

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

STEERING COMMITTEE

Thursday, April 29, 2004, 9:00 A.M.
Dennis-Yarmouth Regional School District Administration Building

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Thursday, April 29, 2004 at the Dennis Yarmouth Regional School District Administration Building. The following people attended the meeting.

Committee Members Present:

Robert Whritenour, Chairman	Town of Falmouth
Jeffrey Cannon	Town of Barnstable
Robert Canevazzi	Town of Dennis
Francis “Skip” Finnell	Dennis-Yarmouth Regional School District
Judie Jardin	Dukes County
Noreen Mavro-Flanders	Dukes County
David Withrow	Town of Orleans
Marie Buckner	Town of Sandwich

Guests Present:

Richard D. Bienvenue, C.P.A.	Treasurer
Anne Hart-Davies	Blue Cross & Blue Shield of MA (BCBSMA)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Anne Boisvert	Delta Dental Plan of Massachusetts
Ginger Hastings	Altus Dental Insurance Company, Inc.
Dave Bailey	Unimerica, A United Health Group Company
Suzanne Prowse	Unimerica, A United Health Group Company
Carol Cormier	Group Benefits Strategies (GBS)
Joelle Carlberg	Group Benefits Strategies (GBS)

Vice Chairman Noreen Mavro-Flanders called the meeting to order 9:08 a.m.

Approval of the Minutes of the March 24, 2004 meeting:

Skip Finnell moved to approve the minutes of the March 24, 2004 meeting.

Motion

Judie Jardin seconded the motion.

The motion passed by unanimous vote.

Warrant Summary for May 2004:

Carol Cormier recommended that the Steering Committee wait until the next meeting to approve the May Warrant Summary. She said there were a couple of errors that were just brought to her attention that need to be corrected prior to approval.

Noreen Mavro-Flanders said the Steering Committee would approve the May 2004 Warrant at the next meeting.

Bob Canevazzi and Marie Buckner arrived at this time.

Treasurer's Report:

Financial Statements

Treasurer Richard Bienvenue reviewed the financial statements of March 31, 2004 (unaudited figures). He mentioned that the February and March claims had been pretty high, but January had showed good experience. He reported a fund balance of \$13.9 million. He reviewed his cash projection and said that he projected cash on 6/30/04 of \$23.3 million.

IBNR Calculation

Mr. Bienvenue talked about the IBNR calculation. He said the change in paid claims has been decreasing. He said there is faster claim processing. He said the Group might want to consider adjusting the fund balance to fund actual IBNR shortfall as of June 30, 2002 and adjust June 30, 2003 IBNR to three months average claims.

Carol Cormier said that the HMO plans do pay claims much more quickly and when there is movement from the Indemnity plans to the HMO plans, the Group would see the IBNR decrease.

Ms. Hart-Davies said state law requires that HMOs pay claims in 60 days.

There was a discussion about the IBNR calculation.

Ms. Mavro-Flanders suggested that the Committee revisit this issue when the audit is discussed.

Mr. Bienvenue mentioned that he would have a draft of the audit for the May 27th meeting.

Bob Whritenour arrived at this time.

Treasurer's Proposal

Rich Bienvenue presented his proposal for Treasurer's services. He reviewed what services he provides to the Group, which has increased over the past few years. He said some of the additional work includes increased responsibility for audited statements and the Management Discussion and Analysis. He said last year he worked about 1,500 hours. He reviewed the Treasurer's fees from the past three years. He said the final year of his contract, 3/1/03-2/28/04, was \$2,650 monthly and \$31,800 annually.

Mr. Bienvenue offered to continue providing Treasurer's services to the Group at the current level, \$31,800 annually, which is sufficient. He said the only thing he would ask is that he be reimbursed for office expenses, such as toner. He said in the past, he used to get reimbursed approximately \$400 per year for office expenses. He said other than that, he would continue on the same scale.

Bob Whritenour asked if there was a new contract or if Mr. Bienvenue was just asking the Group to level fund the current contract and add the reimbursement for supplies.

Mr. Bienvenue said that he could provide a formal proposal to the Group. He said he would have to get a copy of the contract.

Dave Withrow said he thinks this quote is extremely fair based on what he, himself, deals with at the Town level. He said for the reports that Mr. Bienvenue provides and what he deals with as far as the auditors are concerned, he thinks this is a good quote.

Bob Canevazzi said he would like to see a copy of the contract.

There was a discussion.

Skip Finnell said he liked the offer, but also thinks that the contract should be reviewed. He moved to approve the Treasurer's proposal to level fund (\$2,650 monthly / \$31,800 annually) subject to review of the contract.

