

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

STEERING COMMITTEE

Wednesday, March 13, 2013 9:00 AM
Sandwich Municipal Office Building, Sandwich, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, March 13, 2013 at the Sandwich Municipal Office Building, Sandwich, MA.

The following people attended the meeting:

Committee Members Present:

A. Francis (“Skip”) Finnell, Chair
Noreen Mavro Flanders
Erin Orcutt
Marie Buckner
Susan Milne

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

Guests Present:

Rich Bienvenue
Deanna Desroches
Beverly Haley
Bill Jennings
Susan Wallen
Kate Sharry
Manjusha Sheobaran
Tracey May
Suzanne Donahue
Bill Hickey
Carol Cormier
Karen Carpenter

CCMHG Treasurer
CCMHG Wellness Coordinator
Dennis Yarmouth RSD
Town of Sandwich
Nauset RSD
Group Benefits Strategies (GBS)
AIG Benefits
Gallagher Benefit Services
Blue Cross Blue Shield (BCBS)
Harvard Pilgrim Health Care (HPHC)
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Skip Finnell, Chair, called the meeting to order at 9:00 a.m.

Approval of the Minutes of the February 6, 2013 and February 13, 2013 meetings:

Noreen Mavro-Flanders motioned to approve the minutes of the February 6, 2013 and February 13, 2013 meetings.

Motion

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

Wellness Committee Report:

Deanna Desroches said the CCMHG Incentive Program postcards were sent out and she distributed copies to the Committee. She said that a scanned copy of the card is available.

Ms. Desroches said that the Wellness Committee met with the CCMHG Benefit Administrators and said that 18 administrators were in attendance. She said that despite the communications sent to each unit, she was surprised to learn that there were several administrators that were not aware of the wellness

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programs. Ms. Desroches said that it was a very good meeting overall and said she received positive feedback. She said that there was a lot of interest in additional fitness and weight loss programs. Ms. Desroches said that she would also like to include spouses and dependents in more of the programs.

There was a discussion about the importance of receiving the support of upper level management.

Skip Finell and Erin Orcutt said that some of the Cape Cod Tech students are enrolled in a health technologies course and their instructor is a registered nurse. Erin Orcutt said that the students perform health screenings under the guidance of the instructor and said that she is sure that they would be available to help out with the CCMHG screenings.

Deanna Desroches said that she would be happy to have them help out with the screenings and said that she would get the instructors contact information from Ms. Orcutt after the meeting.

Noreen Mavro-Flanders said that Krystle Rose, MV Wellness Coordinator, met with the Martha's Vineyard Wellness Committee and set up health screenings and other programs, including a Brown Bag Lunch and setting up seminars on ticks and the prevention of Lyme disease. She said that Ms. Rose is doing very well.

Deanna Desroches said that the Harwich Smoking Cessation program was canceled due to low participation. She said only 6 employees signed up for the program. She said she wondered how the program was promoted.

Skip Finnell asked to add communication of the wellness programs to the next Board agenda for discussion.

Treasurers Report:

Treasurer, Rich Bienvenue, CPA, reviewed the financial statements through January 31, 2013 (unaudited figures). He said that the total operating cash was \$21.3M which was down \$8.5M from this time last year. He said that the Unreserved Trust Fund Balance was \$22.3M as of January 31, 2013. He reported assets at \$31.4M and liabilities of \$9.1M.

Mr. Bienvenue said that he was going to speak to Gerry Panuczak and Jason Lily regarding the terms of the Rockland Trust investments. He said he would like to set up a plan for utilization of some of the funds should it become necessary.

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.

GBS Reports:

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 84.4%. Ms. Cormier noted that the Harvard Pilgrim EPO plan was underfunded by \$1.4M, but overall funding was \$4.7M over expenses.

BCBS Level Monthly Deposit (LMD) Reconciliation – Carol Cormier said that the payments to BCBS exceeded expenses by \$1.49M through January 2012. Ms. Cormier said that the BCBS underwriter reviewed the LMD amount and reduced it from \$7,620,000 to \$7M.

Suzanne Donahue said that BCBS will review the LMD amount again in July.

HPHC Level Monthly Deposit (LMD) Reconciliation – Carol Cormier said that the expenses exceeded the monthly deposit at the end of January by \$405K.

myMedicationAdvisor® - Carol Cormier reviewed the report through December and said that the program runs from January to December. She said that the total net savings of \$661,980 for the international prescription buying program beat the projections. She said that the program is on target for the alternative generic savings program. Ms. Cormier noted that she gave the FY14 funding factor for this program to the Steering Committee, but said it was not added to the FY14 rates.

