

MINUTES OF THE CAPE COD MUNICIPAL HEALTH GROUP

Steering Committee Meeting
Wednesday, February 1, 2023, 9:00 AM

Barnstable County Offices
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 February 1, 2023 at 9:00 AM at the Barnstable County offices at 3195 Main St Barnstable, MA 02630.

Steering Committee members present:

Erin Orcutt, Steering Committee Chair
Noreen Mavro Flanders, Board Chair
Robert Whritenour
Debra Blanchette
Laurie Barr
Susan Wallen
Michael MacMillan
David Flynn
TK Menesale
Beth Deck

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

Guests Present:

Rich Bienvenue, CPA
Deanna Desroches
Triva Emery
Kathy Logue
Caroline Burnham
Julie Scansaroli
Lauren McCallum
Fred Winer
Bob Kademian, RPh
Nina Conroy
Jim Riley
Joseph Anderson
Marianna Gil
Karen Quinlivan

CCMHG Treasurer
CCMHG Wellness Consultant (Mainland)
CCMHG Wellness Consultant (Vineyard)
Town of West Tisbury
Blue Cross Blue Shield of MA (BCBSMA)
Blue Cross Blue Shield of MA (BCBSMA)
Harvard Pilgrim Health Care
Tufts Health Plan
PBIRx
Delta Dental of Mass
CanaRx
Gallagher Benefit Services, Inc. (GBS)
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Erin Orcutt, Steering Committee Chair, called the meeting to order at 9:33 AM.

Approval of Minutes of the December 14th, 2022 Steering Committee Meeting:

Noreen Mavro-Flanders motioned to approve the minutes of December 14th, 2022 with minor spelling corrections.

Motion

Bob Whritenour seconded the motion.

The motion passed by unanimous vote.

Treasurer's Report:

Treasurer Richard Bienvenue, CPA introduced Tony Roselli to go over the FY22 audit reports.

Mr. Roselli said the audit through June of 2022 is complete. IBNR for FY22 was \$10.3M and it was \$10M last year. Net position was \$50.3M and last year it was \$66M. It is about 30% of claims which is more in line where the insurance collaboratives seem to be trending. Last year the rates were kept stable and the group had a premium holiday which brought the fund balance down. There are net assets of \$64M made mostly of cash and investments. The largest liability is claims of \$10.1M. The ending net position after all liabilities is \$50.3M. The premium holiday used \$8M of fund balance plus the anticipated increased claims coming out of the pandemic had a \$15M total overall effect. There was also volatility in the market so the Investments suffered a hit through June. The audit is in draft so once signatures are received on the Rep letter and approval from the Steering Committee, it will move to final.

Erin Orcutt motioned to accept the FY22 audit report.

Motion

Michael MacMillan seconded the motion.

The motion passed by unanimous vote.

Mr. Bienvenue reviewed the financial reports of December 31st, 2022 (unaudited figures). Mr. Bienvenue provided a brief overview of the financial position. 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.

Bob Whritenour said that at the rate setting last year the goal was to use a pretty big chunk of fund balance to subsidize rates. We did not use the subsidy that we planned due to lower claims experience, however, we are only six months into the plan year.

Rich Bienvenue agreed that the first six months tend to be lighter and inflation takes effect and makes the second six months more costly so it is essentially a break even. You don't know what high cost claims will come in by the end of the year either.

Erin Orcutt asked how much was set aside last year for use.

The premium holiday used \$13.5M and the difference between the 7% trend and the 2.8% increase ended up using \$15.5M. That's why there was a big change in fund balance.

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. Dental expense-to-funding ratio was 82.5%, with a surplus of \$560,212. The first six months look relatively calm but we will see where we end up. Last year the renewal calculation was at 10.5% and Carol recommended 6% and the group settled on 2.8%. That represented an anticipated \$12M draw down of the trust. In reality, there has not been the draw down and that is good in that you are starting from a position of strength. .

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. Total reimbursements of \$2,965,321 have been received to date with an outstanding amount due of \$217,142. She said there are 43 claimants on the 50% Report with claims totaling \$12,190,452. For the FY23 period through December, there are 11 members on the 50% report with an updated total paid claims of \$3,114,527

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.

Michael MacMillan asked if the prediction is based purely on historical data.

Joe Anderson said that you make assumptions about what is coming with trend and apply that to historical data. Other elements are stop loss reimbursements and timing insofar as they are pricing based on incurred and paid through the end of November and we just do paid claims.

There was further discussion regarding medical inflation and how it is reflective of the unique situation of the Cape with a higher pricing index.

GBS proposed a rate increase of 19.2% and Blue Cross an increase of 9.4% for Blue Care Elect.

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-1: the lower of two projections: a 9.5% composite increase in funding or \$13M;

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

Scenario B: health plan projections w HPHC PPO 8% higher: a 13.3 % composite increase in funding or \$18M;

Scenario C: a 5% increase on all plans: a 5% composite increase in funding or \$7.2M

Michael MacMillan asked if the highest of projections was considered.

Joe Anderson said he did not because it would not be reflective of the reality of the marketplace. MIIA had an average increase of 5.6% across their block. The GIC is coming in at 6.7%. These are data points to take for consideration.

There was discussion regarding the power band. Working capital needs to be 8-12% of claims to meet monthly obligations. Discretion can be used to determine how much above that the group wants to keep for rate stabilization. It depends on how aggressive the Board is.

