

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

**Board Meeting**

Thursday, January 30, 2014, 10:00 AM  
COMM Fire District, Centerville, MA

**MEETING MINUTES**

A meeting of the Board of the Cape Cod Municipal Health Group (“CCMHG”) was held on Thursday, January 30, 2014 at 10:00 AM at the COMM Fire District, Centerville, MA. The following people attended the meeting:

**Board Members and Alternates Present:**

Noreen Mavro-Flanders, Board Chair	County of Dukes County
A. Francis (“Skip”) Finnell, Steering Committee Chair	Dennis-Yarmouth RSD
Gerry Panuczak, Board Vice Chair	Town of Chatham
Debra Blanchette	Town of Barnstable
Laura Scroggins	Town of Barnstable
Margaret Downey	Barnstable County
Marie Buckner	Town of Sandwich
Marge McGloin	Town of Provincetown
Cynthia Slade	Town of Truro
Joan Plante	Town of Eastham
Dawn Rickman	Town of Wellfleet
Lisa Vitale	Town of Brewster
Renie Dumont	Nauset Regional School District
Susan Wallen	Nauset Regional School District
Deborah Heemsoth	Town of Dennis
Heather Harper	Town of Falmouth
Denise Coleman	Town of Falmouth
Robert Howard	Bourne Recreation Authority
Leanne Gray	Mashpee Water District
Mary McIssac	Town of Harwich
Erin Orcutt	Cape Cod Regional THS
Dave Withrow	Town of Orleans
Judy Sprague	COMM Fire District
Robert Cecil	Barnstable Fire District
Nancy Ward	Bourne Water District
Kathleen Isernio	Monomoy RSD

**Guests Present:**

Rich Bienvenue	CCMHG Treasurer
Deanna Desroches	CCMHG Wellness Consultant
Jason Lily	Rockland Trust Investments
Linda Loiselle	The Abacus Group
Debb Jardin	The Abacus Group
Tracey May	Gallagher Benefit Insurance Services
Manjusha Sheobaran	Berkley Accident and Health
Michelle LaCasse	Barnstable County
Beverly Haley	Dennis-Yarmouth RSD
Kate Bruster	Monomoy Regional School District

Beth Deck  
 Scott Starbard  
 Ryan Gavin  
 Suzanne Donahue  
 Bill Rowbottom  
 Bill Hickey  
 Nina Conroy  
 Carol Cormier

Cape Cod Collaborative  
 Falmouth Firefighter  
 Falmouth Firefighter  
 Blue Cross Blue Shield of MA (BCBSMA)  
 Blue Cross Blue Shield of MA (BCBSMA)  
 Harvard Pilgrim Health Care (HPHC)  
 Delta Dental Plan of Mass.  
 Group Benefits Strategies (GBS)

Noreen Mavro-Flanders, Chair, called the meeting to order at 10:05 a.m.

**Approval of the Minutes of the October 9, 2013 meeting:**

Skip Finnell motioned to approve the minutes of the October 9, 2013 meeting.

Motion
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Maggie Downey seconded the motion. The motion passed by unanimous vote.

**BCBSMA Special Announcement:**

Suzanne Donahue, BCBSMA, said she was pleased to announce that BCBSMA has awarded CCMHG the Municipal Innovations Award for 2013. She cited the group’s website, plan design changes, informing employees of opportunities to save, and its comprehensive menu of wellness programs as the basis for the award. She said the group will receive \$5,000 from BCBS.

**Investment Manager’s Report:**

Jason Lily from Rockland Trust distributed and reviewed the CCMHG Investment Report for 2<sup>nd</sup> quarter of FY14 and the 6-month period ending December 31, 2013. He said the last half of CY2013 was a very good period for stocks. He said the interest rates ended the year higher than they had started out which was why the bonds had negative returns.

Mr. Lily said that the returns for Portfolio #1 (conservative with 70% in fixed income/30% in equities) for CY13 were 1.49% lower than returns for the Benchmark. He said this was because of the diversification in Portfolio #1. He said that the 12-month return was 6.32%.

Mr. Lily reviewed the performance of Portfolio #2 (balanced/aggressive with a 50/50 balance of fixed income and equities) and said the returns for the last 12 months were 13.51% which was 1.99% lower than the Benchmark. Again he cited portfolio diversification as the reason for the lower performance.

Jason Lily said that the economy is improving. He said GDP is estimated in the 3% range for this year and next year. He said there was a healthy correction in the bond market last year.

Ms. Mavro-Flanders thanked Mr. Lily for his report.

**Treasurer’s Report:**

Treasurer, Rich Bienvenue, CPA, distributed and reviewed the Management Report through November 2013 (unaudited figures). He said the Group is in a holding pattern regarding the Fund Balance. He reported a Total Fund Balance on Nov. 30, 2013 of \$26,460,537. He said the health trust fund balance is \$25.8 million. Mr. Bienvenue said it is important to identify the fund balance and amount over the target range in order to set rates for FY15.

