

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

STEERING COMMITTEE

Tuesday, May 15, 2012 9:00 AM
Sandwich Municipal Office Building, Sandwich, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Tuesday, May 15, 2012 at the Sandwich Municipal Office Bldg., 16 Jan Sebastian Drive, Sandwich, MA. The following people attended the meeting:

Committee Members Present:

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| A. Francis (“Skip”) Finnell, Chair | Dennis-Yarmouth RSD |
| Marie Buckner | Town of Sandwich |
| Debra Blanchette | Town of Barnstable |
| Heather Harper | Town of Falmouth |
| Erin Orcutt | Cape Cod Regional THS |
| Gerry Panuczak | Town of Chatham |

Guests Present:

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| Richard Bienvenue | CCMHG Treasurer |
| Bill Fraher, CPA | CCMHG Auditor |
| Suzanne Donahue | Blue Cross Blue Shield of MA (BCBS) |
| Bill Hickey | Harvard Pilgrim Health Plan (HPHC) |
| Fred Winer | Tufts Health Plan (THP) |
| Carol Cormier | Group Benefits Strategies (GBS) |
| Karen Carpenter | Group Benefits Strategies (GBS) |

Skip Finnell, Chair, called the meeting to order at 9:10 a.m.

Approval of the Minutes of the April 24, 2012 meeting:

Marie Buckner motioned to approve the minutes of the April 24, 2012 meeting.

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| Motion |
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Debra Blanchette seconded the motion. The motion passed by a unanimous vote.

Treasurer’s Report

Treasurer Richard Bienvenue reviewed the financial statements (unaudited figures) as of March 31, 2012. He reported a Total Fund Balance of \$24,086,301, an increase of \$2M year-to-date. Mr. Bienvenue said that the March and April claims costs were high. He said there was a \$1.4M BCBS quarterly settle-up due to BCBS at the end of March. Mr. Bienvenue said that Carol Cormier advised him that there was a \$2M increase on the stop loss 50% report for March.

Suzanne Donahue noted that March was a 5-week month and said that there is an additional week of claim payments made to providers during 5-week months.

Rich Bienvenue reviewed the Income Statement and said that the \$1.6M of the Retiree Drug Subsidy (RDS) returned to the employers is reflected on the Statement.

Mr. Bienvenue distributed the draft financial audit report and said that the approximate \$970K difference between the audit report and the treasurers report reflects the Early Retiree Reimbursement Program

receivable adjustment. Mr. Bienvenue said that the lateness of the completion of the audit was due to his own scheduling issues and was not the fault of the auditor.

Independent Audit on the FY11 Financial Statements:

Bill Fraher reviewed the draft of the “FY11 audited Financial Statements and Management Discussion and Analysis with required supplementary information years ended June 30, 2011 and 2010”. He reported year-end Net Assets of \$22,742,937 which, he said was down 2.1% from the prior year. Mr. Fraher said the total unpaid claims and claims adjustment expenses at the end of year was \$13,988,759.

Mr. Fraher reviewed his two-page Trend Summary of Key Financial Information. Mr. Fraher said that the Cash and Investments went up by \$12.2M because of accrual timing issues. Mr. Fraher said that the Medicare Part D subsidy and Investment Income are responsible for the increase in the Total Assets.

Richard Bienvenue said that he thought the Retiree Drug Subsidy program would be ending.

Carol Cormier said that she was not aware of that and said she would look into it.

Mr. Bienvenue said that the history of actual versus estimated claims expense for ten years is on the last page of the audited statements. He said he noticed that there is an error on line 5 in the 2010 column. He said he gave Bill Fraher an incorrect figure and would correct it. He said the error does not affect the audit report figures.

Bill Fraher reviewed the Management Letter and said that he did not identify any deficiencies in internal controls over financial reporting that he considers to be material weaknesses. He said that despite the mitigating controls that the group has instituted, he said the potential internal control risks have not been reduced to an appropriate level.

