

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

STEERING COMMITTEE

Friday, December 16, 2005, 9:00 a.m.
Dennis Yarmouth Regional School District Administration Building
So. Yarmouth, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Friday, December 16, 2005, at the Dennis Yarmouth Regional School District Administration Building in So. Yarmouth, MA. The following people attended the meeting.

Committee Members Present:

Robert Whritenour, Chairman	Town of Falmouth
Margaret Downey	Barnstable County
Robert Canevazzi	Town of Dennis
Francis “Skip” Finnell	Dennis Yarmouth RSD
Noreen Mavro-Flanders, Board Chair	Dukes County
David Withrow	Town of Orleans
Marie Buckner	Town of Sandwich

Guests Present:

Richard Bienvenue, CPA	CCMHG Treasurer
William Hickey	Harvard Pilgrim Health Care (HPHC)
Carol Cormier	Group Benefits Strategies (GBS)

Chairman, Robert Whritenour called the meeting to order at 9:12 a.m.

Minutes of the Steering Committee meeting of November 16, 2005:

Maggie Downey moved to accept the minutes of the November 16, 2005 meeting as written.

Motion

Dave Withrow seconded the motion. The motion passed by unanimous vote.

Warrant Summary of November 2005:

Skip Finnell moved to accept the Warrant Summary of November 2005, which totaled \$8,048,304.

Motion

Dave Withrow seconded the motion. The motion passed by unanimous vote.

Wellness Committee Report:

Agreement between CCMHG and Barnstable County -

Maggie Downey presented the agreement between the County and the CCMHG for the County to provide CHIP facilitation services. Noreen Mavro-Flanders signed the Agreement on behalf of CCMHG.

Wellness Coordinator’s contract - Maggie Downey presented the Wellness Coordinator’s contract for signature. Bob Whritenour signed the Agreement.

Coronary Health Improvement Project (CHIP) - There was a discussion about the attendance criteria for CHIP participants to qualify for the \$200 participation incentive.

The Committee confirmed that to qualify for the participation incentive CHIP participants must attend eleven out of twelve instructional classes and that the so-called graduation does not count as an instructional class in the present format.

The Committee further confirmed that a CCMHG member may not receive the participation incentive more than once and that those who have already taken the CHIP program may participate again only if there is room in the class; otherwise, they would be placed on a waiting list.

Bob Whritenour said he would like to energize the promotional efforts for the Falmouth CHIP program in January. He said that in general the CCMHG should get the individual employer to promote the CHIP program because this cannot be done by remote control. He suggested getting the Health Departments and union leaders involved in promoting the program.

Maggie Downey said that she would have Wellness Coordinator, Deanna Desroches, get in touch with Bob Whritenour about promotional strategies and activities.

Maggie Downey noted Ms. Desroches written summary of Wellness activities dated December 15th and reviewed some of the information with the Committee.

Skip Finnell said he just wanted to go on the record saying that the Wellness Committee is doing a wonderful job.

Rich Bienvenue arrived at this time.

Treasurer's Report:

Treasurer Richard Bienvenue said that he transferred accounts to the Cape Cod Five Bank effective November 15th and that it had been a very clean transition. He said that as of the October 31st financial reports there was no money in Cape Cod Five. He said he kept an account open at Bank North solely for the purpose of receiving the Medicare Retiree Drug Subsidies.

Rich Bienvenue said that on December 15th he met with auditor Bill Fraher and that things were in good shape. He said that he told Bill Fraher to be ready to meet with the CCMHG Board on January 25th to present the final FY05 audit report.

Bob Whritenour requested that Bill Fraher attend the January 19th Steering Committee to review the audit findings.

Rich Bienvenue said he would renew the Treasurer's bond at \$1 million as instructed by the Committee. He said that the cost of the bond would be \$525.

Rich Bienvenue reviewed the financial statements of October 31, 2005 (unaudited figures) in detail. He reported total assets off \$33,024,769 and an uncommitted fund balance of \$17,957,420 (health and dental funds combined). He said he projected an outflow of cash for the year at \$2.3 million. He said that the financial reports are unremarkable.

Skip Finnell said that last year when the CCMHG set its FY05 rates, it planned on using about \$1.5 million of the uncommitted fund balance, but the fund balance has actually increased. He asked how the group was doing with the FY06 funding.

Rich Bienvenue noted the change in the calculation of the IBNR, which resulted in a \$3 million reduction in liabilities. He said that the CCMHG is on target to use about \$4 million of the fund balance to fund current year expenses. He said that Bill Fraher still thinks the CCMHG has 25% too much in the IBNR figure.

Bob Whritenour said that when the Group sets rates, it would compare the projected fund balance to the fund balance target. He said that he would not be in favor of mid-year rate changes.

Bob Canevazzi said that he thought the Group was not doing a good job of setting the rates.

Bob Whritenour said that the approach to rate-setting has been conservative.

