

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

**Board Meeting**

Wednesday, January 27, 2010, 9:30 AM  
COMM Fire District, Centerville, MA

**MEETING MINUTES**

A meeting of the Board of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, January 27, 2010 at 9:30 AM at the COMM Fire District, Centerville, MA. The following people attended the meeting:

**Committee Members Present:**

Noreen Mavro-Flanders , Chair	County of Dukes County
Bob Whritenour, Steering Committee Chair	Town of Falmouth
Debra Blanchette	Town of Barnstable
Margaret Downey	Barnstable County
Gerry Panuczak	Town of Chatham
A. Francis Finnell	Dennis-Yarmouth RSD
Marie Buckner	Town of Sandwich
Craig Mayen	Town of Sandwich
Lisa Vitale	Town of Brewster
Joan Plante	Town of Eastham
Nan Balmer	Town of Harwich
Joyce Mason	Town of Mashpee
Karen Walden	Mashpee Water District
Linda O’Brien	Town of Provincetown
Dawn Rickman	Town of Wellfleet
Mary McIsaac	Barnstable Fire District
Robert Howard	Bourne Recreational Authority
Agnes Murray	Cotuit Fire District
Karen Scichilone	Cape Cod Lighthouse Charter School
Robert Sanborn III	Cape Cod Regional Technical School
Joanne Ford	Cape Cod Regional Transit Authority
Judy Sprague	Centerville Osterville Marston’s Mills Fire District
Verna LaFleur	Hyannis Fire District
James Weiss	Dukes County/Martha’s Vineyard RSD
Marcia Templeton	Nauset Regional School District
Barbara Meehan	Upper Cape Cod Regional Vocation THS

**Guests Present:**

Richard Bienvenue, CPA	Treasurer, CCMHG
Laura Scroggins	Town of Barnstable
Deborah Heemsoth	Town of Dennis
Beverly Haley	Dennis-Yarmouth RSD
Michael Dutton	Town of Oak Bluffs
Irene Wright	Town of Yarmouth
Suzanne Donahue	Blue Cross Blue Shield of MA (BCBS)

Bill Rowbottom  
Bill Hickey  
Fred Winer  
Nina Conroy  
Doug Weller  
Lorrie Garcia  
Carol Cormier  
Karen Carpenter

Blue Cross Blue Shield of MA (BCBS)  
Harvard Pilgrim Health Care (HPHC)  
Tufts Health Plan, Retiree products  
Delta Dental Plan of Massachusetts  
Rockland Trust  
Rockland Trust  
Group Benefits Strategies (GBS)  
Group Benefits Strategies (GBS)

Noreen Mavro-Flanders, Board Chair, called the meeting to order at 9:35 a.m.

Gerry Panuczak made a motion to approve the minutes of the October 21, 2009 Board meeting as written.

Jim Weiss seconded the motion. The motion passed by unanimous vote.

Motion

**Wellness Committee Report:**

Maggie Downey reminded the Board that there are small wellness grants available. She said up to \$400 is available per unit depending on number of employees in the unit.

Ms. Downey congratulated Mashpee on having a smoke-free Town Hall. She said that Mashpee hosted the Kick Butts® program on work time. She said a program will run in Orleans starting in February.

Ms. Downey said Falmouth, Barnstable and Mashpee did the workplace wellness screenings that the County offers and said two pre-diabetics were caught early.

**Investment Manager’s Report:**

Doug Weller from Rockland Trust discussed the economic climate and distributed and reviewed the report on investments with data ending 12/31/09. He said that Portfolio #1 (conservative with 70% in fixed income/30% in stocks) had a 12-month 13.11% return and Portfolio #2 (balanced/aggressive with a 50/50 balance of fixed income and equities) had a 12-month return of 17.82%. He said both funds outperformed their benchmarks.

Noreen Mavro-Flanders said that a longer term view of performance is more telling.

**Treasurer’s Report:**

Treasurer, Rich Bienvenue, CPA reviewed the financial statements through November 30, 2009 (unaudited figures). He said that the Health Trust Fund Balance was \$19.5M, up \$5.4 million since the end of last year but that the claims experience in the second half of the policy year is usually worse than that of the first half of the year. He reported on his 4 year look-back at the Fund Balance in the second half of each fiscal year. He said based on this information he expects the Fund Balance will be around \$16.5M to \$17M by the end of the year. He said an expected adjustment to the IBNR will bring the Fund Balance up another million.

**FY11 Rate Projections:**

Noreen Mavro-Flanders discussed the two FY11 Funding Scenarios that the Steering Committee considered. She said Scenario #4 expects to use \$5M of Fund Balance and Scenario #5 uses \$6M from the Fund Balance. She said in both scenarios, the Rate Saver plans are rated 15% lower than the Legacy plans. She said in the current year Rate Saver rates are 10% lower than Legacy rates.

