

Town of Cape Elizabeth
Town Council
PO Box 6260
Cape Elizabeth, Maine 04107

Cape Elizabeth School Department
School Board
PO Box 6267
Cape Elizabeth, Maine 04107

Dear Town Council and School Board:

The Health Insurance Review Committee convened in July 2009 with a multi faceted charge from both the Town Council and the Town of Cape Elizabeth School Board.

As a result of an extensive process (described in this Report) we hereby present this Report from the Health Insurance Review Committee. We ask that the Town Council and the School Board give serious consideration to the Report, and especially its conclusions and recommendations.

The Committee, especially its Chair, want to acknowledge the Herculean efforts put in by its staff, Pauline Aportria and Matthew Sturgis. Although such acknowledgements are usually made as a matter of course, this time we really, really mean it.

David C. Hillman, Chair and Penny Jordan, member, of the Committee will be available at your convenience to present the report and answer any questions you may have.

Sincerely,

David C. Hillman, Chair

Committee Members:
Al Barthelman
Penny Jordan
Kyle Parrish
Mary Townsend
James Walsh

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE



Report February 2010

Submitted to the Town Council and School Board

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LISTING AND DEFINITION OF ACRONYMS USED

HDHP -	High Deductible Health Plan
HMO -	Health Maintenance Organization
HRA -	Health Reimbursement Account
HSA -	Health Savings Account
MAP -	Maine Association of Police
MEA -	Maine Education Association
MEABT -	Maine Education Association Benefits Trust
MMA -	Maine Municipal Association
MMEHT -	Maine Municipal Employee Health Trust
POS -	Point of Service
PPO -	Preferred Provider Organization
RFI -	Request for Information
SPD -	Summary Plan Description
TDRA -	Tax Deductible Reimbursement Account

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE REPORT

EXECUTIVE SUMMARY

I. INTRODUCTION

The following is a summary of the Report (“Report”) of the Cape Elizabeth Health Insurance Review Committee (the “Committee”). The Committee was set up, and the members chosen, jointly by the Town Council and the School Board to review the health insurance plans for all municipal and school employees. The purpose of the review was to reasonably determine the quality of the plans, to reasonably determine if similar quality plans could be obtained in the marketplace at a lower cost to the Town and to its school and municipal employees, to reasonably make sure whatever decisions were made that they were decisions that would enable Cape Elizabeth to attract and retain the best possible employees.

The Committee also invited representatives from all unions to attend meetings to observe and provide input as non-participating members. A representative from the teachers union attended almost all meetings, as did a representative from the public works union.

II. RESEARCH

As detailed in Articles II and III infra, the Committee gathered an extensive amount of information and data from a wide variety of sources:

- (1) Gathered and reviewed all contract and bargaining agreements (and related documents) for all employees.
- (2) Reviewed in detail the health plans and related materials of the MEA Benefits Trust effective July 2009.
- (3) Reviewed in detail the health benefit plans and related materials of the Maine Municipal Employees Health Trust.
- (4) Obtained and reviewed summaries of health benefits information regarding plans offered by many other towns, including premium costs, cost sharing ratios between employer/employee, cash in lieu of benefit incentives, and other pertinent information.

In addition, we sent letters to both the municipal and school health trusts requesting a significant amount of information and asking questions pertinent to our review. Both letters received detailed responses.

Finally, the last major events were conducting three extensive interviews with: (1) representatives of the MEA Benefits Trust, (2) representatives of the Maine Municipal Employees Health Trust, and

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(3) Robert Kennedy of Acadia Benefits, Inc., an independent brokerage firm specializing in devising health plans and conducting competitive bidding processes to achieve the best possible price.

Mr. Kennedy offered to assist the Committee on a voluntary (i.e. free) basis. He reviewed all of the health plans of Cape Elizabeth, reviewed the pricing, and offered his opinions and thoughts on the key questions that the Committee was trying to answer. Mr. Kennedy also answered important questions during the drafting of this report.

Regarding the interview of the MMA Health Trust, they made an oral presentation and provided additional materials. They were then subjected to numerous questions by all members of the Committee. In fact, they were also subjected to what several members of the Committee referred to as a “vigorous” and extensive “cross examination” by one member of the Committee.

Finally, regarding the interview of the MEA Benefits Trust, they made a presentation, provided additional materials, and were subjected to questions by the Committee. They were also subjected to a “vigorous” and extensive “cross examination” by a Committee member, that is until their attorney finally answered the questions.

III. METHODOLOGY

In order to determine whether Cape Elizabeth could obtain similar health plans at a lower cost, the Committee used a fairly simple, but reasonably accurate, methodology. We obtained and reviewed the health plans, premiums, and other attributes of the health benefit packages of four private companies that were professional and were comparable in employee size to Cape Elizabeth. We picked one comparable employer that seemed most similar to Cape Elizabeth in benefits and size, and used that for comparison purposes.

We then “plugged in” each municipal and school employee into the plan and premium structure of the comparable Company A, as if they were its employees, except that we continued to use the much more favorable cost sharing formula of the municipality and the school. We then came up with a total projected cost and compared that the actual cost for the school, the municipality, and their employees. The results are stated in Part IV of this Executive Summary.

NOTE: The premium rates for the private company (known as Company A) were rates for the calendar year 2010. However, the rates for the MEA Benefits Trust used in the report were for July 2009 to June 30 2010 (the latest we had). For the Maine Municipal Employees Health Trust the rates used in the report were for calendar year 2009.

As a result the school “savings” are potentially understated because it used MEA’s 2009 rates for half of the total (July 1, 2009 to December 31, 2009) while the comparable Company A rates were for calendar year 2010.

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IV. POTENTIAL BENEFITS

A. Schools

There is a total potential gross annualized savings to the schools and its employees, excluding cost-sharing, of \$359,416.

Using a cost-sharing average of 88% (which is representative of the largest class) results in a savings of about \$316,286 for the schools and about \$43,130 for the employees or about \$225 per employee.

B. Municipality

The potential gross total annualized savings of just the POS Plan could be \$18,414 for the municipality and the employees.

Now assuming cost sharing average of 80% (which is representative of the largest class) this results in a savings of about \$14,731 for the Town and about \$3,683 for the employees, or about \$82 per employee.

C. Note

If an HMO were to be offered, an even greater savings could be realized for the municipality / school and the employees. (Only the POS plan is used since a de minimus number of employees choose the other options).

V. CONCLUSIONS

- 1) While the state-wide plans of the MEA and MMA health trusts offer excellent benefits, they are priced high (at the upper range of reasonableness) when compared to similar plans comprised solely of southern Maine providers and enrollees. One of the main reasons for the higher price is that northern Maine providers, due to a lack of competition and other factors, have high "usual and customary" charges and/or do not generally discount these charges.
- 2) Health plans, with identical benefits, comprised solely of southern Maine based providers and enrollees, should therefore be significantly less expensive. This is based not only on provider rates being lower in southern Maine, but also because southern Maine has more health insurers which can be made to bid against each other, through a competitive bidding process conducted by a professional brokerage firm.
- 3) By moving school and municipal employees from the MEA and MMA plans to virtually identical health plans offered directly by the insurance companies offers a high likelihood that significant savings can be realized for the town and its employees, while achieving virtually

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identical plan benefits. For example, the potential gross savings to the schools and its employees could be about \$359,400 per annum, which assuming an extremely favorable to the employee cost sharing formula, yields a savings of about \$316,300 for the schools and \$43,100 for the employees (or about \$225 per employee).

- 4) The current employees are familiar with the existing offerings; therefore educating the employees relative to any change is paramount. However, since virtually identical plans can be obtained, the only change may be in the insurance company.
- 5) Obtaining virtually identical benefits at a lower cost to the employee provides the town and schools with a greater ability to attract and retain quality employees, as well improve the quality of services.
- 6) It is essential for the Town Council and the School Board to jointly engage an expert insurance broker to advise them in reviewing current plans, and especially in implementing the Committee's recommendations.
- 7) Self-insuring for health benefits is currently being investigated by some towns. State law currently prohibits towns from self insuring for health plans (but not dental plans). However, the Committee believes that the size of the enrollee pool for Cape Elizabeth and similar towns is too small to assume the associated risk of significant adverse health events, without paying a reinsurance premium that could be so large as to eliminate or even exceed any possible savings. Given that significant savings can be obtained by directly contracting with an insurance company (through a competitive bid process) it does not seem to make sense to pursue the concept of self-insurance.
- 8) To obtain reasonable quotes from private insurers, it appears that having the prior utilization and experience data of Cape Elizabeth would be very helpful (if not essential) for the insurers to provide the lowest possible premiums for groups of 50 or more employees (along with using community rating). Claims data for groups under 50 is less important because insurance companies use basically the following factors for this size group (known as community rating): age, gender, geographic location and smoker/non-smoker. Insurance companies in Maine generally release such data to other insurance (or employers) for competitive bidding purposes.
- 9) Maine Municipal Employee's Health Trust consistently supplies Cape Elizabeth with utilization and experience data (collectively claims data).
- 10) Maine Education Association Benefits Trust has stated publicly that it "cannot" or "will not" provide claims data to school districts. This has the potential effect of preventing school districts from obtaining the lowest cost competitive bids. In addition this creates a potential barrier to the entire competitive bid process. In addition, in the Committee's opinion, this helps Maine Education Association Benefits Trust maintain its significant control over health plans that can be offered by school districts to teachers.
- 11) In response to the above "cannot" argument of MEA Benefits Trust (its argument is that the benefits trust is set up as a statewide pool and simply cannot break down the data for municipalities). The Committee feels this data must be available from the MEA Benefits Trust or Anthem (its insurer); especially since such data must be collected on a per enrollee basis in order to keep track of deductibles and co-pays. Thus, school districts merely need to provide the names of its employees to obtain this data. Regarding the "will not" position of MEA Benefits Trust, the Committee believes there may be numerous legal and other means which the school district or its employees should investigate to require MEA to disclose claims data, such as: (i) we have been informed by several insurance sources that there may be a specific state law that

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requires such disclosure to other insurance carriers and/or employers, (ii) there may also be a disclosure requirement under other general laws such as anti-trust laws, insurance laws and the unfair trade practices statute, (iii) the Maine Insurance Commission may have the authority to order the data disclosed, and (iv) the local union may have a right under its bylaws, or the enrollees may have a right under their plans, to obtain such data, (and the Legislature could pass a law, if necessary, mandating disclosure).

- 12) To the extent that any of the current school collective bargaining agreements require the use of the MEA Benefits Trust, the Committee believes a strong argument could be made that any such contractual provision is null and void because such insurance was not obtained by competitive bidding as required by 20-A M.R.S.A. Section 1001 sub paragraph 14, which states “except as otherwise provided by waiver [no statutory waiver is applicable-see sub paragraph 14(A)], a school board shall oversee the purchasing of insurance by competitive bidding”.

NOTE: the school board may very well have the implicit power under such statute to require the disclosure of claims data.

VI. RECOMMENDATIONS

The Employee Health Insurance Review Committee recommends the following:

- 1) The Town Council and School Board consider collaborating to provide common health benefit plans to all employees of Cape Elizabeth.
- 2) The Town Council and School Board form a health benefits joint committee comprised of School Board and Town Council members, which should consider the following tasks:
 - a) Select a broker to make an initial evaluation of whether or not utilizing a bidding process would result in material savings for the town, the school, and their employees.
 - b) Cause the current school coalition to (i) lobby the school coalition’s representatives and all other representatives to pass legislation, if necessary, to cause the MEA Benefits Trust to disclose claims data to each town in an appropriate and timely fashion, and (ii) hire counsel, perhaps jointly with other towns, to assist, if necessary, in obtaining the data using other legal means.
 - c) Conduct a bid process consistent with applicable state law. (See e.g. 20-A M.R.S.A. Section 1001 sub paragraph 14).
 - d) If the bidding process is successful, recommend to the Town Council and School Board a set of plans that will attract and retain high quality employees at a reasonable price.
 - e) Educate employees that the health plans will be of similar in quality and benefits
- 3) Determine if the bidding process set forth in 20-A M.R.S.A. Section 1001 sub paragraph 14 is required for the school board, and if so, use that process and include the municipal department therein.
- 4) Consider adding such optional plans as: (a) High Deductible Health Plans (HDHP) with a Health Savings Account (HSA) - this type of plan can be attractive to high-income employees as well as employees with a low incidence of claims; (b) an Health Maintenance Organization (HMO) – given the fact that HMOs in southern Maine are basically comprised of the vast majority of providers, such plans are very low cost, this should also be an attractive option.

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- 5) Ensure that wellness is a key component of the plan offerings, and create appropriate employee incentives as a tool to prevent excessive claims and over-utilization.
- 6) Create incentives for employees to select those quality plans that have the lowest cost.
- 7) Require that the broker send out to bid plans that provide health benefits substantially identical to existing plans.
- 8) Consider collaborating, consistent with the law, with other towns to bid and offer common plans.
- 9) Create incentives to make it attractive for employees to obtain health coverage from other sources, such as offering lump sum cash payments in lieu of participation in school or town health plans. Employee should provide evidence of adequate coverage.
- 10) Consider offering tax deductible medical reimbursement accounts as a means of controlling plan cost, plus providing a benefit to employees.
- 11) Consider negotiating in all new collective bargaining agreements a provision that requires all employees hired after the effective date of the collective bargaining agreement be required to pay a higher portion of the cost of health insurance utilizing a different cost sharing formula than current employees. Make similar arrangements with non-union employees.
- 12) All potential plan designs and cost sharing must take into consideration that Cape Elizabeth competes for quality employees with other towns on a benefit, as well as salary basis.
- 13) Please note there are unique State law features that allow retired municipal and school employees to participate in our health plans in certain circumstances. While the premium is paid at no cost to the Town, the existence of older participants could increase the premiums charged everyone.
- 14) The new joint health committee should provide information, at appropriate points in time, to all employees, including, (i) allowing appropriate representatives to attend all meetings, as a way to allow the committee to keep employees informed and to provide a means for the committee to obtain input and information from employees, and (ii) disseminate information as appropriate to all employees as a whole, prior to soliciting bids.

