

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

**Board Meeting**

Wednesday, February 13, 2013, 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 Wednesday, February 13, 2013 at 10:00 AM at the COMM Fire District, Centerville, MA. The following people attended the meeting:

**Board Members Present:**

Noreen Mavro-Flanders, Board Chair	County of Dukes County
A. Francis (“Skip”) Finnell, Steering Committee Chair	Dennis-Yarmouth RSD
Marie Buckner	Town of Sandwich
Debra Blanchette	Town of Barnstable
Gerry Panuczak	Town of Chatham
Maggie Downey	Barnstable County
Erin Orcutt	Cape Cod Regional THS
Linda O’Brien	Town of Provincetown
Pam Hudson	Town of Provincetown
Judy Sprague	COMM Fire District
Joan Plante	Town of Eastham
Dawn Rickman	Town of Wellfleet
Lisa Vitale	Town of Brewster
Susan Milne	Town of Yarmouth
Renie Dumont	Nauset Regional School District
Susan Wallen	Nauset Regional School District
Heather Harper	Town of Falmouth
Mary McIsaac	Town of Harwich
Kathleen Iernio	Monomoy Regional School District
Nancy Ward	Bourne Water District
Robert Cecile	Barnstable Fire District
Susan Stoltz	Barnstable Fire District
Leanne Gray	Mashpee Water District
James Weiss	Martha’s Vineyard RSD
Rose Crosby	Upper Cape Cod Regional Voc.
Verna LaFleur	Hyannis Fire District
Dave Withrow	Town of Orleans
Deborah Heemsoth	Town of Dennis
Beverly Haley	Dennis-Yarmouth RSD
Jim Brown	Cape Cod Collaborative

**Guests Present:**

Rich Bienvenue	Treasurer, CCMHG
Denise Coleman	Town of Falmouth
Scott Starbard	Falmouth Firefighter
Matthew Barse	Town of Yarmouth IAC
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)

Fred Winer  
Nina Conroy  
Carol Cormier  
Karen Carpenter

Tufts Health Plan (THP)  
Delta Dental of MA  
Group Benefits Strategies (GBS)  
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 24, 2012 meeting:**

Skip Finnell motioned to approve the minutes of October 24, 2012 meeting.

Motion

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

**Investment Report:**

Gerry Panuczak, Investment Committee Chair, said that there was a total gain in investment income of \$461K during the second quarter of FY13. He said that the portfolio balance is \$12.2M and said that the initial CCMHG investment was \$8M.

Jason Lily from Rockland Trust said that there was a gain on returns of \$461K over the last 6 months. He said that all the asset funds are in compliance with the CCMHG Investment Policy.

Jason Lily distributed and reviewed the report on investments with data ending 12/31/12 and said that the asset classes are positive with the exception of commodities. He said that Portfolio #1 (conservative with 70% in fixed income/30% in equities) had a 12-month return of 7.53% and Portfolio #2 (balanced/aggressive with a 50/50 balance of fixed income and equities) had a 12-month return of 10.69%. He said Portfolio#1 underperformed the benchmark slightly, while Portfolio #2 outperformed the benchmark slightly for the year. He said that the Investment Committee may be making a recommendation to put some of the investment gain into a safe account that may be accessible should the group need to access the cash.

Noreen Mavro-Flanders thanked Mr. Lily for attending the meeting, and Mr. Lily left the meeting.

**Treasurer’s Report:**

Treasurer, Rich Bienvenue, CPA, reviewed the financial statements through December 31, 2012 (unaudited figures). He said that the total operating cash was \$19.6M which was down slightly from this time last year. He said that the Unreserved Fund Balance was \$21.7M as of December 31, 2012 and said the current year increase is \$2.7M. Mr. Bienvenue said that FY12 was close to a break-even year, in spite of the distribution of \$1.6M of Retiree Drug Subsidy money to the employers. He noted that \$8M from Fund Balance was expected to be used towards the FY13 expenses. He reported assets at \$33M and liabilities of \$11.3M.

Mr. Bienvenue said that he prepared a fund balance analysis that was reviewed at the Steering Committee Meeting. He said that the Committee will be making a recommendation to the Board at this meeting and said that between 8-12% of claims based on paid claims for the most recent 12 months is the target range of the fund balance policy. Mr. Bienvenue said that actuaries have determined that 10% is sufficient for most groups.

