



Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590
www.tompkinscountyny.gov/hconsortium • consortium@tompkins-co.org

"Individually and collectively we invest in realizing high quality, affordable, dependable health insurance."

Board of Directors Meeting September 27, 2018 – 6:00 pm – TC3 Sprole Conference Room

170 North Street, Dryden, NY

1. Call to Order
2. Approval of August 23, 2018 Minutes (**VOTE**) (6:00)
3. Changes to the Agenda
4. Chair's Report: (6:05) J. Drake
 - a. Report from the Executive Committee
 - b. Motion to Create 2019 Nominating Committee
5. Executive Director's Report (6:10) D. Barber
 - a. DFS Communications
 - b. Captive Layer Stop-Loss
 - c. Wellness Consultant Report
 - d. Investment Management Committee update
 - e. Website Demonstration (Cocco)
6. Report from Consultant (6:30) S. Locey
 - a. Financial Update
 - b. Presentation of 2019 Budget Memo
 - c. Large Loss Report
7. Report from Audit and Finance Committee (6:50) M. Cook
 - a. **RESOLUTION:** Adopt Budget, Premium Rates, and Reserves Amounts for 2019
 - b. **RESOLUTION:** Acceptance of Application by the Town of Niles to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - c. **RESOLUTION:** Acceptance of Application by the Town of Covert to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - d. **RESOLUTION:** Acceptance of Application by the County of Seneca to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - e. **RESOLUTION:** Acceptance of Application by the Town of Sennett to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - f. **RESOLUTION:** Acceptance of Application by the Town of Mentz to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - g. **RESOLUTION:** Acceptance of Application by the New Roots Charter School to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium

Board of Directors Agenda
September 27, 2019

- h. **RESOLUTION:** Authorization to Enter into an Agreement with Agreement with Bonadio & Co, LLP – Financial Reporting for 2019-2020
- i. **RESOLUTION:** Authorization to Enter into a Contract for Newsletter Production Services
- j. **RESOLUTION:** Authorization to Extend the Agreement with ProAct for Prescription Benefits Management Services for 2019

- 8. Report from Joint Committee (7:10) O. Hersey
- 9. Report from Owning Your Own Health Committee (7:15) T. Schiele
- 10. New Business (7:20)
- 11. Adjournment (7:25)

Next Meeting: November 15, 2018



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Draft 08-30-2018

Board of Directors
August 23, 2018 – 6:00 p.m. Draft
Tompkins Cortland Community College – Sprole Conference Room

Municipal Representatives: 26

John Fracchia, Town of Caroline	Tom Brown, Town of Truxton
Mack Cook, City of Cortland	Rich Goldman, Town of Ulysses
Alex Patterson, Town of Aurelius	Kristen Case, Village of Homer
Judy Drake, Town of Ithaca	Tom Adams, Town of Marathon
Charmagne Rungay, Town of Lansing	Sarah Thomas, Tompkins County
Eric Snow, Town of Virgil	David Schenck, Town of Springport
Bud Shattuck, Village of Union Springs	Alvin Doty, Town of Willet
Laura Shawley, Town of Danby	Nancy Niswender, Village of Groton
Kathrin Servoss, Town of Dryden	Kevin Williams, Town of Homer
Chuck Rankin, Town of Groton	Jim Doring, Town of Preble
Luann King, Town of Cincinnatus	Michael Murphy, Village of Dryden
Gary Mutchler, Town of Scipio	Peter Salton, Village of Cayuga Heights
Steve Thayer, City of Ithaca (arrived at 6:10 p.m.)	
Christine Laughlin, Town of Newfield (arrived at 6:15 p.m.)	

Labor Representatives: 3

Olivia Hersey, 1st Labor Representative and Joint Comm. on Plan Structure & Design
Chair; Jim Bower, 2nd Labor Representative
Tim Farrell, 5th Labor Representative

Excused: 6

Ann Rider, Town of Enfield
Rordan Hart, Village of Trumansburg
John Malenick, Town of Montezuma (Viewed meeting via Skype)
Doug Perine, 4th Labor Representative
Terrance Baxter, Town of Moravia
Zack Nelson, 3rd Labor Representative

Absent: 1

Edward Wagner, Town of Owasco

Others in attendance:

Don Barber, Executive Director	Beth Miller, Excellus
Steve Locey, Locey & Cahill	Rick Snyder, Treasurer
John Sheppard, Seneca County Manager	Chris Laverty, ProAct
Donna Dawson, Town of Horseheads	Greg Pellicano, Seneca County
Ronny Hardaway, Village of Lansing	Ed Fairbrother, Town of Big Flats

Call to Order

Ms. Drake, Chair, called the meeting to order at 6:07 p.m.

Approval of Minutes of June 28, 2018

It was MOVED by Mr. Fracchia, seconded by Mr. Williams, and unanimously adopted by voice vote by members present, to approve the minutes of June 28, 2018 as submitted. MINUTES APPROVED.

Changes to the Agenda

There were no changes to the agenda.

Chair's Report

Report from the Executive Committee

Ms. Drake reported the Executive Committee met on July 12th and received an update from the Executive Director on potential partners, wellness, and his work plan. There was considerable discussion on having a third-party review of the Consortium's operations and strategic planning; a resolution will be considered this evening under the Audit and Finance Committee. Ms. Drake said there was also a lengthy discussion on succession planning as the Consortium continues to grow and the Governance Structure Committee will be reconvened to discuss how to manage that.

