

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

Board Meeting

Wednesday, July 29, 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, July 29, 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
Gerry Panuczak, Board Vice Chair	Chatham, Town of
Debra Blanchette	Barnstable, Town of
Marie Buckner	Sandwich, Town of
Heather Harper	Falmouth, Town of
Susan Wallen	Nauset RSD
Christopher Clark	Harwich, Town of
Laura Scroggins	Barnstable, Town of
Robert Howard	Bourne Recreation Authority
Lisa Vitale	Brewster, Town of
Judy Sprague	COMM Fire District
Michael Daley	Cotuit Fire District & W. Barnstable Fire Dist.
Beverly Haley	Dennis Yarmouth RSD
Joan Plante	Eastham, Town of
Dawn Rickman	Wellfleet, Town of
Marge McGloin	Provincetown, Town of
Cynthia Slade	Truro, Town of
Katie Iernio	Monomoy RSD
John Kelly	Orleans, Town of
Deb Heemsoth	Dennis, Town of

Guests Present:

Rich Bienvenue	CCMHG Treasurer
Deanna Desroches	CCMHG Wellness Consultant
Mary Casali	Cape Cod Healthy Connections
Jason Lily	Rockland Trust Investments
Tara Way	Barnstable, Town of
Nancy Cushing	Barnstable County
Kate Bruster	Monomoy RSD
Myra Suchenicz	Orleans, Town of
Michael Evaul	Mashpee Fire Dept.
Michael Simmons	COMM Fire District
R. W. Henson	COMM Fire District
Jeff Morassi	MA Teachers Association
Erin Porter	Dennis Yarmouth Educators
Brooke Styche	Barnstable Teachers Association
Terry Rogers	Falmouth Fire Dept.

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Scott Starbard
Paul J. Medeiros
Matthew Bearnse
Gregg Almonte
Gerry Britt
Kevin Moore
Chris Kelley
Peter Halliday
Charles Frazier
William R. Piltzecker
William Rowbottom
Bill Hickey
Fred Winer
Carol Cormier
Karen Carpenter

Falmouth Fire Dept.
Hyannis Fire District
Yarmouth IAC
Yarmouth Fire Dept.
Yarmouth Police Dept.
Chatham Fire Dept.
Barnstable Police Dept.
Sandwich Fire Dept.
Eastham Fire Dept.
Eastham Fire Dept.
Blue Cross Blue Shield of MA (BCBSMA)
Harvard Pilgrim Health Care (HPHC)
Tufts Health Plan (THP)
Group Benefits Strategies (GBS)
Group Benefits Strategies (GBS)

Noreen Mavro-Flanders, Chair, called the meeting to order at 10:05 a.m.

Approval of the minutes of the April 29, 2015 Board meeting:

Christopher Clark moved to approve the minutes as written.

Motion

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

Steering Committee Vacancy:

Noreen Mavro-Flanders said there is a Steering Committee (SC) vacancy due to the retirement of Joyce Mason. She said the SC is recommending to the Board to appoint Susan Wallen, Nauset RSD, who has served as an Alternate Steering member for the past year or so, to the position. Ms. Mavro-Flanders said Christopher Clark, Town Manager for Town of Harwich, has expressed an interest in serving as the Alternate SC member.

Skip Finnell made a motion to elect Susan Wallen to fill the SC vacancy left by Joyce Mason and Christopher Clark as the Alternate member.

Motion

Lisa Vitale seconded the motion.

Ms. Mavro-Flanders asked if there were other nominations. There were none.

Mr. Finnell's motion passed by unanimous vote.

Investment Committee and Manager's Report:

Gerry Panuczak, Investment Committee Chair, said that the Investment Committee met and reviewed the administrative services of the Rockland Trust fund managers and the performance of the CCMHG funds. He said the market performance was not as strong over the past quarter ending June 30, 2015. Mr. Panuczak said in January \$100K was deposited into the new liquid fund and thereafter \$50K per month was deposited. He said the SC recently agreed to increase the monthly deposit to \$100K, and to date the total is approximately \$400K. He introduced Jason Lily, Rockland Trust.

Jason Lily, Rockland Trust Investments, said that although the portfolio performance was below average for the year, the full year balances were up about 1% overall. He said last quarter was a difficult one with the

chance that Greece could pull the Euro as a currency and the chance it could default on the loans they have been given by American banks. Mr. Lily reviewed the information on the three investment portfolios, comparing the CCMHG investments to the Peer Group and Benchmark Returns for Fiscal-Year-to-Date, last 12 months, and last two years. He said that the Portfolio total was \$14,094,421 on June 30.

