

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

BOARD MEETING

Wednesday, February 4, 2004 at 9:00 A.M.
Centerville Osterville Marstons Mills (COMM) Fire District
Centerville, MA

A meeting of the Board of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, February 4, 2004 at 9:00 A.M. at the COMM Fire District. In attendance were:

Primary and Alternate Board Members Present:

Noreen Mavro-Flanders, Chair	Dukes County
Robert Whritenour, Steering Comm. Chair	Town of Falmouth
Jeff Cannon	Town of Barnstable
Robert Howard	Bourne Recreation Authority
Jillian Douglass	Town of Brewster
Karen Scichilone	Cape Cod Lighthouse Charter School
Paula Ainsworth	Cape Cod Regional Transit Authority
Pat Perris	Town of Chatham
Beth Fletcher	Town of Chatham
Judy Sprague	COMM Fire District
Judie Jardin	Dukes County
Joan Plante	Town of Eastham
Peter Bettencourt	Town of Edgartown
Verna LaFleur	Hyannis Fire District
Karen Walden	Mashpee Water District
Marcia Templeton	Nauset Regional School District
Christine Ezersky	Nauset Regional School District
David Withrow	Town of Orleans
Marie Buckner	Town of Sandwich
Roland “Bud” Breault	Town of Truro
Rose Crosby	Upper Cape Cod Regional Technical School
Walfred Lundstrom	Town of Yarmouth

Guests Present:

Richard Bienvenue, CPA	Treasurer
Louise Cote	Barnstable County
Beryl N. O’Brien	Town of Brewster
Jan Hagberg	Town of Sandwich
Denys Wortman	Town of Tisbury
Irene Wright	Town of Yarmouth
Brian Heaslip	Town of Yarmouth IAC
Matthew Bearse	Town of Yarmouth IAC
Anne Hart-Davies	Blue Cross & Blue Shield (BCBS)
Paul Lazar	Harvard Pilgrim Health Care (HPHC)
Bill Larner	Harvard Pilgrim Health Care (HPHC)
Amy Carpenter	Delta Dental Plan of Mass.
Carol Cormier	Group Benefits Strategies (GBS)

Chair Noreen Mavro-Flanders called the meeting to order at 9:12 a.m.

Approval of the minutes of the Board meeting of October 29, 2003:

Marie Buckner moved approval of the minutes of the October 29, 2003 Board meeting.

Motion

Peter Bettencourt seconded the motion.

The motion to approve passed by unanimous vote.

Treasurer’s Report:

Financial Reports -

Treasurer, Rich Bienvenue, presented the Treasurer’s Report for month ended December 31, 2003 (unaudited figures), comparing current figures to those of last year. He said that cash was at \$20.3 million, which is almost \$7 million higher than on December 31, 2002. He said that members have been paying on time fairly well and some pay in advance.

Mr. Bienvenue said that the Fund Balance was at \$13.3 million, up from \$8.3 million a year ago.

Bud Breault moved to accept the Treasurer’s Report.

Motion

Judie Jardin seconded the motion.

The motion passed by unanimous vote.

Steering Committee Report:

Steering Committee Chair, Bob Whritenour, reviewed the Steering Committee’s activities since the last Board meeting.

Investment Subcommittee - Mr. Whritenour said that the Investment Subcommittee is being reinvigorated and that anyone who is interested in serving should let him know.

Rich Bienvenue said that he had failed to mention in his report that the CD accounts that the Subcommittee had planned to use were not available to governmental accounts and so the \$6 million targeted for the CDs had not been invested as yet.

Coronary Health Improvement Project (CHIP) -

Bob Whritenour said that the CHIP program on Martha’s Vineyard was off to a good start, and said that Judie Jardin had done a lot of work to help launch the program. He asked Judie Jardin to talk about it.

Ms. Jardin updated the Board on progress with CHIP on the island. She read a letter of thanks from a grateful CHIP participant.

Bob Whritenour said that the Wellness Committee is looking for a community to host a CHIP program on the mainland and people to help coordinate the effort.

Harvard Pilgrim (HPHC) Purchaser Services Agreement (PSA)

Bob Whritenour said that the Committee has been negotiating with HPHC over some of the language in the proposed agreement, particularly regarding auditing of claims. He said that agreement has now been reached and that the Steering Committee will vote to execute the Agreement at its meeting following the Board meeting. He said that as a result of the negotiations, HPHC has agreed to do an independent audit of its claims administration procedures and that this will benefit all HPHC accounts.

Claims dispute with Blue Cross Blue Shield of MA (BCBSMA)

Bob Whritenour informed the Board of a high cost claims case paid by BCBSMA and disputed by CCMHG based on information that procedures were experimental and therefore not covered. Mr. Whritenour said that BCBSMA has agreed to cover the \$200K in claims associated with the procedures in question. He thanked Carol Cormier for her work on this case.

