

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

Steering Committee Meeting
Wednesday, December 17, 2014, 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, December 17, 2014 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
Erin Orcutt	Cape Cod Regional Technical HS
Maggie Downey	Barnstable County
Heather Harper	Town of Falmouth
Susan Wallen	Nauset RSD

Guests Present:

Rich Bienvenue	CCMHG Treasurer
Bill Fraher, CPA	Financial Auditor
Suzanne Donahue	Blue Cross Blue Shield of MA (BCBSMA)
Garbrielle Pitcher	Blue Cross Blue Shield of MA (BCBSMA)
Bill Rowbottom	Blue Cross Blue Shield of MA (BCBSMA)
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 9:05 AM.

Approval of the Minutes of the November 12, 2014 meeting:

Marie Bucker motioned to approve the minutes of November 12, 2014.

Motion

Noreen Mavro-Flanders seconded the motion. Heather Harper abstained. The motion passed by majority vote.

Suzanne Donahue introduced Garbrielle Pitcher and said she will be the new CCMHG BCBS Executive following her retirement at the end of the month. She said Ms. Pitcher has worked for over 23 years at BCBS and said that Bill Rowbottom would continue as the Service Consultant.

Erin Orcutt joined the meeting.

Independent auditor's report on the FY14 Financial Statements – Bill Fraher, CPA:

Bill Fraher said that no financial adjustments are necessary to finalize the FY14 audit.

Bill Fraher reviewed key financial information from the FY14 financial statements and compared them to the same information from the past four years. He said that the 1.1% increase to the cash and investments was due to timing of the health plan quarterly settle-ups. He said that there was a 1.9% increase in claims liability and the net assets increased by 5.8%. Mr. Fraher said that net assets increased by \$1.4M and said this result was better than anticipated as the Group utilized a portion of its fund balance to lower the FY14 plan rates.

Maggie Downey joined the meeting.

Carol Cormier said that the FY13 plan design changes may be a factor as well.

Mr. Fraher continued reviewing the audit and said the health claims expense increased by 6.9% to \$128,699,843. He reported a \$1.3M increase in investment income.

There was a brief discussion about the IBNR and the SC agreed with Rich Bienvenue that no change was necessary.

Mr. Fraher reviewed the Management Letter and said that there were no material weaknesses noted during the audit. He said that as discussed in the prior year and consistent with how MA joint purchase groups typically operate, the Group has placed significant control over the accounting and financial reporting functions to the Group's Treasurer. He noted that several mitigating controls have been implemented and access to all of the statements and reports has been added.

The SC thanked Mr. Fraher and he left the meeting.

Erin Orcutt made a motion to accept the audit as presented.

Motion

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

Treasurer's comments:

Treasurer Richard Bienvenue, CPA reviewed the financial reports through October 31, 2014 (unaudited figures) and said that the total cash is down approximately \$2.8M year-to-date. He said the loss is on target with the planned utilization of \$10M through the end of FY15. Mr. Bienvenue said that the financial report does not include the Transitional Reinsurance Fee (TRF) of \$1M. He said the fee was not taken into account during the rate projections for FY15.

Carol Cormier said that she will give factors for each ACA tax, RDS and alternative drug program with the FY16 rate projections.

Rich Bienvenue continued to report and said the investment portfolio is doing well. Mr. Bienvenue said he will complete a fund balance analysis for the next meeting and noted that approximately \$6M of the fund balance is from the Retiree Drug Subsidy (RDS).

Carol Cormier said that the RDS distributions to the employers have an effect on the investments as well as lowering the trust fund balance.

Noreen Mavro-Flanders made a motion to accept the Treasurer's report as presented.

Motion

Erin Orcutt seconded the motion. The motion passed by unanimous vote.

Investment Committee report:

Gerry Panuczak, Investment Committee Chair, said the next Committee meeting is scheduled on December 29th at 10:30 a.m. at the Yarmouth Town Hall. He said the Committee will continue discussions regarding creating a third conservative fund that will have better accessibility. He said the Committee is also reviewing the Investment Policy. Mr. Panuczak said that the portfolio performance for November recovered the loss from the months of August and September. He said the December markets are a little unsteady due to the oil concerns.

Wellness Committee Report:

Mainland Wellness Programs- Maggie Downey said that Deanna Desroches program updates are included in the meeting packet. She said that BCBS has termed their relationship with LMR, the vendor that was processing the reimbursements for the CCMHG Wellness Incentive program. Ms. Downey said Ms. Desroches is now working directly with LMR. Ms. Downey said the Wellness Committee is going to request that HPHC and BCBS continue to absorb the printing cost of the incentive cards.