**Wellness Committee Report:**

Maggie Downey said future Wellness Committee Reports will be given by Deanna Desroches and Krystle Rose, the CCMHG Wellness Consultants. Ms. Downey said that Krystle Rose was recently contracted by CCMHG as the Martha’s Vineyard consultant. Ms. Downey said that the CCMHG Incentive Program will be continuing for calendar year 2013 and will now include the spouses of the active employees. She said that in addition to distributing the incentive cards at the March 5, 2013 Wellness Meeting with the Benefit Coordinators, the cards will also be mailed to each employee. Ms. Downey said that the Committee is continuing to promote the Smoking Cessation program in the Town of Harwich and said that the program is open to all units.

Noreen Mavro-Flanders thanked the Wellness Committee and the Wellness Consultants for their work.

**Steering Committee Report:**

Skip Finnell said that the CCMHG Steering Committee meets monthly and invited all to feel free to attend the meetings.

Health plan deductible issue – Skip Finnell said that some members on the PPO plans may have paid towards their deductible prior to the plan design changes when the deductible was changed from a calendar year to a fiscal year. He said that it was discussed that those members may have the deductible amount they paid from January to June of 2012 credited to the FY13 policy period. Mr. Finnell said that it is logistically difficult to remedy, but said that the Committee is continuing to work on a possible resolution.

Delta Dental - Mr. Finnell said that the Committee has been reviewing options for the BCBS Medex prescription benefit and will be making a recommendation. Mr. Finnell said that the Committee has been working with BCBS to correct a billing issue with some physicians at the Martha's Vineyard Hospital. Mr. Finnell said there are some new state mandates that will be discussed later in the meeting. He said that Delta Dental will now have a single parent/single child rate for better reporting purposes.

Carol Cormier said that currently a single parent with one child can enroll as two individuals. She said the Single Parent/Single Child rate will be the equivalent of two individual plan rates. She said that this change will help with reporting and tracking.

Employee Group Waiver Plans (EGWP) - Mr. Finnell said that the Committee has been reviewing information on EGWPs, but said that they are not recommending the plans for this plan year.

Carol Cormier said that the EGWP plans build Medicare Part D into the plan and said that the Tufts Medicare Supplement plan is an EGWP plan. She said that rather than receiving the Retiree Drug Subsidy (RDS), the employers and members would save through lower plan rates. She said that there are some pros and cons and the savings differs between the Harvard Medicare Enhance and Medex plans, mainly because the Medicare Enhance plan rate is lower than the Medex plan rate. Ms. Cormier said that if a change is made, members would not be eligible to participate in the international prescription buying program or the Diabetes Rewards program since the prescription coverage would be fully insured on the EGWP. She said that approximately 26% of the alternative RX program utilization is by retirees on Medex and Medicare Enhance.

Cape Cod Times article – Skip Finnell said that members of the Committee are meeting with the CCMHG Managers and Superintendents to address the questions regarding risk rating that arose from the opinion article in the *Cape Cod Times* written by Barry Eyre of KTP Advisors. Mr. Finnell said that he and Noreen Mavro-Flanders sent a response to the CCMHG employers. He said that the CCMHG has explicitly made a point of not wanting to see the claims experience of the individual employers in order to foster unity rather than separateness and/or divisiveness.

Mr. Finnell said that some of the other items the Committee has been working on will be discussed later in the meeting, including proposed changes to the Medex plan, Blue Care Elect billing issue at Martha's Vineyard Hospital and new State benefit mandates.

**GBS Reports:**

Noreen Mavro-Flanders said that the GBS reports were emailed to the Board prior to the meeting.

Funding Rate Analysis- Carol Cormier reviewed the Funding Rate Analysis with data through January 2013 and said the expense-to-funding ratio for health plans was 93.6% and for dental was 83.5%. Ms. Cormier

noted that the Harvard Pilgrim EPO plan was underfunded by \$1.3M, but overall funding was \$3.98M over expenses.

FY14 Reinsurance RFO - Carol Cormier said that due to the lack of responses from reinsurance carriers to quote on municipal business, GBS has made an alliance with Gallagher Insurance Benefits Services, a national broker. She said that she recommends that CCMHG obtain quotes for a policy with the same specifications as the FY12 policy. Ms. Cormier said GBS and Gallagher Insurance Benefit Services are looking at a number of solutions such as a reinsurance pooling arrangement. Ms. Cormier said that this type of arrangement is similar to what CCMHG is doing as a JPG for the health plan claims. She said that there will be more information forthcoming on this topic.

