

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

**Steering Committee Meeting**  
Wednesday, January 21, 2015, 9:00 AM  
Sandwich Town Hall, Sandwich, MA

**MEETING MINUTES**

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, January 21, 2015 at 9:00 AM at Sandwich Town Hall, Sandwich, MA. The following people attended the meeting:

**Steering Committee Members Present:**

Skip Finnell, Steering Committee Chair	Dennis Yarmouth RSD
Noreen Mavro-Flanders, Board Chair	County of Dukes County
Gerry Panuczak	Town of Chatham
Debra Blanchette	Town of Barnstable
Marie Buckner	Town of Sandwich
Joyce Mason	Town of Mashpee
Maggie Downey	Barnstable County
Heather Harper	Town of Falmouth
Susan Wallen	Nauset RSD

**Guests Present:**

Rich Bienvenue	CCMHG Treasurer
Deanna Desroches	CCMHG Mainland Wellness Consultant
Dave Withrow	Town of Orleans
Garbrielle Pitcher	Blue Cross Blue Shield of MA (BCBSMA)
Bill Rowbottom	Blue Cross Blue Shield of MA (BCBSMA)
Paul Lazar	Harvard Pilgrim Health Care
Fred Winer	Tufts Health Plan
Nina Conroy	Delta Dental
Carol Cormier	Group Benefits Strategies (GBS)
Karen Carpenter	Group Benefits Strategies (GBS)

Skip Finnell, Steering Committee Chair, called the meeting to order at 9:10 AM.

**Approval of the Minutes of the December 17, 2014 meeting:**

Noreen Mavro-Flanders motioned to approve the minutes of December 17, 2014.

Motion

Marie Buckner seconded the motion. The motion passed by majority vote.

**Treasurer’s Report:**

Treasurer Richard Bienvenue, CPA distributed the financial reports through November 30, 2014 (unaudited figures) and said that the group is on target as planned. Mr. Bienvenue said he would wait until he has the December financial reports to give a detailed report. He said that he is working with Ruth Lynch at GBS regarding the receivables of one of the two members of CCMHG that do not pay as billed. Mr. Bienvenue said he sent Ms. Lynch a report of the payment history to show what was billed and paid to date.

Mr. Bienvenue reviewed the Analysis of Fund Balance report that he prepared for CCMHG with data from 2001 to 2014. He said the operating surplus balance decreased by approximately \$3.2M at the end of November 2014. Mr. Bienvenue said there was an increase in Investment Income of \$92,178. He said the trust fund balance including dental was \$22.9M, and of that \$6.3M is operating cash, \$6M is Retiree Drug Subsidy (RDS) and estimated claims of \$138M. Mr. Bienvenue said the trust fund balance is above the top range of the policy by \$3.6M, including the RDS revenue. He suggested trying to keep the balance at the top end of the 8% to 12% policy range when determining whether or not to supplement the FY16 rates.

Mr. Bienvenue said he has a concern about setting unrealistically low rates and the possibility of a rate spike the following year when the group may not have surplus to utilize. He said investment income and RDS revenue should not be relied on.

Heather Harper made a motion to accept the Treasurer's report as presented.

Motion

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

**Investment Committee report:**

Gerry Panuczak, Investment Committee Chair, said the Committee met and continued discussions regarding creating a third conservative fund that will have better accessibility. He said the Committee is proposing a recommendation to allocate an initial \$100,000 beginning January 1, 2015, and \$50,000 per month from the long-term investment accounts to a new short-term fixed income account subject to regular Steering Committee oversight.

The Steering Committee discussed the Investment Committee's recommendation.

Noreen Mavro-Flanders made a motion to recommend to the Board 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

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

Mr. Panuczak said the Investment Committee also reviewed the Investment Policy and proposed updating the policy to reflect the changes.

Noreen Mavro-Flanders asked Ms. Cormier to send the draft investment policy to the Board for their review prior to the next meeting.

Mr. Panuczak reviewed the investment results to date.

Skip Finnell thanked the Committee for its work.

**GBS Reports:**

Funding Rate Analysis (FRA) – Carol Cormier reviewed the summary page of the FRA and said that the expense-to-funding ratio was 100.7% through December 2014. She said the funding shortfall was \$450K and noted that the expense-to-funding ratio the prior month was 100.9%.

Level Monthly Deposit Reconciliation - Ms. Cormier said \$13,334K was due BCBS for the 2<sup>nd</sup> quarter of FY15. She said there was a ~\$543K credit balance with HPHC.

Stop Loss Reports - Karen Carpenter reviewed the Stop Loss Reports for FY15 and said three claimants had exceeded the Specific Deductible of \$300,000 with claims totaling \$1.41M. She said that there is a total reimbursements of \$513,481 due CCMHG. She said nine claimants are on the report of 50% with total paid claims of \$1.55M through December.

