

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

Board Meeting

Wednesday, January 18, 2012, 9:30 AM
COMM Fire District, Centerville, MA

MEETING MINUTES

A meeting of the Board of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, January 18, 2012 at 9:30 AM at the COMM Fire District, Centerville, MA. The following people attended the meeting:

Board Members Present:

Noreen Mavro-Flanders, Board Chair	County of Dukes County
A. Francis (“Skip”) Finnell, Steering Committee Chair	Dennis-Yarmouth RSD
Marie Buckner	Town of Sandwich
Craig Mayen	Town of Sandwich
Erin Orcutt	Cape Cod Regional THS
Debra Blanchette	Town of Barnstable
Laura Scroggins	Town of Barnstable
Susan Milne	Town of Yarmouth
Gerry Panuczak	Town of Chatham
Maggie Downey	Barnstable County
Heather Harper	Town of Falmouth
Linda O’Brien	Town of Provincetown
Pam Hudson	Town of Provincetown
Hans Baumhauer	Nauset Regional School District
Robert Cecil	Barnstable Fire District
Susan Stoltz	Barnstable Fire District
Judy Sprague	COMM Fire District
Joan Plante	Town of Eastham
Dawn Rickman	Town of Wellfleet
Rose Crosby	Upper Cape Cod Regional Voc. Tech.
Irene Wright	Town of Yarmouth
Lisa Vitale	Town of Brewster
Jillian Douglass	Town of Brewster
Mary McIsaac	Town of Harwich
Nan Balmer	Town of Harwich
Verna LaFleur	Hyannis Fire District
Joyce Mason	Town of Mashpee
Robert Howard	Bourne Recreation Authority
Nancy Ward	Bourne Water District
John Kelly	Town of Orleans
Deborah Heemsoth	Town of Dennis
Rex Peterson	Town of Truro
Cynthia Slade	Town of Truro
Karen Scichilone	Cape Cod Lighthouse Charter School
Teresa Johnson	Sandwich Water District
James Weiss	Martha’s Vineyard Regional School District
Jim Brown	Cape Cod Collaborative

Guests Present:

Leanne Gray	Mashpee Water District
Charles Frazier	Town of Eastham
Scott Starbard	Town of Eastham
Bill Bonnetti	Town of Yarmouth
Matthew Bearse	Town of Yarmouth IAC
Amy Kates	Cotuit Fire District Prudential Committee
Enrique Arrascue	COMM Fire District
Carleton B. Crocker	COMM Fire District
Beverly Haley	Dennis-Yarmouth RSD
Susan Wallen	Nauset Regional School District
John Mulkeen	Town of Sandwich
Nina Conroy	Delta Dental of MA
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Bill Rowbottom	Blue Cross Blue Shield (BCBS)
Fred Winer	Tufts Health Plan (THP)
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Noreen Mavro-Flanders, Chair, called the meeting to order at 9:38 a.m.

Approval of the Minutes of the October 5, 2011 meeting:

James Weiss motioned to approve the minutes of the October 5, 2011 meeting.

Motion

Pam Hudson seconded the motion. The motion passed by unanimous vote.

Investment Manager’s Report:

Gerry Panuczak, Investment Committee Chair, said that there was a loss on returns of \$93K over the last 6 months, but said that there is still a profit over the initial investment.

Jason Lily from Rockland Trust distributed and reviewed the report on investments with data ending 12/31/11 and said that the S&P ended the year at the same place it started. He said that Portfolio #1 (conservative with 70% in fixed income/30% in equities) had a 12-month return of -0.39% and Portfolio #2 (balanced/aggressive with a 50/50 balance of fixed income and equities) had a 12-month return of -0.35%. He said both funds underperformed their benchmarks slightly. He said that the international performance went down significantly over the last six months.

Noreen Mavro-Flanders thanked Mr. Lily for attending the meeting, and Mr. Lily left the meeting.