Motion

Marie Buckner seconded the motion.

The vote in favor of the motion was unanimous.

Health Plan Reports:

Blue Cross Blue Shield of MA

Anne Hart-Davies said the main thrust has been the health fairs. She said there were two today that the Account Service Representatives were attending. She mentioned that the Town of Provincetown was hit the hardest with the elimination of the Carveout A&B plan. She said there was a lot of movement from the Indemnity plan to the PPO plan and so far, she hasn't seen any go back to the Indemnity. She said the employees that have switched to the PPO like the Wellness benefits.

Ms. Hart-Davies mentioned the fact that same-sex spouses will be eligible for group health insurance effective May 17, 2004. She said as far as domestic partners are concerned, actuary figures have shown that they do not worsen the risk pool. She said there is probably more of an effect with new hires. She said she hoped that the governmental units did consider the increase from individual plans to family plans when doing their budgets. She talked about COBRA being a federal law, which means that employers would not be required to extend COBRA benefits to same-sex spouses.

Ms. Cormier said GBS sought advice of legal counsel relative to the topic of same-sex marriages in Massachusetts. She said Chapter 32B does not define "spouse" and neither do the Plan Descriptions. She said, therefore, it is her understanding that beginning May 17th, the spouse of a same-sex marriage will be eligible for benefits. She said the marriage would be a qualifying event, so the spouse could come onto the employer group health plan off-anniversary.

Ms. Cormier talked about the federal tax impact on employers and employees since the federal government will not recognize Mass. same-sex marriage. She said at this point, employers might want to handle the deductions as if the employee was on an individual plan.

Ms. Cormier referred back to the issue of COBRA, which is a federal statute, and the fact that employers will not be required to offer COBRA to same-sex couples. She said GBS handles the COBRA Administration for CCMHG. She said the SJC ruling is a state law and separate from federal guidelines. She said GBS will administer the COBRA according to the federal guidelines, which means GBS will not offer COBRA to same-sex spouses. She said if an employer chooses to treat all employees the same and would like to extend COBRA rights to same-sex spouses, then GBS would require a written notice stating that the employer would like same-sex spouses to be eligible.

Ms. Cormier called attention to the letter from legal counsel, which confirms the information she has been giving to her Groups relative to this topic. She said a communication would also be sent from President of GBS, Jack Sharry regarding GBS's position on COBRA administration.

Marie Buckner asked why CCMHG does not offer a two-person rating tier.

Anne Hart-Davies said that adding more rating tiers does not change the overall costs because the population that is covered remains the same. She said more rating tiers just distributes the costs differently. She said there is no cost savings. She said if the Group were to add a 2-person tier in which two adults could enroll, with rates lower than the families, the family plan rate would have to go up accordingly because the same amount of money would be needed. She said there is no change in the population covered, just in the way the costs are distributed.

Ms. Hart-Davies said in municipal and other governmental employer accounts that have a higher average age or older workforce than private sector, data shows that the married couples without children are largely those who are older and whose families have grown up. She said these couples are typically in their late 40s to early 60s. She said it is not the young families who use the most healthcare services, but rather the people who are in the middle to older age brackets. She said if CCMHG were to create a separate rating tier in which married couples could enroll, and if CCMHG rated the tiers based on utilization and costs as they should, the 2-person rate would possibly need to be higher than the family rate.

Ms. Cormier said it is very difficult to change rating tier arrangements in an existing account because of the cost shifting that occurs. She said all of the governmental units participating in CCMHG had two tier rates when they joined the Group. She said almost all governmental employers in Massachusetts have two-tier rates. She said the Group has looked at this issue from time to time and always concluded that this would not be an advantageous move.

Ms. Cormier mentioned that Hampshire County added a two-tier rate and are now trying to eliminate it because reporting shows the two-tier with the highest claims.

Ms. Hart-Davies said overall the health fairs were going very well. She said employees seem to be happy that the rates did not increase too much.

Harvard Pilgrim Health Care

Bill Hickey introduced himself as the new Account Executive who would be replacing Paul Lazar. He said he does not have business cards as of yet. He said once he had business cards, he would visit each employer to introduce himself. He said in the meantime if anyone needed to contact him, his direct line is (617) 509-3437.

Mr. Hickey said he has been to many of the health fairs and he too felt that the FY05 rating was well received by the employees.

