

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

**STEERING COMMITTEE**

Wednesday, April 29, 2009, 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, April 29, 2009 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
David Withrow	Town of Orleans
A. Francis (“Skip”) Finnell	Dennis-Yarmouth RSD
Debra Blanchette	Town of Barnstable
Maggie Downey	Barnstable County
Marie Buckner	Town of Sandwich
Gerry Panuczak	Town of Chatham
Susan Milne	Town of Yarmouth

**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
Michael Follick, PhD	The Abacus Group
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Noreen Mavro-Flanders, Board Chair called the meeting to order at 9:07 a.m.

**Approval of the minutes of the March 18, 2009 Steering Committee meeting:**

Maggie Downey motioned to approve the minutes of the meeting of March 18, 2009.

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

**Treasurer’s Report:**

Treasurer Richard Bienvenue, CPA, reviewed the financial statements of February 28, 2009 (unaudited figures). He said the total operating cash is \$18.6 million. He reported an unreserved fund balance on February 28 of approximately \$16.8 million for health plans and \$1.09 million for dental.

Rich Bienvenue said that the total estimated Claims IBNR is \$11.4M and said that he received approximately \$700K of reinsurance reimbursements which will be reflected in the March financials.

Skip Finnell asked Mr. Bienvenue what the surplus number will be at the end of the fiscal year.

Mr. Bienvenue said that it depends on the accruals and said that the net income on February 28 is \$2.4M and the surplus is \$4.4M. He said he estimates the surplus at the end of the year to be \$4.8M.

Mr. Finnell asked how much of the trust fund surplus was used to supplement the FY09 health plan rates.

Carol Cormier said she did not think that any surplus was used to supplement the FY09 rates but she would check on it.

Mr. Bienvenue noted that the Cash Analysis report reflects more outstanding checks than usual due to the wellness incentive payouts.

Mr. Bienvenue distributed copies of the draft revision of the auditor's Management Letter and asked the Steering Committee to review the letter. He said it will be finalized following their approval.

### **Investment Report:**

Skip Finnell said that the Investment Committee distributed the Rockland Trust Investment report through March 31, 2009. Mr. Finnell said that the reports are usually run on a calendar year basis but the Committee asked for the report to be run on a fiscal basis. He said this change reflected a negative impact on the investments. Mr. Finnell said that the investment manager is going to drop those funds that have been consistently underperforming and reinvest into funds that are in line with the portfolio.

Dave Withrow asked Mr. Finnell if the CCMHG investments are performing in line with industry standards. Mr. Withrow said that he thought CCMHG was investing on the conservative side.

Mr. Finnell said that the total investments were down 15% and said that the balance peaked at \$10M but is now at a little over \$8 million. He said that the original investment was \$8 million.

Mr. Finnell said that he would ask Jason Lily to send the investment report to Carol Cormier electronically and asked Ms. Cormier to communicate to the CCMHG Board that it is available to those who would like a copy.

Mr. Whritenour said that the Falmouth retirement system lost approximately 15% of its investments. Mr. Whritenour asked Mr. Finnell to request that the investment reports be run to reflect the investment profit or loss quarter to date, year to date, and historically over a three year period in addition to inception date.

Noreen Mavro-Flanders said that it might be helpful if the funds were listed as fixed or equity funds.

Mr. Finnell said that the funds are weighted differently and are invested in both fixed and equity funds.

Mr. Finnell said that the next investment meeting is scheduled for July 16<sup>th</sup> and he invited Bob Whritenour to attend. He asked the Steering Committee to consider setting the next CCMHG Board meeting after the investment meeting.

The Steering Committee set the next Board meeting for Wednesday, July 29, 2009 at 9:30 a.m.. A Steering Committee meeting was scheduled for the same day at 8:30 a.m. Both meetings will be held at the COMM Fire District.

### **Proposed Diabetes Program – The Abacus Group:**

Maggie Downey said that Dr. Michael Follick met with the Wellness Committee and presented a Diabetes program that he thought would help with the Wellness goals of CCMHG. Ms. Downey said that she told Dr. Follick that he would need to present the program to the Steering Committee for consideration and that the Wellness Committee is supporting the proposal.

Dr. Michael Follick said that the two categories that wellness programs should address are primary and secondary prevention. He said that primary prevention is keeping the members healthy to prevent medical

conditions from occurring and that secondary is keeping those members with existing medical conditions healthy and to help prevent hospitalizations.

