

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

Board Meeting

Wednesday, July 25, 2012, 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, July 25, 2012 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
Larry Azer	Dennis-Yarmouth RSD
Marie Buckner	Town of Sandwich
Debra Blanchette	Town of Barnstable
Laura Scroggins	Town of Barnstable
Susan Milne	Town of Yarmouth
Gerry Panuczak	Town of Chatham
Maggie Downey	Barnstable County
Erin Orcutt	Cape Cod Regional THS
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
Robert Howard	Bourne Recreation Authority
John Kelly	Town of Orleans
Deborah Heemsoth	Town of Dennis
James Weiss	Martha’s Vineyard Regional School District
Paul Hilton	Cape Cod Collaborative
Jim Brown	Cape Cod Collaborative
Rex Peterson	Town of Truro
Renie Dumont	Nauset Regional School District
James Weiss	Martha’s Vineyard RSD – Dukes County
Julian Suso	Town of Falmouth
Mary McIsaac	Town of Harwich
Kathleen Isernio	Monomoy Regional School District
Kristen Waugaman	Cotuit Fire District
Irene Wright	Town of Yarmouth
Rose Crosby	Upper Cape Cod Regional VTS
Joyce Mason	Town of Mashpee

Guests Present:

Rich Bienvenue	Treasurer, CCMHG
Atty. Leo Peloquin	Collins, Loughran & Peloquin, P.C.
Stephen J. Pacheco	Town of Barnstable
Beth Nichols	Town of Barnstable
Theresa Santos	Town of Barnstable
Laurie Hadley	Cotuit Fire District

Tom Mayo	Town of Mashpee
Laura Carlyle	Sandwich Education Association
Philip Katz	MA Teachers Association
Andrew Dreyfus	Blue Cross Blue Shield (BCBS)
Suzanne Donahue	Blue Cross Blue Shield (BCBS)
William Rowbottom	Blue Cross Blue Shield (BCBS)
Jamie McCourt	Blue Cross Blue Shield (BCBS)
Bill Hickey	Harvard Pilgrim Health Care
Nina Conroy	Delta Dental of MA
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Noreen Mavro-Flanders, Chair, called the meeting to order at 10:15 a.m.

Andrew Dreyfus, CEO and President, BCBS of MA:

Noreen Mavro-Flanders introduced Andrew Dreyfus, CEO and President of BCBS of MA to the Board and welcomed him.

Andrew Dreyfus thanked the Board for the invitation. Mr. Dreyfus said that he would focus his remarks on affordability and cost. He said that 98% of adults and almost 100% of children in Mass. have health insurance. He said that the MA Health Care reform was used as the model for the Federal Health Care Reform. He said we are fortunate to live in MA and have access to some of the best health care providers and facilities in the country.

Mr. Dreyfus said that health care is also very expensive in MA. He said that BCBS is focusing on the cost of health care. Mr. Dreyfus said that it used to be that BCBS would pay providers on a fee for service based on a fee schedule. He said BCBS created the Alternative Quality Contract (AQC) and said that a number of physicians on Cape Cod are now participating. Mr. Dreyfus said that the physicians that are participating are paid a fixed amount on an annual basis and will receive bonuses if they take better care of their patients. He said that the program has been in place for over 2 years and said that Harvard published the results of the program in *Health Affairs*. Mr. Dreyfus said that 70% of CCMHG members now have physicians that are participating in the AQC.

Mr. Dreyfus said that MA has one of the most efficient health care systems in the United States. He said that the BCBS website now has the costs of services at several hospitals and physicians available for members to look up. Mr. Dreyfus said that members are able to research which location will be the least expensive option.

Mr. Pacheco from the Town of Barnstable asked why CCMHG does not offer a 2-person plan in addition to the Individual and Family plans.

