

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

Board Meeting

Wednesday, January 25, 2006, 9:30 a.m.
COMM Fire District Building
Centerville, MA

MEETING MINUTES

A meeting of the Board of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, January 25, 2006 at the Centerville, Osterville, Marstons Mills Fire District Building, Centerville, MA. The following people attended the meeting:

Committee Members Present:

Noreen Mavro-Flanders, Board Chair	Dukes County
Robert Whritenour, Steering Committee Chair	Town of Falmouth
Maggie Downey	Barnstable County
Roland “Bud” Breault	Town of Barnstable
Wendy Cahoon	Town of Brewster
Jillian Douglass	Town of Brewster
Angila MacLeod	Buzzards Bay Water District
Karen Scichilone	Cape Cod Lighthouse Charter School
Robert Sanborn	Cape Cod Reg. Tech School
Paula Ainsworth	Cape Cod Regional Transit Authority
Patricia Perris	Town of Chatham
Judy Sprague	COMM Fire District
Agnes Murray	Cotuit Fire District
Bob Canevazzi	Town of Dennis
Sheryl McMahon	Dennis Water District
Francis “Skip” Finnell	Dennis-Yarmouth RSD
Judie Jardin	Dukes County, retirees
Joan Plante	Town of Eastham
Peter Bettencourt	Town of Edgartown/Dukes County
Verna Lafleur	Hyannis Fire District
Karen Walden	Mashpee Water District
Marcia Templeton	Nauset RSD
David Withrow	Town of Orleans
John Fitzgerald	Town of Provincetown
Marie Buckner	Town of Sandwich
Pamela Nolan	Town of Truro
Dawn Rickman	Town of Wellfleet
Barbara Meehan	Upper Cape Cod Regional Vocational Technical School
Walfred Lundstrom	Town of Yarmouth

Guests Present:

Richard Bienvenue, CPA	CCMHG Treasurer
Laura Scroggins	Town of Barnstable
Mary McIsaac	Barnstable Fire District
Beryl O’Brien	Town of Brewster
Jim Brown	Cape Cod Collaborative
Beth Fletcher	Town of Chatham

Katherine Milligan	Town of Mashpee
Thomas Connolly	Town of Mashpee
Christine Ezersky	Nauset Regional School District
Jan Hagberg	Town of Sandwich
Joe Maruca	West Barnstable Fire District
Brian Heaslip	Town of Yarmouth
Matt Bears	Town of Yarmouth
Irene Wright	Town of Yarmouth
Anne Hart-Davies	Blue Cross Blue Shield of MA
Bill Rowbottom	Blue Cross Blue Shield of MA
William Hickey	Harvard Pilgrim Health Care
Carol Cormier	Group Benefits Strategies (GBS)
Lisa Trombly	Group Benefits Strategies (GBS)

Chair, Noreen Mavro-Flanders called the meeting to order at 9:40 a.m.

Election of Officers and Steering Committee for Calendar Year 2006:

Noreen Mavro-Flanders said that the election of officers should have occurred at the October meeting but did not because of an oversight. She asked for nominations for Officers and Steering Committee for the calendar year 2006.

Bob Whritenour nominated Noreen Mavro-Flanders and Robert Canevazzi for as Chair and Vice Chair respectively. He also nominated the current Steering Committee members: Robert Whritenour, Noreen Mavro-Flanders, Margaret Downey, Robert Canevazzi, Francis “Skip” Finnell, David Withrow, and Marie Buckner for the Steering Committee. He also nominated Roland “Bud” Breault, to fill the vacancy left by Jeff Cannon.

Motion

Noreen Mavro-Flanders said that the Steering Committee meetings are held one to two times monthly and asked if there were any other nominations to fill the two vacant seats.

Sheryl McMahon, Treasurer of Dennis Water District, said she would like to have her name placed in nomination for one of the vacant positions. She then told the Board about herself and her interest in serving on the Committee.

Bob Whritenour further motioned to nominate Sheryl McMahon as Steering Committee member for calendar year 2006.

Motion

Maggie Downey seconded the motion for all the nominations for calendar year 2006. The motion was approved by unanimous vote.

Minutes of the Board meeting of October 26, 2005:

Skip Finnell moved to accept the minutes of the October 26, 2005 meeting as written.

Motion

Dave Withrow seconded the motion. The motion passed by unanimous vote.

Treasurer’s Report:

Rich Bienvenue reviewed the financial statements of November 30, 2005 (unaudited figures). He stated that the December financial reports are partially completed and that there was not too much change from the November figures. He reviewed the Cash Flow projections and said the first half of the year shows good results but the second half won’t be as good but still on target with the projection trend, which is still favorable.