Appeal from Town of West Tisbury

Bob Whritenour said that the Town of West Tisbury appealed for relief of payment of an outstanding balance due to the CCMHG Trust fund. He said that the Town proposed to pay one-half of the amount due. He said it was a case in which the Town had failed to follow the procedures to terminate health plan members who disenroll. He said that the Committee turned down the Town's appeal as it has done in other similar cases. Mr. Whritenour said employers are responsible for their errors regarding enrollment transactions. He urged all units to review the monthly list of enrolled employees that is sent with the invoice from Group Benefits Strategies (GBS).

Feasibility of Purchasing Drugs from Canada

Bob Whritenour said that some members of the Steering Committee had met with GBS President Jack Sharry to explore the possibility of purchasing drugs from Canada using a company called Canusa. He said that Jeff Cannon, Town of Barnstable, attended a meeting held at the Town Hall in Wellesley at which there was a presentation from Canusa.

Carol Cormier said that the City of Worcester was probably going to move forward with Canusa for a voluntary program for employees. She said that City of Boston would be issuing a Request for Proposals (RFP) for services to conduct a Canada prescription drug purchasing service. Ms. Cormier said that CCMHG and other groups may benefit from the information obtained through Boston's RFP.

GBS Reports:

BCBS Level Monthly Deposit Quarterly Accounting - Carol Cormier said that for the second quarter of FY04, the group had a credit of \$179,653 with BCBS.

HPHC Level Monthly Deposit Quarterly Accounting - Carol Cormier said that for the second quarter of FY04, the group had a credit of \$213,859 with HPHC.

Funding Rate Analysis Report – Carol Cormier said that for the health plans the ratio of expenses to funding through the month of December was 87.7%, which generated a funding surplus of \$4.9 million.

Ms. Cormier said that for the dental plan the ratio of expenses to funding through the month of December was 85.5%, which generated a funding surplus of \$193,011.

Stop Loss Reports – For the FY04 policy, Ms. Cormier said that there were no claims exceeding the specific deductible of \$150K. She said that there were seven claimants with claims between 50% and 100% of the deductible with total claims of almost \$676K, an increase of over \$376K from the prior month. Also during that policy period she said that there was one Medicare Carveout A claimant with almost \$46K in claims, just short of the \$50K specific deductible.

For the FY03 policy Carol Cormier said there were seven claimants exceeding the policy deductible of \$150K and that their total claims were \$1,676,626. She said that there was only about \$22K outstanding in reimbursements due to the group. She said that one Medicare Carveout A member had exceeded the \$50K deductible with claims totaling almost \$55K. She said that the excess claims were outstanding. She said that there had been 31 claimants with claims between 50-100% of the deductible with claims totaling \$3.4 million.

Amendment to Chapter 32B, Section 2 – Carol Cormier said that the amendment enables a town or district to permit members of a call fire department or other volunteer emergency service agency serving the municipality to come onto the group health plan with the member paying 100% of the cost. She said that this is optional and that it must be approved by vote of the municipal legislative body. Ms. Cormier said she urged towns or districts that want to consider adding this category of eligibility to adopt rules and regulations for administering the coverage under Ch. 32B, Section 14. She said she thinks that the employer may adopt restrictions such as proof of insurability, waiting periods, proof of participation in emergency calls, etc.

Investment Subcommittee Report:

Treasurer Richard Bienvenue said that the Committee would give a report at the March Board meeting.

Wellness Committee Report:

Noreen Mavro-Flanders said that Wellness Coordinator, Deanna Desroches, was not able to attend the meeting and had submitted a written report to the Board. She said that Board members should review the report.

Possible amendment of the Joint Purchase Agreement:

Noreen Mavro-Flanders explained that the Steering Committee had discussed the possibility of proposing to amend the Agreement such that all governmental units would be required to offer all CCMHG-sponsored health plans to employees. She said that currently some units are offering only the indemnity plans. She said that employees would benefit from broader options.

Carol Cormier said that other joint purchase groups have adopted a "total participation" requirement and said that she had originally proposed that the CCMHG consider this. She said she has had second thoughts about this, especially in light of the LRC's decision in the Town of Dennis case. She said that bargaining requirements could be onerous and it might be best to strongly urge that units offer all plans rather than require it.

Karen Walden, Mashpee Water District, said that it would not necessarily be in the District's interest to be required to offer all plans since currently they do not offer the Master Health Plus or Master Medical. She said that having to offer these plans would seem like a step backwards.

Carol Cormier said that if employers were going to expend time and energy in collective bargaining, they'd be better going for replacing the traditional indemnity plans with the PPO plans.

Guidelines for making changes to health plans and benefits:

Noreen Mavro-Flanders called attention to the suggested guidelines for making changes in the Board packet. She explained why it is necessary to have a procedure in light of the Dennis Decision. She said that it would require planning for change at least 18 months in advance of the proposed implementation date.