Suzanne Donahue said that Amy Higgins, BCBS Wellness Coordinator will be contacting the Committee regarding setting up a meeting to discuss a new Gateway wellness initiative that can run parallel with the CCMHG programs.

Vineyard Wellness Programs- Noreen Mavro-Flanders said that the Maintain Don't Gain and Walker Tracker programs are in progress. She said that the Fitness Challenge was a big success and said that the fitness facility has reduced the membership and training fees for CCMHG members. Ms. Mavro-Flanders said the program is continuing without a cost to the Group.

GBS Reports:

Funding Rate Analysis (FRA) – Carol Cormier reviewed the summary page of the FRA and said that expense-to-funding ratio was 100.9% through November 2014. She said the funding shortfall was \$502K and noted that the funding ratio the prior month was 103%.

Level Monthly Deposit Reconciliation - Ms. Cormier said there was a credit of \$817K with HPHC.

myMedicationAdvisor® Program Report – Carol Cormier said there were no updated reports to review. Ms. Cormier said that the reports will be revised to reflect the budget projections to exclude the senior plan enrollments.

Town of Bourne update – Carol Cormier said that the town currently offers all BCBS plans and at a higher benefit level than the CCMHG plans. She said that Sue Shillue, at Cook and Company sent encrypted claims and data information that GBS has been unable to open. Ms. Cormier said that she will prepare the FY16 rate projection without the Town of Bourne's information and will also give a cost per contract per member.

Suzanne Donahue said that Bourne is also looking at the Mayflower Municipal Health Group (MMHG) and noted that MMHG will require a buy-in charge.

FY16 rating approaches:

Carol Cormier said the SC gave her guidance at the last meeting and said that she would be giving factors that can be figured into a scenario. She said that she would do a scenario with the planned use of \$1M trust fund surplus applied. Ms. Cormier said that a premium holiday in lieu of reducing the rates and a RDS distribution are other options that can be discussed.

Skip Finnell asked if the Town of Sandwich had projection capabilities to use at the rate discussion meeting on January 21, 2015. He said the Board will meet one week later to vote on the rates.

Marie Buckner said she will have the projection and screen available.

There was a discussion about the Group Insurance Commission (GIC) deficit and their possible plan design changes.

Skip Finnell asked Joyce Mason for help in setting up a Manager's Meeting regarding the impact of the ACA requirements.

Joyce Mason said that the Mashpee Town Hall would be available to hold the meeting and said that the Manager's Meeting is held in a variety of different locations throughout the Cape.

Erin Orcutt offered to host a breakfast meeting at Cape Cod Tech High School.

There was a discussion and the SC favored a late March meeting to be held at Cape Cod Tech High School.

Erin Orcutt said she will work on securing a date.

Update on MMRA meeting:

Skip Finnell said that the MMRA's first quarterly meeting was held at a restaurant in Patriot's Place and said Gallagher, Artex, Berkley and GBS attended as well as the MMRA Board representatives from CCMHG, MNHG and WSHG. He said that it was the consensus of the representatives to follow the MA open meeting laws when organizing meetings and posting meeting minutes.

Carol Cormier said that the format of the reports were reviewed and the Board agreed they were appropriate. She said that the Board also agreed that the reports should reflect the data from all three JPG's. Ms. Cormier said Dr. Michael Thomas, Pharmacy Director for Arthur J. Gallagher & Co., joined the meeting by conference call and reviewed his presentation, "High Cost of Prescription Medication". She said he focused on the Specialty drugs and trend. She said he stated the specialty drug growth trend is projected at 20-25% per year.

Ms. Cormier said that captive arrangements are becoming popular with self-funded health insurance sponsors. She noted that the Board also made the decision to not expand the MMRA to other groups at this time.

Ms. Cormier said the next MMRA quarterly meeting is scheduled to be held on May 21, 2015.

Carol Cormier reviewed the GBS CCMHG year-end fund balance report and the impact of the Retiree Drug Subsidy (RDS) on the fund balance.

HPHC optional Rx Formulary:

Carol Cormier said that the current CCMHG HPHC active plans currently have an "open" prescription (Rx) formulary. She said all drugs are covered under an open formulary. Ms. Cormier said HPHC has an optional Rx formulary available, but said adding it would be a benefit change requiring union bargaining.

Affordable Care Act (ACA) Update:

Cadillac Tax - Carol Cormier said there are no updates to report since the last meeting, but noted that a lower cost plan could be added to the CCMHG plan offering to counter the tax. She said she would prepare an exhibit that could be recommended to the Board at the January meeting.

