

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

Board Meeting

Wednesday, October 5, 2011, 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, October 5, 2011 at 9:30 AM at the COMM Fire District, Centerville, MA. The following people attended the meeting:

Board Members Present:

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| A. Francis (“Skip”) Finnell, Steering Committee Chair | Dennis-Yarmouth RSD |
| Noreen Mavro-Flanders, Board Chair | County of Dukes County |
| Marie Buckner | Town of Sandwich |
| Craig Mayen | Town of Sandwich |
| Erin Orcutt | Cape Cod Regional THS |
| Debra Blanchette | Town of Barnstable |
| Laura Scroggins | Town of Barnstable |
| Susan Milne | Town of Yarmouth |
| Gerry Panuczak | Town of Chatham |
| Maggie Downey | Barnstable County |
| Heather Harper | Town of Falmouth |
| John Martis | Town of Falmouth |
| Linda O’Brien | Town of Provincetown |
| Pam Hudson | Town of Provincetown |
| Sheryl McMahon | Dennis Water District |
| Renie Dumont | Nauset Regional School District |
| Hans Baumhauer | Nauset Regional School District |
| Robert Cecil | Barnstable Fire District |
| Susan Stoltz | Barnstable Fire District |
| Judy Sprague | COMM Fire District |
| Joan Plante | Town of Eastham |
| Sheila Vanderhoef | Town of Eastham |
| Dawn Rickman | Town of Wellfleet |
| Rose Crosby | Upper Cape Cod Regional Voc. Tech. |
| Irene Wright | Town of Yarmouth |
| George Slade | Cape Cod Regional Transit Authority |
| Lisa Vitale | Town of Brewster |
| Mary McIsaac | Town of Harwich |
| Verna LaFleur | Hyannis Fire District |
| Joyce Mason | Town of Mashpee |
| Robert Howard | Bourne Recreation Authority |
| Nancy Ward | Bourne Water District |
| John Kelly | Town of Orleans |
| Nancy Ward | Bourne Water District |
| Sandra Fife | Town of Dennis |
| Deborah Heemsoth | Town of Dennis |
| Rex Peterson | Town of Truro |
| James Weiss | Marthas Vineyard Regional School District |
| Agnes Murray | Cotuit Fire District |

Teresa Johnson
Jim Brown
Karen Walden

Sandwich Water District
Cape Cod Collaborative
Mashpee Water District

Guests Present:

Bud Dunham
Joe Maciel
John Gannon
Michael Evalul
Joanne Ford
Charles Frazier
Myra Suchenicz
Judie Jardin
Jan VonHerzen
Philip Katz
Judi Lech
Bill Bonnetti
Bob Tokarz
Lou Nickinello Jr.
Matthew Bearse
Peter Johnson-Staub
Rick Kelley
Richard White
Larry Azer
Curtis Gellatt
Christopher Olsen
Bob Whritenour
Susan Wallen
Ernie Holcomb
Dale Forest
Pat Perris
Jason Davern
Enrique Arrascue
Daniel Osgood
Michael Dalman
Richard Knowlton
Kyle R. Morse
William R. Piltzecker
Scott Starbard
Bill Hickey
Suzanne Donahue
Bill Rowbottom
Fred Winer
Carol Cormier
Karen Carpenter

Town of Sandwich
Town of Sandwich
Town of Mashpee
Town of Mashpee
Cape Cod Regional Transit Authority
Town of Eastham
Town of Orleans
Town of Aquinnah
Town of Falmouth
MA Teachers Association
MA Teachers Association
Town of Yarmouth
Town of Yarmouth
Town of Yarmouth
Town of Yarmouth IAC
Town of Yarmouth
Town of Yarmouth
Town of Yarmouth
Dennis Yarmouth Regional School District
Town of Wellfleet
Cotuit Fire District
Town of Oak Bluffs
Nauset Regional School District
Falmouth Schools
Town of Barnstable
Nantucket
COMM Fire District
COMM Fire District
COMM Fire District
Hyannis Fire District
Hyannis Fire District
Town of Eastham
Town of Eastham
Town of Eastham
Harvard Pilgrim Health Care (HPHC)
Blue Cross Blue Shield (BCBS)
Blue Cross Blue Shield (BCBS)
Tufts Health Plan (THP)
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Noreen Mavro-Flanders, Chair, called the meeting to order at 9:30 a.m. and thanked everyone for attending.

Approval of the Minutes of the September 7, 2011 meeting:

Skip Finnell motioned to approve the minutes of the September 7, 2011 meeting.

Motion

Dawn Rickman seconded the motion. The motion passed by unanimous vote.

