

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

STEERING COMMITTEE

Wednesday, January 20, 2010, 9:00 AM
Town of Sandwich Municipal Office Building
16 Jan Sebastian Drive, Sandwich, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, January 20, 2010 at the Town of Sandwich Municipal Office Building, 16 Jan Sebastian Drive, Sandwich, MA. The following people attended the meeting:

Committee Members Present:

Bob Whritenour, Chair	Town of Falmouth
Noreen Mavro-Flanders	County of Dukes County
Marie Buckner	Town of Sandwich
A. Francis (“Skip”) Finnell	Dennis-Yarmouth RSD
Gerry Panuczak	Town of Chatham
Debra Blanchette	Town of Barnstable
Sue Milne	Town of Yarmouth
Maggie Downey	Barnstable County

Guests Present:

Richard Bienvenue, CPA	CCMHG Treasurer
Suzanne Donahue	Blue Cross Blue Shield of MA (BCBS)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Fred Winer	Tufts Health Plan
Nina Conroy	Delta Dental of MA
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Noreen Mavro-Flanders, Board Chair called the meeting to order at 9:09 a.m.

Approval of the minutes of the December 15, 2009 Steering Committee meeting:

Marie Buckner motioned to approve the minutes of the meeting of December 15, 2009.

Motion

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

Health Plan Presentations of Health Reimbursement and Savings Accounts (HRA, HSA)/ Previews for CCMHG Decision Makers’ Workshop:

Bill Hickey said that he would be reviewing the different types of financial vehicles with the Steering Committee and Suzanne Donahue would speak to the consumer aspect of the health plan designs.

Suzanne Donahue said that Consumer Directed Healthcare is defined as health plans with a higher up-front deductible that allows access to a funding account.

Maggie Downey asked if the deductible is an eligible Flexible Spending Account (FSA) expense.

Ms. Donahue said that it is an eligible FSA expense.

Suzanne Donahue said that Consumerism is engagement between the employer and employees with a focus on managing both cost and quality of care.

Carol Cormier said that the fact that the Group Insurance Commission (GIC) now has front-end deductible plans may encourage the municipalities to begin to look at offering these plans.

Suzanne Donahue said that financial incentives are proven to engage the members into making wise choice in consuming health care. Ms. Donahue said that there are three components to consumerism: tools and information, health management and financial responsibility. Ms. Donahue explained the components in more detail.

Carol Cormier said that GBS would be putting a booklet together with all of the presentations and resources that will be used at the Decision Makers Workshop.

Bill Hickey said that there are three primary financial products that employers can offer to their employees. Mr. Hickey said that a Flexible Spending Account (FSA) is made up of employee or employer dollars that are payroll deducted to be used to reimburse health plan co-pays, over-the-counter medicine and supplies, dental and vision expenses to name a few. Mr. Hickey said the yearly dollar amount expected is figured out, divided by the number of payroll weeks, and deducted on a pre-tax basis.

Bob Whritenour said that employees with FSAs often find it difficult to calculate the expected expenses and people do not like that their unused dollars are forfeited at year's end.

Bill Hickey said that most people use their previous year's experience to determine the amount to set aside.

Mr. Hickey said that another type of financial vehicle is the Health Reimbursement Arrangement and said that this is funded by employer money and is a "promise to pay" an amount towards the co-pays and front-end deductibles. Mr. Hickey said that a third party vendor administers the plan and a debit card can be used. Mr. Hickey said that the employer would design how this plan would work.

Debra Blanchette said that she thought the employees will have difficulty understanding how the plans work.

Carol Cormier said that employers would have to conduct educational meetings for employees.

Maggie Downey said that the goal of the Workshop is to explain to employers some tools that will help to make the Rate Savers more appealing to employees.

Bob Whritenour said that the options will be provided and the employees will participate in consumerism workshops.

Carol Cormier said that copays, which are fixed amounts, need to be raised periodically in order to keep the proportion of expenses between employer and employee in balance. She said the copays of the Rate Saver plans will become stale in a few years and that it is important to communicate the information on the financial vehicles so that the employers and employees will know what is available. Ms. Cormier said that they need to be made aware that change will be an ongoing process.

