

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

**STEERING COMMITTEE**

Wednesday, August 24, 2011, 9:00 AM  
Cape Cod Regional Technical High School, Harwich, MA

**MEETING MINUTES**

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, August 24, 2011 at the Cape Cod Regional Technical High School, Harwich, 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
Erin Orcutt	Cape Cod Regional THS
Debra Blanchette	Town of Barnstable
Susan Milne	Town of Yarmouth
Gerry Panuczak	Town of Chatham

**Guests Present:**

Linda O’Brien	Town of Provincetown
Cynthia Slade	Town of Truro
Dawn Rickman	Town of Wellfleet
John Martis	Town of Falmouth
Sheila Vanderhoef	Town of Eastham
Joan Plante	Town of Eastham
Mark Foley	Town of Eastham
Aimee Eckam	Town of Eastham
Russ French	Town of Eastham
Rick White	Town of Dennis
Deb Heemsoth	Town of Dennis
Renie Dumont	Nauset Regional School District
Hans Baumhauer	Nauset Regional School District
Susan Wallen	Nauset Regional School District
Robert Cecil	Barnstable Fire District
Judy Sprague	COMM Fire District
Carlton Crocker	COMM Fire District Prudential Committee member
Larry Azer	Dennis-Yarmouth RSD
Lisa Vitale	Town of Brewster
Jillian Douglass	Town of Brewster
James Merriam	Town of Harwich
Nan Balmer	Town of Harwich
Robert Howard	Bourne Recreation Authority
Joyce Mason	Town of Mashpee
Bud Dunham	Town of Sandwich
Christine Brailey-Greene	Town of Sandwich
Linda Kiley	Town of Sandwich
Robin Cherry	Town of Sandwich

Jan Hagberg	Town of Sandwich
Craig Mayen	Town of Sandwich
George Russell	Town of Sandwich
John Kelly	Town of Orleans
Sheryl McMahon	Dennis Water District
Kevin Farr	Upper Cape Technical School
Rose Crosby	Upper Cape Technical School
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Fred Winer	Tufts Health Plan (THP)
Nina Conroy	Delta Dental of MA
Jack Sharry	Group Benefits Strategies (GBS)
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. and asked everyone present to introduce themselves. Mr. Finnell said that the Steering Committee would be addressing other issues prior to the legislation agenda item.

**Approval of the Minutes of the August 10, 2011 meeting:**

Noreen Mavro-Flanders motioned to approve the minutes of the August 10, 2011 meeting.

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

Motion
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**Investment Report:**

Chair Gerry Panuczak said that there was nothing new to report.

**Treasurer's Report:**

Treasurer, Rich Bienvenue, CPA reviewed the financial statements through June 30, 2011 (unaudited figures). He said that there was a loss of \$97,558 for the year ended June 30. He said this was close to breaking even. Mr. Bienvenue said that the Board set the FY11 rates utilizing \$6M of the fund surplus to fund the rates. He said the net operating income is \$987K and noted that the Board returned the Retiree Drug Subsidy reimbursement from the year 2007 to the municipalities. He said that the total amount distributed to employers was about \$1M. He said that the Health Trust Fund Balance was \$21.9M on June 30 and said that the Fund Balance Policy is to maintain between 8% and 12% of claims of the most recent 12 months.

Noreen Mavro-Flanders said that the Group has a healthy fund balance now and said that it is important to be aware of the policy guidelines to be prepared for unexpected high cost claims.

**Delta Dental of MA Level Monthly Deposit:**

Skip Finnell said that Delta Dental has proposed an increase to the working capital deposit for fiscal year 2012 of \$2,600, bringing the deposit up to \$139,400.

Noreen Mavro-Flanders made a motion to approve the Delta Dental FY12 working capital deposit of \$139,400.

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

Motion
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**Municipal Health Reform Legislation:**

Skip Finnell said that the Steering Committee established four bi-weekly Committee meetings to work on a recommendation to the Board regarding the new legislation. Mr. Finnell said that all units were invited and encouraged to be a part of those meetings. Mr. Finnell said that the Committee received some communications from a couple of units that feel the timeline for change that the Steering Committee approved was not aggressive enough. Mr. Finnell said that the Committee will re-consider the timeline, but wants to

review all of the steps required by the legislation to see if the schedule can be shortened and still allow for all of the steps to be met.

Ms. Cormier said that she asked Administration and Finance (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 group for which a tiered provider network plan is not feasible, 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 of Ch. 32B, Sections 21 and 22. She said that the CCMHG plans do not have network tiers for co-pays, and the Cape Cod hospitals are in the highest co-pay tier of the GIC benchmark plan. Ms. Cormier said that the emergency regulations added instructions about how to deal with this situation and allows using tier 2 of the benchmark plan.