Mr. Lily left the meeting.

Treasurer's Report:

Treasurer, Rich Bienvenue, reviewed the Management Report with data through June 30, 2015 and noted it was a preliminary report. He said the annual financial audit is scheduled for the end of August. Mr. Bienvenue said the Board voted to utilize \$8M of fund balance to supplement the FY15 rates. He said the Fund Balance on June 30 was \$19.38 million, which is a drop of \$6.37 million over FY15. He said the loss was anticipated and budgeted. Mr. Bienvenue said the fund policy is to have between 8% and 12% of expected claims on hand and explained that having a claims expense of \$140M would mean keeping \$14M in the fund balance at all times. He noted that the Board voted to plan to use about \$5M of the fund balance towards the FY16 rates.

Group Benefits Strategies Reports:

New service from GBS: Carol Cormier said that employers from the joint purchase groups often request member rosters from GBS's Enrollment and Billing Dept. She said the number of requests is growing and that GBS is going to automate this by providing employers access to their own downloadable monthly member rosters and invoice data in Excel format through a secure web portal. She said employers will be able to create historical records of their enrollment data. She said that there will be an annual fee of \$150 per unit, but that if CCMHG purchases the service for all of the member employers, the annual fee per employer would be \$130. She said that GBS would no longer provide the reports on an *ad hoc* basis. Ms. Cormier said the SC suggested bringing the proposal to the Board for consideration.

Heather Harper thanked GBS for the initiative and suggested that each employer may want to purchase the service for the first year.

In response to a question, Ms. Cormier said GBS will continue to provide the monthly invoices as usual.

There was a discussion about the requirements of the ACA Sections 6055 and 6056 Employer Reporting.

Rich Bienvenue said *Munis* will be coming out with tools to help with the ACA reporting requirement. He said the employers need to keep good records and data throughout the year. Mr. Bienvenue said the employers could contact him with questions and he may be able to help.

John Kelly made a motion to approve CCMHG contracting with GBS for the new service as a Joint Purchase Group at a cost of \$130 per unit.

Motion

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

Carol Cormier asked each unit to send her an email naming the person who will be designated as the user of the service.

Carol Cormier said that the *Funding Rate Analysis report, Level Monthly Deposit Reconciliation reports* and *Reinsurance reports* with data through June 2015 were previously distributed by email.

Wellness Program Report:

Deanna Desroches, Wellness Consultant for the Cape, reviewed her report. She reported on the status of the following programs: *Kick Butts* Anti-Smoking, Biometric Screenings, *Couch to 5K*, the *5K Walk It Off*, and *Spring Walking Challenge*. She said that the *Brewster Couch to 5K* program needs at least 15 participants to run the program, and she said 11 members have signed up so far. Ms. Desroches said the Committee is working on a *Kick Butts* program for the mid Cape area in late September. She said new postcards are being created for the FY16 *Wellness Incentive program* and noted they will be retroactive back to July 1, 2015.

Ms. Desroches said it is her goal to establish a culture of wellness within the CCMHG, to increase participation in the programs offered and to establish regional wellness sub-committees.

Steering Committee Report:

Steering Committee Chair Skip Finnell said that the Board voted to level fund the Cape and Island Wellness Budgets for fiscal year 2016.

Mr. Finnell said the Committee met with the Chief Executive Officer and Vice Presidents at Cape Cod Healthcare (CCHC) to see if they can work with CCMHG to help to lower health care costs for CCMHG. He said the first meeting went very well and said the Committee invited CCHC President and CEO Michael Lauf to the October Board meeting.

Mr. Finnell said the Mass Municipal Reinsurance Arrangement (MMRA) renewal premiums for FY16 increased by just over 11%. He noted that the reinsurance premiums account for only about 1% of the total operating costs for CCMHG.

Skip Finnell said that the Delta Dental working capital was increased by \$25K for fiscal year 2016.

Mr. Finnell said that the Committee is reviewing plan designs and other options to address the 2018 Cadillac Tax. He said the tax is a tax levied on employers for self-funded plans with rates exceeding certain limits. Mr. Finnell said the SC is meeting at the Sandwich Town Hall on August 26th and will be hearing presentations from BCBS and HPHC regarding Point of Service (POS) plans. He invited interested Board members to attend.

