

MINUTES OF THE CAPE COD MUNICIPAL HEALTH GROUP

Board Meeting

Wednesday, February 8th, 2023, 10:00 AM

Barnstable County Offices
Mary Pat Flynn Conference Room
3195 Main St. Barnstable, MA 02630

DRAFT MEETING MINUTES

A meeting of the Board of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, February 8th, 2023 at 10:00 AM at Barnstable County Offices, Barnstable, MA. The following people attended the meeting:

Board Members and Alternates Present:

Noreen Mavro-Flanders, Board Chair
Erin Orcutt, Steering Committee Chair
Debra Blanchette
Nancy Cushing
Susy Holmes
Richard Buffington
Robert Howard
Jennifer Kelson
Lisa Vitale
R Patrick Murphy
Alexandra Jackson
Megan Downey
Raymond Pirrone
Deb Heemsoth
David Flynn
Laurie Barr
Susan Lumping
Joseph Powers
TK Menesale
Tracy Scalia
Leanne Gray
Michael MacMillan
Susan Wallen
Maureen Fruci
Cathy Doane
Theresa Johnson
Alex Lessin
Jill Beaumont

Dukes County
Cape Cod Regional Tech
Town of Barnstable
Barnstable County
Barnstable County Retirement
Barnstable Fire
Bourne Recreation Authority
Bourne Water District
Town of Brewster
Cape Cod Collaborative
COMM Fire
Town of Chatham
Cotuit Fire District
Town of Dennis
Dennis Yarmouth RSD
Town of Eastham
Town of Falmouth
Town of Harwich
Hyannis Fire
Mashpee
Mashpee Water
Monomoy RSD
Nauset RSD
North Sagamore Water
Town of Orleans
Sandwich Water
Town of Truro
Upper Cape Cod Voc

Cameron Scott
Raymond Pirrone
Robert Whritenour
Kathy Logue

Town of Wellfleet
West Barnstable Fire District
Town of Yarmouth
West Tisbury

Guests Present:

Rich Bienvenue, CPA
Deanna Desroches
Triva Emery
Susan McKinney
Beth Deck
Molly Stevens
Christine Ezersky
Brian Callow
Bob Kademian, RPh
Caroline Burnham
Lauren McCallum
Patty Joyce
Alysha Beaudry
Jim Riley
Joseph Anderson
Marianna Gil
Karen Quinlivan

CCMHG Treasurer
CCMHG Wellness Consultant, Mainland
CCMHG Wellness Consultant, Vineyard
Town of Dennis
Cape Cod Collaborative
COMM Fire
Town of Wellfleet
Rockland Trust Investments
PBIRx
Blue Cross Blue Shield of MA (BCBSMA)
Harvard Pilgrim Health Care (HPHC)
Abacus Health Solutions
Abacus Health Solutions
CanRx
Gallagher Benefit Services, Inc. (GBS)
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Noreen Mavro- Flanders, Board Chair called the meeting to order at 10:10 AM.

Approval of the minutes of the July 20th, 2022 and November 16th, 2022 Board meeting minutes:

Robert Whritenour motioned to accept the minutes of the July 20, 2022 Board meeting.

Motion

Kathy Logue seconded the motion.

The motion passed by unanimous consent.

Robert Whritenour motioned to accept the minutes of the November 16, 2022 Board Meeting.

Motion

Erin Orcutt seconded the motion.

The motion passed by unanimous consent.

Investment Committee Report:

Debra Blanchette said that the committee has not met since the last time that she reported because investment has been held at status quo. Per Rockland Trust, the return seeking fund has \$26,336,145. Claims experience is being watched as well as the market and quarterly investment is on hold for the time being.

Investment Managers Report:

Brian Callow provided a brief overview of current market conditions and quarterly performance. Mr. Callow reviewed the Return Seeking Account target allocation and portfolio allocation as of 12/31/2022. The portfolio allocation is within compliance with a goal of maintaining strength. The portfolio complies with the Investment Policy. Fiscal year/quarter to date returns were 2.51%. One year returns were -7.67%. Prior year returns were negative but they were the best that they could have been and the group did well in a difficult situation. There were negative returns but the group outperformed the S & P benchmark. Inflation is starting to ebb. Inflation drove the returns in the equity market which was up 6% for January.

