

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

STEERING COMMITTEE

Wednesday, January 24, 2007, 8:30 AM
Town of Sandwich Municipal Office Building
16 Jan Sebastian Dr., Sandwich, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, January 24, 2007 at 8:30 AM at the Municipal Office Building, Sandwich, MA. The following people attended the meeting.

Committee Members Present:

Bob Whritenour, Chair	Town of Falmouth
Noreen Mavro-Flanders, Board Chair	Dukes County
David Withrow	Town of Orleans
Marie Buckner	Town of Sandwich
Robert Canevazzi	Town of Dennis
Roland “Bud” Breault	Town of Barnstable
Francis “Skip” Finnell	Dennis Yarmouth RSD
Maggie Downey	Barnstable County

Guests Present:

Rich Bienvenue, CPA	CCMHG Treasurer
Bill Fraher, CPA	Independent financial auditor
William Hickey	Harvard Pilgrim Health Care (HPHC)
Suzanne Donahue	Blue Cross Blue Shield of MA (BCBS)
Anne Boisvert	Delta Dental of MA
Carol Cormier	Group Benefits Strategies (GBS)
Lisa Trombly	Group Benefits Strategies (GBS)

Chair, Bob Whritenour called the meeting to order at 8:45 a.m.

Approval of the Minutes of the Steering Committee meeting of December 20, 2006:

Noreen Mavro-Flanders motioned to approve the minutes of December 20, 2006.

Motion

Skip Finnell seconded the motion. The motion was passed by unanimous vote.

Treasurer’s Report:

Treasurer, Rich Bienvenue asked Carol Cormier when the Medicare Part D subsidy might be in.

Carol Cormier explained that there was an error on the reports from Blue Cross Blue Shield’s pharmacy benefit manager, Express Scripts (ESI) so it will need to be resubmitted in mid-February assuming that ESI corrects the errors. She said that the Group has received the RDS subsidy for the Harvard Pilgrim Medicare Enhance plan for FY06.

Rich Bienvenue reviewed the financial statements of December 31, 2006 (unaudited figures), which he said were unremarkable. Mr. Bienvenue said the fund balance, as of December 31, 2006, was \$21,725,491. He said the receivables are very current and that some units are even paying in advance at this time. He expects that this will even out by July. Mr. Bienvenue estimated the Trust Fund balance to be approximately \$28M as of June 2007.

Skip Finnell asked if it was correct to say the Steering Committee predicted a \$6M funding deficit but instead may have a \$3M surplus, based on claims from the first half of the year

Bob Whritenour said the projections do not calculate everything in them.

Rich Bienvenue said the funding is based on a cash basis. He said when setting rates the Steering Committee also considers the investment income.

There was a brief discussion about IBNR.

Investment Committee Update:

Carol Cormier said the final draft of the Investment Policy was submitted for approval.

Dave Withrow motioned to approve the final draft of the Investment Policy.

Motion

Skip Finnell seconded the motion.

Noreen Mavro-Flanders asked if it is being approved or recommended to the Board for approval.

Bob Whritenour said the Steering Committee could approve it and then share it with the Board.

Carol Cormier said that the Steering Committee and the Board could approve it.

After brief discussion, the final draft of the Investment Policy was approved by unanimous approval.

Wellness Committee Report:

Maggie Downey reviewed the Wellness Committee Report. She said there was a Family Day event that took place in Hyannis, which was very well received but with lower-than-expected attendance, approximately 125 participants. She said she believes the low attendance is due to the event being held on a Saturday as opposed to during the workweek. She said based on this the Wellness Committee has decided not to hold the Family Wellness Day next year.

Ms. Downey said the Committee is currently working on the FY08 budget and will come back to the Steering Committee with a proposal.

Ms. Downey said the Wellness Committee met with Rick Thatcher and Heidi Steinitz, The Abacus Group, last week. She said they discussed the role they will play in the Wellness program. Maggie Downey said that the Abacus Group offers a great heart health assessment tool, Heart Age, at no additional cost through the myMedicationAdvisor® (mMA) website. She said Abacus proposed reallocating incentive funds from the alternative drug-purchasing program to the Wellness venture.

Carol Cormier said the myMedicationAdvisor (mMA) also has a program called My Health Maximizer that she thought would be a good program for past CHIP participants as well as others.

