



2024 Fiscal Year  
Final Budget Presentation  
September 21, 2023

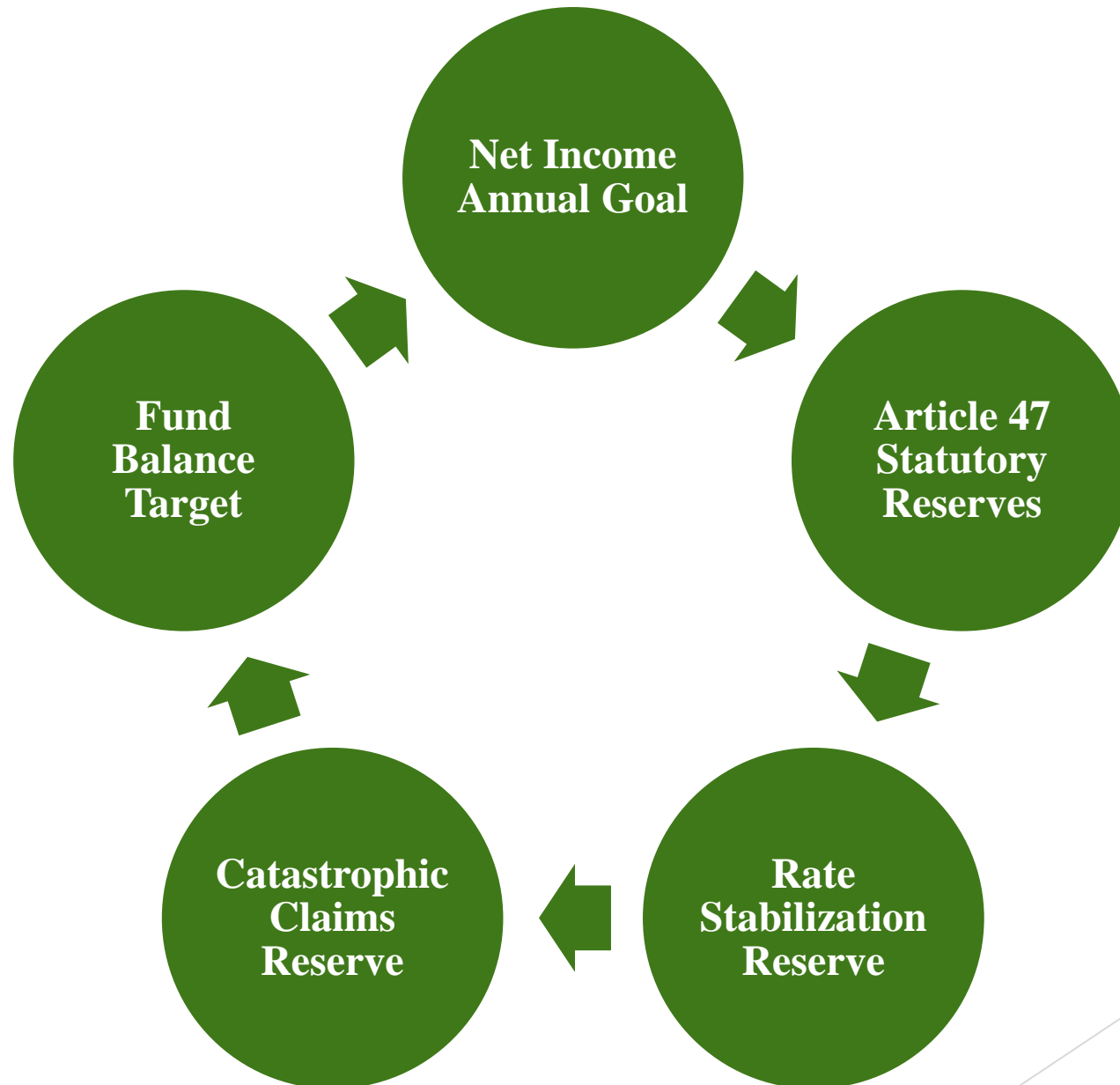
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# Section 1

## 2024 Fiscal Year 5-Principles of the Consortium's Budget Philosophy

# 5 Principles of the Consortium's Budget Philosophy



## Net Annual Income Goal

In accordance with Consortium Board Policy ensure the budgeted Net Income equals approximately 2.0% annually prior to any deduction or distribution of surplus fund balances to the Participating Municipalities. 1% to fund structural reserve increases and 1% to maintain the threshold for unencumbered fund balance.

*Net Income is defined as Total Income (Premium, Prescription Drug Rebates, Interest Income, etc.) Less Total Expenses (Paid Claims, Administrative Fees, Professional Service Fees, Internal Fees, Etc.).*

## Article 47 Statutory Reserves – IBNR/IBNP Reserve

In accordance with §4706(a)(1) of the New York State Insurance Law, maintain a restricted account which shall be a reserve fund to cover the Consortium's Incurred But Not Reported (IBNR) and Incurred But Not Paid (IBNP) Claims Liability. This reserve shall be funded up to an amount deemed to be required by the Superintendent of the New York State Department of Financial Services.

*The current value of this reserve is equal to 12% of annual expected incurred hospital, medical, surgical claims, and pharmacy claims. This amount was approved by the Superintendent with the Consortium's Article 47 Application in October 2010.*

## Article 47 Statutory Reserves – Surplus Account

In accordance with §4706(a)(5)(A) of the New York State Insurance Law, maintain a restricted account which shall be a reserve fund for the sole purpose of satisfying unexpected obligations of the Consortium which may occur from time-to-time, or which may occur upon termination or abandonment.

*The current value of this reserve is equal to 5% of the annual expected earned premium of the Consortium. This amount is set by statute and must be maintained at all times by the Consortium.*

## Catastrophic Claims Reserve (Discretionary Reserve)

This reserve was established by the Consortium's Board of Directors with the passage of resolution #06-2014 to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce premium.

*This reserve shall be used to pay any claims in the captive layer between \$500,000 and \$1,000,000 each year. In addition, any interest earned by this reserve shall be maintained within the reserve.*

## Rate Stabilization Reserve (Discretionary Reserve)

This reserve was amended by the Consortium's Board of Directors with the passage of resolution #034-2019 to sustain predictable and stable premium increases at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.

*This reserve may be used by the Board of Directors at its discretion to establish a multiple year plan to maintain stable premium rate increases.*

*The Board of Directors are considering an amendment to this Reserve Fund to a level of less than 10% of premium target, but no lower than 2.5% of premium target.*



## Fund Balance Target

In accordance with Board Policy, the annual budget shall include an unrestricted fund balance at a level which at the discretion of the Board of Directors ensures the financial stability and sustainability of the Consortium but shall not be less than 12% of the annual premium as forecasted through at least year four of the annual proforma calculations.



# Section 1

2023 Fiscal Year-to-Date  
Budget vs Actual Results

# 2023 Income Budget vs Actual (08/31/2023)

		<i>2023 Adopted Budget</i>	<i>2023 Amended Budget</i>	<i>2023 Year-to-Date Budget</i>	<i>2023 Actual Results</i>	<i>Variance</i>	<i>% Difference</i>
<b>Income</b>							
	Medical and Rx Plan Premiums	\$58,409,919.48	\$62,109,184.32	\$41,406,122.88	\$40,913,942.41	-\$492,180.47	-1.19%
9020	Interest	\$450,000.00	\$450,000.00	\$300,000.00	\$296,213.96	-\$3,786.04	-1.26%
9010	Rx Rebates	\$2,900,000.00	\$2,900,000.00	\$2,175,000.00	\$2,378,235.07	\$203,235.07	9.34%
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9035	Finance Charge Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<b>Total Income</b>		<b>\$61,759,919.48</b>	<b>\$65,459,184.32</b>	<b>\$43,881,122.88</b>	<b>\$43,588,391.44</b>	<b>-\$292,731.44</b>	<b>-0.67%</b>

## Key Facts:

- Total Income was 0.67% below the amended budget, with premium income being 1.19% below the amended budget for the first 8-months of the fiscal year. The amended budget reflects the changes in plan designs and demographics of the participants as detailed below:
  - \* There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan.
  - \* Changes in covered lives and contract counts.
  - \* Rx Rebates are \$203,213.96 ahead of the projected budget as of August 2023.
  - \* Interest Earnings continue to improve.

# 2023 Income Budget vs Actual (08/31/2023)

## Key Facts (continued):

2. The Consortium invests in notes/bonds which are held to maturity but records gains and/or losses monthly (“mark to market”). Gains on investments are booked as revenues, while losses on investments are recorded as expenditures. Interest earnings have begun to rebound, following the dramatic downturn experienced during The COVID-19 pandemic.
3. There has been three pharmaceutical manufacturer rebate payments received from ProAct, Inc. for the 2023 Fiscal Year to date, totaling \$2,378,235.06. The Consortium is anticipating that it will also receive a reconciliation payment for 2022.
4. The Consortium did not receive any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1 million. To date, there have been no claims that exceed \$1,000,000 for this year or the previous year.
5. There was no Other Income as of August 31<sup>st</sup>. Even when the Consortium does register some miscellaneous income, the impact is negligible at best and has very little effect on the overall net position of the Consortium.



## Section 2

2023 Fiscal Year-to-Date  
Expense Budget vs Actual Results

# 2023 Expense Budget vs Actual Results (08/31/2023)

		2023 Adopted Budget	2023 Amended Budget	2023 Year-to-Date Budget	2023 Actual Results	Variance	% Difference
<b>Expenses</b>							
8090	Medical Paid Claims	\$40,773,545.30	\$43,149,264.56	\$29,042,774.22	\$29,441,004.88	\$398,230.66	1.37%
	Advance Deposit / Pre-Paid Claims	\$39,415.00	\$139,700.00	\$139,700.00	\$139,700.00	\$0.00	0.00%
8120	Rx Paid Claims - ProAct	\$17,640,630.54	\$18,787,861.39	\$12,645,675.94	\$13,954,815.23	\$1,309,139.29	10.35%
8121	Rx Paid Claims - CanaRx	\$178,747.40	\$178,747.40	\$119,164.93	\$99,049.50	-\$20,115.43	-16.88%
8084	Flu Clinic Fees	\$23,733.39	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8050	Medical Admin Fees	\$1,606,871.12	\$1,762,898.30	\$1,175,265.53	\$1,135,326.97	-\$39,938.56	-3.40%
	Rx Admin Fees	\$272,156.43	\$298,582.82	\$199,055.21	\$196,727.54	-\$2,327.67	-1.17%
8091	NYS Covered Lives Assessment	\$387,749.01	\$429,780.00	\$286,520.00	\$284,726.20	-\$1,793.80	-0.63%
9060	ACA PCORI Fee	\$19,830.73	\$21,756.29	\$21,756.29	\$17,808.57	-\$3,947.72	-18.15%
8110	Specific Stop-Loss Insurance (Actual)	\$795,720.20	\$872,984.63	\$581,989.75	\$214,156.76	-\$367,832.99	-63.20%
8000	Accounting Fees	\$19,570.00	\$19,570.00	\$13,046.67	\$16,200.00	\$3,153.33	24.17%
8010	Actuarial Fees	\$7,416.00	\$7,416.00	\$4,944.00	\$7,200.00	\$2,256.00	45.63%
8020	Audit Fees (Financial)	\$164,935.00	\$164,935.00	\$109,956.67	\$69,904.74	-\$40,051.93	-36.43%
8021	Audit Fees (Claims)	\$52,833.85	\$92,750.00	\$61,833.33	\$42,975.00	-\$18,858.33	-30.50%
8055	Consultant Fees (Strat Plan)	\$20,000.00	\$100,000.00	\$66,666.67	\$75,000.00	\$8,333.33	12.50%
8030	Consultant Fees (L&C)	\$94,399.50	\$94,399.50	\$62,933.00	\$62,800.00	-\$133.00	-0.21%
8070	Legal Fees	\$12,360.00	\$12,360.00	\$8,240.00	\$5,335.00	-\$2,905.00	-35.25%
8065	Wellness Program Costs	\$12,500.00	\$12,500.00	\$8,333.33	\$1,949.15	-\$6,384.18	-76.61%
6600	Salaries	\$310,542.75	\$310,542.75	\$207,028.50	\$201,206.00	-\$5,822.50	-2.81%
66002	Fringe Benefits	\$124,217.10	\$124,217.10	\$82,811.40	\$64,618.80	-\$18,192.60	-21.97%
8060	Insurances (D&O / Prof. Liability)	\$64,092.60	\$65,014.00	\$43,342.67	\$43,342.64	-\$0.03	0.00%
8041	Internal Coordination (Finance)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8042	Internal Coordination (Support)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8040	Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$4,000.00	\$4,000.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$6,881.43	\$12,881.43	\$8,587.62	\$4,520.66	-\$4,066.96	-47.36%
9065	Marketing Expenses	\$2,500.00	\$2,500.00	\$1,666.67	\$0.00	-\$1,666.67	-100.00%
9055	Investment Management Services	\$24,000.00	\$24,000.00	\$16,000.00	\$6,025.78	-\$9,974.22	-62.34%
8150	Supplies Expense	\$4,202.40	\$7,500.00	\$5,000.00	\$1,171.08	-\$3,828.92	-76.58%
8151	Computer Equipment	\$5,000.00	\$5,000.00	\$3,333.33	\$0.00	-\$3,333.33	-100.00%
8152	Lease Expense / Parking Fees	\$60,000.00	\$60,000.00	\$40,000.00	\$10,932.80	-\$29,067.20	-72.67%
8153	Mileage- Travel Expenses	\$2,500.00	\$2,500.00	\$1,666.67	\$477.29	-\$1,189.38	-71.36%
8154	Software	\$0.00	\$0.00	\$0.00	\$1,191.68	\$1,191.68	0.00%
8155	Postage	\$0.00	\$0.00	\$0.00	\$683.46	\$683.46	0.00%
8156	Furniture and Fixtures	\$25,000.00	\$75,000.00	\$50,000.00	\$0.00	-\$50,000.00	-100.00%
8157	Training & Prof. Dev.	\$5,000.00	\$5,000.00	\$3,333.33	\$1,136.00	-\$2,197.33	-65.92%
8158	Subscriptions	\$1,000.00	\$1,000.00	\$666.67	\$0.00	-\$666.67	-100.00%
9060	Other Expenses / Supplies	\$7,822.85	\$7,822.85	\$5,215.23	\$0.00	-\$5,215.23	-100.00%
<b>Total Expenses</b>		<b>\$62,771,172.60</b>	<b>\$66,854,484.02</b>	<b>\$45,020,507.64</b>	<b>\$46,103,985.73</b>	<b>\$1,083,478.09</b>	<b>2.41%</b>

# 2023 Expense Budget vs Actual Results (08/31/2023)

## Key Facts:

1. We continue to work with the Consortium's Executive Director and Financial Team to monitor budgeted funds to assure that they are accounted for under the proper line-item based on their code. This was done to provide a more detailed summary of the internal and external professional support costs for the Board of Directors of the Consortium.
2. As of August, the Consortium has been experiencing higher than anticipated medical and Rx claims. As part of the 2023 budget process, it was decided that the Consortium would utilize approximately 3.5% of its fund balance to mitigate rate increases. With four months to go in 2023, the Consortium has utilized more fund balance than anticipated. One of the largest driving factors our group has seen an increase in the dollars being paid for larger losses of \$100,000 or more.
3. Paid claims (benefits) accounted for 94.64% of the total expenses for the GTCMHIC through August 31, 2023. This means that a modest 5.36% has been used to pay for all the other operating expenses of the Consortium, including stop-loss insurance which has accounted for 0.47% of the spending to date.