Mr. Hickey talked about a tiered network plan that HPHC would be releasing sometime near January 2005. He said it would be tiered on the PCP level based on provider quality and cost. He said HPHC was working out the details. He said he would like to be able to present information in the future so that the Group is aware of the current thinking.

Carol Cormier said the tiered network plan is the "patient choice" concept. She said it is a logical outcome to what has happened to the managed care network. She said everyone wants the highest level of care at the lowest cost.

There was a discussion.

Bob Whritenour said he is all for quality and efficiency; however, he would like to see something more formal.

Carol Cormier said that she had asked Mr. Hickey to just briefly mention this plan.

Bill Hickey said he would be happy to provide a formal overview of the plan. He said the whole concept of consumer driven health care has received a significant amount of press. He said HPHC just released information on this new plan this week. He said this was his purpose for bringing it up. He said it is a product that all health plans are looking at.

Ms. Cormier said she does not know if this type of product would be good for CCMHG. She said the Group would have to see how the tier networks are. She said a lot of the Cape doctors might fall into the best tier.

Ms. Hart-Davies said she doesn't see consumer driven health plans as something that municipalities would encompass.

Dental Provider Proposals for Voluntary Dental (*time scheduled appointments*):

Carol Cormier talked about the proposals that the Group received from Altus Dental, Unimerica and Delta Dental. She said all of the plans are insured. She said she spoke with legal counsel in regards to collective bargaining obligations. She said the opinion she received was that employers should notify their unions in writing informing them of the change. She said if there is no reduction in benefits, then no one would probably bargain. She mentioned that the City of North Hampton recently changed dental carriers. She said the City sent letters to the unions, but received no responses. She said there were three dental carriers that would be giving presentations at this meeting.

Anne Hart-Davies and Bill Hickey left the meeting at this time. Anne Boisvert also left the meeting at this time.

Unimerica Workplace Benefits, A United Health Group Company

The Unimerica Representatives arrived at this time.

Carol Cormier introduced Dave Bailey and Suzanne Prowse.

Bob Whritenour welcomed Mr. Bailey and Ms. Prowse to the meeting. He said currently CCMHG offers a Contributory Dental Plan and a Voluntary Dental Plan. He said the Voluntary Plan is 100% employee paid and has a stabilized risk pool. He said the Group sought quotes to hopefully replace the current plan. He said the hope was to find a quality program at a quality price.

Dave Bailey provided an overview of Unimerica Workplace Benefits, which is a division of United Health Care. He talked about the stability of Unimerica and the fact that it is a Fortune 63 company. He said Unimerica has approximately 30,000 employees, takes in \$25 billion in revenue and has a 25-year history of financial success. He mentioned that Unimerica has local service account managers. He said there are three million Unimerica members nationwide.

Suzanne Prowse thanked Mr. Bailey for the overview. She said Unimerica offers Voluntary Dental only. She said they find the right balance between cost and benefit. She mentioned that there are 70 claims representatives in Minnesota that are dedicated to processing claims. She said currently they adjudicate approximately 80% and are trying to increase that to 90%. She said the majority of claims, 99.8%, are processed in 10 days and the rest in 30 days.

Ms. Prowse talked about the different options that Unimerica was giving CCMHG. She said all options were considered passive PPOs. She said this means there are discounts if members use in-network dentists. She said there are currently seven providers on the Cape that are included in the Unimerica network. She said if the member goes out-of-network, they receive the same benefits, but the dentist is paid the "Reasonable and Customary" charges. She said currently Unimerica pays at the 85th percentile, but they have the flexibility to increase that to the 90th percentile at no additional cost to the Group.

Ms. Prowse said that the Health Insurance Association (HIA) has an industry Table of Allowance, which the majority of carriers use, including Unimerica. She said there are also other carriers that develop their own Table based on utilization.

Carol Cormier said every dental carrier is surveying the same dentists, so the Tables probably do not vary much.

There was a discussion about Reasonable and Customary and Balance Billing.

Dave Bailey said Unimerica is willing to increase the panel of dentists and would send a comprehensive mailing to dentists on the Cape.

Ms. Prowse said Unimerica would help employers to communicate to members the change in dental plans. She said they have mailings and posters, which would explain the new product and benefits. She said there is a department at Unimerica that focuses on this. She talked about a postcard that members would receive to “nominate their dentist” to participate in the network. She said Unimerica would report back to the Group on the progress in recruiting dentists.

Judie Jardin asked what the network was like on Martha’s Vineyard.

Ms. Prowse said there were currently no dentists on the island that participate in the Unimerica network. She said Unimerica goes through the provider nomination process, but cannot guarantee dentist participation.

