

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

STEERING COMMITTEE

Wednesday, September 23, 2009, 9:30 AM
Chilmark Town Hall, Chilmark, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, September 23, 2009 at the Chilmark Town Hall, Chilmark, MA. The following people attended the meeting:

Committee Members Present:

Bob Whritenour, Chair	Town of Falmouth
Noreen Mavro-Flanders	County of Dukes County
David Withrow	Town of Orleans
A. Francis (“Skip”) Finnell	Dennis-Yarmouth RSD
Gerry Panuczak	Town of Chatham
Sue Milne	Town of Yarmouth
Debra Blanchette	Town of Barnstable

Guests Present:

Richard Bienvenue, CPA	CCMHG Treasurer
James Weiss	Martha’s Vineyard RSD
Tim Carroll	Town of Chilmark
Melanie Becker	Town of Chilmark
Judie Jardin	Town of Aquinnah
Suzanne Donahue	Blue Cross Blue Shield of MA (BCBS)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Fred Winer	Tufts Health Plan
Nina Conroy	Delta Dental of MA
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Bob Whritenour, Chair called the meeting to order at 9:45 a.m.

Mr. Whritenour thanked Tim Carroll and Melanie Becker for hosting the Steering Committee meeting at the Chilmark Town Hall. He also thanked Judie Jardin for providing the refreshments.

Approval of the minutes of the July 29, 2009 Steering Committee meeting:

Skip Finnell motioned to approve the minutes of the meeting of July 29, 2009.

Motion

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

Treasurer’s Report:

Treasurer Richard Bienvenue, CPA, reviewed the financial statements of June 30, 2009 (unaudited figures). Mr. Bienvenue compared this fiscal year to the prior fiscal year’s financial statement. Mr. Bienvenue said that the total revenue for the end of FY09 was \$128M compared to \$105M at the end of FY08. Mr. Bienvenue said that the reinsurance receivable for FY09 was \$329K compared to \$2.55M in FY08. He said there are still some reinsurance claims for FY09 that have not been received.

Mr. Bienvenue said the total operating cash is \$20.6 million. He reported an unreserved fund balance on June 30 of approximately \$13.7 million for health plans and \$1.04 million for dental. Rich Bienvenue said that the total estimated Claims IBNR after adjusting it down to 1.2 months of expected claims is \$12.7M.

Mr. Bienvenue said the investment balance is \$8.8M which, he said, is a significant loss. He said the balance at the beginning of the year was \$9.7M.

Mr. Bienvenue distributed a billing summary which shows what was billed to each CCMHG entity.

Investment Committee Report:

Skip Finnell said that the next Investment Committee Meeting is scheduled for October 14, 2009 and will be held at Rockland Trust on Station Avenue. Mr. Finnell said that he should have a report ready to present at the next Steering Committee meeting.

Wellness Committee Report:

Skip Finnell said that he was participating in the Town of Barnstable's Smoking Cessation program and said he has not smoked for 4 months. Mr. Finnell said that he smoked for over 50 years and that he was motivated to quit because of the program incentives.

Debra Blanchette said that the Town of Barnstable's Smoking Cessation program is full.

Bob Whritenour said that it was over one year ago that the pilot Smoking Cessation program began and said that the results show that the program has been very successful and that it works.

Judie Jardin said that she is inquiring about the possibility of offering the program on Martha's Vineyard.

Early Intervention Mandate:

Carol Cormier said that there is a new Early Intervention Mandate that would remove the \$5,200 benefit cap on intervention services for children under 3 years of age.

Bill Hickey from Harvard Pilgrim said that the cost impact to the group is so small as to be immeasurable.

Noreen Mavro-Flanders made a motion to keep the existing cap.

Skip Finnell said that he would like to hear additional information from the providers and asked them to give their recommendations.

Bill Hickey said that is not his place to make a recommendation, but said that the insured plans are required to adopt the mandate and from an administrative view it would be easier if all of the groups would adopt the mandate. Mr. Hickey added that the services are low end and limited to children up to age 3. Mr. Hickey said that the plan already offers the services and said that the mandate would only remove the \$5,200 cap.