Strategic Plan:

Noreen Mavro-Flanders asked Heather Harper to present the proposed Strategic Plan changes to the Board.

Heather Harper said the strategic plan was reviewed and revised by the Steering Committee to update the goals of the CCMHG. She briefly reviewed the updated plan included in the meeting packet to include the following goals:

1. Advocate for the best value for health care services in the region,
2. Manage health plan costs and utilization,
3. Serve as strong fiscal stewards of CCMHG member contributed assets,
4. Maintain compliance with the provisions and requirements of the ACA and MA municipal health insurance reform and other legislative regulations,
5. Actively engage employers to participate in the development of CCMHG's policies and practices, and to support programs available exclusively through the CCMHG.

Skip Finnell made a motion to adopt the proposed CCMHG Strategic Plan as presented.

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

Motion

Master Health Plus Status:

Noreen Mavro-Flanders said the Steering Committee has been reviewing and considering eliminating the Master Health Plus plan due to the tax implications to the employers by the implementation of the Cadillac Tax in 2018. She asked Carol Cormier to review the details.

Carol Cormier said that there are 15 employers out of 53 that continue to offer the Master Health Plus (MHP) plan. She said there is an exhibit with the thresholds of the Cadillac Tax included in the meeting packet. Ms. Cormier said the tax is a 40% tax per policy on amounts exceeding the thresholds and noted that it is an employer tax, not a tax on CCMHG.

Skip Finnell said the Steering Committee is making a recommendation to the Board to leave the decision to each employer who currently offers the MHP plan to either keep it and pay the tax or eliminate the plan through bargaining as so many other CCMHG employers have done. He said the Steering Committee is recommending that CCMHG send letters to each employer to notify them of the tax implications and let each employer decide what it wants to do.

Skip Finnell made a motion to send letter included in the meeting packet to each employer offering the MHP plan to notify them of the upcoming employer Cadillac Tax and its implications as described.

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

Motion

Possible Plan Design Changes for FY17 and employer bargaining responsibilities – Steering Committee and Atty. Leo Peloquin:

Carol Cormier said following the GIC's decision to change its plan design for 7/1/15, the Steering Committee reviewed the CCMHG plans and their options, including a possible change from the PPO to a POS (Point of Service) plan for employees residing in the health plan service area. She said the SC now knows that Ch. 32B, S. 21-22 applies only to *cost-sharing* plan design changes and that a change from PPO to POS would require Ch. 150E bargaining. She also said that making plan design changes similar to those made by the GIC would amount to an approximate 2% savings of health plan costs as determined by BCBS and HPHC. She referenced a list of considerations included in the meeting packet. Ms. Cormier said the SC also discussed enhancing the HMO benefits to include a chiropractic benefit and increase to the fitness reimbursement amount to make the HMOs more attractive thereby attracting more members. Ms. Cormier said there is no vote expected to take place today, but the SC wants the Board to be aware of what it is considering. She said the SC will be meeting again in August for additional discussion and to review the POS benefit structure and how it compares to the PPO structure. Ms. Cormier said that Bill Rowbottom at BCBS has been active with one-on-one discussions with MHP subscribers to see if a move to a PPO plan would be a better choice for those members. Ms. Cormier said the SC asked Attorney Leo Peloquin as a guest speaker to speak on the matter and to be available to answer questions. Ms. Cormier introduced Atty. Peloquin.

Atty. Leo Peloquin said the elimination or substitution of a plan requires Ch.150E bargaining. He said contribution sharing also requires Ch. 150E bargaining. Atty. Peloquin said the employers and unions can have discussions and come to an understanding outside of the bargaining process as long as both sides agree. He said bargaining is not mandatory. Atty. Peloquin said Ch.32B, S. 21 – 22 is a health insurance process that is 30 days in length and the Mitigation Review Panel role is limited. He said as long as the employer's calculations on savings is correct, the plan will go through. He said there is a mitigation factor included.

Atty. Peloquin said the changes being discussed such as adding a POS plan is subject to bargaining, even though it is an additional offer. He briefly explained the timing of the Ch. 21-23 process. Atty. Peloquin said that employers will need to adopt Ch 32B, S. 21–23 prior to voting plan design changes on the CCMHG

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Board. He said that the vote to adopt S. 21-23 only needs to be taken once and adopting the sections does not mean that the employer needs to go through the S. 21-23 process.

