

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

STEERING COMMITTEE

Wednesday, September 7, 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, September 7, 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
Erin Orcutt	Cape Cod Regional THS
Debra Blanchette	Town of Barnstable
Susan Milne	Town of Yarmouth
Gerry Panuczak	Town of Chatham
Maggie Downey	Barnstable County
Heather Harper	Town of Falmouth

Guests Present:

Linda O’Brien	Town of Provincetown
Sharon Lynn	Town of Provincetown
Pam Hudson	Town of Provincetown
Cynthia Slade	Town of Truro
Dawn Rickman	Town of Wellfleet
Shawn Clark	Town of Wellfleet
John Martis	Town of Falmouth
Renie Dumont	Nauset Regional School District
Hans Baumhauer	Nauset Regional School District
Robert Cecil	Barnstable Fire District
Judy Sprague	COMM Fire District
Lisa Vitale	Town of Brewster
Jillian Douglass	Town of Brewster
Mary McIssac	Town of Harwich
Robert Howard	Bourne Recreation Authority
Bud Dunham	Town of Sandwich
Jan Hagberg	Town of Sandwich
John Kelly	Town of Orleans
Melanie Becker	Town of Chilmark
Judie Jardin	Town of Aquinnah
Beverly Haley	Dennis Yarmouth Regional School District
Charles Frazier	Town of Eastham
Michael Dalmau	Hyannis Fire District
Kevin Black	Hyannis Fire District
Anmarie Silvia	Town of Falmouth
Susan Stoltz	Barnstable Fire District
Nancy Ward	Bourne Water District

Teresa Johnson	Sandwich Water District
Sandra Fife	Town of Dennis
Anne Clancy	Town of Dennis
Janice VonHerzen	Town of Falmouth
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Bill Rowbottom	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 thanked everyone for attending.

Approval of the Minutes of the August 24, 2011 meeting:

Gerry Panuczak motioned to approve the minutes of the August 24, 2011 meeting.

Erin Orcutt seconded the motion. Maggie Downey abstained.

Motion

The motion passed by majority vote.

Municipal Health Reform Legislation:

HPHC update regarding administering a front-end deductible with an inpatient copay- Ms. Cormier said that HPHC has stated that it might not be able to offer municipalities a plan with both an Inpatient hospital co-pay and a front-end deductible, as they do with the GIC. She asked Bill Hickey if HPHC has determined whether or not they will be able to do this.

Bill Hickey said that HPHC will be able to offer plans with both features but said that the member would pay the co-pay first and then pay the plan year deductible.

Suzanne Donahue said that the BCBS member will be responsible to pay the co-pay at the time of service and then the deductible which would run on the policy year basis.

Mr. Hickey said that the deductible could also be administered on a policy year basis.

Carol Cormier noted that the health plan benefits are administered on a calendar year basis but said that it makes sense to do the deductible on a plan year basis

Comparison of CCMHG plans with GIC Benchmark Plan (Tufts Navigator©), and claims decrements estimated by the health plans - Carol Cormier said that the decrements have been confirmed as final by the health plans for the plan design features described to date. Ms. Cormier reviewed the comparison chart and explained provider network tiering.

Heather Harper joined the meeting.

Ms. Cormier explained that the Cape and Island do not lend themselves to a tiered network system because there are not enough hospitals in the service areas. Ms. Cormier said that the Cape and Island hospitals are on the GIC plans' highest co-pay tiers. Ms. Cormier said that the Emergency Regulations for Ch. 32B Section 21 and 22 included instructions about how to deal with this situation and allow using tier 2 of the GIC benchmark plan.

Carol Cormier reviewed the proposal for plan design changes for July 1, 2012. Ms. Cormier said that the Board can set different amounts for the deductible and copays if it wishes.

Gerry Panuczak asked if using tier 2, rather than tier 3 of the benchmark plan would impact the amount of savings.

Carol Cormier said that the savings will be less in areas like Cape Cod and the Berkshires as compared to Central MA because of the high cost hospital systems in those areas more than because of the lack of tiering or using tier 2.

