

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

STEERING COMMITTEE

Thursday, February 15, 2007, 9:30 AM
Dennis Yarmouth RSD Administration Building
South Yarmouth, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Thursday, February 15, 2007 at 9:30 AM at the Dennis Yarmouth RSD Administration Building, South Yarmouth, 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
Maggie Downey	Barnstable County
Francis “Skip” Finnell	Dennis-Yarmouth RSD
Bob Canevazzi	Town of Dennis
Sheryl McMahon	Dennis Water District

Guests Present:

William Hickey	Harvard Pilgrim Health Care (HPHC)
Suzanne Donahue	Blue Cross Blue Shield of MA (BCBS)
Anne Boisvert	Delta Dental
Carol Cormier	Group Benefits Strategies (GBS)
Lisa Trombly	Group Benefits Strategies (GBS)

Chair, Bob Whritenour called the meeting to order at 9:45 a.m.

Approval of the minutes of January 31, 2007:

Skip Finnell motioned to approve the minutes of the meeting of January 31, 2007.

Motion

Dave Withrow seconded the motion. The motion was passed by unanimous approval.

ESI fee for Retiree Drug Subsidy Cost Reporting:

Suzanne Donahue, Blue Cross Blue Shield, said there was a meeting on Monday, February 12, 2007 to discuss the CCMHG concerns and that BCBS is willing to accommodate the Group somewhat. She said BCBS does need to bill the Group beginning 1/1/07 but that they are willing to pend the bills until 7/1/07. She said the RDS billing will still be retroactive and the invoice will most likely be received by the Group in March but will not be due until 7/1/07.

Bob Whritenour said that is not really much help. He said it is not the money but rather the contractual issue. He said the CCMHG is disputing the fairness of instituting charges in the middle of the contract period. He said the secondary concern is that, even if the Group were to accept a mid-contract charge, it would not want it to be retroactive. He said these things are the issue.

Suzanne Donahue said the RDS agreement is a calendar year agreement not fiscal year.

Noreen Mavro-Flanders said she recalls something within the original agreement that stated there had to be a certain notice given to the Group if the agreement were going to change.

Suzanne Donahue said the statement for which Ms. Mavro-Flanders refers is a vague statement and was written that way intentionally.

Carol Cormier said that typically when a contract is nearing an end and a change is proposed it is discussed prior to the new contract beginning. She said that did not happen in this case.

Ms. Donahue said she will take the concerns and comments back to the Legal department again.

Bob Canevazzi asked if a different service is being provided.

Ms. Donahue replied no.

Bob Canevazzi said then he was not sure why a change would be requested.

Bob Whritenour said he has received the BCBS proposal in writing and it is disconcerting. He said the Group would entertain a contract change if it were going forward but not retroactively.

There was a discussion.

Carol Cormier asked if BCBS has discussed doing what the other health plans are doing regarding formatting the data instead of having ESI do it.

Ms. Donahue said BCBS is looking into other options.

Dave Withrow asked if there was anything that can be shared with regard to those discussions between ESI and BCBS.

Ms. Donahue said BCBS negotiated a price with ESI of \$0.84 and felt it was the best they could do.

Bob Whritenour said he'd like to review this topic again at the next Steering Committee meeting.

Delta Voluntary plan proposal:

Anne Boisvert, Delta Dental, distributed the 2007 Voluntary Plan rates comparing the current plan rates with that of an alternate plan. She said renewal rates for 7/1/07 are coming in at about 6%. She said the rate for the proposed plan is a little more costly but that the member would get more benefits. She said she could review the rates with the underwriter if the plans will be self-funded. She said self-funded will take the claims out of the Delta voluntary plan pool and rate the plan on the Groups own experience. She said Delta Dental would want to hold two months of premium on hand, approximately \$179K.

Carol Cormier asked if Delta Dental would consider doing a Level Monthly Deposit like that of the health plans.

Anne Boisvert said that was an option.

Bob Whritenour said it would be necessary to have a description of benefits comparing the current benefits to those of the new plan.

Ms. Boisvert said she has them and the main differences are between Type II and Type III services.

There was a discussion regarding the proposed Premium Enhanced plans.