Carol Cormier briefly explained how rates are set and said that if a 2-person plan rate were introduced at an amount lower than the family rate, the family and individual plan rates would both have to be raised to make up for the lower receipts from the 2-person plan. For this reason, it is very difficult for an employer group health plan to go from a two rating tier arrangement to a three rating tier arrangement. Ms. Cormier also said that municipalities have a higher average age than the private sector and these members have high claims costs compared to younger members. She said that studies done on MA municipal data show that municipal employees and dependents on a 2-person plan incur more claims on average than families of 3 or more.

Maggie Downey suggested presenting the 2-person data again at the next Board meeting.

Bill Hickey, Account Executive for HPHC affirmed Ms. Cormier explanation as he sees it with the HPHC private sector vs. municipalities.

Mr. Dreyfus continued his presentation and said that some routine care can be provided in alternative lower cost settings or by providers other than physicians such as nurse practitioners. He said, for example, that members do not need to be seen by a physician to receive most vaccine or allergy shots. He said that making these types of changes can save health care costs.

Mr. Dreyfus said that a BCBS and Red Sox “step” challenge is scheduled to begin on Monday. He said that executives from the Red Sox front office and BCBS of MA will be part of the “Boston moves for Health” campaign, which encourages Bostonians to shed a collective 1 million pounds over the next year.

In response to a question asked, Mr. Dreyfus said that BCBS will also measure patient experience and outcome levels. He said that there needs to be a patient/physician partnership.

Mr. Dreyfus said that he enjoyed meeting with the CCMHG Board members and took questions.

Unfair Labor Practice suits against CCMHG employers – request for Board action – Atty. Leo Peloquin, Collins, Loughran & Peloquin, P.C.:

Noreen Mavro-Flanders said that two ballots are being distributed to the Board members. She said one is to re-affirm the October 5, 2011 vote taken by CCMHG to change the health plan designs and the other is to reserve all rights and defenses of the CCMHG and its members in any pending or future matter about that vote. Ms. Flanders introduced Attorney Leo Peloquin to the Board members.

Atty. Leo Peloquin said that he and the other lawyers that are representing the various towns and districts, agree that CCMHG did not do anything incorrect when taking the October 5th vote. He said that CCMHG followed the process of the new legislation to the letter.

Atty. Peloquin said that the suits brought against CCMHG by labor unions allege that the vote taken by CCMHG was in violation of MGL Ch. 150E because most CCMHG employers did not vote locally to adopt MGL Ch. 32B, S21-23 prior to the October 5th vote. He said that they seem to agree that everything done following the vote was done correctly. Atty. Peloquin said that the goal of the suit is to roll back to the plan designs that were in effect prior to July 1, 2012. He said that by re-affirming the original vote, the attorneys are hoping to establish an end date of any potential damages that may be sought. Atty. Peloquin said that it is not an action of concession, but an act of protection. He said that those communities that choose not to vote, could possibly be at risk.

James Weiss asked where the money will come from should the employers be found liable.

Attorney Peloquin said that he does not think that the health group will suffer any consequences. He added that the suit is an attack on all health groups.

Carol Cormier noted that she was in contact with the Department of Administration and Finance (A&F) for guidance throughout the process that led up to the October 5th vote. She said that A&F agrees that CCMHG did nothing wrong in taking its vote.

Phil Katz said that Attorney Peloquin’s assessment was mostly accurate, but said that the suit is not only about the timing of the vote, but also that the health group took away health plan options and shifted costs to the employees. Mr. Katz said that all of the other health groups have maintained options for their employees.

Carol Cormier said that she respectfully refutes that statement and said that one of the other join purchase groups did exactly what CCMHG did and offers one health plan menu with the same plan design features as those of CCMHG. She said that there have been no suits filed against that group.

She said that the cost of health care is so high, that something needed to be done to help contain those costs. She said that the legislature granted municipal employers the right to make the plan design changes to the level of the plan design of the GIC benchmark plans following the procedures in Section 21 and 22. Ms. Cormier

noted that if the towns or districts were purchasing health plans independently, that they could have done the same thing without consequences.

John Kelly asked to hear from the Board members, rather than the meeting guests.