Skip Finnell said that the health care benefits and services are not changing and said that only the plan design features would change. He said that the addition of a front-end deductible and increased co-pays is where the plans would change.

Carol Cormier explained that the cost of health care has risen steeply over the years and the members share has not because the co-pays have remained fixed. She said that plan design change is a rebalancing of the member and group cost sharing. Ms. Cormier said that the law prohibits increases to go beyond what the levels of the current GIC Benchmark plan copays and deductibles. Ms. Cormier said that she asked the health plan actuaries to determine the claims decrements for each co-pay and deductible as well as a total decrement for each plan. Ms. Cormier said the Committee had approved hiring an independent 3rd party actuary as well.

Ms. Cormier continued the review of the proposal and said that the CCMHG has been discounting the Rate Saver plan rates by an additional 5%, resulting in a rate differential between Legacy and Rate Saver plans of 15% rather than the actuarial difference of about 10%. She said that the savings from moving to GIC-similar plan design features will be greater for the Legacy plans than for the Rate Saver plans. Ms. Cormier said not to focus on the decrements line by line because the health plan representatives told her that if one is changed the others may also change. She said that the focus should be on the overall savings for each plan type.

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

Gerry Panuczak asked if the savings would be flat when the health care inflation cost is added.

Carol Cormier said that medical inflation is still at 10% so for the Legacy plans the saving from making plan design features will probably be greater than the 10%; however, she said that would not be the case with the Rate Saver plans where the savings are much smaller. She said the other unknown is how much fund balance the CCMHG will vote to use to help fund next year's expenses..

Skip Finnell said that the Board anticipated using \$6M of the trust fund towards the FY11 rates and only used \$1M. He said that the 2007 Retiree Drug Subsidy monies were also returned to the employer this year.

Noreen Mavro-Flanders said that she represents a number of smaller sized units without unions and asked how they will be affected.

Carol Cormier said that units without unions would not have to follow Section 21. She said the units could offer mitigation plans even though they are not required to do so by law.

Heather Harper said that the legislation requires municipalities to report to the state each year on how much was not saved by making no changes to the plan designs.

Suzanne Donahue said in response to the request to modify the Master Medical and Master Health Plus plans to the GIC benchmark plan, BCBS cannot modify the Master Medical plan as requested and that the Master Health Plus plan would have to be offered as the only plan if the CCMHG wished to change indemnity plan features. .

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BCBS & HPHC timetables regarding implementing plan design changes:

Bill Hickey said that HPHC will need 90 days notice to implement plan design changes and could do January 1, but said that a February 1 implementation date would be better.

Carol Cormier said that the Section 21 process timeline is approximately 124 days and said she does not think January 1 will work well for employers or the Group. She said that calculating the cost savings mid-year would be more complex and could be contested.

Noreen Mavro-Flanders asked what the implications would be if February 1st was used as the new open enrollment date.

Marie Buckner asked how a February 1 date would affect the deductible.

Bill Hickey said that the deductible would apply to benefits from February to July and then the deductible would begin again in July through the normal plan year.

Skip Finnell said that the timeline is a requirement at the local level. He said that the Steering Committee will make a recommendation to the Board and said that it appears that the recommended implementation date will be July 1, 2012.

Maggie Downey suggested creating a list of the reasons why the plan design should not be changed until July 2012.

Debra Blanchette made a motion to recommend to the Board that plan design changes be implemented on July 1, 2012.

Gerry Panuczak seconded the motion. He said that he was not originally in favor of waiting until July, but after listening to some of the complications of going with an earlier date, he has now changed his mind.

A vote was taken and passed unanimously.

Skip Finnell suggested recommending to the Board to take a tentative vote today and a second final vote at the next Board meeting. He said that the vote today would give the Committee a sense of what the Board's direction is and he wanted to be sure that all Board members were given sufficient advance notice of the final vote.

The Committee agreed.

Discussion about proposed vote by Board on interest in moving forward with plan design changes-

Debra Blanchette said that the Master Health Plus has a copay of \$35 for the specialist visit.