Bob Whritenour asked what would happen if the Group decided to offer the same benefits for the voluntary plan as is offered through the current contributory plan.

Anne Boisvert said it would increase the cost.

Mr. Whritenour asked why the Group couldn't just offer a plan that the employees would pay for that gave them the same benefits they would get if the employer paid for it.

Carol Cormier said that when the employee pays all of the cost there is the concern that only those anticipated costly dental services will take the plan. She asked if on a self-funded basis the Group could choose to offer the same coverage as the contributory.

Anne Boisvert said she believed they could. She said she could not see why not but would check to be sure.

Ms. Cormier said she thought the voluntary dental plan should not include orthodontia. She asked what the orthodontics benefit costs on average.

Ms. Boisvert said she would check into that.

Skip Finnell asked what the importance of knowing this was.

Ms. Cormier explained that if employees were paying all of the monthly rates they might only want to enroll in the plan when they need that particular coverage. She said they may choose to sign up for it for the two years their child needs braces and then get out of it when they don't need the service any longer. She said this would drive the costs up for contributory plan members. She said if the Group wants to combine the plans it should not, in her opinion, offer orthodontics on the voluntary plan.

There was a discussion regarding adverse selection.

Carol Cormier asked Ms. Boisvert if she could compare the differences in benefits between the current voluntary and the proposed voluntary without the orthodontics.

Ms. Boisvert said she would check into doing that but since the current plan is based on a table of allowances, a comparison could be difficult.

Bob Whritenour said the Steering Committee would need to decide which plan to recommend and then whether or not to self-insure. He said Type I coverage is the same with 100% coverage; Type II is covered at approximately 70%; and Type II is covered at approximately 40% now on the voluntary plan. He said the current plan offers a table of allowance and the employee gets balance billed outside the contract allowance.

Anne Boisvert said there is more out-of-pocket cost with the current voluntary plan and less benefits.

Bob Whritenour said he favors moving to the Alternate Plan.

Skip Finnell asked if a comparison of the current, proposed, and contributory plans could be distributed for review.

Anne Boisvert said it would be better to look at the current and proposed plans. She said she would talk to the underwriters regarding the current plan.

Carol Cormier said that the voluntary plan rates are about the same as the contributory plan rates, and the voluntary plan has lower benefits.

Anne Boisvert said she would talk to the underwriters, do a spreadsheet comparison, and review the voluntary vs. contributory without the orthodontics.

Carol Cormier said it might be better to rate the two dental pools independently initially, and then if in a few years the Group looks at the claims experience and they are running well it can always pool them then.

BCBS Benefit Rider:

Suzanne Donahue said the rider regarding pregnancy termination is on the PPO plan but not on the Network Blue plan. She said BCBS recommends adding the language to allow voluntary abortions to the PPO plan.

Dave Withrow asked if there was any kind of cost increase associated with this rider.

Suzanne Donahue said that it was minimal.

Maggie Downey motioned to remove the restriction on the Blue Care Elect Preferred plan limiting termination of pregnancy to make it consistent with other plans.

Motion

Dave Withrow seconded the motion.

Bob Whritenour asked if under the current EPO a referral is needed to end a pregnancy but not on the PPO plan.

Suzanne Donahue said there is no referral needed because there is no referral necessary under either plan to go to an obstetrician or gynecologist.

After brief discussion, the motion to remove the restriction on pregnancy terminations was passed by unanimous approval.

FY08 Rate Projections:

Bob Whritenour recapped the vote from last week's meeting. He said he would like to talk about the funding scenarios that do not include funding for the Aggregating Specific Deductible in the rates.

Carol Cormier explained the calculations.

There was discussion about a one-month premium holiday.

Bob Whritenour said he likes the idea of a premium holiday in December.

Skip Finnell said he still likes the idea of it happening in July so that it goes to the right people.

There was a discussion regarding the month for the premium holiday.

Noreen Mavro-Flanders said she was originally leaning toward July but now feels that December may be better since those in the previous fiscal year had the lower rates and now the rates are being increased.

Sheryl McMahon said she thinks a premium holiday sends the wrong message. She said the employees would believe they were paying too much all year long. She said it is better to decrease the rates across the board.

