

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

**STEERING COMMITTEE**

Thursday, May 27, 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, May 27, 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
Bill Fraher, C.P.A.	Bill Fraher, C.P.A.
Anne Hart-Davies	Blue Cross & Blue Shield of MA (BCBSMA)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Anne Boisvert	Delta Dental Plan of Massachusetts
Carol Cormier	Group Benefits Strategies (GBS)
Joelle Carlberg	Group Benefits Strategies (GBS)

Chairman Bob Whritenour called the meeting to order 9:12 a.m.

**Approval of the Minutes of the April 29, 2004 meeting:**

Dave Withrow moved to approve the minutes of the April 29, 2004 meeting.

Motion
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Judie Jardin seconded the motion.

The motion passed by unanimous vote.

**Meeting with Auditor:**

Rich Bienvenue introduced Bill Fraher, C.P.A. He said that he and Mr. Fraher are working on the FY03 audit together. He said they have been working on the audit for the past week.

Mr. Bienvenue brought up the Incurred But Not Reported (IBNR) claims issue. He said he just received claims lag reports from GBS this morning, so he would take a look at those. He said the IBNR is currently a very conservative figure. He said there is approximately \$3 million more in the IBNR estimates than necessary. He said the methodology used needs to be changed.

Bob Whritenour welcomed Mr. Fraher to the meeting.

Bill Fraher thanked the Committee for selecting him to perform the financial audit. He said he has a lot of municipal business, but not like CCMHG, a joint purchase group. He said there is certainly a learning curve here. He also talked about the IBNR estimate. He said from a financial standpoint, the Group should make sure that the IBNR is not over or understated. He recommended lowering the IBNR estimate.

There was a discussion.

Bob Whritenour asked when the audit would be complete. He also mentioned that historically, the Group has had an Exit Interview with the auditor and would like to continue to do so. He said it is not critical that this be done in June.

Mr. Fraher said he did not believe the draft would be ready for June; however, he said he would do his best to have a draft ready by the June 24<sup>th</sup> Steering Committee meeting.

Mr. Whritenour thanked Mr. Fraher for attending the meeting. He said it was a pleasure to meet him and the Group looked forward to working with him.

**Treasurer's Report:**

Financial Statements

Treasurer Richard Bienvenue reviewed the financial statements of April 30, 2004 (unaudited figures). He said the amount of claims paid in April was high. He reported a fund balance of \$12.8 million, an increase of 54% from the prior year. He reviewed his cash projection and said that he projected cash on 6/30/04 of close to \$23 million.

Mr. Bienvenue mentioned that he had spent a lot of time preparing for the audit.

Proposed Contract Review

Rich Bienvenue distributed and reviewed a list of the tasks that he performs as Treasurer. He said he would be willing to make adjustments to the list.

There was a discussion.

Skip Finnell suggested that "Participating on the Investment Committee" be added to the list of Treasurer's duties.

Mr. Bienvenue said he would add that to the list.

Bob Whritenour said CCMHG is satisfied with Mr. Bienvenue's services. He asked the Committee if there was interest in finalizing this now.

Dave Withrow suggested that the Group look to see if there is a copy of the original contract.

Noreen Mavro-Flanders moved to renew Rich Bienvenue's contract for treasurer's services at \$2,700 per month, including expenses, subject to review of the original contract.

Motion
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Skip Finnell seconded the motion.

The vote in favor of the motion was unanimous.

Rich Bienvenue said he would look for a copy of the original contract and put something in writing for the new contract.

### **Warrant Summaries for May and June 2004:**

The Steering Committee reviewed the May and June Warrant Summaries.

Carol Cormier said the original May Warrant had a couple of errors, which is why the Committee did not approve it at the last meeting. She said it had been revised.

Ms. Cormier said there was nothing unusual on the June Warrant. She called attention to the invoice for wellness coordination services, which she said was not on the warrant because she thought the Committee should review it first. She said if the Committee decides to approve this invoice today, a separate Warrant would be prepared.

There was a discussion about the budgeted amount for Wellness versus the amount paid year to date.

After reviewing the invoice, Bob Whritenour said he was surprised to see how much time Ms. Desroches was spending at the health fairs. He said he thought that was more the responsibility of each individual employer.

Carol Cormier said that previously there had been a discussion about Ms. Desroches attending the health fairs to promote wellness and answer questions about "CCMHG". She asked the health plan representatives if there were many people going to the Wellness/CCMHG table.

Ms. Hart-Davies said overall the increase in attendance at health fairs was high this year. She said unfortunately, she did not attend the health fairs that were listed on the invoice; Bill Rowbottom, the Account Service Representative did. She said she could ask Mr. Rowbottom if he seemed to think there were many inquiries at the Wellness/CCMHG table, but he was probably so busy with his own table that he wouldn't have had time to pay too much attention to the others.

