

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

STEERING COMMITTEE

Wednesday, February 6, 2013 9:00 AM
Sandwich Municipal Office Bldg., Sandwich, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, February 6, 2013 at the Sandwich Municipal Office Bldg., Sandwich, MA

The following people attended the meeting:

Committee Members Present:

A. Francis (“Skip”) Finnell, Chair
Noreen Mavro Flanders
Erin Orcutt
Marie Buckner
Debra Blanchette
Maggie Downey
Susan Milne
Gerry Panuczak

Dennis-Yarmouth RSD
County of Dukes County
Cape Cod Regional THS
Town of Sandwich
Town of Barnstable
Barnstable County
Town of Yarmouth
Town of Chatham

Guests Present:

Rich Bienvenue
Peter Halliday
Denise Coleman
Tom Mayo
Larry Azer
Renie Dumont
Susan Wallen
Lisa Vitale
Suzanne Donahue
Bill Hickey
Fred Winer
Nina Conroy
Carol Cormier
Karen Carpenter

CCMHG Treasurer
Town of Sandwich
Town of Falmouth
Town of Mashpee
Dennis Yarmouth RSD
Nauset RSD
Nauset RSD
Town of Brewster
Blue Cross Blue Shield (BCBS)
Harvard Pilgrim Health Care (HPHC)
Tufts Health Plan (THP)
Delta Dental
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Skip Finnell, Chair, called the meeting to order at 9:03 a.m.

Approval of the Minutes of the January 23, 2013 meeting:

Erin Orcutt motioned to approve the minutes of the January 23, 2013 meeting.

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| Motion |
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Marie Buckner seconded the motion.

Noreen Mavro Flanders, Sue Milne, and Gerry Panuczak abstained.

The motion passed by a majority vote.

Payment Issues at Martha’s Vineyard (MV) Hospital:

Suzanne Donahue spoke to the problem of Blue Care Elect Preferred members being charged the specialist visit copay when seeing primary care physicians at MV Hospital. She said that there are 12 physicians that practice at the Hospital. She said that the BCBS claims system reads the field as a hospital visit and determines the claim to fall under “other covered provider services” which is charged as a Specialist Visit rather than a PCP Office Visit. Ms. Donahue said that BCBS will manually re-adjudicate the claims to a \$0 co-pay for preventative or a \$20 co-pay for for a PCP Office Visit.

Maggie Downey joined the meeting.

Ms. Donahue said that the providers have been contacted and are willing to change the way that they bill. She said that BCBS is working on a system change to solve the problem in the future. Ms. Donahue said that the physicians and the members affected will receive a mailing from BCBS regarding the re-adjudication.

Skip Finnell asked if BCBS could send a letter to impacted members only saying “Please contact your provider for reimbursement”.

Ms. Donahue said that BCBS can send a separate letter to the impacted members.

Noreen Mavro Flanders made a motion to approve sending the CCMHG letter to BCBS authorizing them to adjust the claims as mentioned above.

Motion

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

Carol Cormier said that she will send copies of the letter to the MV employers.

Treasurers Report:

Treasurer, Rich Bienvenue, CPA, reviewed the financial statements through December 31, 2012 (unaudited figures). He said that Unreserved Trust Fund Balance was \$21.7M and said that the claims during the second half of the year are typically higher than in the first six months. Mr. Bienvenue said that the fund balance was \$27.5 at this time last year and that year ended with a \$19M fund balance. He said that over \$3M of RDS money was distributed to the employers during that year. Mr. Bienvenue said that the trust fund balance surplus is \$8M.

Noreen Mavro-Flanders made a motion to accept the Treasurer’s report as presented.

Motion

Erin Orcutt seconded the motion. The motion passed by unanimous vote

Mr. Bienvenue said that he is working on the accounting software for CCMHG.

Wellness Committee Report:

Maggie Downey said that there was nothing new to report.

FY14 Rate Projections:

New State Mandates – Carol Cormier said that there are three new state mandates that were discussed at the January 23, 2013 Steering Committee meeting. She said that the mandates include coverage for hearing aids for children age 21 or younger, expanded coverage for cleft palate and lip treatment and approving nurse practitioners and physician’s assistants to fill the role of a PCP. Ms. Cormier said that the health plans expect the impact on claims costs to be 0.5% to 1%. She said that BCBS will incorporate the mandates into their plans effective July 1, 2013, but said that HPHC will give the option of adding them to the CCMHG plans.

There was a discussion and the Committee agreed that it would be best to be uniform across all of the CCMHG active plans and to add the mandates to the HPHC plans.