Rich Bienvenue said that the group implemented additional controls such as a review of the bank statements by the Board Chair and the addition of the cash reconciliation report to the monthly financial reports.

Mr. Bienvenue said that the Steering Committee may want to look into a web-based accounting program that he has begun to use for some of his other clients. He said that access could be given to the Committee or a sub-committee. He said it would require some changes at Group Benefits Strategies. He said the cost is a minimum of \$250 to \$300 per month. Mr. Bienvenue said that the capabilities of the program can be reviewed at www.intact.com and www.bill.com.

Skip Finnell asked Mr. Bienvenue to bring additional information to the next meeting for discussion.

Mr. Fraher suggested adopting a more formal schedule for the year-end closing to avoid the lateness of future audit reports and the adjustments that were made following receipt of the year-end trial balance.

Mr. Bienvenue said that his timing was off this year and said that by the end of August he should be ready for the FY12 audit in September.

There was a discussion about improving the communication and timeliness of the audit process and suggested adding a timeline.

Skip Finnell asked Mr. Bienvenue to provide the Treasurer’s process and procedures at the next meeting.

Mr. Fraher said that the monthly warrant process be more formalized to include additional payments made after the warrant has been issued. He said that any payments made after the warrant is issued,

should be added to the following month's warrant for record keeping purposes and said that it should be signed with proper Committee approval.

Carol Cormier said that the dental claims are currently paid outside of the warrant process.

Rich Bienvenue said that it has been his practice to wait until the deadline to make the dental claims payments in order to earn additional interest for the group. He said that Delta Dental gives 90 days to make payment and pointed out that Delta holds onto a \$450K working capital deposit from CCMHG.

Carol Cormier suggested a review of the Warrant Summary at each Steering Committee meeting at which time the Committee can accept or question it. She said that the Committee sees the full Warrant sent by email at the time it is issued to the Treasurer.

The Steering Committee asked Bill Fraher to remove the comment about the Warrant and said that it is satisfied with approving the Warrant at the Committee meetings and the review of the Warrant by the Committee and the review of the bank statements by the Board Chair. The Committee also asked Mr. Fraher to edit the internal controls comment to include that written processes and procedures are now in place.

Rich Bienvenue said that the COBRA account was not reconciling due to the American Recovery and Reinvestment Act (ARRA) subsidy. He said that the subsidy has not been moved to the cash account. He said that a reconciliation report is done at each year end.

Carol Cormier said that Gretchen Grogan at Group Benefit's Strategies manages the COBRA administration. She said that she will speak to Ms. Grogan about getting the year-end report for FY11.

Bill Fraher said that on page vi, the blended funding rate increase number is highlighted and has not been confirmed.

Carol Cormier said that she would provide this number to Mr. Fraher.

Skip Finnell asked the auditor to send him and Rich Bienvenue a copy of the revised Management Letter to them prior to its finalization.

Mr. Fraher thanked the Committee and left the meeting.

GBS Reports:

Carol Cormier reviewed the Funding Rate Analysis with data through March 2012. She noted that the Harvard Pilgrim EPO was under-funded by \$58,423, but said the expense-to-funding ratio across all plans was 96.5%. Ms. Cormier said that the Delta Dental plan was sufficiently funded through the rates at a 90.2% expense-to-funding ratio.

Stop Loss Reports- Karen Carpenter said that there were no updates to report since the last meeting.

Carol Cormier said that Group Benefits Strategies met with Larry Croes, BCBS Vice President of Commercial Markets and Rob Stokes, Marketing Executive for Blue Benefit Administrators of MA (BBA), a subsidiary of BCBS, offering full-service self-funded medical plan third-party administration for BCBS plans. She said that the plan options provide access to 88% of doctors and 99% of hospitals across the country at significant savings. She said that the plan options are fully customizable at all levels, provide an independent third-party administrator and the cost structure is different, which allows BBA to have lower administration fees than BCBSMA. Ms. Cormier said that the Steering Committee might want to hear a presentation.

