

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

**Steering Committee Meeting**

Wednesday, September 17, 2014, 10:00 AM  
Martha's Vineyard RTA Offices, Edgartown, MA

**MEETING MINUTES**

A meeting of the Steering Committee of the Cape Cod Municipal Health Group ("CCMHG") was held on Wednesday, September 17, 2014 at 10:00 AM at Martha's Vineyard RTA Offices, Edgartown, MA. The following people attended the meeting:

**Steering Committee Members Present:**

Noreen Mavro-Flanders, Board Chair  
Gerry Panuczak  
Debra Blanchette  
Marie Buckner  
Heather Harper  
Joyce Mason  
Erin Orcutt  
Susan Wallen

County of Dukes County  
Town of Chatham  
Town of Barnstable  
Town of Sandwich  
Town of Falmouth  
Town of Mashpee  
Cape Cod Regional Tech High School  
Nauset Regional School District

**Guests Present:**

Rich Bienvenue  
Deanna Desroches  
Melanie Becker  
Lauren Thomas  
Marilyn Wortman  
Barbara Prada  
Linda Loiselle  
Debb Jardin  
William Rowbottom  
Bill Hickey  
Nina Conroy  
Fred Winer  
Carol Cormier  
Karen Carpenter

CCMHG Treasurer  
CCMHG Wellness Consultant  
Town of Chilmark  
Martha's Vineyard Transit Authority  
Town of Edgartown  
Town of Edgartown  
The Abacus Group  
The Abacus Group  
Blue Cross Blue Shield of MA (BCBSMA)  
Harvard Pilgrim Health Care (HPHC)  
Delta Dental Plan of Mass.  
Tufts Health Plan  
Group Benefits Strategies (GBS)  
Group Benefits Strategies (GBS)

Noreen Mavro-Flanders, Board Chair, chaired the meeting in Skip Finnell's absence. She called the meeting to order at 10:15 a.m.

**1. Approval of the Minutes of the July 23, 2014 meeting:**

Marie Buckner motioned to approve the minutes of the July 23, 2014 meeting.

Motion
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Heather Harper seconded the motion. The motion passed by unanimous vote.

**2. Treasurer's Report:**

Treasurer, Rich Bienvenue, reviewed the FY14 year-end Financial Statements through June 2014. He said health and dental fund combined had a gross profit of \$2.169 million. He said Operating Income increased \$24K, almost a break-even. He reported Total Net Investment Income of \$1.355 million and noted that the

CCMHG received \$1.4 million in FY14 from the Retiree Drug Subsidy (RDS) program. He said that \$1.38 million of the RDS was distributed to the participating employers. Mr. Bienvenue reviewed the Balance Sheet and said that the Trust Fund Balance was at \$25,748,590 on June 30, 2014, up \$421K since June 30, 2013. He said the Group had planned to use \$10 million in fund balance when it set its FY14 rates. He said that the Investment Committee met a couple of weeks ago and are looking at possibly adding a 3<sup>rd</sup> more liquid account.

Mr. Bienvenue said that the auditor, Bill Fraher, CPA, has access to the Xero accounting software that CCMHG uses and access to DropBox. He said that they are hoping for the audit to be ready for review by the end of October.

Rich Bienvenue referred to the small amount of debt the Committee had approved to be written off. He said this was addressed in the last billing cycle. He said that he spoke to Ruth Lynch at GBS, and they agree on the balances. He said that two units still do not pay as billed.

Melanie Becker asked for information about the write-offs.

Mr. Bienvenue said the total that was written off was about \$24K and that the balances were very old and probably uncollectable.

### **3. Wellness Committee Report:**

Mainland Wellness Programs- Deanna Desroches reviewed the current wellness programs. She said the Eastham Smoking Cessation program had a year-end 98% success rate. She said she is working on the next newsletter. She said that the Senior Health Fairs are coming up and that the Healthy Me program will start in January. She said that there are 16 participants in the running program at Monomoy that started yesterday. She talked about the 2,800 letters sent to retirees about retiree wellness programs and said she was very disappointed that only ten people signed up.

Carol Cormier suggested that all mailings to members include the list of towns and districts that participate in CCMHG since she said it's likely that there are members who do not recognize the CCMHG name.

Heather Harper said that seniors are already attending similar wellness programs at Senior Centers.

Deanna Desroches said that the Maintain Don't Gain programs will run over the holidays again.

Vineyard Wellness Programs- Noreen Mavro-Flanders said that Krystle Rose, Wellness Coordinator for the Vineyard, was not able to attend this meeting. Ms. Mavro-Flanders distributed and reviewed Ms. Rose's report.

