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125 E. Court Street  
Ithaca, NY 14850  
607-274-5590  
INFO: consortium@twcny.rr.com  
www.tompkinscountyny.gov/hconsortium

**Board of Directors Meeting**  
**December 18, 2014 – 5:30 pm - Old Jail Conference Room**  
(free parking in County lots after 5:00 pm)

1. Call to Order
2. Approval of September 25, 2014 Minutes (**VOTE**) (5:30)
3. Changes to the Agenda
4. Chair's Report: (5:35) J. Drake
  - a. **Resolution:** Establishing Meeting Dates for 2015 (*pkt. pg. 8*)
  - b. **Resolution:** Election of Officers for 2015 (*pkt. pg. 9*)
  - c. **Resolution:** Appointment of Treasurer for 2015 (*pkt. pg. 10*)
  - d. **Resolution:** Appointments to Appeals Committee (*pkt. pg. 11*)
  - e. Notification of up upcoming review of MCA (Sec. Q)
  - f. Update on Correspondence from New York State Department of Financial Services
5. Executive Director's Report (5:50)
6. Report from Consultant (6:10) S. Locey
  - a. Financial Update (*pkt. pg. 12*)
7. Report from Audit and Finance Committee (6:20) S. Thayer
  - a. **Resolution:** Authorization to Purchase Insurance Policies: Stop Loss, Errors and Omissions, and Directors and Officers Liability Coverage (*pkt. pg. 15*)
  - b. **Resolution:** Adoption of Pro-Rated Premium Policy (*pkt. pg. 16*)
  - c. **Resolution:** Authorization to Contract with Third Party Administrator - Excellus Blue Cross Blue Shield (*pkt. pg. 17*)
  - d. **Resolution:** Amendment to Resolution No. 005-2012 - Policy for New Members with Regard to Initial Investment (*pkt. pg. 18*)
  - e. **Resolution:** Acceptance of Application by the Village of Homer to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium (*pkt. pg. 20*)
  - g. **Resolution:** Authorizing Contract Extension for Actuarial Services - Aquarius Capital (*pkt. pg. 21*)
  - h. **Resolution:** Authorization to Execute an Agreement with ProAct for the Provisions of Pharmacy Benefits Manager (*pkt. pg. 22*)
  - i. **Resolution:** Authorization to Enter into Agreement with Bonadio & Co. LLP - Financial Reporting for 2015 (*pkt. pg. 23*)
  - j. **Resolution:** Authorization to Extend Contract with Ciaschi, Dietershagen, Little and Mikelson for the Provision of Auditing Services - 2015 (*pkt. pg. 24*)

**Consortium Members:**

County of Tompkins ~ City of Ithaca ~ City of Cortland ~ Town of Caroline ~ Town of Danby ~  
Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~ Town of Lansing ~  
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

8. Report from Joint Committee on Plan Structure and Design (7:00)
9. Report from Owning Your Own Health Committee (7:05)
10. Adjournment (7:10)

S. Weatherby

M. Cook

*Next Meeting: January 22, 2015*



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**Board of Directors  
September 25, 2014  
5:30 p.m.**

Draft 9/27/2014

**Scott Heyman Conference Room**

***Municipal Representatives: 11***

Steve Thayer, City of Ithaca; Mack Cook, City of Cortland; Deb Prato, Tompkins County; John Fracchia, Town of Caroline; Laura Shawley, Town of Danby (arrived at 5:40 p.m.); Mary Ann Sumner, Town of Dryden (arrived at 5:35 p.m.); Judy Drake, Town of Ithaca; Kathy Miller, Town of Lansing; Richard Goldman, Town of Ulysses; Peter Salton, Village of Cayuga Heights; Rordan Hart, Village of Trumansburg

***Excused: 6***

Herb Masser, Town of Enfield; Glenn Morey, Town of Groton; Scott Weatherby, Chair, Joint Committee on Plan Structure and Design; Doug Perine, President, Tompkins County White Collar, CSEA; Michael Murphy, Village of Dryden; Chuck Rankin, Village of Groton

***Others in attendance:***

Don Barber, Executive Director; Steve Locey, Locey & Cahill; Rick Snyder, Tompkins County Finance Director; Ashley Masucci, ProAct; Sharon Dovi, Tompkins Cortland Community College Human Resources; Beth Miller, Excellus

**Call to Order**

Ms. Drake, Chair, called the meeting to order at 5:33 p.m.

**Approval of Minutes – August 28, 2014**

It was MOVED by Ms. Miller, seconded by Mr. Cook, and unanimously adopted by voice vote by members present, to approve the minutes of August 28, as submitted. MINUTES APPROVED.

**Changes to the Agenda**

The utilization report from Excellus was withdrawn from the agenda.

**Chair's Report**

Ms. Drake asked members to sign the certification document that states they have received and read the Audit Examination Report from the New York State Department of Financial Services. She thanked those who attended the September 15<sup>th</sup> Retreat and stated there was good attendance and a lot of good information shared. She thanked Mr. Barber, Mr. Locey, Ms. Miller, and Ms. Masucci for their work in preparing the information that was presented. A video of the Retreat will be posted on the Consortium website.

Ms. Sumner arrived at this time.

Ms. Drake said with regard to feedback from the Retreat she said it was suggested there be a follow-up to provide information on what plans are available through the Consortium with an overview of what benefits are included in those plans.