Mr. Bienvenue said the Fund Balance is \$17,757,803 as of November 30, 2005. He said the fund balance for combined funds was \$18,398,403. He said that representatives of Rockland Trust are present to talk about the investment portfolio.

Noreen Mavro-Flanders asked Rich Bienvenue about the status of the audited financial reports for FY05.

Rich Bienvenue said that he and the Steering Committee met with the auditor, and the reports are done. He said the audit reports would be sent out to the Board members. He said there was no change in the financial statements and that it was a clean audit. Mr. Bienvenue said that the level of the IBNR estimate was discussed with the Steering Committee since the actual run-out claims are running a bit lower than estimated. He said the Committee recommended not changing the calculation. He said the IBNR is currently estimated at 1.5 times the average monthly claims from the most recent four months. He said the Steering Committee would review this again in two months.

There was a discussion regarding the IBNR estimates remaining conservative and its impact on rate setting.

Rockland Trust Report:

Jeff Smith, Rockland Trust, introduced the team from Rockland Trust. He stated that the portfolio for CCMHG was designed for preservation of principal with low-risk investing.

Mr. Smith stated that the account is up 1.35% for the 4th quarter of CY2005 and exceeds the composite benchmark. He said FAM Value Fund has been sold because of poor performance.

Jeff Smith reviewed the product vs. peer group comparison as of December 31, 2005.

Noreen Mavro-Flanders asked if the asset allocation is appropriate.

Mr. Smith stated that it is and that he thought CCMHG would want to keep it conservative.

Skip Finnell asked if it would make more sense to split the money into two avenues: one conservative and one not so conservative.

Noreen Mavro-Flanders recommended that the Investment Committee look into this further.

Jeff Smith said Rockland Trust would work with the Investment Committee on this matter.

Sheryl McMahon and Tom Connolly volunteered to be on the Investment SubCommittee.

Steering Committee Report:

Bob Whritenour reviewed the Steering Committee Report. He said that the uncommitted fund balance continues to exceed targets. Mr. Whritenour said that the performance standards are established with a power band (lower and upper limits). He said the financial reports indicate a fund balance that is \$8M above the top range of the power band and therefore some of these monies can be used to offset rate increases.

Bob Whritenour said the Steering Committee, along with the Wellness Committee, continues to review and revise how the Wellness programs work. He said there is a new contract with the Wellness Coordinator and that Barnstable County has been brought in with the County nutritionist serving as the Coronary Health Improvement Project (CHIP) program facilitator at no cost to the CCMHG.

Mr. Whritenour said that the Steering Committee had an exit interview with the independent financial auditor with great results. He informed the Board that the auditor reported a clean audit and thanked Rich Bienvenue for all of his work.

Mr. Whritenour thanked Bob Canevazzi for his work on the new Strategic Plan, which is enclosed in the meeting packet.

Bob Whritenour also advised the Board of the innovative program designs being explored, which include prescription drug carve-out plans and Consumer Driven Health Plans (CDHPs). He thanked Carol Cormier and GBS for their assistance in exploring alternative programs.

Mr. Whritenour announced that Judie Jardin would be retiring from the CCMHG Board and Steering Committee. He said Ms. Jardin has been a wonderful representative and advocate for the Martha's Vineyard participants, and has served on the Board and Steering Committee with distinction. He said she will be missed and thanked her for all her hard work over many years.

Wellness Committee Report:

Maggie Downey stated that the first Coronary Health Improvement Project (CHIP) program for this policy year kicked off in Falmouth. She said the next one would take place in Dennis some time in April. Ms. Downey said the Wellness Committee is meeting at the County Offices at 1:00 p.m. to discuss this further.

Ms. Downey said that the Wellness Committee is presently getting ready for the "Go Walking" program and will be distributing new pedometers that were upgraded this year. Ms. Downey said that Judie Jardin would be leaving the Committee and said that anyone who wishes to volunteer for the Wellness Committee should let her know.

Noreen Mavro-Flanders said that feedback about the Wellness program activities is very important so that the CCMHG knows what works and what doesn't.

Proposed Strategic Plan:

Bob Canevazzi said that the Strategic Plan is being updated for the July 2005-July 2008 time period. He said there are ten proposed items. He reviewed the Plan.

Bob Canevazzi also commented on Item #10 and reminded the Group not to lose sight of what CCMHG is all about which is to continue to explore ways to add value to the benefits purchase.