She said that the Walking Program will run from October through November and that the Maintain Don't Gain program begins on November 24<sup>th</sup>. She said the holiday challenge ends January 6. She reported a public safety challenge for school employees and two biometric screenings.

### **4. GBS reports:**

Board appointments- Carol Cormier said that CCMHG received letters from two Fire Districts, each appointing its new CCMHG Board member. She said the districts appointed the same representative which, she said, has never happened before. She said that it would seem the representative would, therefore, have two votes.

There was a discussion and the information was noted.

FY13 PCORI fees – Ms. Cormier said that GBS clients that had plan years ending June 30 as was the case with CCMHG, filed and paid FY13 PCORI fees prior to July 31, 2014. She said two other joint purchase groups (JPGs) received letters from the IRS invoicing them for late filing, late payment and interest charges. Ms.

Cormier said that GBS read the regulations thoroughly and had legal counsel review the timing of filing and payments, and they are convinced that the payments were made according to the regulations, i.e. on time. She reviewed the actions taken by the two groups. Ms. Cormier said it is possible that CCMHG will receive an invoice for late payment from the IRS and she was letting the Committee know this was a possibility and because there are still the FY14 and FY15 fees coming up.

Noreen Mavro-Flanders asked if GBS recommends paying FY14 fees now.

Carol Cormier said that the CCMHG can do this if it wishes. She said one of the other JPGs decided to pay FY14 now.

There was a discussion, and the Committee agreed to proceed on the normal course and pay FY14 PCORI fees in July 2015 as the regulations instruct.

*Website maintenance contract renewal-* Carol Cormier said that GBS has been maintaining the CCMHG’s website and that the current annual fee is \$1,500. She said GBS proposes a renewal fee of \$1,650 payable in three installments.

Deb Blanchette moved to approve the GBS website maintenance fee of \$1,650 for CY15.

Gerry Panuczak seconded the motion. The motion passed by unanimous vote.

Motion

*Transitional Reinsurance Program (TRP) Fees-* Ms. Cormier said she shared information with Treasurer Rich Bienvenue about setting up the [www.pay.gov](http://www.pay.gov) account required to file and submit payment for TRP fees. She said that the fee is \$63/member/year, and for CCMHG the amount will be over \$1 million due by January 15, 2015. She said that the form for filing is not yet on the website, but that once it is available, GBS will provide the required information to Mr. Bienvenue to submit.

*Funding Rate Analysis Reports-* Carol Cormier reviewed the FY14 year-end report. She said that Network Blue was underfunded by 3% but that across all plans the expense-to-funding ratio was 96.8% for health plans and 94.0% for dental plans.

Ms. Cormier reviewed the FY15 Funding Rate Analysis with one-month of data, i.e. July data. She said that the Harvard Pilgrim EPO claims were very high that month and expenses exceeded funding by 22%. She said that all the Harvard Pilgrim plans were seriously underfunded in July; however, the BCBS plans had very good claims experience that month, so the overall expense-to-funding ratio was 92.6% for one month. She said that the dental plans also had favorable claims experience.

**5. Delta Dental’s proposed increase to working capital deposit:**

Nina Conroy said that Delta Dental proposed an increase of \$8,400 to the working capital deposit.

Erin Orcutt moved to approve the proposed increase of \$8,400 to the Delta Dental working capital deposit.

Heather Harper seconded the motion. The motion was approved by unanimously vote.

Motion

**6. CY15 Senior Plan Renewals:**

*Fully insured Senior Plans* - The Committee reviewed the CY15 renewal rates for the following fully insured Senior plans: Managed Blue for Seniors, Medicare HMO Blue, Tufts Medicare Preferred HMO, and Tufts Medicare Prime Supplement with PDP Plus. Increases ranged from 3.5% to 115%

The health plan representatives explained that the increases were largely because of increases in prescription drug trend.

Erin Orcutt made a motion to recommend the CY15 insured senior plan rates to the Board as proposed.

Heather Harper seconded the motion. The motion passed by unanimous vote.

Motion
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Fred Winer, Tufts Health Plan, said that Tufts filed with the Division of Insurance to add the hearing aid benefit that's currently on the Tufts Medicare Preferred HMO to the Tufts Medicare Prime Supplement plan.