Mr. Barber said he has had conversations with Mr. Weatherby, Chair of the Joint Committee on Plan Structure and Design, about that Committee having discussion of the plan designs and will begin with the Bronze Plan.

Ms. Shawley arrived at this time.

**MOTION NO. 006-2014 – CREATION OF 2015 NOMINATING COMMITTEE**

It was MOVED by Ms. Drake, seconded by Ms. Sumner, and unanimously adopted by voice vote by members present to appoint the following to serve on the 2015 Nominating Committee: Mack Cook, Peter Salton, Glen Morey, and Laura Shawley. MOTION CARRIED.

**RESOLUTION NO. 017-2014 - AMENDMENT TO RESOLUTION NO. 007-2013 - ELECTION OF OFFICERS FOR 2014 - APPOINTMENT OF SECRETARY**

MOVED by Mr. Thayer, seconded by Mr. Salton, and unanimously adopted by voice vote by members present.

WHEREAS, due to a vacancy of the position of Secretary, the 2014 Nominating Committee has reconvened and has proposed a change in the position of Secretary, now therefore be it

RESOLVED, That the Board of Directors elects Deb Prato to serve as Secretary through the remainder of 2014.

\* \* \* \* \*

**Executive Director's Report**

Mr. Barber provided an update on flu clinics and reported a number of clinics were scheduled and are in the process of being held and are going well. He reminded Board members there is no co-pay for Consortium members. Ms. Masucci said there have been approximately 130 vaccines administered to date.

Mr. Barber circulated copies of the PowerPoint presentation from the Retreat. A request was made that the PowerPoint presentation also be posted on the website. He is also working on two different orientation manuals, one for Board members and committees and a less-detailed manual for employees that explains the Consortium, provides resources, and will assist them with accessing information through Excellus and ProAct. The orientation manual will also include a section focused on retirees. He will be rolling it out by visiting each of the municipalities to talk about the Consortium and how the important it is and to also offer to meet with bargaining units to develop a better understanding of what the Consortium is and to increase participation at the Joint Committee meetings. He asked for feedback on whether the Board wished to review and approve the document. There was no interest expressed by Board members in formally approving the document. He reported he has been working with Mr. Locey in the development of an annual report for 2014 and subsequent years.

**Recertification Process**

Mr. Barber said the reason for going through a recertification process is to ensure the Consortium is only paying claims for those dependents of employees who meet the relationship

criteria that have been established by their benefit plans. When the Consortium first began people were not asked to verify their eligibility for benefits and were just moved from existing plans into the Consortium. It has been a number of years and this is an opportunity for the Consortium to exercise its fiduciary responsibility to ensure only the people who should be in the plan are included. Similar recertification processes that have been undertaken in other places have found individuals being covered who should not have been and employers have seen an average of a five percent decrease in claims costs as a result of doing this. Although information distributed to employees will come from individual municipalities, documents will be on Consortium letterhead to clearly show this is a Consortium-wide initiative.

Mr. Barber said employees may be resistant to this process and noted there will be a 90-day amnesty period. During this time an individual may be removed from a plan with no consequence. By May 1<sup>st</sup> those individuals who are not eligible to be on the plan who are not removed will be charged with paying the full amount their employer has paid on their behalf. The Appeals Committee will then reconvene to handle any appeals that are filed. At the end of the process the information will be transmitted to Excellus and they will be making adjustments to their rolls.

There was a discussion of staffing and the work benefit clerks will need to do to undertake this process. Mr. Barber said this is a commitment to undertake a process and municipalities need to be clear on the responsibility and commitment involved. Ms. Sumner said her sense so far is that it is not as contentious as it is inconvenient for employees to provide the documentation and there will be a burden placed on clerks having to collect the information. There was a mix of Board members who were familiar with similar types of exercises with some having to do this for their employers and some never having to verify their eligibility for benefits but there was consensus that it is a good thing for the Consortium to do. Mr. Barber said he will be meeting with Clerks within the next ten days to discuss the process, to get consistency in how this is carried out, and to offer to serve as a resource. The process will begin on November 1 and employees will have 90 days to submit information without any penalty. Those who are left will be worked with to provide the information until May 1<sup>st</sup> and the appeals process will follow that. Ms. Sumner spoke in favor of Mr. Barber reaching out to municipalities and bargaining units on this.

Lastly, Mr. Barber reported the process of obtaining signatures on the amendment to the Municipal Cooperative Agreement should be completed in the next week.

Mr. Hart asked how laborious it would be for an internal web search of marriage and birth certificates to be done. There wasn't interest expressed in doing this because of the staffing that would be needed to perform the search.

**RESOLUTION NO. 018-2014 - APPROVAL OF THE 2014/2015 RECERTIFICATION PLAN INCLUDING FORMS AND GUIDELINES FOR VERIFICATION OF SPOUSE AND/OR DEPENDENT STATUS FOR ALL CONTRACTS, ACTIVE AND RETIRED, OF THE CONSORTIUM**

MOVED by Mr. Thayer, seconded by Ms. Miller.