# 2023 Expense Budget vs Actual Results (07/31/2023)

## Key Facts:

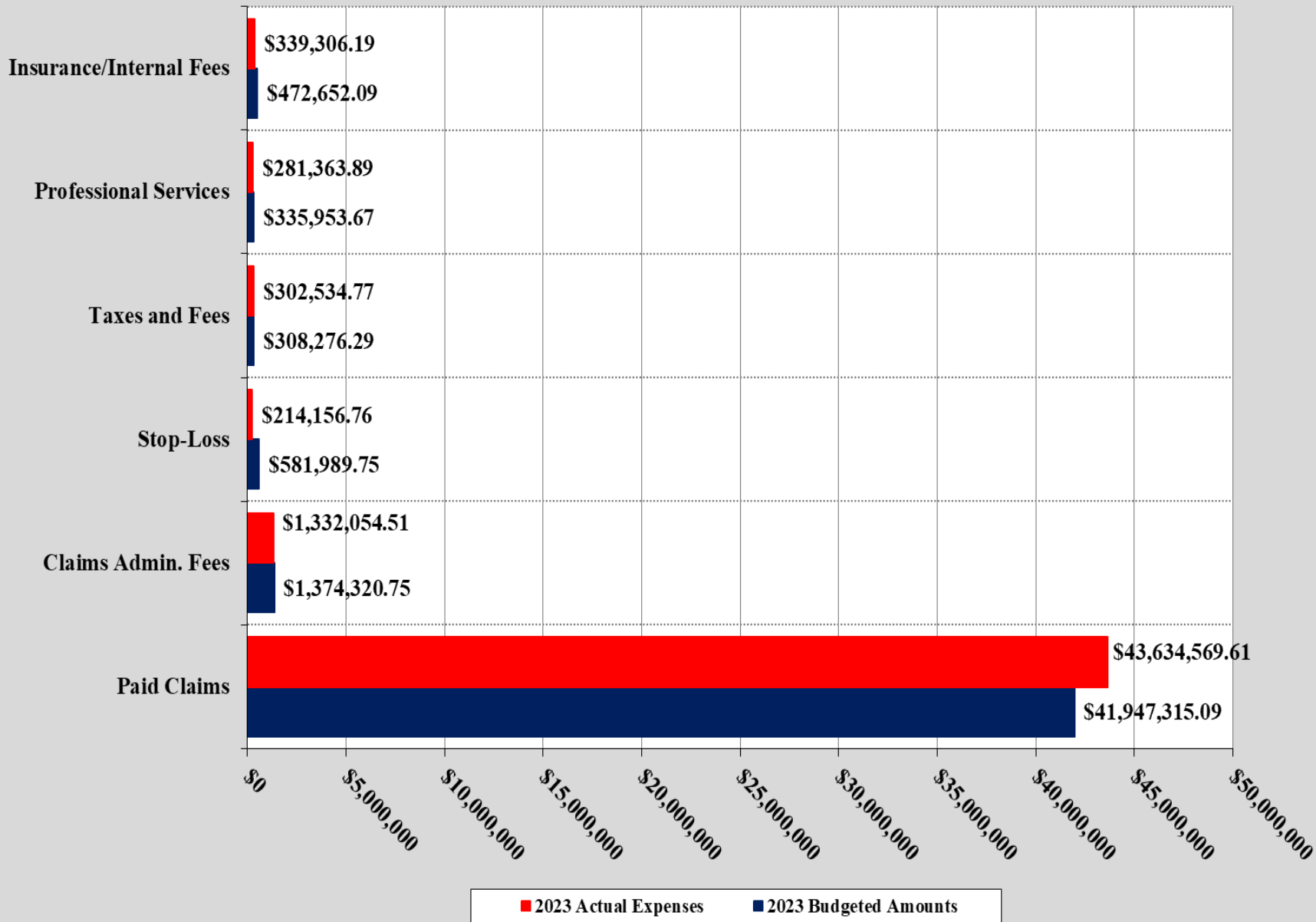
5. Medical Paid Claims are currently 1.37% above the projected budget for the year and this is the result of:
  - a) An increase in the covered lives ( $\uparrow 9.27\%$ ) and in the number of contracts ( $\uparrow 8.99\%$ ) has had an impact on the 2023 medical paid claims paid to date due to the “run-in lag”.
  - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan by several employer groups.
  - c) The slow phasing “back in” of elective and/or minor medical procedures being performed, previously delayed as a result of the impact of the COVID-19 pandemic.
  - d) The number of large loss claimants and severity of the cases reported to date, has increased. We have adjusted the budget to accommodate the increase.
6. Rx Paid Claims are currently 10.35% over budget. We continue to monitor pharmacy paid claims trend which led to adjustments to our trend models during the budget development process for the 2023 Fiscal Year, as it will for the 2024 budget also.



# Greater Tompkins County Municipal Health Ins. Consortium

2023 Expense Distribution

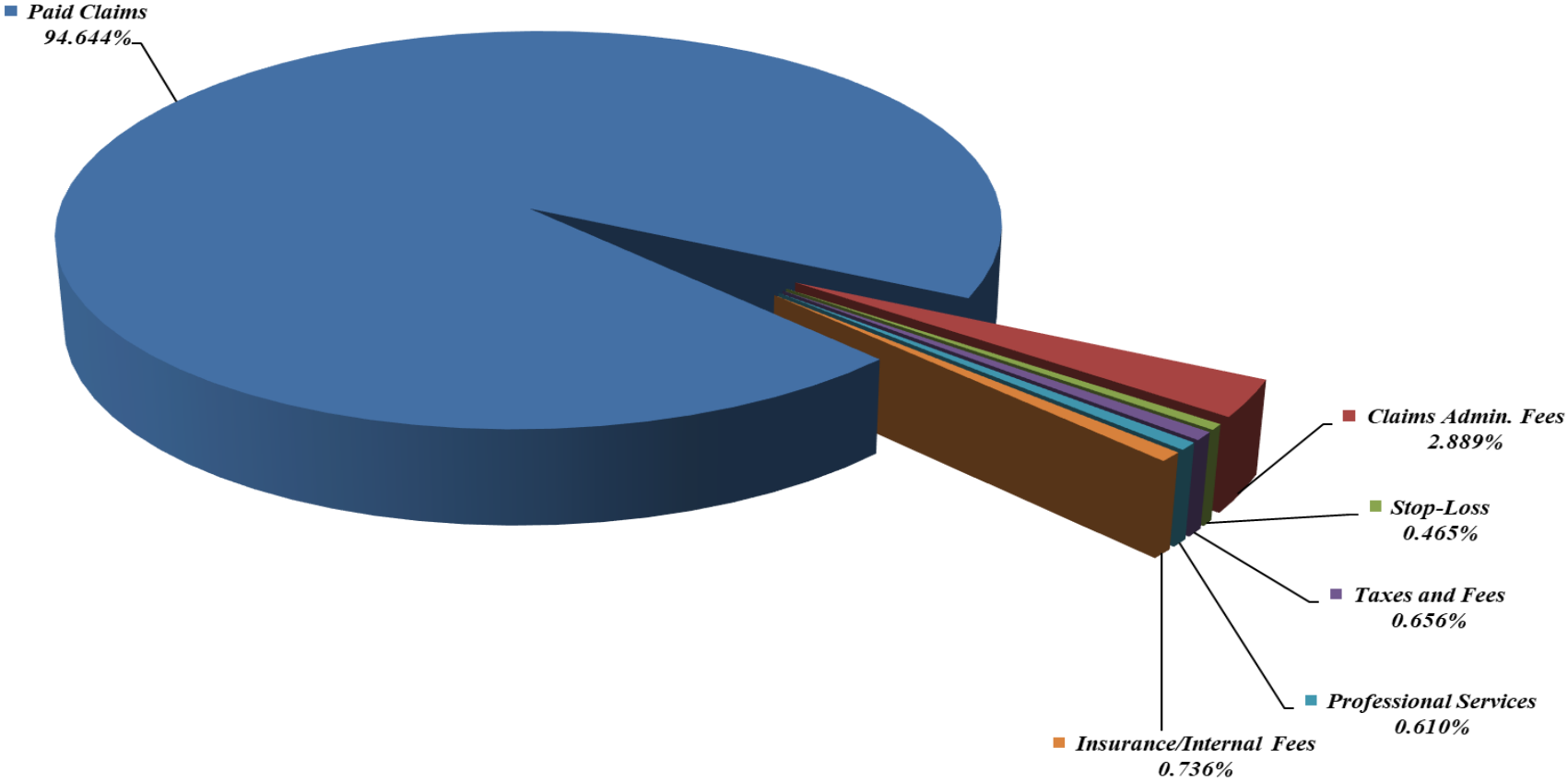
January 1, 2023 to August 31, 2023



**Greater Tompkins County Municipal Health Ins. Consortium**

2023 Expense Distribution

January 1, 2023 to August 31, 2023

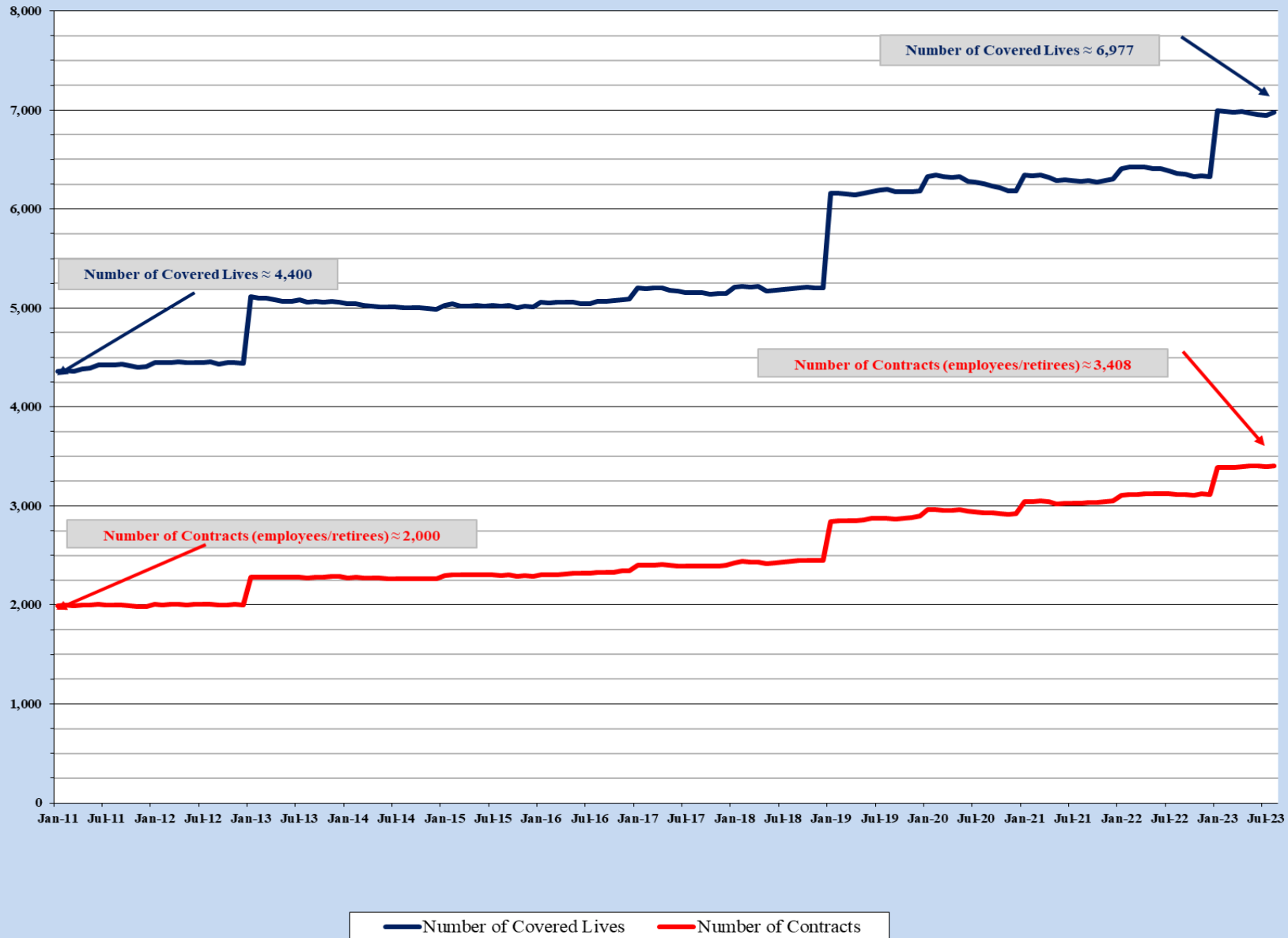


■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees

# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2023 Monthly Covered Lives and Contracts