Treasurer's Report:

Treasurer Richard Bienvenue, CPA reviewed the financial reports of December 31st, 2022 (unaudited figures). He said that the beginning net position of \$42,649,831 plus the dental amount of \$7,692,000 equals the net position on the audit. There was a write down of the IBNR from what was originally reported in June of about \$1.5M. There was also an adjustment to the reinsurance pool investment. Those reconciliations and adjustments made about a \$1.5M adjustment that is reflected in December. By the end of the year it will bring things to close to a break even. There has been a positive result from the investment pool of \$600,000 to date. Current year earnings are \$3.5M to date. When considering the rates, there are \$150M in self-insured claims. Ten percent of that is \$15M. The trust fund balance is at about 30% of self-insured claims. Going into rate setting, the group is looking to fund roughly \$150M in costs for FY24. Anything above 15% can be used for rate stabilization. Mr. Bienvenue thanked everyone for catching up on overdue payments. Last year not only did the group have a rate subsidy but they used an additional \$13M in trust balance for a premium holiday. The dental fund rate has not changed in several years. The annual maximum benefit is increasing to \$1,500 and that will have an associated cost to it. There is currently a \$7M fund balance and it can be afforded.

GBS Reports:

Joseph Anderson reviewed the FY23 Funding Rate Analysis (FRA) report with data through December 31st, 2022 (paid claims basis). The composite expense-to-funding ratio was 92%. The estimated funding surplus was \$6,175,077 for the prior 6 months. That includes some stop loss reimbursements, but the funding rate is tracking well so far. Dental expense-to-funding ratio was 82.5%.

Karen Quinlivan reviewed the reinsurance reports. She said the FY22 policy period through December 2022 had 23 claimants with total claims in excess of the \$400K specific deductible of \$3,182,463.32. Total reimbursements of \$2,965,321.33 have been received to date with outstanding reimbursements due of \$217,141.09. She said there are 44 claimants on the 50% report with claims totaling \$12,190,451.90. For FY23 period through December, no claimants are in excess but there were 11 claimants at the 50% level with updated total paid claims of \$3,114,526.87.

Kathy Logue asked if it would be possible to have an illustration of claims for prior years at the same time period for relative comparison.

Karen Quinlivan said she would provide for the next reporting.

Wellness Reports:

Mainland Wellness Report – Deanna Desroches, Mainland wellness consultant, said the monthly newsletter and reminder were distributed. The Financial Wellness six week series is ongoing with 23 registered. The March Fraud prevention workshop will be held at Cape Light Compact. There is a lot of walking going on. Saturday morning walks continue in Yarmouth on the rail trail. A spring hiking series will begin on Sunday's since the fall session was so popular. Women's self-defense has been extremely popular. Cardio dance classes have also been very well attended. Mindful Resilience Yoga for First Responders will be offered beginning February 9th. The Wellness Portal has 790 members registered. Upcoming programs include Stretch and Strengthen Yoga classes, Pickleball, Tennis and a Pound class. Benefits fairs have been scheduled for Nauset, Mashpee Schools, Falmouth and Barnstable. There will also be some hybrid sessions on HSA accounts as well as retirement planning.

Martha's Vineyard (MV) Wellness Report – Triva Emery provided an update on current programming. Ongoing programs include nutrition and cooking programs. In the month of January 79 unique members were reached. Give it a try workshops are very popular guiding members through Barre, Pilates, Hot Yoga, and Boxing. Fitness walk, run programs are ongoing throughout the year Monday through Friday. A Sunday hiking series will continue each week weather permitting. Financial Wellness has been a huge hit with over 23 members doing the six part series. Ms. Emery has been working on driving members to the wellness portal to earn points as well.

Steering Committee Report:

Erin Orcutt said that the Steering Committee said that the committee had a presentation on the audit for FY22. There were no findings or recommendations. Pinnacle Care was implemented for the senior population effective January 1st. The annual benefit Maximum for dental will be increased to \$1,500 beginning July 1st. A plan to meet ACA affordable care mandates for affordability has been discussed with the possibility of offering an affordable option for groups faced with penalties.