Status Quo or EGWP Part D Plans for Medex and Medicare Enhance - Carol Cormier reviewed the exhibit showing the differences between Employer Group Waiver Plans (EGWPs) and RDS-eligible plans (the *status quo* arrangement). She said with EGWPs the prescription drug benefit is covered by a Medicare Part D plan (PDP); whereas, under the current arrangement the group self-funds pharmacy claims that are administered by the health plans' pharmacy benefit managers. She said with the RDS-eligible model the savings are realized by the Plan Sponsor which is the CCMHG through a reimbursement from the federal government, but with EGWPs the savings are realized by the employers and the retirees through lower rates. She said the EGWPs are lower cost than RDS plans but with the same level of coverage except for lifestyle drugs, and some vitamins and supplements that are available over the counter. Ms. Cormier said that what is proposed are EGWPs in which the medical claims remain self-funded but the prescription drug coverage, the PDP, is fully insured. She said the lower rates of this EGWP arrangement reduce the OPEB liability for the employers.

There was a discussion.

Bill Hickey, Harvard Pilgrim (HPHC), said the drug tiering on the PDP RX formulary may be a bit different from the current formulary. He said HPHC partners with Coventry First Health which provides the PDP. He said Medicare Enhance members will receive two ID cards, one for medical and one for prescription drugs. He said Coventry has its own Customer Service. He said that the current members will be transferred electronically to the EGWP including to the Coventry PDP and that members do not have to re-enroll. Mr. Hickey said that educating retirees is very important for a successful transition.

Bill Rowbottom, BCBSMA, said that BCBS has its own PDP called Medicare Blue RX. He said members will get two ID cards. He said that CVS Caremark is the Pharmacy Benefit Manager for Mail Order on Blue Medicare RX; whereas, currently Express Scripts manages Mail Order for Medex. He said that members using Mail Order will have to get new prescriptions from their doctors but said that CVS Caremark has a great service called Fast Start that will contact the doctors for the members. Mr. Rowbottom emphasized the importance of education for the benefits administrators and the retirees.

Carol Cormier asked the health plan account executives to prepare online presentations for those who cannot get to educational meetings. She noted that GBS and the health plans have arranged for a Benefits Administrators' meeting on October 8<sup>th</sup>.

It was agreed that health fairs should begin in early November because materials will not be available until then.

Carol Cormier said that because the prescription drug coverage will be fully insured with the EGWP model, the plan members will lose eligibility for the two MyMedicationAdvisor® programs and the Good Health Gateway Diabetes Rewards® program all of which are managed by The Abacus Group.

Linda Loiselle, The Abacus Group, said that currently 248 retirees on the self-funded plans, Medex and Medicare Enhance, are in the MMA programs. She said this represents 7% of membership in these plans. Ms. Loiselle said that these members are currently receiving medications with zero co-pays. She 82 members participate in the Diabetes Rewards program and if compliant with program requirements receive free diabetes-related medications and supplies. She said that these members will no longer be eligible to participate in the programs if CCMHG approves the change to EGWPs. She said that the last scripts will be available in December.

Ms. Loiselle said that three letters will go out to members participating in the programs, one for each program. She distributed and reviewed the letters. She said the letters were used successfully with other groups that changed to EGWPs.

*Senior Plan rate projections* – Carol Cormier reviewed the CY15 Medex and Medicare Enhance projections under the *status quo* scenario and under the EGWP scenario. She said GBS and the carriers each did medical and Rx projections under the *status quo* scenario. She said BCBS and Harvard Pilgrim proposed 0% administrative fee increases for CY15.

Carol Cormier reported the following proposed rates for a *status quo* renewal rates:

Medex 3: Carrier projected rate is \$412.81, GBS projected rate is \$411.13.  
Medicare Enhance: Carrier projected rate is \$362.68; GBS projected rate is \$366.69.

Ms. Cormier presented the EGWP rates based on carrier projections of medical claims plus Medicare Part D plan premiums as follows:

Medex 2 + Blue Medicare RX rate is \$303.04;  
Medicare Enhance medical + Coventry 1<sup>st</sup> Health PDP RX rate is \$289.28.

Ms. Cormier reviewed current and CY15 proposed funding scenarios based on current subscriber counts. She reported expected gross savings of \$4.15 million but that the group would lose about \$1.4 million from RDS revenue netting \$2.75 million in savings. She said the *status quo* renewal numbers were projected from historical claims that did not include the RX claims that go through the MMA® programs and Diabetes Rewards® program.

Erin Orcut said that no one wants to disrupt even a small group, but the savings plus the OPEB liability reductions are huge.

Heather Harper said she’s glad the CCMHG didn’t rush into this decision and took time to review the implications.

Susan Wallen said she is concerned about the timing of the decision with senior plan open enrollment coming up quickly.

Noreen Mavro-Flanders said that is why the Steering Committee decided to move the Board meeting that usually take place in late October up to October 1. She said the Abacus letters are ready to go and the Benefits Administrators meeting is on Oct. 8.

