

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

STEERING COMMITTEE

Wednesday, November 28, 2012 9:00 AM
Sandwich Municipal Office Bldg., Sandwich, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, November 28, 2012 at the Sandwich Municipal Office Bldg, 16 Jan Sebastian Drive, Sandwich, MA.

The following people attended the meeting:

Committee Members Present:

A. Francis (“Skip”) Finnell, Chair	Dennis-Yarmouth RSD
Noreen Mavro-Flanders, Board Chair	County of Dukes County
Erin Orcutt	Cape Cod Regional THS
Marie Buckner	Town of Sandwich
Gerry Panuczak	Town of Chatham
Debra Blanchette	Town of Barnstable
Heather Harper	Town of Falmouth
Maggie Downey	Barnstable County

Guests Present:

Rich Bienvenue	CCMHG Treasurer
Bill Fraher, CPA	CCMHG Auditor
Deanna Desroches	CCMHG Wellness Consultant
Bill Rowbottom	Blue Cross Blue Shield (BCBS)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Fred Winer	Tufts Health Plan (THP)
Nina Conroy	Delta Dental
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Skip Finnell, Chair, called the meeting to order at 9:10 a.m.

Approval of the Minutes of the October 18 and October 24, 2012 meetings:

Marie Buckner motioned to approve the minutes of the October 18 and October 24, 2012 meetings.

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

Motion

Independent Audit on the FY12 Financial Statements:

Bill Fraher, CPA, reviewed the draft of the “FY12 Audited Financial Statements and Management Discussion and Analysis with required supplementary information years ended June 30, 2012 and 2011”. He reported year-end Net Assets of \$20,845,275 which he said was down 8.3% from the prior year. Mr. Fraher said the total unpaid claims and claims adjustment expenses at the end of year was \$17,367,706.

Mr. Fraher reviewed his two-page Trend Summary of Key Financial Information. Mr. Fraher said that the Cash and Investments increased by \$3M because of accrual timing issues. Mr. Fraher said that the Medicare Part D subsidy and Investment Income are responsible for the increase in the Total Assets.

Mr. Fraher said that the Change in net assets was \$(1,897,662), but said the decrease was mostly due to the Retiree Drug Subsidy distribution to the employers.

Mr. Fraher said that the IBNR is calculated by determining the claims average of the most recent four months times 0.9% and said that it is about \$1M over the actual claims run-out. Mr. Fraher said that is conservative and he is good with that amount, but said that he would advise keeping a watch on it and recommended an adjustment if it goes higher.

Mr. Bienvenue said that the amount is an estimate and said that there is 18 more months of claims run-out expected to come in.

There was a discussion about the IBNR and a possible adjustment to lower it, however the Steering Committee agreed to leave it as is and review the numbers on the FY13 audit.

Bill Fraher reviewed the Management Letter and said that he did not identify any material weaknesses. He said that despite the mitigating controls implemented by the Group to include a monthly review of the financial statements and reports, he said the potential internal control risk remains. He said that this is a risk that is common across all municipal purchasing groups.

Noreen Mavro-Flanders said that on page vi of the Management's Discussion and Analysis, paragraph four incorrectly states a "rate increase of less than xxx%". Ms. Flanders said that the numbers need to be filled in and that there was a rate decrease. Ms. Flanders also said that on page six, the first paragraph under "Note 1", states a lifetime maximum payable for the PPO and EPO plans. She said that the lifetime maximum only applies to the medical indemnity plan. She asked the auditor to correct the errors.

Skip Finnell asked the auditor to change the word "bargained" to "negotiated" on the same page, second paragraph in the last sentence. He also asked that the word "applied" in the third paragraph be changed to "expected to use".

There was a discussion about the uninsured and uncollateralized comment regarding the MMDT account.

Skip Finnell asked Mr. Fraher to send him and Rich Bienvenue a copy of the revised audit report to them.

Noreen Mavro-Flanders made a motion to approve the audit as amended.

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

Motion

Mr. Fraher thanked the Committee and left the meeting.

