

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

Board Meeting

Wednesday, July 27, 2016, 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 27, 2016 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
Gerry Panuczak, Board Vice Chair	Town of Chatham
Debra Blanchette	Barnstable, Town of
Laura Scroggins	Barnstable, Town of
Marie Buckner	Sandwich, Town of
Joan Plante	Eastham, Town of
Denise Coleman	Falmouth, Town of
Susan Wallen	Nauset RSD
Christopher Clark	Harwich, Town of
John Kelly	Orleans, Town of
Lisa Vitale	Brewster, Town of
Robert Howard	Bourne Recreation Authority
Michael Daley	Cotuit Fire District & W. Barnstable Fire Dist.
Melanie Becker	County of Dukes County
Rosemary Moriarty	Wellfleet, Town of
Katie Iernio	Monomoy RSD
Cynthia Slade	Town of Truro
Maureen Thomas	Town of Truro
Deb Heemsoth	Town of Dennis
Judy Sprague	COMM Fire District
Verna LaFleur	Hyannis Fire District
Beverly Haley	Dennis-Yarmouth RSD
Jody Hoffmann	Town of Provincetown
Mary McIsaac	Barnstable County

Guests Present:

Rich Bienvenue	CCMHG Treasurer
Kevin Feeley, Attorney	Feeley & Brown P.C.
James Mellen	Cafeteria Plan Advisors
Deanna Desroches	CCMHG Wellness Consultant, mainland
Mary Casali	Cape Cod Healthy Connections
Damen Barglow	Rockland Trust Investments
Rebecca Tavares	Rockland Trust Investments
Jeff Morassi	MA Teachers Association
Heather Harper	former representative from Town of Falmouth
Brenda Newell	Cape Cod Regional Technical HS
Michael Simmons	COMM Fire District

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Matt Thompson
Catherine Cabral
Tara Way
Denise LaVallee
Sarah Gorczya
Michael Embury
Myra Suchenicz
Maureen Dwyer
Valerie Saffron
Eric Diamond
Justyne Walorz
Tara Way
Charles Frazier
Garbrielle Pitcher
William Rowbottom
Bill Hickey
Michael Kaplan-Bie
Fred Winer
Nina Conroy
Carol Cormier
Pam Smith
Karen Carpenter

Sandwich Fire
Town of Dennis
Town of Barnstable
Mashpee, Town of
Mashpee Water District
Town of Brewster
Town of Orleans
Town of Orleans
Town of Falmouth
Harwich Fire Department
Harwich Fire Department
Town of Barnstable
Eastham Fire District
Blue Cross Blue Shield of MA (BCBSMA)
Blue Cross Blue Shield of MA (BCBSMA)
Harvard Pilgrim Health Care (HPHC)
Harvard Pilgrim Health Care (HPHC)
Tufts Health Plan (THP)
Delta Dental of MA
Group Benefits Strategies (GBS)
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Noreen Mavro-Flanders, Chair, called the meeting to order at 10:02 a.m.

Approval of the minutes of the April 26, 2016 Board meeting:

Christopher Clark moved to approve the minutes of the April 26, 2016 Board meeting as written.

Skip Finnell seconded the motion. The motion passed by unanimous vote.

Motion

Investment Committee and Manager's Report:

Gerry Panuczak, Investment Committee Chair, said that the quarter ending June 30, 2016 was a good quarter. He said Damen Barglow, Rockland Trust Investment Manager, will report to the Board for Brian Callow, who is on vacation. Mr. Panuczak said that the balance of the newest fund account, Fund 3, is approximately \$1.6M, just shy of the \$2M goal. He noted that \$100K is added to that fund on a monthly basis.

Damon Barglow reviewed the investment report with data through June 31, 2016. He said the year-end total return was \$461,042. He reviewed current holdings and the performance of Fund 1 (Income & Growth), Fund 2 (Balanced), and Fund 3 compared to the benchmarks for these funds. He said they will continue to review and rebalance the portfolios.

Noreen Mavro-Flanders thanked Mr. Barglow, and he left the meeting.

Ms. Mavro-Flanders said that there may not be enough meeting packets for everyone. She asked the Board members to reply to the notifications of the meetings to let GBS know of attendance.