Noreen Mavro-Flanders asked if the Committee wanted to recommend to the Board to eliminate the indemnity plans over a period of five years. Ms. Mavro-Flanders said that would give the units time to bargain.

The Committee agreed with Ms. Mavro-Flanders.

Bill Hickey said that these plans with HRAs or HSAs are what is being offered everywhere and they are the new "normal".

Bill Hickey reviewed features of Health Savings Accounts (HSAs) explaining these are used in conjunction with qualified high-deductible health plans (HDHPs) and are employee money only.

Bob Whritenour told Bill Hickey to de-emphasize the HSA material because the CCMHG does not have any plans with front-end deductibles.

Carol Cormier recommended that Suzanne Donahue and Bill Hickey be the ones to present the financial vehicle portion of the workshop information.

The Committee agreed.

Carol Cormier reviewed the Town of Wellesley's transition to the Rate Saver plans utilizing a Health Reimbursement Arrangement to fund the difference between previous and new copays over a three year period, which was the duration of the labor agreements. Ms. Cormier said that she would ask Marc Waldman to be a presenter at the Workshop so he could explain how the Town of Wellesley executed its HRA and change to the Rate Savers.

Bob Whritenour thanked Ms. Donahue and Mr. Hickey for their presentations.

Treasurer's Report:

Treasurer Richard Bienvenue, CPA, reviewed the financial statements of October 30, 2009 (unaudited figures). He reported an unreserved fund balance on October 30 of approximately \$18M and said that is an increase of \$4.3M over last year. Rich Bienvenue said that the total estimated Claims IBNR after adjusting it down to 1.2 times average claims from the most recent four months is \$12.7M. Mr. Bienvenue said that he met with the auditor and said that he would still like to lower the IBNR to 1 month of average claims.

Mr. Bienvenue said that he would have the power band calculation next week and said that if it was calculated on this year's data it would be between \$8M and \$12M. Mr. Bienvenue said that he would email the amount of the fund balance change from January 1 to June 30 of each year for several years.

FY11 Rate Projections:

Carol Cormier reviewed the health plan administrative costs and said that the BCBS proposes to increase its administrative fees by 2%. Ms. Cormier said that the administrative increase for the HPHC EPO and PPO is 1.2% and said that the fees include the fiduciary fee. Ms. Cormier said that Delta Dental increased its administrative fees by 4%.

Ms. Cormier said that the projected CanaRx claims and the \$500K reinsurance Aggregating Specific Deductible were offset by the Retiree Drug Subsidy and said that she did not add these figures into the rates. She said this is the same way it was done last year.

Ms. Cormier reviewed each of the plan rate projections and said that the Rate Saver plans were not rated on their own as discussed and agreed upon by the CCMHG Board. She said that Legacy plan and Rate Saver plan claims were pooled and a required percent increase was calculated and applied to current rates for each type of plan. Ms. Cormier said that a 10% rate differential was used last year based on the actuarial difference between Legacy and Rate Saver plans. She said that the CCMHG might want to consider a further discount on Rate Saver rates in order to jump-start the transition.

Ms. Cormier said that the Medicare Carveout A plan benefits are the same as the Master Medical plan and suggested that the Committee may consider setting the rates the same.

Ms. Cormier said that the senior plans' claims were driven by prescription drug claims and said that the HP Medicare Enhance plan has been overfunded for years. She said the Committee may want to hold the rates on that plan again this year. Ms. Cormier said that the BCBS specialty pharmacy drugs require a 20% co-pay by the Medex member and said that there may be migration to the HP Enhance plan.

Ms. Cormier said that the Delta Dental Contributory plan projections reflect a 5.4% rate increase and the Voluntary plan projection is an 8.2% increase.

Ms. Cormier noted that the Town of Harwich will pay the same rates as other CCMHG members starting July 1 and said that the town will experience lower increases than other members since it has been paying higher rates

Ms. Cormier reviewed the current funding and presented 6 alternative funding scenarios for the CCMHG to consider.