Mr. Bienvenue reviewed the History of the Fund Balance spreadsheet. He said that the Fund Balance Policy sets the targeted range from 8% to 12% of the claims of the prior year. He said as of June 30, 2013, the Fund Balance was 18% to 22% of claims of the prior year.

Noreen Mavro-Flanders referred to Mr. Bienvenue's year-end projections and said that the trend is still positive.

Mr. Bienvenue discussed employer payment issues. He said that a handful of units are not paying as billed as instructed. He requested that all units pay as billed and said that GBS will make the retroactive adjustments on the next invoice.

Mr. Bienvenue discussed the FY13 audit report saying that GBS sent the report to the Board electronically.

### **Wellness Committee Report:**

Deanna Desroches, Wellness Consultant for the mainland, distributed information and reviewed the Wellness programs. She said that the CCMHG's "Health Matters" newsletter had just been sent out. She said that unfortunately the smoking cessation program scheduled for Eastham has been canceled because of insufficient participants. She said only 11 people signed up. Ms. Desroches said that she is going to work with the Wellness Committee to come up with a way to help the 11 people, possibly through an incentive program to help them stop smoking on their own.

Ms. Desroches said that two *Healthy Me* programs will be starting, one in Barnstable in late February and one in Dennis after school vacation. She said she is continuing to schedule biometric screenings. Ms. Desroches said that there will be 8 lectures, and Sue Bourke, Barnstable County health nurse, will provide nutritional components of the program. She said a virtual supermarket guided tour will be added to the program.

Ms. Desroches said that the *Couch to 5K Program* will take place in Yarmouth in March, and the next *5K Walk-It-Off Program* will take place in Barnstable in April. She said that there will also be a *Spring Walking Challenge* in April that will run for 8 weeks.

### **Steering Committee Report:**

Skip Finnell, Steering Committee Chair, said that the items on the Board agenda are the items with which the Steering Committee has been dealing. He said the Committee spent time with the auditor reviewing his report and said that the goal is to get the FY14 audit report out by the end of December.

Mr. Finnell listed the meeting dates scheduled: Feb. 26, March 19 for Steering Committee at Sandwich Town Hall and April 30 for Steering Committee and Board meetings at COMM Fire District Bldg.

### **GBS Reports:**

*Funding Rate Analysis with data through December 2013* - Carol Cormier reviewed the report Summary and said that the health plan funding through the rates exceeded claims and administration expenses by \$3.1 million which is an expense-to-funding ratio of 95.3%. She said that the dental plans' expense-to-funding ratio was 89.0%.

#### *Reinsurance reports –*

*FY14 policy period:* Ms. Cormier said that there were no claims exceeding the \$300K specific deductible for the FY14 policy period. She said that there were 10 members with claims between \$150K and \$300K with total claims of \$2 million through December 2013.

*FY13 policy period:* Carol Cormier reviewed the FY13 reports. She said 15 members had claims exceeding the \$300K specific deductible with total claims of \$6.4 million and excess claims of \$1.9 million. She said

that the group met the \$500K Aggregating Specific Deductible and received \$1.44 million in reimbursements to date. She said that it appears there was a \$7,892 overpayment which the CCMHG will have to pay back to the reinsurance carrier which is BCBSMA. She said that 26 members had claims between \$150K and \$300K with total claims of \$5.9 million.

**The Abacus Group Report:**

*My Medication Advisor®* report - Linda Loiselle reviewed the CY13 My Medication Advisor report comparing budgeted utilization, expenses and savings with actual figures. She said that utilization of the international RX buying program was higher than projected, 4386 scripts compared to 3,600 budgeted. She said that utilization of the Alternative Generic Savings Program was below the projection. She said that Abacus attributes this to the good job the health plans are doing in promoting the use of generics. She said that total net savings from the programs was \$778,935. She said employees saved \$245,633 in waived copays.

*Good Health Gateway® Diabetes Rewards program report* – Ms. Loiselle reviewed the 1<sup>st</sup> quarter report of the fifth year of the program. She said that there are 1,280 CCMHG members diagnosed with diabetes. She said 38% or 490 of identified diabetics were enrolled with 46% of those compliant with all care elements of the program. She said that estimated savings for the quarter was \$102,937. She said that Abacus is going to focus on generating interest among the newly diagnosed members.

Debb Jardin reviewed the quarterly promotional activities for the Diabetes Rewards program including a registration incentive of \$50 paid by Abacus and not by CCMHG. She said that there is an ongoing monthly compliance bonus raffle as well and discussed the use of Loss/Regret letters.

Skip Finnell asked for drop-out statistics, i.e. those who drop out and do not come back to the program.

**Multi-Level Reinsurance Pooling Arrangement (MLRPA):**

Noreen Mavro-Flanders provided background information on the MLRPA and the development process. She said that she and Skip Finnell were on the Advisory Committee with representatives of West Suburban Health Group (WSHG) and Minuteman Nashoba Health Group (MNHG). She said that it has been difficult to get reinsurance quotes from the market in the last several years, and the proposed MLRPA will address this by pooling risk of the three joint purchase groups and self-funding individual claims between \$300K and \$800K. She said that Berkley Insurance will reimburse high cost claims over \$800K.