Treasurer's report:

Treasurer, Rich Bienvenue, distributed and reviewed the Management Report with data through May 31, 2016 and said he would have the year-end financial report at the next Board meeting. Mr. Bienvenue reported a

year-to-date gross loss of \$4.7M and said the trust fund balance continues to decline due to the use of the surplus to subsidize rates. He said the balance is exactly where the Fund Balance policy requires it to be, which he said is 8% to 12% of claims expense of the most recent 12 months. He said \$5M was utilized to subsidize the rates last year and cautioned that further use will take the fund balance out of the policy range. He gave a brief history of the fund balance from its deficit in the 1990s to now. He said in some years when the fund balance exceeded the policy range, the Board voted to give the excess back to the members by way of a premium holiday and through distributing Retiree Drug Subsidies (RDS) to member units. Mr. Bienvenue noted that since the Board voted to offer the retiree senior plans that included fully insured Medicare Part D plans, CCMHG is no longer eligible to receive the RDS. Mr. Bienvenue reported the fund balance is \$12.49M and said that the IBNR is approximately \$8.8M.

Carol Cormier referred to the history of fund balance exhibit in the meeting packet and reviewed the actual and expected use of the fund balance surplus over the past years.

Christopher Clark made a motion to accept the Treasurer's report.

Motion

Skip Finnell seconded the motion. The motion passed by a unanimous vote.

Wellness Committee report:

Deanna Desroches said that the Steering Committee approved the wellness budgets for FY17 and reviewed the current programs. She said to let her know if anyone would like to book health screenings at their location. Ms. Desroches said that the wellness activities are posted on the CCMHG Facebook and Twitter pages. She said that the CCMHG Incentive Program gift cards were sent out on July 14th. Ms. Desroches said that the postcards for the FY17 incentive program will be sent out at the end of the week, and she thanked BCBS and HPHC for paying for the mailing of the cards. She said the prizes for the spring walking challenge were distributed in the beginning of July.

In response to a question, Ms. Desroches said that there were not enough participants interested in the Smoking Cessation Program to run the program.

Skip Finnell said if a municipality can get 10 to 12 members that can commit to the smoking cessation program, Ms. Desroches will put one together.

Ms. Desroches said a new CCMHG wellness program will be available through the "aHealthyme BCBS portal this year. She said members can take their health assessment, sign up for wellness workshops, look up costs of services, and earn points throughout the year to qualify for cash incentives. Ms. Desroches said a phone App is also available.

Noreen Mavro-Flanders reviewed the Martha's Vineyard wellness programs and the results of the Spring Fitness Challenge. She said the Steering Committee approved money to hire an additional fitness trainer to accommodate all members who want to sign up.

GBS Reports:

Carol Cormier said that the year-end GBS reports were emailed to Board members. She said that the summary page is in the packet, and she reviewed it. Ms. Cormier said through June the paid claims and related expenses were 99.6% of the funding rate revenues. She said that the additional \$1.6M of expense for the myMedicationAdvisor® (MMA) and Diabetes Rewards Programs would put the expense-to-funding ratio well above 100%.

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Carol Cormier reviewed the Diabetes and MMA report from Abacus Health Solutions and said that the Diabetes program has the larger RX claims spend. Ms. Cormier said that the MMA program is under-utilized and suggested that employers and CCMHG should be doing more to promote the programs.

Skip Finnell said that the MMA alternative Rx program is a significant resource for the members of the active employee plans. He said members can receive maintenance medications at a \$0 copay.

Noreen Mavro-Flanders said that Abacus Health Solutions sends quarterly targeted mailings to members. She said they also attend all of the health fairs and report at most Board meetings.

Ms. Cormier said that the programs can be accessed through the CCMHG website as well as using the 1-800 numbers provided on their flyers. She suggested adding a one-page flyer to all new hire packets and posting the flyers.

Carol Cormier said that the Steering Committee approved the renewal of the GBS Invoice and Portal roster service for another year.

Steering Committee report:

PBS Contract – Skip Finnell said the owner of Prescription Benefits Services (PBS), the company that handled the administration and management of the prescription drug programs passed away. He said that Abacus Health Solutions purchased PBS and will continue to provide the programs without interruption. Mr. Finnell said that the Steering Committee approved the contract at the same fees as PBS charged.

Steering Committee Vacancy - Skip Finnell said that there is a Steering Committee vacancy and said that there is one Board member who has expressed interest, Denise Coleman, Town of Falmouth. Mr. Finnell thanked Heather Harper for her service on the Committee.

Heather Harper, former Board representative from Town of Falmouth and former Steering Committee member said that the Town of Falmouth has been active on both the Steering Committee and Board since the inception of CCMHG. She said that Denise Coleman has many years of Human Resources experience with the town and with Cape Cod Healthcare. Ms. Harper said she supports Ms. Coleman’s desire to serve on the Committee and said Ms. Coleman will be a valuable asset.

Skip Finnell said that no other letters of interest were received and asked if there was anyone else interested.

There were no others.

Christopher Clark made a motion to elect Denise Coleman to the Steering Committee.