Jill Douglass motioned to accept the Strategic Plan for July 2005 – July 2008 as written.

Motion

Judie Jardin seconded the motion. The motion was passed by unanimous vote.

Rate Projections for FY07:

Carol Cormier reviewed the rate setting process indicating that GBS and the health plans did independent projections of claims. She said the CCMHG Steering Committee reviewed all of the figures submitted by GBS and by the health plans and looked at a composite rate proposal, which was a 13.9% increase over the current funding. Ms. Cormier said that the Steering Committee reviewed the fund balance, which, as Mr. Bienvenue and Mr. Whitenour explained, is running considerably above the targeted range. She said that the Steering Committee would be recommending using \$6m of the Fund Balance to help fund expenses for next year thus reducing the rate increases. Referring to the handouts, she said that this is the funding scenario proposed for FY07. She said using \$6M from the fund balance; it is a 7.7% increase in health plan funding through rates (member assessments) and 0% increase in rates for the contributory dental plan.

Bob Whritenour motioned to round the rates up to the nearest dollar and accept them as written with anticipation of using \$6 million of the fund balance towards FY07 expenses.

Motion

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

Noreen Mavro-Flanders said that Bob Canevazzi recommended to the Steering Committee that they take a good look at how it is going throughout the year so that budgets can be better established next year. She said that the Board is aware of the issues that it causes to tell units to budget 15% and then the increase turns out to be much lower.

Carol Cormier said that if the fund balance had not been applied, the early estimate of a 15% increase would not have been too far off the mark.

Skip Finnell asked that Carol Cormier revise the rates by rounding them up as voted on and then send the FY07 rates to the Board.

Healthcare Reports:

Harvard Pilgrim Health Care - Bill Hickey distributed HPHC Review of Plan Performance and gave an overview of it. Mr. Hickey reviewed the HPHC Key Findings of the CCMHG that included average memberships in the HMO decreasing 0.4% and average memberships in the PPO increasing 19.1%. Mr. Hickey said that for Policy Year (PY)05 total claims per member per month were \$263.65, an increase of 17.1% from PY04. He said the increases were in all service categories. He noted that the frequency and percent of large loss claims in the HMO more than doubled in PY05.

There was a discussion regarding prescription services and claims cost containment.

Blue Cross Blue Shield of Massachusetts

Anne Hart-Davies distributed the BCBS 2005 Annual Report. She said the report is broken into four sections: Combined Programs, Network Blue, Blue Care Elect, and Indemnity Programs. She gave a brief overview of some of the highlights. She said that for the combined programs there was a 3.2% increase in membership from PY04 to PY05. She said total payments per member per month (pmpm) increase 9.8% to \$360.37.

Ms. Hart-Davies noted that the PPO is performing a little worse than the BCBS plans as a whole, but the cost to the Group is less than on the PPO than on Master Health Plus.

Ms. Hart-Davies said that Bill Rowbottom, BCBS would be handling the scheduling of representation at employer health fairs. She noted that there were letters regarding HIPAA and Medicare Part D that were supposed to be suppressed but were released by BCBS. She also stated that the 30-day retroactivity rule for changes needed to be more diligently followed.

Other Business:

Noreen Mavro-Flanders said that the *myMedicationAdvisor*® video has been released to cable television stations and she encourages everyone to take a look at it. She reminded everyone that this program will help control prescription costs.

Carol Cormier said *myMedicationAdvisor*® (MMA) plans to hold informational seminars for employees and retirees on an ongoing basis until the goals of the program are met. She encouraged everyone to cooperate to help MMA to schedule these seminars.

Noreen Mavro-Flanders said that the CCMHG website project has been started. She informed the Group that Lisa Trombly is working on its creation.

Medicare Items:

Carol Cormier said that the applications have all been filed. She said the subsidy return should be received around the September/October timeframe and suggests filing for quarterly payments going forward.

Ms. Cormier said that she advises employers to consider adoption of Chapter 32B, Section 18. She said that in addition to shifting costs to Medicare for Medicare-eligible retirees, it also enables the Group to maximize the Medicare Part D subsidy. She said Medicare eligible retirees who are on active plans are probably not signing up for Medicare Part B. Ms. Cormier said that adoption of Section 18 would also reduce the GASB45 liabilities for employers.

Noreen Mavro-Flanders thanked Judie Jardin for her service and said she would miss her.

With no other business, Noreen Mavro-Flanders adjourned the meeting at 11:30 a.m.

*Prepared by Lisa Trombly
Group Benefits Strategies*