FY24 Active Renewal Rate Calculations:

Joe Anderson said that last year Blue Cross had a medical trend of 6.77% and this year 6.93%. Last year PPO medical trend was 9.79% and this year 9.78. Last year they were at 10.1% on the drug trend and this year they are at 8.76% because they renegotiated the contract with their Pharmacy Benefit Manager. Harvard Pilgrim last year was 8.3% and this year they are down to 7.6%. GBS used 7.5% for trend this year and 9% on the PPO. Blue Cross proposed a 2.5% administrative fee increase and Harvard Pilgrim 2%. GBS fees increased by 2%. Delta Dental has not increase in administrative fees for the year. The projection for Stop Loss is 15% predicated upon market conditions and how the captive has been performing. There is a \$400,000 specific level after which there are reimbursements for claims between \$400,000 and \$1,000,000. Claims over \$1,000,000 are paid by the reinsurer of the captive.

As a rating example, Blue Care Elect was looked at first. For the twelve trailing months, claims had an average cost per contract of \$1,923.54. For the most recent twelve months it was \$ 2,076.57 or an increase of 8% including stop loss reimbursements. Medical trend of 9% was applied and GBS anticipated claims per month were \$1,340.14. Blue Cross had anticipated claims of \$1,223.08. The difference of note is that Blue Cross looked at a reinsurance deductible rate of \$300,000 instead of \$400,000. Next year, that will be corrected because it has some material impact. Data from Blue Cross was a bit delayed and there was some back and forth and perhaps the gap could have been narrowed a bit.

GBS proposed a rate increase of 19.2% and Blue Cross an increase of 9.4% for Blue Care Elect. That is reflective of timing and underwriting treatment.

Following the same exercise for Network Blue, GBS projections proposed a 10.7% increase and BCBS a 16.8% increase.

The current rates have annualized funding based on November, 2022 enrollments of \$150,174,108.

Three FY24 possible funding scenarios were illustrated for health plans:

Scenario A-2: the lower of two projections with HPHC PPO rates 8% higher than HMO: an 11.1% composite increase in funding of \$16M to \$159,724,534;

Scenario C: a 5% increase on all plans: a 5% composite increase in funding or use of \$8.7M of additional trust

Scenario D: a 3.8% composite increase with 5% for Master Health Plus, 4% for Benchmark plans and 2% for high deductible plans with an additional \$10.4M of trust used.

Scenario E: a 3.3% composite increase with 5% for Master Health Plus, 3.5% for Benchmark and 1.5% for High Deductible plans.using \$11.2M additional trust.

Scenario F: a 2.8% composite increase with 5%, 3% and 1% respective increases using \$11.9M of additional trust.

Noreen Mavro-Flanders said that the Steering Committee met prior to the meeting and has a recommendation.

Erin Orcutt said that the Steering Committee recommended unanimously Scenario D for FY24 rates. It was closest to the dollar amount of the trust the committee felt could be used to subsidize rates of \$10M. The committee also voted unanimously to hold dental rates at a zero % increase for FY24. Benefit increase will be explored for future years to utilize excess fund balance.

Erin Orcutt motioned to approve Scenario D with a 3.8% composite increase for health and a zero% increase for dental.

Motion

Debra Blanchette seconded the motion. The motion passed by majority vote. Alex

Lessin of Truro and Nancy Cushing of Barnstable County voted no.

There was a request whether the group would ever consider a plus one rating for the group.

Noreen Mavro-Flanders said it could be revisited. In the past, the group has found that the plus one membership tended to be older members with higher costs.

Alex Lessin asked if the plans were compared to other municipal groups for comparison sake.

Noreen Mavro-Flanders said that costs on the Cape are higher than off Cape.

Joe Anderson said that he could work on putting something together for relative pricing. It is difficult to melt it down to a soundbite for employees. The benefits are very rich for CCMHG by comparison to other municipal plans.

Alex Lessin asked why the Master Health Plus increase is 5% and why the Scenario E or F were not considered. By the Steering Committee.

Joe Anderson said that Master Health Plus is closed to new enrollees, only has 21 subscribers and from a claims perspective is not adequately funded even though the premium is high. They are heavy utilizers and it is not tightly medically managed.