Ms. Prato asked if retirees are part of the recertification process. Ms. Drake said yes and that will be one of the biggest hurdles. Mr. Cook asked if consideration has been given to having a third party do the verification. Mr. Barber said this could be done and if the Board chose to have it done by a third party it would need to issue a Request for Proposals. Mr. Locey said based on other groups he works with he would expect having this done by an outside vendor

would cost approximately \$25,000. Ms. Drake said the Audit and Finance Committee discussed this and learned the City conducted a recertification process a few years ago and the County for some time has been asking for the documentation for dependents. Mr. Barber added that similar size groups have experienced a 5% savings in expense which would equate to approximately \$600,000 for the Consortium. Mr. Locey agreed and said other groups have experienced a significant savings from the decrease in claims by pulling off individuals from plans who didn't qualify.

Ms. Prato asked if this process will be done every three years and stated if an individual has applied for Social Security Disability (SSD) after 24 months Medicare becomes the primary regardless of age. It may be helpful to track individuals who have applied and follow-up on whether they received SSD. Ms. Prato was thanked for the suggestion and it was agreed to add this to the forms.

The resolution was unanimously adopted by voice vote by members present.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium is a self-insured municipal cooperative health benefit plan operating pursuant to Article 47 of the New York State Health Insurance Law, and

WHEREAS, at GTCMHIC's inception all employees were transferred into the Consortium without verification that their spouse and/or dependents were still valid as defined by their benefit plan, and

WHEREAS, changes occur in employees lives with marriage, divorce, child birth, adoptions that may not become known to the health insurance provider, and

WHEREAS, Consortium Board Resolution No. 005-2014 approved forms and eligibility guidelines for ensuring that spouses and/or dependents of new hires after May 1, 2014, meet consistent requirements and provide consistent documentation to confirm that their relationship with the insured complies with the Consortium's eligibility guidelines, and

WHEREAS, The Greater Tompkins County Municipal Health Insurance Consortium has a responsibility to all employees and employers to ensure that the Plan covers only eligible spouses and/or dependents, and

WHEREAS, the Audit and Finance Committee has developed an internal process utilizing each municipalities benefit clerk to implement the recertification of spouses and/or dependents of all contracts that provides necessary information for verification of eligibility while safeguarding privacy, now therefore be it

RESOLVED, upon recommendation of the Finance and Audit Committee, the Board of Directors hereby approves the 2014/2015 Recertification Plan including forms and guidelines for verification of spouse and/or dependent status for all contracts, active and retired, of the Consortium,

RESOLVED, further, That the municipal partners will be instructed and expected to execute the same verification process for consistency of results and will report such results to the Consortium,

RESOLVED, further, That the verification process will begin on November 1, 2015 with an amnesty period until February 28, 2015 for the removal of any ineligible spouse and/or dependents without penalty and therefore eligible for COBRA,

RESOLVED, further That any ineligible covered lives discovered after February 28, 2015, may be subject to reimbursement of premium paid by the employer since the change in status or January 1, 2011 whichever is later and the ineligible person will not be eligible for COBRA,

RESOLVED, further, That any dependent of an employee or retiree for which no verification information has been submitted will be terminated on May 1, 2015 and the member will be invoiced for that coverage since January 1, 2011 and the employee/retiree and their spouse and/or dependents will not be eligible for COBRA,

RESOLVED, further, That the Recertification Plan provides an appeals process from May 1 through June 30, 2015 that will be administered by the Appeals Committee.

\* \* \* \* \*

### **Report from the Consultant**

Mr. Locey referred to the financial information distributed to Board members and noted an item that was brought to his attention today and said the Directors, Officers, Professional Liability Insurance section includes the amount of \$58,000 that was misclassified and should be a Stop Loss premium. He reported year-to-date income is 2.7% below the budgeted amount. He further stated that even with that result, the total income of \$24.5 million still was sufficient to generate a net income year-to-date. An item discussed at today's Audit and Finance Committee meeting was that the Consortium is at a point now where it doesn't need to build much more Fund Balance or net income and should spread the money out as long as possible with using a portion of some of the unencumbered balance to mitigate future rate increases.

He referred to budgeted versus actual expenses and said at this time the Consortium is .3% below what was budgeted for the year but noted the Transitional Reinsurance Fee, although budgeted for this year, probably will not be paid out until January 2015 and may be moved at year-end to a liability because it is a 2014 expense. The PCORI (Patient Centered Outcome Research Institute) Fee was paid in July. Revenues are slightly below budget as there has been some census fluctuation that has impacted premium income and some entities have negotiated some prescription drug coverage co-pays. These changes are expected to impact the expense side moving forward.

Mr. Locey reported a three-year proposal for the Administrative Services Contract was recently received from Excellus: year one was an increase of 4.5%, year two an increase of 4%, and in year three an increase of 3.5%. There will be further discussions with Excellus to see if this proposal can be lowered. The current fee increase arrangement was year one an increase of 4%, year two an increase of 4.5%, and in year three an increase of 4.5%. Excellus currently charges \$31.80 per contract per month and is proposing \$33.20 per contract per month. There was also an increase in the cash advance payment of \$100,000. This will go to the Audit and Finance Committee and then back to the Board for formal approval in December.

The Audit and Finance Committee at its meeting today reviewed the Stop Loss Request for Quotation that will be sent out tomorrow. The biggest points in terms of the quotes include looking at higher deductibles to drive the premium down and to increase the Catastrophic Claims Reserve, and also to remove the current cap of \$2 million inclusive of the deductible and make it unlimited. He is working on drafting a letter from the Consortium to the New York State Department of Financial Services to request a waiver from the requirement to purchase Aggregate Stop Loss Insurance with the rationale that it is coverage that is not needed and an

expense the Consortium does not want to incur. This has not been requested before, therefore, there is no way to predict what the response will be.

