

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

STEERING COMMITTEE

Wednesday, August 10, 2011, 9:00 AM
COMM Fire District, Centerville, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, August 10, 2011 at the COMM Fire District, Centerville, 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
Heather Harper	Town of Falmouth
Maggie Downey	Barnstable County
Erin Orcutt	Cape Cod Regional THS
Debra Blanchette	Town of Barnstable
Susan Milne	Town of Yarmouth
Gerry Panuczak	Town of Chatham

Guests Present:

Sharon Lynn	Town of Provincetown
Pam Hudson	Town of Provincetown
Linda O’Brien	Town of Provincetown
Joyce Mathews	Town of Provincetown
Cynthia Slade	Town of Truro
Dawn Rickman	Town of Wellfleet
Marc Dupuis	Town of Falmouth
John Martis	Town of Falmouth
Sheila Vanderhoef	Town of Eastham
Joan Plante	Town of Eastham
Deb Heemsoth	Town of Dennis
Anne Clancy	Town of Dennis
Karen Wallen	Mashpee Water District
Susan Stoltz	Barnstable Fire District
Robert Cecil	Barnstable Fire District
Judy Sprague	COMM Fire District
Mary McIssac	Town of Harwich
Charles Fuller	Barnstable Fire Prudential Committee member
Steve Whitmore	Barnstable Water District
Beverly Haley	Dennis-Yarmouth RSD
Larry Azer	Dennis-Yarmouth RSD
Lisa Vitale	Town of Brewster
Robert Howard	Bourne Recreation Authority
Joyce Mason	Town of Mashpee
Renie Dumont	Nauset Regional School District
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Suzanne Donahue	Blue Cross Blue Shield (BCBS)

Fred Winer
Carol Cormier
Karen Carpenter

Tufts Health Plan (THP)
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Skip Finnell, Chair, called the meeting to order at 9:00 a.m. and asked everyone present to introduce themselves. Mr. Finnell said that the meeting would break at 10:30 a.m. to take questions from the audience regarding the new Municipal Health Reform Legislation. He asked that the questions and answers be limited to 2 minutes each so that all present could have the opportunity to speak. Mr. Finnell said that the Steering Committee would be addressing other issues prior to the legislation agenda item.

Harvard Pilgrim Health Care Coordination of Benefits claims issue:

Carol Cormier said that Bill Hickey sent her an email regarding claims that a CCMHG member incurred during 2009 and 2010 totaling \$331,654.84. She said that Boston Healthnet received and paid all of the claims at that time, not knowing that the member had insurance through HPHC/CCMHG. Ms. Cormier said that Healthnet subsequently found that HPHC was the primary payer. She said that Mr. Hickey informed her that if CCMHG had been a fully insured account, HPHC would have honored the claims outside of the filing limit due to extraordinary circumstances. Ms. Cormier said that HPHC is requesting that CCMHG approve payment of the claims. Ms. Cormier said that most of the claims were incurred during 2009, and if they had been processed correctly, approximately \$81K would have been eligible for reimbursement through the CCMHG reinsurance policy.

Skip Finnell suggested approving payment of the claims minus the \$81K that would have been reimbursed by the reinsurance policy.

Maggie Downey made a motion to approve payment of the claims minus the amount that would have been recovered by the reinsurance policy.

Motion

Sue Milne seconded the motion. The motion passed by unanimous vote.

Dependent Eligibility Audit:

Carol Cormier said that the new legislation requires that municipalities conduct a health plan eligibility audit not less than once every two years. Ms. Cormier said that a typical cost per subscriber is approximately \$9 per subscriber.

Bill Hickey joined the meeting.
Gerry Panuczak joined the meeting.

Ms. Cormier said that she had sent the Committee the email she used to solicit quotes for a dependent eligibility audit for the Berkshire Health Group. Heather Harper suggested adding that in addition to cost, the qualifications and experience of those submitting bids would be considered during the evaluation process.

The Steering Committee agreed with Ms. Harper.

Carol Cormier said that she may solicit bids from 4 to 5 companies due to the size of the Group.

The Steering Committee decided that the best time to conduct the audit would be during September, October and November of 2012

Skip Finnell briefed Bill Hickey about the decision made by the Steering Committee regarding the HPHC claim issue.

Mr. Hickey said that Healthnet and the hospital did not have any knowledge that HPHC was involved. He said that the provider may try to bill the member for the \$81K since they will not be paid that amount from CCMHG. He said that HPHC will try to prevent that from happening.

