

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

Board Meeting

Wednesday, October 21, 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, October 21, 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
Laura Scroggins	Barnstable, Town of
Marie Buckner	Sandwich, Town of
Denise Coleman	Falmouth, Town of
Heather Harper	Falmouth, Town of
Susan Wallen	Nauset RSD
Christopher Clark	Harwich, Town of
Lisa Vitale	Brewster, Town of
Michael Daley	Cotuit Fire District & W. Barnstable Fire Dist.
Dawn Rickman	Wellfleet, Town of
Marge McGloin	Provincetown, Town of
Melanie Becker	County of Dukes County
Katie Isernio	Monomoy RSD
Deb Heemsoth	Dennis, Town of
Erin Orcutt	Cape Cod Regional THS
Bob Sanborn	Cape Cod Regional THS
Susan Laak	Barnstable Fire District
Verna LaFleur	Hyannis Fire District
Nancy Ward	Bourne Water District
Teresa Johnson	Sandwich Water District
Larry Azer	Dennis-Yarmouth RSD

Guests Present:

Rich Bienvenue	CCMHG Treasurer
Deanna Desroches	CCMHG Wellness Consultant
Jason Lily	Rockland Trust Investments
Linda Loiselle	The Abacus Group
Mike Lauf	Cape Cod Healthcare
Chris Brown	Cape Cod Healthcare
Jack Lipomi	Cape Cod Healthcare
Tara Way	Barnstable, Town of
Theresa Santos	Barnstable, Town of
Nancy Cushing	Barnstable County
Michael Simmons	COMM Fire District
Robert Cecil	Barnstable Fire District
Jeff Morassi	MA Teachers Association

CCMHG Board meeting, 10/21/15

Valerie Saffron
Terry Rogers
Scott Starbard
Peter Halliday
Charles Frazier
William R. Piltzecker
William Rowbottom
Bill Hickey
Fred Winer
Carol Cormier
Karen Carpenter

Falmouth Educators Association
Falmouth Fire Dept.
Falmouth Fire 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 10:00 a.m.

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

Skip Finnell moved to approve the minutes of the July 29th meeting as written.

Motion

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

Investment Committee and Manager's Report:

Gerry Panuczak, Investment Committee Chair, said that the Investment Committee met last week. He said there was a market correction during the last quarter, but said it has now re-bounded a bit. Mr. Panuczak said that the balance of the new liquid fund recently created is \$707,550. He said this fund was added to give CCMHG more flexibility to withdraw funds if needed. He introduced Jason Lily, Rockland Trust Investments.

Jason Lily reviewed the administrative services of the Rockland Trust fund managers and the performance of the CCMHG funds. He said due to the Federal reserves and slow-down in China, the market performance was not as strong over the past quarter ending September 30, 2015. He said the S&P was down 10% in August and noted that the diversification of the CCMHG funds helped to counter an otherwise higher loss.

Jason Lily said that the portfolio performance for fiscal year to date was down less than ½%. 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 \$13,686,259 on September 30.

Mr. Lily left the meeting.

Presentation from Michael Lauf, President and CEO, Cape Cod Healthcare (CCHC):

Debra Blanchette said that the Steering Committee hosted a Manager's Meeting in March to keep everyone informed about the rise in healthcare costs and the impact of the Affordable Care Act to those costs. She said that at that meeting it was suggested that CCMHG should look into working with Cape Cod Healthcare (CCHC) to get costs down. She said the Steering Committee reviewed health plan utilization reports and information and spoke about the possibility of working with CCHC, the main provider of healthcare of the Cape. She said she contacted Mr. Lauf, CCHC CEO who was receptive to meeting with representatives of CCMHG to try to help with the Committee's goal of lowering costs. Ms. Blanchette introduced Mike Lauf and his associates, Jack Lipomi, Senior Vice President and Chris Brown, Vice President of Health Systems Integration. Mr. Lauf gave a brief background of CCHC.

CCMHG Board meeting, 10/21/15

Mike Lauf said he sees an opportunity to work with CCMHG on some common goals. He said one of their goals is to help prevent illnesses and diseases in addition to taking care of people when they are sick. He said the CCHC costs are less than that of Boston Hospital despite some of the reports that have been reviewed by CCMHG.