Dependent Eligibility Audit Proposals – References:

Carol Cormier said that, as requested by the Committee, she contacted three of the references provided by HMS Employer Solutions and received excellent reviews. Ms. Cormier said that she did a phone interview with Dutchess Educational Health Insurance Consortium (DEHIC), a group based in New York and similar to CCMHG, gave HMS an excellent review. Ms. Cormier said she received two emails that she forwarded to the Steering Committee. She said she also called Ann Ludlow at MIIA and said that she confirmed that MIIA expects to engage HMS to do both a dependent and a subscriber audit.

Skip Finnell said that two proposals were received and HMS submitted the lowest initial quote. He asked Ms. Cormier to ask a representative of HMS to attend the next Steering Committee meeting for a finalist interview.

Rich Bienvenue asked if the dependent audit satisfies the legislative requirement.

Carol Cormier said that the legislation is very vague and there are no regulations. She said she believes the proposed audit meets the requirement of the law as it pertains to dependent eligibility.

Skip Finnell said that a communication should go out to the Board to announce that the dependent eligibility audit firm interview is coming up. He said some of the members of the Board may be interested in attending that Steering Committee meeting.

Updates to the Strategic Plan:

The Steering Committee reviewed the recommendations made at the last meeting.

Debra Blanchette suggested edits that were not content related.

The Committee agreed to present the proposed plan to the Board at the July meeting.

Website re-design Proposal from Colewebdev:

After a brief discussion, Carol Cormier said that she would set up a first meeting with Josiah Cole and will notify the Steering Committee about the date so that those interested could attend. Rich Bienvenue offered to use a meeting room in his Brewster office for the location of the meeting.

Updates on implementing plan design changes for 7/1/12:

Carol Cormier said that she sent an email to the Board about the annual reporting requirement for governmental units that did not use Sections 21-23 in 2011-2012 to make changes to health plan designs. She said she sent a sample report with a Q&A that she received from Pam Kocher, Administration and Finance.

Erin Orcutt said that the Unfair Labor Practice Suit hearing is scheduled to be held in June.

Marie Buckner left the meeting.

Health Plan Reports:

Blue Cross Blue Shield of MA- Suzanne Donahue said that BCBS has completed setting up the new benefits and coding for the health plans effective July 1, 2012. She said that the Member Service Department is ready to assist the members and she said that Ruth Lynch, at GBS has provided the employers with the new plan group numbers.

Harvard Pilgrim Health Care (HPHC) – Bill Hickey said that the members who were charged incorrect copays for some of their diabetic supplies received letters and were reimbursed.

Mr. Hickey said that effective on the plan anniversary after August 1, 2012, the federal health reform is requiring women's preventative services to be provided without a copay to members and will also cover additional services such as voluntary sterilization and birth control pills without a copay.

The Steering Committee said that CCMHG should add these services when required by the health care reform, which for CCMHG is July 1, 2013.

Tufts Health Plan – Fred Winer said that the health fairs went very well and said that the informational meetings that Bill Hickey and Suzanne Donahue conducted helped to answer most of the employee questions prior to open enrollment.

The Steering Committee thanked Mr. Hickey and Ms. Donahue for all their help with the members.

Suzanne Donahue said that Debb Jardin, the Abacus Group, was very helpful as well. She said that the members were happy to hear about the alternative prescription drug program.

Other Business:

The next CCMHG Steering Committee meeting was scheduled for June 12, 2012 at 9:00 a.m. to be held at the Sandwich Municipal Office Building, Sandwich, MA.

There was no other business.

Heather Harper moved to adjourn.

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| Motion |
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Debra Blanchette seconded the motion. The motion passed by unanimous vote.

Skip Finnell adjourned the meeting at 11:42 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*