VII. Postscript

Several points should be noted.

First, this report was drafted under a tight deadline due to the budget processes for the municipal and school departments. The “need for speed” may have caused the Report to contain typographical or grammatical errors. We apologize for that.

Second, not only is the subject matter extremely complex, the information was often subject to variables. For example, the health plans of our private company comparables may have differed from the Town’s health plans in various respects, but we believe that none of the differences, especially in the one comparable we chose, were material.

Lastly, sometimes the data was difficult to compare on a pure “apples to apples” basis because the data may be kept or maintained slightly different. For example, the premiums charged by the MEA Benefits Trust were based on July 1, 2009 to June 30, 2010 calendar year, whereas our comparable private company was on a calendar year of January 1, 2010 to December 31, 2010. However, since whenever this occurred we tried to take the most conservative approach with regard to “savings” and

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thus we used the Company A comparable even though it arguably understated the potential savings. Therefore, one might be able to quibble about minor variations in numbers or some of our minor conclusions. However, it should be noted that our charge was only to determine if there was a “reasonable likelihood” that the municipality / schools could achieve “reasonable” savings by employing different approaches, while obtaining and maintaining the highest quality employee. We are confident that the answer to that question is yes.

The Committee, especially its Chair, want to acknowledge the Herculean efforts put in by its staff, Pauline Aportria and Matthew Sturgis. Although such acknowledgements are usually made as a matter of course, this time we really, really mean it.

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE REPORT

I. COMMITTEE BACKGROUND AND CHARGE

Health insurance is a significant cost for both the municipal departments and the schools at 11.4% and 16.6% of the payroll expense respectively. In an attempt to determine actions to reduce health insurance expenses while ensuring the ability to attract and retain the highest quality employees, the Cape Elizabeth Town Council established the *Employee Health Insurance Review Committee*. This group convened in July 2009 with representation from the School Board and the Town Council along with private citizens interested in addressing this issue.

The charge of the committee as outlined by the Town Council:

The Cape Elizabeth Employee Health Insurance Review Committee shall review the health care coverage and benefits offered to municipal and school employees.

- *The committee shall prepare recommendations for opportunities for changes in coverage provided to employees, for changes in providers of coverage and for employee/employer cost shares.*
- *The committee shall include an analysis of how any recommendations may influence the ability of the local government/school department to recruit and retain quality employees.*
- *The committee shall meet for up to six months and its report shall be submitted jointly to the Cape Elizabeth School Board and the Cape Elizabeth Town Council.*
- *The Town Council and School Board shall collaboratively review the report and proceed thereafter to independently consider the recommendations.*

At their first meeting, the Employee Health Insurance Committee reviewed their charge as outlined by the council and interpreted as follows:

Review and determine if the health plans offered or that could be offered by Cape Elizabeth will attract and retain the best possible employees; and determine how to accomplish this at a reasonable price for Cape Elizabeth and its employees.

The committee meetings were open to the public, with observers periodically attending.

A. Committee Membership

The Cape Elizabeth Town Council determined that a diverse group of individuals would best represent the interests of both the employees and the town when reviewing current insurance offerings and possible future offerings. The Town Council Chair and School Board Chair interviewed interested citizens, and from the interviewees, selected five Cape citizens (Attachment A). In addition, there were representatives from both the School Board and Town Council.

B. Committee Observers

In addition, the committee invited representatives from all unions to attend meetings to observe as non-participating members and provide input and clarification when needed. Representatives from

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the Cape Elizabeth Education Association (Maine Education Association/MEA) and the Public Works Teamsters unions attended regularly were an invaluable to the committee's work.

While Committee members brought a wide variety of backgrounds and skills to the review process, there remained a significant learning curve regarding both the insurance market and the specific contracts currently in place that affect costs and choices. In order to provide the best possible recommendations, the Committee engaged in a process of information gathering and analysis, holding meetings, conducting interviews, hosting insurance presentations, and general research. This approach allowed the committee to gain an understanding of the insurance marketplace, the town's current insurance offerings, and the subtleties of the varying agreements and employee types.

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II. INFORMATION GATHERED

As part of their work, the committee:

- 1) Hosted presentations and asked pertinent and pointed questions of the following groups/individuals:
 - a) Robert Kennedy - Representative from Acadia Insurance
<http://www.acadiainsurance.com>
 - b) Representatives from Maine Municipal Employees Health Trust (MMEHT)
<http://mmeht.org/>
 - c) Representatives from Maine Education Association Benefit Trust (MEABT)
<http://maineeducationassociation.org/>

- 2) Gathered and reviewed the following documents from the files of Cape Elizabeth
 - a) Collective bargaining agreement with Teachers
 - b) Contract with school Administrators
 - c) Contract with Ed Tech II & III
 - d) Contract with school Custodians
 - e) Contract with Ed Tech I and Secretaries
 - f) Contract with Food Service
 - g) Personnel Policy for Central Office Support Staff and Non-union Employees
 - h) Public Works contract
 - i) Police contract
 - j) Cape Elizabeth Personnel Code – Chapter 3 section 3-2-11 Employee Health Benefits (Attachment G)

- 3) Created a matrix summarizing the cost of each plan, by class/category, percent of premium employer/employee, total enrollees per plan (see Attachment B) – (NOTE: We focused on the Schools Plans for July 1, 2009 because that was the last year we had rates for, the Teamsters (Public Works) is for fiscal year 2010 and the Police Association is for fiscal year 2010.

- 4) Reviewed the plans offered by the MEA Benefits Trust effective July 1, 2009 and the related booklets (Attachment C)

- 5) Reviewed the health plans for the Maine Municipal Employer Health Trust (MMEHT) and related booklets (Attachment D)

- 6) Obtained plans, benefits, and costs from four private professional businesses of comparable size.

- 7) Compared Cape Elizabeth health plans with other towns and with the best comparable private companies.

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III. DETAILS FROM PRESENTATIONS & INTERVIEWS

A. Introduction

In preparation for the meetings with Acadia Insurance, the Maine Municipal Employees Health Trust (MMEHT), and the Maine Education Association Benefits Trust (MEABT) the committee sent each organization a memo outlining the scope of the request and the expectations of the committee for the presentations. The following are summaries of the presentations and interviews:

B. Acadia Insurance Presentation - Robert Kennedy

- 1) Robert Kennedy of Acadia Benefits, Inc. voluntarily reviewed the health plans of Cape Elizabeth. At our meeting Mr. Kennedy:
 - a) Provided an overview of the health plans for Cape Elizabeth school employees and municipal employees
 - b) Described the bid process for choosing a health insurance provider: including information needs, the process and the benefits/cost of such an approach
- 2) Mr. Kennedy's general views are summarized below:
 - a) While the MEA and MMA offer excellent benefits, they are priced high (at the upper range of reasonableness) when compared to a similar plan that was comprised solely of southern Maine providers and enrollees. One of the main reasons for the higher price is that northern Maine providers, due to a lack of competition and other factors, have highest "usual and customary charges" and/or do not generally discount these charges.
 - b) As a result, a health plan, with identical benefits, that is comprised solely of southern Maine based providers and enrollees should be significantly less expensive. This is especially so because southern Maine has more health insurers, and they can be made to bid against each other, through a competitive bidding process conducted by a profession brokerage firm.
- 3) General Observations
 - a) Brokerage bidding process (in accordance with state law) -- The town/school could contract with a broker to work with the town/school to determine the type of plans to be offered.
 - b) The broker would then gather the data needed by the insurance providers in order to bid. NOTE: Accessing the essential data is discussed in detail in the Recommendations and General Conclusion section.
 - c) The best bids would then be selected and then the bidders would then compete from this point.
 - d) The insurance companies compensate brokers and as a result, the town would be able to hire a broker at no cost.

C. Maine Municipal Employees Health Trust (MMEHT)

- 1) Information Requests MMEHT
 - a) Memo to MMEHT (Attachment E)
- 2) Interview with MMEHT
 - a) Key points committee derived from interviews:

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- i) Plans are administered by Anthem and the plans offered are essentially “off the shelf” standard Anthem plans
- ii) As a result of the above statement the same plans could be offered directly by Anthem via a bidding process
- iii) Administrative fees are paid to both the MMEHT and Anthem
- iv) MMEHT charges a 10% retention fee, versus the typical 18-19% retention that is charged by a private insurer (Anthem).
- v) Two plans are currently available to Cape Elizabeth municipal employees: Indemnity Choice and Point of Service (POS) C (Attachment: D)
- vi) MMEHT is considering high deductible plans (HDHP) combined with tax deductible reimbursement account (note: available as of 2010)
- vii) MMEHT can only offer statewide plans, as a result; (i) towns are not able to access lower priced plans such as HMO; (ii) MMEHT plans are more expensive due to the higher cost of Northern Maine providers.
- viii) MMEHT individually rates communities but the premium only reflects this to a limited extent.
- ix) MMEHT currently has Wellness Works and is working to enhance this program for their members, which can help reduce claims incidence by encouraging healthy life choices
- x) Contract with Anthem for health claim services yet the MMEHT answers all client questions themselves.
- xi) The plan insures 9,300 employees who work for 450 employers in Maine. In total the plan insures 21,000 total employees, retirees and dependents.
- xii) Ninety-five percent of POS providers are in the network, making this essentially like an HMO.
- xiii) The eleven trustees are meeting to consider offering all five-plan options to a town, and are also considering adding Health Reimbursement Account (HRA) and Health Savings Account (HSA), which are normally coupled with high deductible plans.
- xiv) Cape Elizabeth is 14% experience rated (i.e., 86% of our premium rate is based on the entire pool of Maine municipal employees and dependents).

D. Maine Education Association Benefits Trust (MEABT)

- 1) Information Requests to MEABT
 - a) Memo to MEABT (Attachment F)
 - b) Response from MEABT (Attachment G)
- 2) Interview with MEABT
 - a) Key points committee derived from interviews:
 - i) Maine Education Association through their MEABT offers a Voluntary Employee Benefits Association (VEBA) that is fully insured by Anthem;
 - ii) Two plans are currently available to Cape Elizabeth school employees are: the Standard Plan and the Choice Plus (POS) (see Attachment: C);
 - iii) Plans are administered by Anthem and the plans offered are essentially “off the shelf” standard Anthem plans;
 - iv) As a result of the above bullet point the same plans could be offered directly by Anthem via a bidding process;

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- v) Administrative fees are paid to both the MEABT and Anthem;
- vi) There is no experience rating involved;
- vii) MEABT premium cost to Cape Elizabeth is based on Choice Plus. If an employee selects Standard Plan the difference is paid by the employee.
- viii) Any new plan must consider retirees;
- ix) MEABT is considering high deductible plans combined with tax deductible reimbursement account;
- x) MEABT can only offer statewide plans, as a result: (i) towns are not able to access lower priced plans such as HMO; (ii) MMEBT plans are more expensive due to the generally higher cost of northern Maine providers;
- xi) MEABT conceded the following:
 - (1) MEA would never offer health plans for just southern Maine for various reasons including they are philosophically opposed to offering anything other than a statewide plan;
 - (2) MEA would never offer an HMO because northern Maine could not support the number of providers necessary to create an HMO;
 - (3) If they offered a plan for just southern Maine, the MEA plan premium could be cheaper.
- xii) MEA is in the early stages of putting greater emphasis on wellness programs.

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IV. EXISTING SITUATION

A. MUNICIPAL – GENERAL INFORMATION

There are 55 eligible municipal employees 47 select from the plans offered by Cape Elizabeth through the *Maine Municipal Employee Health Trust* (MMEHT) at a cost of \$427,941 annually to the town. Of the 55 eligible employees, 18 of them opt for cash in lieu of benefits or a buy-down because they are covered under their spouse or partner's plan; this cost the town of Cape Elizabeth \$54,500 in 2009. Use of the municipal health trust is required by the terms of the collective bargaining agreements.

POLICE (13 employees)

Pay and benefit levels are adjusted each July for the police officers and sergeant and are covered under the collective bargaining agreement with the *Cape Elizabeth Police Benevolent Association*, affiliated with the Maine Municipal Association of Police (MAP). Their current bargaining agreement was effective July 1, 2008 and will be in place until June 30, 2011.

PUBLIC WORKS (13 employees)

Local 340 of the Teamsters represents Public Works employees (excluding management). Their bargaining agreement was effective July 1, 2008 and will be in place until June 30, 2010. The insurance plan for Public Works is provided through the Maine Municipal Employee Health Trust (MMEHT).

ALL OTHER (21 Administration)

All other municipal employees who do not fall under the collective bargaining agreements, but are also offered benefits through the MMEHT.

Maine Municipal Employee Health Trust (MMEHT)

<http://www.mmeht.org/default.htm>

The Maine Municipal Employees Health Trust provides employee benefits to municipal and quasi-municipal organizations and county governments throughout the state. In order to be eligible for participation in the Health Trust, an employer group must be a member or associate member of the Maine Municipal Association.