Skip Finnell asked if the Steering Committee would be able to try the programs to see how they work.

Ms. Downey said this was possible and that she would send the link to the Steering Committee members. She said they would need screening information for entry into Heart Age. Maggie Downey said it might be a good idea to incentivize members to complete it by using some CCMHG funds.

Maggie Downey said attending CHIP was supposed to be anonymous but when the individual leaves work early to attend a CHIP class the employer would know this. She asked if the Steering Committee felt this was going to be a problem.

Bob Whritenour said not to make it a problem. He said there is a growing understanding of the importance of wellness programs. He said he could not see any of the towns using this type of information against an employee.

Maggie Downey said when she attended the MMA tradeshow she went to the Insurance Workshop and learned about a Wellness program being offered during work hours. She said she is waiting to receive additional information with regard to it and will share it with the Steering Committee once received.

Ms. Downey asked if the screenings are for all employees or only the CCMHG health plan members. She said this needs clarification so that enough money can be allocated.

Skip Finnell said all employees should have the option to participate, but he realizes that the CCMHG has a financial interest in having the health plan members participate.

Dave Withrow said a primary concern is with cost to the Group, which would indicate the screenings should be for members only.

Carol Cormier said employers who want the screenings to be for all employees could pay the difference.

There was a brief discussion.

Auditor's Report:

Bill Fraher, CPA gave an overview of the FY06 audit report and distributed a Trend Summary of Key Financial Information from 2003 through 2006. He noted that the IBNR estimate has been on the high side, net assets continue to grow, participant contributions have been increasing, and investment income has taken a big jump up since the group changed its investment policy.

There was a discussion about the financial statements and trends and the IBNR.

Rich Bienvenue said that the group is always one month behind in payment through the level monthly payment arrangements. He said that the next month's payments due are included in the IBNR.

Noreen Mavro-Flanders asked Rich Bienvenue if he was not comfortable in lowering the IBNR.

He said he would be okay with lowering the IBNR a bit but not too much.

There was a discussion about claims projection methods and assumptions.

Bill Fraher said he would not be issuing a Management Letter because he didn't think that it was needed. He said that he wants the group to be aware that it should be cautious about returning trust fund monies through lowering rates. He said that the preferred method is a premium holiday. He said that if the rates are set below market, it can hurt later on if the fund balance drops.

Bill Fraher also talked about GASB45 and fraud precautions and controls.

Rich Bienvenue reminded the Committee of the controls that were put in place last year have been exercised. He said that Noreen Mavro-Flanders now receives copies of the Cape Cod 5 bank statements.

Bill Fraher said that the Group might also want to renew its computer system and back-up measures and controls, possibly integrating a general ledger.

Rich Bienvenue said that he does off-site back-ups now.

Bob Whritenour thanked Bill Fraher and said the Key Trends Summary report was very informative and helpful.

Bill Fraher left the meeting at this time.

GBS Reports:

Funding Rate Analysis Report – Carol Cormier said the claims are running well and that the composite expense-to-funding ratio through December was 93.5%.

There was a brief discussion on Section 18 and the effect the Medicare eligible retirees have on the active employee plan claims costs.

Level Monthly Deposits – Carol Cormier said the Level Monthly Deposits for both Blue Cross Blue Shield and Harvard Pilgrim Health Care are both adequate

Carol Cormier said that BCBS has a Brainshark presentation that is being done to explain the benefits of switching from an indemnity plan to Blue Care Elect Preferred or Network Blue.

Stop Loss Reports – Carol Cormier said the stop loss reports for FY05, FY06 and the current policy period of FY07 are included in the packet.

Harvard Pilgrim Health Care member request:

Carol Cormier explained the reason for the member’s appeal to HPHC and now to the CCMHG. She said that based on the documents provided in the appeals packet, she did not think there was the type of evidence to support the member’s position.

Skip Finnell asked why the Steering Committee is being asked to review this.

Bill Hickey said HPHC is not the fiduciary so it needs to come to the Group for a decision.

Skip Finnell asked if the Steering Committee could refuse to hear the case.

Carol Cormier said she thought that it could.

There was further discussion

Skip Finnell motioned that based on the facts presented that the Steering Committee support the appeal denial based on the reasons stated in Harvard Pilgrim Health Care’s December 26th letter to the member.

