

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

STEERING COMMITTEE

Wednesday, May 26, 2010, 9:00 AM
Town of 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 26, 2010 at the Town of Sandwich Municipal Office Bldg., 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
Dave Withrow	Town of Orleans
Marie Buckner	Town of Sandwich
A. Francis (“Skip”) Finnell	Dennis-Yarmouth RSD
Gerry Panuczak	Town of Chatham
Debra Blanchette	Town of Barnstable
Maggie Downey	Barnstable County
Sue Milne	Town of Yarmouth

Guests Present:

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

Robert Whritenour, Chair, called the meeting to order at 9:05 a.m.

Minutes of the April 28, 2010 meeting:

Noreen Mavro-Flanders motioned to approve the minutes of the April 28, 2010 meeting.

Skip Finnell seconded the motion. Dave Withrow abstained.

The motion passed by majority vote.

Motion

Independent Auditor’s Report on the FY09 financial statements:

Rich Bienvenue, CCMHG Treasurer introduced Bill Fraher, CPA and said Mr. Fraher would review the FY09 financial statements.

Bill Fraher reviewed the final draft of the “FY09 audited Financial Statements and Management Discussion and Analysis with required supplementary information years ended June 30, 2009 and 2008”. He reported year-end Net Assets of \$18,227,222 which, he said was up 20.5% from the prior year. Mr. Fraher said the total unpaid claims and claim adjustment expenses at the end of year was \$13,490,965.

Mr. Fraher reviewed his two-page Trend Summary of Key Financial Information. Mr. Fraher said that the Cash and Investments has remained stable and noted that there was a Premium Holiday given in 2008. Mr. Fraher said that it is difficult to estimate the Medicare Part D subsidy and said that the receivables are adjusted at year end with the actual amount of subsidy received. Mr. Fraher said that the Operating Expenses have not varied too much over the past five years.

Mr. Bienvenue said that the Medicare Part D receipts are now reported on the last page of the financial statements each month.

Mr. Fraher said that there is nothing new reported in the Management Letter.

Town of Orleans Audit Issue:

Mr. Bienvenue said that Dave Withrow contacted him regarding GASB reporting. Mr. Withrow said that the Town's auditor believes that GASB45 should be reported by CCMHG and not by each individual entity.

Mr. Bienvenue said that he brought the book on GASB reporting standards.

Mr. Fraher said that the Governmental Standards Accounting Board sets the GASB regulations and said that GASB#43 & #45 are new mandates. Mr. Fraher said that the financial statements will need to reflect the benefit amount over the career of the employee. Mr. Fraher said that an actuary needs to determine the amount and said that the liability will need to be amortized over 30 years.

Dave Withrow said that the Town of Orleans financial reports have been issued without the GASB liability portion. Mr. Withrow said that 22A of the GASB regulations define what constitutes a group and said that GASB would not arbitrate an issue but said that the answer lies in 22A.

Mr. Bienvenue said that the problem lies in the definition of what is an OPEB plan. He said that CCMHG is not an OPEB plan and said that there is nothing in the Joint Purchase Group Agreement stating liability or a fund set up for it. He said since CCMHG is not an OPEB plan it has no GASB45 liability.

Mr. Fraher said that he spoke to Eric Burmen, Deputy Controller of the State to find out how this was handled for governmental entities that purchased insurance through the state's Group Insurance Commission (GIC). He said that the individual cities and towns have liability for OPEB and not the GIC. Mr. Fraher said that he also contacted three other major audit firms and said all say the liability lies with each city and town.

Mr. Bienvenue said that he recommends slightly modifying the CCMHG audit report to state that the CCMHG is not an OPEB plan.

Mr. Withrow said that Mr. Craven, the auditor for the Town of Orleans, would welcome an opportunity to present his opinion to the Steering Committee. Mr. Withrow said that he did not expect the Committee to solve the issue, but said that any suggestions are welcome.

Sue Milne said that she would be attending the Government Finance Officers Association (GFOA) meeting and said that she would bring up this issue to them.

Bob Whritenour thanked Mr. Fraher for researching the OPEB issue and said that he is confident that the CCMHG and its units are following the correct accounting standards.