Suzanne Donahue from Blue Cross and Blue Shield (BCBS) noted that BCBS will add all state mandates to self-insured groups as well as the insured groups because they believe that the mandates apply to self-funded municipal entities.

School Superintendent Jim Weiss said that he favored adopting the mandate which will help the children when they enter the school system. Dr. Weiss said these services will be very helpful for those children who are significantly impaired, and since the cost impact is minimal he said he would favor adopting the mandate.

Debra Blanchette made a motion to adopt the mandate which would remove the benefit cap.

Motion

Gerry Panuczak seconded the motion.

Noreen Mavro-Flanders noted that the Group has always opted out of the other state mandates.

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

Motion

GBS Reports:

GBS Memo of Understanding for RDS-

Carol Cormier said that the GBS proposed fee for providing Account Management for the Medicare Part D Retiree Drug Subsidy (RDS) is \$8,400 and noted that last year's fee was \$8,000. Ms. Cormier said that the fee per active employee plan has remained the same at \$2,000.

Noreen Mavro-Flanders made a motion to approve the GBS Memo of Understanding as proposed.

Dave Withrow seconded the motion. The motion passed by unanimous vote.

Motion

Funding Rate Analysis by Plan –

Carol Cormier said that everyone should have received the GBS reports by email and reviewed the last page of the FY09 year-end funding analysis summary report.

Carol Cormier reviewed the funding analysis summary report through July 2009 (one-month) and said claims in July were on the high side. Ms. Cormier said that the percent of expenses to funding for the health plans is 97.5%.

Bill Hickey said that provider contracts come in to play early in the year and that there are seasonal aspects of claims.

Suzanne Donahue said that months that have 5 Fridays would have higher claims since BCBS pays the hospitals on Fridays.

Stop Loss Reporting –Karen Carpenter reviewed the stop loss report for FY09 and said there were seven claimants who had exceeded the stop loss specific deductible of \$250K with excess claims totaling \$1.126M with claims paid through August 2009. Ms. Carpenter said the group has received a total of \$582K in reimbursements and is eligible to receive an additional \$43K in reimbursements on claims paid through August 2009. Ms. Carpenter said there were 38 claimants on the report of 50% with a total paid claims amount of \$6.28M.

Melanie Becker asked how often a claimant on the Indemnity plan has reached the \$2M Lifetime Maximum.

Suzanne Donahue said that she was not sure but said that members are notified once their claims reach 85% of the lifetime maximum.

Service Agreement with The Abacus Group re: Diabetes Incentive Program-

Carol Cormier said that the Annual Renewal notification timeline for the Group to terminate was revised to “not less than thirty days prior to the expiration” which has been standard for many of the CCMHG’s agreements with vendors.

Ms. Cormier said that the cost is \$1.12 per contract per month and that contract is defined as all employees or retirees participating on the health plan. Ms. Cormier said that the Group may see savings in the long term but will initially see an increase due to the program incentives and program fees. Ms. Cormier said she thought the fees for administration and operation of the program were high.

Bob Whritenour said that the Steering Committee should monitor the program and the financials closely.

Dave Withrow asked if collective bargaining would be required if the Group decides to eliminate the program.

Carol Cormier said that she did not think that the wellness programs required bargaining but that legal counsel's opinion should be sought.

Skip Finnell made a motion to approve the Diabetes Program contract with The Abacus Group.

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

Motion

Letter from Sandwich Water District:

Carol Cormier said that the Sandwich Water District requested that the Steering Committee consider adding Hearing Aid coverage to the BCBS MHP and HPHC PPO plans. Ms Cormier said that the Medicare Advantage plans have hearing aid allowances of \$400 and \$500 with frequency limits.

Bill Hickey said that it is very rare to have a hearing aid benefit on an active plan.

Melanie Becker said that she favored adding the benefit if dollar amount and frequency limits were set. Ms. Becker said if there are allowances for eye glasses, that there should be a benefit for hearing aids, too.