Dr. Follick said that the biggest return on wellness investments is to focus the program on chronic illnesses because that is where the majority of health costs go. He said that Diabetes is one of the top three chronic illnesses which can also lead to blindness, renal issues and loss of limb(s), etc.. He said that the complications associated with diabetes are largely preventable with the appropriate care.

Dr. Follick distributed the proposal materials and reviewed the Problem, the Solution and the Return on Investment (ROI). He said that there are approximately 1,100 CCMHG members that are diabetics and that the total annual claims costs for those members is over \$13.5M. Dr. Follick said that the diabetes program will incentivize members to have annual eye and foot exams, to self-monitor and have their bloodwork done at regular intervals. He said the program's incentives include free physician visit copays, medications, syringes, strips and lancets. Dr. Follick said that the program is driven by the provider who needs to fill out a diabetes management program form that they will fax to The Abacus Group. He said that he has never seen an issue with a provider not filling out the form.

Dr. Follick said that the program has been running for approximately two years in another large account and is very successful. He said that the statistics show that the hospital stays have been reduced by half for the participants. Dr. Follick said that the costs of the program would be \$112,500 in administration fees at \$1.12 pc/pm and \$100,000 in medication costs including supplies. He said that the projected health plan savings for 400 participants and 200 "completers" would be approximately \$632,000 which includes a \$150,000 savings to the plan members. Dr. Follick said that when combined with the savings from the MMA program, the total savings to CCMHG and members is projected to be \$980,000.

Bob Whritenour asked Dr. Follick to describe the types of services that administrative charges provide for.

Dr. Follick said that the services include customizing and hosting the web portal, help-line service, outreach communications to the diabetic members, education to participants, administration of forms, managing the database, pharmacy administration and budget making reports to the CCMHG.

Dr. Follick said that they would generate three types of reports; a count of participants, impact on hospital stays and calculations for economics.

Bill Hickey, Account Executive for Harvard Pilgrim Health Care asked if additional health plan reports would be required to run the program.

Dr. Follick said that he believed they would be using the standard reports that they now receive. He said that the diabetes related claims would need to be segregated from non-related claims for each member and said that Type 2 Diabetes would be the focus. Dr. Follick said that no additional information would need to be provided by GBS.

Noreen Mavro-Flanders asked how this program would integrate with the programs offered by the health plans.

Dr. Follick said that he looked at the number enrolled in the Disease Management (DM) Program and said it was 4%. He said that the Diabetes Program can be tied into the health plan's DM program.

Maggie Downey said that all of the CCMHG Wellness Programs to date have been pilot programs. She said that if the program is successful they run it again, if not it is not. Ms. Downey said if the Diabetes Program is approved, it will begin in FY10.

Dr. Follick said that the program will take approximately sixty days to get up and running. He said the cost of the program is \$212,500 based on 200 participants. He said additional medication costs will be needed if there are additional participants.

Bob Whritenour asked if the Steering Committee approves the concept. He said if so, they can discuss it further at the next Steering Committee Meeting and make their decision at that time.

Dave Withrow made a motion to approve the concept of the Diabetes Program and to discuss again at the May 20, 2009 Steering Committee Meeting where a decision will be made.

Motion

Gerry Panuczak seconded the motion. The motion was passed by a unanimous vote.

Skip Finnell asked if myMedicationAdvisor® receives discounts on their prescriptions.

Dr. Follick said that they obtain discounts similar to those received by the health plans.

Nina Conroy, Account Executive for Delta Dental asked Dr. Follick if Abacus has contemplated expanding their programs to include periodontal disease since there is a direct correlation to the overall health of members.

Dr. Follick said that he thought that would be a great idea but that they would be starting with the base program first.

#### **Wellness Committee Report:**

Carol Cormier said that Monty Ladner and Dr. Spara would like to meet with the Steering Committee. She said they have a demo they would like to present to the Wellness Committee to review.

Maggie Downey said that the Wellness Committee Coordinators are Marie Buckner, Town of Sandwich; Beverly Haley, DennisYarmouth RSD, Paula Champagne, Town of Harwich; Hans Baumhauer, Nauset RSD; Carol Deen, Town of Mashpee and herself.