Bob Whritenour said the problem is trying to reduce the fund balance by \$10M. He said if there is a premium holiday the fund balance will be brought into the power band. He said if the rates are reduced by \$10M it would be a big rate reduction and then there could be a big spike in rates the following year.

Bob Canevazzi said he thinks the problem may lie with the underwriters setting the rate projections. He said he is also unsure why the indemnity plan is being hit the least when they should be trying to move people off of those plans.

Bob Whritenour said instead of looking at one year it might be best to look at two years. He said the rates should be set where they are projected to be by doing a premium holiday. He said if the rates are artificially low now and next year they may have to be largely increased.

Dave Withrow asked if there is a graph of claims experience that can be reviewed.

Carol Cormier said there is a graph of claims experience in the GBS Annual Reports and the Audit Report. She said she would look this information up.

Bob Whritenour said it was the auditor who recommended a Premium Holiday to keep the rates stable.

There was a discussion.

Skip Finnell said it was voted on by the Steering Committee at the last meeting to recommend going forward with the Premium Holiday so it should be done. He said the Steering Committee should review the projected rates and make a decision.

Carol Cormier continued reviewing the preliminary rate projections. She said she used the lower of two projections in each case. She said the CCMHG also has Disease Management costs, the Canadian Drug Program claims costs, and the Wellness Program that aren't being considered in addition to the investment income and Retiree Drug Subsidy.

Skip Finnell suggested that a complete budget with all the components be written up for the next Board meeting.

Carol Cormier said Rich Bienvenue should be able to do this.

There was additional discussion regarding the different scenarios.

Maggie Downey motioned to approve the health and dental funding rate projection on the "new page 2" to be recommended to the Board.

Motion

Dave Withrow seconded the motion.

Carol Cormier said the Delta Dental rates are to be held at current levels.

After brief discussion, the motion to recommend the "new page 2" funding rate projections to the Board was approved by unanimous vote.

Skip Finnell asked if the Premium Holiday would be applied to the dental plans too.

Carol Cormier said since the Group is contemplating changes it might not want to give a Premium Holiday and just give the 0% increase.

The Steering Committee agreed.

Maggie Downey asked what would be done with the voluntary dental. She asked if the options still needed to be discussed.

Bob Whritenour said there were three issues to consider. He said the Group needs to decide whether it wants to self insure the voluntary plan based on the information supplied; whether the voluntary plan should be changed to the same benefits as the contributory without the orthodontics benefit; or if the Alternative plan should be offered instead.

Carol Cormier said the Steering Committee still needed to see how the new plan compares to the current plan.

Bob Whritenour said if the Group wants to adopt it for FY08 it would need to make a recommendation to the Board at the March 7, 2007 meeting.

Skip Finnell said once they have all the facts they can make a decision.

There was a discussion.

Carol Cormier said the only way to self fund the Voluntary plan would be to go with the 100/80/50 split. She said that she did not think the current plan with table of allowances would lend itself to self-funding.

Bob Whritenour said the Steering Committee would have about 20 minutes prior to the Board meeting to make a decision. He said they would meet at 8:45 a.m. on March 7, 2007.

Meeting with Legislators at State House:

Bob Whritenour said he made a phone call to the State House to Lt. Governor Murray's office and is waiting for a return call. He said due to the lateness of today's meeting it would be necessary to table this item for additional conversation at another time.

Health Plan Reports:

Blue Cross Blue Shield – Suzanne Donahue said that Cape Cod Healthcare has cancelled its contract with BCBS for employee coverage and is now having Tufts Health Plan offered to its employees. She said this would not impact the CCMHG.

Bob Canevazzi asked if this meant that Tufts Health Plan is available on the Cape.

Carol Cormier said that Tufts does have a provider network on the Cape.

Suzanne Donahue distributed the proposed contract for CCMHG.

Harvard Pilgrim Health Care – Bill Hickey said there was nothing new to report

Other business:

There was no other business.

Bob Canevazzi motioned to adjourn the meeting.

Motion

Skip Finnell seconded the motion. The motion to adjourn was unanimous.

Bob Whritenour adjourned the meeting at 12:13 p.m.

*Prepared by Lisa Trombly
Group Benefits Strategies*