Skip Finnell said that he was not in favor of adding the benefit, but would like to hear additional information.

Bob Whritenour said that although the initial thought might be to add the benefit, he said that times like these when the budgets are cut and the Group is trying to preserve the current benefits offered, are not the time to add benefits.

The Steering Committee agreed not to take any action at this time.

Ms. Cormier said she would notify Sandwich Water District.

HPHC Fiduciary Services Proposal:

Carol Cormier said that the Steering Committee had requested information from Bill Hickey regarding the possibility of contracting with Harvard Pilgrim Health Care (HPHC) to be the claims fiduciary. Ms. Cormier said that the request was due to member appeals that had been brought before the Committee in the past and the Committee's discomfort with addressing matters pertaining to medical necessity.

Bill Hickey said that if the CCMHG decides to designate HPHC as its fiduciary, HPHC will be the final arbitrator for claims appeals and that HPHC's decisions will be made according to the health plan policies. Mr. Hickey said that the proposed fee for this service would be \$2.27 per employee per month (pepm). He said the total CCMHG subscriber contracts are approximately 2,100 which would equate to an approximate monthly payment of \$4,260 which would be built into the rates next year. Mr. Hickey noted that the fee would have a minimal impact on the rates.

Suzanne Donahue said that BCBS is the fiduciary for CCMHG and that the first line of appeal is with BCBS and that any second or third appeals are done with an independent outside party. Ms. Donahue said that the final determination by the outside party is binding.

Bill Hickey said that one of the common appeals that HPHC sees is requests for additional physical therapy.

Skip Finnell asked if it would be more cost efficient to hire a third party reviewer for each appeal instead of paying HPHC a monthly fee. Mr. Finnell said he was concerned about paying a monthly expense when there may only be a limited amount of appeals.

Bill Hickey said that in addition to making appeal determinations, the fee also provides for liability protection should a case be brought to court.

Suzanne Donahue said that all appeals are handled by policy and without discrimination when the health plans are designated as the fiduciary.

Carol Cormier asked Mr. Hickey if HPHC would agree to make the proposed fee an 18 month fee if it were to be adopted effective January 1, 2010.

Mr. Hickey said that he thought that would be able to be done.

Rich Bienvenue asked why the fiduciary service was not included into the Administrative Services Agreement and said that HPHC currently has the highest administrative fee of the plans that CCMHG offers. He noted that BCBS does not charge extra for the service.

Noreen Mavro-Flanders said that it was about one year ago when the Steering Committee was asked to provide extra-contractual services for two members. Ms. Mavro-Flanders said that the Committee did not want to be responsible to make those decisions because they did not have the medical knowledge necessary to make those decisions and felt that it was not their place to do so.

Noreen Mavro-Flanders made a motion to approve the 18-month HPHC Fiduciary Contract and fee of \$2.27 per employee per month.

Motion

Gerry Panuczak seconded the motion.

Dave Withrow said that he would like to hear more about why HPHC charges higher administrative fees than the other plans.

Mr. Hickey said that the HPHC agreement provides a wide range of services and some of the services are not provided by the other plans.

Skip Finnell said that he favored waiting another month and said he would like to see more statistics.

Bob Whritenour said that the plan administrator makes all of the medical decisions on a daily basis and said that only a few are brought to the Board yearly.

Carol Cormier said that the most important feature of having the health plan organization be the fiduciary is the removal or reduction in liability.

Mr. Whritenour said that a motion was made and that the motion was seconded. Mr. Whritenour said that this is a critical issue that the Committee does not have processes or the expertise to be able to make these types of decisions. Mr. Whritenour said he favors making HPHC the fiduciary and asked for a vote.

The motion was approved by a majority vote. Skip Finnell was opposed.