January 1, 2011 to August 31, 2023



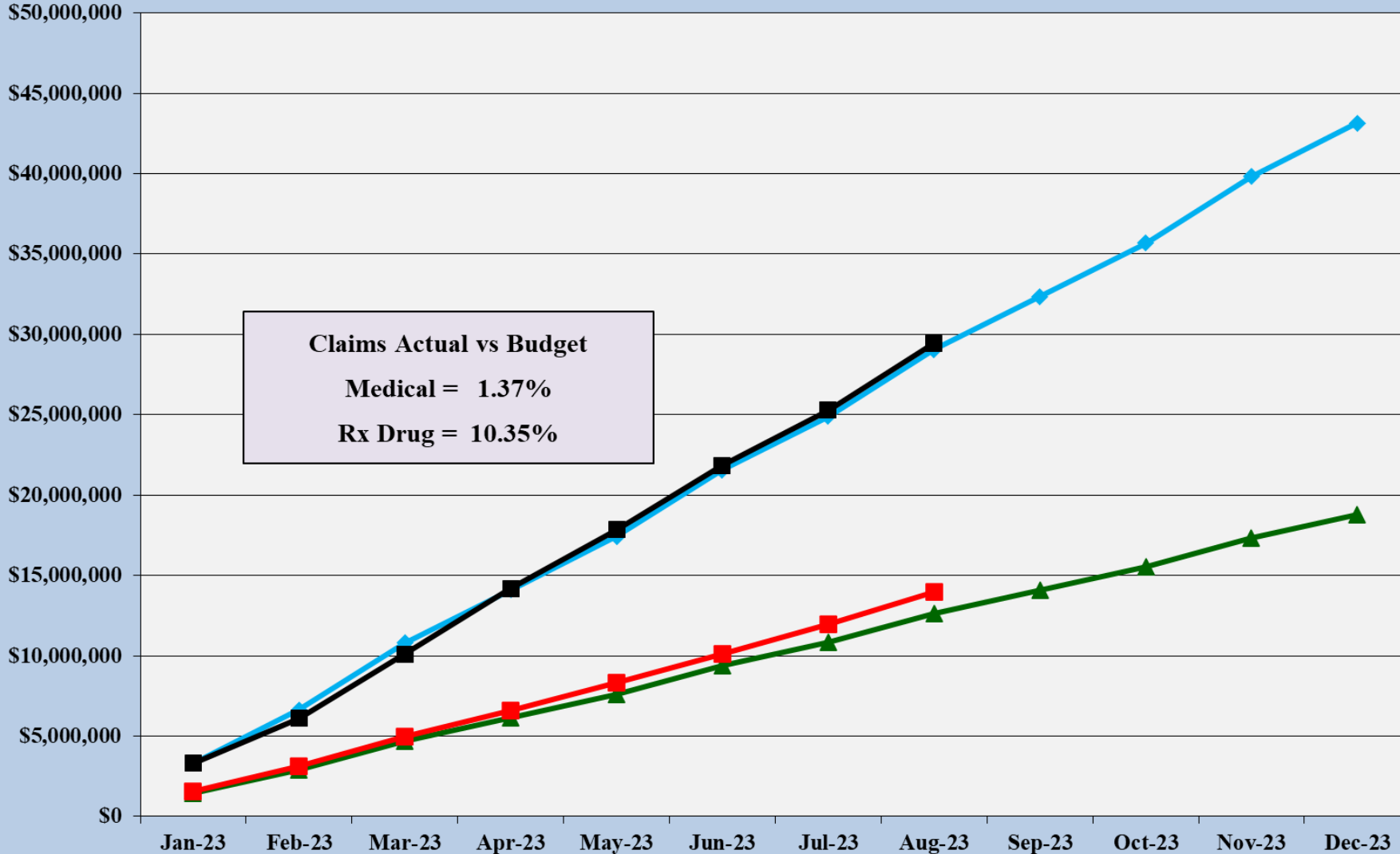


# Section 3

2023 Fiscal Year-to-Date  
Paid Claims Budget vs Actual Results

# *Greater Tompkins County Municipal Health Insurance Consortium*

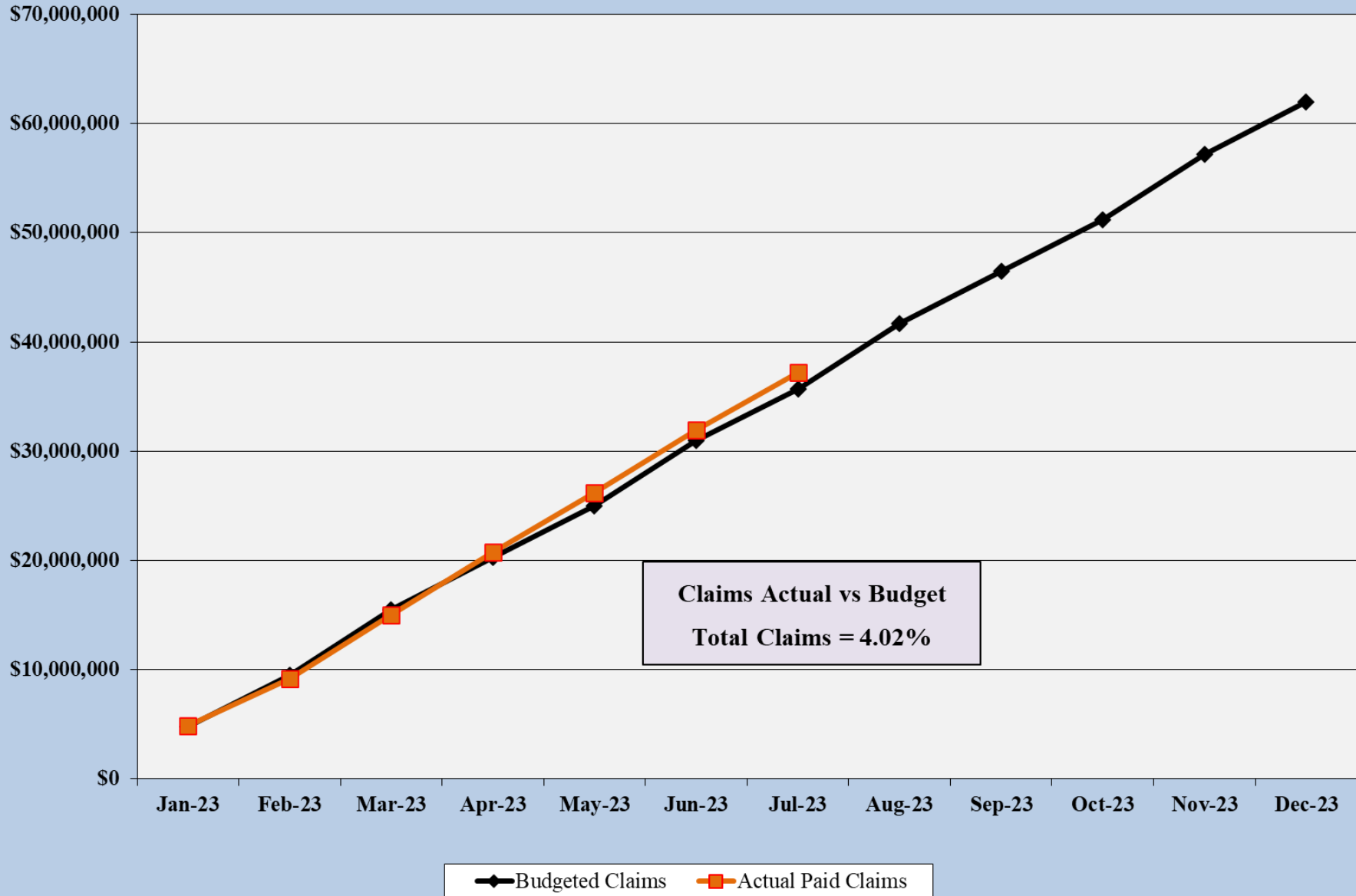
## 2023 Cumulative Paid Claims and Budgeted Claims by Month



◆ Medical Plan Budgeted Claims   
 ■ Medical Plan Actual Paid Claims   
 ▲ Rx Plan Budgeted Claims   
 ■ Rx Paid Claims

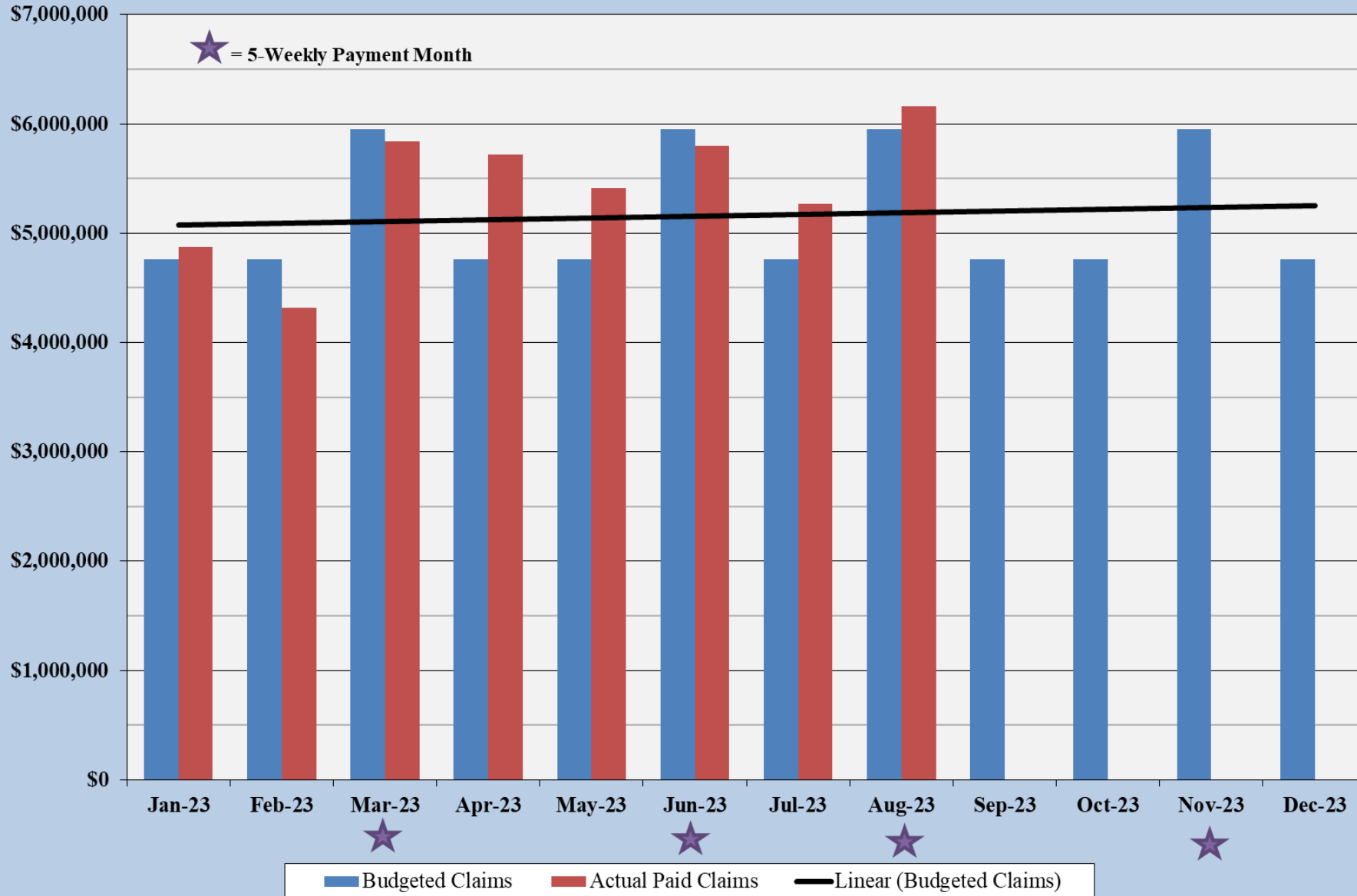
# *Greater Tompkins County Municipal Health Insurance Consortium*