Treasurer’s Report:

Treasurer, Rich Bienvenue, CPA, reviewed the financial statements through November 30, 2011 (unaudited figures). He said that the total operating cash was \$21.9M which was down slightly from this time last year. He said that the Health Trust Fund Balance was \$27.9M on November 30. He reported assets at \$37.2M and liabilities of \$9.2M. Mr. Bienvenue said that the claims experience over the past few years has been better than expected. He said that CCMHG subsidized the rates with \$6M from the fund balance. He said that the Board adopted a Fund Balance Policy which requires maintaining a balance between 8% and 12% of claims costs from the most recent 12-month period. He explained that currently about the Fund Balance is about 8% above the target or about \$11M over target, some of which was received through the Retiree Drug Subsidy (RDS) program. Mr. Bienvenue said that the Board voted last year to distribute some of the RDS monies back to the employers.

Noreen Mavro-Flanders asked Mr. Bienvenue to explain the cash flow projections to the Board.

Mr. Bienvenue reviewed the last pages of the report and explained that he estimates the year-end claims based on the level monthly deposits paid to the carriers and the quarterly settle-up months which reflect the actual claims paid per quarter. He said that the projections have been very close to the target at the end of each year.

Wellness Committee Report:

Maggie Downey said that the wellness newsletter was sent to the employers yesterday and asked them to distribute it to their employees. She said that as a new initiative, the screening incentives have changed. She said that in addition to time off for the screening appointments, members will be eligible to receive a \$50 gift card for colonoscopy screenings and \$25 for mammograms. She said that 300 gift cards will also be raffled off for other screenings. She said that postcard-like flyers will be mailed out to members about the incentives. Ms. Downey said that members will need to get their physicians to sign the card at the time of the screening. She said instructions are included on the card and that only original copies will be accepted. Ms. Downey said that she will bring a supply of the cards to the Benefit Administrator's meeting on February 1st. She said retirees are not eligible at this time, but may be included in future years.

Steering Committee Report:

Skip Finnell said that the Wellness Programs is a tremendous way to keep employees healthy and to keep claims costs down. He thanked the Wellness Committee members for their hard work.

Mr. Finnell said that the Board voted in October to change the health plan designs to resemble that of the GIC benchmark plan in order to control employer health care costs. He said that the Committee continues to work with GBS on communications to the employers. He said that he and Carol Cormier also participated in a radio broadcast at a Cape Cod radio station as a way to communicate the upcoming plan design changes. Mr. Finnell said that information is also available at www.ccmhg.com.

Mr. Finnell said that the Committee is reviewing and will update the CCMHG Strategic Plan to include the progress made in getting everyone into more cost effective health plans.

Mr. Finnell said that the Committee has been working on the FY13 rate proposal.

Mr. Finnell said that the Committee has worked on a proposal of a second RDS distribution which will be presented to the Board later in the meeting.

GBS Reports:

Noreen Mavro-Flanders said that the GBS reports are included in the packets for the Board's review. She said if there are any questions to please contact GBS.

State Mandates:

Noreen Mavro-Flanders said BCBS has a different policy than the other health plans as to whether or not state mandates should be applied to self-funded plans offered by governmental employers including the CCMHG plans. She said that BCBS's policy is to apply all of the mandates to all of their plans, while HPHC does not. She said that HPHC gives governmental employers offering self-funded plans the option. Ms. Mavro-Flanders said that she, Mr. Finnell and Carol Cormier will be meeting with representatives from the Attorney General's office on February 16, 2012 to discuss and hopefully clarify the matter.

BCBS Proposal regarding the Durable Medical Equipment (DME) benefit:

Carol Cormier said that this proposal will only affect Network Blue and Blue Care Elect Preferred BCBS plans and said that the HPHC DME benefit is not changing.

