



MINUTES OF THE CAPE COD MUNICIPAL HEALTH GROUP

Steering Committee Meeting
Wednesday, January 31, 2024, 9:00 AM

Mary Pat Flynn Conference Room
3195 Main St Barnstable MA 02630

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on January 31st, 2024 at 9:00 A.M. at the Mary Pat Flynn Conference Room 3195 Main St, Barnstable MA 02630,

Steering Committee members present:

Erin Orcutt, Steering Committee Chair
Robert Whritenour, Board Chair
Noreen Mavro-Flanders
Debra Blanchette
Susan Wallen
Laurie Barr
David Flynn
Michael Macmillan
TK Menesale
Megan Downey

Cape Cod Regional Tech
Town of Yarmouth
Dukes County
Town of Barnstable
Nauset RSD
Town of Eastham
Dennis Yarmouth RSD
Monomoy RSD
Hyannis Fire
Town of Chatham

Guests Present:

Rich Bienvenue, CPA
Deanna Desroches
Caroline Burnham
Lauren McCallum
Sarah McCormick
Joseph Anderson
Karen Quinlivan
Craig Mayer
Pat Murphy

CCMHG Treasurer
CCMHG Wellness consultant (Mainland)
Blue Cross Blue Shield of MA (BCBSMA)
Harvard Pilgrim Health Care
Delta Dental of MA
Gallagher Benefit Services Inc. (GBS)
Gallagher Benefit Services Inc. (GBS)
Town of Mashpee
Cape Cod Collaborative

Erin Orcutt, Steering Committee Chair called the meeting to order at 9:04 A.M.

Ms. Orcutt asked for a roll call of Steering Committee members present. The following voting members were present:

Erin Orcutt, Steering Committee Chair	Cape Cod Regional Tech
Robert Whritenour, Board Chair	Town of Yarmouth
Noreen Mavro-Flanders	Dukes County
Deb Watson	Town of Barnstable
Susan Wallen	Nauset RSD
Laurie Barr	Town of Eastham
Michael Macmillan	Monomoy RSD
David Flynn	Dennis Yarmouth RSD
TK Menesale	Hyannis Fire
Megan Downey	Town of Chatham

Approval of Minutes of the December 6, 2023 Steering Committee Meeting:

Noreen Mavro-Flanders motioned to approve the minutes of December 6, 2023 with correction for spelling of Sarah McCormick’s name.

Motion

Bob Whritenour seconded the motion. There was a roll call vote.

Erin Orcutt, Steering Committee Chair	yes
Noreen Mavro-Flanders, Board Chair	yes
Bob Whritenour	yes
Deb Watson	yes
Susan Wallen	yes
Laurie Barr	yes
Michael Macmillan	yes
David Flynn	yes
TK Menesale	yes

The motion passed by unanimous vote

2023 Audit Report:

Tony Roselli from auditor Roselli and Clark presented a summary of the FY23 audit. Cash and investments increased by \$4 million. There was \$2 million in cash and \$2 million in investments. This is due to the better operating result of the fiscal year. There is close to \$60 million combined cash and investments. The group remains in a healthy position. There are \$1.8 million in receivables, which is slightly lower than the prior year. IBNR is estimated at \$15.4 million. Last year it was \$10.2 million. More claims were processed and after year end. There is a net position of \$52.5 million of cash and other assets minus liabilities. This is an increase of \$2.4 million from the prior year. Contributions vs. expenses were relatively even. There was almost \$2.5 million earned on investments. Funds balance is at around 32% of net claims. Overall a very good year. The final step will be the audit draft letter for signature. That will finalize the audit.



Treasurers Report:

Rich Bienvenue provided an overview of the financial position as of November 30, 2023 (unaudited figures). The retained earnings as of November 30 were \$ 43,977,223.94. The Dental Fund was \$ 8,545,063.22. Those two amounts added together represent the \$52 million that Tony Roselli referenced in his report. The IBNR adjustment was higher not lower this previous year. Long and short of it, it was a break-even year with the exception of the Investment Fund which is continuing to drive performance. Fund balance as of November 30 shows an erosion of \$1.2 million but the income statement has a gross profit due to the investment fund offsetting expenses. There was a transfer of \$10 million of excess cash transferred to a money market account to take advantage of higher interest rates. Cash flow is a more important issue because of it and it is important for member units to pay on time.

Noreen Mavro-Flanders said that Harvard Pilgrim claims were overstated and we know why but the group needs to think about what to use for rate subsidy. It shouldn't be too much.

Bob Whritenour said that in FY23 and FY24 they had a solid chunk of fund balance proposed to subsidize rates but what really happened was that it was not realized for use.

Joe Anderson said that last year the calculation was 11% and bringing the rate down to 4% was scheduled to use around \$10 million.

GBS Reports:

Joseph Anderson reviewed the FY24 Funding Rate Analysis (FRA) report with data through December 31, 2023 (paid claims basis). The composite expense-to-funding ratio was 100.9%. The estimated Funding deficit was \$738,254. Harvard Pilgrim has those claims numbers that came through this year for those encounters that actually incurred in the prior fiscal year. Dental is running at 89.4% with an expense-to-funding surplus of \$349,319.