Annual Election of Officers and Steering Committee:

Noreen Mavro Flanders said that the current officers and Steering Committee members are as follows:

Board Chair – Noreen Mavro-Flanders, County of Dukes County;
Board Vice-Chair – Marie Buckner; Town of Sandwich

Steering Committee:

Chair – Francis “Skip” Finnell, Dennis Yarmouth RSD,
Noreen Mavro-Flanders, County of Dukes County,
Margaret Downey, Barnstable County,
Debra Blanchette, Town of Barnstable,
Marie Buckner, Town of Sandwich,
Gerry Panuczak, Town of Chatham,
Sue Milne, Town of Yarmouth,
Heather Harper, Town of Falmouth
Erin Orcutt, Cape Cod Regional Voc-Tech School.

Skip Finnell made a motion, as recommended by the Steering Committee, to re-elect Noreen Mavro-Flanders as the Board Chair and to nominate Gerry Panuczak as the Board Vice-Chair, replacing Marie Buckner, and to keep the Steering Committee as is.

Noreen Mavro Flanders asked if there were any additional nominations. There were no

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

Treasurer’s Report:

Treasurer, Rich Bienvenue, CPA, reviewed the financial statements through August 31, 2011 (unaudited figures). He said that the total operating cash was \$18.9M which was down almost \$1.1M from this time last year. He said that the Health Trust Fund Balance was \$21.8M on August 31. Mr. Bienvenue said that the fund was down as expected and noted that the Board approved use of the trust fund surplus to subsidize the health plan rates for the past two years. He reported assets at \$34.6M and liabilities of \$12.8M.

Proposed plan design changes under Ch. 32B, Sections 21 and 22:

Carol Cormier read the names on the 5 ballots that remained after those in attendance received their ballots. She said that 31 of the 36 CCMHG Board delegates were present at the meeting. Ms. Cormier said that one-third of the Board (12 units), is required to make a quorum. She said of those present, two-thirds of a vote is needed to pass a motion to make plan design changes. Ms. Cormier said that means 21 affirmative votes will be needed at today’s meeting to approve the proposed plan design changes.

Noreen Mavro-Flanders asked that everyone state his or her name when speaking, due to the number of members present.

Skip Finnell said that the CCMHG Steering Committee has been holding additional meetings and inviting all interested parties so that everyone could be well informed. He said that the Committee wanted to be sure that all of the members understood the legislation and the Committee heard comments from all sides of the issue. Mr. Finnell said that a few minor modifications had been made to the plan design since the last meeting and said that CCMHG hired an independent actuary, Segal Company, to complete a study to determine the estimated savings of the proposed plan design changes.

Carol Cormier briefly explained that CCMHG currently offers two health plan menus, the Legacy plans, which are the original plans, and the Rate Saver plans, which have higher copays and a lower monthly funding rates than the Legacy plans. Ms. Cormier said that, as allowed by Sections 21 and 22 of MGL Ch.32B, the Steering Committee is proposing to move the plan designs of the active employee plans to features similar to those of the GIC’s (Group Insurance Commission) benchmark plan of 2011, the Tufts Navigator plan. She said that the changes will not be identical because the hospital and physician tiering of the benchmark plan will not work

geographically on Cape Cod. Ms. Cormier reviewed the chart of the proposed changes and savings for each health plan. She said that in addition to seeking the independent actuarial estimates, that the CCMHG received estimates of savings from each of the carriers.

Ms. Cormier said that higher savings would be realized when moving from the Legacy plan design to the plan design of the GIC benchmark plan than from the Rate Savers to benchmark. She said the CCMHG's Rate Savers are more similar in features to the benchmark plan than are the Legacy plans. Ms. Cormier reviewed the proposed plan design changes of the HMO, PPO and Indemnity plans. She said that it will be each governmental unit's responsibility to calculate its estimated savings based on its own enrollments and contribution percentages and to create a mitigation plan, sharing up to 25% of the estimated savings.

Jan VonHerzen asked why there was a larger differential of savings between the Segal estimates to those of the health plan carriers for the Indemnity plans.

Ms. Cormier said that she just received the information from Segal late last night and said she isn't sure. She said that she was inclined to believe that the savings is lower than projected by BCBS. Ms. Cormier said that there is such a low enrollment into on plans that the information should not impact today's vote. She said she would speak with the Segal actuary to find out his thoughts about the differences in estimates. She said that she'll ask Segal to take another look at it.

Mike Dalman asked if the Steering Committee looked at what other Joint Purchase Groups (JPGs) are doing.

Carol Cormier said that she is the consultant to five municipal JPGs and said that two of the groups are moving in the same direction as CCMHG. She said that another group is on a slower timetable and another has already transitioned most of its members to rate saver plans with tiering and may not make additional changes until FY14.