Marie Buckner said the Wellness/CCMHG table was the only table at the Town of Sandwich health fair. She said the health plans did not attend. She said she received a lot of positive feedback about the Wellness/CCMHG table.

Ms. Hart-Davies suggested that next year the Committee pick and choose which health fairs Ms. Desroches should attend. She said she would also recommend having Ms. Desroches target Wellness programs at the same time the health plan websites do. She said unfortunately, she was so busy this year that she didn't think to suggest this earlier.

There was a discussion.

Ms. Cormier said CCMHG is light years ahead of the other groups when it comes to Wellness. She said the wellness contract amount doesn't seem like a huge expenditure considering what you get from it. She said Ms. Desroches does a good job and is motivated and committed to the programs. She said she thought that the Committee should give Ms. Desroches a bit more direction and help with prioritizing.

Mr. Whritenour agreed with Ms. Cormier. He said Ms. Desroches is full of energy and does do a great job. He suggested reestablishing the Wellness Committee. He said there should be a discussion about what direction to go in financially.

Rich Bienvenue recommended adding something to his reports to track Wellness expenses or having Ms. Desroches add a total amount paid versus budgeted amount.

Mr. Whritenour said he would prefer not to add to Mr. Bienvenue's list of duties. He said the Wellness Committee should meet. He said Wellness should be an item on the next meeting agenda.

Carol Cormier suggested that a small group of Steering Committee members get together along with the health plan representatives to meet with Deanna Desroches to establish priorities.

Mr. Whritenour asked if there were any volunteers to meet in order to discuss Wellness program priorities.

*The following volunteered to attend a Wellness meeting: Judie Jardin, Skip Finnell, Marie Buckner, Anne Hart-Davies and Bill Hickey. **The Wellness meeting was scheduled for Wednesday, June 16<sup>th</sup> at 9am in Sandwich.***

Carol Cormier said that Joelle Carlberg would contact Deanna Desroches to let her know about the meeting.

Marie Buckner asked that GBS contact her to confirm the meeting date and then she would find a location in Sandwich to hold the meeting.

Noreen Mavro-Flanders moved acceptance of the May and June Warrant Summaries with expenses totaling \$8,224,984.26 and \$6,186,610.63, respectively. She further moved to approve the Wellness Invoice from April in the amount of \$1,930.41.

Motion
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Skip Finnell seconded the motion.

The vote in favor of the motion was unanimous.

Ms. Cormier said that GBS would prepare a separate Warrant for Wellness.

**Investment Committee Report:**

Jeff Cannon said the due date for the Investment RFPs was March 31<sup>st</sup> and he had received eight responses. He said the banks that responded were: Eastern Bank, Mellon Bank, Rockland Trust, Sovereign Bank, Cape Cod 5, CCBT/Bank North, Merrill Lynch and Citizens Bank. He said the fees fluctuate. He mentioned that Rockland Trust had an interest rate of 1.75%, which is better than the current MMDT account, which is 1%.

There was a discussion.

Mr. Cannon said the Investment Committee hadn't gotten together yet to discuss this, but when the Committee does meet, there will be a discussion on the possibility of conducting interviews with these banks.

Mr. Cannon said there was about 16 million dollars in the MMDT and Navigator accounts and these are paying very low rates of interest. He stated that there are money market accounts available with more favorable rates and that the Investment Committee would look into opening other accounts to put the MMDT and Navigator funds to better use.

There was a question about investing in CDs.

Mr. Cannon said that the rates are so low that the Group wouldn't be getting anything with a CD.

Rich Bienvenue said he has researched CDs as well and the best that he saw was at 1.4%.

Jeff Cannon said the current accounts have been set up for a long time and the money has flowed the same way, which was fine; however, the Group should now look at other options. He said the Committee must determine a timeframe for investing.

There was a discussion about the Investment Policy.

Mr. Cannon said the policy was 25% allowable investments in equities and 75% in fixed income.

Mr. Cannon mentioned that CCBT/Bank North had the best fee. He said he was biased toward this bank because the Town of Barnstable has accounts with them and they do a great job.

Bob Whritenour said Investment Committee Update should be included on the next agenda.

**Group Benefits Strategies Reports:**

BCBSMA Level Monthly Deposit - Quarterly Settlement Accounting -

Ms. Cormier said that for one month into the fourth quarter of FY04, actual BCBSMA paid claims totaled \$4,967,415 and the CCMHG had a debit balance of approximately \$639K. She said for the third quarter of FY04, the Group owed BCBSMA approximately \$1.5 million. She said for the second quarter of FY04, the Group had a credit balance of approximately \$180K.