2023 Cumulative Paid Claims and Budgeted Claims by Month



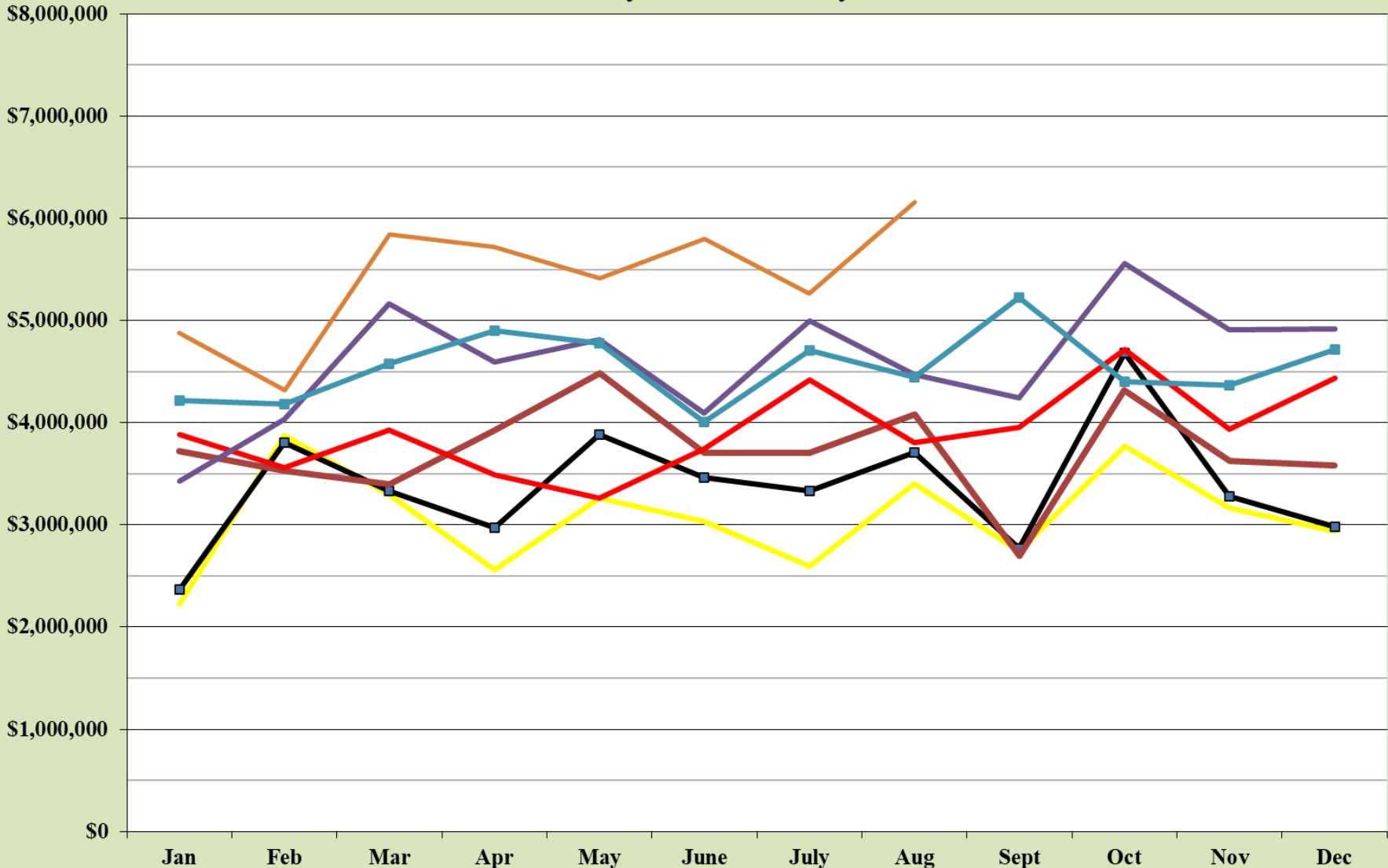
# *Greater Tompkins County Municipal Health Insurance Consortium*

## 2023 Budgeted vs Actual Paid Claims by Month



# Greater Tompkins County Municipal Health Ins Consortium

2017-2023 Monthly Paid Claims by Fiscal Year

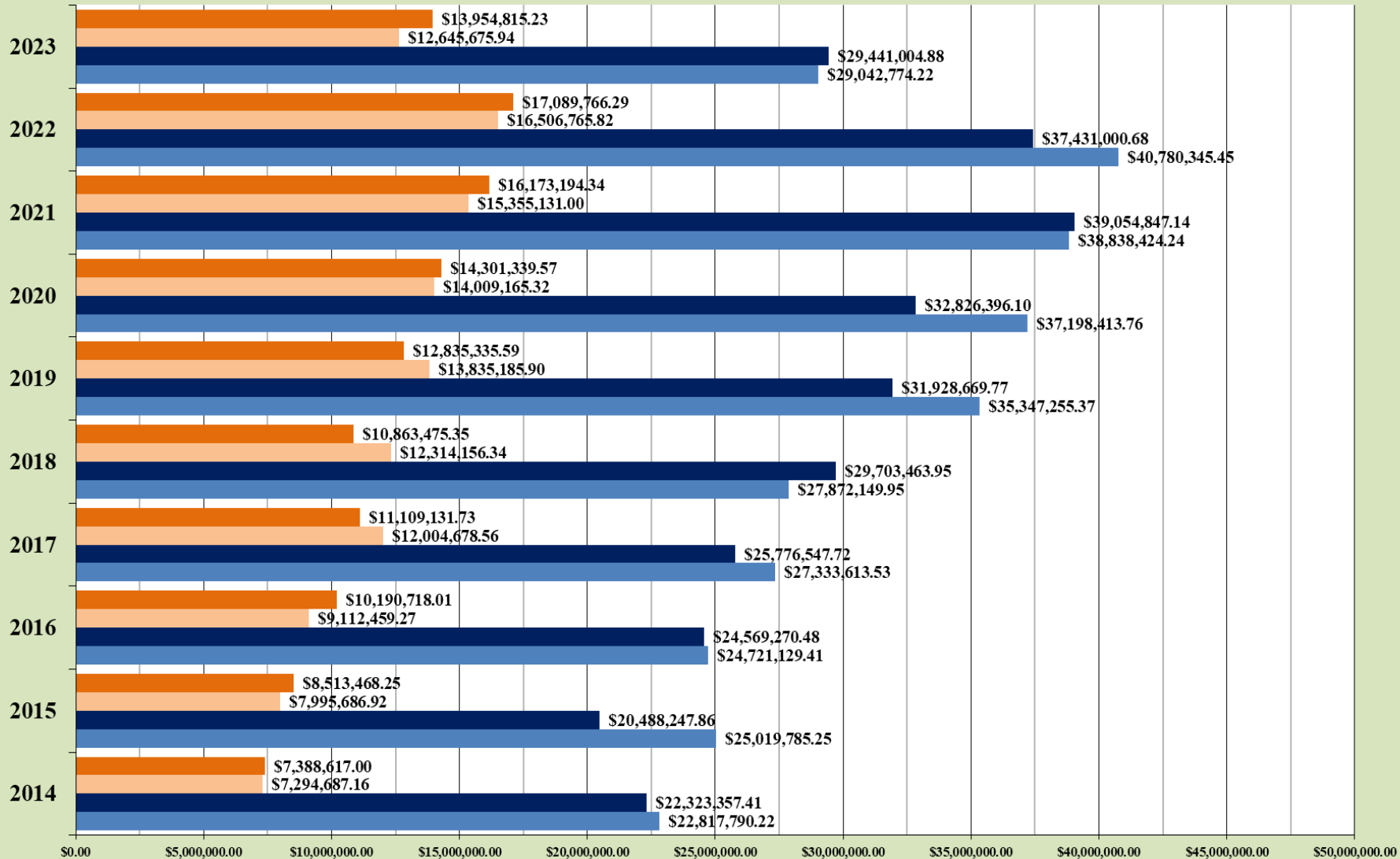


2017 2018 2019 2020 2021 2022 2023



# Greater Tompkins County Municipal Health Ins Consortium

## 2014-2023 (as of 8/31/2023) Annual Paid Claims v Budgeted Claims

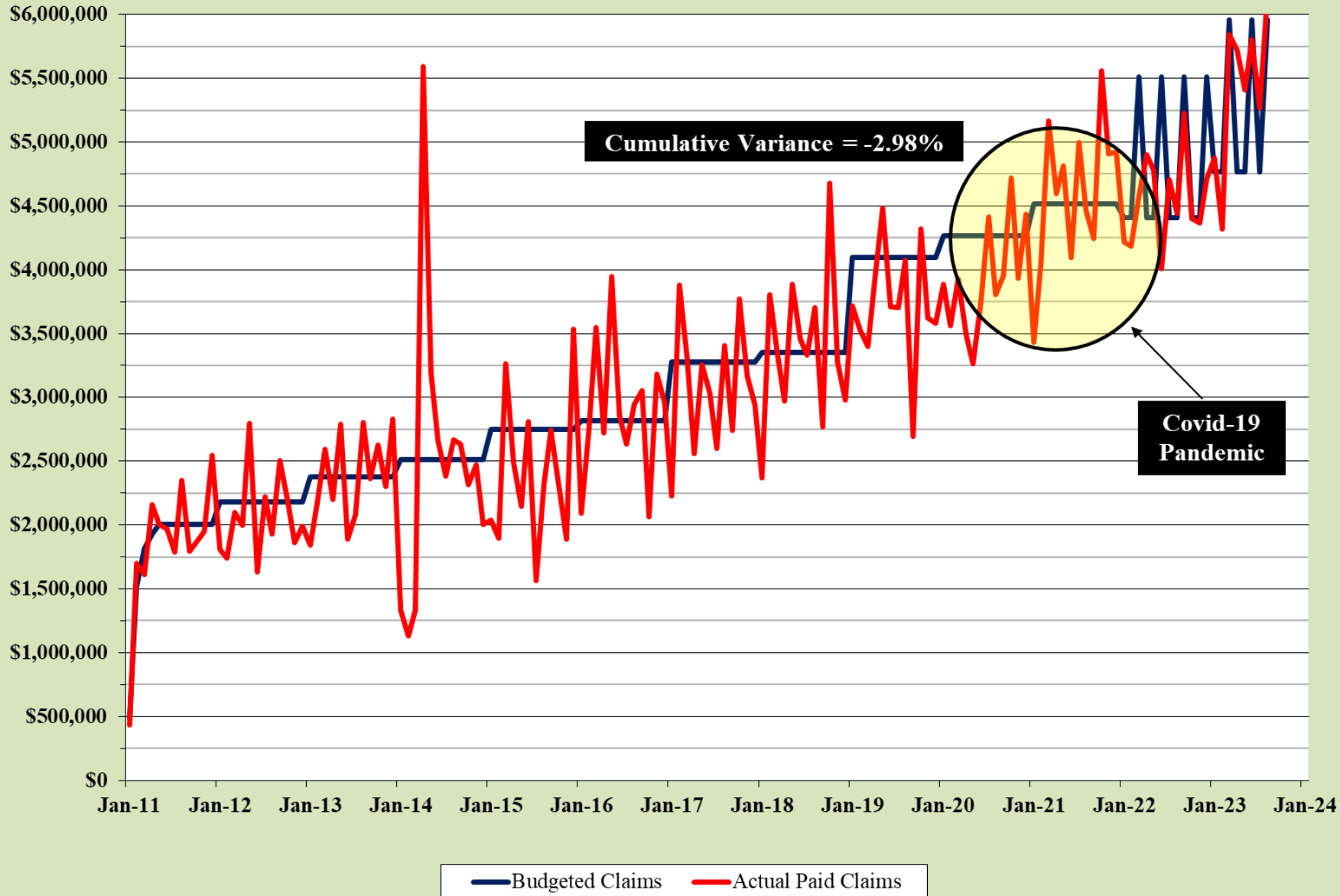


■ Actual Rx Claims   
 ■ Budgeted Rx Claims   
 ■ Actual Medical Claims   
 ■ Budgeted Medical Claims

# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2023 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to August 31, 2023





# Section 4

## 2024 Fiscal Year Budget Overview Consortium Income

# 2024 GTCMHIC Budget - Income

## Major Income Sources:

- 1. *Medical Plan Premiums*** – this is the income derived from the health insurance premium payments made by each Participating Municipality in the Consortium. These dollars include any premium contributions made by employers, employees, COBRA members, and retirees.
- 2. *Interest Earnings*** – this income line-item shows the return on investments associated with the Consortium’s cash assets which are deposited and invested based on the Consortium’s investment policy with the assistance of Wilmington Trust. Historically, the return on these investments lowered the annual premium increases by between 0.75% and 1.00% on average.
- 3. *Rx Rebates*** – this represents the amount of income paid to the GTCMHIC from ProAct, Inc. associated with the pharmaceutical rebates ProAct, Inc. receives for purchases made by Consortium members.

# 2024 GTCMHIC Budget - Income

## Major Income Sources (continued):

4. ***Stop-Loss Claim Reimbursements*** – this income source is the result of members exceeding the specific stop-loss insurance deductible for the fiscal year. Monies received in stop-loss claim reimbursements are used to off-set the paid claims costs associated with high dollar claimants. Currently, the Consortium’s specific stop-loss deductible is \$1,000,000. This year there are no individuals that have a higher “laser” deductible.
  
5. ***Other Income*** – this small revenue item is associated with any miscellaneous funds which may be received as refunds, credits, or some other kind of financial settlement.