There was a discussion about the low enrollment in the Master Health Plus (MHP) plans and if a move to the PPO plan might be beneficial to those members.

Bill Rowbottom suggested meeting one-on-one with each MHP member to see if the PPO would work for them.

Carol Cormier said she would run a report to see which employers have MHP enrollments.

Out-of-Pocket (OOP) Maximum Mandate – Carol Cormier said that this mandate is an added employee benefit. She said that only medical expenses count toward the current CCMHG OOP maximums. She said the exhibit she explained at the last meeting is included in today's meeting packet. She said that effective July 1, 2015, the Rx co-pays would be counted towards the OOP maximums as required by the ACA. She said that separate medical and prescription OOP maximums are allowed. Ms. Cormier said the basic bargaining of notification to the unions is required and she offered to draft a template letter. Carol Cormier noted that the GIC OOP maximums are set at \$5K/\$10K.

Ms. Cormier said that OOP maximums are not required on out-of-network services, but said the CCMHG's two PPO plans already have a \$3,000 per member out-of-network OOP maximum.

Suzanne Donahue noted that the BCBS PPO does not cover out-of-network prescriptions, so the cost of adding the prescription copays to an out-of-network OOP maximum is not a big issue

Carol Cormier noted the HPHC report of CY13 OOP Rx costs and member counts. She suggested discussing a plan at the December meeting and asked the health plans for cost impact reports.

Bill Hickey said the levels that are cost neutral based on actuarial benefits would be \$2K/\$4K for medical and to add \$1K/\$2K for Rx. He said, however, that the standard practice would be to move up to the maximum allowed, combining the medical and prescription OOP maximums.

She said that she will send an email to the units asking if they did not adopt and utilized Sections 21-23. She recommended taking a vote on the OOP maximums at the January meeting.

Update on Senior Health Fairs and transition to EGWP plans:

Fred Winer said that the senior health fairs went very well and had good attendance. He said holding regional meetings seemed to work out well for everyone.

Bill Rowbottom said there were approximately 50 to 75 retirees at each location. Mr. Rowbottom said losing the eligibility to participate in the myMedicationAdvisor® (MMA) and Diabetes Rewards Program was upsetting to some members. He said that the retirees also asked about adding a fitness benefit to the senior plans. He said there is a fitness benefit on the Tufts Medicare Preferred and Managed Blue for Seniors plans.

Suzanne Donahue said that the Medex 2 ID cards were mailed to members on December 6th. She said BCBS needs a physical address and not a PO Box for each member.

Carol Cormier said that letters were mailed to members by BCBS stating the medical portion of the senior plan rate. She said many seniors were confused and it caused extra work for the CCMHG HR personnel.

Suzanne Donahue said that those letters were regarding the Managed Blue for Seniors plan and she would like to see BCBS add to the letter that the rate is for the medical portion only.

Carol Cormier said that every effort should be made to make the letters less confusing.

Noreen Mavro-Flanders said that the presenters at the health fairs made the health fairs a success and she thanked the plan representatives for their work.

Health Plan Reports:

Delta Dental – Nina Conroy said that several employers have been calling Delta Dental and GBS regarding students covered to age 23 and not 26. Ms. Conroy asked the SC to consider increasing the age limit for dependents to age 26. She said she will send in a renewal with both scenarios and noted that 95% of their clients cover dependents to age 26.

Other Business:

Next meetings – The following meetings were scheduled:

- o Steering Committee meeting on January 21st, February 25th and March 18th at 9:00 AM, Sandwich Town Hall.
- o Steering Committee on January 28th at 9:00 AM and April 29, 2015 at 8:30 AM, COMM Fire District.
- o Board meeting on January 28th at 10:00 AM and April 29, 2015 at 10 AM, COMM Fire District.

Skip Finnell said he would entertain a formal motion to thank Suzanne Donahue for her years of excellent service to CCMHG.

Maggie Downey made a motion to thank Suzanne Donahue for her years of excellent service to CCMHG.

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

Motion

Noreen Mavro-Flanders said that the second PCORI payment to the IRS that was paid in advance received penalty and interest charges.

Carol Cormier suggested that Rich Bienvenue contact the IRS tax advocacy office.

There was no other business.

Erin Orcutt motioned to adjourn the meeting.

Motion

Noreen Mavro-Flanders seconded the motion.

Chair Skip Finnell adjourned the meeting at 11:08 AM.

*Prepared by Karen Carpenter
Group Benefits Strategies*