#### Medicare Supplement Plan

Mr. Locey said the State asked what policy the Consortium modeled its policy after and he provided an insurance certificate filing number from Blue Cross; they are now comparing the two. He said it is not uncommon to use a policy that already exists and expects the final approval will be received soon.

Mr. Cook asked how the Medicare Supplement will be rolled out and suggested developing marketing materials for retirees. Ms. Drake explained how the Town of Ithaca offered the Medicare Supplement Plan and used the comparison that Mr. Locey developed at two informational meetings that were held. She said it would be a good idea to put a packet of information together but it depends on where individuals are coming from. Mr. Locey said he would work with Mr. Cook on putting information together.

Mr. Locey reported on a meeting that was held with the Village of Homer which currently has the standard Platinum Plan through the Affordable Care Act and said since the Consortium now has a Platinum Plan which is less cost than the community-rated version it will allow the Village to seriously consider joining the Consortium. He said this reinforces that the Plan that was adopted was not only for existing members to use but provides an opportunity for other municipalities to join.

Mr. Goldman suggested exploring investment options. Mr. Locey said this is something the Audit and Finance Committee continues to look at.

Mr. Goldman requested a side-by-side of the Platinum Plan versus the current Town of Ulysses Plan. Mr. Locey will provide this.

#### Medical Claims Audit

Mr. Locey reported a kick-off conference call was held today with BMI, the firm selected to perform the medical claims audit. The process is moving forward and the confidentiality agreement has been signed. They were not sure when they will be on site but will be working with Excellus. It is anticipated their work will be done before April 2015.

### **Audit and Finance Committee Report**

#### **RESOLUTION NO. 019-2014 - ADOPTION OF 2015 BUDGET**

MOVED by Mr. Thayer, seconded by Mr. Salton.

Mr. Barber commented that Mr. Locey has put together a five-year projection if the rate increase were to stay at a 5% and said in 2018 the Fund Balance starts to go down. He said the reason why the Consortium is building fund balance at the rate it has been is because initially funds were put into the budget to build the IBNR Reserve as required by the State. That has not been taken out of the calculation so the Fund Balance has steadily increased; however, in continuing the 5% rate long-term the Fund Balance cannot be sustained when predicting an 8% increase in claims and a 5% increase in premiums.

Mr. Salton said more work needs to be done to lower the amount of paid claims and the Consortium should avail itself of any opportunities to address this. Mr. Locey said the Audit and Finance Committee has requested that someone from Excellus attend a meeting to talk about how pricing works. It would also be good for the same to happen with ProAct.



The resolution was unanimously adopted by voice vote by members present.

WHEREAS, the proposed 2015 budget was presented by the Consultant and was unanimously recommended by the Audit and Finance Committee at the September 25, 2014 meeting for submission to the Board for its review, and

WHEREAS, notable items included in the proposed budget are the following:

- Premium increase of 5% over 2014 rates
- Retention of claims expenses increases from \$300,000 to \$400,000 which results in a decrease in Stop-Loss premium
- Increasing Catastrophic Claims Reserve by nearly \$400,000 to have funding available for increased claims exposure from retention of claims now up to \$400,000
- Establishment of a Rate Stabilization Reserve of \$1,644,781 to protect the cash flow position of the Consortium should we have a year when claims cost exceed the prediction

now therefore be it

RESOLVED, That the 2015 budget for the Greater Tompkins County Municipal Health Insurance Consortium is hereby approved.

\* \* \* \* \*

Mr. Locey distributed information on what the 2015 rates will be based on the resolution adopted and stated they will be posted on the Consortium's website.

Mr. Thayer, Chair of the Audit and Finance Committee, reported the Committee at its meeting today talked about the two-person rate and said it doesn't affect the overall cost and would just impact how costs are allocated. The Committee felt the Joint Committee on Plan Structure and Design should discuss this and provide feedback.

**Joint Committee on Plan Structure and Design Report**

Mrs. Shawley, Vice Chair, had no report.

**Owning Your Own Health Committee Report**

Mr. Cook, Chair, reported the Committee has been discussing the flu clinics and thanked Ms. Masucci for her assistance. He said at the next meeting the Committee will be looking at the biometrics testing survey results.

**Adjournment**

On motion the meeting adjourned at 6:47 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk



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**MOTION NO. - Establish Meeting Schedule - 2015**

**BOARD OF DIRECTORS  
2015 Meeting Schedule**

January 22  
March 26  
May 28  
July 23  
September 24 (set rates)  
November 19 (3rd Thursday)  
December 17 (3rd Thursday)

Meeting time: 5:30 p.m. to 7:30 p.m.  
Scott Heyman Conference Room  
125 E. Court Street  
Ithaca, New York 14850

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**RESOLUTION NO. - ELECTION OF OFFICERS FOR 2015**

WHEREAS, the Nominating Committee has proposed a slate of Officers to the Board of Directors at the December 18, 2014 meeting, now therefore be it

RESOLVED, That the Board of Directors elects the following individuals to serve from January 1, 2015 through December 31, 2015 in the roles so elected as follows:

- Chairperson            Judith Drake, Town of Ithaca, Human Resources Manager
- Vice Chairperson     Rordan Hart, Village of Trumansburg
- Chief Fiscal Officer   Steven Thayer, City of Ithaca, Controller
- Secretary             Deb Prato, Tompkins County Personnel Commissioner
- Treasurer             Rick Snyder, Tompkins County Finance Director

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**RESOLUTION NO. - APPOINTMENT OF TREASURER - 2015**

RESOLVED, That the Board of Directors hereby reappoints Richard Snyder, Tompkins County Director of Finance, to the position of Consortium Treasurer for 2015.