Treasurers Report:

Treasurer, Rich Bienvenue, CPA, reviewed the financial statements through September 30, 2012 (unaudited figures). He said that the total operating cash was \$16.4M which was down \$5M from this time last year. He said that the Unreserved Trust Fund Balance was \$22.3M as of September 30, 2012. He reported assets at \$29.7M and liabilities of \$22.3M.

November 2012 Warrant Summary:

Carol Cormier reviewed the November Warrant Summary and said that the total expenses were approximately \$9.5M. She noted that this was a settle-up month with BCBS and HPHC. Ms. Cormier said that the Abacus Group will be billing separately for the Diabetes Rewards Program drug and supplies expenses, which were formally billed through PBS.

Noreen Mavro-Flanders made a motion to approve the warrant as presented.

Motion

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

Maggie Downey joined the meeting.

GBS Reports:

Funding Rate Analysis- Carol Cormier reviewed the Funding Rate Analysis with data through October 2012 and said the expense-to-funding ratio for health plans was 98% and for dental was 83.8%. Ms. Cormier said that the FY06, FY07 and FY08 Retiree Drug Subsidy (RDS) receipts were paid out to the employers. She said that she will check to see if the FY11 and FY12 RDS plan years have been reconciled with CMS.

Stop Loss Report - Karen Carpenter reviewed the stop loss reports with data through October 2012. She said that for the FY12 policy, twelve members had exceeded the policy deductible with total claims of \$4.63M. Ms. Carpenter said that the Aggregating Specific Deductible has been applied, and that CCMHG can expect an additional \$77,601 in reimbursements for the FY12 policy period to date. Ms. Carpenter said that for the FY13 policy, one member has exceeded the policy deductible with total claims of \$333,829. She said that the Aggregating Specific Deductible has not been met.

GBS Reinsurance Workshop – December 5, 2012 - Carol Cormier said that GBS sent invitations to the Joint Purchase Group’s (JPG) Steering Committee members. She said that due to a decline in reinsurance quotes received over the last couple of years, GBS has been working on possible solutions to assure clients protection for high cost claims risk. She said that the meeting will include a suggestion to create a reinsurance pooling arrangement across joint purchase groups. She said that the arrangement is complex and would require fund management. She urged attendance at the meeting.

Skip Finnell, Debra Blanchette and Erin Orcutt said that they were planning to attend.

Wellness Committee Report and Wellness Coordinator search for Martha’s Vineyard:

Deanna Desroches, Wellness Coordinator, said that she is in the process of receiving applications and said that today is the deadline. She said that all applications were received from residents of Martha’s Vineyard and said that interviews will be conducted on Martha’s Vineyard on December 7th.

Carol Cormier asked Ms. Desroches to forward a copy of the advertisement to her.

Skip Finnell said that the Steering Committee would like to see the position specifications outlined in the coordinator’s contract.

Maggie Downey said that the position specifications were voted on at the last Steering Committee meeting.

Deanna Desroches said that the “Walking Works” program will run for two months in the spring and said that it is a BCBS website-based program. She said that there is no cost to the Group for the program other than cost of the incentives provided.

Maggie Downey said that the Committee tries to incorporate the BCBS wellness programs into the CCMHG programs when possible. Ms. Downey said that BCBS has administered the cash incentives to subscribers of both the BCBS and HPHC plans that have completed the health screenings required.

Bill Hickey said that the HPHC wellness programs are available per subscriber and best done on an *a la carte* basis.

Deanna Desroches said that it means a lot to the members to know that their employers care about them enough to provide these wellness programs.

There was a discussion about communicating what CCMHG does for its members and the possibility of speaking at the Selectmen's meetings.

Skip Finnell asked Mr. Bienvenue about the status of the comparison report of the wellness budget and actual expenditures.

Mr. Bienvenue said that he has it and will send it to Mr. Finnell.

