

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

Board Meeting

Wednesday, February 4, 2015, 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, February 4, 2015 at 10:00 AM at the COMM Fire District, Centerville, MA. The following people attended the meeting:

Board Members and Alternates Present:

Noreen Mavro-Flanders, Board Chair	County of Dukes County
A. Francis (“Skip”) Finnell, Steering Committee Chair	Dennis-Yarmouth RSD
Debra Blanchette	Town of Barnstable
Laura Scroggins	Town of Barnstable
Marie Buckner	Town of Sandwich
Maggie Downey	Barnstable County
Susan Wallen	Nauset Regional School District
Gerry Panuczak	Town of Chatham
Deborah Heemsoth	Town of Dennis
Robert Howard	Bourne Recreation Authority
Lisa Vitale	Town of Brewster
Judy Sprague	COMM Fire District
Melanie Becker	County of Dukes County
Dave Withrow	Town of Orleans
Kathleen Isernio	Monomoy RSD
Christopher Clark	Town of Harwich
Joan Plante	Town of Eastham
Robert Cecile	Barnstable Fire District
Susan Laak	Barnstable Fire District
Verna Lafleur	Hyannis Fire District
Cynthia Slade	Town of Truro
Karen Scichilone	Cape Cod Lighthouse Charter School
Diane Midura	Town of Wellfleet
Teresa Johnson	Sandwich Water District
Leanne Gray	Mashpee Water District
Michael Daley	Cotuit Fire District & W. Barnstable Fire Dist.
Marge McGloin	Town of Provincetown
Denise Coleman	Town of Falmouth
Jim Brown	Cape Cod Collaborative
Larry Azer	Dennis-Yarmouth RSD
Nancy Ward	Bourne Water District

Guests Present:

Rich Bienvenue	CCMHG Treasurer
Deanna Desroches	CCMHG Wellness Consultant
Mary Casali	Cape Cod Healthy Connections, LLC
Jason Lily	Rockland Trust Investments

Mike McManus
 Beverly Haley
 Katelyn Bruster
 Elizabeth Deck
 Nancy Cushing
 Tara Way
 Gabrielle Pitcher
 William Rowbottom
 Bill Hickey
 Fred Winer
 Carol Cormier
 Karen Carpenter

Rockland Trust Investments
 Dennis Yarmouth RSD
 Monomoy RSD
 Cape Cod Collaborative
 Barnstable County
 Town of Barnstable
 Blue Cross Blue Shield of MA (BCBSMA)
 Blue Cross Blue Shield of MA (BCBSMA)
 Harvard Pilgrim Health Care (HPHC)
 Tufts Health Plan
 Group Benefits Strategies (GBS)
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Noreen Mavro-Flanders, Chair, called the meeting to order at 10:04 a.m.

Approval of the Minutes of the October 1, 2014 meeting:

Skip Finnell motioned to approve the minutes of the October 1, 2014 meeting.

Motion

Melanie Becker seconded the motion. The motion passed by unanimous vote.

Investment Committee and Manager’s Report:

Gerry Panuczak, Investment Committee Chair, said the Investment Committee has been discussing creating a third conservative fund that will have better liquidity. He said the Steering Committee approved its recommendation to allocate an initial \$100,000 beginning January 1, 2015, and \$50,000 per month from the long-term investment accounts to the new short-term fixed income account subject to regular Steering Committee oversight.

Mr. Panuczak said that the Committee is making a recommendation to update the Investment Policy to reflect the addition of the third fund.

There was confusion as to whether or not the Steering Committee had approved the third fund or made a motion to recommend to the Board to add the third fund.

Noreen Mavro-Flanders asked for a motion for each of the recommendations.

Debra Blanchette made a motion to approve adding a new short-term fixed income account and to allocate an initial \$100,000 investment and \$50,000 per month from the long-term investment accounts beginning January 1, 2015.

Motion

Marie Buckner seconded the motion. The motion passed by a unanimous vote.

Robert Cecile made a motion to approve updating the Investment Policy as described.

Motion

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

Jason Lily introduced Michael McManus, a new member of the Rockland Trust team and said that Mr. McManus would be working on the CCMHG account.

Mr. Lily reviewed the status of the two portfolios. He said that the large stocks did very well for the second quarter ending December 31, 2014. He said the other funds did well too, but all performed a little less than the benchmarks. Mr. Lily said the total return through the second quarter was almost a break even with a total return balance of (7,070). He said the portfolio total was \$13,962,159.