Carol Cormier said that she prepared a first draft comparison of benefit features (co-pays and deductibles) of the CCMHG health plans with the GIC's Tufts Navigator plan, the benchmark plan, and added a proposal for plan design change. She said that she asked the health plan actuaries to determine the claims decrements for each co-pay and deductible benefit as well as a total decrement for each plan. Ms. Cormier asked each attendee to mark "Draft" on the comparison chart since she had received the decrements late the previous afternoon and has not had time to review them. She said that she was not sure why the decrements between the BCBS and HPHC plans differ so much. Ms. Cormier said that these charts would be the starting point to determine the savings of changing the plans to a GIC "look-a-like" plan. Ms. Cormier said that the co-pays and deductibles do not have to match the benchmark plan, but cannot go above the GIC co-pays and deductibles. Ms. Cormier noted that HPHC has stated that they may not be able to offer municipalities a plan with both an In-hospital co-pay and a front-end deductible, as they do with the GIC.

Bill Hickey said that he will know soon whether or not HPHC will be able to offer both, but said that he is now pretty sure that they will.

Carol Cormier continued to review the comparison chart and said that the Rate Saver plans have an actuarial difference of 10% lower value than the Legacy plans. She said that the Board has already discounted the rates by an additional 5%, resulting in a rate differential between Legacy and Rate Saver plans of 15%.

Suzanne Donahue explained that the BCBS claims decrement factors are different than the HPHC decrements due to a different starting point with the benefits.

Ms. Cormier said that the Committee would like to work on benefit design at this meeting and explained how deductibles work and what services they apply to. She said that the deductible would apply to In-patient hospital stays, Out-patient surgery, ER, and diagnostic procedures. She said that a full explanation is in the meeting materials. She said that the deductible does not apply to preventative services and routine medical visits.

Carol Cormier reminded the Committee about the myMedicationAdvisor® international prescription drug import 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 components of a mitigation plan under the new legislation.

Ms. Cormier spoke about the mitigation proposal that needs to be submitted by employers as part of their proposals to change the plan design. She said the mitigation plan can also 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 or high risk pool fund could also be set up for those that would be adversely affected.

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

Ms. Cormier referred to the timeline prepared by Fallon Community Health Plan and said it could take as much as 127 days from the Board's vote for an employer to come to the end of the process as outlined by the law and emergency regulations. Ms. Cormier said that there are 52 CCMHG employers, each of which must go through the Ch. 32B, Sections 21 and 22 processes. Ms. Cormier said that the Public Employee Committee (PEC) is supposed to approve the proposal as long as it meets all of the requirements of the law. She said that one area of contention could be with the employers estimates of member migration, especially if multiple plan types of plans are offered. Ms. Cormier said that with Mr. Bienvenue's assistance she is hoping to create an Excel file template that can be utilized by each governmental unit to calculate savings. Ms. Cormier said that she believes the cleanest solution is to move all of the CCMHG plans to the GIC look-a-like plan rather than maintaining several menus of plans. She said that CCMHG would have to retain Legacy plans solely for employers that are under collective bargaining agreements that specify copays.

Carol Cormier said that the results of the employer survey regarding collective bargaining agreements that specifies dollar amounts of co-pays and deductibles is in the meeting packet. She said that those units that have specified the dollar amounts will have to maintain the existing plans until their contract expire.

Skip Finnell said that the Committee wants all units to understand the legislation and regulations to be able to prepare to cast a well-informed vote on plan design changes. He said that the Committee will make a recommendation to the Board at its next meeting.

Noreen Mavro-Flanders made a motion to recommend to the Board to modify the Legacy plans to GIC look-a-like plans, but without network tiering.

Motion
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Gerry Panuczak seconded the motion.

Mr. Panuczak said that it is important to modify the plans so that those units that want the changes will have the changes within CCMHG.

Sue Milne said she favors determining the changes in time to prepare the budgets.

Robert Cecile asked if the Committee was planning to recommend changing any of the medical services.

Carol Cormier said that none of the medical services or benefits would be changing, only the increase in co-pays and addition of a front-end deductible, if approved by the Board. She said that the copay changes will re-balance the member/employer share of the rising costs of the medical services.

There was a discussion about the timetable for change.

Heather Harper said that it is the Committee's responsibility to recommend what is in the best interest of the CCMHG. She said that she would also like to speak as a Board member and unit manager and said that it is time to make these changes and she supports the motion.

John Kelly said that from the Town of Orleans's perspective, it will be cleaner to offer only plans that match the GIC benchmark plan's copays and deductibles.