Joe Anderson said that the understanding has to be there that experience can change very quickly and erosion of the balance down to the power band too aggressively can negate the ability for stabilization. Over the last 10 years since the groups changed benefit designs, the average increase has been about 5.2%. When negative experience pops it usually pops big. Years ago there was a negative fund balance and the increase had to be large in the range of 20%. CCMHG is in a position that many in the state are not in. Many are looking at dwindling fund balances and managing monthly claims and it is not comfortable.

Further discussion raised the topic of HSA plans compared to the other plans and should their rate increases be lower in proportion to others to increase participation. It was requested that additional scenarios be provided with rate illustrations of 4%, 3.5% and 3% with Master Health Plus at 5% and the HSA's at 20% lower.

Michael MacMillan asked Rich Bienvenue to put together a high level projection for using fund balance on a multi-year basis.

Bob Whritenour said that the fund balance is large. The rate stabilization policy could be set to be sustainable at stepping down rate subsidy to maintain sufficient fund balance.

Dental rates are recommended to stay the same with the annual benefit max being raised to \$1500.

PBIRx Report:

Bob Kademian, RPh from PBIRx provided reporting through the month of November. He said 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% net of rebates, and Harvard Pilgrim costs were up 16.93% versus last year. Increased utilization of specialty drugs is what is driving up costs. Top specialty drugs through October 23rd are running a little lower than last year. October was the first month that Pillar Rx was impacting costs. They announced that three drugs for PillarRx are being taken off the program on January 1st, 2023. Humira, Skyrizi, and Rinvoq have been removed. Bio-similars will be coming in the upcoming year for that program. It will result in approximately \$150,000 in lost savings for the group in that program. The good news is that only 43 members are taking Humira, one taking Rinvoq, and only 7 taking Skyrizi. There is a Biosimilar drug for Humira hitting the market which will be about 10% less. More will come later in the year. It will be interesting to see how they impact costs.

Wellness Reports:

Mainland Wellness Report – Deanna Desroches said that the monthly newsletter was distributed. The six-week Financial Wellness Series: Financial Health in 2023 will begin on January 10th and run every other week with 23 registered. Saturday morning walks in March will take place in Yarmouth on the rail trail. The Hiking series will be offered again on Sunday mornings in the spring. Self-defense for women was an enormous success. The January class filled with 20 members and 20 were on a wait list. The February class did the same so it will continue as long as it fills. The two cardio dance classes offered filled with a wait list. Both incorporate dance into a great workout. There are 795 members registered on the portal. There have already been 125 health assessments done. The February Challenge will be Yoga and March will be happiness. Athletic programs this spring include Yoga, Pickleball, Tennis and a pound class. Benefit fairs have been scheduled in Nauset, Mashpee, Falmouth and Barnstable. The first Learn to Cook “Healthier Comfort Foods” series began on January 18th with 12 members. Stress Reduction clinics at the Compact on the third Wednesday of each month are as follows: , Chakra work in January, self-healing techniques in February, Yin Yoga for Healing in March, and Sound Bath in April. All workshops are full with 32 members and have waitlists. Finding Inner Happiness began January 12th with 13 members.

Vineyard Wellness Report - Triva Emery was unable to attend the meeting, but a copy of her report was in the meeting packet for review.

Health Dental and Vision Reports:

Harvard Pilgrim – Lauren McCallum said they are available for health fairs and if any groups would like information sessions on HSA's just let her know and they can set something up. Education is the key. Currently Harvard Pilgrim outsources Behavioral Health. They will be in sourcing behavioral health as of July 1st, using Tufts network. At this point, there is 93% match on providers so they are working on expanding that so there will be minimal disruption. As of 01/01/2024, Connecticut will no longer be part of the HPHC network. There is a list of contiguous towns and zip codes that will have access to the HMO plan, otherwise, they will have to be on a PPO Plan. Analysis shows there were only two members that this would impact. Outreach will probably be done to the member units impacted for education.

Blue Cross – Caroline Burnham said that the PBM transition was a success. Several members did not receive ID cards but that was resolved. Members have until March 31st to submit for reimbursement for Fitness for 2022. They are also available for HSA education.

Tufts- Fred Winer said that the transition to Optum ran very smoothly for the PBM. He also mentioned that the Tufts Behavioral Health network is very strong so he hopes that the move will flow smoothly.

CanaRx – Jim Riley said that annual savings through December were \$462,297. The calculated average savings per employee was \$459.00. A quarterly postcard campaign just kicked off with marketing partners and should be different each quarter. Informational packets are also being put together for Benefits Administrators with member FAQs, plan FAQs, and Plan-holder FAQs and marketing options. Electronic enrollment will also be an option. Potential savings with CanaRx is still over \$2.7M.

Other Business:

Joe Anderson said that the affordable plan option that had previously been discussed would be made available for member units that wanted to offer a low cost plan to comply with ACA requirements and avoid a penalty. The plan is to revisit the decrement and get plans from the carriers of their stripped down credible plans for a safe harbor.

The next Steering Committee meeting is scheduled for 9:00 AM February 8th prior to the Board Meeting.

The CCMHG Board Meetings were set for February 8, 2023, April 26, 2023, July 26, 2023, and October 25, 2023 at 10:00 AM. The location will be at Barnstable County Offices, The Mary Pat Flynn Conference Room 3195 Main St Barnstable, MA 02630.

There was no other business.

Noreen Mavro- Flanders motioned to adjourn the meeting.

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

Motion

Chair, Erin Orcutt, adjourned the meeting at 11:45 AM.

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