Stop Loss Reports- Karen Carpenter reviewed the FY12 Stop Loss report with claims paid through January. She said that total reimbursements received were \$536,629 and said that there is an overpayment of reimbursements in the amount of \$2,255. Ms. Carpenter reviewed the FY13 Stop Loss report with claims paid through January and said that there are 2 claimants that have exceeded the deductible. She said the total paid claims on these two members is \$1.07M. Ms. Carpenter said that the Aggregating Specific Deductible has not been met. Ms. Carpenter said that there are 9 claimants that have reached 50% of the deductible with claims totaling \$2.7M.

Skip Finnell asked Ms. Carpenter if she could separate the HPHC and BCBS claims totals on the stop loss report and add the reinsurance premiums paid.

Carol Cormier said that the reinsurance premiums are reflected on the Treasurer's Report.

Mr. Bienvenue reviewed the reinsurance premiums paid to date.

Update on Blue Care Elect Preferred billing issue with Martha's Vineyard Hospital, further discussion:

Suzanne Donahue said that the affected members through December 31, 2012 have been identified and their claims have been re-adjudicated. She said that members will either have a credit on their account with the physician or they can ask the provider to reimburse them. Ms. Donahue said that the members will be identified on an ongoing basis until the physicians change their billing practices. She said that the members have received an Explanation of Benefits (EOB).

BCBS PPO Out-of-Network (OON) payment methodology: Skip Finnell asked to postpone this discussion until the next Steering Committee meeting.

Health and Dental Plan Reports:

Harvard Pilgrim Health Care – Bill Hickey said that HPHC found that certain types of drugs were not excluded when calculating the gross retiree Rx costs eligible for the RDS subsidy payments. He said that HPHC informed the CMS plan payment group and has implemented a solution. He said that this has affected the CCMHG plan years 2010 and 2011. Mr. Hickey said that HPHC has recalculated all of the claims and said that CCMHG has received approximately \$8,900 in overpayments. Mr. Hickey said that HPHC will pay this amount to CMS, but said that CMS is requiring refilings for amounts exceeding \$3K.

Carol Cormier asked Mr. Hickey to look into compensating for time spent re-filing. She said GBS will have to do the re-filings and this will be time-consuming and unexpected.

Blue Cross Blue Shield – Suzanne Donahue distributed a sample copy of the Summary of Benefits and Coverages (SBCs) and said that the format is standard and cannot be modified. She said that employers of self-funded plans will be responsible for distributing the summaries to their eligible employees. Ms. Donahue said that BCBS will continue to produce the regular Summary of Benefits sheets.

Bill Hickey said that HPHC will also continue to print the normal Summary of Benefits. He said that the Member Services Department is receiving a lot of questions regarding the summaries.

Skip Finnell asked Carol Cormier to send a cover letter template that can be used by the employers.

Ms. Cormier said that GBS will send out the necessary information with the summaries.

Other Business:

The following CCMHG Steering Committee meetings were scheduled:

- April 24, 2013, 9:00 AM at the COMM Fire District, Centerville, MA
- May 21, 2013, 9 AM at Sandwich Municipal Office Bldg. and
- June 19, 2013 9 AM at Sandwich Municipal Office Bldg.

It was noted that the next Board Meeting will also be held on April 24, 2013, at 10 AM following the Steering Committee Meeting.

A Board Meeting was scheduled to be held on July 24, 2013, time to be determined.

Reinsurance pooling proposal , a Multi-Level Reinsurance Pooling Arrangement (MLRPA) - Tracey May, Gallagher Benefits Services and Manjusha Sheobaran, AIG Benefits:

Carol Cormier introduced Tracey May, Client Executive at Gallagher Benefits Services and Manjusha Sheobaran, Regional Sales Director at AIG Benefits . She said that GBS has partnered with Gallagher in efforts to provide the GBS clients with a stop loss solution since it has become increasingly difficult to obtain reinsurance quotes from carriers each year.

Tracey May spoke about Gallagher Benefits Services and gave a brief history of the company. He said that they are listed among Forbes Platinum 400 and also recognized as one of the 2012 and 2013 world's most ethical companies by the Ethisphere Institute. Mr. May said that they are also one of the world's largest insurance advisors employing over 11,000 employees. He said that they have a significant presence in the national stop loss market with 5% of the \$7B stop loss premium placed annually.

Manjusha Sheobaran said that AIG ranks 33rd on the Fortune 500 list and employs over 30,000 employees in the US. She said that they have over 160 years of experience underwriting benefits insurance and have been writing stop loss since 1974. She said that they have one of the largest most diverse portfolios in the benefits industry with over \$1B of in-force premium.