Over 450 municipalities, counties, special districts, and non-profit organizations participate in one or more of the MMEHT plans. The plans are:

- Self Insured by MMEHT up to a maximum lifetime maximum of \$5 million per person;
- Designed and governed by MMEHT participants;
- Administered by various third-party administrators.

Employees participating in a MMEHT health insurance plan at the time of retirement are eligible to continue coverage for as long as their former employer is a member of the MMEHT, and as long as

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premiums are paid. Retirees under the age of 65, and not eligible for Medicare, are provided with the same benefits as active employees of the employer. Retirees age 65 and over, have Medicare as their primary coverage and MMEHT provides retirees with supplemental coverage from Anthem Companion Plan B, along with Health Trust Major Medical coverage (including a prescription drug card).

As of January 2010, the MMEHT offers six plans ranging from \$100 deductible Indemnity Plan to \$2500 deductible Point of Service (PPO) plans.

B. SPECIFIC DATA FOR CAPE ELIZABETH MUNICIPAL EMPLOYEES

Currently Cape Elizabeth offers two plan selections to their 55 municipal employees and families, with the Town participation based on the cost of the POS C plan:

1. Indemnity Choice is a traditional fee-for-service plan that gives employees the freedom to visit any licensed physician for covered services with no referrals required. Employees who choose this plan have a deductible of \$100 for individual and \$200 for family (Attachment D for plan characteristics). The table below outlines the monthly premium for the Indemnity Plan along with the cost share town/employee. The cost share applies to the cost of the POS C plan the additional cost of the Indemnity Plan is paid by the employee.

	Monthly Premium	Cost Share Town/Employee
Employee	\$ 609.28	90/10
Employee & Spouse	\$1,366.74	80/20
Employee & Children	\$ 994.19	80/20
Employee & Family	\$1,366.74	80/20

2. Point of Service Comprehensive (POS C) POS plan requires the employee to choose a primary care physician to monitor their health care. This primary care physician must be chosen from within the health care network and becomes their "point of service". The primary POS physician may then make referrals outside the network. Employees have a deductible of \$0 in network and \$250 for out of network for an individual and \$0 for in network and \$500 for out of network for a family (Attachment D for plan characteristics). The table below outlines the monthly premium for the POS C plan along with the cost share town/employee.

	Monthly Premium	Cost Share Town/Employee
Employee	\$ 536.17	90/10
Employee & Spouse	\$1,202.74	80/20
Employee & Children	\$ 874.89	80/20
Employee & Family	\$1,202.74	80/20

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SUMMARY OF HEALTH COSTS

Two employees have selected the Indemnity Plan, and Forty-five (45) employees have selected the POS C plan at a total annual cost of \$514,823.16. The total annual cost share to the employee is \$86,881.92. The total annual cost share of the municipality is \$427,941.24.

C. SCHOOLS- GENERAL INFORMATION

In Cape Elizabeth there are 161 teachers eligible for benefits. In addition there are 11 administrators, 54 Ed Techs and Secretaries, 29 Bus Drivers, 11 Central Office Personnel, 10 Community Service employees and 10 Food Service workers. Of the total 286 eligible employees, 235 participate in the benefits offered.

Pay and benefit levels are adjusted each July or September for school employees covered under the *Maine Education Association Benefit Trust* (MEABT). Employees do not have to be a member of the Maine Education Association (MEA) to participate in the benefits offered through the MEABT. The current collective bargaining contract for teachers is in place until June 30, 2011.

The *Maine Education Association Benefit Trust* provides health benefit options to over 25,000 members across Maine. They offer two plan options:

1. Standard Plan Option -- a Preferred Provider Plan (PPO) does not require a referral for specialist/facility services within its network and allows insured's to choose doctors not in the network at a significantly higher cost (payment of a 20% – 30% co-payment). The deductible of \$100 for individual and \$200 for family is the same whether inside or out-of-network; the cost varies for out of pocket expenses related to coinsurance level, office visit co-payments, hospital services and other services. (Attachment C for Plan Characteristics)
2. Choice Plus -- a Point of Service (POS) plan. The insured must choose a Primary Care Physician and will need referrals from their primary care physician for specialist/facility services. One can choose to go outside the network but the enrollees out-of-pocket cost will be significantly greater. The insured does not have to meet a deductible if they are within the network. Outside of the network there is a \$250 deductible for an individual and \$500 for the family. (Attachment C for Plan Characteristics)

Retirees – The group health insurance plan that is in effect for active teachers, by Maine State Law, must be made available to all teachers eligible to retire under the Maine Public Employees Retirement System. Neither the municipality nor the schools pay for retirees to be covered. However, the retired teachers' ability to participate in the plans increases the amount of the premiums that are charged plan members.

NOTE: School employees are not offered an incentive to opt out of the school's health plans. Such an incentive could significantly reduce the overall cost of health plan for the schools.

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D. SPECIFIC DATA FOR CAPE ELIZABETH SCHOOL EMPLOYEES

There are 286 eligible school employees - 235 are enrolled in the MEABT offerings at a cost of \$2,538,840.96 annual cost to the Cape Elizabeth schools. This equates to 86% of the total annual premium paid for coverage. The employees' portion is \$400,960.56 or 14% of the total premium. Of the 286 eligible employees, 51 of the employees opt out of benefits and must be covered under another approved plan. They are not offered an in lieu of payment if they choose not to participate in benefits.

Cape Elizabeth Schools cover the following employee classes. There are two benefit plans offered to all eligible employees: the Standard Plan and Choice Plus Plan. The premium contribution by the Cape Elizabeth schools varies by class and is prorated for part time employees.

Employees Classes	# Eligible EEs	# Enrolled EEs	Cost Share CE/EE
Teachers	161	141	88/12
Administration	11	10	88/12
Ed Tech II & III	41	27	85/15
Sec & Ed Tech I (6 pro rated)	13	13	85/15
Bus Drivers & Cust Svc	29	23	85/15
Central Office	11	9	85/15
Community Services	10	7	85/15
Food Service	10	5	Flat \$6,200
TOTALS	286	235	

Standard Plan

	Monthly Premium	# EEs	% Total Enrolled (n=235)	Annual Cost to Schools (Net of cost sharing)
Employee	\$ 570.61	21	9%	
Two Adults	\$1,286.19	6	2%	
Employee & Children	\$1,009.96	3	1%	
Employee & Family	\$1,565.47	13	6%	
TOTALS		43	18%	\$422,109.77

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Choice Plus Plan

	Monthly Premium	# EEs	% Total Enrolled (n=235)	Annual Cost to Schools (Net of cost sharing)
Employee	\$ 528.40	60	26%	
Two Adults	\$1,190.91	34	15%	
Employee & Children	\$ 935.16	24	10%	
Employee & Family	\$1,449.51	74	31%	
TOTALS		192	82%	\$2,116,731.19

SUMMARY OF HEALTH COSTS

The above table and table on the previous page show the cost to the schools (with cost sharing by employee) for the plans offered. Forty-three employees (18%) are enrolled in the Standard Plan at a total cost to the school of \$35,175.81/month and \$422,109.77 annually. One hundred ninety-two employees (82%) are enrolled in the Choice Plus Plan at a total cost to the schools cost of \$176,394.27/month or \$2,116,731.19 annually. The total annual cost to the schools for its share of both plans is \$2,538,840.96.

V. COMPARATIVE ANALYSIS

How does Cape Elizabeth compare to other communities and the private sector?

A. OTHER MUNICIPALITIES

As of January 2010, the MMEHT offers six plans ranging from a \$100 deductible Indemnity Plan to a \$2,500 deductible Point of Service (POS) plan. The premium per plan type does not vary by municipality, or by region within the state. The only variable on cost is the percentage of the employer/employee cost sharing.

It is important to note that the MMEHT, unlike the MEA Benefit Trust, does give southern Maine towns a significant benefit by individually rating a portion of the premiums for each town.

For comparison purposes only, the Committee chose: Falmouth, Yarmouth, Scarborough, Cumberland, Freeport, Gorham, Windham, and Brunswick (the "Peer Group"). The following chart contains data as of December 2009.

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TOWN	Population	Total Number Ees	INDIVIDUAL			FAMILY		
			Enrolled	% ER	% EE	Enrolled	% ER	% EE
CAPE ELIZABETH Indemnity POS C In lieu of 50/50 share	9,040	55.00	17.00	90%	10%	20.00	80%	20%
Falmouth POS C	11,900	77.00	17.00	90%	10%	F - 46 AC - 4	90%	10%
Yarmouth POS A, POS C Indemnity	8,400	56.00	15 2-opt out	90% POS A 88% Indemnity	10% 12%	32.00	90% 88%	10% 12%
Scarborough POS A, POS C \$1,500 buyout	18,832	152.00	80.00	100%	0%	44.00	72%	28%
Cumberland Anthem, not MMEHT, POS A, PD is POS C or High Deductible, Buyouts \$1,500, \$2,250 and \$3,000	7,404	54.00	17.00	90%	10%	F-20 2A+AC 12	90%	10%
Freeport POS A, PD is POS C Buyouts \$1,500 and \$2,800	8,111	75.00	22.00	90%	10%	F - 21 2A-3 AC-12	75%	25%
Gorham POS A Indemnity Buyout FD	15,338	88.00	22.00	90%	10%	55.00	90%	10%
Windham Municipal Only POS A	16,983	97.00	30.00	90%	10%	F-27 2A-13 AC-11	82%	18%
Brunswick Municipal Only	21,983			85%	15%		85%	15%

Some key points that can be derived from this table:

- Cape Elizabeth is competitive among its peer group in cost sharing with employees, (but slightly less competitive when compared to Cumberland, Yarmouth, and Falmouth);
- Over 50% of the Peer Group offer some form of buyout option to their employees in lieu of benefits;
- One employer (Cumberland) offers plans direct from Anthem and does not go through the MMEHT;
- One employer (Cumberland) offers a High Deductible Health Plan;
- Only 22% of the Peer Group offers Indemnity Plans.

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B. OTHER SCHOOLS

The plans offered by the MEABT are the same for member schools across the state and as stated previously they include Standard Plan Option, (which is a POS) and Choice Plus (which is a Preferred Provider Plan (PPO)). See Attachment C.

Teacher Comparison Charts -- December 2008

See Attachment J for Cumberland County and Attachment K for Peer Group

Attachment J is a health benefits chart (data as of December 2008) that includes all of the school districts in Cumberland County. This is provided for informational purposes; only Attachment K is a comparison of Cape Elizabeth to the more limited Peer Group.

Attachment K is a summary chart of the health benefits offered by the Peer Group. NOTE: (1) This chart does not have cost sharing ratios (the chart on Attachment J does include the ratios and our conclusions and recommendations incorporate cost ratios); and (2) for school comparison purposes, our "primary" peer group is only Falmouth, Cumberland, and Yarmouth.

To summarize, the Committee notes the following important key points:

- The cost sharing ratios between the Cape Elizabeth schools and its employees is competitive within the Peer Group. (Note: While we only compared the two major groups – individuals and families, the point should materially hold true for the remainder).
- Within the Peer Group, 33% offered cash payment in lieu of health benefits option. Almost 50% of the school districts in Cumberland County offered such an option.
- Since all school districts in our Peer Group offered MEA health plans, the premiums are the same.

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C. COMPARISON TO PRIVATE COMPANIES

In looking at plans in the private sector, it became apparent that an employer does not need to sacrifice “richness” of the health benefits to gain a lower price. It is recognized that the industries are different and the experience of the pool enrollees vary, but the bottom-line message is there is opportunity without sacrificing benefits for the employee when a broker is hired and a competitive bid process is used to choose health plans, for significant cost savings for the employer and the employee.

1. Company A is a large professional firm in Portland – Approximately 200 Employees

Plan Type	Single			Family			Adult + Child		
	Monthly Premium	% ER	% EE	Monthly Premium	% ER	% EE	Monthly Premium	% ER	% EE
HMO	\$423.00	97%	3%	\$1,132.17	54%	46%	\$749.13	74%	26%
POS	\$452.47	95%	5%	\$1,213.44	54%	46%	\$801.33	69%	31%
PPO \$500 Deductible	\$453.45	93%	7%	\$1,283.37	51%	49%	\$850.40	65%	35%
HDHP	\$337.77			\$905.85			\$598.19		

NOTE: This employer is particularly similar because it also allows its retirees to participate in its health plans. Moreover, in addition to Company A we looked at plans for three other comparable companies, and their 2010 rates were substantially similar to the private company above.

2. Schools

The following chart compares MEABT Choice Plus (POS) Plan to Company A’s POS, which are very similar plans. There are 192 Cape Elizabeth school employees participating in this plan option. NOTE: This chart does not include Cape Elizabeth employees participating in the Standard Plan (see below).

	# CE EEs	Monthly Premium - CE POS	Monthly Premium – Law Firm POS	Difference	Potential Mthly Premium Savings
Employee	60	\$ 528.40	\$452.47	\$75.93	\$4,555.80
Two Adults	34	\$1,190.91	\$1,213.44	(\$22.53)	(\$766.02)
Employee & Children	24	\$ 935.16	\$801.33	\$133.83	\$3,211.92
Employee & Family	74	\$1,449.51	\$1,213.44	\$236.07	\$17,469.18
TOTALS	192				\$24,470.88

Using the above example for illustrative purposes:

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Monthly Premium C.E. - Monthly Premium Law Firm = Difference
Difference x Number CE EEs = Potential Mthly Savings

The potential gross total annualized saving (not including cost sharing) for just the POS Plan participants could be **\$293,650.56**.