Erin Orcutt said that the municipalities took the vote collectively, and the health group is the municipalities and not an “other” entity.

Gerry Panuczak said that CCMHG does not direct the employers to make changes. He said that it is the other way around.

Julian Suso said that he thinks the suits are tactics being used to weaken the CCMHG. He said that the goal of CCMHG is to work together for the good of the municipal employees as well as the municipalities.

Skip Finnell made a motion to approve Ballot #1 as written.

Erin Orcutt seconded the motion. Noreen Mavro-Flanders asked the Board members to cast their votes on Ballot #1.

Skip Finnell made a motion to approve Ballot #2 as written.

Erin Orcutt seconded the motion. Noreen Mavro-Flanders asked the Board members to cast their votes on Ballot #1.

The votes were counted and both motions passed, 25 in favor, 0 opposed.

Investment Report:

Jason Lily, from Rockland Trust, said that there was a gain on returns of \$405K over the last 12 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 06/30/12 and said that the economy seems to be improving. He said that Portfolio #1 (conservative with 70% in fixed income/30% in equities) had a 12-month return of 3.94% and Portfolio #2 (balanced/aggressive with a 50/50 balance of fixed income and equities) had a 12-month return of 3.64%. He said Portfolio#1 underperformed the benchmark slightly, while Portfolio #2 outperformed the benchmark for the year.

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

BCBS PPO – payment to non-participating providers:

Suzanne Donahue, BCBS, said she told the Steering Committee at a meeting last fall, that for fully insured plans BCBS would be modifying its usual and customary (U&C) reimbursement policy for PPO non-participating providers effective January 1, 2012. She said that the result of the change is that some members may be balance billed. She said that BCBS gave self-funded clients the option of changing or maintaining current payment arrangements. She said that CCMHG has minimal out-of-network utilization on the PPO. Ms. Donahue said that last fall, a vote was taken by the Steering Committee to accept the change. Ms. Donahue said that prior to the change, BCBS paid PPO non-participating providers outside of MA based on charges, which were usually very high compared to what BCBS pays in-network providers. Ms. Donahue said that the Steering Committee has rescinded its vote to make the change to the payment arrangements and has asked that the policy revert back to the way it was prior to January 1, 2012. She said the Committee rescinded its vote since those that moved to the PPO in July were unaware of the change. She said that that she would send a list of those affected and a template of a letter that could be used to send to those members.

Skip Finnell said that the Steering Committee will review the information again and consider it for FY14.

Approval of the Minutes of the March 14, 2012 meeting:

James Weiss motioned to approve the minutes of March 14, 2012 meeting.

Motion

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

Treasurer's Report:

Treasurer, Rich Bienvenue, CPA, reviewed the financial statements through May 31, 2012 (unaudited figures). He said that the total operating cash was \$23.4M which was up slightly from this time last year. He said that the Unreserved Fund Balance was \$20M as of May 31, 2012 and said this was down by approximately \$1M from last year, which was partly due to the distribution of \$1.6M of Retiree Drug Subsidy money to the employers. He reported assets at \$36.8M and liabilities of \$16.8M. Mr. Bienvenue noted that there was a recent increase of high cost claims.

Mr. Bienvenue said that the FY11 CCMHG financial audit is available and said the Board members could contact him for a copy.

Wellness Committee Report:

Noreen Mavro-Flanders said that there is no Wellness Committee report.

Steering Committee Report:

Skip Finnell said that the EyeMed contract is scheduled for renewal July 1, 2013. He said that a representative from EyeMed will be attending a future Board meeting to present its renewal.

Mr. Finnell said that he and Erin Orcutt visited the Treasurer's office to review his accounting practices and discuss procedures that may be improved. He said that the Committee is doing this in response to a comment about internal controls in the independent auditor's FY11 Management Report.

Mr. Finnell said that the other items on the Steering Committee Report are included on the agenda and will be discussed during the meeting.

GBS Reports:

Noreen Mavro-Flanders said that the GBS Reports were emailed to the Board members for their review.