Bob Whritenour said that policies for minimum amounts for working capital and rate stabilization have been established. Working capital is 8-12% of claims. An additional 10% or equivalent can be used to use during times of market fluctuations for rate stabilization. Those together are \$30M. There was an additional \$16M that could be used to subsidize rates. If \$10M is used now, that leaves \$6M for next year. Negative claims experience could jeopardize future rates if all surplus is used at once.

Rich Bienvenue said that high deductible health plans are a huge benefit to employees and can help the bottom line for member units. The reason the fund balance has been so high in the past is because of the good experience of the investment pool. Those investment are for the longer term. If a larger amount of trust balance is used to subsidize rates, investments may have to be shorter term.

Abacus Good Health Gateway Dashboard Report:

Patty Joyce presented the dashboard report of the Diabetes Care Rewards program through December 31st, 2022. There are currently 233 members enrolled of the 721 eligible members based on diagnosis. There are 59% adherent in the program and receiving zero copays by connecting with their doctor and meeting program requirements. There are 94 members identified as high risk enrolled in the program and of those 47% are adherent. There were 552 medications obtained with \$14,203 in estimated waived copays and estimated rebates back to CCMHG of \$68,301.41 Outreach is ongoing with both inbound and outbound calls, as well as a texting platform that has been working well. There have been registration incentives and quarterly flyers to reach non-registered members, plus webinars to keep members informed. There have been 13 new members enrolled in the last quarter.

PBIRx Report:

Bob Kademian, RPh from PBIRx provided reporting through November. He said that the combined estimated per member per month prescription drug costs, including Rx rebates, were \$111.75 last year and \$125.39 this year.

The increase was 12.21%. Traditional drug costs were up .36%, while specialty med costs were up 16.11%. Blue Cross Rx costs were up 11.00% net of rebates, and Harvard Pilgrim costs were up 16.93% versus last year. Increased utilization of specialty drugs is what is driving costs. Bio-similars will be coming out in 2023 for some of the highest-cost specialty drugs, so it will be interesting to see how those impact cost.

Health Plan/Vendor Reports:

Harvard Pilgrim – Lauren McCallum said as of 07/01/2023 behavioral health will be moved in house to the behavioral health network that Tufts currently uses, The differences between the prior Optum network and the Tufts network is small and work is being done to bring them on par. There will be a 90 days transition period for providers that will not be in network while the network is being expanded. The state of Connecticut is also part of the HMO network now. As of 01/01/2024, HPHC is withdrawing from Conn. There is only one member on the HMO plan currently and the member town will be contacted to let them know. Out of area students can now register as an out of area dependent if they are in Connecticut. Ms. McCallum also reminded everyone that members have until 03/31/2023 to submit for fitness reimbursements for 2022. Lastly, if groups would like an HSA presentation, please reach out to herself or Julie Scansaroli from Blue Cross and they can come out.

Blue Cross – Caroline Burnham said that the PBM changed on 01/01/2023 to CVS Caremark and transition was successful. Any members that need ID cards, please reach out to member services. She also mentioned the 03/31/2023 deadline for Fitness and Weight loss reimbursement. The Pillar Rx copay assistance program was begun as of 10/01/2022. So far. 41 members are enrolled and the group has saved \$78,000 by implementing the program.

CanaRx- Jim Riley said that annual savings for 2022 were \$462,297.02. The annual estimated savings per member are \$459.00 per enrolled member. A targeted quarterly postcard campaign has been having more effect at connecting with members. Reports can now break down current and potential members by group. Promotions can be tailored for groups that may benefit. The potential is there for an additional \$2M in savings.

Delta Dental – Nina Conroy said that the new benefit materials will include the increase to \$1,500 for the benefit maximum and the rollover limit will increase as well

Other Business:

Erin Orcutt and Noreen Mavro-Flanders decided that the Board meetings will be held in person going forward. Until further notice. The next meeting will be held on April 26, 2023.

There was no other business

Erin Orcutt motioned to adjourn.

Motion

Laurie Barr seconded the motion. The motion passed by unanimous vote.

The Board Chair, Noreen Mavro-Flanders adjourned the meeting at 12:20 PM.

*Minutes prepared by Karen Quinlivan
Gallagher Benefit Services, Inc.*