Ms. Downey said that the Committee was scheduled to meet on Friday and that they would be working on a report on the upcoming FY10 programs and feedback on the FY09 programs. She said that the unit grants were highly successful.

Skip Finnell asked if the Committee would be presenting a comprehensive report with statistics.

Maggie Downey said she is going to be asking the consultants to prepare these types of reports beginning in FY10. She said that the Committee would be presenting a less comprehensive report for FY09 to the Board in July.

Noreen Mavro-Flanders suggested including the MMA and other programs as well.

Debra Blanchette said that the Town of Barnstable was contacted by Enterprise News. asking why they were not participating in programs such as the Smoking Cessation Program.

Rich Bienvenue said that he would like to put together a CAFRA Report for CCMHG to capture the savings of the group.

#### **GBS Reports:**

*Funding Rate Analysis by Plan –*

Noreen Mavro-Flanders asked if Carol Cormier could email the GBS reports to the Steering Committee prior to the meetings. She requested in order to save on paper, that Ms. Cormier bring the last page of the Funding Rate Analysis and the Stop Loss reports to the meetings.

The Steering Committee agreed

Ms. Cormier said that she thought that was a good idea and would start with the next meeting.

Carol Cormier reviewed the funding rate analysis report through March and said that the percent of expenses to funding for the health plans is 92.6%.

Ms. Cormier said that the Dental plans' percent of expenses to funding is 88.7% for the Contributory plan and 94.4% for the Voluntary plan. She said the combined percent of expenses to funding is 90.4%.

Carol Cormier said that the COBRA subsidy cannot be done for CCMHG as a group due to government regulations. She said it will have to be processed separately for each unit. Ms. Cormier said that a COBRA notification letter is sent to the participants by GBS. Ms. Cormier said that participants are billed at 35% of the premium and the employer is billed for 65%.

Rich Bienvenue said that he would contact Maureen Leary of the GBS COBRA department.

*Stop Loss Reporting* –Karen Carpenter reviewed the stop loss report for FY08 and said there are thirty-seven members who had exceeded the stop loss specific deductible of \$150K with excess claims totaling \$3.15M. Ms. Carpenter said the Group received reimbursements of approximately \$1.59M. She said the group could expect to see additional reimbursements in the amount of \$918K.

Karen Carpenter reviewed the stop loss report for FY09 and said there were three claimants who had exceeded the stop loss specific deductible of \$150K with excess claims totaling \$627K with claims paid through March 2009. Ms. Carpenter said the aggregating specific deductible of \$500K needs to be met prior to being eligible to receive reimbursements. Ms. Carpenter said there were 14 claimants on the report of 50% with a total paid claims amount of \$4.09M.

**Request from Sandwich Water District:**

Carol Cormier reviewed the letter from Teresa Johnson, District Treasurer for the Sandwich Water District. Ms. Cormier said the Sandwich Water District would like to request the CCMHG Steering Committee to consider adding Chiropractic care to the HPHC plans, particularly the PPO plan.

Bill Hickey, Account Executive for HPHC said that a rider could be added to the plan(s).

Noreen Mavro-Flanders said that those who wish to have a chiropractic benefit have the option to enroll in the Blue Cross Blue Shield PPO plan.

Marie Buckner said that there is not enough time to add this benefit to the plan(s) for FY10.

Carol Cormier said that adding this benefit would be a bargaining item and could add an approximate cost of 1% to the plan.

Bill Hickey said that he did not think the chiropractic costs would warrant switching out of the Master Health Plus plan because the other plan benefits provided are so rich.

Skip Finnell made a motion to leave the plans as they are since there are other plans offered by CCMHG that include the chiropractic benefit.

Motion

Noreen Mavro-Flanders seconded the motion. The motion was approved by unanimous vote.

**Reinsurance RFQ:**

Carol Cormier said that GBS would be preparing to send out the RFQs and suggested that the Steering Committee stay with the current \$250K Specific Deductible level and \$500K Aggregate Specific Deductible.

After a brief discussion, the Steering Committee agreed to send out bids at the same deductible levels.

**Dependent Eligibility:**

Carol Cormier said that in 2007, new legislation mandated that carriers change the dependent age for eligibility to be to age 26 or two years following loss of federal tax dependent status whichever was the earlier. Based on a response from the Division of Insurance she said that it was determined that the state mandates did not apply to governmental employers that self-funded their health plans.