For remaining 42 school employees choosing the Standard Plan, the town's payment is based on the POS premium; therefore we have estimated the potential gross total annualized savings at **\$65,765.00**. This estimate assumes the same mix of participants and the same average per employee savings.

Therefore, there is a total potential gross annualized savings to the schools and its employees, excluding cost-sharing, of **\$359,415.92**.

Using a cost-sharing average of 88% (which is representative of the largest class) results in a savings of **\$316,286.01** for the schools and **\$43,129.91** for the employees or **\$224.63** per employee.

If an HMO were to be offered, an even greater savings could be realized over existing plans for employer and employee.

3. Municipality

The following chart compares MMEHT POS C Plan to Company A's HMO QPOS, which are similar plan types. There are 45 municipal employees participating in this plan option.

	# CE EEs	Monthly Premium - CE POS	Monthly Premium - Law Firm HMO - QPOS	Difference	Potential Mthly Premium Savings
Employee	16	\$536.17	\$452.47	\$83.70	\$1,339.20
Family (inc Two Adult)	23	\$1,202.74	\$1,213.44	(\$10.70)	(\$246.10)
Employee & Children	6	\$874.89	\$801.33	\$73.56	\$441.36
TOTALS	45				

Using the above example for illustrative purposes:
Monthly Premium C.E. - Monthly Premium Law Firm = Difference
Difference x Number CE EEs = Potential Mthly Savings

The potential gross total annualized savings of just the POS Plan could be **\$18,413.52**. Now assuming cost sharing average of 80% (which is representative of the largest class) this results in a savings of **\$14,730.82** for the Town and **\$3,682.70** for the employees, or **\$81.84** per employee.

If an HMO were to be offered, an even greater savings could be realized over existing plans

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4. Note:

The premium rates for the private company (known as Company A) were rates for the calendar year 2010. However, the rates for the MEA Benefits Trust used in the report were for July 1, 2009 to June 30, 2010 (the latest we had). For the Maine Municipal Employees Health Trust the rates used in the report were for calendar year 2009.

As a result the school “savings” are understated because it used MEA’s 2009 rates for half of the total (July 1, 2009 to December 31, 2009) while the comparable Company A rates were for calendar year 2010.

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VI. GENERAL CONCLUSIONS

- 1) While the state-wide plans of the MEA and MMA health trusts offer excellent benefits, they are priced high (at the upper range of reasonableness) when compared to a similar plan comprised solely of southern Maine providers and enrollees. One of the main reasons for the higher price is that northern Maine providers, due to a lack of competition and other factors, have high usual and customary charges and/or do not generally discount these charges.
- 2) Health plans, with identical benefits, comprised solely of southern Maine based providers and enrollees, should therefore be significantly less expensive. This is based not only on provider rates being lower in southern Maine, but also because southern Maine has more health insurers which can be made to bid against each other, through a competitive bidding process conducted by a professional brokerage firm.
- 3) By moving school and municipal employees from the MEA and MMA plans to virtually identical health plans offered directly by the insurance companies offers a high likelihood that significant savings can be realized for the town and its employees. For example, assuming a 10% increase in premium cost for MEA Benefit Trust from the current year to next year's rates, the savings (based on current cost sharing ratios) for the school could be approximately \$347,914.61, and for the employees as a whole, the sum of \$47,442.90. Dividing the sum of \$47,442.90 by the total number of employees covered under the POS plan yields an average savings of \$247.10 per employee, obviously the savings would be greater the more expensive the plan the employee has.
- 4) The current employees are familiar with the existing offerings; therefore educating the employees relative to any change is paramount. However, since virtually identical plans can be obtained, the only change may be in the insurance company.
- 5) Obtaining identical benefits at a lower cost to the employee provides the town and schools with a greater ability to attract and retain quality employees, as well improve the quality of services.
- 6) It is essential for the Town Council and the School Board to jointly engage an expert insurance broker to advise them in reviewing current plans, and especially in implementing the Committee's recommendations.
- 7) Self-insuring for health benefits is currently being investigated by some towns. State law currently prohibits towns from self insuring fro health plans (but not dental plans). However, the Committee believes that the size of the enrollee pool for Cape Elizabeth and similar towns is too small to assume the associated risk of significant adverse health events, without paying a reinsurance premium that could be so large as to eliminate or even exceed any possible savings. Given that significant savings can be obtained by directly contracting with an insurance company (through a competitive bid process) it does not seem to make sense to pursue the concept of self-insurance.
- 8) To obtain reasonable quotes from private insurers, it appears that having the prior utilization and experience data of Cape Elizabeth would be very helpful for the insurers to calculate premiums for groups of 50 or more employees (along with using community rating). Claims data for groups under 50 is less important because insurance companies use basically the following factors for this size group (known as community rating): age, gender, geographic location and smoker/non-smoker. Insurance companies in Maine generally release such data to other insurance (or employers) for competitive bidding purposes.

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- 9) Maine Municipal Employee's Health Trust consistently supplies Cape Elizabeth with utilization and experience data (collectively claims data).
- 10) Maine Education Association Benefits Trust has stated publicly that it "cannot" or "will not" provide claims data to school districts. This has the potential effect of preventing school districts from obtaining the lowest cost competitive bids. In addition this creates a potential barrier to the entire competitive bid process. In addition, in the Committee's opinion, this helps Maine Education Association Benefits Trust maintain a virtual monopolistic control over health plans that can be offered by school districts to teachers.
- 11) In response to the above "cannot" argument of MEA Benefits Trust (its argument is that the benefits trust is set up as a statewide pool and simply cannot break down the data for municipalities). The Committee feels this data must be available from the MEA or Anthem, especially since such data must be collected on a per enrollee basis in order to keep track of deductibles and co-pays. Thus school districts merely need to provide the names of its employees. Regarding the "will not" position of MEA Benefits Trust, the Committee believes there may be numerous legal and other means which the school district or its employees should investigate to require MEA to disclose claims data, such as: (i) we have been informed by several insurance sources that there may be a specific state law that requires such disclosure to other insurance carriers and/or employers, (ii) there may also be a disclosure requirement under other general laws such as anti-trust laws, insurance laws and the unfair trade practices statute, (iii) the Maine Insurance Commission may have the authority to order the data disclosed, and (iv) the local union may have a right under its bylaws, or the enrollees may have a right under their plans, to obtain such data.
- 12) To the extent that any of the current school collective bargaining agreements require the use of the MEA Benefits Trust, the Committee believes a strong argument could be made that any such contractual provision is null and void because such insurance was not obtained by competitive bidding as required by 20-A M.R.S.A. Section 1001 sub paragraph 14, which states "except as otherwise provided by waiver [no statutory waiver is applicable-see sub paragraph 14(A)], a school board shall oversee the purchasing of insurance by competitive bidding".

NOTE: the school board may very well have the implicit power under such statute to require the disclosure of claims data.

VII. RECOMMENDATIONS

The Employee Health Insurance Review Committee recommends the following:

- 1) The Town Council and School Board consider collaborating to provide common health benefit plans to all employees of Cape Elizabeth.
- 2) Form a health benefits joint committee comprised of School Board and Town Council members:
 - a) Select a broker to make an initial evaluation of whether or not utilizing a bidding process would result in material savings for the town, the school, and their employees.
 - b) Cause the current school coalition to (i) lobby the school coalition's representatives and all other representatives to pass legislation, if necessary, to cause the MEA Benefits Trust to disclose claims data to each town in an appropriate and timely fashion, and (ii) hire counsel, perhaps jointly with other towns, to assist, if necessary, in obtaining the data

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE REPORT

- c) Conduct a bid process consistent with applicable state law. (See e.g. 20-A M.R.S.A. Section 1001 sub paragraph 14).
- d) If the bidding process is successful, recommend to the Town Council and School Board a set of plans that will attract and retain high quality employees at a reasonable price.
- e) Educate employees that the health plans will be of similar in quality and benefits
- 3) Determine if the bidding process set forth in 20-A M.R.S.A. Section 1001 sub paragraph 14 is required for the school board, and if so, use that process and include the municipal department therein.
- 4) Consider adding such optional plans as: (a) High Deductible Health Plans (HDHP) with a Health Savings Account (HSA) - this type of plan can be attractive to high-income employees as well as employees with a low incidence of claims; (b) an Health Maintenance Organization (HMO) – given the fact that HMO’s in southern Maine are basically comprised of the vast majority of providers, and are one of the lowest cost plans, this should also be an attractive option.
- 5) Ensure that wellness is a key component of the plan offerings, and create appropriate employee incentives as a tool to prevent excessive claims and over-utilization.
- 6) Create incentives for employees to select those quality plans that have the lowest cost.
- 7) Require that the broker send out to bid plans that provide health benefits substantially identical to existing plans.
- 8) Consider collaborating, consistent with the law, with other towns to bid and offer common plans.
- 9) Create incentives to make it attractive for employees to obtain health coverage from other sources. Employee should provide evidence of adequate coverage. Such as offering lump sum cash payments in lieu of participation in school or town health plans.
- 10) Consider offering tax deductible medical reimbursement accounts as a means of controlling plan cost, plus providing a benefit to employees.
- 11) Consider negotiating in all new collective bargaining agreements a provision that requires all employees hired after the effective date of the collective bargaining agreement be required to pay a higher portion of the cost of health insurance utilizing a different cost sharing formula than current employees. Make similar arrangements with non-union employees.
- 12) All potential plan designs and cost sharing must take into consideration that Cape Elizabeth competes for quality employees with other towns on a benefit, as well as salary basis.
- 13) Please note there are unique State law features that allow retired municipal and school employees to participate in our health plans in certain circumstances. While the premium is paid at no cost to the Town, the existence of older participants could increase the premiums charged everyone.
- 14) The new joint health committee should provide information, at appropriate points in time, to all employees, including, (i) allowing appropriate representatives to attend all meetings, as a way to allow the committee to keep employees informed and to provide a means for the committee to obtain input and information from employees, and (ii) disseminate information as appropriate to all employees as a whole, prior to soliciting bids.

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VIII. ATTACHMENTS

ATTACHMENT A – Employee Health Insurance Review Committee

1) Committee Members

Name	Role	Additional Information
Al Barthelman	Citizen Member	
David Hillman	Citizen Member - Chair	
Kyle Parrish	Citizen Member	
Beth Richardson	Citizen Member	Resigned from Committee 9/11/09
Jim Walsh	Citizen Member	
Penelope Jordan	Town Council Representative	
Mary Townsend	School Board Representative	
Pauline Aportria	Staff	
Matthew Sturgis	Staff	

2) Members of the teachers and municipal unions:

Dwight Ely	MEA Representative	Cape Elizabeth Education Association
Sean McCue	Municipal Representative	Public Works Department/Teamsters

3) Committee Meetings – (Held at Cape Elizabeth Town Hall)

- a) July 28 – *Initial Meeting - Overview of charge and election of chair*
- b) August 20 - *Agreed would meet with Maine Education Association (MEA) and Maine Municipal Association (MMA) reps; prepared letter*
- c) September 17 - *Presentation by and Interview of Robert Kennedy – Acadia Benefits Inc*
- d) October 1 - *Presentations by and Interviews of MEA and MMA Representatives*
- e) December 3 - *Developed timeline and outline for completion of recommendation*
- f) January 14 – *Crafted first draft of recommendation*
- g) February 25 – *Completed final draft of recommendation*
- h) March 2 – *Final draft completed*

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ATTACHMENT B – Employees By Class

- a. MUNICIPAL EMPLOYEES*
- b. SCHOOL EMPLOYEES*

CAPE ELIZABETH
Health Premium by Class
MUNICIPAL

Employee Class	Enrolled	Family (includes EE + Spouse)				EE + Child				
		Monthly Premium Town	Premium Town 80	Monthly Premium Employee	Premium EE 20	Enrolled	Monthly Premium Town	Premium Town 80	Monthly Premium Employee	Premium EE 20
Police	5	\$ 4,810.95	\$ 962.19	\$ 1,202.75	\$ 240.55	0	\$ -	\$ -	\$ -	\$ -
Fire	1	\$ 962.19	\$ 962.19	\$ 240.55	\$ 240.55	0	\$ -	\$ -	\$ -	\$ -
Administration/Library/Pool	10	\$ 9,621.90	\$ 962.19	\$ 2,405.50	\$ 240.55	4	\$ 2,799.48	\$ 699.87	\$ 700.08	\$ 175.02
Public Works	7	\$ 6,735.33	\$ 962.19	\$ 1,683.85	\$ 240.55	3	\$ 2,099.61	\$ 699.87	\$ 525.06	\$ 175.02
Total Eligible/Covered	23	\$ 22,130.37		\$ 5,532.65		7	\$ 4,899.09		\$ 1,225.14	
<i>In lieu of benefits/buydown **</i>										
Total EEs Covered										
* Town Pays 100% of PD										
Single Coverage Per CBA										
** Includes Buy down an employ										