Treasurer's Report:

Rich Bienvenue, CPA, Treasurer, distributed and reviewed the financial reports through February 2010 (unaudited figures). He said the Fund Balance at the beginning of FY10 was \$13.77M and increased by \$3.89M by the end of February. Mr. Bienvenue said he'll make another adjustment to the IBNR on the March 31, 2010 statements which will bring the calculation down to approximately 0.8 of an estimated month of claims. Mr. Bienvenue said the IBNR adjustment will increase the Fund Balance by about \$1M.

Investment Committee Report:

Skip Finnell said he wanted to clarify that when the Rockland Trust investment managers asked the Committee if they would like to consider establishing a percentage goal or dollar amount for the funds to meet, that they were not making a recommendation to do so. Mr. Finnell said that they have other clients that do this and wanted the group to be aware that it was an option available.

Mr. Finnell said that the next Investment Committee meeting has not been set yet.

Wellness Committee Report:

Marie Buckner said that the Wellness Budget will be ready for the June meeting and said that the Committee met recently. Ms. Buckner said that Dr. Michael Follick and Linda Loiselle from The Abacus Group would like to do an outreach to the CCMHG members to increase participation in the Diabetes Rewards Program. Ms. Buckner said that they will be offering a \$25 sign-up bonus and will also be speaking to physicians on the Cape in June. Ms. Buckner said that those who are already enrolled are completing the requirements.

Ms. Buckner said that the Wellness Committee is looking at ways to enhance the current programs and said that they are looking at ways to individualize the programs for each unit.

Sue Milne asked if there is a diabetes program available to non-members.

Marie Buckner suggested that Ms. Milne contact Linda Loiselle who may be able to help direct her to a program.

Skip Finnell said that the Committee may want to do a post-program follow-up with the program participants.

Bill Hickey said that he would like to bring in some people from HPHC to present some customized programs that may work with the wellness programs offered by CCMHG.

Noreen Mavro-Flanders said that Judie Jardin and Deanna Desroches may want to come to that meeting to hear the HPHC presentation. It was agreed that this would be scheduled for the June Steering Committee meeting.

GBS Reports:

Carol Cormier noted that the usual reports were in the Steering Committee packet but noted that the paid claims were higher than the funding in March and April for the Harvard Pilgrim EPO and Network Blue plans.

Ms. Cormier said that she asked Suzanne Donahue to go back to BCBS to see if the Level Monthly Deposit (LMD) could be lowered to \$8.5M.

Bill Hickey said that he would bring the HPHC proposed LMD to the June meeting.

CCMHG Strategic Plan:

Bob Whritenour said that he would like to recommend that the Strategic Plan be adopted.

Carol Cormier said that the Committee may want to re-word A, 2b to read “increase active employee enrollments in Rate Saver plans by 20% or more over the next 2 years.”

Bob Whritenour said that “and develop tools to measure participation” should be added to 1a.

Debra Blanchette suggested taking the “a” out of “Create a rewards programs” under Goal 1, A1.

Bob Whritenour said that Goal number 5 should read “Continue to distribute the list of CCMHG Section 18 adoptees.

Noreen Mavro-Flanders said that under Goal number 3, the Committee should consider adding “Phase out inefficient indemnity plans to better utilize health care dollars.” Ms. Mavro-Flanders also said that under Goal number 1, “at risk” should be removed.

Ms. Mavro-Flanders asked that the Strategic Plan be added to the next meeting agenda in June for a vote by the Steering Committee to recommend approval by the Board in July. Ms. Mavro-Flanders suggested sending a draft of the plan with the July Board Meeting Agenda.

Skip Finnell suggested a separate mailing or e-mailing so that it would be more prominent.

The Committee agreed that a separate mailing was indicated.

Early Retiree Reinsurance Program of the Affordable Care Act:

Early Retiree Reinsurance Program-

Carol Cormier said that a new employer reimbursement program for early retirees is going to be established by the U.S. Department of Health and Human Services (HHS) as part of The Affordable Care Act. Ms. Cormier said that money will be available on a first come first serve basis, and she said that GBS is working with the health plans to stay on top of the regulations and what will be required to apply for the program. Ms. Cormier said that GBS has asked the employers to review a list provided by GBS of their employees between the ages of 55 through 64 and to update their employment status. Ms. Cormier said that applications can be submitted starting at the end of June. Ms. Cormier said that GBS will need to charge a fee for filing the applications and a fee for Account Management and will make a proposal once the scope of work is known. She said GBS is going forward with the work assuming that the Group will want to apply. This was confirmed by the Committee.