Matthew Bearn said that CCMHG encourages mail-ordering prescriptions and noted that there will be changing to double the retail copay for Mail Order. He also asked if the new legislation is requiring modification of the plan designs.

Carol Cormier said that mail-order is double in most all of the JPGs and municipalities and said that Mail will still be a savings of one month of drug copays. She said another option is to order medications through the Rx import program overseen by myMedicationAdvisor® (MMA) where many maintenance medications can be purchased at no cost to the member.

Ms. Cormier said that the new municipal health reform legislation provides an expedited bargaining process to municipalities to make plan design changes to go up to the level of the GIC benchmark plan but not beyond it. She said that the government is requiring each employer to report each year on what steps they have taken to reduce health care costs. Ms. Cormier said that there are concerns about future reductions to cherry sheet reimbursements for municipalities have not taken steps to reduce their health care spend.

Philip Katz asked how the changes will affect the health care premiums.

Carol Cormier said that there will be significant impacts to reduce premiums (funding rates) below what they would be if no changes were to be made.

Jim Brown asked if the out of pocket (OOP) maximum is on an annual basis.

Carol Cormier said that the OOP maximum is annual based on the plan year, July 1 to June 30.

There was a discussion about how the health plans administer the OOP maximum and deductibles.

Mr. Katz requested that all members receive information on how the deductibles and OOP maximums work.

Heather Harper talked about the mitigation requirement of the legislation in which up to 25% of estimated savings must be shared with those affected by the changes. She said that there is a whole host of benefits through CCMHG that the members and employers are provided. She listed the MMA prescription drug program, Diabetes Rewards and other wellness programs, the services provided by Group Benefits Strategies, such as COBRA administration, enrollment and billing services, to name a few.

Bud Dunham said that Town of Sandwich's health care costs have risen from \$3.2M in 2002 to \$9M now. He said that municipal employees may not understand that their health plans are so much richer than that of the private sector. Mr. Dunham said that if the vote to modify the plan designs is not approved today, that some units will need to go to the GIC. He said it would be better to work together as CCMHG than to go to the state which will do whatever they choose, without asking program participants for their opinions. He said if changes are not made, the budgets will not be balanced. He said that he supports the proposal put forth by the CCMHG Steering Committee.

Mike Dalman said that he respects all of the work that the Steering Committee has done, but asked the Board to wait on voting until all of the questions are answered. He asked why CCMHG isn't negotiating better rates.

Carol Cormier said that CCMHG does not pay premiums to the health plans and therefore does not negotiate rates. She said that CCMHG is a self-funded group that pays administration fees to the carriers to administer the plans. She said that CCMHG pays its own claims for its members and negotiates the administration fees.

Noreen Mavro-Flanders said that CCMHG benefits from the physician and hospital contracts negotiated by the health plans.

Maggie Downey said that the CCMHG Wellness Committee tries to impact increasing claims costs by offering various wellness programs to its members. She said that one of the biggest drivers of claims is the lack of physical exercise and smoking.

There was a discussion about the Rate Saver plans and lack of interest in enrolling into those plans.

John Kelly said that the Committee researched all of the options and said that the GIC has health plans that tier the copays based on which hospital or physician is utilized. He said that CCMHG is not proposing tiering the services because geographically most of the Cape Cod facilities would fall in the highest cost tier. He said that the changes are needed because the taxpayers will not continue to accept the high cost of the municipal health care, and he said the changes proposed are in the best interest of the entire group. He said he supports the proposal.

Noreen Mavro-Flanders said that the Sheriffs from Dukes and Barnstable Counties went to the GIC in January of last year, and two months later off-anniversary the GIC increased the copays. She said that there is no union voice in the GIC.

Carol Cormier said that the proposed changes represent a cost shift to the employees, and the law requires that a mitigation plan giving up to 25% of the first year's savings be returned in some way to the employees. She said that the costs have been increasing year after year and the members cost share has remained the same, while the employer have been paying most of the increased costs. She said the proposed changes will rebalance the cost sharing between employer and employee.

Rick Knowlton asked when the official plan design changes and impacting information will be distributed.

Carol Cormier said that after the meeting, she will send an announcement with the results of the vote to each unit. She said that after the FY13 rates are set, each unit will need to develop a cost savings analysis and mitigation proposal. She said the Section 21 process will probably start by early February for most employers.

Karen Walden said that if the proposal passes, the health plan choices will no longer be available.