Carol Cormier said that the Superintendent of Nauset Regional School District thought that the procedure was not workable and suggested having a dialogue with the union representatives.

There was some discussion but no action taken.

Health Plan Annual Reports to the Board:

Harvard Pilgrim Health Care - Paul Lazar, Harvard Pilgrim Health Care Manager of Municipal and Hospital Business, introduced Bill Lerner whom he said would be the CCMHG's new Account Executive.

Paul Lazar reviewed the HPHC report of utilization and costs for policy year (PY) July 2002 – June 2003 compared to prior year. He said that the total cost per member per month (PMPM) in PY03 was \$225.34, which was an increase of 14% over PY02. He said that increases were in all key service areas (Hospital Inpatient, Hospital Outpatient, Medical/Surgical, Ancillary, and Pharmacy). He said that the greatest increase was in Hospital Outpatient care costs PMPM. Mr. Lazar said that the Group's medical claims costs were 1.2% lower than the plan wide cost per member per month in PY2003. Paul Lazar said that there had been an increase in high cost claimants and that claims over \$20K represented 27.6% of total claims costs.

Regarding prescription drugs, Mr. Lazar said that select brand name scripts accounted for about 75% of total pharmacy cost in PY 2002 and PY2003. He said that Antidepressants was number one in the top five therapeutic categories by cost and represented 9.5% of drug costs. He said that Mail Order utilization had increased from 3.7% of prescriptions to 5.9%. Mr. Lazar pointed out that many of the drugs used by CCMHG members are good candidates for Mail Order.

Mr. Lazar said that Diseases of the Digestive System was the number one diagnostic category ranked by cost.

Paul Lazar reviewed HPHC's Disease Management (DM) programs showing the number of CCMHG members who are active or passive participants in each DM program. He discussed HPHC's multiple-channel custom-designed worksite programs for employers and said that CCMHG employers should take advantage of these programs.

Blue Cross & Blue Shield - Anne Hart-Davies, Senior Account Executive, BCBSMA, reviewed the BCBS report for combined plan data for all plans except Medex for policy year (PY) 2002 and 2003. She said that 50-64 year-olds represented the largest age category (>30% of members). She said that total payments per member per month (PMPM) for PY03 was \$287.93, an increase of 9.1% from PY02. She said that the largest increases were in Professional payments (38.8% increase) and prescription drug payments (10.9% increase).

Ms. Hart-Davies said that the average cost per prescription per member per year in PY03 is \$588, an increase of 11% over the prior year. She said that the total number of scripts per member per year went from 11.5 to 11.8. She said that Mail Order represented a very small portion of prescription drug costs in both years. There was a 13.3% increase in generic drugs purchased in the retail setting. Ms. Hart-Davies said that Antidepressants was the number one therapeutic drug category by cost for both years representing 11-12% of drug costs.

Anne Hart-Davies said that Circulatory Disease was the number one diagnostic category in PY02 and 03.

Anne Hart-Davies said that Jayne Schmitz at BCBSMA will be drilling down on the data to come up with specific recommendations to the CCMHG. She pointed out that BCBS Disease Management programs are available only on the PPO and EPO (HMO) products and not on the traditional indemnity plans. She said that there were about 100 CCMHG members participating in the low-risk diabetes management program.

Ms. Hart-Davies said that members can learn about new programs at the BCBSMA website starting on February 1st. She said that there are interactive programs including health assessment and smoking cessation.

Delta Dental Plan of Massachusetts – Amy Carpenter, Account Representative, talked about Delta's online services. She also urged employers to review their monthly invoices and listing of members for the dental plans. She said that it is important to audit enrollment records every month.

Ms. Carpenter said that she submitted the Delta Renewal for 7/1/04 and that Delta was suggesting a 2% rate increase for the Contributory dental plan.

Bud Breault asked Ms. Carpenter if she knew what the increase would be for the Voluntary dental plan.

Ms. Carpenter said that the Voluntary rates are not yet available.

Other Business:

Paul Lazar informed the Board of the HPHC Coordination of Benefits procedures. He said that HPHC now has an automated system. He said that when the first member of a Family plan has a claim in the calendar year, a form goes out to the subscriber to ask if he/she has other insurance. He said that if HPHC doesn't hear back from the subscriber within 30 days, a second letter is generated. He said the subscriber must respond in 15 days or claims will be denied until the subscriber responds.

Anne Hart-Davies said that BCBSMA does the same thing but the letter is triggered on the month of the member's birthday.

There was no other business.

Jeff Cannon moved to adjourn the meeting

Motion

Jillian Douglass seconded the motion.

The motion passed by unanimous vote.

Prepared by Carol G. Cormier
Group Benefits Strategies