Bob Whritenour asked why the HPHC high deductible plans are running so much better than the traditional plans.

Joe Anderson said there is lower enrollment and positive selection. A single large claimant could destroy those numbers. Large claimants are beginning to pop up in those plans because people are selecting based on price not because they are healthy.

Michael MacMillan asked about the better performance of Network Blue.

Joe Anderson said that drug rebates have been applied to Network Blue because there is no way of knowing which group to attribute them to and Network Blue has the highest claims total. Going forward on the financial report the plan is to split it between Network Blue and Blue Care Elect to spread the net effect and not impact performance rates. It never reared its head before until the rebates became so large.

Karen Quinlivan reviewed the stop loss for the FY23 policy period through December 2023. There were 14 claimants with total claims in excess of the \$400K specific deductible of \$1,995,783.38. Total reimbursements of \$1,129,629.18 have been received to date, with an outstanding amount due of \$866,154.20. She said there are 49 claimants on the 50% Report with claims totaling \$13,105,896.40. For the FY24 period through December there were 3 members in excess of the specific deductible with claims of \$ 363,067.12. There have been no reimbursements received yet. There were 10 claimants at 50% with updated paid claims of \$2,587,889.34.

FY25 Active Renewal Proposals:

Joe Anderson reviewed the rating calculations. Blue Cross proposed a 2.5% administrative fee increase and Harvard Pilgrim 1.50%. GBS fees increased by 2%. Delta Dental has not increased 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. Minuteman Nashoba Health Group has made a decision to dissolve. There will not be a material impact to the MMRA as it will continue with 85% of the current population.

As a rating example, Blue Care Elect was looked at first. For the twelve trailing months, claims had an average cost per contract of \$1,627.32. For the most recent twelve months it was \$ 1,904.60 or an increase of 17% including stop loss reimbursements. Rx rebates of \$2.9 Million were applied to the Blue Cross numbers for 2023. On the GBS calculation. Those rebates are received on a 6 month lag. A medical trend of 9% was applied and GBS anticipated claims per month were \$1,376.42. Blue Cross had anticipated claims of \$1,384.38. The difference of note is that Blue Cross did not look at Rx rebates. GBS came up with a 17.9% increase on deductible plans vs. Blue Cross 18.5%. For the high deductible plans, GBS had 20.4% vs. Blue Cross 21.1%.

The same exercise for Network Blue had GBS come in at 7.5% and Blue Cross 26.5%. That is an extreme differential. The factors that play into that is the trend that BCBS is applying Rx trend of 13.22%. All of the spend in RX that GBS is backing out due to rebates, they are trending at a high rate. Last year they used 32 months to trend. It is difficult to place a high degree of confidence on the rate.

The same calculations were looked at the Harvard Pilgrim. Harvard Pilgrim did not factor in Rx rebates either.

Bob Whritenour said that there does not appear to be sensitivity analysis and there can't be just math.

Joe Anderson said the math together with the marketplace nuances, allows the group to have discussion to come up with a solution that works best.

Current funding was reviewed at \$149 million on November 2023 enrollments.

Three FY24 possible funding scenarios were illustrated for health plans:

Scenario A-1: the lower of two projections: a 13.6% composite increase in funding or \$170M.

The GIC calculated at 9.6%. They had a range of between 8 and 11%. CCMHG is performing better than envisioned given that the plan was to use \$10 million of fund balance last year and only \$3 was used. The calculation of 13.6% is mainly driven by Rx trend going up over 50% in one year and underwriters are concerned and accounting for it. Weight loss drugs, gene therapy drugs and those for Hemophilia and Sickle Cell are examples. There is also higher trend in non COVID related claims such as the lowering of colonoscopy age limits that are good but increasing claims.

Bob Whritenour said that the math does not reflect the actual experience of the group. The marketplace has become so complicated with the vagaries and rebates and Rx trends, the methodology has not panned out realistically. Comparing the HMO and the PPO, the estimation is that the PPO will go up 10% more than the PPO. Why would you increase the plans based on an even percentage in scenarios.

Scenario 10: A composite increase of 10% with \$164,995,010 in funding and \$5,451,918 trust impact.

Scenario 11: A composite increase of 11% with \$166,494,965 in funding and a \$3,951,964 trust impact.

Scenario 12: A composite 12% increase on all plans with \$167,994,920 in funding and a \$ 2,452,009 impact.

Additional scenarios can be illustrated at the Steering Committee request.

Rich Bienvenue estimated that if \$10 million were used, fund balance would come down to 20% from 28%.

Last year the fund balance was pretty much the same and the group was willing to risk \$10 million.



Joe Anderson said what he worries about is spring loading next year's calculation. The GIC has many more members without the local dynamic and they are seeing things in the marketplace.

The consensus was that the group would probably end up in the 8-9% ball park.

The request was to run additional scenarios at 8%, 8.5% and 9 % increases with a higher rate for Master Health Plus.