Prescription import program and senior self-funded plans:

Carol Cormier reviewed the *myMedicationAdvisor (MMA)* financial report through the July 2009 report. Ms. Cormier said she had asked MMA to run a report on the savings for the retirees on the self-funded plans to see if the employer savings exceed what the Retiree Drug Subsidy would have been if the same medications had been purchased through the retirees' health benefit plans. Ms. Cormier said that the compared to most of the other self-funded groups with the alternative drug program, the CCMHG savings were low. She said that the employer savings through MMA were 7.3% and the waived member co-pays saved was 11.6%. Ms. Cormier noted that the Rx import program gives a great benefit to the retirees but said that this bears watching.

Jim Weiss asked Ms. Cormier if she knew why the CCMHG MMA program was not doing as well as the others.

Ms. Cormier said that it could be due to the particular medications ordered through the program and said that MMA could provide a deeper analysis.

Website Maintenance Agreement and fee for additional services:

Ms. Cormier said that the Website Maintenance Agreement expired on September 7, 2009. Ms. Cormier said that a copy of the renewal agreement was included in the packet and noted that the fee of \$1,500 had not increased. Ms. Cormier said that the fee is paid in three \$500 installments.

Ms. Cormier said that the computer that is used to maintain the website had been repaired with the authorization of the Steering Committee Chair. Ms. Cormier said that there was a \$250 repair fee from IntraImage included on the warrant.

Carol Cormier said that in addition to the computer repair that the CCMHG website needed extensive reconstruction by the webmaster that did not fall under the regular maintenance contract. Ms. Cormier said that an invoice of \$200 for 5.5 hours of work was submitted for those services.

Dave Withrow made a motion to accept the website agreement as written, the \$250 computer repair invoice and the \$200 additional invoice for services provided outside of the scope of the agreement by the webmaster.

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

Motion

Health Plan Reports:

Suzanne Donahue said that the BCBS Joint Purchase Group Roundtable was favorable based on the survey responses received. Ms. Donahue said that if anyone wanted a copy of the presentation to let her know.

Ms. Donahue said that the member usage of the online member self service site is very low. Ms. Donahue distributed the instructions on how to register and said that the site is very user friendly. Ms. Donahue said that the instructions were not mailed to the members due to the mailing costs.

Bill Hickey said that since HPHC's President and CEO, Charles Baker left HPHC, there has been an active search to find someone to replace him. Mr. Hickey said that Bruce Bullen, COO of HPHC, has been the interim President and CEO during the search.

Fred Winer said that Tufts Health Plan recently signed contracts expanding their provider network to Nantucket and Martha's Vineyard. Mr. Winer said that Medicare Advantage plan premiums are expected to increase in July and said that he hoped that the seniors would call their legislators about the funding cuts by the federal government. Mr. Winer said that Tufts is working on a new Medicare supplement plan for next year that will be more comprehensive.

Nina Conroy said that Delta Dental of MA is providing sealants and cleanings semi-annually at Cape Cod hospital for those without insurance. Ms. Conroy said that the student certification process is under way and that forms need to be sent in by October 1, 2009.

Bob Whritenour said that there was a lot of positive feedback since the Delta Rollover Max benefit has been added to the plans.

Nina Conroy said that members can access their account information and Rollover benefit online at the Delta Dental website.

Other Business:

Noreen Mavro-Flanders asked if Chilmark was offering the vision plan.

Melanie Becker said yes, but said that it was not yet offered in the schools.

Jim Weiss said that Martha's Vineyard RSD is looking into offering the vision plan.

Gerry Panuczak noted that some of the physicians in the vision network do not include the in-network eyeglass benefit, only the exam. Mr. Panuczak said that the in-network physician list should have this noted.

Bob Whritenour said the MA Municipal Health Insurance Association asked him to be on a committee to further explore the pros and cons of the GIC option. Mr. Whritenour said that they are evaluating benefit packages versus the GIC plans. Mr. Whritenour said that they are highlighting negotiating opportunities for savings.

Mr. Whritenour said that he wanted to thank Carol Cormier on behalf of the committee for being a great resource for the Group.

There was no other business.

Bob Whritenour adjourned the meeting at 11:50 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*