Bud Breault seconded the motion.

Motion

Bob Whritenour said that a letter to the member should state that based on the information submitted by the member and Harvard Pilgrim Health Care, the CCMHG Steering Committee affirms the decision of HPHC. He said the Steering Committee agrees with the reasons for denial submitted by HPHC and said a copy of the HPHC letter of denial will be enclosed.

After further discussion, the motion to stand by the Harvard Pilgrim denial was passed by unanimous vote.

Legal opinions on rate setting practices and financial arrangements for voluntary dental plans:

Carol Cormier reviewed the letter submitted by Atty. Kevin Feeley and pointed out that two key points were that “the Health Group does possess the flexibility to use the surplus to subsidize a plan or plans to a greater degree than other plans which are also offered by the Health Group and that if the Group chooses to self-fund the dental plan it may do so without risk.”

Ms. Cormier asked Anne Boisvert to check with Delta Dental to see if the claims data for the voluntary plans can be used to propose group-specific rates for a self-funded voluntary dental plan that would have benefits more similar to the contributory dental plan.

There was a discussion regarding the new Delta voluntary plan and obtaining proposed working rates.

Anne Boisvert said she would get the rates and information for a fully insured and self-insured plan.

Skip Finnell said the funds need to be kept in a separate account because it belongs to the employees.

Bob Whritenour said that would have been the assumption anyway. He said the surplus would be segregated. Mr. Whritenour said it would be great to offer the employees a better product with a better price.

ESI proposed fee to load RDS Cost Reports:

Suzanne Donahue explained that Blue Cross Blue Shield has been paying a fee to Express Scripts (ESI) for the Retiree Drug Subsidy (RDS) cost reporting. She said the rate that BCBS negotiated with ESI is \$0.84 per member per month. Ms. Donahue said that beginning January 2007, BCBS would be passing the cost on to the Group. She said the charge would be for those who are eligible for the subsidy.

Carol Cormier said that last year BCBS informed clients that ESI would load the cost reports and there was never any mention of a fee associated with that. She said now it is in the middle of the contract period and the Group is just receiving notice of the fees. She said the timing is not good, and the fee seems high considering that once the system is set up, running and loading the cost reports should be automated and probably not affected by number of retirees. Ms. Cormier said the Group is also paying Milliman for the actuarial attestations for BCBS plans. She said that these costs are not being charged to clients by the other major health plan organizations.

Ms. Donahue said that the RDS process has become laborious for ESI and there are costs associated with that.

Skip Finnell said that the contract states that BCBS needs to supply whatever is needed.

Bob Whritenour said that ESI is BCBS's subcontractor, not CCMHG's. He said the CCMHG doesn't have a contractual relationship with ESI.

Suzanne Donahue said this fee is non-negotiable.

Carol Cormier said that BCBS chose to take on the costs in the latter part of 2006 and should not now ask the Group to pay mid-contract period.

Suzanne Donahue said she will take the concerns of the Group back to BCBS but that a new contract or amendment will need to be signed, and if CCMHG refuses to sign it then BCBS/ESI will not submit any data on its behalf.

There was further discussion.

Suzanne Donahue said she would return to the next Steering Committee meeting scheduled for January 31, 2007 with an update from BCBS.

Town of Harwich:

Carol Cormier said that the Town of Harwich had contacted her expressing some interest in membership in the CCMHG.

Bob Canevazzi said the Steering Committee would need the data from the Town of Harwich in order to review it.

Carol Cormier asked if the Group was interested in reviewing data from Harwich for possible membership.

Suzanne Donahue said Harwich is an all-Blue account and that she is the account executive.

Maggie Downey asked if part of the agreement for new membership should be adoption of Section 18, if CCMHG were to offer the Town of Harwich membership

Carol Cormier said that could be a requirement, and that West Suburban Health Group recently put this into its Joint Purchase Agreement.

Bob Whritenour asked if the Group could ask the Town to offer the fuller range of products.

Suzanne Donahue said the Town of Harwich already has a full range of products but that they are all with BCBS products.

Ms. Cormier said the certain conditions of membership could be built into an offer to the town.

A discussion followed and the Steering Committee decided to continue with the exploratory process with the Town of Harwich.

Ms. Cormier said she would notify Town Manager, Jim Merriam.