Chris Brown distributed and reviewed their presentation and said that CCHC is involved in a number of cost saving initiatives. He said CCMHG advocates providing the best healthcare value while strengthening relationships with regional healthcare providers. He said CCMHG manages health plan costs and utilization by effectively managing plan design and engaging plan participants to consume services effectively.

Mr. Brown said that CCHC partners with physicians to implement best-in-class health strategies to optimize patient health and wellness. He said they integrate with Boston-based institutions to provide the best care and work closely with local employers and health care purchasers to maximize care and manage their healthcare costs.

Mike Lauf said that approximately 26% Cape Cod's population is over 65 years old and that much of the hospital system's revenue comes from Medicare which presents challenges to the hospital. He reviewed the CCMHG health plan data provided by the health plans through the CCMHG Steering Committee and said that 9,600 of CCMHG's 17,000 members have CCHC primary care physicians (PCP). He said from CCHC's perspective, this represents opportunity.

Mr. Lauf said that the BCBS data reported that 47% of the \$24M of out-patient payments made by CCMHG were incurred at Cape Cod hospital. He said 41% of \$16.8M in-patient hospital payments were incurred at CCHC. Again, Mr. Lauf noted an opportunity.

Carol Cormier noted that the reports did not include data on the members on Medicare plans. She said the utilization numbers would be higher if they had been included.

Mr. Lauf said after a review of the HPHC cost data, he found it to be misleading on a few points. He said the data does not take into consideration that CCHC partners with free-standing Endoscopy, MRI and Urgent Care facilities in an effort to lower costs. He said the data indicates that out-patient rates at Boston are lower than MA community hospitals.

Jack Lipomi said that CCHC works with health plans to get the best rates. He said you have to raise costs commercial business because of the low payments under government contracts. Mr. Lipomi said that BCBS and HPHC are great insurance companies with good programs. He said CCHC works with them to provide a high quality of care. Mr. Lipomi said to close the gap on costs, programs such as transition of care can be put in place to limit readmissions. He said there is a need to look at alternative payment models instead of fee-for-service. He said CCHC is preparing its physicians for the new model. Mr. Lipomi said CCHC will take the risk and there may not be a need for health insurance companies, but noted the demographic challenges on Cape Cod.

Mr. Lauf said he was speaking to the Board because CCHC is ready to partner with CCMHG. He said they are opening retail pharmacies across Cape Cod and can integrate them at a lower cost and will continue to evolve.

Chris Brown said CCHC's model focuses on the top 12% of lives identified by cost and said they represent about 50% of total medical costs. He said CCHC provides real-time management of care transitions, care coordination and chronic disease management that health plans cannot match. He said CHCC sees an opportunity to partner with CCMHG and a possible migration to a CCHC-based narrow network plan. He said CCHC maximizes opportunities to reduce utilization and said this dovetails with the CCMHG wellness programs.

Paul Lazar said HPHC was asked to supply data to the Steering Committee to help them in their goal to lower health care costs. He said he found some the CCHC comments to be targeted at HPHC and would like a HPHC representative to attend the next meeting.

Erin Orcutt said CCMHG and the health plan representatives work very closely together and said that health plan representatives attend every Steering and Board meeting. Ms. Orcutt said they are always on top of everything and provide CCMHG with all resources available.

Mr. Lauf said it was not his intention to target the health plans or place blame for the high cost of health care. He said they at CCHC are very passionate about what they do and was sorry for the way his comments may have been perceived.

Health Harper thanked the CCHC representatives and said CCMHG was pleased to have them speak to the Board. She said the CCMHG Board and health plans share the health care challenges and want to collaborate and continue to work with CCHC. She said CCMHG also has union challenges to be considered when looking at alternative plan designs.

Melanie Becker noted that Martha's Vineyard governmental employers are also part of CCMHG and said there are additional challenges to consider there.

A question was asked about early retirees living out of state and how a plan like the one with a limited network that CCHC is talking about would affect them.

Mr. Lauf said that there are a lot of health care system issues and that the said the dialogue with CCMHG has just begun. He said CCHC stands by taking care of the people on Cape Cod and are proud of the work that they do.