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**RESOLUTION NO. 2014 - APPOINTMENTS TO APPEALS COMMITTEE**

WHEREAS, an appeals process is required by the New York State Department of Financial Services (formerly the New York State Insurance Department), and

WHEREAS, the Consortium formed an Appeals Committee in 2013 that developed a an appeals process and information that would serve as a guide for subscribers to appeal that includes links to State forms and Third Party Medical Claims Administrator forms, and Prescription Benefit Drug Manager forms, and

WHEREAS, if a covered person is not satisfied with an appeal determination regarding a claim that does not relate to a medical necessity or experimental/investigational services denial, the covered person may request a claim review by the GTCMHIC Appeals Committee by filing a written request for review, and

WHEREAS, the Appeals Committee was initially appointed on November 18, 2010 and further appointments were made by Resolution No. 3 of 2012, and

WHEREAS, there are currently two vacancies on the Committee which meets on an as-needed basis, now therefore be it

RESOLVED, That the membership of the Appeals Committee shall include the following members:

\_\_\_\_\_, Chair  
\_\_\_\_\_  
Chuck Rankin

\* \* \* \* \*

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***Greater Tompkins County Municipal Health Insurance Consortium***  
***Annual Revenue, Expense, and Liability Analysis***

<b>GTCMHIC Aggregate Data</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014*</b>
Member Months	52,873	53,375	61,063	45,582
Total Revenue	\$25,968,215	\$28,688,765	\$34,664,105	\$27,320,419
Total Expenses	\$24,965,572	\$25,406,893	\$29,842,951	\$24,169,761
Net Income	\$1,002,643	\$3,281,872	\$4,821,154	\$3,150,658
Total Assets	\$4,320,054	\$7,708,613	\$11,135,054	\$15,258,774
Total Liabilities	\$3,070,435	\$3,082,421	\$4,086,171	\$4,341,994
Special Surplus Funds	\$0	\$0	\$600,000	\$600,000
Unassigned (Surplus)	-\$40,127	\$3,197,415	\$4,723,499	\$8,502,960
Surplus Account (Section 4706(a)(5))	\$1,289,746	\$1,428,777	\$1,725,384	\$1,813,820

\* 2014 Data is as of September 30, 2014

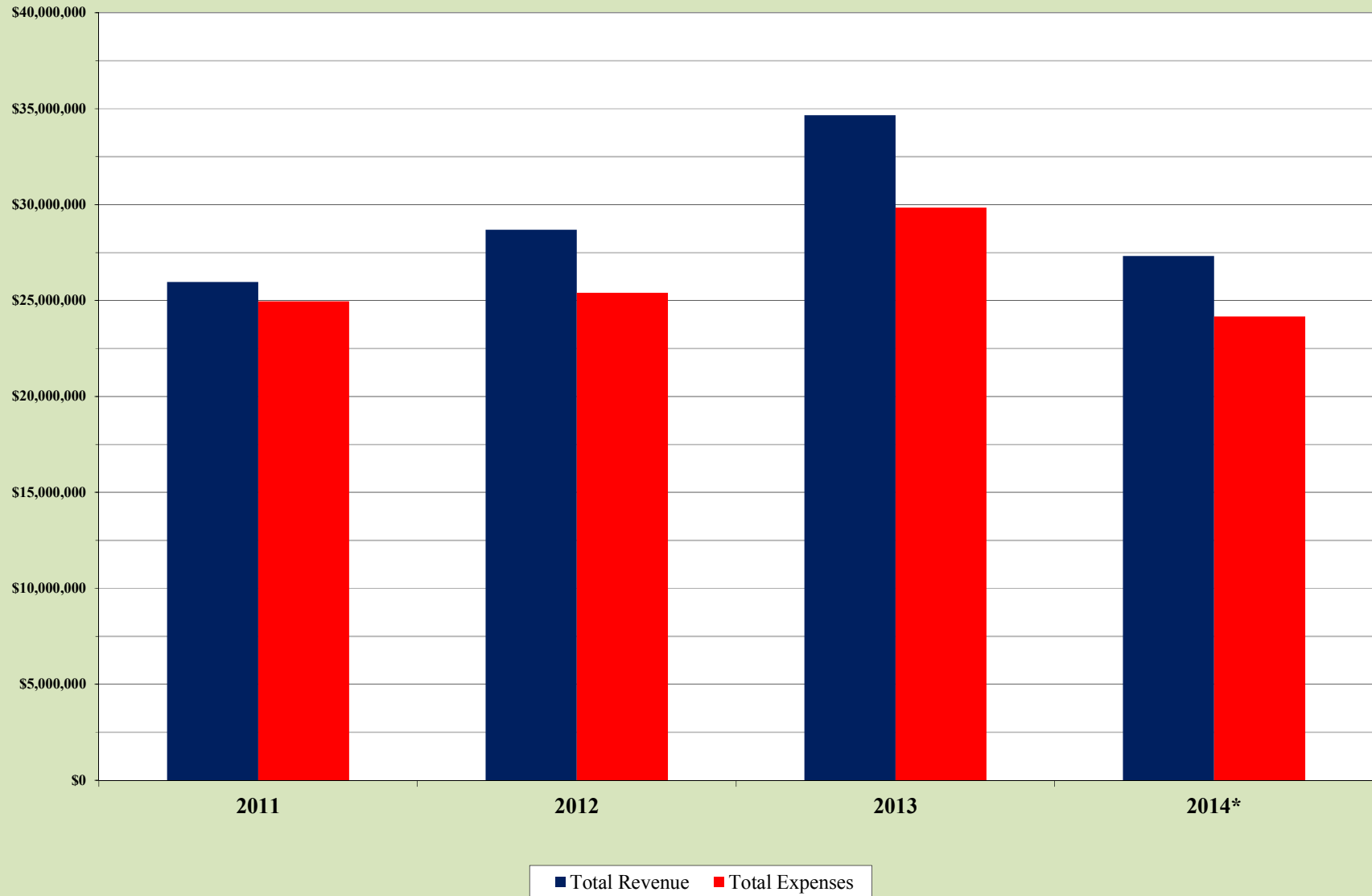
<b>Per Member Per Month</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014*</b>
Total Revenue	\$491.14	\$537.49	\$567.68	\$599.37
Total Expenses	\$472.18	\$476.01	\$488.72	\$530.25
Net Income	\$18.96	\$61.49	\$78.95	\$69.12
Total Assets	\$81.71	\$144.42	\$182.35	\$334.75
Total Liabilities	\$58.07	\$57.75	\$66.92	\$95.26
Special Surplus Funds	\$0.00	\$0.00	\$9.83	\$13.16
Unassigned (Surplus)	-\$0.76	\$59.90	\$77.35	\$186.54
Surplus Account (Section 4706(a)(5))	\$24.39	\$26.77	\$28.26	\$39.79