Skip Finnell said that the CCMHG has a lot more to offer its participants than the GIC does. He reminded everyone about the CCMHG Wellness programs and grants, the myMedicationAdvisor® alternative prescription drug program, Diabetes Rewards program, COBRA administration and utilization of any trust fund surplus to subsidize rates. In addition, he said that each unit has a voice in the decisions that are made.

Carol Cormier noted that the GIC does not offer BCBS plans.

Skip Finnell called for a vote on Ms. Mavro-Flanders' motion. The vote was unanimously in favor of the motion.

Motion

Skip Finnell said that he would entertain a motion to make the same changes to the Rate Saver plans as described for the Legacy plans.

Gerry Panuczak made a motion to recommend to the Board to modify the Rate Saver plans to GIC look-a-like plans, but without network tiering.

Debra Blanchette seconded the motion.

Carol Cormier said that the CCMHG Rate Saver prescription co-pays are higher than the GIC benchmark plan Rx co-pays. She said that Chilmark is the only survey respondent that has bargained to replace the Legacy plans with the Rate Saver plans. She recommended lowering the prescription co-pays to the GIC benchmark plan level.

A vote was taken and the motion was passed by a unanimous vote.

Carol Cormier said that she is going to work with the CCMHG Treasurer, Rich Bienvenue on a cost savings estimating model. She said if CCMHG wants to implement plan design changes in January 2012, the savings calculations would be different, combining FY12 and FY13 numbers. She said that she is concerned about doing a cost savings analysis for a January 1 start date because that would require the health plans to project FY13 claims in September or October.

Suzanne Donahue said that BCBS will have a difficult time to implement changes for January 1. She said that there is a lot of work that will need to be done, such as changing benefit documents, new cards, notifications to the employees, changing the co-pays in the system, etc.

Bill Hickey agreed and said that HPHC needs at least 90 days to prepare for a change and said that he could not guarantee a smooth transition with such short notice.

Skip Finnell asked each of the health plan executives to prepare a timeline schedule for the next Committee meeting.

Heather Harper said that a smooth transition for the employees is important and suggested April 2012 as a possible implementation date.

Carol Cormier said that would mean two back-to-back open enrollments, one for April and another for July.

Gerry Panuczak said that he was worried that inflation may make the decrease in health care premiums flat if the implementation date was made in July.

Rick White asked the Steering Committee to consider a looser schedule and said that he favored finding out as early as possible if at least two-thirds of CCMHG want to move forward with changing health plan designs.

Skip Finnell said that the Committee set up the added meetings to provide all of the units with all of the information necessary to make well-informed decisions.

Heather Harper said that the Committee will know by late September or early October what the decision of the Board will be.

Noreen Mavro-Flanders asked for a show of hands how many units have already accepted Section 21.

No one raised their hand.

Skip Finnell said that the employers need to organize an IAC (Insurance Advisory Committee) and PEC (Public Employee Committee) if they do not already have them.

Mr. Finnell said that a Steering Committee meeting is scheduled on September 7<sup>th</sup> at 9:00 a.m. and said that a Board meeting could be added to get a sense of whether or not a majority of employers want to move forward. Mr. Finnell said that the location of the Committee meeting scheduled to take place on Martha's Vineyard has not been determined yet. Mr. Finnell said that Noreen Mavro-Flanders agreed to call a Board meeting on September 7<sup>th</sup> at 10:30 a.m. following the Steering Committee meeting.

John Kelly said that he favors a smooth transition that would benefit all concerned. He said that he is concerned about getting the information in time to prepare the FY13 budget.

Carol Cormier said that a vote was taken to change the Legacy and Rate Saver plans to GIC look-a-like plans and asked about the Master Medical and Master Health Plus plans.

Gerry Panuczak made a motion to recommend to the Board to modify all CCMHG active employee health plans including Master Health Plus and Master Medical plans to GIC look-a-like plans, but without network tiering..

Motion

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

Carol Cormier noted that among the agenda items for the next meeting would be the HPHC deductible and inpatient co-pay question answered, finalization of the estimated claims decrements, and the health plans timeline needed to make plan design changes.

Noreen Mavro-Flanders said that she wanted everyone to know that together with CCMHG, Group Benefits Strategies (GBS) had been working with the legislators to include provisions for the Joint Purchase Groups (JPG's) in the new legislation. She said that CCMHG and other JPGs would have no other option other than joining the GIC if Jack Sharry and Carol Cormier had not worked so diligently with the legislators. Ms. Mavro-Flanders thanked Ms. Cormier and Mr. Sharry for their efforts.

There was no other business.

Gerry Panuczak made a motion to adjourn.

Motion

Heather Harper seconded the motion.

Skip Finnell adjourned the meeting at 10:45 a.m.

*Prepared by Karen Carpenter  
Group Benefits Strategies*