Noreen Mavro-Flanders asked Mr. Lily to describe the strategy for funding CCMHG's new 3rd fund.

Mr. Lily said he would like to transfer current bonds to the new fund, rather than cashing them out. He added that he may need to buy new bonds to balance out the fund. Mr. Lily said he would like to minimize the transaction costs. He said CCMHG will own the discount bonds.

Treasurer's Report:

Treasurer, Rich Bienvenue said the Board will be voting on the FY16 health and dental plan rates today. He said in past years the Board has voted to supplement the rates with the trust fund surplus. He said the trust fund policy states that the fund balance should have 8% to 12% of the monthly claims from the last 12 months on hand. Mr. Bienvenue said due to good claims experience, investment results, and Medicare Part D subsidy accumulations, the fund balance has continued to remain in excess of the policy guidelines.

Mr. Bienvenue reviewed the Balance Sheet and Income Statement of December 31, 2014 and said there was a \$1.6M loss in the health fund and a \$300K gain in the dental fund. He said that the Board voted last year to put \$8M of the excess fund balance at risk to lower the FY15 rates. He said he is projecting that \$6.6M of the \$8M at risk from the Fund Balance will be utilized by June 30, 2015. Mr. Bienvenue said when making the decision as to whether or not to risk fund balance surplus, the fund balance policy and financial position of the group needs to be taken into consideration. He said currently the fund balance is at 15% of the policy range, or \$22M. He said the optimal fund balance range would be \$11M (8%) to \$16M (12%) at year end. Mr. Bienvenue said he would not recommend putting at risk more than \$5M of the fund balance towards the FY16 rates. Mr. Bienvenue also said there is a concern of a possible rate spike in the next year and no surplus to utilize. He said that the Steering Committee has been reviewing the projections, the policy, and financial position and will be making a recommendation later in the meeting.

Wellness Committee Report:

Mainland Wellness Programs- Deanna Desroches reviewed the FY14 wellness program update report. She said that the *Anti-smoking program* in Eashtam has 10 members participating and an 89% success rate. She said she is hoping to run the next program in Falmouth. Ms. Desroches said she delayed publishing the newsletter until February to include the data from the *Maintain Don't Gain* program and additional information about the *Spring Walking Challenge*. She said the weight loss results were amazing considering that the program was about maintaining, not losing weight. She said she may send the Wellness newsletter out on the 15th of each quarter. Ms. Desroches said she is looking at revamping the *Healthy Me Program* and may do a spring program in the Town of Yarmouth. She said the Town of Dennis's *Couch to 5K* program will be offered beginning March 9th. Ms. Desroches said she will be coordinating a Wellness Benefits Administrator's meeting on March 13th.

Martha's Vineyard (MV) Programs – Noreen Mavro-Flanders reported for Ms. Rose, the Wellness Consultant for MV. She said that the *Maintain Don't Gain* program was very successful and noted that the winner of program lost 12 lbs. Ms. Mavro-Flanders said the progress of the *Walking Tracker*

walking program progress is tracked on a web-based program. She said MV is in competition with participants from other states and noted that MV is currently in 3rd place. Ms. Mavro-Flanders said the *Fitness and Safety Challenge* was a huge success and said that the gym that was utilized for the program is now providing reduced rates and group classes to CCMHG members. She said the participants of the program are continuing the program on their own.

Steering Committee Report:

Skip Finnell, Steering Committee (SC) Chair, said that the items on the Board agenda are the items with which the Steering Committee has been dealing. He said for those that didn't know, Suzanne Donahue of BCBS retired at the end of December. Mr. Finnell introduced Gabrielle Pitcher, the new BCBS Account Executive, and said she is doing very well and the Steering Committee is looking forward to working with her.

Noreen Mavro-Flanders noted that the Committee has spend a lot of time working with the FY16 rate projections for a recommendation to the Board.

GBS Reports:

Funding Rate Analysis - Carol Cormier said that the GBS reports were emailed to the Board. She said the expense-to-funding ratio for thee health plans was 100.7% for the 6 months thorough December 2014. She said that the Blue Care Elect Preferred PPO plan is underfunded by 5%, with a \$1.2M funding shortfall. She said that the HPHC EPO and Medicare Enhance plans are also underfunded by a total of approximately \$500K. Ms. Cormier said the dental plans are sufficiently funded at 91% expense-to-funding ratio. Ms. Cormier noted that the group is reinsured through the MA Municipal Reinsurance Agreement (MMRA) beginning July 1, 2014. She said reimbursements totalling \$500K are due at this time. Ms. Cormier noted that the carriers suggested using a 16% increase for reinsurance expense in the development of the FY16 rates.