\* 2014 Data is as of September 30, 2014

# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2014 Annual Expenses and Revenue

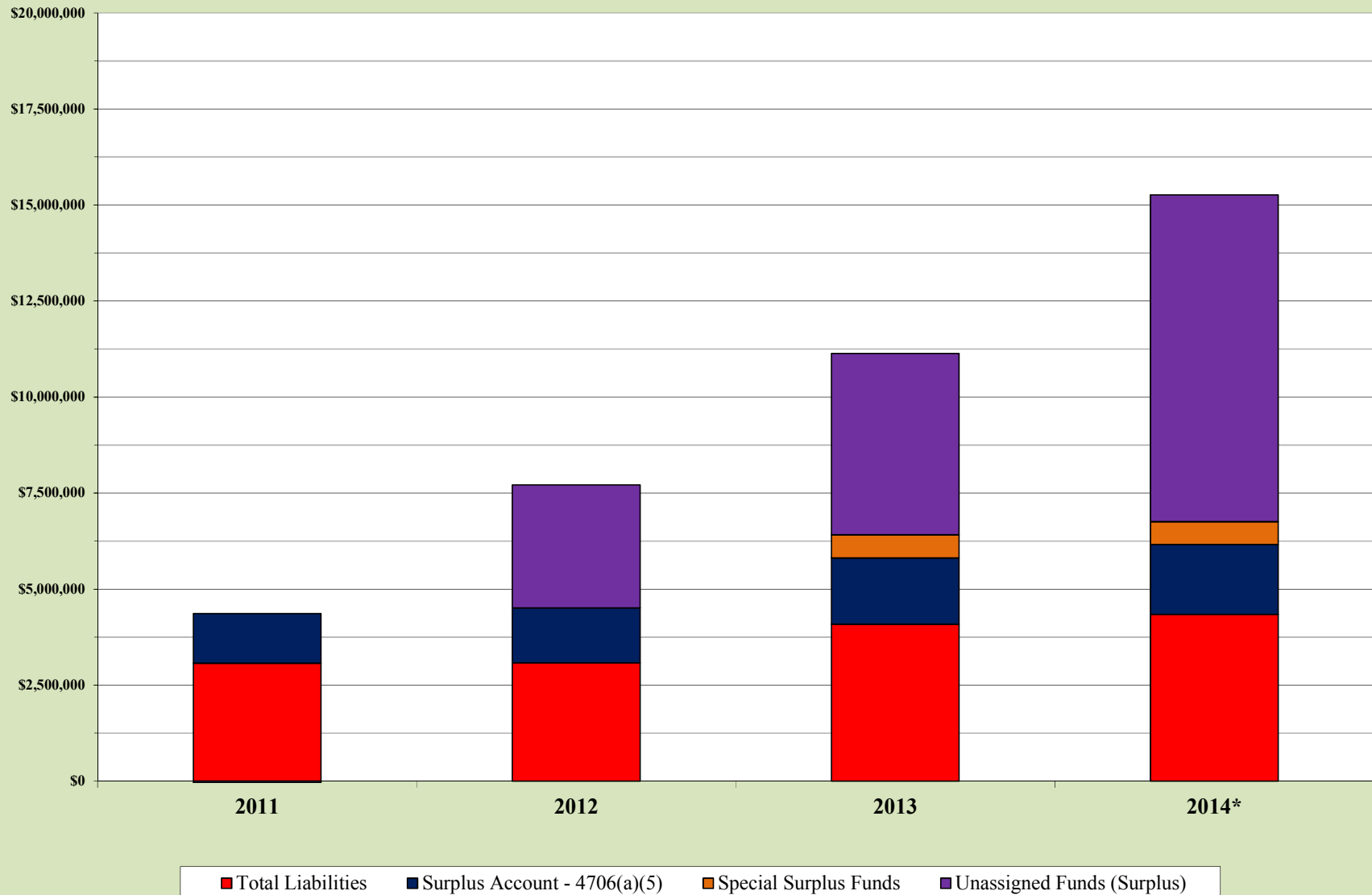
2014 as of September 30, 2014



# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2014 Total Assets Liabilities and Reserves

2014 as of September 30, 2014







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**RESOLUTION NO. - AUTHORIZATION TO PURCHASE INSURANCE POLICIES: STOP LOSS, ERRORS AND OMISSIONS, AND DIRECTORS AND OFFICERS LIABILITY COVERAGE**

WHEREAS, the Consortium must select stop loss insurance, as required by Article 47 of New York State Insurance Law, and

WHEREAS, it is the desire of the Board of Directors to ensure liability coverage for the Consortium, the Board of Directors personally and professionally, and the participating municipalities, now therefore be it

RESOLVED, upon recommendation of the Plan Consultant, Locey & Cahill, LLC, the Tompkins County Risk Manager and the Audit and Finance Committee, That the Consortium shall purchase coverage for these insurance policies from the following for the period January 1, 2015 thru December 31, 2015:

- Stop-Loss Insurance for Medical and Prescription Drug Benefits with Highmark Insurance Company that includes Aggregate Stop-Loss Insurance with an Aggregate Corridor of 125% and claim specific stop loss retention of \$400,000 without a Laser qualifier.
- Errors and Omissions Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon);
- Directors and Officers Liability Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon)

Resolved, further, That the Plan Consultant is directed to provide the Administrative Clerk of the Consortium with a copy of each policy.

\* \* \* \* \*

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**RESOLUTION NO. - PRO-RATED PREMIUM POLICY**

WHEREAS, persons leaving municipal employment can be covered under Cobra and the Cobra window starts on the end of the month, and

WHEREAS, Excellus administrative fees are calculated on a whole month basis, beginning at the start of the month, and

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) Treasurer requests a comprehensive and uniform policy be established for premium billing, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the GTCMHIC Board of Directors determines that all health insurance premiums shall be invoiced as whole month increments effective January 1, 2015.

\* \* \* \* \*

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**RESOLUTION NO. - AUTHORIZATION TO CONTRACT WITH THIRD PARTY  
ADMINISTRATOR - EXCELLUS BLUE CROSS BLUE SHIELD**

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) is a self-insured municipal cooperative health benefit plan organized pursuant to Article 5-G of the New York State General Municipal Law, and

