08 and that the RDS monies continue to come in every year.

Skip Finnell said that the fund balance policy is to keep between 8% and 12% of claims expense based on the most recent 12 months of claims.

There was a discussion about subsidizing the rates, and Noreen Mavro-Flanders said that it is up to each Board member to communicate to the employees that the CCMHG has subsidized the rates and that there may be a year that CCMHG will not be able to do it.

Maggie Downey suggested emailing and mailing a notice to the Board members.

Erin Orcutt said the trust fund surplus continues to grow each year, despite applying fund balance monies to the rates the past few years.

Bill Hickey said that all of the health plan carriers have been experiencing lower claims trend in the last year.

Debra Blanchette said that she favors using more surplus this year due to the plan design changes that were made.

Carol Cormier reviewed the health plan administrative fees and said that the BCBS and HPHC administrative fees increased 2% each, while the Delta Dental fees were held the same as their FY12 fees.

Carol Cormier explained how the rates were calculated and said that there is one page for each plan depicting the rates as they would have been without making plan design changes and one page with the rates for the plans with the plan design changes. She said that the units will need the rate calculations both ways to calculate the cost savings based on their unit's enrollments. Ms. Cormier said that she used the lower of the GBS or health plan projections in the proposed rate scenarios.

Maggie Downey said that the Rate Saver increase may not be received well by its members.

Carol Cormier explained that the Rate Saver plan rates had been discounted in past years by an additional 5% on top of the 10% rate differential. She said that there is nothing that can be done to change this and that the group is already contemplating applying \$8 million of fund balance to bring down the FY13 rates. She said now there's only one plan type and so there's no way to lower that one rate any further. She said that FY13 will be the adjustment year.

Carol Cormier reviewed the remaining health and dental rate projections.

In response to a question asked by Skip Finnell, Suzanne Donahue said that the HMO claims trends are better than those of the PPO plans due to provider contracts and said that with the HMOs the Primary Care Provider (PCP) drives where the members go for their medical care.

The Committee discussed keeping the dental rates the same as they were in FY12 since the projections reflected a very minimal change.

Carol Cormier reviewed the current funding for fiscal year 2012 and reviewed the following scenarios for fiscal year 2013:

Scenario 1A – Rates with no plan design changes and no subsidy with a composite increase of 7.4%.

Scenario 1B – Rates with no plan design changes and \$6M subsidy applied evenly with a composite increase of 3.2%.

Scenario 1C – Rates with no plan design changes and \$8M subsidy applied with a composite decrease of minus 1.8%.

Scenario 2A – Rates with plan design changes and no subsidy with a composite decrease of minus 4.2%.

Scenario 2B – Rates with plan design changes and \$6M subsidy with a composite decrease of minus 8.4%.

Scenario 2C - Rates with plan design changes and \$8M subsidy with a composite decrease of minus 9.8%.

There was a discussion about the Indemnity plans and letting the trend factor determine their rates.

Healthier Harper made a motion to recommend to the Board to adopt a policy to not subsidize the Indemnity plan rates for FY13 and forward.

Motion

Noreen Mavro-Flanders seconded the motion. The motion passed by unanimous vote.

There was a discussion about subsidizing the plans evenly to every plan with the exception of the Indemnity plans.

Rich Bienvenue recommending staying around 12%, the top of the fund balance policy. He said that the favorable claims experience can change.

Noreen Mavro-Flanders suggested subsidizing the rates with \$8M and distributing the FY2006 and FY2008 RDS monies, which is about \$2.5M.

Noreen Mavro-Flanders made a motion to make a recommendation to the Board to subsidize the rates with \$8M of the fund surplus and to distribute the subsidy evenly across all of the plans with the exception of the Indemnity plans, based on the Board's vote to approve the Indemnity policy recommendation.

Motion

Debra Blanchette seconded the motion. The motion passed by unanimous vote.

Noreen Mavro-Flanders made a motion to make a recommendation to the Board to make no changes to the Delta Dental Voluntary and Contributory plan rates for FY13.

Motion

Debra Blanchette seconded the motion. The motion passed by unanimous vote.

Noreen Mavro-Flanders made a motion to make a recommendation to the Board to approve distribution of the ½-year FY2006 and FY2008 RDS monies to each unit with RDS eligible members based on the January 1, 2006 and January 1, 2008 enrollments

Motion

Debra Blanchette seconded the motion. The motion was passed by unanimous vote.

Carol Cormier said that she would make the changes to the rate packet as requested by the Committee.

The Committee asked Ms. Cormier to distribute Scenario 1A, 1C, 2A and 2C to the Board and to let the Board know that the full packet is available upon request.

Carol Cormier said that she will resend the cost analysis spreadsheet with the approved rates following the Board meeting.

**Other Business:**

Skip Finnell asked Ms. Cormier to send a reminder to the Board about the Section 21-23 timeline.

Lisa Vitale said that the Town of Brewster's attorney said that the town is required to adopt Sections 21 to 23, not just Section 21.

Susan Wallen said that the Nauset RSD's IAC met and had questions about the plan design changes. She said that they wanted to know if CCMHG is planning to make changes to plan design annually.

Carol Cormier said that this was discussed at a Board meeting and that CCMHG made substantial changes for FY13 and does not expect them to change for a few years.

Skip Finnell said that it is up to the employers to communicate the changes to their employees.

Carol Cormier asked the health plan representatives to work on copay and deductible scenarios for distribution to the Board, to help explain how they work together.

Noreen Mavro-Flanders asked that the Health Plan Comparison charts would be ready in time for the Board meeting. She said that they may help answer some of the copay and deductible questions.

The health plan representatives suggested holding regional informational meetings for the employees.

Suzanne Donahue and Bill Hickey said that they would work with Heather Harper, Marie Buckner, Debra Blanchette and Susan Wallen to set up the regional meetings.

The following CCMHG Steering Committee and Board meetings were scheduled:

Steering Committee meetings:

- February 15<sup>th</sup> at 1:00 p.m., Sandwich Municipal Office Bldg., Sandwich, MA;
- March 14<sup>th</sup> at 8:30 a.m., COMM Fire District, Centerville, MA;
- April 15<sup>th</sup> at 9:00 a.m., Sandwich Municipal Office Bldg., Sandwich, MA;
- May 16<sup>th</sup> at 9:00 a.m., Sandwich Municipal Office Bldg., Sandwich, MA;
- June 12<sup>th</sup> at 9:00 a.m., Sandwich Municipal Office Bldg., Sandwich, MA;
- July 25<sup>th</sup> at 8:30 a.m., COMM Fire District, Centerville, MA;

Board Meetings were scheduled for the following dates:

- March 14<sup>th</sup> at 10:00 p.m., following the Steering Committee meeting above
- July 25<sup>th</sup> at 10:00 p.m., following the Steering Committee meeting above

There was no other business.

Noreen Mavro-Flanders moved to adjourn. Erin Orcutt seconded the motion.

Skip Finnell adjourned the meeting at 12:42 PM.

Motion
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*Prepared by Karen Carpenter  
Group Benefits Strategies*