Skip Finnell said he would like to send out a communication to the members, unions and employers when benefits are added outside of negotiations.

Erin Orcutt made a motion to recommend to the Board to adopt the three mandates as described to be effective July 1, 2013.

Motion

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

New Federal and State Fees - Carol Cormier reviewed page i of the FY14 rate projections and said that there are new state and federal programs with fees that will impact CCMHG. She said that the federal PCORI fee will be charged for a new Patient-Centered Outcomes Research Trust Fund with an annual fee of \$1 per covered member for FY13 and \$2 per covered member for FY14. She said that the Transitional Reinsurance program to help fund a high risk pool for the individual market is expected to be a \$5.25 fee per covered member per month or \$63 per member per year. She said that this program starts on 1/1/14. Ms. Cormier said that a new state assessment on health plans and self-insured employer groups is supposed to be a one-time assessment of \$165M, but said that the amounts of individual assessments are not known at this time.

Marie Buckner asked if the municipalities would be exempt from the state assessment.

Carol Cormier said she did not know the answer to that question but has assumed they would not be exempt..

FY14 Rate Projections – Carol Cormier reviewed the rate development packet with multiple funding scenarios. She said that the health plans did rate projections and GBS did independent projections. Ms. Cormier reviewed the carriers' proposed administrative fees and said that the BCBS fee is increasing by 1.5% and HPHC is holding its fees at current levels. Ms. Cormier asked BCBS to consider holding its fees as well.

Suzanne Donahue said that she would ask.

Carol Cormier reviewed the calculation of funding for the Reinsurance Aggregating Specific Deductible and the Abacus projected funding for the alternative prescription drug program and Diabetes Rewards program. Ms. Cormier said that these expected expenses were not calculated into the rate projections which was the case in previous years.

Ms. Cormier reviewed the Delta Dental rate projections and said that the carrier is projecting a 3.5% increase for the Contributory plan and a 0.2% increase for the Voluntary plan. Ms. Cormier said that GBS projected a 6.2% increase for the Contributory plan and a 1.2% increase for the Voluntary plan.

It was noted that the Rollover Maximum benefit helps to keep people enrolled in the dental plans all year.

Ms. Cormier reviewed the current funding scenario and presented the following scenarios:

Scenario A – Health plan projections with a composite funding increase of 16.7% for the health plans and 2.2% composite increase for the dental plans.

Scenario B – GBS projections with a composite increase of 14.6% for the health plans and 4.3% composite increase for the dental plans.

Scenario C – The lower of the GBS and health plan projections, but the GBS projection for the HPHC PPO with a composite increase of 14.2% for the health plans and 2.2% composite increase for the dental plans.

Scenario D – Based on Scenario C with \$4M trust fund balance at risk with composite increase of 10.7% for the health plans.

Ms. Cormier said that using Scenario C as the base and putting \$8.1M of trust fund balance at risk could lower the composite increase to a little over 7%. Ms. Cormier said that the Board voted last year to not subsidize the indemnity plan rates from that year going forward.

Noreen Mavro-Flanders asked Rich Bienvenue for his thoughts.

Mr. Bienvenue said that the lower range (8%) of the fund balance is \$10.8M. He said that would leave \$8.1M available to subsidize the rates.

There was a discussion about the trust fund and how much of it to risk in subsidizing rates.

Rich Bienvenue said that one of the JPGs had an actuarial study done that stated that having a fund balance at 10% of projected claims provides a 95% likelihood of funding sufficiency.

Carol Cormier worked on her computer to generate Scenario E with \$8.1M of trust fund balance at risk.

Prior to Maggie Downey leaving the meeting, Ms. Downey said that she favored using the trust fund surplus to achieve the lower end of the Fund Balance power band.

Suzanne Donahue said that there is only 6 months of claims data for the new plan designs that became effective on July 1. She said that it will take one or two years to see the full impact of the changes.

There was a discussion about the GIC and what their expected FY14 health plan rate increases will be.

Mr. Bienvenue said as long as everything continues to go well CCMHG should maintain a positive fund balance even if it puts \$8.1M at risk,.

Carol Cormier said that she completed Scenario E with a 7.3% increase across all of the plans with the exception of the indemnity and PPO plans and keeping the senior plans at a zero percent increase.