FY13 Rate Development schedule:

Carol Cormier reviewed the draft timetable for developing and implementing plan design changes under the new Mass. Municipal Health Reform legislation and said that CCMHG may want to finalize the FY13 rates by January 25, 2012 since the rate projections will constitute the basis for the required calculations of savings. She said that the rates may come in higher than if done in March, but said that would work in the employee's favor in terms of the required mitigation proposal

Maggie Downey made a motion to approve the timetable guidelines for developing and implementing plan design changes.

Motion

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

CCMHG & BCBS Letters to the Attorney General regarding MA Mandates update:

Skip Finnell said that the Attorney General's office has not replied to either BCBS or CCMHG regarding whether or not self-funded plans administered by BCBSMA are required to follow MA Mandates. Mr. Finnell said that John Coughlin, VP of BCBS was told by a person at the AG's office, who was familiar with both letters, that the Health Care Division does not issue opinions and he did not know who would be able to answer the question. Mr. Finnell said that Mr. Coughlin was told that the AG's office will consider referring the letters to the Government Bureau for response, but was unsure if that was the appropriate department.

Mr. Finnell said that the Committee may be asking all of the CCMHG units to contact their legislators.

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

Noreen Mavro-Flanders motioned to approve the minutes of the July 27, 2011 meeting.

Sue Milne seconded the motion. The motion passed by unanimous vote.

Motion

Municipal Health Reform Legislation:

Ms. Cormier gave an overview of the new legislation, i.e. amendments to Chapter 32B that give municipalities an expedited bargaining process outside of Ch. 150E to make plan design changes to the level of the Group Insurance Commission's (GIC's) benchmark plan. She also said that the legislation outlines the process to move to the GIC if a municipality can prove savings greater than 5% over what the municipality would save by making plan design changes on its own or, in this case, through the CCMHG.

Carol Cormier said that she prepared a first draft comparison of benefits of the CCMHG health plans with the Tufts Navigator plan, the GIC benchmark plan, and added a proposal for plan design change. She said that the legislation is requiring the GIC to announce the benchmark plans each year.

Ms. Cormier said that a draft copy of the proposed regulations are included in the packet and said that she mailed a letter with comments to the Secretary, Executive Office of Administration and Finance (A&F). She said that the A&F is reviewing all comments received and the emergency regulations should be out soon. Ms. Cormier said that she asked A&F to address two areas of concern that will affect municipal joint purchase groups. Ms. Cormier said that in the case of an employer that does not have a tiered network plan, such as CCMHG, she asked for clarification of which co-pay tier of the benchmark plan the group may replicate while using the expedited bargaining process. She said that the CCMHG plans do not have tiers and the Cape Cod hospitals are in the highest co-pay tier of the benchmark plan. Ms. Cormier said that the legislation instructs those with tiered plans to use tier 2 of the benchmark plan for calculating savings so she said she thinks that this may be determined to be the level to which employers can adjust their benefits. She said that another area of concern is what to do if some of an employer's or Group's co-pays exceed some of those of the GIC's benchmark plan while others do not.

Ms. Cormier reviewed the CCMHG health plans with the GIC benchmark plan on the comparison chart she provided in the packet. She said that the CCMHG Rate Saver plans are close to the current GIC benchmark plan except that the Rate Savers do not have a front-end deductible. Ms. Cormier said that she suggested a proposed design for each of the Rate Saver plans to make them like the GIC benchmark plan. She said that she split the benchmark plan 2 tier hospital copay (\$300 and \$700) to \$500 and said that the current Rate Saver prescription and emergency room co-pays are higher than those of the benchmark plan. Ms. Cormier said that "Plan 1" would create one set of plans with no provider tiering, reduced prescription and emergency room co-pays to the benchmark plan levels and would bring all other benefits close to the GIC plan levels. Ms. Cormier said that she is proposing that the Master Medical plan maintains its current coinsurance levels, add the GIC front-end deductible and bring the co-pays up to the GIC level. Ms. Cormier said that the deductible only applies to certain services and reviewed the HPHC and BCBS services that are subject to the deductible.

Ms. Cormier reviewed "Plan 2" and said that it was the same as Plan 1, but kept the higher prescription and ER co-pays for those governmental units that had, through bargaining, eliminated the Legacy plans. She said that the HPHC decrements are shown, and said that she is waiting to receive the BCBS decrements.

