

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

Steering Committee Meeting
Wednesday, January 23, 2019 at 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 23, 2019 at 9:00 AM at Sandwich Town Hall, Sandwich, MA.

The following people attended:

Steering Committee Members Present:

Skip Finnell, Committee Chair
Noreen Mavro-Flanders, Board Chair
Christopher Clark
John Kelly
Denise Coleman
Susan Wallen
Marie Buckner
Erin Orcutt
Debra Blanchette
Deb Heemsoth

Dennis Yarmouth RSD
County of Dukes County
Town of Harwich
Town of Orleans
Town of Falmouth
Nauset RSD
Town of Sandwich
Cape Cod Regional THS
Town of Barnstable
Town of Dennis

Guests Present:

Richard Bienvenue
Deanna Desroches
David Sirowich
Patty Joyce
Jody Hoffman
Trisha Maloney
Jeff Morassi
Bill Hickey
Garbrielle Pitcher
Bill Rowbottom
Nina Conroy
Carol Cormier
Karen Carpenter
Chris Nunnally

CCMHG Treasurer
CCMHG Wellness Coordinator, Mainland
PBIRx
Abacus Health Solutions
Town of Provincetown
Dennis-Yarmouth RSD
MA Teachers Association
Harvard Pilgrim Health Care (HPHC)
Blue Cross Blue Shield of MA (BCBS)
Blue Cross Blue Shield of MA (BCBS)
Delta Dental of MA
Gallagher Benefits Services (GBS)
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Steering Committee Chair Skip Finnell called the meeting to order at 9:05 AM.

Approval of minutes of the December 19, 2018 meeting:

Deb Blanchette noted two typos on page 3.

Motion

Marie Buckner moved approval of the December 19th Steering Committee meeting minutes as corrected.

Deb Blanchette seconded the motion. The motion passed by majority vote. Skip Finnell and John Kelly abstained.

Skip Finnell asked Carol Cormier about status of the contract since Group Benefits Strategies was sold to A. J. Gallagher & Co.

Carol Cormier said Gallagher will honor all of the contract contents and said she would get a letter stating this.

Chris Clark joined the meeting at this time.

Treasurer's Report:

Treasurer Rich Bienvenue, CPA said the CCMHG financials continue to be very good. He said the health trust fund balance has increased \$12.4 million since the beginning of the fiscal year and said the overall fund balance was \$40.5 million. He said that amount is 27% of the claims of most recent 12 months. He noted that the Fund Balance Policy aims to keep the Fund Balance between 8-12%. He said there is about \$6.8 million of the Fund Balance that was the result of the Retiree Drug Subsidy (RDS) program which ended after 2015. He said \$5.5 million of the RDS has been given back to employers over the years. Mr. Bienvenue said the Dental Fund Balance is \$3.8 million.

Chris Clark motioned to accept the Treasurer's report.

Motion

Denise Coleman seconded the motion. The motion passed by unanimous vote.

There was a discussion about the Fund Balance and the impact on it of the withdrawal of Town of Sandwich on June 30, 2019. Mr. Bienvenue said that Sandwich will be entitled to receive its proportionate share of the increase in the fund balance in its last year of participation. He said it appears that might be 8-8.5% of the growth. He said if the \$12.4 million Fund Balance increase holds, Sandwich could get approximately \$1 million.

Pharmacy Benefit Intelligence (PBIRx) presentation – David Sirowich, PBIRx

David Sirowich said he signed all the confidentiality agreements with the Rx vendors. He said PBIRx sent the Request for Proposals (RFP) to seven Pharmacy Benefits Managers (PBMs) and that one, CVS/Caremark declined to submit a proposal. He said CCMHG received competitive bids from MaxorPlus, Blue Cross, and ExpressScripts.

Mr. Sirowich reviewed the analysis of the PBM proposals. He said the data on Town of Sandwich was removed from the data that were analyzed since the town will not participate in CCMHG after 6/30/2019. The analysis reviewed 10/1/17 - 9/30/18 data and then trended that through 7/1/2019 – 6/30/2020. It included Total Plan Cost, Dollar Savings Compared to Current, Percent Savings from Current. He said the Total Plan Cost includes Cost plus Dispensing Fee less Member Copays less Rebates plus Administrative Fees. He said Carveout Fees were not included in the above calculations.