Carol Cormier said that although the group planned on using \$4M of the fund balance, because of the change in the IBNR calculation which reduced the amount by \$3M, the planned or attempted fund balance reduction was really \$1 M.

Skip said that he is pleased that the group will set rates earlier this year.

Dave Withrow said that the Town of Orleans cut 2% from the departmental budgets to afford health benefits increases.

Rich Bienvenue said that the Group should focus more on the cash flow than on the fund balance.

Bob Whritenour noted that the cash flow balance is negative by \$2.2 million.

Rich Bienvenue said that this reflects an increase in the level monthly deposits and settle-up amounts for the end of FY05.

Bob Whritenour said he expects the CCMHG will break even at the end of the fiscal year.

Skip Finnell asked if the CCMHG Board knew that the IBNR would be seriously decreased when it set rates last year.

Carol Cormier said that the Group did not and that Bill Fraher's recommendation regarding the IBNR calculation came well after the rates had been set.

David Withrow reminded the Committee that it might be looking at another downward adjustment to the IBNR.

Preliminary Rate Projections for FY07:

Carol Cormier said that Anne Hart-Davies, Blue Cross Blue Shield, left her a message that she would not be able to attend the meeting today because of illness and loss of power at her home but was available to speak on the phone. Ms. Cormier said that she had been disappointed to learn that BCBS would not do any preliminary projections of rates and that the renewal would not be available for several weeks.

Bill Hickey reviewed the FY07 preliminary projections for the Harvard Pilgrim self-funded plans. He reviewed the underwriting methodology in detail.

Carol Cormier said that GBS added in the various rate components and that it appears that the HPHC EPO rate increase would be around 19%, the PPO increase around 11.5% and the Medicare Enhance plan increase around 15.4%. She said that these projections were very preliminary and that next month she would present the rate development packet and comparison of GBS projected rates with those of BCBS and HPHC.

GASB45:

Bob Canevazzi said that the CCMHG should not have a role in GASB45 and that it is an employer-level issue.

Maggie Downey said that the employers need to get the health benefits information from the CCMHG and that would mean a role for Group Benefits Strategies (GBS).

Bob Whritenour said that the towns and districts should have discussions with their Retirement Boards. He noted that for the teachers, the discussion would be with the GIC in some cases.

Maggie Downey said a budget is needed for the County to do actuarial services and a budget for GBS to fill in the data gaps.

Dave Withrow asked who would take the lead on this. He said he would be willing to work on a committee for the County.

Bob Canevazzi said that he would also serve.

Bob Whritenour said that the town managers said that they are interested in moving forward with a regional approach and need a budget from the County.

Maggie Downey said that employees are often not informed about retirement and the benefits available at retirement. There was a discussion about informing employees on these topics.

Medicare Retiree Drug Subsidy (RDS):

Carol Cormier said that Center for Medicare and Medicaid Services (CMS) requires employers that file applications for the RDS to have in place agreements with their health plans regarding provision of the claims data.

Bill Hickey said their proposed agreement is under review and that he would get back to Carol Cormier regarding status.

Carol Cormier said that she had received a proposed agreement form BCBS but it was problematic and was being revised for MA governmental employers.

Proposed CCMHG website:

Carol Cormier said that Lisa Trombly would like to meet with a few of the CCMHG Steering Committee members to determine what the Group is looking for before making a proposal. It was agreed that a conference call would be scheduled and would include Lisa Trombly, Noreen Mavro-Flanders, Bob Whritenour, and Skip Finnell.

Health Plan Reports:

Harvard Pilgrim Health Care – Bill Hickey said that HPHC is adding a \$150 Fitness Club benefit to its insured business and that it would be available to the CCMHG on July 1, 2006 if it chooses to add it. He said it is voluntary for self-funded employers. He said that 5-6% of the members utilize the benefit and the cost to the group could therefore be estimated by multiplying the number of HPHC contracts times 6% times \$150. He said that if the Group adopts the benefit on July 1, 2006 no payments would be billed till November.

Other Business:

Carol Cormier said that Prescription Benefits Services (PBS), a sister company of GBS, has held two seminars with Systemed Rx regarding carving out the pharmacy benefit. She said that she had hoped that some representatives from CCMHG would have attended because she noted that exploring Rx carveout was included in the CCMHG's new Strategic Plan.

There was a discussion and the Committee expressed its interest in learning more about carving out the pharmacy benefit.

Bob Canevazzi suggested that a seminar could be held at the Mass. Municipal Association (MMA) Annual Meeting in January.

Carol Cormier said that GBS has not been successful in attempts to offer seminars at the MMA meeting, but that she would suggest this and pursue the idea.

Bob Canevazzi said he could make some calls to the MMA, as well.

There was no other business.

Maggie Downey moved to adjourn the meeting.

Bob Canevazzi seconded the motion. The motion to adjourn was approved unanimously.

Bob Whritenour adjourned the meeting at 11: 25 a.m.

*Prepared by Carol Cormier
Group Benefits Strategies*