Proposed GIC Option:

Bob Whritenour said that the GIC option is gaining traction. He asked Carol Cormier if there was a GIC plan/CCMHG plan comparison.

Carol Cormier said that she had not done a comparison of plans but that she did have a high level benefit grid of the plans that the GIC offers. She mentioned Senator Richard Moore's GIC Option proposed legislation and some of the *pros* and *cons* of turning over health insurance to the state agency

Bob Whritenour suggested that there should be help for the joint purchase groups to gain some of the advantages that the GIC has. He suggested going to the state house to lobby the legislators for cost saving options for health insurance other than, and in addition to, the GIC option and in particular for joint purchase groups.

Dave Withrow said that the CCMHG should be able to clearly articulate why groups like the CCMHG should be able to continue.

Maggie Downey suggested getting a delegation of representatives of all joint purchase groups together to approach the legislature.

Bob Whritenour asked GBS to find out if other groups are interested in doing this.

Bob Canevazzi said he spoke to Atty. Phil Collins about putting out a white paper on the GIC option.

There was a discussion.

Skip Finnell asked if the CCMHG Steering Committee should take a position on the GIC option.

Bob Whritenour said he thought not yet. He said the Committee should think it through more, be well informed and create the right package to bring to the legislature.

MGL Ch. 32B, Section 18:

Maggie Downey suggested that CCMHG give employers an incentive to adopt Section 18, such as lower rates than those that do not adopt it.

Bob Whritenour said that when the Group gets to the point where it wants all participating employers to adopt Section 18, it should just make a change to the Joint Purchase Agreement requiring it.

Carol Cormier said that a 2/3rds majority of the Board would have to approve it, and the Group could lose some members.

Bud Breault suggested giving employers a time frame to adopt Section 18 and if they don't do it they would be surcharged.

Bob Whritenour suggested bringing these ideas to the Board to see what the members think.

Maggie Downey said that something has to be done.

Health Plan Reports:

BCBS – Suzanne Donahue said that BCBS has a new report, the Health Informatics Report, and that she would like to present it to Steering Committee and Wellness Committee. She said that it's lengthy, so she would like to host a lunch for those who are interested in reviewing the report.

Bob Whritenour said he didn't want to occupy a Board meeting with a lengthy report.

Suzanne Donahue said she could reduce the Annual Report to the Board to 15 minutes but that the Health Informatics report would be more appropriate for a smaller group.

It was agreed that Suzanne Donahue would coordinate the luncheon and report presentation with Maggie Downey.

Suzanne Donahue said that BCBS is now using specialty pharmacies for certain prescriptions and that there is an impact to the member through the cost-sharing structure. She said that Lipitor is moving to the third Rx copay tier since there are good generic alternatives now available. She said impacted members are notified.

HPHC – Bill Hickey said that things are going well at HPHC.

Ms. Cormier asked him for information about participation in the Disease Management programs like Your Care Champion.

Mr. Hickey said he would report back to the Committee on this.

Delta Dental – Anne Boisvert said the oral health management program evolved into *Healthy Mouths for Life*. She said that there would be a good deal of communications going out to members about this program as well as outreach programs. She said that starting April 1, 2007 periodontal cleanings would be covered as Type I coverage (100% covered) and there would be no need for underlying diseases to receive the benefit.

Anne Boisvert said she would forward information about Healthy Mouths to Lisa Trombly to post on the CCMHG website.

Ms. Boisvert said she expected to have renewal rate projections in about 2 weeks.

Other Business:

The following meetings were scheduled to be held at Barnstable Town Hall:

- Steering Committee meetings on January 31, 2007 at 9 AM;
- Board meeting on January 31, 2007 at 9:30 AM;
- Steering Committee meeting on February 7, 2007 at 9 AM at Sandwich Municipal Offices.

Skip Finnell thanked Carol Cormier and Bill Hickey for the information on the MA Health Care Reform Act and employer responsibility but said he needed more information.

Both Carol Cormier and Bill Hickey said that there has been no more information coming out of the state. Ms. Cormier said that information is expected in March.

There was no other business.

Bud Breault motioned to adjourn the meeting.

Motion

Bob Canevazzi seconded the motion. The motion to adjourn was unanimous.

Bob Whritenour adjourned the meeting at 11:45 AM.

*Prepared by Lisa Trombly
Group Benefits Strategies*