Carol Cormier reviewed the summary page of the funding report and said that there is an excess of \$968K of funding over expenses as of June 30, 2012.

myMedicationAdvisor Report – Carol Cormier reviewed the report from the Abacus Group and said that the MMA program is exceeding projections.

FY13 Reinsurance:

Noreen Mavro-Flanders said that the reinsurance RFQ was sent out and only two quotes were received. Ms. Flanders said that the Committee accepted the quote from its incumbent carrier, BCBS.

Carol Cormier said that there was a 10.7% increase in liability. She said that Group Benefits Strategies is exploring options going forward.

Proposed Strategic Plan:

Noreen Mavro-Flanders said that the Steering Committee has been working on updating the CCMHG Strategic Plan and said that the focus is on Wellness. She said that the proposed plan was sent to the Board by email for review and a copy is included in the meeting packet.

Skip Finnell made a motion to adopt the CCMHG Strategic Plan as written.

Motion

Julian Suso seconded the motion. The motion passed by unanimous vote.

Dependent Eligibility Audit:

Noreen Mavro-Flanders said that the Board approved the Steering Committee to move forward with an RFQ to solicit eligibility auditing companies. She said that the Committee received proposals, interviewed and chose HMS Employer Solutions (“HMS”), an auditing company in Indiana to perform the eligibility audit for all of the CCMHG employers. She said that new legislation requires that an eligibility audit be performed once every two years and said that CCMHG will pay for this first audit. Ms. Flanders said there will be minimal involvement required of the employers.

Carol Cormier said that HMS will be conducting a dependent eligibility audit so that this will involve only those on Family plans and other plans with dependent enrollments. She said HMS will hold Webinars for the employers so that they will know what to expect. She said that HMS will be using August or September enrollment data. Ms. Cormier said that GBS will send a draft letter for employers to put on their letterhead and send to all employees enrolled on plans with dependents. She said that this letter will introduce HMS as the audit firm.

CCMHG Website redesign – status report:

Noreen Mavro-Flanders said that Colewebdev is continuing to work on creating a new website design for CCMHG that will be more user-friendly and sophisticated. She thanked Jackie Rivero, Rich Bienvenue, Sue Milne and Karen Carpenter for their work on this project.

Health Plan Reports:

Delta Dental of MA – Nina Conroy said that the student certifications will be going out in August.

Harvard Pilgrim Health Care – Bill Hickey said that HPHC has received a slightly higher volume of member phone calls than usual due to the plan design changes made by CCMHG, but said that the increase has not been significant. He said that he credits that to the employers and their decision to hold the plan design change communication meetings with the health plan representatives as speakers. Mr. Hickey offered to participate in refresher meetings if necessary.

Blue Cross Blue Shield – Medicare HMO Blue – Bill Rowbottom said that Walgreens Pharmacy and Express Scripts (ESI) have renewed their contract. He said that members will be able to fill their prescriptions there, effective September 1, 2012.

Mr. Rowbottom said that the health fairs are completed and said that there was a lot of participation this year. He commended those units that held joint health fairs and encouraged doing that again next year.

Tufts Health Plan – Noreen Mavro-Flanders said that Fred Winer could not attend the meeting, but sent a memo for her to read. She read the memo in which Mr. Winer praised CCMHG, the BCBSMA and HPHC representatives, and the HR people for their big effort in educating employees about the changes to the active employee plans and commented that the new Tufts Medicare Supplement Plan is gaining traction with retirees.

Other Business:

A Steering Committee meeting was scheduled for September 19th on Martha’s Vineyard, time and location to be determined. A Steering Committee meeting and a Board meeting were scheduled for October 24, 2012 at COMM Fire District for 8:30 and 10 AM respectively.

There was no other business.

Skip Finnell made a motion to adjourn.

Motion

James Weiss seconded the motion. Noreen Mavro-Flanders adjourned the meeting at 12:30 p.m.

*Prepared by Karen Carpenter
Group Benefits Strategies*