Carol Cormier said the CCMHG will decide on the changes and then each employer will decide whether or not to offer the plan. She asked if any of the CCMHG employers have not adopted S. 21-23.

Noreen Mavro-Flanders asked the Board members to adopt S.21-23 prior to the October 21st Board meeting.

A guest attendee asked a question about bullet three of the exhibit - to either just add a POS plan for FY17 or add the POS plan to replace the PPO plans for members living in the service area and only allow enrollment into the PPO plans for those living outside of the service area. It was stated that just adding the POS would be preferred.

Carol Cormier said that is what the Committee is leaning towards at this time is to provide option for employers and leaving it up to each employer to decide. She said that is what is being recommended with the Master Health Plus plan.

The guest attendee said he would like to learn more about how the POS plans work and what the benefits would be.

John Kelly asked if the POS plans qualify as an Indemnity plan.

Leo Peloquin said that the PPO plan probably qualifies as an Indemnity plan, but it is less clear with the POS.

Carol Cormier said that the GIC just recently changed its PPO plans to POS plans, but said that they offer a traditional Indemnity plan as well.

There was a question about cost-shifting to employees by raising co-pays.

Ms. Cormier said that originally when the indemnity plans predominated, they had member cost-sharing in the form of coinsurance which is a percentage of the costs of service, such as 20%. She said with coinsurance when health care costs increase, it's shared proportionately by the employer and the employees. Ms. Cormier said once the plans converted to co-pays which are fixed costs for members, the increases in costs fell to the employer only while the employee's cost-share, the co-pays, stayed the same. She said that is the reason that the GIC makes periodic adjustments to its plan designs and why every employer should do the same every several years. She said the adjustment in co-pays is the means to re-balance the cost-share. Ms. Cormier said the CCMHG is a self-funded group and pays its own claims. She said as those claims increase, adjustments in the cost sharing are needed.

Ms. Cormier said the Steering Committee met with executives from Cape Cod Healthcare and are hoping to work on solutions to help with the rising costs.

Heather Harper said the Cadillac tax is the other driving force to look for ways to reduce costs. She said all of the other CCMHG plans may hit the tax down the road as the tax thresholds change and healthcare costs rise. She said there was a question about the health plan administrative costs and said that the utilization and cost of care is high, in addition to the rising cost of prescriptions.

Carol Cormier noted that Cape Cod's geographical area is one in which CCHC has no competition. She said absence of competition usually results in higher prices.

Bill Rowbottom said that CCMHG offers an alternative prescription drug program that is not utilized to its full extent. He said the program saves CCMHG and the members considerable money.

Carol Cormier said that the myMedicationAdvisor prescription program offers certain maintenance medications at \$0 co-pay to the CCMHG members. She said there is also a Diabetes Rewards program offered and when a participating member has met the 5 annual program care requirements, the medication and supplies are at \$0 cost to the participants.

In response to a question, Ms. Cormier said that she is told that the GIC is not talking about the Cadillac tax. She said that CCMHG has reduced its rates through using some of the trust fund balance regularly. She said if it gets to the point that the fund balance does not have a surplus, which may happen next year, there could be a rate hike in the rates. She cautioned about unpredictable claims costs.

Noreen Mavro-Flanders said that the GIC doesn't worry about a deficit because it can go back to the legislators for additional funds and change plan design without bargaining. She said CCMHG doesn't have that luxury.

ACA Updates:

Carol Cormier said this topic was addressed earlier, but noted that all of the CCMHG employers are required to report. She said that the Zywave presentation will be added to the CCMHG website along with other supporting documents.

Health Plan Reports:

Bill Rowbottom, BCBSMA, said he is still available to set up meetings with people who are on Master Health Plus and discussing how other plans might meet their healthcare needs just as well. He said to contact him for appointments.

Fred Winer said that Tufts has a new website portal for senior members that is very user friendly. He said members can view their claims information and obtain benefit summaries as well as other information.

Other Business:

There was no other business.

Skip Finnell said the next Board meeting is scheduled on October 21, 2015 at COMM Fire District. He said the Steering Committee meeting scheduled on August 26th will be at the Sandwich Town Hall and the September 16th meeting is the annual SC meeting held on Martha's Vineyard.

Skip Finnell moved to adjourn.

Motion

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

Noreen Mavro-Flanders adjourned the meeting at 12:00 noon.

*Prepared by Karen Carpenter
Group Benefits Strategies*