Carol Cormier said that the number choices will be the same as they were prior to the addition of the Rate Savers two or three years ago. She said there are very few members that are enrolled in the rate saver plans. Ms. Cormier said the members will still have a choice of two HMOs, two PPOs and in some cases an Indemnity plan.

Skip Finnell made a motion to adopt the CCMHG Steering Committee recommendation to adopt the following plan design changes as written effective July 1, 2012:

Motion

- Change the plan design features of the BCBS Legacy and Rate Saver Network Blue EPO plans and of the Legacy and Rate Saver Blue Care Elect Preferred PPO plans to the BCBS plan design features described on the charts attached to this motion; and further,
- Change the plan design features of the Harvard Pilgrim Health Care (HPHC) Legacy and Rate Saver EPO plans and of the HPHC Legacy and Rate Saver PPO plans to the HPHC plan design features described on the charts attached to this motion; and further,
- Change the plan design features of the BCBS Master Health Plus and Master Medical plans to the plan design features described on the charts attached to this motion, and further,
- Make no changes to the Master Medical Medicare Carveout A plan (frozen enrollments/8 enrollees).

Maggie Downey seconded the motion.

There was a discussion and questions about why more options couldn't be added.

Noreen Mavro-Flanders said several meetings were held to be sure that what is being proposed is what the majority of the Group wanted. She said that a tentative vote was taken at a previous Board meeting and she said the majority favored the proposal.

Gerry Panuczak motioned to move the question to a vote. Marie Buckner seconded the motion.

Motion

The votes were tallied and the motion passed by a majority vote of 26 in favor, 6 against.

Noreen Mavro-Flanders said that more information would be provided by Group Benefits Strategies.

The following CCMHG Steering Committee meetings were scheduled: November 2nd, November 18th, December 7th, all to be held at 9:00 a.m. in Sandwich. A Board meeting was scheduled on January 18th at 9:30 a.m. to be held at COMM Fire District.

Skip Finnell asked that the record of the each unit's vote be placed on the www.ccmhg.com website in addition to being emailed to all of the units.

Carol Cormier said that the units can adopt Section 21-23 now or wait until January. She said that the process cannot begin until the rates are set in January.

Senior Plan Renewals:

Blue Cross Blue Shield – Medicare HMO Blue - Suzanne Donahue said that the Advantage plan premiums renew in January and are down about 8%. She said the premium has decreased from \$357.89 to \$326.88. She said the plan includes \$300 fitness and weight loss benefits and the chiropractic visit copay decreased to \$20 from \$30. She said the emergency visit copay has increased from \$50 to \$65.

Tufts Health Plan – Fred Winer said that the senior plans renew on July 1, but the rates for the Tufts Medicare Preferred HMO premium will be decreasing from \$242 to \$226 and the Tufts Medicare Preferred Prime

premiums will be decreasing from \$333 to \$302 on January 1. He said that members will receive new ID cards with Rx numbers in January. He said that changes to the Tufts Medicare Preferred HMO include coverage of contacts, the fitness benefit has increased to \$150 and now includes nutritional counseling and anti-coagulant office visits are now a \$0 copay.

Harvard Pilgrim Health Care – Bill Hickey said that the HP Medicare Enhance renews on July 1. Mr. Hickey said that flu shots are available at the CVS Minute Clinics and are not available at the regular retail CVS stores. He noted that HPHC is the number one health plan in MA for the eighth consecutive year.

BCBSMA - Suzanne Donahue said that the BCBS contract with Partners Health Group was settled in October. She said that the provisions of the Quality of Care contracts will have a favorable impact on the health care costs.

Ms. Donahue said that Walgreens is not willing to accept the reimbursement rates that Express Scripts (ESI) has offered. She said that they are still negotiating, but the members may need to go to a new pharmacy effective January 1, 2012. She said that if this happens, BCBS will make the transition for the members as smooth as possible.

Erin Orcutt thanked Suzanne Donahue and Bill Hickey for attending the Cape Code Regional High School's Social Security Informational meeting. She encouraged other towns to hold the same type of meeting for their retirees.

Bill Hickey said to contact him if others would like him to attend their meetings.

Pam Hudson said that she asked the local television station to tape Provincetown's retiree meeting and will have it uploaded to the town's website so that those who couldn't attend could view it at a later date.

Matt Barse thanked the Steering Committee for all of their work and said that he realizes that the plan design changes were not as severe as they could have been.

Other Business:

Carol Cormier said that Group Benefits Strategies would be holding a CCMHG Benefits Administrators Meeting on November 17th and encouraged everyone to attend.

There was no other business.

Skip Finnell made a motion to adjourn.

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| Motion |
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Maggie Downey seconded the motion. Noreen Mavro-Flanders adjourned the meeting at 11:43 a.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*