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

Motion

Financial status – Skip Finnell said that the Steering Committee reviews the finances of the group at least on a monthly basis. He said due to the planned use of the trust fund surplus to supplement the revenue from the rates over the past years, it is likely that there will not be any surplus to use next year. He said this fact and the implications of the Cadillac Tax prompted the Committee to review lower cost alternative plan designs. He said that later in the agenda the Committee recommend adding new deductible plans with a Health Reimbursement Account (HRA).

GBS Invoice & Roster Service- Skip Finnell said that the Committee approved funding the GBS Invoice & Roster service through CCMHG for FY17. He said the cost breaks down to \$130 per unit if purchased as a Joint Purchase Group.

Martha's Vineyard Wellness Consultant fee- Skip Finnell said the Steering Committee approved adding \$2 per hour to the MV Wellness Consultant's hourly fee and noted that she will be providing quarterly wellness reports.

Meeting with the Managers – Mr. Finnell said that the Committee has scheduled a meeting with the managers on September 29, 2016, to be held at the Cape Cod Regional Tech High School. He said it will be a one-item agenda about the new plan design. He encouraged all managers to attend.

Meeting with Lt. Governor, Karen Polito – Skip Finnell said that he, Noreen Mavro-Flanders, and Marc Waldman and Dan Morgado from West Suburban Health Group along with Kate Sharry and Carol Cormier from GBS met with Lt. Governor, Karen Polito and said it was a very good meeting.

Mr. Finnell said they discussed the GIC inequities and lack of transparency as compared to the Joint Purchase Groups and asked for real GIC financial information about how they are funded and set their rates. He said the Lt. Governor was surprised at the number and sizes of the JPGs. He said that following the meeting Group Benefits Strategies sent information about the municipal health affiliations to the Lt. Governor, Karyn Polito.

Mr. Finnell said that the Lt. Governor said that she viewed the group as a working group and said it was a great meeting.

Next CCMHG meetings - Skip Finnell said that the following meetings have been scheduled:

- August 30, 2016 at 9:00 AM, Steering Committee meeting at Sandwich Town Hall.

- September 20, 2016 – Steering Committee meeting, Martha's Vineyard, MV Regional Transit Authority, approx. 10:00 AM

- October 19, 2016, Steering Committee meeting at 9:00 AM and Board meeting at 10:00 AM at COMM Fire District. He said BCBS will be doing an opioid education presentation at the Board meeting.

Plan Design issues and Steering Committee Recommendations for FY18:

Noreen Mavro-Flanders said that the Steering Committee will be making a recommendation at today's meeting regarding the current CCMHG plans and the addition of a new plan design. She said that Jim Mellen from Cafeteria Plan Advisors is here to go over how Health Savings Accounts (HSAs) work and that Attorney Kevin Feeley is present to answer questions about the implementation of the plans.

Carol Cormier said that the CCMHG costs continue to rise, and the Committee wants to be forward thinking. She said the Committee has been reviewing presentations and information on alternative health plan designs that she requested from the health plan representatives. She said the GIC has made cost-sharing plan design changes that the CCMHG can make to the existing health plans using Ch. 32B, S. 21-22 bargaining. Ms. Cormier said that, in addition, the Committee is interested in adding high deductible HSA-qualified plans as an option to the current benefit offerings. She said the HSA accounts have positive features and it would be up to each municipality to either add the HSA-qualified plans as an option or replace the current plans depending on their unit's needs.

Ms. Cormier said that CCMHG is located in the highest cost area of Massachusetts for health care and said Massachusetts has the highest health care costs in the world. She said health plan costs is a big item on all municipalities budgets.

Ms. Cormier introduced Jim Mellen from Cafeteria Plan Advisors to explain how HSA plans work.

Jim Mellen distributed and reviewed a handout pertaining to HSA plans. He said that an HSA plan is a tax-advantaged account owned by the employee with the purpose of paying for eligible medical expenses. He said contributions may be made by the employer and the employee with annual overall contribution limits. Mr. Mellen said that HSAs are only available to individuals with a qualifying High Deductible Health Plan and not available to those on Medicare.

Mr. Mellen said that individuals cannot be on a regular FSA (Flexible Spending Account) and HSA plan at the same time. He said a limited FSA plan for vision and dental benefits can be offered along with an HSA.

Mr. Mellen said that the IRS governs which expenses the HSA can be used for without penalties. He said the employee owns the account which is held in a financial institution, and debit cards are typically used to pay for expenses. He said it can also be utilized on-line. Mr. Mellen said that there is a cash account side as well as an investment account side to the HSA. He explained that the Health Reimbursement Accounts (HRA) are different from HSAs because the employer funds and owns the money in the HRA. He said HRAs are usually used to offset higher copays and deductibles, and if the money isn't used, it stays with the employer. Mr. Mellen said that the HSA is the employee's money, and the account goes with the employee should he/she leave his/her employment. He said the HSA account would be passed on to a beneficiary in the event of an employee's death. He said that any unused money in the HSA rolls into the next year.

