

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

Board Meeting

Wednesday, March 7, 2007, 9:30 a.m.
Centerville Osterville Marstons Mills Fire District Building
Centerville, MA

MEETING MINUTES

A meeting of the Board of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, March 7, 2007 at the Centerville Osterville Marstons Mills Fire District Building, Centerville, MA. The following people attended the meeting:

Board Members and Alternates Present:

Noreen Mavro-Flanders, Board Chair	Dukes County
Bob Whritenour, Steering Committee Chair	Town of Falmouth
Bob Canevazzi	Town of Dennis
Marie Buckner	Town of Sandwich
James Weiss	Martha’s Vineyard Public Schools/Dukes County
Dave Withrow	Town of Orleans
Roland “Bud” Breault	Town of Barnstable
Margaret Downey	Barnstable County
Francis “Skip” Finnell	Dennis Yarmouth Regional School District
Marcia Templeton	Nauset Regional School District
Lisa Vitale	Town of Brewster
Robert Howard	Bourne Recreation Authority
Nancy Ward	Bourne Water District
Walfred Lundstrom	Town of Yarmouth
Agnes Murray	Cotuit Fire District
Judy Sprague	COMM Fire District
Verna LaFleur	Hyannis Fire District
Karen Walden	Mashpee Water District
Paula Ainsworth	Cape Cod Regional Transit Authority
Karen Scichilone	Cape Cod Lighthouse Charter School
Nancy Geiger	Town of Chatham
Robert Cecil	Barnstable Fire District
Robert Sanborn	Cape Cod Regional Technical School
Barbara Meehan	Upper Cape Cod Regional Technical School
Dawn Rickman	Town of Wellfleet
Pam Nolan	Town of Truro
Joyce Mason	Town of Mashpee
Linda O’Brien	Town of Provincetown

Guests Present:

Richard Bienvenue, CPA	CCMHG Treasurer
Matthew Bearse	Yarmouth IAC
Irene Wright	Town of Yarmouth
Sue Milne	Town of Yarmouth
Brian Heaslip	Town of Yarmouth
Craig Mayer	Town of Sandwich
Pam Hudson	Town of Provincetown

Sheila Curtis
Ira Wolfson
Bill Rowbottom
William Hickey
Paul Lazar
Carol Cormier
Lisa Trombly

SHINE – Cape Cod and Islands
SHINE
Blue Cross Blue Shield of MA
Harvard Pilgrim Health Care
Harvard Pilgrim Health Care
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Chair, Noreen Mavro-Flanders called the meeting to order at 9:50 a.m.

Minutes of the Board meeting of January 31, 2007:

Skip Finnell motioned to accept the minutes of the January 31, 2007 meeting as written.

Motion

Bob Canevazzi seconded the motion. The motion passed by unanimous vote.

Noreen Mavro-Flanders announced that Wally Lundstrom would be retiring in April. She asked all attendees to introduce themselves.

Wellness Committee Report:

Maggie Downey said the Wellness Workshop held on February 23, 2007 went very well. She said the Walking Program has started and any employer that did not get its pedometers yet should contact her.

Ms. Downey said the Wellness Committee is working on the FY08 budget and will have it available for review at the next Board meeting.

Treasurer's Report:

Rich Bienvenue, Treasurer, reviewed the financial statements of January 31, 2007 (unaudited figures). He reported a fund balance of \$20.5M. Mr. Bienvenue said he is still waiting for additional Medicare Part D reimbursements to come in. He said he has only received about \$400K to date.

Investment Committee Report:

Wally Lundstrom said the proposed Investment Policy is included in the packet. He said the Investment Committee had been working on the policy for about 2 years now. He said they are getting good response from Rockland Trust on the CCMHG investments. He said the Committee added language about the goals. He said the Investment Committee fine-tuned the Appendix A, Portfolio Allocation and that four of the primary concerns were for safety of principal, competitive rates of return, liquidity, and permissible investments and diversification.

Bud Breault motioned to adopt the new Investment Policy as written.

Motion

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

Noreen Mavro-Flanders said the Investment Committee is still looking for volunteers. She said the only members are Rich Bienvenue and Sheryl McMahon now that Mr. Lundstrom is retiring. She said if there are no volunteers the Group may need to assign someone. She reminded the Board that the Investment Committee meets on a quarterly basis.

Steering Committee Report:

Bob Whritenour said he encourages someone to volunteer for the Investment Committee. He said more people should become involved. Mr. Whritenour said the Steering Committee has been very busy focusing on key issues. He said it has received help from GBS and Carol Cormier with regard to rate setting. He said having a fund balance policy and a power band for the fund balance has helped in this endeavor.