Ms. Cormier said that all of the Joint Purchase Groups originally made the decision to keep their dependent coverage age at 19 years of age or 25 years of age if still a dependent and a fulltime student. She said that CCMHG had said that it would revisit this decision. Ms. Cormier said that there have been several members with questions about why their children are not covered to age 26 and that they sometimes receive conflicting information when asking the health plans' Member Service Departments.

Suzanne Donahue, Account Executive for Blue Cross Blue Shield (BCBS), said that it is the employers responsibility to inform their employees about the dependent eligibility. Ms. Donahue said that BCBS only sends out student certification forms to those members of self-insured groups. She said that they terminate at age 26 for their normal book of business.

Bill Hickey said that HPHC does the same and said that the claims risk exposure for that age group is minimal.

Noreen Mavro-Flanders said she favored keeping the dependent eligibility as it is.

Skip Finnell made a motion to keep the dependent eligibility as is.

Maggie Downey seconded the motion. Dave Withrow abstained.

Motion
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The motion was passed by a majority vote.

Suzanne Donahue added that due to the new Health Reform Act there are several health plan options available through The Connector that are less costly than COBRA for those dependents seeking coverage.

**State Mandated Benefits:**

Carol Cormier said that she contacted Attorney Paul Mulkern and asked for his opinion with regard to the applicability of state benefit mandates to the self-funded health plans of the various municipal Joint Purchase Groups and municipal employers that are self-funding. She said his written opinion is in the Committee's meeting packet.

Ms. Cormier said Atty. Mulkern's argues convincingly that the state benefit mandates do not govern self-funded plans that are offered by Massachusetts governmental units pursuant to M.G.L. Chapter 32B. Ms. Cormier said that a new act relative to the Mental Health Parity Act is going to become effective on July 1, 2009 which adds four new conditions to the list of biologically-based illnesses. She said that it is Atty. Mulkern's opinion that the Group is not required to adopt this or any other state mandate that is on insurers and on the GIC but which does not specify Ch. 32B as falling under the mandate.

Ms. Cormier said that up to this date the BCBS law department has believed that the mandates do govern the municipal groups. Ms. Cormier said that she forwarded Attorney Mulkern's letter to Suzanne Donahue for BCBS's law department to review.

Suzanne Donahue said that BCBS law department is reviewing the information and will respond on this issue shortly.

Carol Cormier asked Suzanne Donahue not to add the mandates to the plans until after their review of additional information. The Committee agreed with this request.

Ms. Donahue agreed to comply with this request.

**Health Plan Reports:**

Suzanne Donahue, Account Executive for BCBS said that an administrative letter is published quarterly that she does not think is getting to the employers. She said that the Important Administrative Information is now available electronically and that employers can go to [www.bluecrossma.com/subscribe](http://www.bluecrossma.com/subscribe) to sign up to begin receiving it.

Bill Hickey, Account Executive for Harvard Pilgrim Health Care said the health fairs are going very well.

Nina Conroy, Account Executive from Delta Dental, said she is attending the Mashpee benefit fair later today. Ms. Conroy said that Provincetown has decided to offer the Voluntary Dental Plan for July 1, 2009.

Fred Winer, Account Executive for senior products at Tufts Health Plan said the attendance is higher than usual at the health fairs.

**Other Business:**

Bob Whritenour said he would entertain a motion to go into Executive Session to discuss litigation.

Skip Finnell made a motion to go into Executive Session to discuss litigation pertaining to the BCBS high cost claim.

Motion

Dave Withrow seconded the motion.

There was a roll call vote on the motion as follows:

- David Withrow, Town of Orleans - Yes,
- Bob Whritenour, Town of Falmouth - Yes,
- Debra Blanchette, Town of Barnstable - Yes,
- Marie Buckner, Town of Sandwich - Yes,
- Maggie Downey, Barnstable County - Yes,
- A. Francis "Skip" Finnell, Dennis-Yarmouth RSD - Yes,
- Susan Milne, Town of Yarmouth
- Noreen Mavro-Flanders, County of Dukes County - Yes,
- Gerry Panuczak, Town of Chatham - Yes

Mr. Whritenour asked the health plan representatives to leave the meeting at this time. He said that the Committee would not return to Open Session.

Bob Whritenour adjourned the Open Session meeting at 11:30 a.m. and declared the Committee to be in Executive Session.