Medicare Employer Group Waiver Plans (EGWPs):

Carol Cormier explained that the Retiree Drug Subsidy (RDS) process provides reimbursement of 28% of the cost of the eligible covered prescription drugs for the Medicare supplement plans. She said that the Employer Group Waiver Plan (EGWP) builds Medicare Part D into the health plan product, and the savings are obtained through lower premiums as opposed to receiving RDS monies. Ms. Cormier said that the Medicare Advantage plans also incorporate Medicare Part D. She said that the EGWPs use the Medicare Part D drug formulary which would be a change as well. Ms. Cormier suggested that the Committee obtain a quote from BCBS for a Medex plan and HPHC Medicare Enhance plan with self-funded medical services and fully insured Part D prescription drug coverage. Ms. Cormier said that there is no doughnut hole on the EGWP plans. She suggested implementing EGWP plans for January 1, 2014 and changing the anniversary date for all senior plans to January 1st starting in 2014.

Ms. Cormier said that another option for Medex is to look at a 3-tier Rx for the Medex plan. She said that there is currently a 20% coinsurance for some brand name prescriptions that can be very costly for seniors.

Ms. Cormier said that she will create a RDS vs. EGWP savings comparison.

Noreen Mavro-Flanders asked for a disruption analysis report to see how many seniors would have disruption in their medications and would prefer to make one change to the plans, rather than the plan design in July and then a change to a January renewal.

Bill Rowbottom said that similar changes were made with other BCBS clients and said they went well. He said that education is key to a smooth transition.

EyeMed options and annual eye exam coverage on senior plans:

Carol Cormier said that there was a concern brought up by a Board member at the last meeting asking about eye exams for seniors now that the EyeMed plan will no longer cover the exam. Ms. Cormier said that all of the plans provide coverage for an annual eye exam with the exception of Medex. She said she had asked Suzanne Donahue if there is a rider for Medex to cover eye exams.

Bill Rowbottom said that he would check to see about the option of adding a rider and the cost associated.

Skip Finnell asked to add this topic to the next agenda.

CCMHG website redesign status report:

Karen Carpenter said that the website redesign is complete and said that Desiree Cole from Colewebdev came to GBS to train her on maintaining the website as requested by the Steering Committee. She said that Ms. Cole also left a tutorial and said that she would be available should any questions arise. Ms. Carpenter said that Colewebdev will be hosting the site for one year according to their contract which may be renewed yearly.

Carol Cormier reviewed the proposed Website Maintenance Agreement between CCMHG and GBS from 12/1/12 through 11/30/13. She said the annual fee is \$1,500 to be paid in three installments.

Noreen Mavro-Flanders made a motion to approve the Website Maintenance Agreement as presented.

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

Motion

Dependent Eligibility Audit – status report:

Carol Cormier briefly reviewed the status of the Dependent Eligibility Audit being conducted by HMS Employer Solutions (“HMS”). Ms. Cormier said that the Board members all voted to agree to the terms and rules of the audit and will term dependents found ineligible on January 1, 2013. She said that all documentation following the deadline date of December 5th will need to be sent to the employer. Ms. Cormier said that the HMS final report will be available at the December meeting.

Other Business:

Skip Finnell distributed and reviewed an opinion article written by Barry Eyre of KTP Advisors that was printed in the Opinion section of the Cape Cod Times. He said the opinion was written regarding the analysis completed by Longfellow Benefits for the Town of Barnstable.

There was a discussion about the lack of knowledge about the underlying principles of the CCMHG in the opinion letter and about whether or not to respond to the opinion letter publicly. The Committee decided it would be best to send a response to the CCMHG employers and to tell them to share it with their elected Boards rather than arguing it in the media.

It was noted that the GBS and the health plans hold Longfellow Benefits in high regard.

The next CCMHG Steering Committee meetings were scheduled for December 19, 2012, January 23, 2013, and February 6, 2013, all at 9:00 AM at the Sandwich Municipal Office Building, Sandwich, MA.

There was no other business.

Noreen Mavro-Flanders moved to adjourn.

Motion

Debra Blanchette seconded the motion. The motion passed by unanimous vote.

Chair Skip Finnell adjourned the meeting at 12:11 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*