Mr. Whritenour said the Steering Committee has also been working with Maggie Downey and the Wellness Committee on increasing the number of programs. He said it is also in dispute with Blue Cross Blue Shield (BCBS) with regard to the Retiree Drug Subsidy (RDS) filing and the vendor, ESI. He said the Group is eligible to receive reimbursements for Medicare eligible members and requires BCBS and ESI services for cost reporting. He said the Steering Committee was informed by BCBS that there will be a new fee of \$0.84 per person retroactively applied through January 2007 and the Steering Committee is disputing the manner in which the charge was applied and the Group notified.

Bob Whritenour said a few members of the Steering Committee would be meeting with the State Legislators on March 21, 2007 to discuss the Joint Purchase Group options and its ability to obtain more authority. He said currently Joint Purchase Groups do not have the ability to make necessary changes and there is a new provision that would allow municipalities to join the GIC. He said there are some benefits to joining the GIC but that the CCMHG is suggesting language to recognize the Joint Purchase Groups in order to give them some of the same flexibility as the GIC. He said he would keep the Board posted on any new developments.

Mr. Whritenour said the Steering Committee is proposing to the Board a new Dental Voluntary program that will be similar to the current Contributory plan. He said the Steering Committee has been working with Delta Dental to establish a program with a better pricing structure and better benefit structure. He said the Steering Committee recommends that program be self-insured starting July 1st for greater cost effectiveness.

Mr. Whritenour said the Steering Committee is recommending adoption of the BCBS Weight Loss program for the EPO and PPO plans. He said the program will reimburse members for participation in Weight Watchers® or a qualified weight-loss program administered by a hospital.

Bob Whritenour motioned to adopt the BCBS Weight Loss reimbursement program for the Network Blue and Blue Care Elect plan members.

Motion

Bob Canevazzi seconded the motion. The motion was passed by unanimous vote.

GBS Reports:

Funding Rate Analysis by Plan – Carol Cormier said the claims are running well and that the composite expense-to-funding ratio for the Health plans through January 31, 2007 was 97.1%. She said the Dental expense-to-funding ratio was 91.6%.

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

Stop Loss Reports – Lisa Trombly said there were 8 claimants with claims that exceeded the stop loss deductible of \$150K with claims totaling \$1.4M. She said the Group has not met the Aggregating Specific Deductible (ASD) yet. She said there was no money due to the Group at this time. Ms. Trombly said there were 34 claimants with claims at 50% of the stop loss deductible of \$150K with claims totaling \$3.6M.

FY08 Health Plan rate recommendations:

Noreen Mavro-Flanders said the Fund Balance history graph and Fund Balance policy are included in the packet for review. She said using the Fund Balance to subsidize rates artificially deflates the rates, which can then lead to rate shock the following year. She said the Auditor's recommendation is to have a Premium Holiday to reduce the fund balance.

Ms. Mavro-Flanders reviewed the proposed Administrative fees of Blue Cross Blue Shield and Harvard Pilgrim Health Care.

Bob Whritenour motioned to accept the Administrative fees as written.

Motion

Bob Canevazzi seconded the motion. The motion was passed by unanimous approval.

Noreen Mavro-Flanders said the Steering Committee recommended using \$7M of the Trust Fund Balance through a one-month Premium Holiday. She said the Steering Committee discussed the timeframe for this to be implemented. She said by using this amount of the Trust Fund Balance it would decrease the aggregate funding increase for CCMHG to 4.8%. She said that this would vary for employers depending upon their enrollments in the various health plans.

Linda O'Brien, Provincetown, said she was concerned about the payroll issue a Premium Holiday would cause.

Carol Cormier said a Premium Holiday was done five years in a row in the past without problems. She said the retirement boards should be notified.

Agnes Murray said the rates seem very high. She asked why the rates could not be decreased instead of doing a Premium Holiday.

Carol Cormier said if the rates were held down this year then next year there would be a big rate increase. She said because members are getting a free month it works out to only be a 5% increase in health plan costs for the year.

Skip Finnell said it needs to be explained that \$9M of the fund balance is being used to fund expenses during the premium holiday. He said the reserve is building because of experience and needs to be brought to a level according to policy. He said the magnitude of the subsidy is one reason to go with a Premium Holiday and medical premiums are going up 12-18%. He said the concern is for FY09. He said the rate is kept down by using the \$9M subsidy it would cause a huge increase to FY09 rates. He said the Steering Committee is reviewing the history of experience versus projections.