Ms. Cormier said that applicants will be required to prove that they offer chronic disease and wellness programs and make an estimate of the dollars it expects to receive.

Ms. Cormier said that it is unclear if and how the reinsurance policy will be affected by this program. She said that she was told it would not affect the FY11 policy or premiums.

Discussion about the expansion of eligibility to include adult children:

Carol Cormier said that the Affordable Health Care Act includes a federal mandate to allow adult children up to age 26 to remain on their parents’ health plan regardless of the adult child’s marital or student status unless they are offered health insurance from their own employer. Starting in 2014 even if the adult child has an offer of insurance from his/her own employer, he/she will be eligible for the parent’s plan. Ms. Cormier said that the mandate is effective on plan anniversary after September 23, 2010 which means July 1, 2011 for CCMHG.

Ms. Cormier said that some of the health plans are adopting a modified version of this mandate earlier than required and said that there are at least three options that the CCMHG has. Ms. Cormier said that they can do nothing and wait until the law takes effect on July 1, 2011, allow currently enrolled graduating seniors to stay on the family plan until age 26 and then the law will take full effect on July 1, 2011, or adopt the federal mandate early such as on July 1, 2010.

There was a discussion about the repercussions of each option.

Skip Finnell made a motion to recommend to the Board that CCMHG wait until the law requires the change effective on July 1, 2011.

Motion

Noreen Mavro-Flanders seconded the motion. The motion was passed by a majority vote.

BCBS Contract Proposed Language Amendment:

Suzanne Donahue said that BCBS has no system capabilities to reply with the CCMHG's request regarding certain reporting for reinsurance purposes.

Bob Whritenour said that the Group is pleased with the service that Suzanne Donahue provides on behalf of BCBS and said that he does not want to put her in the middle. Mr. Whritenour asked if she could put the Committee in touch with the proper people at BCBS to speak with about the proposed language.

Suzanne Donahue said that if BCBS receives a list of claimants towards the end of a policy period, that they would be able to check for claims that may become an issue. Ms. Donahue said that there is no way to check for pending claims. Ms. Donahue said that the CCMHG's move to extend the reinsurance policy run-out period to 24 months is a good way to avoid possible issues.

Noreen Mavro-Flanders asked if BCBS could run a report on those claims that have been rejected and are in the system to be reprocessed.

Bill Hickey said that there is no indicator which could be used to tell if there are pending claims, only received. Mr. Hickey said that the health plans would need to know the claimants' identities.

Carol Cormier said that there may be a system process that could identify if there is a certain claim or withdrawal over a certain dollar amount and the health plan could let the group know. Ms. Cormier said she receives notifications from Tufts of that nature.

Bob Whritenour said that he would like to see an acknowledgement of the reinsurance contract periods by the health plans.

Health Plan Reports:

Harvard Pilgrim Health Care (HPHC)-

Bill Hickey, Account Executive for HPHC said that the MA Division of Health Care Finance implemented regulations to fund the Department of Public Health's Pediatric Immunization Program through insurers and employers since the state did not have the money to pay for it. Mr. Hickey said that the health plans are adding the assessment based on a surcharge percentage of 1.56% of claims payments made from January 1 through May 31st. Mr. Hickey said that the assessment amounts are listed on the letter included in the packet. He said that the total amount does not have to be paid all at once.

Blue Cross Blue Shield (BCBS)-

Suzanne Donahue, Account Executive for BCBS said that the Pediatric Immunization Program surcharge was added onto the Uncompensated Care Pool surcharge so that CCMHG has been paying the Immunization program surcharge with its claims payments from January – May 2010.

Tufts Health Plan-

Fred Winer, Account Executive for Tufts Senior Products said that he attended many of the CCMHG health fairs. Mr. Winer said that it seemed like more employees were interested in the Rate Saver plans than last year.

Delta Dental –

Nina Conroy, Account Executive for Delta Dental said that Delta is complying with the new federal eligibility mandate for the fully insured side of its business. Ms. Conroy said that they can do that for CCMHG if it would like.

Other Business:

Bob Whritenour thanked all of the health plan account executives for the time they spent attending and managing the CCMHG health fairs and said that they did a great job.

There was a discussion about regionalizing next year's health fairs.

Skip Finnell motioned to adjourn the meeting.

Motion

Marie Buckner seconded the motion. The motion passed by unanimous vote.

Chair Bob Whritenour adjourned the meeting at 11:50 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*