Ms. Sheobaran said that what they are proposing to do with the stop loss coverage is what CCMHG is already doing with their health insurance, except that they would be joining with other Joint Purchase Groups (JPG) to fund their stop loss coverage. She reviewed page 18 of the presentation on how the risk would be distributed. Ms. Sheobaran said that each JPG would maintain its current Specific Deductible level and the Aggregating Specific would be eliminated. She said that each joint purchase group would be rated independently based on its own experience, projections of risk, demographics, and wellness initiatives. She explained that CCMHG would pay its stop loss premiums and that a portion of the premiums would be deposited into the multi-level risk pool to pay claims exceeding the \$300K stop loss deductible and a portion of the premium would be paid to AIG for excess claims exceeding \$1M. She said that there is a possibility that the \$1M would be lowered to \$750K.

Skip Finnell expressed concerns as to how Gallagher and AIG would convince the other JPG's to participate.

Manjusha Sheobaran said that they are meeting with the joint purchase groups.

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Ms. Sheobaran said that there will be three contracts: a Stop Loss Contract for each JPG (each be underwritten separately), a Reinsurance Agreement between AIG and the MLRPA, and a Participation Agreement between the MLRPA and each JPG.

Noreen Mavro-Flanders asked about the procurement process and said that they are asking the group to buy only from AIG.

Carol Cormier said that CMHG would be primarily self-insuring its reinsurance, but said they would be locking in with AIG to create a reinsurance “captive” arrangement.

Skip Finnell said that the Committee was told that they would receive information about the existing arrangement out of New Jersey, but said it was never received.

Tracey May said that John Scholl spoke to that at the presentation and Mr. May said that he could send their structure to the Committee. He said that he sent the white paper to the group in hopes to streamline the information.

Skip Finnell said that the Committee needs to do its due diligence.

Carol Cormier noted that insurance is not subject to MA General Law 30b.

Manjusha Sheobaran said that they are looking to partner with CCMHG and take its reinsurance to the next level and to become its own insurance company.

Carol Cormier said that under the proposed model the process would be seamless and filing claims and receiving reimbursement checks will continue as it is now.

Mr. Finnell asked why should the JPGs use AIG and Gallagher Benefits Services for this arrangement.

Manjusha Sheobaran said that AIG provides the stop loss expertise and underwriting a program and pricing of insurance. She said that the pool would be funded initially by the premiums and a working capital deposit made by each JPG. Ms. Sheobaran said that the funds from the JPGs would be in a closed cell rented from AIG’s captive in Vermont.

Kate Sharry clarified that Group Benefits Strategies will not be compensated with this arrangement and said that the discussions began at GBS to address the shortage of reinsurance bids each year. She said that GBS is proposing this as a solution for its clients.

Rich Bienvenue said that with this proposed arrangement funds would be moved to two large corporations. He said that the JPG Treasurers report on the finances of each group. He said he wondered about the risk and loss of control.

Tracey May said that the agreement would be set up similar to that of the Joint Purchase Agreements that CCMHG and the other JPGs have signed on to. He said each JPG would have voting rights on the Board.

Manjusha Sheobaran said that there will be full transparency and said regular reports would be provided as required to the JPGs. She said that AIG would assign a CPA who would complete the reporting.

Noreen Mavro-Flanders asked who would hold the pool.

Ms. Sheobaran said that AIG would have maximum liability in the pool and said that if AIG deteriorated, the money would be safe in an interest bearing account. She said that the JPGs will own the pool. Ms. Sheobaran reviewed page 22 of the presentation and explained how a claim would be paid and reimbursed through the proposed MLRPA.

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Skip Finnell said that he would like to see a sample of existing cells and their agreements and how many are participating in these types of arrangements.

Tracey May said that he could send general information, however he said that some of the information may be proprietary.

Carol Cormier asked Mr. May to provide general information and any non-proprietary agreements..

There was a discussion.

Skip Finnell said that he would like a legal opinion of cell rentals in Vermont.

Noreen Mavro-Flanders asked about the regulatory requirements.

Manjusha Sheobaran said that AIG has already completed all of the regulatory requirements in Vermont.

Rich Bienvenue had concerns that if the pool is not a municipality, that it may be subject to ERISA and taxes.

Kate Sharry said that GBS will obtain a legal opinion.

Carol Cormier said that if CCMHG decides not to participate in the pool, she suggested sending the RFQ to the incumbent reinsurance carrier and to Gallagher Benefits Services only. She said she thought this was probably discussed earlier.

Skip Finnell said that the Committee will decide at the April 24th meeting and he asked for pooling models and the legal opinion.

Tracey May said that he will provide the New Jersey information.

The Steering Committee thanked Mr. May and Ms. Sheobaran for their presentation.

There was no other business.

Noreen Mavro-Flanders moved to adjourn.

Motion

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

Chair Skip Finnell adjourned the meeting at 12:00 Noon.

*Prepared by Karen Carpenter
Group Benefits Strategies*