

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

Steering Committee Meeting
Wednesday, January 22, 2020, 9:30 AM
Cape Light Compact
South Yarmouth, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Wednesday, January 22, 2020 at 9:30 AM at the Cape Light Compact , South Yarmouth, MA. The following people attended the meeting:

Steering Committee Members Present:

A. Francis (“Skip”) Finnell, Steering Committee Chair	Dennis-Yarmouth RSD
Noreen Mavro-Flanders, Board Chair	County of Dukes County
Debra Blanchette	Town of Barnstable
John Kelly	Town of Orleans
Denise Coleman	Town of Falmouth
Susan Wallen	Nauset Regional School District
Bob Whritenour	Town of Oak Bluffs
Deborah Heemsoth	Town of Dennis
Erin Orcutt	Cape Cod Regional Technical High School

Guests Present:

Rich Bienvenue, CPA	CCMHG Treasurer
Deanna Desroches	CCMHG Wellness Consultant, Mainland
Marie Buckner	Town of Sandwich
Bob Kademian	PBIRx
Garbrielle Pitcher	Blue Cross Blue Shield of MA (BCBSMA)
Julie Scansaroli	Blue Cross Blue Shield of MA (BSBSMA)
Bill Hickey	Harvard Pilgrim Health Care (HPHC)
Nina Conroy	Delta Dental Plan of Mass.
Carol Cormier	Gallagher Benefit Services, Inc. (GBS)
Karen Carpenter	Gallagher Benefit Services, Inc. (GBS)
Karen Quinlivan	Gallagher Benefits Services, Inc. (GBS)

Skip Finnell, Steering Committee Chair, called the meeting to order at 9:32 a.m.

Approval of the minutes of the October 23, 2019 Steering Committee meeting:

Noreen Mavro-Flanders moved to approve the minutes of the October 23, 2019 Steering Committee Meeting and the notes from the December 17, 2019 meeting.

Motion

Deborah Heemsoth seconded the motion. The motion passed by unanimous vote.

Carol Cormier introduced Karen Quinlivan to the group indicating that Karen Carpenter will be retiring in March, and Karen Quinlivan will be transitioning to her position. She said Karen has been with GBS for 10 years working in the enrollment and billing department.

Audit Report:

Treasurer Rich Bienvenue indicated that the auditor, Bill Fraher, would not be able to attend the Board meeting and therefore would not be able to present the FY19 audit report. Mr. Bienvenue agreed to review the draft audit report at the Board meeting. He said the Town of Sandwich which withdrew on June 30, 2019 is due a payout of its proportionate share of the fund balance increase from FY18 to FY19. The audited financials and the calculation of self-funded plan rate revenue were used as the basis for determining the amount. He said the back page chart indicates last year's actual vs estimated claims and expense were very close at approximately \$61,000. Due to a delay in MMRA calculations and discrepancies, a \$2.5 million adjustment was recently made based on runout and \$1 million on reinsurance receivables. In the prior year, the difference based on final estimates was close to an actual of \$170,000. The audit opinion after a total \$3 million adjustment is that the financials are materially correct. Nothing will change the financials for the year.

John Kelley raised the issue of the statement regarding significant deficiencies in the audit Management Letter with regards to internal control procedures and called for procurement of recommendations for internal controls to lean on the side of caution. Discussion indicated that the same statement has been in the management letter for the last 10 years and can be revisited again.

Rich Bienvenue indicated that in 2004 or so auditors took a look at risk differently. He said all bank statements go to Noreen Mavro-Flanders for review as well as all transactions are shown to the Steering Committee each month. There is a sub group of committee members that review the online accounting system and all have access.

Erin Orcutt said she was satisfied with mitigated risk but was more concerned with reconciliation of Cobra prepayments. Carol Cormier indicated that the system that GBS uses cannot accommodate what the auditor is looking for. Cobra payments go to a separate account and are recorded as a receipt, but people can prepay and invoices may not match. Prepayment is tracked on the GBS side, but the system is unable to report.

Discussion recommended Bill Fraher be at the next Steering Committee meeting to discuss the issues in the Management Letter. Mr. Bienvenue indicated the Representation Letter is normally signed and then sent out to the Board for acceptance.