CAPE ELIZABETH
SCHOOL DEPARTMENT

EMPLOYEE CLASS/CATEGORY	ELIGIBLE EE	ANNUAL TOTAL				EMPLOYEE ONLY				
		ENROLLED	ER CONTRB	EE CONTRB	TOTAL ER & EE	ENROLLED	Cost	ER CONTRB	Benefit	EE CONTRB
Teachers	161	141				43		88%		12%
Standard Plan	33	33	332,003.54	75,443.98	407,447.52	15	6,847.32	83,698.50	5,579.90	19,011.30
Choice Plus Plan	108	108	1,269,241.38	173,078.22	1,442,319.60	28	6,340.80	156,237.20	5,579.90	21,305.20
Administrators	11	10				1		88%		12%
Standard Plan	1	1	15,306.83	3,478.81	18,785.64	0	6,847.32	0.00	5,579.90	0.00
Choice Plus Plan	9	9	119,842.08	16,342.08	136,184.16	1	6,340.80	5,579.90	5,579.90	760.90
Ed Tech II & III	41	27				11		85%		15%
Standard Plan	2	2	18,210.87	4,070.73	22,281.60	1	6,847.32	5,596.33	5,596.33	1,250.99
Choice Plus Plan	25	25	250,839.56	33,343.84	284,183.40	10	6,340.80	55,963.30	5,596.33	7,444.70
Sec & Tech I (6 prorated)	13	13				3		85%		15%
Standard Plan	1	1	12,614.54	2,819.74	15,434.28	0	6,847.32	0.00	5,596.33	0.00
Choice Plus Plan	12	12	130,439.81	17,337.67	147,777.48	3	6,340.80	16,788.99	5,596.33	2,233.41
Bus Drivers & Cust Staff	29	23				13		85%		15%
Standard Plan	3	3	16,788.99	3,752.97	20,541.96	3	6,847.32	16,788.99	5,596.33	3,752.97
Choice Plus Plan	20	20	187,586.92	24,936.68	212,523.60	10	6,340.80	55,963.30	5,596.33	7,444.70
Central Office	11	9				3		85%		15%
Standard Plan	1	1	14,785.00	4,000.64	18,785.64	0	6,847.32	0.00	5,389.68	0.00
Choice Plus Plan	8	8	82,180.88	14,502.52	96,683.40	3	6,340.80	16,169.04	5,389.68	2,853.36
Community Services	10	7				4		85%		15%
Standard Plan	0	0	0.00	0.00	0.00	0	6,847.32	0.00	5,389.68	0.00
Choice Plus Plan	7	7	58,000.56	10,235.40	68,235.96	4	6,340.80	21,558.72	5,389.68	3,804.48
Food Service	10	5				3		Flat		
Standard Plan	2	2	12,400.00	1,294.64	13,694.64	2	6,847.32	12,400.00	6,200.00	1,294.64
Choice Plus Plan	3	3	18,600.00	16,322.64	34,922.64	1	6,340.80	6,200.00	6,200.00	140.80
Total Standard Plan		43	422,109.77	94,861.51	516,971.28	21				
Total Choice Plus Plan		192	2,116,731.19	306,099.05	2,422,830.24	60				
TOTAL	286	235	2,538,840.96	400,960.56	2,939,801.52	81				

CAPE ELIZABETH
SCHOOL DEPARTMENT

EMPLOYEE CLASS/CATEGORY	ENROLLED	Cost	TWO ADULTS			EE+CHILD				
			ER CONTRIB	Benefit	EE CONTRIB	ENROLLED	Cost	ER CONTRIB	Benefit	EE CONTRIB
Teachers	17		88%		12%	17		88%		12%
Standard Plan	4	15,434.28	50,304.04	12,576.01	11,433.08	3	12,119.52	29,625.87	9,875.29	6,732.69
Choice Plus Plan	13	14,290.92	163,488.13	12,576.01	22,293.83	14	11,221.92	138,254.06	9,875.29	18,852.82
			88%		12%			88%		12%
Administrators	3					0				
Standard Plan	0	15,434.28	0.00	12,576.01	0.00	0	12,119.52	0.00	9,875.29	0.00
Choice Plus Plan	3	14,290.92	37,728.03	12,576.01	5,144.73	0	11,221.92	0.00	9,875.29	0.00
			85%		15%			85%		15%
Ed Tech II & III	2					6				
Standard Plan	1	15,434.28	12,614.54	12,614.54	2,819.74	0	12,119.52	0.00	9,905.42	0.00
Choice Plus Plan	1	14,290.92	12,614.54	12,614.54	1,676.38	6	11,221.92	59,432.52	9,905.42	7,899.00
			85%		15%			85%		15%
Sec & Tech I (6 prorated)	2					4				
Standard Plan	1	15,434.28	12,614.54	12,614.54	2,819.74	0	12,119.52	0.00	9,905.42	0.00
Choice Plus Plan	1	14,290.92	12,614.54	12,614.54	1,676.38	4	11,221.92	39,621.68	9,905.42	5,266.00
			85%		15%			85%		15%
Bus Drivers & Cust Staff	8					0				
Standard Plan	0	15,434.28	0.00	12,614.54	0.00	0	12,119.52	0.00	9,905.42	0.00
Choice Plus Plan	8	14,290.92	100,916.32	12,614.54	13,411.04	0	11,221.92	0.00	9,905.42	0.00
			85%		15%			85%		15%
Central Office	3					0				
Standard Plan	0	15,434.28	0.00	12,147.28	0.00	0	12,119.52	0.00	9,538.63	0.00
Choice Plus Plan	3	14,290.92	36,441.84	12,147.28	6,430.92	0	11,221.92	0.00	9,538.63	0.00
			85%		15%			85%		15%
Community Services	3					0				
Standard Plan	0	15,434.28	0.00	12,147.28	0.00	0	12,119.52	0.00	9,538.63	0.00
Choice Plus Plan	3	14,290.92	36,441.84	12,147.28	6,430.92	0	11,221.92	0.00	9,538.63	0.00
			85%		15%			85%		15%
Food Service	2					0				
Standard Plan	0	15,434.28	0.00	6,200.00	0.00	0	12,119.52	0.00	6,200.00	0.00
Choice Plus Plan	2	14,290.92	12,400.00	6,200.00	16,181.84	0	11,221.92	0.00	6,200.00	0.00
			85%		15%			85%		15%
Total Standard Plan	6					3				
Total Choice Plus Plan	34					24				
TOTAL	40					27				

CAPE ELIZABETH
SCHOOL DEPARTMENT

FAMILY					
Two Adults + Children					
EMPLOYEE CLASS/CATEGORY	ENROLLED	Cost	ER CONTRIB	Benefit	EE CONTRIB
Teachers	64		88%		12%
Standard Plan	11	18,785.64	168,375.13	15,306.83	38,266.91
Choice Plus Plan	53	17,394.12	811,261.99	15,306.83	110,626.37
			88%		12%
Administrators	6				
Standard Plan	1	18,785.64	15,306.83	15,306.83	3,478.81
Choice Plus Plan	5	17,394.12	76,534.15	15,306.83	10,436.45
			85%		15%
Ed Tech II & III	8				
Standard Plan	0	18,785.64	0.00	15,353.65	0.00
Choice Plus Plan	8	17,394.12	122,829.20	15,353.65	16,323.76
			85%		15%
Sec & Tech I (6 prorated)	4				
Standard Plan	0	18,785.64	0.00	15,353.65	0.00
Choice Plus Plan	4	17,394.12	61,414.60	15,353.65	8,161.88
			85%		15%
Bus Drivers & Cust Staff	2				
Standard Plan	0	18,785.64	0.00	15,353.65	0.00
Choice Plus Plan	2	17,394.12	30,707.30	15,353.65	4,080.94
			85%		15%
Central Office	3				
Standard Plan	1	18,785.64	14,785.00	14,785.00	4,000.64
Choice Plus Plan	2	17,394.12	29,570.00	14,785.00	5,218.24
			85%		15%
Community Services	0				
Standard Plan	0	18,785.64	0.00	14,785.00	0.00
Choice Plus Plan	0	17,394.12	0.00	14,785.00	0.00
Food Service	0				
Standard Plan	0	18,785.64	0.00	6,200.00	0.00
Choice Plus Plan	0	17,394.12	0.00	6,200.00	0.00
Total Standard Plan	13				
Total Choice Plus Plan	74				
TOTAL	87				

**EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT**

ATTACHMENT C – Maine Education Benefit Trust – Plan Summaries (page 1 of 2)

SERVICE	MEA STANDARD PLAN		MEA CHOICE PLUS	
	In-Network	Out-of-Network	Higher Benefit Level	Self-referred Benefit Level
Important Information	Coverage in this column applies to maximum allowances for covered services when you receive health care from providers or professionals in the Blue Choice network.	Coverage in this column applies to maximum allowances for covered services when you receive health care from providers or professionals who are not in the Blue Choice network.	Coverage in this column applies to maximum allowances for covered services provided or authorized by your Primary Care Physician.	Coverage described in this column applies to maximum allowances for self-referred, covered services (those not authorized or performed by your Primary Care Physician).
Primary Care Physician Required	No.	No	Yes	Yes
Coinsurance Level	90%	70%	90%	70%
Office Visit Copayment Primary Care Physician	\$15	80% after \$15 copayment	\$15	No copayment, coinsurance applies
Specialist	\$15	\$15	\$25	No copayment, coinsurance applies
Calendar Year Deductibles General Medical	\$100 per member/ \$200 per family	\$100 per member/ \$200 per family	None	\$250 per member/ \$500 per family
Mental Health (non-listed mental illnesses only)	\$150 per member	\$150 per member	None	No separate mental health deductible, general medical deductible applies
Coinsurance Limit	\$800 per member/ \$1,200 per family <i>(Excluding non-listed mental health, which has separate limit and deductible)</i>	\$800 per member/ \$1,200 per family <i>(Excluding non-listed mental health, which has separate limit and deductible)</i>	\$700 per member/ \$1,400 per family <i>(Does apply to non-listed mental health services)</i>	\$2,500 per member/ \$5,000 per family <i>(Does apply to non-listed mental health services)</i>
Calendar Year Out-of-pocket Limit (Deductible + Coinsurance)	\$700 per member/ \$1,400 per family <i>(Excluding non-listed mental health, which has separate limit and deductible)</i>	\$700 per member/ \$1,400 per family <i>(Excluding non-listed mental health, which has separate limit and deductible)</i>	\$700 per member/ \$1,400 per family <i>(Does apply to non-listed mental health services)</i>	\$2,500 per member/ \$5,000 per family <i>(Does apply to non-listed mental health services)</i>
General Medical Lifetime Maximum Benefits	No lifetime limit	No lifetime limit	No lifetime limit	No lifetime limit
Utilization Management	All inpatient admissions, except emergency and maternity admissions, are subject to preadmission authorization. You, your physician or the provider must call 800-392-1018.	All inpatient admissions, except emergency and maternity admissions, are subject to preadmission authorization. You, your physician or the provider must call 800-392-1018.	All inpatient admissions, except emergency and maternity admissions, are subject to preadmission authorization by your Primary Care Physician.	All inpatient admissions, except emergency and maternity admissions, are subject to preadmission authorization. You, your physician or the provider must call 800-392-1018.
High Tech Diagnostic Radiology (including but not limited to, CT Scans, MRI/MRAs, Nuclear Cardiology, PET Scans) <i>These services require prior authorization.</i>	90% after deductible	70% after deductible	90%	70% after deductible
Hospital Services Inpatient	90% after deductible	70% after deductible	90%	70% after deductible
Outpatient	90% after deductible	70% after deductible	90%	70% after deductible
Emergency Care in ER (copayment is waived if you are admitted) <i>All other services associated with the emergency room are subject to the deductible and coinsurance.</i>	100% after \$50 copayment	100% after \$50 copayment	100% after \$50 copayment	100% after \$50 copayment

**EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT**

ATTACHMENT C – Maine Education Benefit Trust – Plan Summaries (page 2 of 2)

Service	MEA STANDARD PLAN		MEA CHOICE PLUS	
	In-Network	Out-of-Network	Higher Benefit Level	Self-referred Benefit Level
Professional Services Inpatient Outpatient Diagnostic Tests Outpatient Surgery Maternity	90% after deductible 90% after deductible 90% after deductible 90% after deductible	70% after deductible 70% after deductible 70% after deductible 70% after deductible	90% 90% 90% 90%	70% after deductible 70% after deductible 70% after deductible 70% after deductible
Physician Office Visits Sick Care	100% after \$15 copayment	80% after \$15 copayment	100% after \$15 copayment w/PCP 100% after \$25 copayment w/specialist	70% after deductible
Routine/Preventive (exam)	100% after \$15 copayment	80% after \$15 copayment	100% after \$15 copayment w/PCP	Not Covered
OB/GYN Exam (1 per year)	100% after \$15 copayment	80% after \$15 copayment	100% after \$15 copayment w/PCP 100% after \$25 copayment w/specialist	100% after \$25 copayment (members can self-refer to OB/Gyn for annual well-woman exam)
Routine Eye Exams	Not Covered	Not Covered	100% after \$25 copayment	100% after \$25 copayment
Occupational Therapy, Physical Therapy and Speech Therapy	90% after deductible	70% after deductible	90%	70% after deductible
	Office visit copay will apply to OT/PT evaluation or re-evaluation Up to \$3,000 limit per member per calendar year for all therapies combined		Office visit copay will apply to OT/PT evaluation or re-evaluation No annual limit	
Chiropractic Care - Physical Manipulation	90% after deductible	70% after deductible	90%	90% network provider 70% non-network provider
	Up to 40 visits per member per calendar year		Up to 36 visits per member per calendar year when self-referring to a network provider; after 36 visits, PCP referral is required for payment at the higher benefit level	
Nutritional Counseling (Benefit differs for retired MEA members)	90% after deductible	70% after deductible	90%	70% after deductible
	No annual limit		No annual limit	
Smoking Cessation Education Programs	90% after deductible	70% after deductible	90%	70% after deductible
Physician Follow-up Visits	100% after \$15 copayment	80% after \$15 copayment	100% after \$15 copayment w/PCP	70% after deductible
Prescribed Medications	Prescription drug copayment applies	Prescription drug copayment applies	Prescription drug copayment applies	Prescription drug copayment applies
Skilled Nursing Facility	90% after deductible	70% after deductible	90%	70% after deductible
	No annual limit		Up to 100 days per member per calendar year	
Hospice/Home Health Care	90% after deductible	70% after deductible	90%	70% after deductible
Acupuncture	Not Covered	Not Covered	90%	70% after deductible
Durable Medical Equipment	90% after deductible	70% after deductible	90%	70% after deductible
	No annual limit		Up to \$3,000 per member per calendar year	
Prescription Drug Coverage For each 30-day supply	Generic Drugs: \$10 copayment Brand Name Drugs: \$25 copayment		Generic Drugs: \$10 copayment Brand Name Drugs: \$25 copayment	
Mail Order and Select Retail Pharmacies for up to a 90-day supply	Generic Drugs: \$20 copayment Brand Name Drugs: \$50 copayment		Generic Drugs: \$20 copayment Brand Name Drugs: \$50 copayment	

Select Maine retail pharmacies can fill your prescription at the same copayments that apply to the mail service pharmacy level of benefits. Please ask your pharmacy if they offer this special arrangement, or call our Customer Service Department at the phone number on your ID card for a list of retail pharmacies that offer the mail service pharmacy level of benefits.