Mr. Mellen said that the Dependent Care FSA plan can be offered with the HSA plan. He said one key component of the HSA is the ability to build up the account similar to a 401K plan.

Mr. Mellen said the HSA contributions are pre-tax, and tax documents are required. He said that the debit cards can be coded to allow only authorized medical expenses to be paid from the account. Mr. Mellen said there are employer, employee, and administrative portal options.

Carol Cormier said that the plans that the Steering Committee is recommending require employers to contribute 50% of the deductible to the HSA accounts, \$1K to the Individual plan HSA and \$2K to the Family plan HSA each year. Ms. Cormier said the employer contribution to the HSA can be made on a quarterly, upfront, or yearly basis. She said that BCBS and HPHC each have an HSA administrator that the employers can choose to use. Ms. Cormier said that by utilizing the health plan's HSA administrator, the employees will have access to up-to-date information and preferred provider payments.

John Kelly said that once the deductible is satisfied, the member will have prescription copays but no medical expenses for the remainder of the plan year.

Christopher Clark said that employees can put the premium savings towards paying their deductible.

Noreen Mavro-Flanders thanked Jim Mellen, and he left the meeting.

Ms. Mavro-Flanders referred to the comparison chart of the current plans with the proposed preliminary Deductible HSA-qualified plan design and the current plans with the proposed GIC benchmark plan. She asked the Board members to review the proposals with their managers and superintendents prior to the meeting with the managers in September.

Attorney Kevin Feeley said the allowable medical expenses are vast and gave an example that if someone had breathing problems and had to install an air conditioner, that the air conditioner cost would be allowable.

Atty. Feeley spoke about the bargaining implications if a plan is added on a voluntary basis. He said that the DLR has said that any added benefits, even if they are enhancements to the plan, will need to satisfy bargaining obligations. He said when bringing the current plans up to the GIC benchmark plan levels, that Ch.32B Sections 21 - 22 can be used. Atty. Feeley said Section 19 is a local option statute that could be used when

implementing higher deductible plans, but noted that this section would need a ratified agreement with the PEC. He said other options would include traditional bargaining or informal coalition bargaining if agreed to by the unions.

In response to a question about the eligibility of retirees under 65 years of age and not eligible for Medicare, Ms. Cormier said they are eligible to participate, but the employer might not be required to contribute to the HSA unless that were to be agreed upon in bargaining. She suggested that some employers may want to set up HRAs for their early retirees. She said that early retirees would have the option to choose the benchmark plans, i.e. the plans without the HSA feature if the employer offered both types of plans.

Bill Hickey said they are eligible by a different class of subscribers as long as they are treated the same as the active plans.

Atty. Feeley recommended that each town/unit make the same proposal to all unions.

Atty. Feeley said that Ch. 32B, Section 19 has a clause that unless the end of the term is specifically stated, that it will be never ending. He urged the employers to be sure to include language stating the termination date of a S. 19 agreement.

Noreen Mavro-Flanders thanked Atty. Feeley for attending the meeting.

Atty. Feeley said he is available to attend the September 29th meeting with the managers if the Board wishes him to do so.

Noreen Mavro-Flanders encouraged the Board members to attend the next Steering Committee meetings to hear more about the proposed plan changes.

Proposed amendments to the Joint Purchase Agreement:

Noreen Mavro-Flanders said that the proposed amendments to the Joint Purchase Agreement (JPA) were emailed to the Board and included in today's meeting packets. She said today is the first reading of the proposed changes, and a vote on the proposed amendments will take place at the October Board meeting. Ms. Mavro-Flanders asked the Board members to communicate the information to their respective Boards and Managers.

Carol Cormier said that a summary of the amendments was sent to the Board to review and is included in today's meeting packets. She said that each of the Board members will sign the agreement for their municipality. Ms. Cormier reviewed the proposed changes.

Health Plan Reports:

Nina Conroy, Delta Dental, said the student certifications will be mailed to the subscribers in August.

Garbrielle Pitcher, BCBS, and Bill Hickey, HPHC, said there was nothing new to report.

Fred Winer, Tufts Senior Plans, said the prescription drug cost trend may increase the rates for the Medicare plans.

Other Business:

There was no other business.

Motion

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Denise Coleman moved to adjourn.

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

Chair Noreen Mavro-Flanders adjourned the meeting at 12:25 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*