Carol Cormier said that the Fund Balance information should be shared with the Board as rate setting decisions take the Fund Balance into account.

It was decided that the audit draft could be released to the Board and that Bill Fraher would be invited to the February Steering Committee meeting where the draft can then be finalized.

Mr. Bienvenue indicated that the fund balance won't change. The Joint Purchase Agreement indicates that the payout to the withdrawing unit has to happen within 60 days from the final audit acceptance once the Representation Letter is signed.

Treasurer's Report:

Rich Bienvenue said the amount due the Town of Sandwich was reviewed and determined to be \$854,193 based on income on the audited financials. Mr. Bievenue said that the town's proportionate share was calculated to be 8.71%.

There was discussion of discontent with MMRA reporting and whether those issues would impact the amount due Sandwich.

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Mr. Bienvenue indicated this was the first year that the MMRA reporting did not reconcile with CCMHG reporting.

Mr. Bienvenue said that the current Fund Balance is healthy. He said the policy's target is 8 to 12% of paid claims based on paid claims of the most recent 12 months. He spoke about a possible rate stabilization policy to have to avoid rate spikes. He said he could put aside a certain percentage, perhaps 5% of the fund balance, to be available for rate stabilization. Based on current financials, 5% equates to approximately \$7 million. That would still leave the group \$13 million over targeted levels.

There was discussion on the best way to approach establishing the amount to be put into the stabilization fund.

Skip Finnell said that the group would have to establish how it would access a rate stabilization fund.

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

Motion

Debra Blanchette seconded the motion. The motion passed by majority vote. Erin Orcutt abstained.

FY21 Rate projections and discussion:

Carol Cormier reviewed the Funding Rate Analysis for both health and dental plans with data through December. She said the composite health plans expense-to-funding ratio was 93.5% and dental was 85.2%.

Ms. Cormier then reviewed the rate projections exhibits. She said the rates include factors for carrier claims, administrative fees, reinsurance, and GBS fees. ACA and CanaRx.fees were not included. Last year they were \$2 million and this year are anticipated to be \$1.8 million. Claims for Sandwich were removed from the calculations.

Ms. Cormier reviewed the proposed health and dental plan administrative fee increases: BCBSMA 2.5%, HPHC 1.5%, and Delta Dental at 0% increase. She compared carrier and GBS projections, noting that GBS used trends that were similar to the health plan trends that they built into their projections. Ms. Cormier reviewed the projections for each health plan.

Four funding scenarios were illustrated for health plans:

Scenario A- the lower of two projections: a 2.8% composite increase in funding;

Scenario B- health plan projections: a 4.1% composite increase in funding;

Scenario C- GBS projections: a 5.7 % increase in funding; and

Scenario D- the higher of two projections: a 6.8% increase in funding.

Both Delta Dental and GBS projections were for a funding change of negative 6.0%.

There was discussion about dentists who pulled out of Delta due to the provider contract changes.

Ms. Conroy reported less than 1% of dentists pulled out of the network. It was decided this is something that bears watching.

Discussion of rates and premium holiday vs rate stabilization favored holding the health plan rates at current levels, i.e. 0% increase across the board.

Skip Finnell talked about possibly segregating funds and establishing separate investment goals for the rate stabilization fund. He said this could be looked at by the Investment Committee.

Finding ways to promote HSA enrollment was discussed without the need for plan design changes.

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Debra Blanchette made a motion to approve a 0% increase in medical and dental rates for FY21.

Motion

Susan Wallen seconded the motion. None opposed, one abstention, motion passed.

Vice Chair and Steering Committee vacancies:

Skip Finnell said that the vacancy on the Steering Committee is for the Committee Alternate and that Bob Whritenour will move from the alternate position to a regular member. He said that there is also the need for a Vice- Chair of the Board.

Deb Blanchette moved to recommend to the Board that Erin Orcutt be the Board Vice Chair.

Motion

Noreen Mavro-Flanders seconded the motion. None opposed, one abstention, motion passed.

Skip Finnell scheduled a Steering Committee meeting for January 29 at 9:30 a.m. prior to the Board meeting at 10:00 a.m. The Steering Committee would make a 0% recommendation based on corrected rate illustration pages a rate subsidy recommendation would be reviewed.