There was a discussion about the Group Insurance Commission (GIC) deficit and what changes they may be making for FY16.

Affordable Care Act (ACA) requirement for Rx Out-of-Pocket (OOP) Maximums:

Noreen Mavro-Flanders said that Melanie Becker attended an ACA seminar called "Bending the Cost Curve". She said the ACA costs and programs will affect the CCMHG benefits as well as the rates. Ms. Mavro-Flanders said that effective July 1, 2016, prescription co-pays will require an OOP maximum. She said the Steering Committee has reviewed the requirement and will be making a recommendation. Ms. Mavro-Flanders asked Carol Cormier to explain.

Ms. Cormier reviewed the OOP maximum exhibit she prepared for the meeting. She said the CCMHG plans currently have medical OOP maximums of \$2,000 per individual plan and \$4,000 per family plan. She said the new Rx OOP requirement is an added benefit to the employees and will be added cost to the CCMHG. Ms. Cormier said the ACA allows OOP up to \$6,600 per individual plan and \$13,200 per family plan in FY15. She noted that OOP maximums are not required for out-of-network (OON) services but said the CCMHG PPO plans have a \$3,000 medical out-of-pocket maximum. Ms. Cormier said the law allows for separate medical and prescription OOP maximums and said the Steering Committee will be recommending a separate OOP Rx maximum.

In response to a question asked, Ms. Cormier said only a handful of members' Rx expenses are reaching the OOP maximum levels that will be recommended.

Ms. Cormier reviewed the options that the Steering Committee had reviewed.

Noreen Mavro-Flanders said the Committee is recommending Option 1a. which adds separate Rx OOP maximums of \$3,000 per Individual, not to exceed \$6,000 per family in a plan year. She said the combined medical and RX OOP maximum amounts would be \$5,000 per individual plan and \$10,000 per family plan. She said the Committee favored keeping the medical OOP maximums at the current levels.

In response to a question, Bill Hickey, HPHC, said that currently the GIC has medical OOP maximum of \$5,000 per individual plan and \$10,000 per family plan. He said effective July 1, 2015, the Rx copays will count towards those same maximums.

There was a discussion about the differences in the options.

Skip Finnell said this is a positive benefit to the members.

Skip Finnell made a motion to recommend adding OOP Rx maximums of \$3,000 per individual plan and \$6,000 per family plan per plan year effective July 1, 2015 to comply with the ACA requirement.

Dave Withrow seconded the motion.

Motion

There was a discussion.

A vote was taken and passed by a majority vote with one member opposed.

Carol Cormier said employers must send a letter to notify the unions of the added benefit and said she will send a sample letter to the employers as requested by the Steering Committee.

Eligibility issue for Delta Dental plans – Steering Committee recommendation:

Noreen Mavro-Flanders said the ACA requires that dependents on their parents' health plans be covered until age 26. She said the ACA does not have the same requirement for dental plans, but said there was a request made to the Committee to review information to see if it was feasible to do the same for the dental plans.

Skip Finnell said the Committee reviewed and discussed increasing the dependent age to 26 and said there would be a 2% increase to the rates. He said the Committee is recommending making no change at this time.

Susan Wallen said the cost impact in addition to the medical rate increases for FY16 was the reason for the decision.

No action was taken.

Request for information and rates from the Town of Bourne – Steering Committee recommendation:

Noreen Mavro-Flanders said that CCMHG received a request for rates and possible membership from the Town of Bourne. She said the Committee reviewed the town's rates, benefits, and claims information and found that it is not in the best interest of either party to extend an offer of membership at this time.

FY16 rate projections: active employee plans and dental plans:

Skip Finnell said the Committee didn't make a motion during the Committee meeting regarding the dental rates, but said the rate increase was the same in all scenarios.

The Committee members said they were ok with the increase presented.

Carol Cormier said both HPHC and BCBS held their administrative rates for FY16. Ms. Cormier said in previous years, she did not include the myMedicationAdvisor® and Diabetes programs or the ACA fees into

the rate calculations Because the CCMGH wanted to reduce its Fund Balance because it was well over the target. Ms. Cormier said she included those amounts into the rate calculations for FY16. She said the impact to the rates of the claims and fees for these programs adds \$11.63 to the individual plan and \$30.13 to the family plan for BCBS plans. Ms. Cormier said the impact to the HPHC plan rates is \$13.48 per individual plan and \$35.80 per family plan.