BCBSMA Level Monthly Deposit Analysis for July 1, 2004 -

Ms. Cormier said that GBS had received a Level Monthly Deposit (LMD) proposal from BCBSMA. She distributed an Analysis of Proposed LMD that was prepared by Mark Nicholson. She said the current LMD is \$4,329,200. She said the BCBSMA proposed LMD for July 1, 2004 is \$5,476,800. She said based on the analysis that Mr. Nicholson did, which looked at the most recent monthly claims experience, GBS feels that the proposed LMD is not unreasonable, as long as it can be looked at again after the second quarter.

Anne Hart-Davies said the LMD could be looked at again after the second quarter. She said when the underwriter did the analysis, she looked at claims from 11/01-10/02 and 11/02-10/03. She said with this type of payment arrangement, the Group should be paying as close to the actual as you can get. She talked about medical trends, which were included in the analysis. She said the trends were as follows: Indemnity 16%, Network Blue 12.5%, PPO 14-15%, Medex 6.4% and Rx 15%.

Bob Canevazzi suggested that the Group go with a LMD of \$5.2 million and then look at it again in a few months. He said \$5.2 million is somewhere between the most recent 3-months average paid claims and the BCBSMA proposed LMD.

Ms. Hart-Davies said there is not enough data to review the LMD in three months. She said the earliest to look at it again would be six months.

Skip Finnell moved to accept a BCBSMA Level Monthly Deposit of \$5,200,000 with the option of reviewing it again in six months (after the second quarter).

Motion

Bob Canevazzi seconded the motion.

The vote in favor of the motion was unanimous.

HPHC Level Monthly Deposit - Quarterly Settlement Accounting -

Ms. Cormier said that for one month into the fourth quarter of FY04, actual HPHC paid claims totaled \$1,195,150 and the CCMHG had a debit balance of approximately \$115K. She said for the third quarter of FY04, the Group had a debit balance of approximately \$486K.

HPHC Level Monthly Deposit for July 1, 2004 -

Bill Hickey said the proposal was that the HPHC LMD remain at \$1,080,500.

David Withrow moved to accept the original proposal, LMD of \$1,080,500, with the option to revisit in six months.

Motion

Bob Canevazzi seconded the motion.

The vote in favor of the motion was unanimous.

Funding Rate Analysis by Plan for FY04 -

Carol Cormier reviewed the Funding Rate Analysis Report for the Health and Dental plans through April 2004. She said that overall there was a funding surplus for the health plans of approximately \$5,276,137. She said the health plan expenses were 92.0% of the overall funding as of April 30, 2004.

Ms. Cormier said that as of ten months into FY04, the contributory dental plan expenses were 92.8% of the overall funding for the plan resulting in a funding surplus of \$158,897.

Stop Loss Reports -

*FY04 Policy Period*

Joelle Carlberg reviewed the 7/03-6/04 policy report with claims paid through April. She said that there were six claimants with claims exceeding the specific deductible of \$150K for active plans and two claimants with claims exceeding the specific deductible of \$50K for the Carveout A plan. She said total claims were \$1,377,134, an increase of over \$151K from the prior month. She said excess claims totaled \$377,134. She said the outstanding amount of \$377,134 would be reviewed and applied against the flexible specific premium, which is \$500K. She said that there were fifteen claimants with claims between 50-100% of the specific deductible (\$150K) for the active plans with claims totaling approximately \$1,689,516, an increase of close to \$338K from the prior month. She said there was one claimant with claims between 50-100% of the deductible for the Carveout A plan with claims totaling \$29,809.

*FY03 Policy Period*

Joelle Carlberg reviewed the 7/02-6/03 policy report with claims paid through December 2003. She said that there were seven claimants with claims exceeding the specific deductible of \$150K for active plans and one claimant with claims exceeding the specific deductible of \$50K for the Carveout A plan with total claims of \$1,733,392, an increase of \$158 from the prior month. She said excess claims totaled \$633K. Ms. Carlberg said that the flexible specific premium had been met. She said total reimbursements were over \$130K and the outstanding amount was \$2,998. Ms. Carlberg said that there were 31 claimants with claims between 50-100% of the specific deductible with claims totaling over \$3.3 million. She said there was one claimant with claims between 50-100% of the deductible for the Carveout A plan with claims totaling \$30,222.

Carol Cormier said that GBS had issued the Reinsurance Request for Proposal (RFP) and the deadline to submit quotes was Friday, June 11, 2004 at 2:00 p.m.

Skip Finnell asked how the reinsurance market was doing these days.

Ms. Cormier said that the market has softened. She said the Minuteman Nashoba Health Group (MNHG) is on a calendar year renewal. She said the quotes for MNHG came in with an increase around 12%, not in the 20s.

**Wellness Report:**

Carol Cormier said that Deanna Desroches had been communicating with Allied Health about the possibility of having them help with the health fairs. She said this topic should be discussed at the Wellness meeting on June 16<sup>th</sup> when Ms. Desroches is there to speak to it.