Carol Cormier said that CCMHG is self-funding its plans and pays its own claims. She said that presentation was very informative and said she didn't realize the impact that Medicare as a payer has on CCHC.

Noreen Mavro-Flanders thanked Mr. Lauf and his associates for taking the time to speak to the Board.

Election of Officers and Steering Committee for CY2016:

Ms. Mavro-Flanders said the Steering Committee is making a recommendation to nominate and approve the election of the officers. She said the following are recommended:

Board Chair – Noreen Mavro-Flanders, County of Dukes County;
Board Vice-Chair – Gerry Panuczak; Town of Chatham

Steering Committee:

Chair – Francis "Skip" Finnell, Dennis Yarmouth RSD,
Noreen Mavro-Flanders, County of Dukes County,
Margaret Downey, Barnstable County,
Debra Blanchette, Town of Barnstable,
Marie Buckner, Town of Sandwich,
Gerry Panuczak, Town of Chatham,
Heather Harper, Town of Falmouth,
Erin Orcutt, Cape Cod Reg. Voc-Tech School,
Susan Wallen, Nauset RSD,
Christopher Clark, Town of Harwich, SC Alternate

Ms. Mavro Flanders asked if there were any nominations from the floor. There were none.

Christopher Clark moved to nominate and elect the slate of Board Officers and Steering Committee members.

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

Motion

Treasurer's Report:

Treasurer, Rich Bienvenue, reviewed the Management Report with data through August 31, 2015 and noted that the CCMHG costs mainly consist of health claims costs. Mr. Bienvenue said the fund balance is just under \$20M and noted that is within the target range. He said the Board voted to utilize \$5M of the fund balance to supplement the FY16 health plan rates. Mr. Bienvenue said the current year earnings for two months of FY16 was \$210K.

Carol Cormier said that on October 1st there was a change in medical diagnosis codes, changing the codes from ICD-9 codes to ICD-10 codes. She said there was a concern that there would be a lag in claims when this change was put into place, but she said the health plan representatives have said they are not seeing an issue.

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 *Kick Butts* program was canceled due to lack of participation but said the Committee will look at possibly offering it again in the spring or offering an on-line program. Ms. Desroches said the Orleans *Walk It Off* program at lunchtime will run through the end of October. She said the Brewster *Couch to 5K* program finished up with 10 members completing the program. She said the new postcards for the FY16 *Wellness Incentive program* were mailed out and noted they will be retroactive back to July 1, 2015.

Steering Committee Report:

Steering Committee Chair Skip Finnell said that the Committee held a special meeting to address the Cadillac Tax impact on CCMHG and options to avoid the tax.

Mr. Finnell said the Committee formed a sub-Committee to work with Cape Cod Healthcare (CCHC) to see if they could work with CCMHG to help to lower health care costs for CCMHG.

Mr. Finnell said the Committee is working on holding another Manager's Meeting and inviting the State Legislators.

The Abacus Group Report:

Linda Loiselle presented the report on the My Medication Advisor® prescription drug program through September 2015. She said cumulative savings were \$610.1K, compared to the projected savings of \$429.9K. She said employees who used the program saved \$139K collectively in waived co-pays. Ms. Loiselle said that Abacus is looking at the possibility of expanding the list of medications eligible for the program.

Linda Loiselle reviewed the Good Health Gateway Diabetes Program® Status Report for the period 9/1/14 – 8/31/15. She said that 46% (355 members) of the diabetics identified have enrolled compared to the municipal average of 45% and the goal of 40%. She said 45% of those enrolled are compliant with all requirements of

the program while the municipal average for compliance is 47%. She said the estimated savings to the CCMHG from the program for the one-year period is \$291,869, and members collectively saved \$111,079 in waived co-pays. She reviewed the Abacus promotional activities on behalf of the program.

Group Benefits Strategies Reports:

Carol Cormier said that the *Funding Rate Analysis (FRA) report, Level Monthly Deposit Reconciliation reports* and *Reinsurance reports* with data through August 2015 were previously distributed by email. She briefly reviewed the FRA summary.

Transitional Reinsurance Program fees (TRP)– Carol Cormier reviewed the TRP fees for 2015 and said the total fee for the BCBS and HPHC plans combined based on the Snapshot Factor Method is \$588,677. She said the fee is \$44 per member.