You can also find a list of pharmacies that match the Mail Service Pharmacy level of benefits on our website at anthem.com. Select "Member," Select "Maine" and click "Enter Site." Click on "Participating Mail Order Pharmacies."

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT

ATTACHMENT D – Maine Municipal Employee Health Trust – Plan Summary (Page 1 of 2)

o minor stand along with the MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

MEDICAL PROGRAM SUMMARY - January 1, 2009 to December 31, 2009

TOWN OF CAPE ELIZABETH
Rated Group

	1 In-Plan Choice (Deductible then 80%)	2 POS C Comprehensive Mediam (100%/50%/70%)	3 POS A Specialist High (100%/50%/70%)	4 POS Low (Deductible then 80%/50%)	5 PPO Value (Deductible then 80%/60%)
NETWORK (NON-NETWORK DEDUCTIBLE Individual/Family)	\$100 (\$200)	IN/OUT \$0/\$250 (\$0/\$500)	IN/OUT \$0/\$250 (\$0/\$500)	IN/OUT \$200/\$300 (\$400/\$600)	IN/OUT \$1500/\$2500 (\$3000/\$5000)
CO-INSURANCE	20%	0% or 10%/30%	0% or 10%/20%	20%/40%	20%/40%
OUT OF POCKET MAXIMUM Individual (Family)	\$100 (\$200)	\$1000/\$250 (\$2000/\$4500)	\$500/\$250 (\$1000/\$4500)	\$1200/\$2500 (\$2400/\$4500)	\$3000/\$4000 (\$6000/\$8000)
COPAYS: (NA=Not Applicable)	\$25	\$15	\$10	\$15 PCP \$20 Specialist	\$25
Office Visit Copay	NA	NA	NA	NA	NA
In Patient Hospital Copay	Deductible then 20%	0% (Physician) or 10% (Hospital)/20%	0% (Physician) or 10% (Hospital)/20%	Ded. then 20%/Ded. then 40%	Ded. then 20%/Ded. then 40%
Out Patient Surgery Copay	Deductible then 20%	\$100 then 0%/Ded. then 30%	\$100 then 0%/Ded. then 20%	Ded. then 20%/Ded. then 40%	Ded. then 20%/Ded. then 40%
Advanced Imaging Copay (MR/CT/PET) (See Summaries for Notes)	NA	\$100* then 0%/Ded. then 20%	\$100* then 0%/Ded. then 20%	NA	NA
Emergency Room Copay	NA	\$50 /\$50	\$50 /\$50	\$75 /\$75	\$100 /\$100
PRESCRIPTION DRUGS:					
RX COPAY (30 day supply) Tier 1/Tier 2/Tier 3	\$10/\$25/\$40	\$10/\$25/\$40	\$10/\$25/\$40	\$10/\$25/\$40	\$10/\$25/\$40
RX COPAY (90 day supply) Tier 1/Tier 2/Tier 3	\$20/\$50/\$80	\$20/\$50/\$80	\$20/\$50/\$80	\$20/\$50/\$80	\$20/\$50/\$80
SELECT PROVISIONS: (See Summaries)	\$25 Copay then 0%	\$15 Alone (In Network Only) 0% /None (In Network Only)	\$10 None (In Network Only) 0%/None (In Network Only)	\$15/None (In Network Only) 0%/Ded. then 40%	\$25 then 0% / \$25 then 20%
Preventive Lab/Xray	0%	0% /None (In Network Only)	0% /None (In Network Only)	0%/Ded. then 40%	0%/Ded. then 20%
Diagnostic Lab/Xray	Deductible then 20%	Deductible then 20%	Deductible then 20%	Ded. then 20%/Ded. then 40%	Ded. then 20%/Ded. then 40%
MONTHLY PREMIUM Rates (Active)					
Employee	\$809.28	\$536.17	\$609.28	\$455.76	\$375.95
Employee & Spouse	\$1,266.74	\$1,202.74	\$1,266.74	\$1,022.35	\$843.31
Employee & Child(ren)	\$894.49	\$874.89	\$894.49	\$743.67	\$613.44
Employee & Family	\$1,266.74	\$1,202.74	\$1,266.74	\$1,022.35	\$843.31
Enrollments (Active)					
Employee	1	18	18	0	0
Employee & Spouse	1	12	12	0	0
Employee & Child(ren)	6	10	10	0	0
Employee & Family	2	28	28	0	0
Total Enrollment					

THIS IS A SUMMARY FOR INFORMATIONAL PURPOSES ONLY. IN THE EVENT OF A DISCREPANCY BETWEEN THIS SUMMARY AND THE PLAN DOCUMENT, THE PLAN DOCUMENT WILL CONTROL.

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT

ATTACHMENT D – Maine Municipal Employee Health Trust – Plan Summary (Page 2 of 2)

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

MEDICAL PROGRAM SUMMARY - January 1, 2009 to December 31, 2009

TOWN OF CAPE ELIZABETH

TYPES OF PLANS

1 Incumbency Check (Deductible then 80%)	2 POS C Comprehensive Medium (100%/\$2500/\$5000)	3 POS A Self-Referenced Low (100%/\$2500/\$5000)	4 POS B Self-Referenced Low (100%/\$2500)	5 POS Value (Deductible then 80%)
<p>INCUMBENT PLAN</p> <p>A plan is a traditional indemnity plan where, in most cases, a subscriber receives health care services:</p> <ul style="list-style-type: none"> receives health care services; and then submits a claim to the insurance company for reimbursement. <p>Under the Indemnity Plan, the subscriber will file the claim outside of the company. Usually, a subscriber must meet an annual deductible and pay a percentage of the bill.</p> <p>The insurance company usually pays the subscriber for medical services after they are performed.</p>	<p>POINT-OF-SERVICE PLAN</p> <p>A POS plan incorporates several features under one plan. This is a multi-option plan within one plan. Subscribers may receive medical treatment from any provider (HMO PCP or Self-Referenced Provider) they choose. However, the level of reimbursement is determined by the type of provider selected.</p> <ul style="list-style-type: none"> HMO PCP - Subscribers select a Primary Care Physician (PCP) from a list of providers in the HMO network. HMO benefits, subscriber must follow plan of care from PCP. Self-Referenced Provider - Subscribers may opt to seek care outside of their PCP (self-refers to a provider not in the HMO network). This will result in higher out-of-pocket costs to the subscribers. <p>The POS plan combines the features of an HMO and indemnity plan. The member most commonly uses the plan like an HMO and receives HMO coverage, but the members may exercise freedom of choice and seek care outside the HMO system with additional charges (higher copayment and deductibles, and submission of claim forms).</p> <p>It is called a "point-of-service" plan because subscribers may opt from whom to receive services at the time they need them.</p> <p>Yes with 1. Indemnity Coverage</p>	<p>POINT-OF-SERVICE PLAN</p> <p>A POS plan incorporates several features under one plan. This is a multi-option plan within one plan. Subscribers may receive medical treatment from any provider (HMO PCP or Self-Referenced Provider) they choose. However, the level of reimbursement is determined by the type of provider selected.</p> <ul style="list-style-type: none"> HMO PCP - Subscribers select a Primary Care Physician (PCP) from a list of providers in the HMO network. HMO benefits, subscriber must follow plan of care from PCP. Self-Referenced Provider - Subscribers may opt to seek care outside of their PCP (self-refers to a provider not in the HMO network). This will result in higher out-of-pocket costs to the subscribers. <p>The POS plan combines the features of an HMO and indemnity plan. The member most commonly uses the plan like an HMO and receives HMO coverage, but the members may exercise freedom of choice and seek care outside the HMO system with additional charges (higher copayment and deductibles, and submission of claim forms).</p> <p>It is called a "point-of-service" plan because subscribers may opt from whom to receive services at the time they need them.</p> <p>Yes with 1. Indemnity Coverage</p>	<p>POINT-OF-SERVICE PLAN</p> <p>A POS plan incorporates several features under one plan. This is a multi-option plan within one plan. Subscribers may receive medical treatment from any provider (HMO PCP or Self-Referenced Provider) they choose. However, the level of reimbursement is determined by the type of provider selected.</p> <ul style="list-style-type: none"> HMO PCP - Subscribers select a Primary Care Physician (PCP) from a list of providers in the HMO network. HMO benefits, subscriber must follow plan of care from PCP. Self-Referenced Provider - Subscribers may opt to seek care outside of their PCP (self-refers to a provider not in the HMO network). This will result in higher out-of-pocket costs to the subscribers. <p>The POS plan combines the features of an HMO and indemnity plan. The member most commonly uses the plan like an HMO and receives HMO coverage, but the members may exercise freedom of choice and seek care outside the HMO system with additional charges (higher copayment and deductibles, and submission of claim forms).</p> <p>It is called a "point-of-service" plan because subscribers may opt from whom to receive services at the time they need them.</p> <p>Yes None</p>	<p>PREFERRED PROVIDER PLAN</p> <p>A PPO plan is an indemnity where the health plan contracts with independent physicians, hospitals, and other health care providers who become members of a preferred provider network. The subscriber may direct their care and select Network providers. However, it will cost more to see an Out-of-Network provider.</p> <ul style="list-style-type: none"> Network (Preferred) Providers - Networks to the subscriber include independent physicians, hospitals, and other health care providers. In some plans, the annual deductible is waived and replaced by a minimum copayment for certain services performed in a network provider's office. Out-of-Network Providers - A subscriber chooses care from a provider (doctor or hospital) who is not on a list of preferred providers. This will result in higher out-of-pocket deductible or co-payment and lower reimbursement. <p>PPOs have fewer restrictions than HMOs. A subscriber may opt to select a preferred provider (physician or hospital) or seek prior authorization for services (Some services, there are PPO options within an indemnity plan.</p> <p>Like a POS plan, patients may choose to see providers who do not participate in the PPO, with higher copayments and deductibles attached to services provided by out-of-network providers.</p> <p>None</p>
<p>DESCRIPTION</p>	<p>Plan Program: Comprehensive Single Program Option:</p> <p>with 2. (Optional) POS or 3. Comprehensive POS</p>	<p>Plan Program: Comprehensive Single Program Option:</p> <p>with 2. (Optional) POS or 3. Comprehensive POS</p>	<p>Plan Program: Comprehensive Single Program Option:</p> <p>with 2. (Optional) POS or 3. Comprehensive POS</p>	<p>Plan Program: Comprehensive Single Program Option:</p> <p>with 2. (Optional) POS or 3. Comprehensive POS</p>

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT

ATTACHMENT E – Letter to Maine Municipal Employee Benefit Trust



TOWN OF CAPE ELIZABETH

Health Insurance Review Committee
P.O. Box 6260
320 Ocean House Road
Cape Elizabeth, Maine 04107-0060

Phone 207-799-1619
Fax 207-799-5598

August 20, 2009

Maine Municipal Employees Health Trust
Stephen Gove
Director
60 Community Drive
Augusta, Maine 04330

Dear Mr. Gove:

The Town of Cape Elizabeth established a Health Insurance Review Committee. The Committee's charge is to review the health care coverage and benefits offered to municipal and school employees. In particular the committee will look at plan design, premium cost, and providers.

This letter is written to request information concerning the current health plans offered by the Maine Municipal Employees Health Trust, specifically relating to what the current benefits are, how these plans are negotiated with the current providers, and by what means the Trust received approval from the recipients of these plans. Also, please describe what other plans are currently offered.

The Committee is requesting a written answer by September 6, 2009, and it would like to request you or a designee, to come and meet with the Committee at a later date for a discussion on these points and other health care benefit issues.

The Committee has an early December goal for making recommendations to the Cape Elizabeth Town Council and School Board. We would like to invite you to present to us on either October 1 or October 22 at 7 pm. Please contact Matthew Sturgis, staff support to the Committee, at 799-1619 to discuss these dates.

We eagerly await your written response and look forward to meeting with you in person.