Ms. Carpenter reviewed the Stop Loss Reports for FY14 and said six claimants had exceeded the \$300K Specific Deductible with excess claims of \$271,374. She said the Aggregating Specific Deductible of \$500K has not been met, and no reimbursements are due.

Diabetes Rewards Program – Carol Cormier reviewed the Diabetes Rewards Program report provided by The Abacus Group and said 43% of eligible members are enrolled in the program, exceeding the participation goal of 40%. She said 41% of those enrolled are compliant, meeting all five program requirements. Ms. Cormier said the estimated CCMHG savings, net of fees and pharmacy copays was \$90,606 from September 1 through November 30, 2014. She said the total medication costs were \$326,085 and total member copays waived was \$33,691. Ms. Cormier noted that the program promotions and outreach provided by The Abacus Group was listed on page 2 of the report.

Paul Lazar spoke about the Group Insurance Commission’s (GIC’s) deficit, and there was a discussion.

Maggie Downey joined the meeting.

**Affordable Care Act (ACA) Update:**

Out-of-Pocket (OOP) Maximum requirement, follow-up – Carol Cormier reviewed the ACA requirement which requires employers have both medical and pharmacy OOP maximums on renewal of CY15. She said an OOP maximum is an added employee benefit. She said that currently only medical expenses count toward the CCMHG OOP maximums. She said the exhibit she explained at the last meeting has been updated to include some options. Ms. Cormier said she recommends option “1. (a)”, which adds separate pharmacy OOP maximums, specifically a \$3K Individual and \$6K Family prescription OOP maximum in addition to the current medical OOP maximums. She said this would become effective July 1, 2015. Ms. Cormier said that separate medical and prescription drug (Rx) OOP maximums are allowed. Ms. Cormier said the basic bargaining of notification to the unions is required; however, she noted that there are no savings to the employers and perhaps small added employers’ costs. Carol Cormier noted that the GIC OOP maximums are set at \$5K/\$10K, combined medical and Rx.

The Steering Committee discussed the options.

Debra Blanchette made a motion to recommend Option 1. (a) to the Board.

Motion

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

Cadillac Tax - Carol Cormier said there are no updates to report since the last meeting. She said that the exhibit presented at the last meeting was included in the packet as a reminder of the upcoming tax when reviewing the FY16 rates. She recommended reviewing information about plan design changes or adding a lower cost plan offering to avoid the tax.

**Wellness Committee Report:**

Mainland Wellness Programs- Deanna Desroches reviewed the program updates and said the Smoking Cessation program held in the Town of Eastham has an 89% success rate. She said she is hoping to do a spring program in the Town of Falmouth. Ms. Desroches said that the *Cape Cod Times* is scheduled to run an article about the CCMHG Smoking Cessation program due to its success rate. Ms. Desroches said that the

distribution of the January newsletter will be delayed until February to be able to include the results from the *Maintain Don't Gain* program and add the *Spring Walking Challenge* promotion. She said that there has been a decline in the Biometric Screenings and noted that it could be due to more employees having the screenings done at their annual medical visits. Ms. Desroches said she sent out the flyer for the next Couch to 5K to be held in the Town of Dennis. She said the *Senior 5K Walk It Off* program is ending in the Town of Barnstable and Mashpee and Falmouth lunchtime programs will begin late April.

Vineyard Wellness Programs- Noreen Mavro-Flanders said that she asked Krystle Rose to delay sending the MV report until the next meeting due to the time needed to review the rate projections.

**FY16 Preliminary Rate Projections:**

Carol Cormier said the projections suggest a 10% to 10.5% increase to the health plan rates for FY16. She reviewed the carrier's administrative fees and said that BCBS and HPHC have proposed a 0% fee increase. Ms. Cormier said HPHC had originally proposed a 2% increase, but came down following her request to lower the fee. She said Delta Dental is increasing its fee by 3.8% for the contributory plan and 3.9% for the voluntary plan. Ms. Cormier said that there is an alternative Delta Dental rate projection included should the Committee want to increase the dependent eligibility age to 26.

In response to a question asked, Nina Conroy said that the administrative increase is due to the claims volume and management. She also noted that they have designated a person to work with GBS to handle the enrollment transactions and any issues.

Ms. Cormier reviewed the Affordable Care Act (ACA) and Alternative RX program fees and said she did not build them into the rates. She said the fees will increase the rates by about 2%. Ms. Cormier explained how she develops the rate projections and noted that she used a 16% reinsurance premium increase. She also said that the move to the EGWP plans for the seniors is a savings to the employers and overall will mitigate against the impact on budgets from the increase to the active plans.

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%
- D – Alternative scenario with use of \$4M fund balance surplus: a composite increase of 9.6%

Ms. Cormier said she will prepare additional scenarios if requested by the Committee.

There was a discussion.

Joyce Mason suggested a 10% composite scenario and recommended to not distribute additional RDS monies this year. Ms. Mason left the meeting for an appointment.