# 2022 Actual & 2023-2024 & Projected Income

## Greater Tompkins County Municipal Health Insurance Consortium

### 2022 Actuals & 2023 - 2024 Budget Projections

			6.50%	6.50%	6.50%	8.00%
		<i>Year to Date As of Dec 31, 2022</i>	<i>Projected Budget 2023 Fiscal Year</i>	<i>Amended Budget 2023 Fiscal Year</i>	<i>Projected Estimated Actual 12/31/23</i>	<i>Projected Budget 2024 Fiscal Year</i>
<b>Income</b>						
6000	Medical and Rx Plan Premiums	\$54,591,095.20	\$58,409,919.48	\$62,109,184.32	\$61,370,913.62	\$66,280,586.70
9000	Gain on Investments		\$0.00			\$0.00
9020	Interest	\$111,585.28	\$450,000.00	\$450,000.00	\$444,320.94	\$800,000.00
6010	Rx Rebates	\$3,189,532.72	\$2,900,000.00	\$2,900,000.00	\$3,295,980.09	\$3,875,000.00
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Income</b>		<b>\$57,892,213.20</b>	<b>\$61,759,919.48</b>	<b>\$65,459,184.32</b>	<b>\$65,111,214.65</b>	<b>\$70,955,586.70</b>

# 2025-2028 Projected Income

## Greater Tompkins County Municipal Health Insurance Consortium

2022 Actuals & 2023 - 2024 Budget Projections

		7.75%	7.50%	7.50%	7.50%
		<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>	<i>Projected Budget 2028 Fiscal Year</i>
<b>Income</b>					
6000	Medical and Rx Plan Premiums	\$71,417,332.17	\$76,773,632.09	\$82,531,654.49	\$88,721,528.58
9000	Gain on Investments	\$0.00	\$0.00	\$0.00	\$0.00
9020	Interest	\$650,000.00	\$650,000.00	\$500,000.00	\$500,000.00
6010	Rx Rebates	\$4,750,000.00	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Income</b>		<b>\$76,817,332.17</b>	<b>\$82,423,632.09</b>	<b>\$88,031,654.49</b>	<b>\$94,221,528.58</b>

# 2024-2028 Projected Income

## Important Notes and Assumptions:

1. Premium Income includes an 8.00% increase in the premium equivalent rates for the 2024 Fiscal Year. The 2025 Fiscal Year is projected to be 7.75% and the Fiscal Years 2026-2028 are projected to be 7.50% each year. Please be aware, the premium income is based on the current population being enrolled in their current health insurance plans.
2. Interest Income has been improving, but must be monitored closely, especially in the outlying years. The leadership has sought advice from Wilmington Trust on the projection for 2024.
3. Rx Rebates are the pharmaceutical manufacturer rebates earned by the Consortium. As of August 2023, Rx Rebates have exceeded budget expectations. The Consortium should exceed the 2023 budget amount by over \$200k. The new PBM agreement provides higher Rx Rebate guarantees, which will begin with Rx claims processed as on January 1, 2024 and after, with the first payment in July 2024.
4. Stop loss reimbursements and “other” income are unpredictable, or very minor, therefore, we recommend not budgeting any amount for these items.





# Section 5

## 2024 Fiscal Year Budget Overview Consortium Expenses

# 2024 Projected Expenses

## Major Expense Categories:

- 1. *Paid Claims*** – this is a combination of hospital, medical, surgical, and pharmacy paid claims, currently billed by the three (3) claims administrators; Excellus BlueCross BlueShield (hospital, medical, and surgical), ProAct, Inc. (domestic pharmaceuticals), and CanaRx (international pharmaceuticals). Effective January 1, 2024 the Consortium will be moving its pharmacy claims to Excellus BlueCross Blue Shield. This category also includes any expenses associated with the flu clinics organized by the Consortium and any adjustments needed to the Cash Advance (1-week of expected paid claims) held by Excellus BCBS.
- 2. *Claims Admin. (Administration) Fees*** – this is a combination of the monthly costs associated with the hospital, medical, surgical third-party administration services and the prescription benefit management services billed by Excellus BCBS and ProAct, Inc., respectively. (Excellus only in 2024)
- 3. *Taxes and Fees*** – this category of expenses includes any taxes and fees paid to either the Federal or State Government. Currently, this includes the New York State Covered Lives Assessment, and the Federal Patient Protection and Affordable Care Act (ACA) fees.

# 2024 Projected Expenses

## Major Expense Categories (continued):

4. ***Stop-Loss*** – this represents the premiums paid for specific stop-loss insurance. In prior years, this category also included the premium paid for aggregate stop-loss insurance. However, the Consortium was granted a waiver by the New York State Department of Financial Services for the requirement of purchasing aggregate stop-loss insurance.
5. ***Professional Services*** – this is a combination of the monthly costs associated with the outside professional support the Consortium hires on an annual basis. Currently, this expense category includes fees associated with accounting, actuarial, auditing, consulting, investment management, legal, and wellness coordination services.
6. ***Insurance/Internal Fees*** – the money associated with this expense category includes the salary, fringe benefit, support, and insurance costs incurred by the Consortium or by a Participating Municipal Partner. These fees currently include the Consortium’s Executive Director, financial support staff, administrative support staff, IT support staff, marketing costs, and professional liability insurance costs.

# 2022 Actual & 2023–2024 Projected Expenses

		<i>Year to Date As of Dec 31, 2022</i>	<i>Projected Budget 2023 Fiscal Year</i>	<i>Amended Budget 2023 Fiscal Year</i>	<i>Projected Estimated Actual 12/31/23</i>	<i>Projected Budget 2024 Fiscal Year</i>
<b>Expenses</b>						
8090	Medical Paid Claims	\$37,365,100.68	\$40,773,545.30	\$43,149,264.56	<b>\$43,740,754.14</b>	\$45,318,439.96
	Advance Deposit / Pre-Paid Claims	\$65,900.00	\$39,415.00	\$139,700.00	\$139,700.00	\$450,000.00
8120	Rx Paid Claims - ProAct (Excellus Effective 2024)	\$17,089,766.29	\$17,640,630.54	\$18,787,861.39	<b>\$20,732,716.87</b>	\$22,162,670.64
8121	Rx Paid Claims - CanaRx	\$174,140.70	\$178,747.40	\$178,747.40	\$148,574.25	\$159,717.32
8084	Flu Clinic Fees	\$0.00	\$23,733.39	\$0.00	\$0.00	\$0.00
8050	Medical Admin Fees (Excellus All-Inclusive Effective 2024)	\$1,553,750.25	\$1,606,871.12	\$1,762,898.30	\$1,702,990.46	\$1,381,880.00
8051	Rx Clinical Concierge Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$146,685.00
8082	Rx Admin Fees	\$259,980.57	\$272,156.43	\$298,582.82	\$295,091.31	\$0.00
8091	NYS Covered Lives Assessment	\$376,283.44	\$387,749.01	\$429,780.00	\$427,089.30	\$451,269.00
9061	ACA PCORI Fee	\$17,585.37	\$19,830.73	\$21,756.29	\$17,808.57	\$22,844.11
8110	Specific Stop-Loss Insurance Premium Payments	\$295,916.60	\$795,720.20	\$872,984.63	\$321,235.14	<b>\$880,994.40</b>
	Aggregate Stop-Loss Insurance		\$0.00	\$0.00		\$0.00

# 2022 Actual & 2023-2024 Projected Expenses

Less than 1.5% of Annual Budget Expenditures

		<i>Year to Date As of Dec 31, 2022</i>	<i>Projected Budget 2023 Fiscal Year</i>	<i>Amended Budget 2023 Fiscal Year</i>	<i>Projected Estimated Actual 12/31/23</i>	<i>Projected Budget 2024 Fiscal Year</i>
<b>Expenses</b>						
8000	Accounting Fees	\$18,600.00	\$19,570.00	\$19,570.00	\$19,000.00	\$20,157.10
8010	Actuarial Fees	\$7,200.00	\$7,416.00	\$7,416.00	\$7,200.00	\$7,416.00
8020	Audit Fees (Financial & DFS 2023 & 2024)	\$14,500.00	\$164,935.00	\$164,935.00	\$96,269.75	\$105,000.00
8021	Audit Fees (Claims)	\$19,875.00	\$52,833.85	\$92,750.00	\$92,750.00	\$95,532.50
8030	Consultant Fees (L&C)	\$91,500.00	\$94,399.50	\$94,399.50	\$94,200.00	\$97,026.00
	Consultant Fees (Strat Plan - TBD)	\$0.00	\$20,000.00	\$100,000.00	\$100,000.00	\$25,000.00
8070	Legal Fees	\$5,357.00	\$12,360.00	\$12,360.00	\$7,260.00	\$12,730.80
6600's	Salaries	\$283,070.16	\$310,542.75	\$310,542.75	\$301,809.00	\$326,281.80
6602	Fringe Benefits	\$105,132.34	\$124,217.10	\$124,217.10	\$116,928.20	\$134,711.49
8060	Insurances (D&O / Prof. Liability)	\$58,266.00	\$64,092.60	\$65,014.00	\$65,013.96	\$75,000.00
8041	Internal Coordination (Finance)	\$20,000.00	\$0.00	\$0.00	\$0.00	\$0.00
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
8044	Internal Coordination (IT Support)	\$6,681.00	\$6,881.43	\$12,881.43	\$11,301.68	\$7,000.00
8065	Wellness Program Costs	\$2,703.59	\$12,500.00	\$12,500.00	\$1,200.00	\$12,500.00
9065	Marketing Expenses	\$1,714.13	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
9055	Investment Management Services	\$11,934.92	\$24,000.00	\$24,000.00	\$24,000.00	\$24,000.00
8150	Supplies Expense	\$6,087.05	\$4,202.40	\$7,500.00	\$1,680.00	\$7,500.00
8151	Computer Equipment	\$6,931.83	\$5,000.00	\$5,000.00	\$3,500.00	\$6,200.00
8152	Lease Expense / Parking Fees	\$12,144.55	\$60,000.00	\$60,000.00	\$14,719.20	\$55,365.00
8153	Mileage- Travel Expenses	\$576.61	\$2,500.00	\$2,500.00	\$1,250.00	\$2,500.00
8156	Furniture and Fixtures	\$0.00	\$25,000.00	\$75,000.00	\$75,000.00	\$2,500.00
8157	Training / Professional Development	\$1,602.40	\$5,000.00	\$5,000.00	\$2,246.40	\$5,000.00
8158	Subscriptions	\$219.97	\$1,000.00	\$1,000.00	\$500.00	\$1,000.00
9060	Other Expenses	\$440.91	\$7,822.85	\$7,822.85	\$3,500.00	\$8,057.54
<b>Total Expenses</b>		<b>\$57,878,961.36</b>	<b>\$62,771,172.60</b>	<b>\$66,854,484.04</b>	<b>\$68,573,788.23</b>	<b>\$72,013,478.65</b>

# 2025-2028 Projected Expenses

		<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>	<i>Projected Budget 2028 Fiscal Year</i>
<b>Expenses</b>					
8090	Medical Paid Claims	\$47,471,065.86	\$49,725,941.49	\$52,087,923.71	\$54,562,100.08
	Advance Deposit / Pre-Paid Claims	\$175,000.00	\$175,000.00	\$175,000.00	\$175,000.00
8120	Rx Paid Claims - ProAct (Excellus Effective 2024)	\$23,824,870.94	\$25,611,736.26	\$27,532,616.48	\$29,597,562.71
8121	Rx Paid Claims - CanaRx	\$171,696.12	\$184,573.33	\$198,416.33	\$213,297.55
8084	Flu Clinic Fees	\$0.00	\$0.00	\$0.00	\$0.00
8050	Medical Admin Fees (Excellus All-Inclusive Effective 2024)	\$1,710,744.00	\$1,753,584.00	\$1,806,191.52	\$1,860,377.27
8051	Rx Clinical Concierge Fees	\$146,685.00	\$146,685.00	\$146,685.00	\$146,685.00
8082	Rx Admin Fees	\$0.00	\$0.00	\$0.00	\$0.00
8091	NYS Covered Lives Assessment	\$473,832.45	\$497,524.07	\$522,400.28	\$548,520.29
9061	ACA PCORI Fee	\$23,986.31	\$25,185.63	\$26,444.91	\$27,767.16
8110	Specific Stop-Loss Insurance Premium Payments	\$969,093.84	\$1,066,003.22	\$1,172,603.55	\$1,289,863.90
	Aggregate Stop-Loss Insurance	\$0.00	\$0.00	\$0.00	\$0.00

# 2025-2028 Projected Expenses

Less than 1.5% of Annual Budget Expenditures

		<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>	<i>Projected Budget 2028 Fiscal Year</i>
<b>Expenses</b>						
8000	Accounting Fees	\$20,157.10	\$20,761.81	\$21,384.67	\$22,026.21	\$22,686.99
8010	Actuarial Fees	\$7,416.00	\$7,638.48	\$7,867.63	\$8,103.66	\$8,346.77
8020	Audit Fees (Financial & DFS 2023 & 2024)	\$105,000.00	\$16,000.00	\$16,480.00	\$16,974.40	\$17,483.63
8021	Audit Fees (Claims)	\$95,532.50	\$56,051.43	\$57,732.97	\$59,464.96	\$59,464.96
8030	Consultant Fees (L&C)	\$97,026.00	\$99,936.78	\$102,934.88	\$106,022.93	\$109,203.62
	Consultant Fees (Strat Plan - TBD)	\$25,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
8070	Legal Fees	\$12,730.80	\$13,112.72	\$13,506.11	\$13,911.29	\$14,328.63
6600's	Salaries	\$326,281.80	\$339,333.07	\$352,906.39	\$367,022.65	\$381,703.56
6602	Fringe Benefits	\$134,711.49	\$140,099.95	\$145,703.95	\$151,532.11	\$157,593.39
8060	Insurances (D&O / Prof. Liability)	\$75,000.00	\$78,750.00	\$82,687.50	\$86,821.88	\$91,162.97
8041	Internal Coordination (Finance)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
8044	Internal Coordination (IT Support)	\$7,000.00	\$7,210.00	\$7,426.30	\$7,649.09	\$7,878.56
8065	Wellness Program Costs	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00
9065	Marketing Expenses	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
9055	Investment Management Services	\$24,000.00	\$24,000.00	\$24,000.00	\$24,000.00	\$24,000.00
8150	Supplies Expense	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00
8151	Computer Equipment	\$6,200.00	\$6,386.00	\$9,440.00	\$12,530.00	\$12,530.00
8152	Lease Expense / Parking Fees	\$55,365.00	\$65,135.00	\$71,649.00	\$74,906.00	\$78,162.00
8153	Mileage- Travel Expenses	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
8156	Furniture and Fixtures	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
8157	Training / Professional Development	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
8158	Subscriptions	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
9060	Other Expenses	\$8,057.54	\$3,605.00	\$8,299.26	\$3,713.15	\$8,548.24
<b>Total Expenses</b>		<b>\$72,013,478.65</b>	<b>\$75,904,494.77</b>	<b>\$80,167,751.67</b>	<b>\$84,682,460.09</b>	<b>\$89,473,767.28</b>