Wellness:

The Benefits Guide was very well received and is out to members.

Bob Whritenour indicated that an RFP and Ad is out for a wellness coordinator for Martha's Vineyard.

Noreen Mavro-Flanders said the Wellness Committee Strategic Plan will be in the packet for the January 28th Board meeting.

PBRIX:

Bob Kademian reviewed the current report on prescription drug costs and utilization for the period July 2019 – Dec. 2019 compared to the same quarter of the previous year. Total costs increased from last year. He said specialty drugs are driving those costs. The per member per month cost for Blue Cross Rx increased from \$107 to \$135 but larger rebates are due in mid-February. Six% (6%) of specialty drugs were Hep C drugs. As patents expire, there will be a reduction in rebates. Mr. Kademian said that Harvard Pilgrim Rx costs rose from \$92 to \$97 per member per month but rebates also increased,

GBS report:

Carol Cormier Abacus Rx rebates for the Diabetes Rewards program for the first quarter of this fiscal year were \$10,635 and \$11,430 for the second quarter.

Ms. Cormier said that MMRA in an effort to find ways to reduce the cost of specialty drugs has contracted with Optimized Health Partners to review claims and find cases to implement cost saving program. WSHG has one case in particular that could reduce cost significantly by white bagging medications and moving the cost from the facility/medical side to the RX side.

Funding Rate Analysis (FRA) report - Ms. Cormier reviewed the FRA with data through December. She said the Harvard Pilgrim EPO had higher than usual claims and the summary indicated it was underfunded by 3.7%. She said the FY21 rate calculations were based on claims through November 2019 so did not include the high cost month of December. She said the *composite* expense-to-funding ratio was 93.5%. Bill Hickey noted that for the High Deductible plans claims in the first 6 months will be low due to deductible.

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Karen Carpenter reviewed *Reinsurance Reports*. The FY20 policy period has 6 members with claims over the \$300K policy deductible. These members are all on Blue Cross plans with a total in claims of approximately \$2 million.

Ms. Carpenter reviewed the FY19 reinsurance policy period report. There was a total of 20 members, each with claims exceeding \$300K with total paid claims of \$8.5 million and \$2.59 million in excess of the deductible. Total reimbursements so far are \$2,381,833.18 with \$208,430.26 outstanding.

CanaRx:

Carol Cormier reviewed reports from CanaRx showing cost savings from 68% for Harvard Pilgrim members and 77% for BCBS members for the quarter ending December 31, 2019.

Skip Finnell reported that the next Steering Committee meetings will be

- January 29th at 9:30 AM at COMM Fire District immediately preceding the 10 AM Board meeting, and
- February 26th at 9:00 AM at Barnstable Town Hall.

Health and Dental Plan reports:

Delta Dental had nothing new to report.

Harvard Pilgrim had nothing new to report.

Garbrielle Pitcher from BCBS reported that acupuncture will become a standard benefit with a July availability. Cost will be very small, less than 1% with 12 visits available per year with a specialist copay in the BCBS network. Self-funded account may choose to opt out of this benefit. She said BCBS will be waiving the deductible for Narcan for HSA Qualified plans in an effort to help fight the current Opioid crisis. She said there is no ability to opt out of this benefit. BCBS will also offer the Smart 90 program with the ability to receive a 90 day supply of medication at CVS pharmacies for the same member copay as mail order.

Skip Finnell asked to see all three items from BCBS in writing for the February meeting.

Bill Hickey indicated Acupuncture could be available as a rider on Harvard Pilgrim plans with claims cost and administrative fees of 10 cents per claim. He said he would have to research Narcan and the deductible.

Other Business:

Marie Buckner from Sandwich requested that the check for Sandwich's proportionate share be released by their March 23rd town meeting.

Skip Finnell said that based on the timeline for audit release and signature of representation letter, he could not promise availability on that date at this time.

There was no other business.

Noreen Mavro-Flanders motioned to adjourn the meeting at 12:34 p.m.

Motion

*Minutes prepared by Karen Quinlivan
Gallagher Benefit Services*