Sincerely,

Cape Elizabeth Health Insurance Review Committee
By David Hillman, Chair

Cc: Michael K. McGovern, Town Manager

**EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT**

***ATTACHMENT F – Letter(s) to Maine Education Association Benefit Trust &
Their Response***

TOWN OF CAPE ELIZABETH

Health Insurance Review Committee
P.O. Box 6260
320 Ocean House Road
Cape Elizabeth, Maine 04107-0060

Phone 207-799-1619
Fax 207-799-5598

August 20, 2009

MEA Benefits Trust
Christine Burke
Executive Director
35 Community Drive
Augusta, Maine 04330

Dear Ms. Burke:

The Town of Cape Elizabeth established a Health Insurance Review Committee. The Committee's charge is to review the health care coverage and benefits offered to municipal and school employees. In particular the committee will look at plan design, premium cost, and providers.

This letter is written to request information concerning the current health plans offered by the Maine Education Association Benefits Trust, specifically relating to what the current benefits are, how these plans are negotiated with the current providers, and by what means the Trust received approval from the recipients of these plans. Also, please describe what other plans are currently offered.

The Committee is requesting a written answer by September 6, 2009, and it would like to request you or a designee, to come and meet with the Committee at a later date for a discussion on these points and other health care benefit issues.

The Committee has an early December goal for making recommendations to the Cape Elizabeth Town Council and School Board. We would like to invite you to present to us on either October 1 or October 22 at 7 pm. Please contact Matthew Sturgis, staff support to the Committee, at 799-1619 to discuss these dates.

We eagerly await your written response and look forward to meeting with you in person.

Sincerely,

Cape Elizabeth Health Insurance Review Committee
By David Hillman, Chair

Cc: Alan Hawkins, Superintendent of Schools

**EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT**



TOWN OF CAPE ELIZABETH

Health Insurance Review Committee
P.O. Box 6260
320 Ocean House Road
Cape Elizabeth, Maine 04107-0060

Phone 207-799-1619
Fax 207-799-5598

October 9, 2009

MEA Benefits Trust
Christine Burke
Executive Director
35 Community Drive
Augusta, Maine 04330

Dear Ms. Burke:

The Town of Cape Elizabeth Health Insurance Review Committee met on October 1, 2009. After some discussion regarding the need for visibility, the Committee moved to formally request prior claims experience for Cape Elizabeth. Claim history information was recently provided to the Committee by the Maine Municipal Employees Health Trust and we would like the same information from MEA Benefits Trust in order to better inform our discussions.

Please provide this information to the Cape Elizabeth Health Insurance Review Committee prior to our meeting on October 22, 2009. If there is an issue with providing claim information, please be prepared to explain your reasoning at your presentation on October 22. Should you need clarification on the information we seek, please do not hesitate to contact us.

**EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT**

Additionally, both the MEA Benefits Trust and the Maine Municipal Employees Health Trust are scheduled to present to the Committee on October 22nd. The meeting begins at 7:00 p.m. in the William Jordan Conference room at the Cape Elizabeth Town Hall, with the MMEHT scheduled to present first. Each of you is scheduled for one hour, with approximately 30 minutes slotted for your presentation and 30 minutes for questions and answers.

We eagerly await your written response and look forward to meeting with you in person on October 22, 2009.

Sincerely,

Cape Elizabeth Health Insurance Review Committee
By David Hillman, Chair

Cc: Alan Hawkins, Superintendent of Schools

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT

MEA
Benefits Trust

35 Community Drive • Augusta, Maine 04330-9187 • (207) 622-5356 • (207) 622-4415

Christine Burke, Esq., Executive Director

Roger Young, Chair
Lois Kirby-Chealey, Vice Chair

October 21, 2009


Health Insurance Review Committee
P.O. Box 6260
320 Ocean House Road
Cape Elizabeth, Maine 04107-0060

Dear Mr. Hillman:

I am responding to the October 9 2009, letter from the Town of Cape Elizabeth for specific health insurance claims information for Cape Elizabeth, which was made on behalf of the Health Insurance Review Committee. I am unable to comply with the request as the MEA Benefits Trust does not maintain, collect or receive any experience information concerning individual school groups. The participants in our health insurance plan are considered one large community, and accordingly, we do not subdivide the data into individual community subsets.

We do have some information on aggregate claims data as it compares to other public purchasers both in Maine and in New Hampshire. I will be more than happy to bring this to the meeting on October 22 to discuss it with you. If you have any other questions, please feel free to contact me. I look forward to meeting with you on October 22, 2009.

Sincerely,



Christine P. Burke, Esq.
Executive Director

**EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT**

ATTACHMENT G -- CHAPTER 3 CAPE ELIZABETH PERSONNEL CODE

[Adopted effective 10/12/94 with amendments through 12/20/2008]

Sec. 3-2-11 Employee Health Benefits

The Town of Cape Elizabeth participates in the Maine Municipal Employees Health Trust (MMEHT). Employees have the option of participating in either the MMEHT Indemnity Choice Plan or the MMEHT Comprehensive Point of Service Plan. Any employee, who chooses the MMEHT Indemnity Choice Plan instead of the MMEHT Comprehensive Point of Service Plan, shall assume 100% of the additional incremental cost in addition to the applicable cost sharing. *The Town reserves the right to substitute plans from other providers with similar coverage's and claims service and has the right to offer additional MMEHT plans.*

- The Town pays 90% of the cost of the premium for those with single coverage. The Town pays 80% of the cost of the premium for those with dependent coverage.
- Regular permanent employees working at least 35 hours per week are eligible for the above premium payments.
- Employees working a regular year round schedule of at least 20 hours per week, but less than 35 hours per week receive a pro rata health benefit based on their percentage of hours worked based on a 40 hour work week. (For example, an employee working 25 hours year round per week would receive 25/40ths or 62.5% of the applicable premium. A single employee would have 62.5% of their premium paid. An employee with dependents would have 62.5% of 80% of their premium paid which is 50%)
- If any employee is eligible for coverage that is more expensive than single coverage, they may choose single coverage.
- If an employee can document that they are on a partner's plan, they may opt out of having coverage through the Town.
- Any savings resulting from the lesser coverage shall be shared 50% by the Town and 50% by the employee. The amount accruing to the employee shall be paid in early June and early December of each year based on the previous six months savings. The payment shall not be considered part of compensation for purposes of retirement, life insurance and computing hourly wages. The employee shall be responsible for any tax liability.
- Affected employees must elect their coverage level once a year during the enrollment period or upon hiring. Coverage must be elected before they become effective.
- Elections are binding for the plan year unless during the year the employee has a lifestyle change such as:
 1. Marriage or divorce
 2. Birth, adoption, or change in custody of a child
 3. Death of a spouse or child
 4. Gain or loss of a spouse's employment
 5. Change in job status from full time to part time by you or your spouse and/or
 6. An unpaid leave of absence by you or your spouse.The change an employee makes must be on account of and consistent with the event.

**EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT**

3-20

(a) Section 125 Plan

The Town of Cape Elizabeth offers a Section 125 Plan reimbursement account through Maine School Management Association. The Town may choose another provider at its option. Medical expense reimbursement accounts are limited to \$3000 per year. Dependent care reimbursement accounts are limited to \$5,000 per calendar year per family.

(b) Fitness

The Town shall provide up to \$150.00 per calendar year to reimburse any employee for a fitness class, health club membership, a smoking cessation or weight loss program or for any other bona fide program leading to better fitness and health. Reimbursement shall be upon Town receipt of a paid invoice or copy of a cancelled check. (Amended Eff 11/10/2007)

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT

ATTACHMENT H – Health Benefit Plan Type Comparison

The following chart is intended to highlight difference across health benefit plan types.

	COST	ACCESS	ADVANTAGES	DISADVANTAGES
HMO	Often have no deductible Co-pays are low when you visit the doctor	Must stay with the network Need a referral	Low out of pocket Encourages preventative care Often no lifetime max	Tight controls makes more difficult to get specialized care Care from non-HMO physician generally not covered
PPO	\$500-\$2500 deductible Can go out of network – at a cost	Wider choice and free choice of services	Free choice of health care provider Out of pocket costs generally limited	More paperwork and more expensive than HMO Less coverage for treatment by non-PPO physician
POS	No deductible if in network OOP cost limited Co-pay can be high out of network	Can go outside network at a cost	Maximum freedom Minimal co-pay No deductible Non “gatekeeper for non-network care Out of pocket cost limited	Substantial co-pay for non-network care Deductible for non-network care Tight controls to get specialized care
HDHP with HSA	\$1,500 - \$5,000 deductible for individual can be as high as \$1,000 for a family No coinsurance	No “gatekeeper”	Investment option to help offset cost Can roll dollars over Interest on investment is deductible 100% of services covered after deductible met	High deductible can be cost prohibitive

SOURCE: <http://www.agencyinfo.net/iv/medical/types/hmo-ppo-pos.htm>

EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT

ATTACHMENT I – RELATED MEDIA ARTICLES ON HEALTH INSURANCE
Attached as hard copy

February 24, 2010

OP-ED CONTRIBUTOR

Bust the Health Care Trusts

By ROBERT B. REICH

Berkeley, Calif.

MY health insurer here in California is Anthem Blue Cross. So far, my group policy hasn't been affected by Anthem's planned rate increase of as much as 39 percent for its customers with individual policies — but the trend worries me, as it should everyone. Rates are soaring all over the country. Insurers have been seeking to raise premiums 24 percent in Connecticut, 23 percent in Maine, 20 percent in Oregon and a wallet-popping 56 percent in Michigan. How can insurers raise prices as much as they want without fear of losing customers?

Astonishingly, the health insurance industry is exempt from federal antitrust laws, which is why a handful of insurers have become so dominant in their markets that their customers simply have nowhere else to go. But that protection could soon end: President Obama on Tuesday announced his support of a House bill that would repeal health insurers' antitrust exemption, and Speaker Nancy Pelosi signaled that she would put it toward an immediate vote.

This is promising news. Forcing insurers to compete for our business would do at least as much good as the president's proposal to give the federal government, working with the states, the power to deny or roll back excessive premiums. The fact is that half of the states already have the power to approve rates and they don't seem to be holding insurers back much.

Health insurers like Anthem claim they have to raise rates (as well as co-payments and deductibles) because of the economic downturn. Employers are reducing coverage and cutting payrolls. As a result, more people are buying individual policies, but they tend to be older and sicker. Younger and healthier Americans are simply going without insurance, and thus not subsidizing their costlier fellow policy-holders.

This can't be the whole story, because big health insurers are making boatloads of money. America's five largest health insurers made a total profit of \$12.2 billion last year; that was 56 percent higher than in 2008, according to a report from Health Care for America Now.

It's not as if health insurers have been inventing jazzy software or making jet airplanes. Basically, they just collect money from employers and individuals and give the money to providers. In most markets, consumers wouldn't pay this much for so little. We'd find a competitor that charged less and delivered more. What's stopping us? Not enough choice.

More than 90 percent of insurance markets in more than 300 metropolitan areas are "highly concentrated," as defined by the Federal Trade Commission, according to the American Medical Association. A 2008 survey by the Government Accountability Office found the five largest providers of small group insurance controlled 75 percent or more of the market in 34 states, and 90 percent or more in 23 of those states, a significant increase in concentration since the G.A.O.'s 2002 survey.

Anthem's parent is WellPoint, one of the largest publicly traded health insurers in America, which runs Blue Cross and Blue Shield plans in 14 states and Unicare plans in several others. WellPoint, through Anthem, is the largest for-profit health insurer here in California, as it is in Maine, where it controls 78 percent of the market. In Missouri, WellPoint owns 68 percent of the market; in its home state, Indiana, 60 percent. With 35 million customers, WellPoint counts one out of every nine Americans as a member of one of its plans.

Antitrust laws are supposed to prevent this kind of market power. So why are giant health insurers like WellPoint exempt? Chalk it up to an anomaly that began seven decades ago in the quaint old world of regional, nonprofit Blues. They were created in part by hospitals to spread the costs of expensive new equipment and facilities over many policy holders. Collaboration was the point, not competition. The 1945 McCarran-Ferguson Act made it official, exempting insurers from antitrust scrutiny and giving states the power to regulate them, although not necessarily any power to regulate rates.

The system worked fairly well until about two decades ago when insurers began morphing into publicly held, for-profit cash machines. A new breed of medical entrepreneur saw opportunities to profit from a rapidly aging population eager to get every new drug and technology that might extend their lives, and a government committed to doling out hundreds of billions of dollars in Medicare and Medicaid.

With size has come not only market power but political clout. Big for-profit insurers deploy enough campaign money and lobbyists to get their way with state legislators and insurance commissioners. A proposal last year to allow California's Department of Insurance to regulate rates, for example,

died in committee. These companies have even been known to press states to limit how many other health insurers they license.

And when they can't get their way, insurers go to court. In Maine -- one state that aggressively regulates rates -- WellPoint's Anthem subsidiary has sued the insurance superintendent for reducing its requested rate increase.

Political clout can be especially advantageous at the federal level, as the big Wall Street banks have so brazenly demonstrated. Over the past two and a half years, WellPoint's employees and associates have contributed more than \$922,000 to federal political campaigns, and the company has spent \$7.8 million lobbying Washington policymakers, according to the Center for Responsive Politics. It should not be surprising that WellPoint was one of the leading opponents of the public insurance option, which would have subjected it to competition even where it had sewn up the market.

Antitrust is no substitute for broader health care reform, but it's an important prerequisite. If a handful of giant health insurers are allowed to dominate the industry, many of the other aspects of reform (establishing insurance exchanges, requiring people to have insurance, even allowing consumers to buy insurance across state lines) won't bring down the price of insurance.

Regardless of what happens at the White House's health care meeting on Thursday, we've got to make sure health insurers compete for every one of our dollars. First chance I get I'm going to find another health insurer here in California -- unless Anthem has such a lock on the market I can't find a better deal.