Scenario 1 (a) – Using full rates and assuming no changes in Rate Saver enrollments with composite increases of 10.8% for Medical plans and 6.5% for Dental plans.

Scenario 1 (b) – Using full rates and assuming 10% increase in Rate Saver enrollments and setting the Rate Saver plans at 15% lower than the Legacy plan rates with composite increases of 10% for Medical and 6.5% for Dental.

Scenario 2 (a) – Same as Scenario 1 (b) using \$35K of the trust fund balance and no change in enrollments with composite increases of 10.8% for Medical and 6.5% for Dental.

Scenario 2 (b) – Same as Scenario 1(b) using \$616K of the trust fund balance with composite increases of 9.5% for Medical and 6.5% for Dental.

Scenario 3 (a) – Same as Scenario 1(b) with no enrollment changes using \$3.7+M of the trust fund balance with composite increases of 8% for Medical and 6.5% for Dental.

Scenario 3 (b) - Same as Scenario 1(b) but using \$4M of the trust fund balance with composite increases of 6.7% for Medical and 6.5% for Dental.

Skip Finnell said that he supports a 15% lower rate for the Rate Saver plans but not subsidizing the Legacy plans.

Bob Whritenour said that he supports proportional distribution of the fund balance to rates based on the experience of each plan.

Maggie Downey said that she was concerned with undermining the budgets if the rates are lowered too much.

The Committee asked Ms. Cormier to do an additional funding scenario using 3(b) as the basis with no rates below 0% and with Rate Saver plan rates 15 % below the Legacy plan rates.

Carol Cormier agreed to email the additional requested scenario to the Steering Committee by the end of the week.

Maggie Downey left the meeting at this time.

Health Plan Reports:

Tufts Health Plan-

Fred Winer said that Tufts Health Plan has designed a new senior Medicare supplement plan that will offer benefits between the Medicare Advantage plans and the HPHC senior plan since the PFFS plans are no longer offered. He said that he will run the numbers for a rate proposal. He said that seniors with Medicare Parts A and B would be eligible regardless of where in the U.S. they live.

Gerry Panuczak said that the retirees out of state cannot use most of the current senior plans and would welcome a new plan that could address that issue.

February 10th Workshop Agenda:

Bob Whritenour asked to set time allotments for the workshop speakers and suggested ½ hour time limits and suggested that the workshop run from 9:00 a.m. to 12:00 noon.

The Committee agreed.

Mr. Whritenour suggested re-scheduling the draft Strategic Plan discussion to the next Steering Committee meeting due to time constraints.

Proposal from Cape Cod Eye Associates:

Gerry Panuczak said that he approached Dr. Neill Cowles to ask him if he would consider contracting with EyeMed Vision. Mr. Panuczak said that Dr. Cowles said that he would not because he belonged to Cape Cod Eye Care Associates and did not need the additional business. Mr. Panuczak said that Dr. Cowles proposed to offer a no-premium plan that would provide exams through the health plan providers and discounts of 20% on lab fees.

Skip Finnell said that the members of the health plans already receive the exams through the health plans and asked if Dr. Cowles would just provide the discount to CCMHG members with the proof of their health plan card.

Mr. Panuczak said that he would go back to Dr. Cowles to find out.

Carol Cormier said that CCMHG could not contract with another vision plan while contracting with EyeMed.

Agenda for January 27, 2010 Board Meeting:

Bob Whritenour asked to add the health plan annual reports and the FY11 Rates to the Board agenda.

Carol Cormier said that she would send a draft agenda to the Committee for review.

Investment Committee Report:

Skip Finnell said that Jason Lily would not be attending the Board meeting but asked that and Investment Report be added to the agenda.

Other Business:

The next Steering Committee meetings were scheduled for March 17th and April 13th to be held at the Sandwich Municipal Office Building, 16 Jan Sebastian Drive at 9:00 a.m. A Steering Committee meeting was also scheduled at 8:30 a.m., prior to the April 28th CCMHG Board meeting, at COMM Fire District in Centerville.

There was no other business.

Skip Finnell made a motion to adjourn the meeting.

Motion

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

Bob Whritenour adjourned the meeting at 1:05 p.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*