Mr. Sirowich said that for the first six months, July – December, the PBMs would replicate the current formularies under BCBS and HPHC. After the six months, i.e. on January 1, 2020 the formularies would move to the formulary of the selected PBM. He reviewed a Formulary Disruption Analysis and said that more prescriptions will move to a lower copay cost tier than to a higher tier with Express Scripts, MaxorPlus, and ProAct proposals and more members would be favorably impacted than under current formularies. Dave Sirowich then reviewed the Vendor Highlights exhibit.

Noreen Mavro Flanders and Susan Wallen joined the meeting at this time.

There were questions about prescription drugs that might be excluded from a PBM's formulary

Dave Sirowich said that usually there are alternative prescriptions to the excluded ones. He said if a member can't use an alternative, there is an appeals process. He also said that CCMHG can decide if it wants to offer certain drugs and that the CCMHG could grandfather current plan members and go forward with exclusions for new employees/new enrollees only.

Dave Sirowich said that CCMHG can ask the vendors for guarantees of certain Rx discounts. He said MaxorPlus was the only company that would guarantee trend.

Mr. Sirowich said that the Carveout approach offers more opportunities to better manage the formulary and mentioned Step Therapy as one approach. He acknowledged that managing the formulary requires more work. He said PBIRx can do this work and referred to a list of PBIRx services on page 11 of the analysis handout..

Mr. Sirowich talked about Patient Assistance programs and he referred to the Top 10 Clinical Savings Opportunities in his handout.

There was a discussion about Rebate payment timing and claims payment options.

Dave Sirowich noted that MaxorPlus can intergrate with CanaRx and direct members with eligible prescriptions to CanaRx for information.

Chris Nunnally suggested having presentations from certain PBMs.

The Steering Committee agreed not to intrview ProAct because of formulary disruption issues.

Skip Finnell asked if PBIRx has a relationship with any of the PBMs that would create favorable circumstances for PBIRx.

Mr. Sirowich said that there are no such relationships.

The next step, according to Mr. Sirowich, will be to seek Best and Final pricing proposals from the vendors. He said he can get this information within the next two weeks.

Skip Finnell set a Steering Committee meeting for February 8th at 9 AM at Sandwich Town Hall if available. The purpose of the meeting will be to review PBIRx's analysis of the Best and Final offers and review the information in more depth if needed.

Chris Clark motioned to ask the Board if it wants to authorize the Steering Committee to move forward with the vendor with the best offer.

Motion

Erin Orcutt said she is not comfortable with the Steering Committee making this decision and feels she does not have enough information to make a decision.

There was a discussion.

Chris Clark withdrew his motion and made a new motion.

Motion withdrawn

Chris Clark moved at the January 30th Board meeting to give an update to the Board of the continued discussion and findings to date on Rx Carveout programs and to come back to the Board with a recommendation at the April Board meeting or sooner at a special meeting.

Motion

Erin Orcutt seconded the motion. The motion passed by majority vote with John Kelly opposed and Marie Buckner not voting.

Skip Finnell asked David Sirowich to attend the Jan, 30th Board meeting to answer questions.

Mr. Sirowich said he would attend.

Wellness Program Report:

Deanna Desroches, Cape Cod Wellness Coordinator, distributed her report and reviewed it. She said the remote access programs have been well received.

Skip Finnell said that Carol Cormier sent him and Noreen Flanders a draft copy of a Wellness Benefit Guide that the Berkshire Health Group (BHG) Wellness Coordinator prepared. He said it seems to be what CCMHG has been talking about putting together and that he would like to have the CCMHG Wellness Coordinators review it and see if they can prepare a similar Guide.

Ms. Cormier said she would send the draft BHG guide to the Wellness Coordinators.

GBS Reports:

Carol Cormier reviewed the Funding Rate Analysis report with data through December. She said the expense to funding ratio was 81.4% for health plans and 87.1% for dental. She said that there was more than a \$15.3 million surplus of funding (paid claims basis).

Carol Cormier reviewed the CanaRx Savings Report and said CCMHG saved over \$1.1 million in calendar year 2018.

Karen Carpenter reviewed the reinsurance reports for FY18 and FY19. She said only three members have exceeded the stop loss deductible in FY19. She said that 21 members exceeded the deductible in FY18 with total claims of \$10,122,183 and excess claims of \$3,822,183. She said that \$3,587,310 has been reimbursed to CCMHG and the group is owed an additional \$234,873.

