

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

STEERING COMMITTEE

Wednesday, May 25, 2011, 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 Wednesday, May 25, 2011 at the Sandwich Municipal Office Building, 16 Jan Sebastian Drive, Sandwich, MA. The following people attended the meeting:

Committee Members Present:

A. Francis (“Skip”) Finnell, Chair	Dennis-Yarmouth RSD
Noreen Mavro-Flanders, Board Chair	County of Dukes County
Marie Buckner	Town of Sandwich
Debra Blanchette	Town of Barnstable
Heather Harper	Town of Falmouth
Gerry Panuczak	Town of Chatham

Guests Present:

Rich Bienvenue, CPA	CCMHG Treasurer
Kate Sharry	Enrollment Audit Solutions (EAS)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Nina Conroy	Delta Dental of MA
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Skip Finnell, Chair, called the meeting to order at 9:05 a.m.

Approval of the Minutes of the April 27, 2011 meeting:

The April 27, 2011 minutes were not available.

Dependent Eligibility Audit – Kate Sharry, Enrollment Audit Solutions (EAS):

Skip Finnell introduced Kate Sharry from Enrollment Audit Solutions (EAS) and said that her company provides independent dependent eligibility audits to their clients to save money by identifying ineligible dependents.

Kate Sharry said that EAS was founded by herself and Mike See in response to the growing need to contain health care costs. Ms. Sharry said that the industry average shows that between 3% to 5% of the dependent population is ineligible for coverage. Ms. Sharry said that completing an audit will reduce stop loss risk and save claims and premium costs for CCMHG. Ms. Sharry reviewed the audit results and savings achieved by a few past clients. She said that the City of Somerville savings totaled approximately \$1M. Ms. Sharry said that future legislation, if passed may require eligibility audits regularly.

Noreen Mavro-Flanders asked Ms. Sharry if the number of ineligible dependents is expected to remain as high with the new eligibility rules requiring coverage for adult children to age 26.

Ms. Sharry said that the numbers may decrease a little, but said that she finds that there are a number of ex-spouses and grandchildren that are ineligible to be covered. Ms. Sharry said that the audit will not include retirees unless they have a dependent on their plan. She said that this audit is specific to dependents of employees on a family or single parent/single child plan.

Ms. Sharry said that a time line would be established and three to four letters would be sent out during the audit process. Ms. Sharry said that the letters can be customized and suggested that one of the letters be sent from the town or unit to the members notifying them about the upcoming audit. She said that members would not recognize the EAS name, but if the units give them a heads-up that the audit is coming and who is conducting it, there would be a better response. Ms. Sharry said that copies of documents will be requested to verify the eligibility, and she described the documents. Ms. Sharry said that an independent audit is confidential and easy on the employer. Ms. Sharry said that MGL Chapter 32B, Section 6 states that the employer can ask for copies of the documents for eligibility purposes. She said that a copy of this section of the law is included in the letters sent to the members.

Ms. Sharry said that she will report the progress of the audit as well as giving a final report. Ms. Sharry said that at the conclusion of the audit all documents will be returned to the employers for their records.

Skip Finnell said that the Committee will need to present this to the Board for its approval and asked Ms. Sharry what it would cost to conduct the audit.

Ms. Sharry said that the cost is based on number of dependents and so would be approximately \$85K. She said that EAS's fee is guaranteed to save three times the cost of the audit.

Gerry Panuczak asked if the cost of the audit is subject to a bid process.

Rich Bienvenue said that he was unsure if municipalities were subject to the bid process of 30B.

Skip Finnell said that it would be a good practice to follow it.

Kate Sharry said that she has names of companies that do these types of audits.

The Committee agreed that it would be beneficial to CCMHG to hire an independent auditor to complete a dependent eligibility audit. It was mentioned that several department heads have been wanting to do this in their towns.

Noreen Mavro- Flanders motioned to propose that the Board approve to move forward with an RFP for purpose of conducting a dependent eligibility audit.

Motion

Marie Buckner seconded the motion.

There was a discussion about when would be the best time to begin the audit. It was decided that a January start date would allow time for the bid process, to meet with the Benefit Administrators and send out a introduction letter from the towns.

Carol Cormier asked Ms. Sharry to prepare a brief presentation that Ms. Cormier could present to the Board. She said that if EAS is chosen to complete the audit, that they would like her to present her proposal to the Board.

A vote was taken on the motion, and it passed unanimously.