# 2022 Actual & 2023-2024 Projected Revenues & Expenses

## Greater Tompkins County Municipal Health Insurance Consortium

### 2022 Actuals & 2023 - 2024 Budget Projections

			6.50%	6.50%	6.50%	8.00%
		<i>Year to Date As of Dec 31, 2022</i>	<i>Projected Budget 2023 Fiscal Year</i>	<i>Amended Budget 2023 Fiscal Year</i>	<i>Projected Estimated Actual 12/31/23</i>	<i>Projected Budget 2024 Fiscal Year</i>
<b>Income</b>						
6000	Medical and Rx Plan Premiums	\$54,591,095.20	\$58,409,919.48	\$62,109,184.32	\$61,370,913.62	\$66,280,586.70
9000	Gain on Investments		\$0.00			\$0.00
9020	Interest	\$111,585.28	\$450,000.00	\$450,000.00	\$444,320.94	\$800,000.00
6010	Rx Rebates	\$3,189,532.72	\$2,900,000.00	\$2,900,000.00	\$3,295,980.09	\$3,875,000.00
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Income</b>		<b>\$57,892,213.20</b>	<b>\$61,759,919.48</b>	<b>\$65,459,184.32</b>	<b>\$65,111,214.65</b>	<b>\$70,955,586.70</b>
<b>Expenses</b>						
	Medical & Pharmacy Claims	\$54,694,907.67	\$58,656,071.63	\$62,255,573.36	\$64,761,745.26	\$68,090,827.92
	Plan Administration Fees	\$1,813,730.82	\$1,879,027.55	\$2,061,481.12	\$1,998,081.77	\$1,528,565.00
	NYS & ACA Taxes & Fees	\$393,868.81	\$407,579.74	\$451,536.29	\$444,897.87	\$474,113.11
	Stop-Loss Insurance	\$295,916.60	\$795,720.20	\$872,984.63	\$321,235.14	\$880,994.40
	Accounting, Legal & Consulting Fees	\$157,032.00	\$371,514.35	\$491,430.50	\$416,679.75	\$362,862.40
	Salaries & Benefits	\$388,202.50	\$434,759.85	\$434,759.85	\$418,737.20	\$460,993.29
	Insurance, Investment, Internal Coordination Costs	\$107,299.64	\$115,974.03	\$122,895.43	\$110,015.64	\$127,000.00
	Offcie Expenses	\$28,003.32	\$110,525.25	\$163,822.85	\$102,395.60	\$88,122.54
<b>Total Expenses</b>		<b>\$57,878,961.36</b>	<b>\$62,771,172.60</b>	<b>\$66,854,484.04</b>	<b>\$68,573,788.23</b>	<b>\$72,013,478.65</b>



# 2024-2028 Projected Expenses

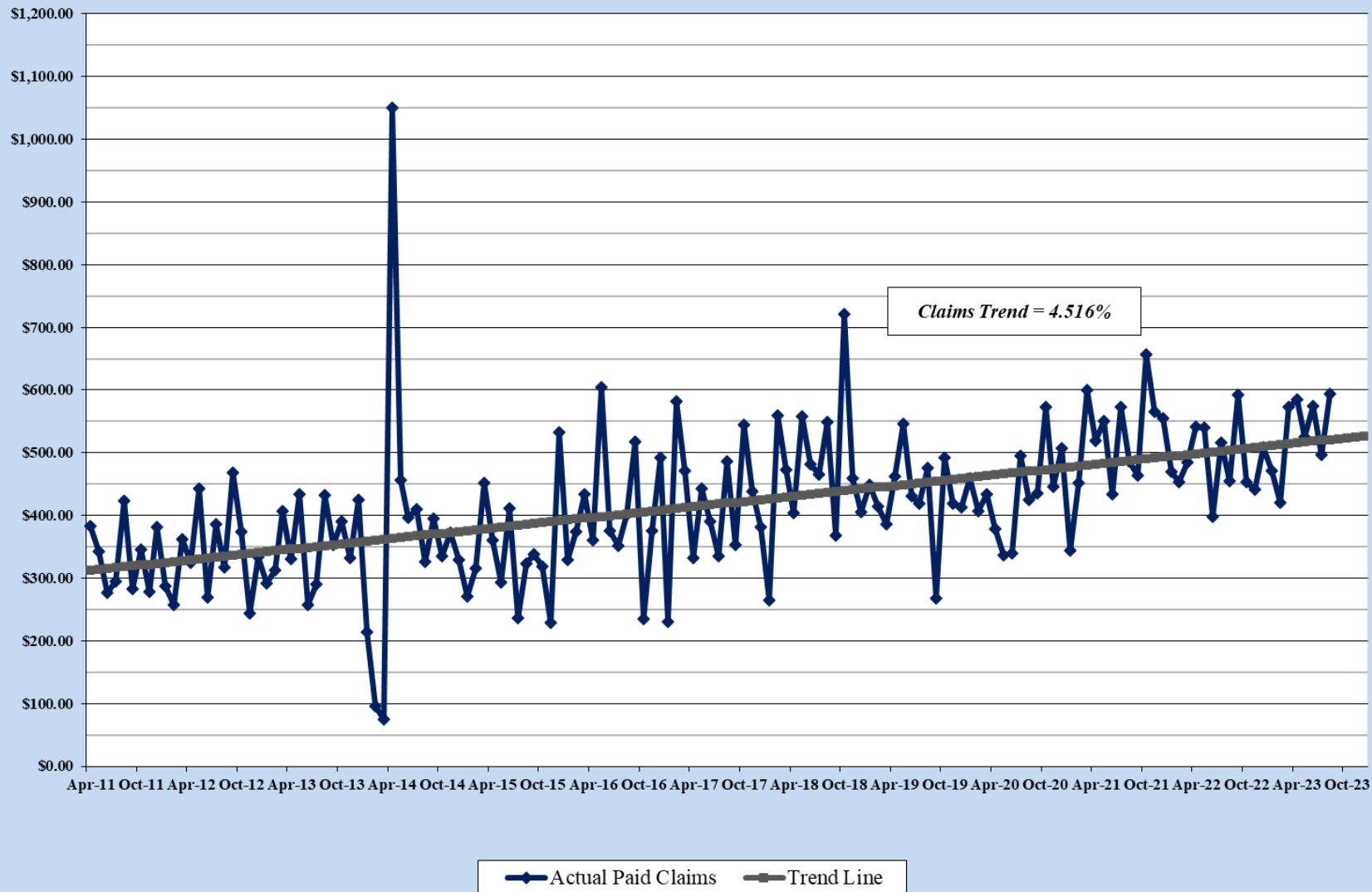
## Important Notes and Assumptions:

1. The medical and pharmacy paid claim trends for the GTCMHIC from April 1, 2011 to August 31, 2023 has equaled 4.516% and 6.448%, respectively.
  - a) The Locey & Cahill, LLC Municipal Cooperative Health Benefit Plan Client paid claim trends models for medical and pharmacy claims produce an average annual cost increase of 4.142% and 7.432%, respectively.
  - b) The paid claim trends we utilized are based on a number of factors, including the trends noted above and Locey & Cahill, LLC's 25+ years of experience working with Municipal Cooperative Health Benefit Plans like the GTCMHIC.
  - c) The 2024 Paid Claims trends utilized for the budget projections were 4.75% for medical claims and 7.50% for prescription drug claims based on an updated per covered life claims projection which includes data as of August 31, 2023. These projections were then slightly adjusted to recognize that 2023 has been experiencing a higher than normal spend on large loss claims over \$100,000 year to date.
  - d) The following charts provide some background and detail regarding the paid claims trend information and data used by Locey & Cahill, LLC in the development of this budget report.

# Greater Tompkins County Municipal Health Insurance Consortium

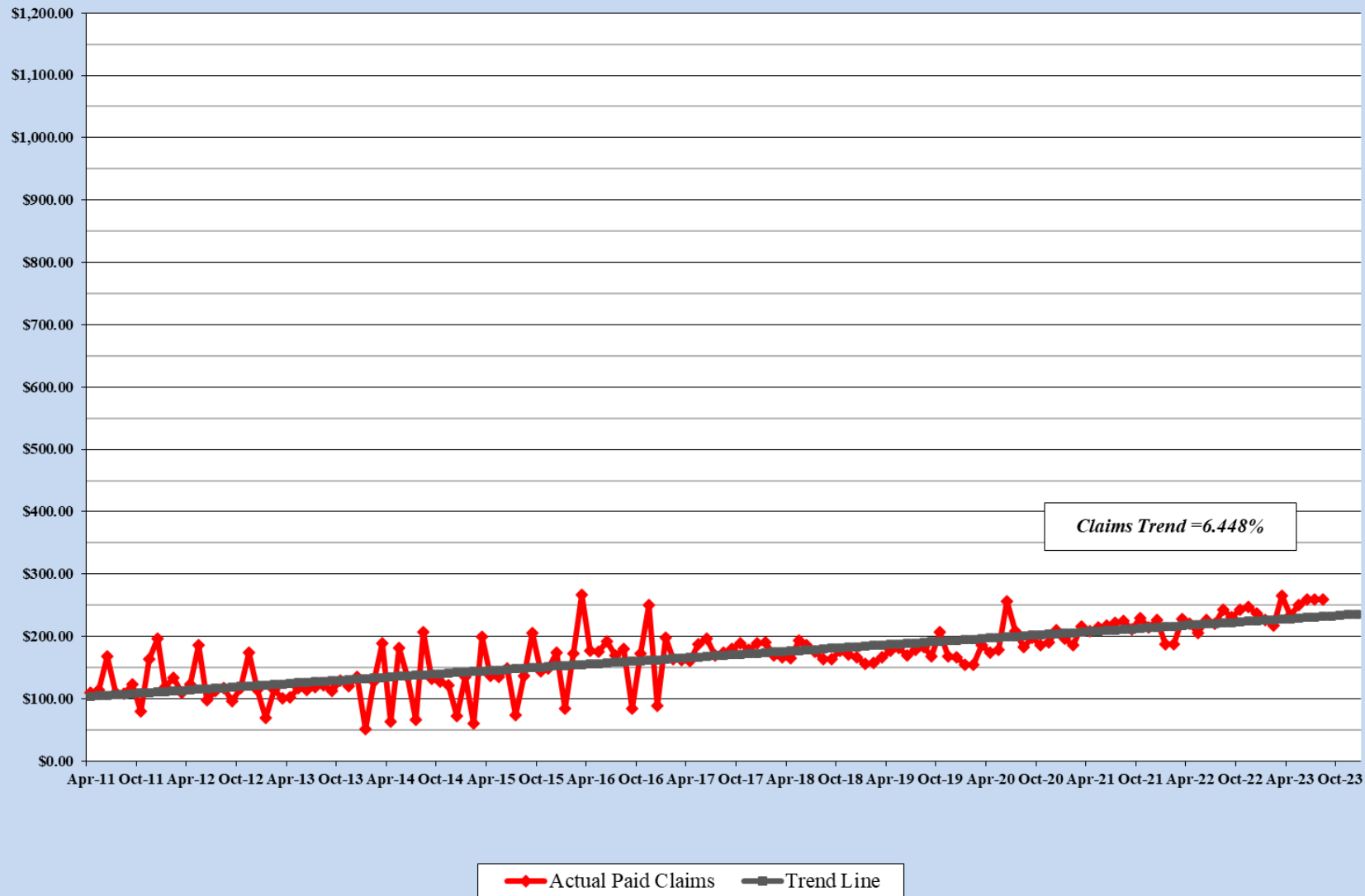
## Per Covered Life Per Month Medical Paid Claims Trend

April 1, 2011 to August 31, 2023



# Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month **Prescription Drug** Paid Claims Trend  
April 1, 2011 to August 31, 2023