**Blue Care Elect billing issue with Martha’s Vineyard Hospital (MVH) physicians:**

Noreen Mavro-Flanders said that the billing practice of a group of physicians at MVH has resulted in members being charged the Specialist Office Visit copay of \$35, rather than the Primary Care Office Visit copay of \$20. Ms. Flanders said she wrote a letter to BCBS authorizing them to adjust the claims for these members and asked BCBS to work with the physicians to change the way they are coding the visits.

Suzanne Donahue said this problem applies only to Blue Care Elect PPO and that BCBS has identified the affected members and will send an Explanation of Benefits (EOB) statement to those members and their physicians. She said BCBS will continue to manually track and correct these claims until the systems are changed. Ms. Donahue said that the physicians are willing to work with BCBS to resolve the issue.

Jim Weiss asked how HPHC handles this.

Bill Hickey said that the health plans have different contracts and said that HPHC does not differentiate between their plan types.

Both Bill Hickey and Suzanne Donahue recommended that members should not pay any bills from providers until they receive the EOB from the health plan. They said that the members can access their information on-line to see their medical services and billing activity in real time.

Noreen Mavro-Flanders recommended that the employers communicate to their employees about waiting to receive their EOB before paying for their medical visits.

**The Affordable Care Act and MA State Mandates – additional costs:**

Carol Cormier said that there are three new state mandates that are expected to impact the claims cost by 0.05% to 1%. She said that the new 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. She said that BCBS will add these mandates to their plans but HPHC believes that self-funded employers have the option to add them or not.

Skip Finnell made a motion to adopt the three mandates as described to the HPHC EPO and PPO plans to be effective on July 1, 2013.

Motion

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

Noreen Mavro-Flanders said that the Steering Committee wants to make a list of all of the benefits that CCMHG has added over the years.

Skip Finnell noted that there was a time when benefits were only added to the health plans during union contract negotiations.

**Proposed changes to the BCBS Medex plan:**

Eye exam rider – Noreen Mavro-Flanders said that the Board voted to remove the eye exam from the EyeMed plan since eye exams are covered by all but one of the health plans. She said that the Medex plan does not cover eye exams, but said that a rider is available to cover an annual eye exam. Ms. Flanders said that the Steering Committee is making a recommendation to the Board to add the eye exam rider to the Medex plan.

Skip Finnell made a motion to add the eye exam rider to the Medex plan effective July 1, 2013.

Pam Hudson seconded the motion. The motion passed by unanimous vote.

Motion
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Rx plan design changes – Noreen Mavro-Flanders said that BCBS is recommending adding a closed formulary and adding a co-pay structure similar to the active plans to the Medex plan. She said that the Medex plan coinsurance of 20% can be very costly to the retirees, especially for specialty drugs.

Carol Cormier said that the active plans have a closed formulary and that means that there is a list of approved medications allowed. She said that the formulary would have the same prescriptions on it that the active plans have.

Suzanne Donahue distributed information about the proposed Rx changes. She said that if the Board approves the changes, they would take effect on July 1, 2013 and the retail co-pays would be \$5/\$10/\$25 for a 30-day supply and double the co-pays for mail order (90-day supply). Ms. Donahue said that BCBS also has a \$9 generic prescription list. She said that CCMHG also offers the international drug and diabetes programs. Ms. Donahue said that formulary exceptions can be made through a physician request. She said that the change would have a positive impact on the rates now and going forward.

Skip Finnell made a motion to approve adding a closed formulary and new co-pay structure to the Medex plan effective July 1, 2013.

Motion
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Dave Withrow seconded the motion. The motion passed by a unanimous vote.

**FY14 Rate Projections– Steering Committee’s recommendation:**

Noreen Mavro-Flanders said that the Steering Committee has reviewed the GBS and health plan’s renewal projections and is recommending to the Board to approve Scenario K. She asked Carol Cormier to give a synopsis of the recommendation.