Bill Hickey said that HPHC has significant issues with offering a plan that has both the hospital co-pay and a deductible on the same plan. He said that they do not have a mechanism to charge this way. He added that HPHC does administer the GIC plan with both deductible and copay but said it was problematic. Mr. Hickey said he would follow up on this and get back to the CCMHG when he has more information.

Carol Cormier said that she will be sending the employers a survey to fill out regarding collective bargaining agreements that specify dollar amounts of copays and deductibles.

Carol Cormier reminded the Committee about the myMedicationAdvisor® program and the savings available to members through that program. She said that this type of plan is not offered by the GIC and neither are wellness programs. She said that the CCMHG wellness programs are an excellent employee benefit and are allowable features of a mitigation plan under the new legislation.

Ms. Cormier spoke about the mitigation proposal that needs to be submitted as part of the proposal to change the plan design. She said that in addition to the savings of the lower premiums, the plan can include FSA and HRA plans that the units can set up to give back up to 25% of the expected savings that are realized by changing the plan designs. She said that a catastrophic fund could also be set up for those that would be adversely affected.

Maggie Downey suggested creating a list of scenarios that employers could use to help explain the impact to the employees when an FSA or HRA is employed.

Suzanne Donahue said that she would send the FSA slides from a presentation to Carol Cormier for distribution to CCMHG employers.

Maggie Downey said that she would send the Barnstable County HRA plan documents to Carol Cormier.

Heather Harper briefly explained how the Town of Falmouth's FSA works.

Robert Cecile asked if it was the intent of the Committee to remove the Legacy plans.

Skip Finnell said that there is no intent on the part of the Committee. He said that the Steering Committee has set up several meetings and invited all units to be a part of those meetings. Mr. Finnell said that the Committee wants to know where all of the units are at and what they want going forward. He said that the Committee will be researching the options available over the next two months and will make a recommendation to the Board.

Carol Cormier said that the legislation gives the CCMHG Board the authority to change plan designs by a two-thirds vote. She said if the Board decides to keep the Legacy and Rate Saver plans, then each unit can make a decision to offer both or one type of plan. If the Board decides to offer only Rate Saver plans, the units that wish to continue with Legacy plans will have the option of staying in CCMHG with Rate Savers only or leave the Group to pursue benefit plans on their own. Ms. Cormier said that she considers the benefit design changes to be a re-balancing of the member cost-share of the medical costs. She said that the co-pays have remained the same for years, while the cost of medical services has risen. Ms. Cormier said that the initial proposals are to focus on the active plans right now.

Beverly Haley said that she had heard that if the Board doesn't vote to make changes to reduce costs, the employers may not receive state funds. She asked if an FSA could be offered as a group through CCMHG.

Ms. Cormier said that a single FSA provider could be solicited by the group.

In response to a question asked by Anne Clancy, Ms. Cormier said that the health plans prepared the claims decrements, but hiring an independent actuary may give more credibility when the employers submit the proposal to the IAC and PEC.

Pam Hudson said that the saving of the retirees moving to the Medicare plans does not count towards calculating the savings.

Carol Cormier asked for direction to prepare for the next meeting.

Maggie Downey asked where on the schedule is the vote to change benefits.

Skip Finnell said that the schedule will be worked on at the next meeting.

Carol Cormier said that she would work with Rich Bienvenue, CCMHG Treasurer, on methods of determining savings and template spreadsheets that employers could use. She said that it will be a challenge to calculate the savings if the Group decides to keep more than one set of health plans because the law requires the employer to take into account expected migration into plans. She said that this would be guesswork subject to challenge by the unions.

Skip Finnell asked Ms. Cormier what her other joint purchase groups are doing.

Ms. Cormier said that she has only met with one client so far and said that their Steering Committee voted to work on moving their rate savers to a GIC look-alike design. She said their Board is scheduled to meet soon. She said the other groups are not scheduled to meet until September.

Gerry Panuczak asked Carol Cormier to continue working on a draft to change the rate savers to GIC look-alike plans.

Skip Finnell said that the next Steering Committee meeting is scheduled for August 24th at Cape Cod Tech in Harwich at 9:00 a.m. and said all were welcome to attend.

Erin Orcutt said that construction is scheduled at the school, but said that there would be signs indicating where to enter the building.

There was no other business.

Maggie Downey made a motion to adjourn.

Motion

Heather Harper seconded the motion.

Skip Finnell adjourned the meeting at 10:50 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*