Investment Committee Report:

Deb Blanchette, Investment Committee Chair, said that with Steering Committee's authorization the Investment Committee would like to move \$1 million per month from the liquidity account and into the Return Seeking Fund. She said the Committee would monitor this. Ms. Blanchette said that since claims are low there is sufficient cash to meet expenses.

Chris Clark motioned to support the Investment Committee's request as stated by Ms. Blanchette.

Motion

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

FY20 Rate Projections for active employee health plans and dental plans:

Carol Cormier reviewed the rate-setting packet. She said the health plan and dental plan carriers made claims projections, and GBS did independent claims projections. She said all projections were done based on two years of historical claims and enrollment data with Town of Sandwich data removed. She said that the carriers used incurred and paid claims and GBS used paid claims data.

Carol Cormier said that Harvard Pilgrim has agreed to no increase in its administrative fees for FY20. She said BCBS proposes a 2% fee increase and asked Gabrielle Pitcher if BCBS would agree to holding the FY20 fees at the current levels. Ms. Cormier mentioned that she had seen BCBS administrative fees for a City that is a GBS client and that the City's fees were considerably more favorable than the CCMHG's fees.

Ms. Pitcher said she would have Underwriting take a look at the fees again.

Carol Cormier said all claims projections were done based on the Low Deductible plans and then the actuarial action recommended by the carriers was applied to those rates to create the rates for the High Deductible Health Plans (HDHPs),

Ms. Cormier reviewed the process for GBS's projection calculations. She reviewed the 24 months of claims history for each plan, the projection calculations, and fixed costs that are included in the rates. She said she did not include claims factors for the Diabetes Rewards and CanaRx programs because the Committee chose not to include them in prior years. She compared the projected rates using the carrier claims projections to the GBS projections. She reviewed the calculations for the Dental plans.

Carol Cormier said she recommends holding all the rates at the current levels although some calculations resulted in decreases for some plans. She said that the CCMHG has ways other than reducing rates to return the fund balance excess to participating employers.

Rich Bienvenue went over a diagram with information about fund balance, RDS portion thereof, and projected funding. He said **the upper level** of the Fund Balance should be about \$18 million based on 12% of \$150 million in expected claims. He said that the CCMHG could do a one month or a ½ month premium holiday this year or next year. He said another option would be to return some of the \$6.8 million RDS money to the employers.

There was a discussion about returning the RDS.

Chris Clark said he leans towards level funding the rates and see how trend goes next year in order to decide about how and how much money to return to employers.

There was a discussion.

Chris Clark moved to recommend to the Board that it level fund the FY20 rates for active employee plans and dental plans.

Motion

John Kelly seconded the motion. The motion was approved by majority vote.

Noreen Mavro-Flanders moved **to recommend to the Board** that it return all of the RDS money, approximately \$6.8 million, to employers during FY19.

Motion

Susan Wallen seconded the motion.

There was a discussion.

The Ms. Mavro-Flanders' motion passed by unanimous vote.

Update on Dependent Eligibility Audit (DEA):

Carol Cormier said that this audit has not gone as smoothly as the audit conducted in 2011-2012 with the same auditing company, HMS. She said that there were more complicated data issues this time. She said that GBS has put a lot of time into this project. Ms. Cormier said originally the initial mailing to subscribers was supposed to have gone out on December 31st. She said she is waiting for confirmation that the letters will go out on January 30th.

Marketing Program Issues:

Carol Cormier said that GBS had a conference call with Gallagher’s marketing department and that at some point they may be able to help CCMHG. She said that with the model program guide that Berkshire Health Group has done, the CCMHG can probably move forward on its own with a helpful booklet for Benefits Administrators and employees for the FY20 open enrollment.

Other Business:

Bill Hickey, Harvard Pilgrim (HPHC), said that on January 1, 2020 HPHC will move from MedImpact as its Pharmacy Benefit Manager (PBM) to OptumRx. He said new cards will be issued in the 4th quarter of this calendar year. He said the Rx formulary will be very similar to the current one.

Nina Conroy, Delta Dental, said she will bring marketing materials for the PPO Plus Premier Plan to the next meeting.

There was no other business.

Erin Orcutt moved to adjourn the meeting.

Motion

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

Chair Skip Finnell adjourned the meeting at 12:05 PM.

*Minutes prepared by Carol Cormier
Gallagher Benefits Services*