Suzanne Donahue said that the current DME benefit for Network Blue and Blue Care Elect Preferred is that the plan pays 100% up to \$1,500 per calendar year, and then there is no further coverage for the calendar year. She said that BCBS is proposing removing the cap of \$1,500 and changing the benefit to a 20% coinsurance after deductible, with no limit.

Carol Cormier noted that the GIC administers their DME in the same way.

In response to a question, Fred Winer said that hearing aids are not classified as DME.

Suzanne Donahue said that wheelchairs and hospital beds are typical DME items.

Skip Finnell made a motion to approve the BCBS DME proposal as described above.

Motion

James Weiss seconded the motion. The motion was approved by unanimous vote.

Out-of-Pocket (OOP) Maximum and PPO Deductibles for Out-of-Network utilization:

Carol Cormier said that the Board must vote to confirm the OOP maximum and deductibles for the PPO plans' out-of-network (OON) benefits. She said that the OOP maximum is \$3,000 per member, and the deductibles are \$400 for individual plans and not to exceed \$800 for family plans. Ms. Cormier said that OON utilization is around 5% based on claims.

Skip Finnell moved to approve the OOP maximum and OON deductibles for the PPO plans as stated above.

Motion

There was a discussion.

Bill Hickey noted that the OON deductibles are separate from in-network deductibles and do not cross over.

Suzanne Donahue said that there are network providers throughout the United States and said that there is very low out-of-network utilization.

Bill Hickey said that the HPHC PPO plan also has network providers across the U.S.

James Weiss seconded the motion. The motion passed by unanimous vote.

Fire and other District adoption of Sections 21-23:

Carol Cormier said that it has just been brought to her attention that districts other than school districts will need to hold district meetings to vote on Sections 21-23. She said that Attorney Paul Mulkern wrote a letter to request a legislative correction. She said that it appears like that will happen, but not this year, so she advised the districts to allow for additional time. She said that May 1st is the deadline for the 60-day notice to employees of the plan design changes. Ms. Cormier said those districts that do not have unions do not need to do anything, but she suggested that they be sure to communicate heavily to their employees about the plan design changes.

Steering Committee recommendation to adopt a policy regarding the rating of the Indemnity plans FY13 and forward:

Skip Finnell said that the Indemnity plans are not cost effective and cost more to provide lower benefits than the other plans offered.

Mr. Finnell made a motion that the Board adopt a policy for FY13 and future years to not subsidize the Indemnity plans, except what is required by law regarding any ERRP reimbursements that may be received.

Motion

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

FY13 Health and Dental Rate Projections:

Noreen Mavro-Flanders thanked Carol Cormier for all of the rate development work she's done. She said that the full rating packet of exhibits is not being distributed but is available if requested.

Noreen Mavro-Flanders said that the first exhibit depicts the current health and dental funding based on November 2011 enrollments. Ms. Mavro Flanders said Scenario 1(d) on page two is the projected FY13

funding for the health and dental plans if no plan design changes had been made to the health plans. She said that this scenario will be used for the sole purpose of completing the gross cost savings analysis required by Ch 32B, Section 21.

Carol Cormier said that she will send a cost savings analysis spreadsheet to the employers with the new rates with and without plan design changes inserted. She said that each employer will only have to add its enrollment numbers into the sheet to determine its savings resulting from plan design changes.

Noreen Mavro-Flanders said that if no changes were made to the plans, the composite rate increase would have been 7.4%.

Carol Cormier said that the composite increase to the plans utilizing \$8.1M subsidy from the Fund Balance and making no plan design changes, is 1.7%. She said that there is a -9.3% decrease to the plans with the plan design changes and the subsidy for an 11% downward swing in rates. Ms. Cormier said that the Indemnity plan rates for the individual plan should be \$1,024. She said that the family plan rate is correct. She said that the Master Health/Master Medical decrease should be -4.9% and asked the Board members to make the corrections. She said that she will send out a corrected spreadsheet.