Carol Cormier noted that she had sent the Board the documents being reviewed at the meeting including the proposed Governance Agreement by email several days earlier.

Tracey May, Gallagher Benefit Insurance Services, reviewed the handouts explaining how the program will work and the roles of the various parties. He said that the reinsurance pool, the “captive”, will be managed by Artex Risk Solutions, a wholly owned subsidiary of Arthur J. Gallagher. He pointed out that money in the pool that is not used to pay high cost claims will be paid to the groups as dividends. He said that because the policies have a 24-month paid period, there would not be any possible dividends until the end of the second year of operation of the captive.

Manjusha Sheobaran reviewed the financials. She noted that all the joint purchase groups will pay the same rates and have the same policy terms. She said that for CCMHG it represents an 11.3% increase in the reinsurance rates, but said that money in the pool will be dividend eligible.

Skip Finnell said the Steering Committee recommends joining the reinsurance pooling arrangement. He said it will require that all three joint purchase groups participate.

There were questions and responses.

Mr. Finnell moved that CCMHG join the proposed multi-level reinsurance pooling arrangement with WSHG and MNHG effective 7/1/14.

Motion

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

Denise Coleman moved approval of the proposed Governance Agreement.

Motion

Dawn Rickman seconded the motion. The motion was approved by unanimous vote.

Skip Finnell thanked Group Benefits Strategies for bringing this concept to the CCMHG.

**FY15 Rate Projections:**

Noreen Mavro-Flanders said that as in past years the health plans and GBS independently provided claims projections. She said that the Steering Committee reviewed the projections and rate development and also reviewed the fund balance and projections for June 30. She said that GBS ran a number of different funding scenarios. She said that the scenario recommended by the Steering Committee would put \$8 million of fund balance at risk.

Carol Cormier listed the expenses that, by intention, were not built into the rates.

Skip Finnell said that the Steering Committee recommends Funding Scenario E for health plans which is a 1.8% increase across the board for active employee plans. He noted that Scenario E is identical to Scenario F for the health plan rates. He said that the Committee also recommends Scenario E for dental plan rates.

Mr. Finnell moved approval of FY15 Funding Scenario E.

Motion

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

**Recommendations for Health Fairs:**

Nina Conroy of Delta Dental and Bill Rowbottom of BCBSMA reviewed the recommendations for the health fairs for active employees and early retirees.

Bill Rowbottom said that combining fairs among two or more governmental units has been successful on the Outer Cape. He said that health fair requests should be sent to all the carriers and to Deanna Desroches so that the bio-screenings can be coordinated with the health fairs. He said that Abacus Group should also receive the requests. Mr. Rowbottom said it is important to have the health fairs in a room of adequate size and that will allow for some privacy. Mr. Rowbottom said that if towns and districts are uniting to provide health fairs, it is important to have a representative of each employer present.

Skip Finnell said that the dates, times, and locations of the health fairs will be published on the CCMHG's website as soon as the scheduling is complete.

**Health Plan Reports:**

Harvard Pilgrim Health Care – Bill Hickey said that HPHC continues to re-tool for the Affordable Care Act (ACA). He said that pertaining to smoking cessation, if a physician writes a prescription for an Over-The-Counter (OTC) nicotine replacement product, it would be \$0 co-pay to the member.

Mr. Hickey also said that HPHC is refining and building focused provider networks and tiered provider networks. He said that the plan offers many wellness programs through the internet as well as onsite and that

some of these are incentive programs. He referred to technology improvements and the new HPHC “Now I Know” website for members to get information about procedure costs before they have the procedures.

*Blue Cross Blue Shield of MA* – Suzanne Donahue said BCBS allows OTC Nicotine Replacement products to be covered at the generic co-pay level when prescribed by a doctor. Ms. Donahue said that the ACA will require prescription drug copays to be counted towards the Out-of-Pocket (OOP) Maximum starting on July 1, 2015.

Ms. Donahue reviewed some benefit changes required to be made by the ACA. She said the \$500 maximum benefit on wigs required as the result of treatment will be eliminated. She said the high protein nutritional formula maximum will also be eliminated.

Ms. Donahue said that BCBSMA is trying to increase the utilization of mail order pharmacy benefits. She said that the member saves one month’s copay every three months when he/she uses Mail Order instead of retail. She said the group also saves because mail order drug pricing is more favorable than retail pricing.

**Other Business:**

There was no other business.

Deb Blanchette moved to adjourn the meeting.

Motion
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Skip Finnell seconded the motion. The motion passed by unanimous vote.

Noreen Mavro-Flanders adjourned the meeting at 11:57 AM.

*Prepared by Carol Cormier  
Group Benefits Strategies*