Bill Rowbottom suggested adding a notice to the open enrollment materials defining self-funding and explaining the reasons for the rate increase, such as the claims cost increase, Rx trend increase and prior years supplementing of the rates.

Skip Finnell said he would like to see a scenario with a composite increase of 11%.

Debra Blanchette agreed, but with a 12% increase to the Master Health Plus and an 11% increase to the PPO's.

Carol Cormier said she would do the scenarios and also draft an explanation for the increase.

Heather Harper asked to see a scenario with a composite increase of 9.8% and one with 10.5% in addition to the 11% composite.

Rich Bienvenue suggested adding information noting that the EGWP savings will lessen or offset somewhat the impact of the increase to the active plans.

Gerry Panuczak said he favors homogenizing the rates to a common percentage increase, and the Committee agreed with Mr. Panuczak.

Noreen Mavro-Flanders said the RDS distribution, the ACA fees paid by the Group and the subsidies to the past years rates should be included in the explanation to the employers.

Carol Cormier asked the health plan representatives to send alternative plan designs for the PPO plans to consider in preparation for avoiding the upcoming Cadillac Tax.

**ACA & Meeting with Town Managers & School Superintendents:**

Maggie Downey said that Joyce Mason announced at the last Manager's Meeting that CCMHG will be inviting the Town Managers and Superintendents to a meeting regarding the ACA requirements that will impact CCMHG.

Skip Finnell said that the meeting will be held on March 25, 2015 at 9 a.m. at the Cape Cod Regional Tech High School. He said that the school offered to provide breakfast. Mr. Finnell said he would like to announce the meeting at the next CCMHG Board Meeting. He said that Erin Orcutt is working on inviting the Superintendents to the meeting. Mr. Finnell asked if the Committee knew of a consultant well versed in ACA to speak.

Maggie Downey suggested presenting what the ACA issues are, what the Committee is reviewing and how CCMHG will be handling those issues. Ms. Downey offered to create an invitation "flyer".

**Town of Bourne update:**

Carol Cormier said according to BCBSMA there is a significant actuarial difference between the Town of Bourne and the CCMHG plans, approximately 7%. She reviewed the town's claims experience on a cost per contract basis and said that there is a difference in risk level between CCMHG and Bourne even after adjusting for the actuarial differences of the plans. Ms. Cormier said on a rate basis, most CCMHG rates are lower, with the exception of the Network Blue plan. She said the town wants to know the CCMHG's level of interest by next week for a July 1, 2015 entry date. Ms. Cormier noted that the town utilizes off-Cape health care providers.

There was a discussion. The consensus of the Steering Committee was that it is not in the best interest of either party for CCMHG to extend an offer to join for the FY16 year, but that they would consider this again in the future if requested.

Skip Finnell asked Carol Cormier to inform the Town's consultant of the Committee's decision.

**Health Plan Reports:**

Harvard Pilgrim Health Care – Paul Lazar said that HPHC may be looking at a new Prescription Benefits Manager (PBM) with hopes to save costs. He said HPHC has developed a closed formulary with 5 tiers as a new option for employers.

Blue Cross Blue Shield – Gabrielle Pitcher said that BCBS is continuing to work on the PDP maintenance for the EGWP plans.

Bill Rowbottom said he will be coordinating the dates, times and locations of the active plan benefit fairs for FY16.

Carol Cormier suggested announcing at the Board meeting Mr. Rowbottom’s intent to hold one-on-one meetings with each of the members enrolled on the Master Health Plus plan.

Mr. Rowbottom said he will obtain a list of the members from GBS.

Delta Dental – Nina Conroy said that the Delta Dental administrative fee quoted in the FY16 renewal is guaranteed for 2 years. She asked the Committee about the recommendation to cover dependents on the dental plan up to age 26.

There was a discussion.

Maggie Downey made a motion to recommend to the Board to make no changes to the dental plans dependent eligibility guidelines.

Motion

Susan Wallen seconded the motion. The motion passed by unanimous vote.

Tufts Health Plan – Fred Winer said he had nothing new to report.

**Other Business:**

*Next meetings* – The following meetings were scheduled:

- Steering Committee on January 28<sup>th</sup> at 9:00 AM and April 29, 2015 at 8:30 AM, COMM Fire District.
- Board meeting on January 28<sup>th</sup> at 10:00 AM and April 29, 2015 at 10 AM, COMM Fire District.

Because of a blizzard the January 28<sup>th</sup> meetings were rescheduled for February 4 at the same times and same location.

There was no other business

Maggie Downey motioned to adjourn the meeting.

Motion

Noreen Mavro-Flanders seconded the motion. The motion passed by unanimous vote.

Chair Skip Finnell adjourned the meeting at 12:15 AM.

*Prepared by Karen Carpenter  
Group Benefits Strategies*