Treasurer's Report:

Treasurer, Rich Bienvenue, CPA reviewed the financial statements through March 31, 2011 (unaudited figures). He said that the total operating cash was \$20.3M which was down almost \$694K from this time last

year. Mr. Bienvenue said that the Health Trust Fund Balance was \$23.3M at the end of March 31. He reported assets at \$34.2M and liabilities of \$10.8M. Mr. Bienvenue reported Reinsurance Receivables of \$317K.

There was a discussion about the possibility of paying out another year of Retiree Drug Subsidy (RDS) reimbursements to the employers. The Committee said that it wanted to review the financial reports in September before making a recommendation to the Board.

Debra Blanchette made a motion to accept the March 31, 2011 financial reports.

Motion

Heather Harper seconded the motion. The motion passed by unanimous vote.

Gerry Panuczak said that a distribution policy for the investment earnings was discussed at the April meeting, but he said that it was found that it was not necessary due to the way the investments are set up.

Skip Finnell asked Mr. Panuczak to put this information in writing for the Board meeting.

State legislative proposals for municipal health benefits reform:

Skip Finnell said that he and Noreen Mavro-Flanders have been working with Carol Cormier to communicate to the Senators and Representatives to add Joint Purchase Groups (JPGs) into the municipal health reform bill. Mr. Finnell said that letters were sent to the House members and Representative Randy Hunt phoned him to say that he is going to be a champion for the JPGs. He said that Noreen Mavro-Flanders has been speaking with Senator Wolf on the subject and said that they now have the attention of both those offices. Mr. Finnell said that the letter drafted to the legislators has been sent out to all of the Joint Purchase Group Board Chairs with a request to send to their legislators.

Kate Sharry left the meeting.

Carol Cormier said that the House budget bill included JPG language, but the Senate bill did not. Ms. Cormier said that there are 235 employers in JPGs and that cannot be ignored. Ms. Cormier said that she proposed three key points to Senator Murray's office yesterday morning.

The Committee asked that the letter be sent out to all of the CCMHG entities with a request to send it to their legislators.

Ms. Cormier said that the Senate is expected to give their bill to the House today and then it will be referred to the Conference Committee. She said that Senator Steve Brewer is the Chair of the Committee.

Heather Harper asked if a change of benefits is expected following the passing of the bill.

Carol Cormier said that she did not expect to see any changes immediately, but stated that this matter would be up to the Board to vote on. She said she thought it might be feasible for July 1, 2012 or perhaps for January 1, 2012.

Heather Harper said that the wellness programs offered by CCMHG do have an impact to the rising health care costs and said she would not like to see them discontinued if forced to go to the GIC. Ms. Harper said that she knows of 4 members of the Town of Falmouth who quit smoking with the help of the CCMHG Wellness Smoking Cessation program that have remained smoke-free for over a year.

Skip Finnell asked the Committee to copy Carol Cormier about any news on union or IAC meeting opinions.

Marie Buckner said that she would ask those who spoke at the IAC meeting for their permission prior to repeating any comments made.

Wellness Committee Report:

Marie Buckner said that Dr. Robert Flaherty, who facilitates the HIP Wellness Program, will not be leaving the area as previously planned. She said that he has definite ideas on how to tweak the programs and a plan of action.

Ms. Buckner said that during a wellness screening session that Deanna Desroches organized, a member was encouraged to see his physician. She said that an aneurysm was found and a more serious situation was prevented.

Noreen Mavro-Flanders suggested that a list of the wellness program accomplishments and testimonials should be put together. She said that the results should be published to make people aware of how good the programs are and how they are saving health care costs.

Marie Buckner said that the Wellness Committee is looking at customizing the programs according to the needs of each entity, since one size does not fit all. She said that the wellness program budget will not be ready until July.

GBS Reports:

Funding Rate Analysis – Carol Cormier said that per the request of the Committee, the summary page of the Funding Rate Analysis is included in the packet. She said that the HPHC EPO continues to be under-funded and needs to be monitored. Ms. Cormier said that Mr. Hickey previously stated that it was due to several members with claims exceeding \$50K.

FY12 Reinsurance RFQ – Carol Cormier said that the reinsurance RFQ went out, and quotes are due on June 2nd.