Joyce Mason moved to recommend that Medex, Medicare Enhance and Managed Blue for Seniors be changed to EGWPs effective January 1, 2015.

Motion

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

**7. Medically necessary transgender surgery and related treatments:**

Carol Cormier called attention to the MA Division of Insurance (DOI) Bulletin of June 20, 2014 regarding transgender surgery and treatment. She said the Affordable Care Act does not allow for sex discrimination in coverage and treatment, et cetera. She said the DOI concludes that excluding these types of treatment from coverage will be considered prohibited sex discrimination. She read the conclusion from the Bulletin.

Carol Cormier said that BCBSMA will begin to include the coverage on renewal for all groups including self-funded groups. She said that Bill Hickey informs her that Harvard Pilgrim will give self-funded clients the

option of whether or not to include the transgender surgery. She said that the health plans say the cost increase will be very minimal. Ms. Cormier said she recommends adding the coverage on renewal.

Bill Hickey distributed information on services that would be covered for gender re-assignment.

There was a discussion.

Erin Orcutt moved to approve adding transgender surgery and related treatments to the Harvard Pilgrim plans on anniversary in 2015 when medically necessary.

Motion

Joyce Mason seconded the motion. The motion passed by unanimous vote.

**8. Member Medicare Part B issue:**

Carol Cormier summarized the situation pertaining to a BCBS PPO member who became Medicare eligible a few years ago when she qualified as Social Security Disabled. Ms. Cormier said the member is well under age 65 and said she did not sign up for Medicare Part B, therefore, BCBS is denying payment for services that would otherwise be covered by Part B. Ms. Cormier said that she asked BCBS what notifications had gone to the member from BCBS.

Bill Rowbottom described what had been sent to the member. He said there were several mailings, but this member did not receive a letter stating that the PPO would not cover claims for Medicare Part B covered services.

Carol Cormier said that she thought that the member’s failure to enroll in Part B was through no fault of her own. She said it is very difficult for benefit administrators to keep track of people out on disability and whether they have qualified for Social Security thus becoming Medicare eligible. She said that she recommends giving authorization to BCBS to pay this member’s claims through June 30, 2015, requiring the member to enroll in Medicare Part B during 2015 Part B Open Enrollment period, and then requiring the member to change to a Medicare plan effective 7/1/15 in order to continue coverage through the town and the CCMHG. She said that if the Committee makes this motion, it should be stated that this is not to be considered a precedent. Ms. Cormier said that tracking members for Medicare eligibility will be addressed at the Benefits Administrators’ meeting on October 8<sup>th</sup> and that she hopes to have identified a benefit administrator with a good tracking system who will share that with the other administrators.

Deb Blanchette moved to authorize BCBSMA to pay for the member in question’s services through June 30, 2015 without setting a precedent. She further moved that the member be required to enroll in Medicare Part B during 2015 Part B Open Enrollment period and join a senior plan effective July 1, 2015 in order to continue eligibility for coverage.

Motion

Noreen Mavro-Flanders seconded the motion. The motion failed with 3 in favor and 4 opposed.

**9. Health Plan Reports:**

*Harvard Pilgrim* - Bill Hickey said all is going well. He said that on July 1, 2015 an acupuncture benefit will be available if the group is interested.

*BCBSMA* – Bill Rowbottom said that if the EGWP recommendation passes, the health plan representatives will go out to the communities and make sure that there are opportunities for retirees to get the information and ask questions. He named new facilities that are in the BCBS substance abuse care network.

*Tufts Health Plan*– Fred Winer said Cape Cod Hospital System will be back with Tufts for its group health plans.

*Delta Dental* – Nina Conroy asked the Steering Committee to consider increasing eligibility for dependents to the 26<sup>th</sup> birthday as is the case for the health plans. She said currently eligibility for dental ends at 23.

Carol Cormier asked Ms. Conroy to provide renewal quotes with the current dependent eligibilty cut-off and with the age 26 cut-off.

**10. Other Business:**

There was a discussion about the earlier vote on the member issue.

Deb Blanchette moved to reconsider the motion made under Agenda item #8.

Motion to reconsider
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Heather Harper seconded the motion. The motion to reconsider passed by unanimous vote.

There was further discussion on the circumstances in this case.

There was a vote on the original motion to authorize BCBS to pay claims incurred through June 30, 2015 that Medicare Part B would otherwise have paid, require the member to enroll in Medicare Part B for an effective date of July 1, 2015, and at that time change to a senior plan. The motion passed with 6 in favor and 2 abstentions.

There was no other business.

Noreen Mavro-Flanders adjourned the meeting at 12:15 PM.

*Prepared by Carol Cormier  
Group Benefits Strategies*