Ms. Prowse said that Unimerica would contractually obligate to the Group with Performance Guarantees. She said Unimerica would also guarantee a second year renewal cap at 10%.

Mr. Whritenour thanked Ms. Prowse and Mr. Bailey and they left the meeting at this time.

Altus Dental Insurance Company, Inc.

The Altus Dental Representative arrived at this time.

Ms. Cormier introduced Ginger Hastings from Altus Dental.

Ginger Hastings provided an overview of Altus Dental, which is a division of Delta Dental of Rhode Island. She said Altus Dental’s expertise is in providing dental benefits. She said Altus has been in existence for three years. She said Altus processes all enrollments and claims.

Ms. Hastings said Altus Dental is big on Network Development. She said Altus is adding dentists to its network weekly. She said they have the largest PPO network in the state. She said there are three full-time recruiters that individually negotiate with dentists. She said members and employers save money if the member uses in-network dentists. She said for in-network, dentists submit claims to Altus and there is no balance billing. She said for out-of-network, dentists are reimbursed at the 90th percentile.

Ms. Hastings provided examples of covered services and how they would be paid in and out-of-network. She compared the Delta Dental Voluntary Plan and the Altus Dental Plan.

Ms. Hastings said there is no deductible on Preventive/Diagnostic services. She said if there were, it would discourage utilization.

There was a question about orthodontics.

Ms. Hastings said that orthodontics is not covered under this plan.

Ms. Hastings said she would be willing to communicate the change to employees and also meet with employers.

Carol Cormier said that CCMHG has many health fairs and she asked Ms. Hastings if she would be available to attend them.

Ms. Hastings said of course; that is the best way to talk with employees and educate them.

Ms. Hastings said members could go online to look up benefits and also to check the network of dentists. She said 36% of the dentists that are in the network are on the Cape. She said there is one on the island. She said Altus Dental has done well with municipalities with the Voluntary Plan. She said other clients that Altus has include the Group Insurance Commission (GIC), Town of Seekonk, City of Auburn and City of North Hampton.

Bob Whritenour mentioned the possibility of self-funding the Voluntary Dental plan.

Carol Cormier said she does not think the Voluntary Dental Plan can be self-funded since it is all employee money. She said this is an issue that she could bring to legal counsel.

Mr. Whritenour thanked Ms. Hastings for her presentation and she left the meeting at this time.

Delta Dental Plan

Anne Boisvert said that she was presenting a Premier Voluntary Enhanced Plan with a two-year rate. She said the Table of Allowance increased by 10%. She said the plan has no deductibles and has a calendar year maximum of \$1,000. She said members would be covered 100% for Type I preventive services. She said she would recommend that the Group increase their current plan benefits by switching to the Enhanced product.

Ms. Boisvert mentioned that 92.5% of services are performed in-network. She said there are lower out-of-pocket costs with the Enhanced Plan and the plan's coverage goes further because network dentists often accept discounted fees from Delta members. She said there are no claim forms because participating dentists prepare and submit the claims. She said Delta Dental pays the dentist directly so members don't have to pay the covered amount up front and wait for a reimbursement check. She mentioned the legislative 5% discount, which means that the member's maximum benefit would go further because they would be paying out less.

Mr. Whritenour asked what percentage of Cape and island dentists participate in the Delta network.

Ms. Boisvert said that based on experience, she had pulled some of the numbers for services. She said for the Town of Mashpee there were 1,047 in-network claims and 43 out-of-network. She said for the Falmouth Public Schools there were 1,361 in-network claims and 59 out-of-network. She said for the Town of Falmouth there were 96 in-network claims and 2 out-of-network.

Ms. Cormier pointed out the savings from using in-network dentists, which accrues to the employees.

Ms. Jardin asked how often Delta renews contracts with dentists.

Ms. Boisvert said she believes it to be annually, but she would check on this.

Dave Withrow said he would like more information on the 5% legislative discount.

Noreen Mavro-Flanders pointed out that Delta Dental has eight dentists on Martha's Vineyard. She said Altus only had one and Unimerica had none.

Ms. Cormier asked if Cape dentists charge higher amounts than others.

Anne Boisvert said she would find out.

Mr. Whritenour thanked Ms. Boisvert for her presentation and she left the meeting at this time.

The Committee asked Carol Cormier for her opinion. She said Unimerica was really not in competition with the others since there was virtually no network on the Cape. She said Altus has a good reputation

and has very actively recruited dentists. She pointed out that Altus plans are experience rated and the Group would need to decide if they wanted that. She said her colleague, Kevin Walsh, just recently had a client, City of North Hampton, go with Altus and the employees were happy. She said there is the question of whether the Group wants to go with Table of Allowances (Delta) or percentages (Altus). She said she was tempted to stay with Delta Dental and go with the Enhanced product.