Dental rates were looked at next. GBS calculations come in at a 2.9% increase and Delta comes up at 1.3%. With the substantial fund balance on hand the consensus is to leave the rates the same and look at possible plan enhancements to spend down the excess fund balance.

Sarah McCormick said that dental is not as dramatic as health but a lot of the same issues are happening on the dental side. Many dentists are strapped for cash. Hygienists are decreasing in the workforce. Providers are trying to pay them more but are trying to keep up with expenses. In an effort to control what they charge patients with process going up, they are dropping out of dental networks. This is an industry issue. Almost 17% of dentists in the country have left networks and the age of dentists is continually dropping. Retirement is happening earlier. It is a transitional phase. There has been meetings at Delta Dental and it was mentioned that special attention needs to be paid to the Cape. The company president will be coming down to the Cape for face to face meetings with the providers. Analysis of providers that have left, almost 50% have come back over the last 5 years due to pressure from patients. On the Cape, 34 provider locations have left and 9 have returned. That may be due to the pandemic waning and members returning for care. The network is being paid attention to as well in an effort to entice providers to join. There are 92 provider locations that are active and accepting new patients. The sheet on how to submit an out of network claim has been developed and distributed. Enhancements are items that the group does have control over. A list of possible enhancements was reviewed. Removal of clinical review for a crown, an implant rider covered as a type 3 major restorative service regardless of adjacent teeth and removing clinical review, white fillings rider for front and back teeth, type 1 services not detracting from the annual maximum, adult fluoride coverage, TMJ, rider for mouth guards as a type 3 restorative service, Switching from the PPO network at this point would be one more thing to communicate to members and some discounts would be lost. A cost analysis was done for removing balance billing for out of network charges. The cost impacts of all enhancement was listed for the group to consider in terms of cost.

Noreen Mavro-Flanders asked if there was consideration for increasing the reimbursements to the dentists.

Ms. McCormick said that is under review but is not aware of any details.

Ms. Mavro-Flanders asked if incentives will be offered for dentists to come back.

Ms. McCormick said she was not privy to any details.

Bob Whritenout asked how the group puts itself in the position of implementing these.

A cost associated with each item will be provided for the next meeting.

Right Start for Kids was also a benefit that was mentioned in that coverage for kids 12 and under at 100% can be added. That will be added to the list.

Next meetings:

It was discussed whether a new location could be established for hybrid meetings at Cape Cod 5 in Hyannis. Cape Light compact has meetings on the same day as current so a different day would be required. Michael McMillan asked if the stand alone Steering Committee meetings could be virtual.

Dates were set for March 20, (virtual), April 24th (in-person), May 22nd (virtual), June 20th (virtual), July 24th (in-person), and September 25th (in-person on the Vineyard).



Wellness Reports:

Deanna Desroches said that quarterly newsletter was released on January 1st. The End of Life financial planning seminar on December 12th was well received. The Financial Wellness workshop at Cape Cod 5 began on January 9th with 18 members talking about budgeting, credit card debt etc. Walking programs are in formation for the spring. Many pilot programs are in the works for Dance, Zumba, and Learn to Fly Fish. The Wellness portal has 6,885 members registered and 103 actively using the platform. Monthly challenges are seeing many new people sign up. Athletic programs include Pilates, cardio dance, and Pickleball. Nutrition programs are focusing on improving hydration, BMI, blood pressure etc. Stress reduction is also a focus with Stretch and Strengthen and Yoga. The monthly Brain Boosts are starting to catch on. There are 20 registered for the February Workshop. Each month on the third Tuesday there are half hour webinars on various subjects for Benefit Administrators.

Kathy Logue summarized the Vineyard report. The school participation is increasing tremendously and virtual programs are flourishing.

PBIRx:

Bob Kademian, RPh was unable to attend but his report was in the packet.

Carrier and vendor updates:

HPHC- Lauren McCallum said that HPHC as of January 1st changed the Fitness reimbursement to a Wellness reimbursement for the fully insured population. It includes school and town athletic fees, My Fitness Pal, mindfulness, healthy eating programs etc. It is up to the group if they want to expand and follow. Currently the group reimburses on person for \$150. It could be expanded to two for \$300 as well.

Fertility benefits could also be added. It supports fertility benefits for single parents, same sex couples for support getting fertility services.

BCBS- Caroline Burnham said that BCBS Pillar Rx has savings through October 31st of \$797,689.29. In 2022 the group saved \$189,000 so in total the group has saved. \$982,573.00. On 07/01 there is an additional program called Sempre that is a patient reminder program for chronic conditions that allows them to save costs on medications by refilling prescriptions on time. It is a no cost program for the group. They are also enhancing Wellness in that additional items are being added to the list of items available for reimbursement such as bicycles, helmets, athletic shoes and school athletic fees. One or all can be added.

Other Business:

There was no other business.

T K Menesale motioned to adjourn

Michael MacMillan seconded the motion

Erin Orcutt, Board Chair adjourned the meeting by unanimous consent at 11:52 AM.

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