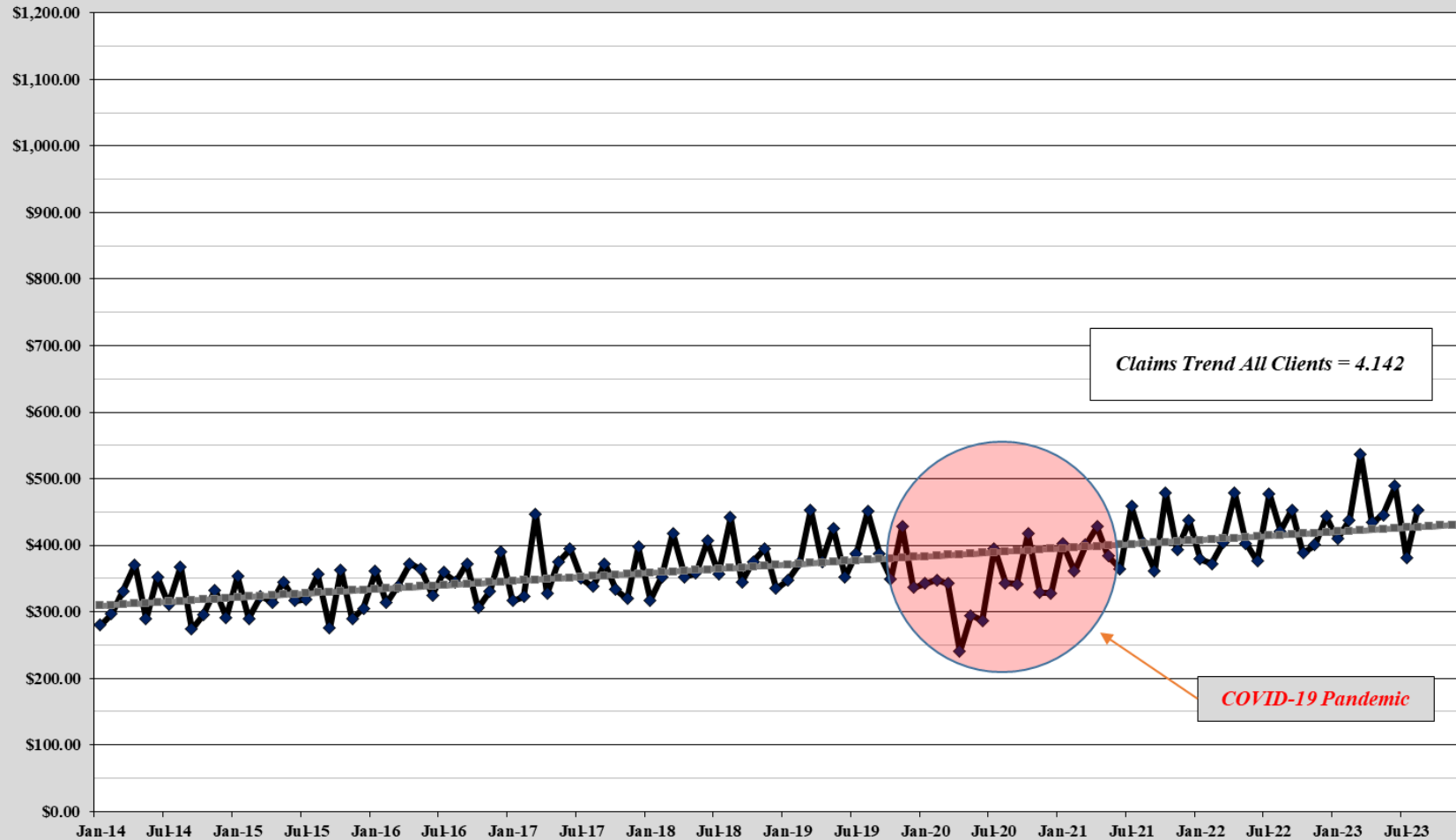


# Locey & Cahill, LLC

## Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Medical Paid Claims Trend

January 1, 2014 to August 31, 2023



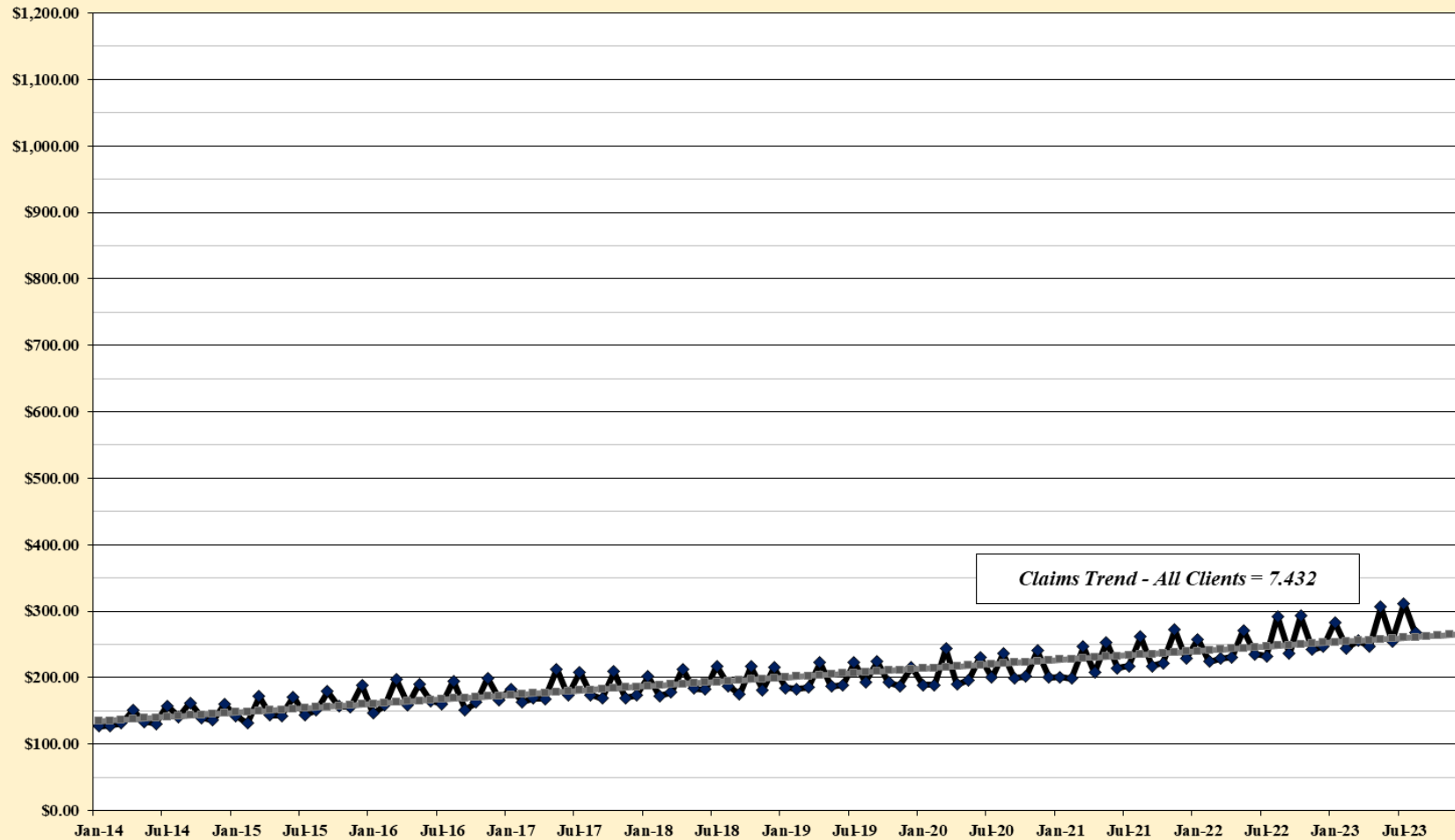
Actual Paid Claims - All Clients    Trend Line - All Clients

# Locey & Cahill, LLC

## Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Rx Paid Claims Trend

January 1, 2014 to August 31, 2023



Actual Paid Claims - All Clients    Trend Line - All Clients

# 2024-2028 Projected Expenses

## Important Notes and Assumptions (continued):

2. The Excellus BlueCross BlueShield claims administrative fees are increased by the actual rates in the new PBM proposal, 2.0% for the 2024 through 2026 Fiscal Years and 3.0% estimated for the 2027-2028. Also, as part of the new PBM Proposal, Excellus has provided a two-month medical administrative fee holiday for 2024.
3. The Taxes and Fees include the New York State Covered Lives Assessment (Graduate Medical Expense) which is a per contract per month fee that has been forecasted to increase by 5% per annum. The Patient Protection and Affordable Care Act (ACA) Patient Centered Outcomes Research Institute (PCORI) fee is set to sunset in 2029.
4. The specific stop-loss insurance premiums have been forecasted to increase at a rate of 10% per annum based on our experience with this market in recent years. This sector of the insurance marketplace has been hit hard over recent years with significant increases in large dollar claimants resulting in escalating premiums. This is an area of operations which is being closely scrutinized to ensure the Consortium is protected at a reasonable cost going forward.

# 2024-2028 Projected Expenses

## Important Notes and Assumptions (continued):

5. We have updated the 2024 Fiscal Year expected costs associated with all professional services provided to the Consortium based on information from the Consortium's Executive Director and Finance Manager. These fees have been trended at an annual rate of 3% for the 2024 through 2028 Fiscal Years.
6. As with the professional services, the internal coordination fees and insurance costs expected for the 2024 Fiscal Year have been updated based on information from the Consortium's Executive Director and Finance Manager. These costs have been adjusted based on input from the Consortiums administrative team.
7. The last major expense category is the "other" expenses which is for miscellaneous costs that do not fit in one of the other line-items cleanly. This is an extremely nominal expense item which has little impact on the overall budget. We trended this at 3% from the current cost projections.



# Section 6

## 2024 Fiscal Year Budget Overview Consortium Assets



# Liabilities and Reserves - Defined

## LIABILITIES

- The liabilities associated with the Consortium's operations are directly related to covered medical benefits that are incurred by Consortium Members which have yet to be received or paid by the insurance company or plan administrator. For example, if the Consortium were to end its operations on any given December 31<sup>st</sup> there are going to be covered medical services received by covered members on or before December 31<sup>st</sup> which will not be paid until sometime after December 31<sup>st</sup>. This is commonly referred to in the industry as an Incurred but Not Reported (IBNR) and Incurred but Not Paid (IBNP) Claims Liabilities.
- In recent years with the increases in technology associated with the billing and payment of medical benefit claims and with the increase in the volume of prescription drug claims which are inherently electronic in nature, the overall value of this liability has decreased as a percentage of expected/paid claims. In fact, twenty years ago, this liability equaled approximately the value of three (3) months (24%) of annual expected/paid claims. Today, this value is closer to one (1) month (8%) of expected incurred claims and the New York State Department of Financial Services has set this liability for the 2023 Fiscal Year to equal 12.00% of the expected incurred claims estimate for the year.

# Liabilities and Reserves - Defined

## RESERVES

- The reserves held by the Consortium are the cash assets which have been assigned to cover a direct liability or to assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. These cash assets have also been a source of revenue through the interest earned to the Consortium which has allowed the Consortium to hold premium increases down in previous years.
- The Consortium has historically maintained the following reserves:
  - Incurred But Not Report (IBNR) Claims Liability Reserve (statutory reserve)
  - Surplus Account (statutory reserve)
  - Catastrophic Claims Reserve (discretionary reserve)
  - Rate Stabilization Reserve (discretionary reserve)
- Please refer to the following slides for a detailed description of each reserve classification.

# Liabilities and Reserves - Defined

## INCURRED BUT NOT REPORTED (IBNR) CLAIMS LIABILITY RESERVE

- The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims. We believe this is a conservative estimate of the liability, but we understand the Department has always acted based on their philosophy to maintain this level of reserve as they want the Consortium Member Claims to be fully-funded at all times.
- Maintaining this reserve at an insufficient amount to cover the liability could result in a Municipal Corporation owing a significant amount of money if they chose to leave the Consortium. A Municipal Corporation's decision to leave or stay in the Consortium should not be affected by the Consortium's lack of adequate reserves and this is a philosophy we feel the Consortium should embrace, even during tougher economic times.
- The 2023 Fiscal Year budget forecasted this reserve to equal \$7,038,728.60 (12.0% of projected hospital, medical, surgical, and prescription drug incurred claims). Should the 2023 claims continue to trend higher than anticipated, this projection will be adjusted accordingly. As of the fiscal year end, December 31, 2022, the IBNR reserve was adjusted to \$6,672,663.00.

# Liabilities and Reserves - Defined

## SURPLUS ACCOUNT

- The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.
- Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.
- The 2023 Fiscal Year budget forecasted this reserve to equal \$2,920,495.97 (5.0% of projected premium income) This amount was adjusted to \$2,729,554.76 at the end of the 2022 fiscal year. It should be noted that the Consortium's premium income is slightly below the budgeted amount through the first 8-months of the fiscal period which may impact this reserve level at the end of the year.

# Liabilities and Reserves - Defined

## CATASTROPHIC CLAIMS RESERVE

- This reserve was established by the Consortium's Board of Directors to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce expenses. It was agreed that the Consortium's risk pool is so substantial in size that it can absorb a significant number of large losses without damaging the financial integrity of the Consortium.
- It was our professional opinion and the opinion of the Board of Directors that there was an acceptable reward versus risk ratio between the reduction of this significant expense, the exposure of large losses, and the cash asset position of the Consortium. This conclusion led the Board of Directors to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000 for the 2021 Fiscal Year. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors has funded this reserve as well as adopted a resolution outlining the funding calculation to make annual adjustments to this fund. At the fiscal year ended December 31, 2022, this reserve had a balance of \$4,808,739.38.

# Liabilities and Reserves - Defined

## RATE STABILIZATION RESERVE

- When the Consortium's cash assets were at a fairly high level, the Board of Directors made the decision to establish the Rate Stabilization Reserve at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.
- It is our goal to work with the Consortium to ensure future fiscal year budgets are developed with this reserve being maintained.
- These funds would be used to “bridge the gap” during an associated hyper-inflationary period relative to paid claims allowing the Board of Directors to establish a multiple year plan to adjust revenue (premiums) and prevent a significant increase in premium rates during a single fiscal period.
- The proposed budget recommends utilizing a portion of the Rate Stabilization Reserve Fund to mitigate the need for a larger premium adjustment. The long-range plan is designed to fully restore these fund over the next 4-5 fiscal years. As mentioned earlier, the Board is considering adjusting the funding of this reserve to not more than 10% of estimated premiums and not less than 2.5% of estimated premiums.