WHEREAS the GTCMHIC is operating pursuant to a Certificate of Authority issued by the New York State Department of Financial Services pursuant to Article 47 of the New York State Insurance Law, and

WHEREAS the GTCMHIC conducts business in accordance with the current Municipal Cooperative Agreement, and

WHEREAS, Section E Paragraph 11 of the current GTCMHIC Municipal Cooperative Agreement defines the actions to be taken by the GTCMHIC Board of Directors to include the approval of contracts with third parties for the furnishing of goods and services, and

WHEREAS, the Consortium must contract with a Third Party Administrator to administer health insurance claims on behalf of the Consortium, and

WHEREAS, following an extensive negotiation process it has been determined to be in the Consortium's best interest to continue its relationship with Excellus Blue Cross Blue Shield for the administration of the Consortium's health insurance claims, now therefore be it

RESOLVED, upon the recommendation of the Audit and Finance Committee, the Board of Directors hereby authorizes the Chairperson of the Board of Directors to sign a contract to enter the Consortium into an Administrative Services Contract with Excellus BlueCross BlueShield for the 2015 calendar year at an increase of 2.5%, in accordance with the proposal dated November 7, 2014 which includes annual renewal terms for 2016, and 2017 of a 3% per annum increase.

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**RESOLUTION NO. - AMENDMENT TO RESOLUTION NO. 005-2012 - POLICY FOR  
NEW MEMBERS WITH REGARD TO INITIAL INVESTMENT**

WHEREAS, Resolution No. 005-2012 adopted by the Board of Directors states:

4. "Upon the Board of Director's approval of membership into the Consortium, the municipal corporation must pay their share of the "Surplus Account" as defined in §4706(a)(5)(A) which states the following:

(5) a surplus account, established and maintained for the sole purpose of satisfying unexpected obligations of the municipal cooperative health benefit plan in the event of termination or abandonment of the plan, which shall not be less than:

(A) five percent of the annualized earned premium equivalents during the current fiscal year of a municipal cooperative health benefit plan which consists of five or more participating municipal corporations and covers two thousand or more employees and retirees; or"

Said payment must be received by the Consortium 30 days prior to the effective date of the municipal corporation's entry into the Consortium.", and

WHEREAS, the liability to the surplus reserve account of increased premium occurs on day one of the adding contracts from a new member municipality, and