Skip Finnell said the Group could stay with Delta Dental and increase to the Enhanced product and see if people are happy with it.

Bob Whritenour asked for confirmation that no one wanted to stay with the current Premier Voluntary plan.

It was confirmed that none of the Committee members wanted to stay with the current Premier Voluntary plan.

Bob Canevazzi asked about the employee notification obligation.

Carol Cormier said she spoke with legal counsel relative to notification obligations. She said she was told that employers should inform the employees with a written notice and if there is no reduction of benefits, everything should be fine. She said she would include in the written notice that it is an Enhanced product with a Table of Allowance that increased 10% and Preventive/Diagnostic would now cover (effective July 1st) 100%. She said she would include the rates and indicate that it is a two-year rate guarantee.

Bob Whritenour said this is a chance for there to be a big increase in benefits for the Voluntary Dental Plan with a small dollar increase. He said he would be more than willing to sit with his Insurance Advisory Committee (IAC) to explain this. He said employees are frustrated with the current Voluntary plan and the Table of Allowance, but he thinks they will be happy with the Enhanced product.

Ms. Cormier said she was astounded with the data that Ms. Boisvert gave telling how many services had been performed in-network. She said it was a huge amount of in-network.

Noreen Mavro-Flanders moved to go forward with the Delta Dental Premier Voluntary Enhanced Plan effective July 1, 2004 with the understanding that the Committee would look at dental quotes again in January for next year, even though there is a two-year rate guarantee.

Motion

Skip Finnell seconded the motion.

The vote in favor of the motion was unanimous.

Bob Whritenour thanked Carol Cormier for all of her hard work.

Wellness Report:

Carol Cormier said the Deanna Desroches was unable to attend this meeting. She said Ms. Desroches recently informed the Committee via email that Allied Health is willing to provide no charge health fairs as part of a community service project. She said Maggie Downey mentioned that she liked the idea as long as it doesn't take away from the County health fair.

There was a brief discussion.

Ms. Cormier said the County provides a broad health fair, which the Group does not want to diminish. She suggested having Allied Health available for individual towns for screenings. She said the Wellness Committee should explore how Allied Health gets compensated.

Skip Finnell asked that Allied Health be an item on the next Agenda when both Deanna Desroches and Maggie Downey would be present.

Reinsurance Request for Proposal process:

Carol Cormier said GBS usually sends the Reinsurance RFPs out in May. She asked the Committee members if the RFP should request a streamline quote as done last year, which would be \$150K specific deductible, \$500K aggregating specific deductible and 12/18 incurred/paid period for the active plans and \$50K specific deductible and 12/24 incurred/paid period for the Carveout A plan.

Bob Whritenour reminded the Committee members that it was decided last year that the Group would simplify the Reinsurance RFP process in the hopes to stimulate competition.

The Committee agreed to go forward with the above Reinsurance RFP process.

Other Business:

Marie Buckner asked if the Committee could have a discussion on co-payment changes and eliminating the Indemnity plans. She said she would like this to be an item on the next agenda.

Bob Whritenour agreed that there should be some dialogue on these topics.

Carol Cormier said it would be very hard to make such changes with the entire group and the collective bargaining obligations. She said she would add this to the next meeting agenda.

Marie Buckner said the Town of Sandwich had done a review of health insurance. She said the quotes received were close, but she was happy to say that the Town would be staying with CCMHG. She said GBS was inundated with data requests from brokers. She said there was a lot during the process that she did not have to deal with because of GBS. She expressed appreciation to Joelle Carlberg and Carol Cormier for their hard work.

Jeff Cannon said the Investment Committee RFPs were sent at the end of March. He said nine were sent and he expects to get at least four back tomorrow. He said that he would meet with Rich Bienvenue and Wally Lundstrom in a couple of weeks to view the RFPs and would provide an update at the May meeting.

Carol Cormier said the GBS Financial and Stop Loss Reports were included in the packet. She said the Committee members could review the reports on their own.

It was confirmed that the next Steering Committee meeting was scheduled for Thursday, May 27, 2004 at 9:00 a.m. at the Dennis-Yarmouth Regional School District Administration Building.

There was no other business.

Bob Whritenour adjourned the meeting at 12:10 p.m.

*Prepared by Joelle Carlberg
Group Benefits Strategies*