Update: On Wednesday, members of the House voted overwhelmingly to eliminate the health insurance industry's antitrust exception.

Robert B. Reich, a professor of public policy at the University of California, Berkeley, and a secretary of labor under President Bill Clinton, is the author of "Supercapitalism."

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THE WALL STREET JOURNAL

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OPINION | MARCH 1, 2010, 8:51 A.M. ET

Hoosiers and Health Savings Accounts

An Indiana experiment that is reducing costs for the state and its employees.

By MITCH DANIELS

As Washington prepares to revisit the subject of health-care reform, perhaps some fresh experience from Middle America would be of value.

When I was elected governor of Indiana five years ago, I asked that a consumer-directed health insurance option, or Health Savings Account (HSA), be added to the conventional plans then available to state employees. I thought this additional choice might work well for at least a few of my co-workers, and in the first year some 4% of us signed up for it.

In Indiana's HSA, the state deposits \$2,750 per year into an account controlled by the employee, out of which he pays all his health bills. Indiana covers the premium for the plan. The intent is that participants will become more cost-conscious and careful about overpayment or overutilization.

Unused funds in the account—to date some \$30 million or about \$2,000 per employee and growing fast—are the worker's permanent property. For the very small number of employees (about 6% last year) who use their entire account balance, the state shares further health costs up to an out-of-pocket maximum of \$8,000, after which the employee is completely protected.

The HSA option has proven highly popular. This year, over 70% of our 30,000 Indiana state workers chose it, by far the highest in public-sector America. Due to the rejection of these plans by government unions, the average use of HSAs in the public sector across the country is just 2%.

What we, and independent health-care experts at Mercer Consulting, have found is that individually owned and directed health-care coverage has a startlingly positive effect on costs for both employees and the state. What follows is a summary of our experience:

State employees enrolled in the consumer-driven plan will save more than \$8 million in 2010 compared to their coworkers in the old-fashioned preferred provider organization (PPO) alternative. In the second straight year in which we've been forced to skip salary increases, workers switching to the HSA are adding thousands of dollars to their take-home pay. (Even if an employee had health issues and incurred the maximum out-of-pocket expenses, he would still be hundreds of dollars ahead.) HSA customers seem highly satisfied; only 3% have opted to switch back to the PPO.

The state is saving, too. In a time of severe budgetary stress, Indiana will save at least \$20 million in 2010 because of our high HSA enrollment. Mercer calculates the state's total costs are being reduced by 11% solely due to the HSA option.

Most important, we are seeing significant changes in behavior, and consequently lower total costs. In 2009, for example, state workers with the HSA visited emergency rooms and physicians 67% less frequently than co-workers with traditional health care. They were much more likely to use generic drugs than those enrolled in the conventional plan, resulting in an average lower cost per prescription of \$18. They were admitted to hospitals less than half as frequently as their colleagues. Differences in health status between the groups account for part of this disparity, but consumer decision-making is, we've found, also a major factor.

Overall, participants in our new plan ran up only \$65 in cost for every \$100 incurred by their associates under the old coverage. Are HSA participants denying themselves needed care in order to save money? The answer, as far as the state of Indiana and Mercer Consulting can find, is no. There is no evidence HSA members are more likely to defer needed care or common-sense preventive measures such as routine physicals or mammograms.

It turns out that, when someone is spending his own money alone for routine expenses, he is far more likely to ask the questions he would ask if purchasing any other good or service: "Is there a generic version of that drug?" "Didn't I take that same test just recently?" "Where can I get the colonoscopy at the best price?"

By contrast, the prevalent model of health plans in this country in effect signals individuals they can buy health care on someone else's credit card. A fast-food meal costs most Americans more out of pocket than a visit to the doctor. What seems free will always be overconsumed, compared to the choices a normal consumer would make. Hence our plan's immense savings.

The Indiana experience confirms what common sense already tells us: A system built on "cost-plus" reimbursement (i.e., the more a physician does, the more he or she gets paid) coupled with "free" to the purchaser consumption, is a machine perfectly designed to overconsume and overspend. It will never be controlled by top-down balloon-squeezing by insurance companies or the government. There will be no meaningful cost control until we are all cost controllers in our own right.

Americans can make sound, thrifty decisions about their own health. If national policy trusted and encouraged them to do so, our skyrocketing health-care costs would decelerate.

Mr. Daniels, a Republican, is governor of Indiana.

Bangor school system stymied on health insurance

Bid for claim data to negotiate hits closed door

By Eric Russell

BDN Staff

BANGOR, Maine — Seeking to trim its budget by any means possible, the Bangor School Department recently tried shopping around to other health insurance carriers that might be offering a lower price.

Superintendent Betsy Webb said she didn't get far.

The Maine Education Association Benefits Trust, which facilitates insurance for MEA members through the state's largest carrier, Anthem Blue Cross and Blue Shield, would not release claim data to Bangor.

Without it, Webb said, other carriers were not interested in negotiating with Bangor.

"When we went out to other companies to get quotes, two companies said they couldn't quote without claim data. Another company used general trend data, and their quote came in much higher," she said.

Mark Gray, spokesman for the MEA, said the benefits trust is set up as a statewide pool and simply cannot break down the data for municipalities.

"We only look at claims data on a statewide basis," he said. "From time to time, districts will ask for claims data, but we don't have it to give to them."

Bangor School Department employees have a contractual obligation with Anthem through 2011 anyway, but Webb said she and her staff have a responsibility to keep costs contained.

In the past, Anthem has increased its premiums by more than 10 percent in one year, and she worried that next year could see further increases. Already, Anthem has proposed a rate increase of more than 20 percent on two of its insurance plans.

"We're not looking to reduce service, by any means, but we don't want to see as much growth either," she said.

Anthem has not yet released its rates for the 2010 year for the MEA Benefits Trust plan and likely won't until early March, according to Gray. However, he said Anthem quotes insurance rates all the time without specific claims data and said it has never been a problem.

"We understand that districts want to shop around," Gray said. "But, we believe that Anthem provides the most competitive insurance rates around, in large part because we have a big, statewide pool."

Additionally, because health care costs are often higher in northern Maine than in southern Maine, Anthem's statewide rates are equalized, he said.

Webb maintained that it's unfortunate that her school department cannot get access to health insurance information. She doesn't yet know how the school department will proceed. The Bangor

School Department already faces a potential loss in state subsidy of \$2 million for the next year. If insurance costs continue to go up, more hard decisions will have to be made

“To be honest, we kind of hit a wall,” she said. “But we’re going to have to continue. What choice do we have?”

**EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT**

ATTACHMENT J – CUMBERLAND COUNTY TEACHER COMPARISON CHARTS
Attached as hard copy

CUMBERLAND COUNTY TEACHER COMPARISON CHARTS – DECEMBER 2008
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PROVISION	YARMOUTH	MSAD 15	MSAD 51	MSAD 61
Health Insurance (Plan/Unit Contribution)	Standard and Choice Plus. Flexible benefit plan. 2008-2010: Based on 100% prev. yr. Choice Plus premiums.	Standard and Choice Plus. 78% all levels. Pro-rated for PT.	Standard and Choice Plus. 100% single Standard or Choice Plus. Different formulas for pre/post 9/1/93 for dependent coverage. 08-09: CP: Teacher pays 0 for S, A/C; \$2,800 2A, \$5,903.21 F. St. Teacher pays 0 for S; \$628.61 A/C; \$3,943.25 2A; \$7,294.73 F. No reduced coverage: ½ Board savings (one-time payment).	Standard and Choice Plus. 2008-2009: 90% single CP. 77.5% other levels. Employee pays difference for Standard.
Health Insurance (Cash-in-Lieu)	\$3,000. Can apply to other benefits offered.	No.	No reduced coverage: ½ Board savings (one-time payment).	Can apply 40% of Standard single to disability or dental or use that amount toward expenses of outside plan. 100% single.
Dental Insurance	Part of flexible benefit plan.	100% single (pro-rated PT.).	Single coverage.	
PROVISION	MSAD 62	MSAD 72	MSAD 75	
Health Insurance (Plan/Unit Contribution)	Standard and Choice Plus. 100% single Standard or CP. Standard: 80% other levels. Choice Plus: 2008-2009: 87% 2A; 89% A/C; 85% F. 2009-2010: 85% 2A; 87% A/C; 85% F.	Standard and Choice Plus. New hires 07-08: 90% S, 80% other levels CP. No benefits under half-time. Hired 7/1/85 8/31/07: 100% S, 77% St. or 80% CP other levels. Pre-7/1/85 add. comp. if less than F coverage. Benefits pro-rated for PT.	Standard and Choice Plus. 100% single Choice Plus. A/C: 95% prev. yr. premium 2A, F. Teacher pays difference for Standard.	
Health Insurance (Cash-in-Lieu)	Option for increased dental coverage.	\$1,300.	20% single Choice Plus premium.	
Dental Insurance	100% single. If take no health ins., up to full family.	100%.	100% single for FT. PT. pro-rated.	

CUMBERLAND COUNTY TEACHER COMPARISON CHARTS – DECEMBER 2008
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PROVISION	BATH	BRUNSWICK	CAPE ELIZABETH	FALMOUTH
Health Insurance (Plan/Unit Contribution)	Standard and Choice Plus. 100% single CP; 86% diff. in premium for other levels. Employee pays diff. for Standard.	Standard and Choice Plus. Standard: 90% single; 89% A/C; 88% 2A, F. Choice Plus: 92% single; 91% A/C; 90% 2A; 89% F.	Standard and Choice Plus. 88% Choice Plus.	Standard and Choice Plus. 2007-2010: Actual cost – S. 2008-2009: \$11,329.74; \$13,240.32 2P/F. 2009-2010: \$12,462.71; \$14,564.35 2P/F.
Health Insurance (Cash-in-Lieu)	2008-2009: \$550.	No.	No.	No.
Dental Insurance	At employee's expense.	100% single.	\$250/year.	Yes.

PROVISION	FREEPORT	GORHAM	PORTLAND	RAYMOND
Health Insurance (Plan/Unit Contribution)	Standard and Choice Plus. 100% single CP; 2A & A/C: 100% prev. yr. premium; F: 89% prev. yr. premium.	Standard and Choice Plus. 100% of prev. yr. rates for Choice Plus; Employee pays difference for Standard.	Flexible benefits plan. Standard and Choice Plus. "Benefit dollars" equal to: 100% single dental plus: 100% single CP premium (if require single or 2A cov.) or 100% A/C CP (if require A/C or F cov.). Hired after 8/31/98: No benefits if empl. less than half-time.	Standard and Choice Plus. 100% single Choice Plus. 90% A/C, 2A; 85% F.
Health Insurance (Cash-in-Lieu)	No.	No.	If received pre-9/93, ½ Board savings based on eligibility.	No.
Dental Insurance	100% single.	Up to 2 person rate (but no more than 107% of prev. yr. rate).	"Benefit dollars" equivalent to 100% single.	100% single; 70% 2P, F.

PROVISION	SCARBOROUGH	SOUTH PORTLAND	WESTBROOK	WINDHAM
Health Insurance (Plan/Unit Contribution)	Standard and Choice Plus. 80% of Choice Plus premium. Employee pays difference for Standard.	Standard and Choice Plus. 2008-2009: 87% Choice Plus. 2009-2010: 86% Choice Plus. Employee pays difference for Standard.	Standard and Choice Plus. Standard: 83% S, A/C; 79% 2A, F. Choice Plus: 95% S, A/C; 87.5% 2A, F.	Standard and Choice Plus. 100% single Choice Plus. 2008-2009: Single amount plus 40% of diff. b/w single and rate for level of coverage; 2009-2010: 35%. Employee pays diff. for Standard.
Health Insurance (Cash-in-Lieu)	\$800 to TSA (if take neither health nor dental).	No/reduced coverage. Receive ½ savings to Board.	If covered under plan in 06-07 + drops coverage, 30% annual savings.	No.
Dental Insurance	90% single.	90% single.	90% full family.	100% single.

**EMPLOYEE HEALTH INSURANCE REVIEW COMMITTEE
REPORT**

ATTACHMENT K – SCHOOL EMPLOYEE POPULATION SURVEY

	# eligible employees	Total # employees covered-MEA Benefit Health Trust					# employees receiving cash in-lieu of
		Single	2-Person	Adult +C	Family	Total	
Falmouth	332						
Standard		28	9	16	2	55	Not offered
Choice +		109	38	59	51	257	
total		137	47	75	53	312	
Yarmouth	220						
Standard		13	9	3	10	35	\$3000 can apply
Choice +		57	25	13	47	142	other
total		70	34	16	57	177	benefits offered
Scarborough	545						
Standard		24	14	6	27	71	85
Choice +		159	59	52	109	379	\$800 to Tax
total		183	73	58	136	450	Sheltered Annuity
Cumberland	395						
Standard		25	12	12	7	56	One-time offer
Choice +		131	27	74	46	278	1/2 of savings
total		156	39	86	53	334	3 or 4 ee's per yr.
Freeport	200						
Standard		1	0	0	0	1	Not offered
Choice +		45	5	11	9	70	
total		46	5	11	9	71	
Gorham	no response						
Standard							Not Offered
Choice +							
total							
Windham	550						
Standard		28	6	9	9	52	Admin only (10)
Choice +		240	64	84	76	464	
total		268	70	93	85	516	
Brunswick	477						
Standard		48	42	9	49	148	Not offered
Choice +		52	46	30	89	217	
total		100.92	88.9	39.91	138.89	365	