Noreen Mavro-Flanders said that the Board will need to vote on Scenarios 1(d) and 2(d).

Skip Finnell made a motion to approve Scenario 1(d) and Scenario 2(d) rates with the amendment of the \$1,024 correction to the Master Medical/Master Health Individual plan rate.

Motion

James Weiss seconded the motion. The motion passed by unanimous vote.

Retiree Drug Subsidy (RDS) Distribution:

Noreen Mavro-Flanders said that after a review of the CCMHG financial information, the Steering Committee is recommending that the Board vote to approve a second RDS distribution to include the 2006 and 2008 plan years. She said that the 2006 plan year consisted of only 6 months and said that the RDS money is employer money.

Skip Finnell made a motion to approve distribution of the one-half year 2006 and full year of 2008 Retiree Drug Subsidy to employers based on July 1, 2006 RDS eligible enrollees for plan year 2006 and January 1, 2008 RDS eligible enrollees for plan year 2008.

Motion

James Weiss seconded the motion. The motion passed by unanimous vote.

Rich Bienvenue said that the employers had an option of when they wanted to receive the RDS distribution and asked how the Board would like it distributed this year.

Noreen Mavro-Flanders said that it would be the same as last year and asked the Board to notify Rich Bienvenue by May 1st to receive it in July, and if no request is made, the money will be distributed in June.

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 there is no provider network and 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 Surgery copay of \$50 in the current Tufts Prime Supplement plan will be eliminated with the new plan. He said that the new plan has a hearing aid allowance of \$1,700 every two years; whereas, the current plan does not. 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 the rate of \$323 is a lower rate than the Prime Supplement rate of \$333.

Mr. Winer said the changeover in enrollments could be done electronically.

Skip Finnell made a motion to approve replacing the Tufts Medicare Prime Supplement plan with the Tufts Medicare Preferred Supplement plan effective July 1, 2012.

Motion

James Weiss seconded the motion. The motion passed by unanimous vote.

Mr. Winer said that the Tufts Medicare Preferred HMO plan has added 75 new providers on Cape Cod.

Health Plan Reports:

Harvard Pilgrim Health Care – Bill Hickey said that HPHC has changed how they administer the Medicare Enhance plan, effective January 1, 2012. 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 as Medex does.

Mr. Hickey said that HPHC has a new tiered network product named Choicenet, but said that this plan would not work for CCMHG members. He said that the request to the health plans to attend informational meetings and health fairs has increased and asked the Board to notify Bill Rowbottom with their requests. He asked the employers to combine their meetings with other units when possible.

Blue Cross Blue Shield – Medicare HMO Blue - Suzanne Donahue said that all are invited to attend the regional informational meetings and said that communication about the new plans to members is key to a smooth transition. She said that BCBS will be reaching out to the retirees that have not contacted BCBS with their Medicare Parts A & B information. She said if there is a retiree on an active plan that is eligible, but not enrolled in Medicare Part B, that BCBS will be billing them as if they have Part B beginning July 1, 2012.

Bill Rowbottom said copies of the FY13 Medex benefit summary are available at the back of the room.

Other Business:

Noreen Mavro-Flanders said that the next Benefit Administrators Meeting is scheduled on February 1, 2012 at COMM Fire District. She said that the following meetings have been scheduled:

Steering Committee Meeting - February 15, 2012 at Sandwich Hollows Golf Club at 1:00 p.m.

The location of this meeting was changed to the Sandwich Municipal Office Building

Steering Committee and Board Meetings – March 14th and July 25th at COMM Fire District at 8:30 a.m. and 10:00 a.m., respectively.

Steering Committee Meetings – April 25; May 15; June 12, all at the Sandwich Municipal Office Building at 9:00 a.m.

There was no other business.

Motion

Skip Finnell made a motion to adjourn.

James Weiss seconded the motion. Noreen Mavro-Flanders adjourned the meeting at 11:33 a.m.