Skip Finnell asked Ms. Cormier to put together a few additional scenarios and suggested adding a Steering Committee meeting prior to the Board meeting on February 13th. He asked Ms. Cormier to send the new scenarios out by email tomorrow if possible. He asked to add the topic of freezing enrollments in the indemnity plan to the Steering Committee agenda. Mr. Finnell confirmed that the Committee wanted to see one scenario leaving the senior plans with no increase, using the lowest projection for the base on all of the plans except the indemnity and PPO HPHC plan, and one scenario putting \$6.1M of fund balance at risk with smoothing of the rates and a third scenario putting \$8.1M at risk.

Sue Milne said that if the rates are lowered with putting \$8.1M of fund balance at risk there will not be as much surplus to subsidize next years rates.

The Steering Committee scheduled another meeting prior to the Board Meeting on February 13, 2013 at 9:00 AM at COMM Fire District.

There was a discussion about level funding the dental plans.

Erin Orcutt made a motion to recommend to the Board to level fund the dental plans.

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| Motion |
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Debra Blanchette seconded the motion. The motion passed by a unanimous vote.

Medicare Employer Group Waiver Plans (EGWPs) possible changes to BCBS Medex and HPHC Medicare Enhance – discussion continued:

Ms. Cormier said that she reviewed the number of impacted members enrolled in the Medicare Enhanced and Medex plans that are utilizing the myMedicationAdvisor® and Diabetes Reward programs and said that the numbers showed more than 25% of the utilization was from seniors on these plans. She said this was higher than expected. She reviewed the estimated savings of moving the plans to EGWP type plans and said that she is recommending not making the move for July 1.. Ms. Cormier recommended changing the Medex plan prescription structure to a 3-tier co-pay arrangement and adding a closed formulary and continuing with the RDS until the EGWP model can be evaluated again in the new future.

Noreen Mavro-Flanders made a motion to recommend to the Board to change the Medex plan prescription structure to 3 tiers, \$5/\$10/\$25 with double co-pays for a 90-day supply by mail order at the reduced premium rate of \$385 effective July 1, 2013.

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Erin Orcutt seconded the motion. The motion passed by a unanimous vote.

Blue Care Elect PPO – deductible issues:

Carol Cormier said that some members on the PPO plan may have paid towards their out-of-network (OON) deductible prior to the plan design changes when the deductible was changed from a calendar year to a plan year. She said Committee has discussed the possibility of having the OON deductible amount members paid from January to June of 2012 credited to the FY13 policy period.

Suzanne Donahue said that to date, 65 members have paid \$650 in OON deductibles. She said that BCBS will need to look at each claim manually to re-adjudicate the claims. She also said that there will be additional claims and deductibles paid by other members who may incur claims through the end of FY13.

Skip Finnell asked to table this discussion pending additional information.

Delta Dental Rating Tiers:

Nina Conroy said that the single parent, single child members are currently on two separate individual plans. She suggested adding a single parent/single child rating tier at the same cost of two separate individual plans, and said that it will help with reporting and billing. Ms. Conroy that she has gotten approval for this to be done at no additional cost to CCMHG.

Noreen Mavro-Flanders made a motion to recommend to the Board to add a single parent/single child rating tier to the Delta Dental plan at the cost of two individual plans for the Contributory and Voluntary dental plans effective July 1, 2013.

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Erin Orcutt seconded the motion. The motion passed by unanimous vote.

Communications with Managers and Superintendents – further discussion:

Skip Finnell said that in response to a concern about the fallout of the opinion article in the *Cape Cod Times* written by Barry Eyre of KTP Advisors the Committee discussed meeting with the CCMHG Managers and Superintendents. He said that this would be in addition to the response sent to the CCMHG employers. Mr. Finnell said that he believes the most important point to make is that the group has no interest in reporting or rating the CCMHG employers separately. He said that that would defeat the purpose of the Joint Purchase Group.

Mr. Finnell said the next Manager's meeting is scheduled for February 14, 2013, to be held at the Daniel Webster Inn in Sandwich, MA and said that this topic is on the agenda and to contact Bob Laughton to attend.

Mr. Finnell said the next Superintendents meeting is scheduled for March 1, 2013, location to be determined.

Skip Finnell, Rich Bienvenue and Carol Cormier said that they would be willing to attend.

Other Business:

The next CCMHG Steering Committee meeting was scheduled for February 13, 2013, 9:00 AM at COMM Fire District, prior to the Board meeting at 10 AM on that same day.

There was no other business.

Noreen Mavro Flanders moved to adjourn.

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

Chair Skip Finnell adjourned the meeting at noon.

*Prepared by Karen Carpenter
Group Benefits Strategies*