Carol Cormier said that indicated increase in funding for FY11 prior to reducing rates through use of the Fund Balance was 10.8%. She said Scenario #4 reduced the increase in funding from the Funding Rates to 6.2% and Scenario #5 reduced the increase to 5.4%. Ms. Cormier said the projection model assumes that 10% of the members will be enrolled in Rate Saver plans. She explained that the 15% differential between Legacy and Rate Saver rates was based on a 10% actuarial difference in the benefits as reported by the health plans and an

additional 5% discount that the Steering Committee thought was needed to jump-start acceptance of the plans. She said that the fact that the CCMHG has a large Fund Balance makes this possible.

Carol Cormier said that if the Board goes along with either Scenario #4 or #5, the employers and employees should be made aware that there could be a big rate increase in FY12 if health claims run as projected or higher.

Jim Weiss asked if the Rate Saver plan benefits were equivalent to the GIC plan benefits.

Carol Cormier said that they are more similar to the GIC than the Legacy plan benefits but that they are not the same. She noted that the GIC is making benefit changes mid-year effective February 1, 2010. She said this includes increases in co-pays and the introduction of a front-end deductible to all employee plans.

Bob Whritenour said that the Steering Committee is recommending Scenario #5. He said that if an employer contributes 50% to plans, most employees would save a higher amount by joining Rate Saver plans even though the copays are higher.

Mr. Whritenour mentioned the *CCMHG Workshop for Decision Makers* scheduled for February 10<sup>th</sup> in Harwich. He said the goal of the workshop is to help employers to bargain in change, specifically the Rate Saver plans.

Noreen Mavro-Flanders said that there was much discussion among the Committee members regarding Scenario 4 vs. Scenario 5, but that the majority of members favored using \$6M from the Fund Balance.

Bob Whritenour moved to adopt FY11 Funding Scenario 5 with a composite increase to funding from the rates of 5.4%, and contemplating use of about \$6M of Fund Balance.

Motion
--------

Gerry Panuczak seconded the motion.

Bob Whritenour said that this is expected to take the Fund Balance down to about \$12M as of June 2011 and that this is within the Fund Balance policy's targeted powerband. He said in years past the reduction to Fund Balance has not materialized.

Carol Cormier reiterated that if in fact claims do materialize at projected levels or higher, it could mean a significant rate increase in the following year and that she thought it was important to get that word out. She said that when Fund Balance is applied through use of a Premium Holiday rather than through rate reduction, subsequent year rate shock is not a problem.

There was a vote on Mr. Whritenour's motion, and the motion passed by unanimous vote.

**Steering Committee Report:**

Steering Committee Chair Bob Whritenour said that there was a fair settlement on the BCBS high cost claims case. He said the settlement was reached through mediation. He thanked the Steering Committee members and GBS for the time and effort spent on this endeavor.

Mr. Whritenour said the Committee has been looking at plan design issues. He said that because of the Dennis Decision joint purchase groups have not been able to make changes in copays or other benefits without having each employer first fulfill its collective bargaining obligations. He said the public sector plans are not in line with the market place and are richer than those of the private sector. He said he hopes the key decision makers in each CCMHG unit will attend the Workshop to give them some help in making the change to the Rate Saver plans.

**Rate Saver Colonoscopy Benefit:**

Noreen said that it came to the attention of the Steering Committee that members on Rate Saver plans were being charged the outpatient surgery co-pay for colonoscopies. She said the CCMHG should not discourage preventive screenings.

Suzanne Donahue, BCBS, said that the co-pay on the Rate Savers is \$250 per procedure. She said removing this co-pay for colonoscopies would have a negligible impact on plan costs and may prevent more costly care.

Bill Hickey, Harvard Pilgrim, said that he agreed with Ms. Donahue regarding the negligible impact on costs.

Bob Whritenour said the Steering Committee is recommending removing the co-pay for colonoscopies on the Rate Saver plans.

Bob Sanborn asked if there were any other screening procedures that would be charged an outpatient surgery co-pay on Rate Savers.

The health plan representatives said that they could not think of any others.

Jim Weiss motioned to approved removing the colonoscopy co-pay on the Rate Saver plans.

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

Motion
--------

Marie Buckner mentioned that some employers in the group are going along with the recommendation from the Wellness Committee to do sick- day forgiveness for colonoscopies. She said it has not been adopted by all.

**Health Plan Annual Cost & Utilization Reports:**

Harvard Pilgrim Health Care - Bill Hickey distributed and presented the report based on claims and utilization between 7/08-6/09 and paid through 12/09.