Bob Whritenour said the Town of Falmouth used Allied Health this year. He said he doesn't really see where there would be a relationship between Allied Health and CCMHG, but rather the individual governmental units.

David Withrow questioned how Allied Health was notifying employers to help with health fairs.

There was a discussion.

Mr. Whritenour said Allied Health helps to coordinate health fairs, but the employers are not obligated to give anything in return.

**Discussion on future co-payment changes and possible elimination of the Indemnity Plans:**

Carol Cormier said that Marie Buckner had asked that this be an item on the agenda.

Marie Buckner said the reason for her bringing this up is that the Town of Sandwich Board of Selectmen want to start the process of eliminating the Indemnity Plan. She said she, as well as the Selectmen, understand that the Town can negotiate separately out of its menu offerings, but there were questions as to what CCMHG thought about this.

Bob Whritenour said the Town of Falmouth previously offered only an Indemnity Plan and now offers all CCMHG plans. He said as far as CCMHG eliminating the Indemnity Plans as a whole, it's just impossible with the collective bargaining agreements that are in place. He said in the Town of Falmouth's union contracts, it states that the Town keep the Indemnity Plan as an option, but be allowed to offer the other plans.

Anne Hart-Davies said it took 2 ½ - 3 years for one of her other clients to eliminate the Indemnity Plan. She said the client had to increase the employer contribution on both the PPO and HMO plans that were offered.

Mr. Whritenour said if one governmental unit in the Group started bargaining these changes, it would set a model to others.

Ms. Buckner said she is starting the education process. She said the Town of Sandwich has great relations with its unions. She said the last two fiscal year's contracts were done without attorneys. She thanked the Committee for taking the time to discuss this topic.

Mr. Whritenour said the Steering Committee would entertain this discussion at any point.

Ms. Buckner asked if special open enrollments were allowed.

Anne Hart-Davies said it is not recommended because it can cause an upset in funding.

Ms. Cormier said that the CCMHG has approved special enrollments requested by member employers for a number of good reasons.

**Request to add health plan offerings:**

Ms. Cormier said there were three governmental units that were requesting to add plans to their menu offerings. She said the requests were from Oak Bluffs Water District, Town of Oak Bluffs and Cape Cod Regional Transit Authority. She said the CCMHG Joint Purchase Agreement states that if employers wish to add plan offerings it must be approved.

Noreen Mavro-Flanders moved to approve the requests of Oak Bluffs Water District, Town of Oak Bluffs and Cape Cod Regional Transit Authority to add plan offerings.

Motion
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Skip Finnell seconded the motion.

The vote in favor of the motion was unanimous.

**Health Plan Reports:**

BCBSMA

Anne Hart-Davies said that BCBSMA was launching new health promotions on the BCBSMA website in about two weeks. She said she would send information on this to Ms. Cormier, who could in turn email the Board members.

Carol Cormier asked what the status was on the BCBSMA contract language. She said she had sent some questions to BCBSMA some time ago and had not yet gotten a response.

Ms. Hart-Davies said she thought this language had gone to Jack Sharry, but she could fax it to Ms. Cormier, if necessary.

Ms. Cormier said she would check with Mr. Sharry.

Ms. Hart-Davies said she has been very busy lately and has been tied up with renewals.

HPHC

Bill Hickey distributed his business cards. He said as stated at the last meeting, he was planning to make personal visits to each of the governmental units in the near future.

Delta Dental

Anne Boisvert thanked the Committee for choosing to stay with Delta Dental for the Voluntary Plan.

Ms. Boisvert said there were some questions from the last Steering Committee meeting that she wanted to address. She said there are currently 169 dentists on the Cape and the Islands and 181 access points. She said the contracts with the dentists are negotiated, open-ended contracts. She said Delta looks at the dentists' submitted charges every six months.

Ms. Boisvert said there was a question about whether or not Cape dentists charge more for services than other dentists. She said it is true that the expenses are higher than the rest of the state for Cape and Island dentists. She said the costs are probably similar to the Boston region and higher than the western region.

Ms. Boisvert provided information on the 5% legislative discount that Delta gives. She said Delta Dental is the only dental carrier in the state that offers this discount across the board.

**Other Business:**

Carol Cormier said that she had been to a meeting recently at which a BCBSMA Account Executive explained that the PPO plan would now provide coverage for colonoscopy and sigmoidoscopy effective July 1<sup>st</sup> for insured clients. She said it was explained that this was a benefit change and would be optional for self-funded clients with collective bargaining obligations. She said that she thought this was a worthwhile benefit to add.

Ms. Hart-Davies said her understanding was that it was a medical policy change, not a benefit change. She said she would look into it for the next meeting.

It was confirmed that the next Steering Committee meeting was scheduled for Thursday, June 24, 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 11:25 a.m.

*Prepared by Joelle Carlberg  
Group Benefits Strategies*