WHEREAS, statistically new members pay more in premium their first year than claims, and

WHEREAS, currently the Consortium has a reserve base that didn't exist in the early years of the GTCMHIC operations, and

WHEREAS, on the date of this resolution, all Consortium members have had their Surplus Reserve funds returned, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the GTCMHIC recommends Resolution No. 005-2012, item #4 be amended as follows:

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**RESOLUTION NO. - AMENDMENT TO RESOLUTION NO. 005-2012 - POLICY FOR NEW MEMBERS WITH REGARD TO INITIAL INVESTMENT**

4. "At the time of acceptance of applicant by Board resolution, the Board of Directors will determine the terms for their share of the "Surplus Account" which is defined in §4706(a)(5)(A) to be

"an account, established and maintained for the sole purpose of satisfying unexpected obligations of the municipal cooperative health benefit plan in the event of termination or abandonment of the plan, which shall not be less than five percent of the annualized earned premium equivalents during the current fiscal year of a municipal cooperative health benefit plan which consists of five or more participating municipal corporations and covers two thousand or more employees and retirees"

The Board of Directors will consider waiving all or part or none of the new members Surplus Reserve liability by reviewing at least these impacts:

- Impact on Surplus Reserve when adding the new contracts;
- Existing unreserved fund balance available to move to the Surplus Reserve Fund; and
- The terms for returning payment if such Surplus Reserve Fund payment is deemed appropriate

Said payment must be received by the Consortium 30 days prior to the effective date of the municipal corporation's entry into the Consortium".

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**RESOLUTION NO. - ACCEPTANCE OF APPLICATION BY THE VILLAGE OF HOMER TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

WHEREAS, by Resolution No. 005 of 2012 and amended by resolution 02\_-2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Village of Homer has submitted an official resolution authorizing the Village of Homer to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Village of Homer has complied with membership process outlined in Resolution No. 005 of 2012 and amended by Resolution No. \_\_-2014 and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, That the Greater Tompkins County Municipal Health Insurance Consortium, accepts and welcomes the Village of Homer as the 16th municipal participant, with health insurance coverage beginning January 1, 2015,

RESOLVED, further, That the Board of Directors waives the requirement of payment of 5% of premium to the Surplus Reserve Account,

RESOLVED, further, That the Board of Directors determines that the terms of assessing the pro-rata share of any surplus or deficit to the applicant shall at the time the applicant leaves the Consortium or upon dissolution of the Consortium shall be based on their share of any deficit or being paid their share of any surplus that was generated during their years of participation. The Board of Directors would identify the surplus or deficit which exists on the date of entry and again on the date of withdrawal or dissolution and bill or pay the applicant accordingly.

\* \* \* \* \*

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**RESOLUTION NO.      2014 - AUTHORIZATION TO EXECUTE AN AGREEMENT WITH  
PROACT FOR THE PROVISIONS OF PHARMACY  
BENEFITS MANAGER**

Whereas, the Greater Tompkins County Municipal Health Insurance Consortium authorized Locey and Cahill to issue a Request for Proposals for Prescription Drug Manager on August 25, 2011, and

Whereas, ProAct was selected to provide Pharmacy Benefit Services, for the period January 1, 2013 through December 31, 2013 with the option to renew for two successive years, now therefore be it

Resolved, That the Board of Directors of the Greater Tompkins County Municipal Health Insurance Consortium hereby authorizes the Chair of the Consortium to execute a contract with ProAct for the provision of Pharmacy Benefits Manager for the third consecutive year effective January 1, 2015 through December 31, 2015.

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**RESOLUTION NO.                    2014 – AUTHORIZATION TO ENTER INTO AGREEMENT WITH  
BONADIO & CO. LLP - FINANCIAL REPORTING FOR  
2015**

WHEREAS, the Consortium entered into a contract with Bonadio & Co. LLP for financial reporting services in 2013 and 2014, and

WHEREAS, the Consortium wishes to continue the current arrangement for an additional year, now therefore be it

RESOLVED, That the Board of Directors authorizes the Chair to sign a letter of engagement with Bonadio & Co. LLP for a one-year contract expiring December 31, 2015.

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**RESOLUTION NO. 2014 - AUTHORIZATION TO EXTEND CONTRACT WITH CIASCHI,  
DIETERSHAGEN, LITTLE AND MIKELSON FOR THE PROVISION OF  
AUDITING SERVICES – 2015**

WHEREAS, in 2009 the Consortium authorized the execution of a contract for the provision of auditing services with Ciaschi, Dietershagen, Little and Mikelson (CDLM), and

WHEREAS, the Department of Financial Services audit, dated August 26, 2015, recommends that the Board of Directors obtain annual certification to the effect that the Plan’s responsible officers have implemented procedures adopted by the Board, and

WHEREAS, wishes to extend the contract for an additional one-year period through fiscal year ending December 31, 2015 and the Consortium will seek proposals in 2015 for the purpose of executing a three-year contract for an external audit of the Consortium’s financial records for fiscal years 2016, 2017, and 2018, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Chair of the Board of Directors is hereby authorized to sign a contract with CDLM to perform auditing services, which include certification that the officers have implemented Board adopted procedures, for the Consortium for the 2015 fiscal year,

RESOLVED, further, That the Executive Director is directed to establish a process in mid-2015 to seek proposals for this service.

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