He said enrollment in the PPO was up a bit and enrollment in the HPHC HMO was down a bit. He said the 45-54 age bracket has the largest percentage of members and that 38.4 is the average member age which is lower than the HPHC book of business average (“industry norm”).

Mr. Hickey explained use of the Dxcg diagnostic based data model and the HEDIS performance and satisfaction measures. He noted that HPHC was named Number 1 health plan in the US for six years in a row.

He said that 20% of Emergency Room use was for non-emergency conditions. He said that changing the ER utilization patterns could save the CCMHG money.

Mr. Hickey said the annualized claims trend for CCMHG was 8.3% which is 0.3% lower than planwide. He said cancer and digestive problems are the highest cost diagnostic categories. He said that there were 49 members with claims over \$50K, accounting for 20.4% of claims.

Bill Hickey said that the member cost sharing is only 4.2% which is very low. He said that members need to be engaged in their own wellness and in controlling costs.

BCBSMA – Suzanne Donahue distributed the report and talked about member engagement. She said benefit design is critical in encouraging engagement and optimizing health. She discussed tiered network plans, value-based benefits, and Consumer Driven Health Care (CDHC). She said in the value-based benefit model preventive care, chronic illness care would have low or no co-pays.

Ms. Donahue said that there was a 5% increase in membership across all BCBS plans over the previous year. She said membership in the HMO and PPO grew 16% while the two indemnity plans lost one-third of their

members. She said the member cost share is significantly below the BCBS municipal book of business and has been consistently declining.

Ms. Donahue said that for Network Blue medical costs increase 9.1% and pharmacy costs have increased 8.5%. She said that moving MRIs from hospital to free-standing facilities will reduce costs for CCMHG.

Suzanne Donahue talked about pharmacy costs, up 13% for Network Blue. She said that utilization of generics is improving and was at 72%. She said use of mail order is decreasing and mentioned that this may be affected by the alternative RX import program offered by CCMHG. She said antidepressants were the top therapeutic drug by cost with antihyperlipidemics as second highest. She said utilization of diabetes drugs has increased by 28% and was 13% higher than network average. She said joint degeneration was the top clinical category for Network Blue.

Ms. Donahue reported on the data for Blue Care Elect Preferred. Of note was ER utilization that was 45% higher than the network average. She said that 67% of ER visits were for diagnoses that were either non-urgent or PCP treatable. She said that if 10% of the member who went to the ER called the Blue Care Line instead and if 50% of those members treated their diagnoses with self-care or a PCP visit then CCMHG would have saved approximately \$65,000.

Ms. Donahue reported on participation in Disease Management programs and said that if 50% of the members who opted out had participated, the CCMHG would have potentially saved \$93,390.

Bill Rowbottom, BCBS asked employers to make decisions as soon as possible about when they want to have their health fairs since this will be a very busy time for the health plan account representatives. He said that Karen Carpenter at GBS will keep a master file of the health fair/open enrollment event dates.

Delta Dental Plan - Nina Conroy, Delta Dental, distributed and reviewed the Utilization Report. She said on the Contributory plan the preventive and diagnostic costs per member are higher than for the Delta book of business. She said the costs per member on the Voluntary plan are a bit lower but still higher than for the book of business.

Ms. Conroy said that next year there will be a roll-over maximum report.

Tufts Health Plan – Fred Winer described Tufts’ new Medicare plan that covers retirees anywhere in the U.S., covers routine services and hearing and vision visits. He said the plan also has a fitness benefit and that all providers that accept Medicare will accept this plan. He noted that the plan has a \$300 hospital deductible and RX copays of \$10/\$20/\$35. He said there is no cap on durable medical equipment. He said members will have two ID cards: Medical and Rx. He said that this is an insured plan and the monthly premium is \$309 per month for July 1, 2010 – June 30, 2011.

Noreen Mavro-Flanders said that the Steering Committee recommends adding this plan to the CCMHG menu of senior plans.

There was a discussion.

Marcia Templeton moved to add the Tufts Medicare Preferred Prime Supplement Plan for July 1, 2010.

Jim Weiss seconded the motion. The motion passed by unanimous vote.

Motion
--------

**Other Business:**

Bill Rowbottom asked employers to email Karen Carpenter with list of plans they offer so that when health plan representatives attend the health fairs they know what materials to bring and how to answer questions.

Noreen Mavro-Flanders asked Board members to remind their managers about the workshop on Feb. 10 and to RSVP to GBS.

There was no other business.

Bob Whritenour moved to adjourn the meeting.

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

Chair Noreen Mavro-Flanders adjourned the meeting at 11:25 AM.

*Prepared by Carol Cormier and Karen Carpenter  
Group Benefits Strategies*