Noreen Mavro-Flanders said the Steering Committee is very concerned about the \$20M balance in the Trust Fund. She said the Towns are hurting and CCMHG is trying to give money back to the municipalities that have helped to build it up. She said if the rates had not been artificially low this year there would have been this kind of an increase. Ms. Mavro-Flanders said if next year there is no fund balance to use then the rate increase won't be extremely high in comparison.

There was a discussion.

Paula Ainsworth asked if there was a specific way to explain the Premium Holiday to employees.

Carol Cormier said she would compose a letter and will also send the rates to all Board members.

Skip Finnell motioned to accept the Health Plan rates as written with a Premium Holiday as recommended by the Steering Committee.

Motion

Bud Breault seconded the motion. The motion was passed by majority approval.

Wally Lundstrom opposed the motion.

Noreen Mavro-Flanders reviewed the Delta Dental proposed rates with no Premium Holiday.

Jim Weiss motioned to accept the Delta Dental Contributory plan rates with no Premium Holiday as recommended by the Steering Committee.

Motion

Bud Breault seconded the motion. The motion was unanimously approved.

Noreen Mavro-Flanders reviewed the Delta Dental Voluntary plan rates with the changed benefit structure and self-funded financial arrangement.

Carol Cormier said the Delta Dental Voluntary plan will now be like the current Contributory plan with no limitations or table of allowance. She said the deductibles and annual maximums would be the same as the Contributory. She said, however, the Voluntary plan would not offer Orthodontics coverage. Ms. Cormier said the plan will be self-funded and that the claims experience will be reviewed after a year or two to determine if the claims data could be pooled with that of the Contributory plan for rating purposes.

Noreen Mavro-Flanders said the Steering Committee is recommending Option 4 of the handout with a monthly funding rate of \$37.00 for Individual and \$93.00 for Family plans.

Carol Cormier said the employees will not be used to a deductible but that the benefits are better than those of the current Voluntary plan.

Skip Finnell motioned to adopt the new Delta Dental Voluntary plan as a self-funded plan with a separate risk pool from the contributory dental plan and with an FY08 Individual rate of \$37 and family plan rate of \$93.

Motion

Bud Breault seconded the motion. The motion was passed by unanimous approval.

Health Plan Reports:

Harvard Pilgrim Health Care – Bill Hickey said the HPHC plans have had slow steady positive growth. Mr. Hickey said First Seniority Freedom should be rolled out on the Cape on January 1, 2008. He said he encourages employers to contact him regarding health fairs.

Blue Cross Blue Shield – Bill Rowbottom said pamphlets are now available for the new Weight Loss program and can be ordered. He said he also has flyers available on the BCBS Preventive Screenings and would like to have one posted on the CCMHG website. Mr. Rowbottom said BCBS has available a list of questions members can ask their doctor that they may not have thought of which could be posted on the website for employees too. He encouraged employers to contact him regarding health fairs.

Other Business:

Sheila Curtis, SHINE, said SHINE offers assistance to retirees. She said the organization usually works with retirees with non-group coverage but would like to help Group retirees as well. She said she needed to get additional information pertaining to the Group in order to do this.

Carol Cormier said she spoke to Ms. Curtis recently and had forwarded her information already and would provide what ever she could to help.

Ms. Curtis said she was looking for each Town's contribution level.

Ms. Cormier said she would send the contribution chart to Ms. Curtis and informed Ms. Curtis that the rate sheet is available on the CCMHG website.

Ms. Curtis asked about the Medicare requirement for retirees.

Carol Cormier said that all of the CCMHG senior plans are actuarially comparable to the active employee plans with the exception of Medex Standard. She said the Medex Enhance plan is comparable. Ms. Cormier said adoption of Ch. 32B, Section 18 is an employer option and some towns and districts have already adopted it and some others are hoping to adopt it.

There was a discussion regarding Section 18 and the retiree plans.

Carol Cormier said she is aware that some of the contribution levels hinder the adoption of Section 18 but that the contributions can be changed and/or the Town can assist with the Part B premium.

Craig Mayer asked if there was any update about the MA Health Care Reform Act and Section 125.

Carol Cormier said there was no new information to offer.

Noreen Mavro-Flanders said the next Board meeting would be held on July 25, 2007 at COMM Fire District.

There was no other business.

Noreen Mavro-Flanders adjourned the meeting at 11:10 a.m.

Motion

*Prepared by Lisa Trombly
Group Benefits Strategies*