# 2023 Beginning Balance

## ***GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022 AND 2021**

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the financial position of the Greater Tompkins County Municipal Health Insurance Consortium (the Consortium) as of December 31, 2022 and 2021, and its results of operations for the years then ended. Because the MD&A is designed to focus on current operations, it should be read in conjunction with the audited financial statements and related footnotes.

#### **Financial Highlights**

For the year ended December 31, 2022, the Consortium's net position decreased by \$228,696. The decrease in net position is mainly attributable to an excess of claims and claims administrative expenses over revenues received. For the year ended December 31, 2021, the Consortium's net position decreased by \$3,749,339. For the year ended December 31, 2020, the Consortium's net position increased by \$672,166. Decreases in net position are mainly attributable to an excess of claims and claims administrative expenses over revenues received.

The Consortium's net position consists of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Restricted for Contingency Reserve	\$ 2,729,555	\$ 2,669,495	\$ 2,409,497
Catastrophic Claims Self-Insurance Fund	4,808,739	4,642,294	5,032,220
Rate Stabilization Reserve	3,892,443	4,004,101	3,391,769
Unrestricted - Undesignated Net Position	<u>10,591,408</u>	<u>10,934,951</u>	<u>15,166,694</u>
<b>Total Net Position</b>	<b><u>\$ 22,022,145</u></b>	<b><u>\$ 22,250,841</u></b>	<b><u>\$ 26,000,180</u></b>

# 2023 Net Income, Liabilities & Reserves (08/31/2023)

	2023 Adopted Budget	2023 Amended Budget	2023 Year-to-Date Budget	2023 Actual Results	Variance	% Difference
<b>Ending Balance</b>	\$27,604,250.55	\$28,227,608.93	\$28,483,523.87	\$27,536,573.08	-\$946,950.79	-3.32%

<b>Liabilities and Reserves</b>						
4010	IBNR Claims Liability Per §4706(a)(1)	\$7,038,728.60	\$7,038,728.60	\$6,672,663.00	\$6,672,663.00	12.0% of Incurred Claims
5010	Surplus Account Per §4706(a)(5)	\$2,920,495.97	\$2,920,495.97	\$2,729,554.76	\$2,729,554.76	5.0% of Premium Income
5014	Rate Stabilization Reserve	\$4,399,205.37	\$4,399,205.37	\$3,892,443.28	\$3,892,443.28	7.5% of Paid Claims
5012	Catastrophic Claims Reserve	\$4,598,144.86	\$4,598,144.86	\$4,808,739.38	\$4,808,739.38	Calculation Per Resolution
3500	Excellus BCBS Advance Deposit	\$788,300.00	\$788,300.00	\$928,000.00	\$928,000.00	Increased by \$139,700 2/2023
<b>Total Liabilities and Reserves</b>		\$19,744,874.80	\$19,744,874.80	\$19,031,400.42	\$19,031,400.42	

<b>Unencumbered Fund Balance</b>	\$7,859,375.75	\$8,482,734.13	\$9,452,123.45	\$8,505,172.66	
				13.69%	As a % of Expected Premium Income

The 2023 Fiscal Year is currently under performing compared to the projected budget 2/3 of the way into the 2023 Fiscal Year. As of August 31, 2023, the unencumbered fund balance equals 13.69% of the expected premium income for the year. Should this pattern of claims continue over the remainder of the year, there will be a shift in the reserves based on financial results and a reduction in the undesignated fund balance.



# 2022 Actual & 2023-2028 Estimated Reserve Funds

	Year to Date As of Dec 31, 2022	Projected Budget 2023 Fiscal Year	Amended Budget 2023 Fiscal Year	Projected Estimated Actual 12/31/23	Projected Budget 2024 Fiscal Year	Projected Budget 2025 Fiscal Year	Projected Budget 2026 Fiscal Year	Projected Budget 2027 Fiscal Year	Projected Budget 2028 Fiscal Year	
<b>Beginning Balance</b>	<b>\$29,117,448.16</b>	\$28,615,503.67	\$29,117,448.16	\$29,117,448.16	\$26,035,920.14	\$25,253,028.19	\$26,440,865.60	\$28,971,746.02	\$32,595,940.43	
	<b>Per Inero Audit</b>	<b>Projected 12/31/22</b>	<b>Actual 12/31/22</b>	<b>Actual 12/31/22</b>						
<b>Net Income (2% of total budget)</b>	\$13,251.84	(\$1,011,253.12)	(\$1,395,299.72)	(\$3,462,573.58)	(\$1,057,891.95)	\$912,837.41	\$2,255,880.42	\$3,349,194.41	\$4,747,761.30	
					-1.5%	1.2%	2.7%	3.8%	5.0%	
<b>Add: Gains on Investments</b>	\$283,865.15			\$389,442.24	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	
<b>Less: Losses on Investments</b>	(\$719,756.52)			(\$8,396.68)	(\$25,000.00)	(\$25,000.00)	(\$25,000.00)	(\$25,000.00)	(\$25,000.00)	
<b>Ending Balance</b>	<b>\$28,694,808.63</b>	<b>\$27,604,250.55</b>	<b>\$27,722,148.44</b>	<b>\$26,035,920.14</b>	<b>\$25,253,028.19</b>	<b>\$26,440,865.60</b>	<b>\$28,971,746.02</b>	<b>\$32,595,940.43</b>	<b>\$37,618,701.72</b>	
<b>Liabilities and Reserves</b>										
<b>Statutory Reserves</b>	IBNR Reserve (12% of Claims)	\$6,672,663.00	\$7,038,728.60	\$6,672,663.00	\$7,771,409.43	\$8,170,899.35	\$8,597,115.95	\$9,083,670.13	\$9,599,274.78	\$10,145,755.24
	Surplus Account (5% of Premium)	\$2,729,554.76	\$2,920,495.97	\$2,729,554.76	\$3,068,545.68	\$3,314,029.34	\$3,573,546.84	\$3,775,633.89	\$4,126,582.72	\$4,436,076.43
<b>Discretionary Reserves</b>	Rate Stabilization Res.(10% Target) = (2.5% - 5.0% - 7.5%)	\$3,892,443.28	\$4,399,205.37	\$3,892,443.28	\$4,857,130.89	\$1,702,270.70	\$1,791,065.82	\$1,892,431.28	\$3,999,697.83	\$6,341,097.03
	Catastrophic Claims Reserve (Ending) (Adjusted Per Resolution)	\$4,808,739.38	\$4,598,144.86	\$4,808,739.38	\$4,808,739.38	\$4,808,739.38	\$4,808,739.38	\$4,808,739.38	\$4,808,739.38	\$4,808,739.38
	<b>Total Liabilities and Reserves</b>	<b>\$18,103,400.42</b>	<b>\$18,956,574.80</b>	<b>\$18,103,400.42</b>	<b>\$20,505,825.39</b>	<b>\$17,995,938.76</b>	<b>\$18,770,467.99</b>	<b>\$19,560,474.67</b>	<b>\$22,534,294.71</b>	<b>\$25,731,668.08</b>
	<b>Unencumbered Fund Balance (12% of Premium Target)</b>	<b>\$10,591,408.21</b>	<b>\$8,647,675.75</b>	<b>\$9,618,748.02</b>	<b>\$5,530,094.75</b>	<b>\$7,257,089.43</b>	<b>\$7,670,397.61</b>	<b>\$9,411,271.35</b>	<b>\$10,061,645.72</b>	<b>\$11,887,033.65</b>
		19.40%	14.81%	15.49%	9.01%	10.95%	10.74%	12.26%	12.19%	13.40%

It is projected that the Statutory Reserve Funds will grow as they are a percentage of budgeted premium revenues and projected claims paid. For illustration purposes, we have projected funding and utilization of the Catastrophic Claims Reserve to be a wash. The Rate Stabilization Reserve shows utilization as discussed in this presentation. The Consortium has a budget goal of carrying an unencumbered fund balance of 12%. As illustrated above, this target falls slightly short for 2024-2025, but is projected to be met for the 2026-2028 fiscal years. The five-year budget model shows overall fund balance is relatively flat for 2023 & 2024, then steadily improves from 2025 to 2028.



# Section 7

## 2024 Fiscal Year Budget Overview Recommendations



# 2024 Budget Recommendations

1. Maintain the Surplus Account at 5% of the annual premium of the Consortium in compliance with §4706(a)(5) of the New York State Insurance Law. The value of this reserve, as projected for the 2024 Fiscal Year, is \$3,314,029.34. This will satisfy an Article 47 statutory reserve requirement.
2. Maintain the IBNR Claims Liability Reserve as required by §4706(a)(1) of the New York State Insurance Law at a value in line with the expected cost of “run-out” claims. We are recommending that this reserve continue to be funded at 12.0% of expected incurred claims consistent with the direction received by the Consortium from the New York State Department of Financial Services. Based on our projections, this reserve would equal approximately \$8,170,889.35 for the 2024 Fiscal Year.

## 2024 Budget Recommendations (Continued)

3. Continue to evaluate the specific stop-loss insurance policy which recently increased the deductible to \$1,000,000 as of the 2021 Fiscal Year and maintain the Catastrophic Claims Reserve at an amount equal to \$4,500,000.00 for the 2023 Fiscal Year and adjust based on the Board Resolution for funding. This reserve is specifically designed to protect the cash flow of the Consortium from the effects of a significant increase in the number of individual high dollar claimants.
4. Utilize a portion of the Claims/Rate Stabilization Reserve, reducing it to 2.5% of 2024 estimated paid claims (\$1,702,270.70). These funds are projected to be restored over the next four budget cycles. It is important to remember that this reserve fund was designed for this exact purpose of mitigate larger than desired premium rate increases.
5. Continue to negotiate reasonable increases to the administrative fees paid to Excellus BlueCross BlueShield as part of the annual renewal process.

# 2024 Budget Recommendations (Continued)

6. Monitor and update the investment strategies of the Consortium to continue to maximize the interest earnings associated with the reserve and surplus funds while maintaining the flexibility needed in cash flow to prudently manage the Consortium's finances.
7. In consideration of the overall financial position of the Greater Tompkins County Municipal Health Insurance Consortium and its goals and objectives, Locey & Cahill, LLC is recommending that the Board of Directors approve an 8.0% increase in premiums for the 2024 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$613,710 for the 2024 Fiscal Year.

## 2024 Budget Recommendations (Continued)

In conclusion, the final thought that we offer to the Board of Directors of the Consortium at this time is to consider the views, opinions, and recommendations expressed above and to consider approving the recommended budget with an 8.0% increase in overall premium revenue. Our goal is to have steady/moderate premium growth over the next several fiscal periods. To accomplish this, we are recommending the short-term use of a modest amount of fund balance and reserves to mitigate premium increases for 2024.

# GTCMHIC Actual/Projected Premium Increases

NYS Department of Financial Services – Press Release 8-31-23  
 DFS Announces 2024 Health Insurance Premium Rates, Saving New Yorkers \$732m.

Fiscal Year	Budget Income % Increase
2011	9.50%
2012	9.50%
2013	9.00%
2014	8.00%
2015	5.00%
2016	3.00%
2017	5.00%
2018	4.00%
2019	5.00%
2020	5.00%
2021	5.00%
2022	5.00%
2023	6.50%
2024	8.00%
2025	7.75%
2026	7.50%
2027	7.50%
2028	7.50%
2011-23 Avg.	6.12%
2011-24 Avg.	6.25%
2011-28 Avg.	6.54%
2019-28 Avg.	6.48%

\* Premium Holiday (Approximately \$4.3m)

\* Proposed

\* Projected

\* Projected

\* Projected

\* Projected

## EXCELLUS SMALL GROUP MARKET

**Requested Change = 12.6%**

**Approved Change = 12.0%**

### Historical Average Premium Rate Increases

2011-2023 Avg. Rate Increase = 6.12%

2019-2023 5-Year Avg. Rate Increase = 5.30%

### Projected Average Premium Rate Increases

2011-2028 Avg. Rate Increase = 6.54%

2019-2028 Avg. Rate Increase = 6.48%

# GTCMHIC vs Excellus Small Group Market

## Excellus Small Group Premium Rate History Average Rate Requested vs. Average Rate Approved

<u>Calendar Year</u>	<u>Plan Type</u>	<u>Average Rate Requested</u>	<u>Average Rate Approved</u>	<u>Reduction</u>	<u>Date Approved</u>
2017	Small Group	12.30%	10.70%	-1.60%	8/5/2016
2018	Small Group	8.90%	8.90%	0.00%	8/15/2017
2019	Small Group	3.80%	3.80%	0.00%	8/3/2018
2020	Small Group	6.80%	5.70%	-1.10%	8/9/2019
2021	Small Group	4.40%	0.90%	-3.50%	8/13/2020
2022	Small Group	9.70%	8.70%	-1.00%	8/13/2021
2023	Small Group	12.90%	9.40%	-3.50%	8/18/2022
2024	Small Group	12.60%	<b>12.00%</b>	-0.60%	Pending

## GTCMHIC Comparison

<u>GTCMHIC Approved Rate</u>	<u>GTCMHIC / Excellus Approved Variance</u>
5.00%	-5.70%
4.00%	-4.90%
5.00%	1.20%
5.00%	-0.70%
5.00%	4.10%
5.00%	-3.70%
6.50%	-2.90%
<b>8.00%</b> <b>Proposed</b>	-4.00%

<b>Average</b>	<b>7.51%</b>	<b>5.44%</b>	<b>-2.08%</b>
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