PCORI fee – Carol Cormier said the PCORI fee per member is \$2.08 for 2015.

Approval of CY16 Senior plan rates:

Noreen Mavro-Flanders referred to the Senior Plan Rate exhibit in the packet and said she would entertain a motion of approval of the proposed Medex and Medicare Enhance rates as well as the rates for the fully insured plans.

Carol Cormier said the Tufts Senior Plans are fully insured plans and said the rates are fixed premiums. Ms. Cormier said the BCBS Medex plan rate should read \$324, not \$326.

Skip Finnell made a motion to approve the CY16 Senior Plan rates as described on the exhibit, making note that the Medex rate is \$324.

Motion

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

Status of plans to address cost control, the Cadillac Tax and other ACA provisions:

Noreen Mavro-Flanders said the Steering Committee has been reviewing and considering its options to address controlling the cost of health care and the ACA Cadillac Tax as well as the other ACA fees.

Skip Finnell said the Steering Committee has rescinded its motion to recommend making changes for FY17. He said the Cadillac Tax rules and regulations have not been finalized, and the Committee is recommending waiting until the regulations are finalized.

Carol Cormier said the Committee started discussions early in 2015 in response to the GIC change of plan designs, the Cadillac Tax and a general rise in health care costs. She said FY12 was the last time that CCMHG made changes to its plan designs through Chapter 32B, Sections 21-23. Ms. Cormier said that the Committee recently became aware that the group could not change the PPO plan to a POS like the GIC benchmark plan using Sections 21-23. She said the IRS is still developing guidance and making changes to the Cadillac Tax provisions. Ms. Cormier said special meetings were held to learn about POS plans and how they compare to the PPO and HMO plans. She said in addition, the rate difference between the current Harvard Pilgrim PPO and HMO plans were so close that adding a Harvard Pilgrim POS plan does not make sense. She said the Committee was unanimous in its decision to not make any changes for FY17.

Skip Finnell said they recognize that something will need to be done but now is not the time with all of the uncertainty. He said contribution rates have an effect on migration of members to certain plans.

CCMHG Board meeting, 10/21/15

Noreen Mavro-Flanders said that the Committee is working on putting together another Managers Meeting in March of 2016.

CCMHG Joint Purchase Agreement:

Carol Cormier said that GBS found that the most recent CCMHG amendments to the Joint Purchase Agreements were not signed. She said that GBS does not have signatures on the original agreement for four of the units and said she will contact those units.

Skip Finnell said the following meetings have been scheduled. He said all are welcome to attend the Steering Committee meetings:

- November 19, 2015 at 1:00 PM at the Sandwich Town Hall
- December 16, 2015 at 9:00 AM at the Sandwich Town Hall
- January 28, 2016 at 9:30 AM at the Sandwich Town Hall

Board & Steering Committee Meetings - February 10, 2016 at 9:00 AM and 10:00 AM respectively.

Health Plan Reports:

Tufts Health Plan – Fred Winer said that Tufts has received 5 stars from CMS for its Medicare HMO and PDP plans.

Blue Cross Blue Shield – Gabrielle Pitcher said the Medicare HMO Blue plan Emergency Room co-pay is increasing from \$65 to \$75 and the Part D catastrophic costs have increased for 2016.

Bill Rowbottom said the Senior Health Fairs have been scheduled and the list of fairs has been posted to the CCMHG website. He said all of the carriers will be represented at the fairs.

Delta Dental – Nina Conroy reminded everyone that the student verification process has concluded for 2015.

Harvard Pilgrim Health Care – Paul Lazar said that HPHC is keeping up with the ACA requirements, making changes to its systems, etc., as necessary. He said that Coventry First Health, the PBM for the Medicare Enhance plan, has been purchased by Aetna, but noted that the benefits will not change. He said that members will receive new ID cards and information about the change from Aetna.

Other Business:

There was no other business.

Skip Finnell moved to adjourn.

Motion

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

Noreen Mavro-Flanders adjourned the meeting at 12:20 PM.

*Prepared by Karen Carpenter
Group Benefits Strategies*