Carol Cormier said that GBS and the health plans completed the rate projections and said the results did not make sense to her since the CCMHG claims experience has been running well. Ms. Cormier said that health care trend is 6% to 8%. She said that the Steering Committee reviewed the projections and were looking at reducing the rates with an expected use of \$6.1M to \$8.1M of fund balance. Ms. Cormier said that after review of an additional month of funding and claims data, the Committee is recommending Scenario K, with an expected use of \$10M. Ms. Cormier reviewed the rates on Scenario K. She said that the Board previously voted not to subsidize the Indemnity plans, so the rates for that plan will increase by 12%. Ms. Cormier noted that there was an error on the spreadsheet and asked the attendees to change the Indemnity plan increase to 12%. She said that all of the active plans will increase by 6% and there will be no increase to the self-funded senior plans. Ms. Cormier said that the composite increase for FY14 is 5.4%. She said that the Steering Committee recommended no increase to the dental plan rates. She said that she can round the numbers, if requested as in prior years.

Skip Finnell made a motion to approve Scenario K as presented, changing the Indemnity plan increase to 12% and 0% increase to the senior self-funded health plans and 0% increase to the dental plans.

Dave Withrow seconded the motion.

Motion
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Skip Finnell said that the Steering Committee had a very lengthy discussion when determining the amount of trust fund balance to put at risk. He said that it is his view that adopting this scenario may be setting the group up for high increases to the rates for the next fiscal year. Mr. Finnell said that the majority of the Steering Committee is recommending this scenario in lieu of distributing the RDS money as a means to reduce the fund balance.

Heather Harper said that the Steering Committee studied the historical data and found it to be appropriate to recommend this scenario to the Board. She said that she appreciates Skip Finnell and Noreen Mavro-Flanders comments. Ms. Harper said that the Steering Committee will be reviewing the rate setting process and what makes sense moving forward. Ms. Harper asked the Board to go back and communicate to their financial team about the possible impact to next year's rates.

Jim Weiss asked where this decision would put the fund balance on the target range of the fund balance policy.

Carol Cormier said that the fund balance could be a little less than the lower end of the power band.

Noreen Mavro-Flanders said that the fund balance policy recommends keeping the fund balance between 8% and 12% of the claims of the last 12 months. She said she does not favor risking below the 8%.

Dave Withrow asked the Committee to communicate to the Board in October or November if review of the financial information indicates any issues.

Scott Starbard said that he has seen how the new plan design changes have changed the way that some members are utilizing their health plan. He said that he has noticed that some members are not utilizing the emergency room (ER) frivolously, where in prior years, he has seen members using the ER for services that could have been addressed at a physician's office.

Carol Cormier said that the new federal and state fees are not included in the rate projections as well as the new one-time state assessment, the amount of which is as yet unknown. She said that CCMHG will continue to receive the RDS money at approximately \$1.3M per year unless it changes the senior plans to EGWPs.

Noreen Mavro-Flanders asked if there was anyone who had further comments or questions.

A vote on Mr. Finnell's motion was taken and passed by a majority vote. Skip Finnell abstained and Noreen Mavro-Flanders opposed.

### **Health Plan Reports:**

Delta Dental of MA – Nina Conroy said that while working on the Renewal, she noticed that the Voluntary dental plan had access to the national network, while the Contributory plan did not. She said that after some discussion, Delta Dental agreed to add the national network to the Contributory plan effective July 1, 2013 at no added cost to the CCMHG. She said that the information will be added to the CCMHG website.

Tufts Health Plan – Fred Winer said that Bill Rowbottom has been working on the scheduling of the health fairs and asked anyone who needs to set up a date to contact Mr. Rowbottom.

Harvard Pilgrim Health Care – Bill Hickey said that the CCMHG employers are great to work with. He said that HPHC has been working on programs to keep in compliance with the health care reform. He said that they are also working on tiered network and cost sharing programs such as offering member savings on MRIs at free-standing clinics.

### **Other Business:**

Noreen Mavro-Flanders asked everyone to send Karen Carpenter their final count of dependents that were removed from the health plans as a result of the dependent eligibility audit.

The next Steering Committee meeting was scheduled on March 13, 2013 at the Sandwich Municipal Office Building, Sandwich, MA.

The next Board Meeting was scheduled on April 24, 2013 at 10:00 a.m.

There was no other business.

Skip Finnell made a motion to adjourn.

Motion
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Marie Buckner seconded the motion. Noreen Mavro-Flanders adjourned the meeting at 11:40 a.m.

*Prepared by Karen Carpenter  
Group Benefits Strategies*