Stop Loss Reports- Ms. Carpenter reviewed the FY11 Stop Loss report with claims paid through April and said that there are 7 claimants that have exceeded the deductible. She said the total paid claims on these seven members is \$3.38M. Ms. Carpenter said that the \$500K Aggregating Specific Deductible has been met. Ms. Carpenter said that reimbursements of \$357K are due the group. Ms. Carpenter said that there are 25 claimants that have reached 50% of the deductible with claims totaling \$5.09M.

Update on letter to BCBS regarding state mandates:

Carol Cormier said that John Coughlin, Vice President, BCBS told her that an attorney from the BCBS law department contacted the Attorney General's (AG) office and was told that they the AG's office would continue to stand by its policy requiring BCBS to add mandates to all municipal plans. Ms. Cormier said that she asked Mr. Coughlin who they spoke with at the AG's office and asked him to send her a copy of the policy that he referred to. She said that he told her that the person they spoke with at the AG's office was not an official contact. Ms. Cormier said that she would send Attorney Paul Mulkern's letter with his opinion on this topic to Mr. Coughlin.

Adult Child Eligibility and coverage of dependents of dependents:

Carol Cormier said that BCBS will not administer the dependent eligibility as voted by the CCMHG Board. She said that it will be up to the Benefit Administrators at the time of enrollment to communicate to the employees that grandchildren of employees are not eligible for coverage. Ms. Cormier said that they can print off the PPACA Q & A where it states that it is not required.

CCMHG Website revisions:

Noreen Mavro-Flanders said that she had offered to help Erin Orcutt work on this and said that there was not anything new to report at this time.

Distribution of the 2007 Retiree Drug Subsidy (RDS) Update:

Carol Cormier said that she gave Ruth Lynch, GBS Enrollment Manager, a copy of the distribution list to prepare the reimbursements for the next CCMHG warrant.

May 26th meeting with the BCBS executives:

Suzanne Donahue said that John Coughlin will have an agenda prepared for the meeting and said that the main focus would be affordability and the issues raised by CCMHG. Ms. Donahue said that Noreen Mavro-Flanders, Skip Finnell and Carol Cormier have been invited to the meeting with BCBS President & CEO Andrew Dreyfus and Vice President John Coughlin. She said that it will be a good opportunity to get to know one another and discuss the good works of CCMHG.

Health Plan Reports:

Blue Cross Blue Shield- Suzanne Donahue distributed the BCBS Annual Report and said that she would review it at a meeting when there are fewer items on the agenda. Ms. Donahue said that in an effort to deliver more affordable products to the BCBS accounts and members, BCBS will change the way it reimburses members for services received from non-participating ambulance companies. She said that the benefits are not changing, however instead of paying the non-participating ambulance provider, BCBS will reimburse the member who in turn will be responsible to pay the ambulance service. She said that this will not affect municipal ambulance services with the exception of those that contract with a 3rd party billing company. Ms. Donahue said that BCBS hopes to encourage non-participating providers to contract with BCBS, therefore charging more reasonable rates. She said that some of these providers charge up to 5 times the normal cost. Ms. Donahue said that the check to the member will have a letter attached that instructs them to pay the provider directly.

Rich Bienvenue said that the reason that some municipalities contract with a 3rd party billing company is because their collection rates are higher than when billed by the municipality.

Harvard Pilgrim Health Care- Bill Hickey said that HPHC has been concentrating on preparing for the health care changes and requirements.

Delta Dental- Nina Conroy said that the health fairs went extremely well and thanked Bill Rowbottom of BCBS for coordinating the fairs locations and dates across the health and dental plans. She said that he did an excellent job. Ms. Conroy said that Deb Jardin from myMedicationAdvisor® attended several fairs and was very interactive. Ms. Conroy said that EyeMed reps attended a few fairs. She said that some of the units combined their health fairs and that it worked out well. She said that there are a few smaller units that would benefit from doing this as well and that the plan representatives will encourage this next year.

Other Business:

In addition to Steering Committee meetings previously scheduled for June 22 and July 27, a Committee meeting was scheduled for August 24th at 9:00 a.m. in the Sandwich Municipal Office Building. The Committee noted that it would cancel the August meeting if not needed. The annual Steering Committee meeting on Martha's Vineyard was scheduled on September 20th, time and location to be determined. A Board and Steering Committee meeting was scheduled for October 26th to be held at COMM Fire District at 8:30 a.m. and 9:30 a.m. respectfully.

There was no other business.

Debra Blanchette made a motion to adjourn.

Motion

Marie Buckner seconded the motion.

Chair, Skip Finnell adjourned the meeting at 11:20 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*