There was a discussion about the specialist visit copay for all of the plans.

Skip Finnell suggested a \$35 copay for a specialist visit across all of the plans since this is the GIC tier 2 copay.

Skip Finnell asked is the Committee's thoughts about the proposed \$500 copay for inpatient admissions.

Ms. Cormier said that this splits the difference between the GIC tier 1 copay of \$300 and tier 2 copay of \$700.

Noreen Mavro-Flanders said that if there is a vote to recommend the proposed copays and deductibles as specified, that CCMHG will have one menu for each for HMO and PPO plans.

Hans Baumhauer suggested a \$700 inpatient deductible for the Master Health Plus and Master Medical plans.

The Committee agreed.

Skip Finnell said that the Master Health Plus and Master Medical plans will be identical since BCBS said it cannot make the requested changes to Master Medical.

Carol Cormier suggested keeping documentation that the changes made to the plans are copay and deductible changes only. She said that no changes would be made to the Carveout Plan which now has only 8 enrollees..

Noreen Mavro-Flanders asked how the changes would affect the retirees that are not Medicare eligible and enrolled in active employee plans. She said that they will also have higher copays and deductibles.

Carol Cormier said that this is where employers will need to come up with a mitigation proposal. She said that retirees, low income employees, and high utilizers of health care services are targeted groups in the legislation as pertains to mitigation plans. She said that she would write to the A & F for clarification about the retirees and disabled retirees.

Linda O'Brien asked why the Board wouldn't keep both the Legacy and Rate Saver plans, and modify the HMO plans.

Skip Finnell said that the Committee discussed several options and felt it would be cleaner with one set of plans. He said that the timetable and copays would be recommended to the Board for them to vote.

Gerry Panuczak made a motion to recommend the plan design changes as outlined on the proposal, but changing the specialist visit to a \$35 copay, changing the inpatient admission deductible to \$500 for the HMO and PPO plans, changing the Master Medical copays and deductibles to be identical to the Master Health Plus plan and changing the Master Health Plus inpatient admission deductible to \$700.

Erin Orcutt seconded the motion.

Marie Buckner asked Carol to explain to the Board, the reasons why it is more complicated to offer all of the plans side-by-side, rather than having one menu of plans.

Ms. Cormier said that the main reason to not offer both side-by-side is the uncertainty that the unknown employee migration lends to calculating the estimated savings as well as for calculating CCMHG rates. She said that it would be impossible to know for sure which plans that the members will move to and said that the Group would not be able to rate the plans with confidence which would then lead to issues when employers calculate their estimated cost savings. Ms. Cormier said that if all of the plans were maintained, the Legacy plans would eventually price themselves out, much like what has happened to the Indemnity plans. She said that this could take a long time.

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

A vote on Mr. Panuczak's motion was taken and passed by a majority vote, eight in favor and one abstention.

Letter for employers to use in implementing Ch.32B, new Section 18A – mandatory Medicare:

Carol Cormier said that she wrote a letter that she will email to the Board for use in sending to the retirees regarding Section 18A.

Update on inquiry to Attorney General's office regarding mandated benefits and self-funded municipal employers:

Skip Finnell said that John Coughlin, BCBS wrote a letter on August 24, 2011 to Martha Coakley following up to their letter of June 20th and Attorney Paul Mulkern's letter dated July 12,2011. He said that neither BCBS nor CCMHG has received a response yet.

Other Business:

John Kelly asked if the Steering Committee would be looking into mitigation information and providing it to the CCMHG units.

Carol Cormier said that she will send the Board members information on Flexible Spending Plans (FSP) and Health Reimbursement Arrangements (HRA). She said that she will also send the Barnstable County and the Town of Wellesley HRA agreements to the Board to use as examples. She said the information will also be added to the CCMHG website. Ms. Cormier said that there are other more simple ways to meet the mitigation proposal requirement.

There was no other business.

Gerry Panuczak made a motion to adjourn.

Motion

Maggie Downey seconded the motion.

Skip Finnell adjourned the meeting at 10:35 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*