Ms. Cormier said each carrier submits claims projections, and GBS does independent projections based on 2 years of claims experience and trend factors..

Skip Finnell noted that the senior plan rates were voted on for a January 1 renewal, while the active plans renew on July 1 each year.

Carol Cormier said the decrease of the senior plan rates for January should be considered when looking at the active plan increases for this year. She said the composite increase will be lowered by the senior plan rate decrease.

Ms. Cormier reviewed the following rate projection scenarios:

- A – Carrier plan projections: a composite increase of 15.5% for health plans and 3.4% for dental;
- B - GBS plan projections: a composite increase of 11.6% for health plans and 3.2% for dental. C - The lower of the Carrier and GBS projections, except the PPO plan: a composite increase of 12.2%, noting the PPO correction.
- D – Alternative scenario was skipped as rejected by the Steering Committee.

Additional scenarios requested by the Steering Committee:

- E – Based on scenario C, with a 9.8% increase to all plans and \$5M fund balance at risk;
- F – Based on scenario C, with a 10.5% increase to all plans and \$4.18M fund balance at risk;
- G – Based on scenario C, with a 11% increase to all plans and \$3.58M fund balance at risk

Skip Finnell said the Steering Committee met prior to today’s Board meeting. He said they took into consideration the Rx trend increase and the savings of the senior plan rates when making a motion to recommend utilization of less than \$5M with a 10% rate increase across the board for the active employee plans..

Skip Finnell made a motion to approve a 10% increase on all plans and rounding up to the nearest whole dollar with this scenario utilizing approximately \$4.8M from the fund balance.

Dave Withrow seconded the motion.

Motion

In response to questions, Mr. Bienvenue said the \$6M reduction in fund balance at year-end that he quoted is an estimate and depends on claims and investment results. He noted that Medicare Part D subsidies will be ending with the change to the EGWP plans. Mr. Bienvenue wrote on the white board and explained the financial situation of CCMHG and the impact of risking too much of the fund balance to fund the FY16 expenses. He said there is also the concern of a rate spike should there be no excess fund balance to utilize next year. He said if the surplus isn’t utilized as planned, there is always the option of an RDS distribution to employers or premium holiday.

Maggie Downey said the Steering Committee meetings are open meetings and encouraged attendance at future rate meetings to listen to the details of the projections and discussions.

Carol Cormier said all meetings are posted at www.ccmhg.com. She asked that individuals notify GBS if they are planning to attend so meeting packets can be available for all.

A vote on Mr. Finnell’s motion was taken and passed by a majority, five opposed.

Dave Withrow made a motion to approve Scenario E Dental Plan rates, a 1.7% increase to the contributory plan and 3.2% increase to the voluntary plan, with rates rounded to the nearest whole dollar.

Christopher Clark seconded the motion. The motion passed by unanimous vote.

Motion

Health Plan Reports:

Harvard Pilgrim Health Care – Bill Hickey said there has been some confusion regarding the Medicare Part D “donut hole” and said there is no donut hole or coverage gap in either the Medicare Enhance or BC senior plans.

Blue Cross Blue Shield of MA – Bill Rowbottom welcomed Gabrielle Pitcher, new Account Executive for CCMHG. He said he will be coordinating the health fairs for the active plans again this year and encouraged continuing to hold regional fairs. Mr. Rowbottom said there are approximately 100 members enrolled on the Master Health Plus plan. He said he is willing to do a presentation at the health fairs or one-on-one appointments with each of those members. He said they may find a different plan would provide the same or better benefits at a lower cost to them and their employer.

Tufts Health Plan senior plans – Fred Winer said he wanted to give a reminder that when someone is an early retiree, they may have a spouse who is 65 or older, or disabled and eligible for Medicare. He said the spouse needs to be enrolled in Medicare and a senior plan. He cautioned about any claims that may exceed the stop loss deductible and be ineligible for reinsurance reimbursement if a retiree or Medicare eligible spouse of a retiree is incorrectly enrolled in an active employee plan instead of in a senior plan.. Mr. Winer said the employer may be responsible for those claims.

Other Business:

The next Board meeting was scheduled on April 29, 2015 at COMM Fire District. Time to be announce.

Skip Finnell moved to adjourn the meeting.

Motion

Melanie Becker seconded the motion. The motion passed by unanimous vote.

Noreen Mavro-Flanders adjourned the meeting at 12:45 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*