Mr. Thayer arrived at this time.

Ms. Drake reported there was also discussion of relieving some of the Executive Director's workload by creating an Assistant Director; this will continue to be discussed at the next meeting.

Ms. Drake explained changes were made to this agreement since the last meeting when the Board authorized the Chair to sign the agreement. Upon recommendation of the Consortium's attorney, Directors were polled by e-mail and a resolution to affirm the results of that poll and to approve the revised agreement is being presented for approval.

**RESOLUTION NO. 012-2018 - AMENDING RESOLUTION NO. 11 OF 2018 THAT
AUTHORIZED CHAIRPERSON OF THE BOARD TO SIGN
THE MUNICIPAL HEALTHCARE FINANCING COOPERATIVE
INTER-MUNICIPAL AGREEMENT**

MOVED by Ms. Hersey, seconded by Mr. Rankin, and unanimously adopted by voice vote by members present.

WHEREAS, the Consortium has paid since inception \$4.2 million of Stop-Loss premium which paid \$2.1 million of claims expense above the Consortium deductible, and

WHEREAS, \$1.1 million of the Stop-Loss claims spend was in 2012, which demonstrates why Stop-Loss insurance is critical, and the other six years total \$1 million of Stop-Loss claims expense, and

WHEREAS, creating a self-funded captive layer above the specific deductible lets the Consortium recoup premium expense in those years of low Stop-Loss claims expense, and

WHEREAS, NYS Association of Counties (NYSAC) has identified four to seven self-funded Consortiums and Counties willing to pursue the captive layer model for 2019, and

WHEREAS, this group of interested partners need to know, by Board resolution to sign the Inter-Municipal Agreement (IMA), which municipalities are willing to commit to the process of sharing data, developing bylaws, and agreements with Stop-Loss carrier, consultant, and Captive Manager to create Municipal Healthcare Financing Cooperative (MHFC), and

WHEREAS, there are no anticipated costs for forming MHFC, and

WHEREAS, the act of signing the IMA is not a commitment to enter into the captive, signing the IMA is a commitment to be a partner in the creation of MHFC,

WHEREAS, a poll of Directors was conducted on July 24, 2018 with a majority of Directors expressing support for the Board Chair to sign an amended agreement, now therefore be it

RESOLVED, That the results of the poll of Directors is upheld giving the Chair authorization to sign an Inter-Municipal Agreement that was amended since first approved on June 28, 2018.

* * * * *

Report from Executive Director

DFS Audit

Mr. Barber reported after the last meeting he received a letter from the DFS (Department of Financial Services) asking the Consortium to amend the year-end 2017 and first quarter 2018 financial filing and that has been completed.

New York State Legislation for Agencies to Join the Consortium

Mr. Barber reported the New York State Senate adopted Legislation that would change the definition of districts that could join an Article 47. Up until now the only district the Consortium has been the Soil and Water Conservation District which falls under the Tompkins County umbrella. If the Senate and Governor adopts the proposed change it would allow any district within the 7-county area to join the Consortium. He said a discussion with the leadership of the Department of Financial Services on what this means will take place through a conference call that will take place on August 29th.

Potential Members

Mr. Barber reported that in addition to the new participants that will be accepted this evening, interest has been expressed by the New Roots Charter School, Town of Mentz, Seneca County, Town of Sennett, and the Town of Niles.

Captive Layer Stop Loss

Mr. Barber said in addition to the Consortium there are four other counties that have signed the Intermunicipal Agreement (Herkimer, Columbia, Ulster, and St. Lawrence). Draft bylaws and copies of model contracts have been sent to the Consortium's attorney for input. The Stop Loss carrier would be Berkley but each partner would be underwritten as if they were not joining the cooperative. He explained how it works and said most of the excess money that is left at the end from what was contributed would be returned to the Consortium. He said it is not expected that the Stop Loss premium would be must less; the reason for doing this is to have an opportunity for a return on premium. He said this extends the Consortium's model for having control over its operations into the Stop Loss arena.

Mr. Barber responded to questions from Mr. Goldman as to what the Consortium's liability would be and said an analysis was previously done that showed the Consortium has paid approximately \$4 million more in premium than it has received in benefits. Berkley will underwrite everything and any claim that goes above the captive layer will be paid by Berkley. If everything paid in by the entire collective and also the collateral is used up, Berkely will pick up everything beyond that. The liability on the letter of credit is 20% of the premium; this year the premium was \$450,000. He also noted that without doing anything Stop Loss insurance is going up each year by over 20% which is due to there being claims in this area that are in excess of \$2.5 million.

Mr. Goldman asked if an analysis is done of new participants. Mr. Barber said most of the municipalities that have joined the Consortium are community-rated; therefore, their claim experience is not known. There may be a possibility of looking at potential participants such as Seneca and Cortland Counties, and claims experience is something that could be looked at. Ms. Drake commented that this is one an area that was covered in the policy adopted at the last meeting for large municipalities applying for membership.

Mr. Barber noted that the Consortium would not be in the organization until it purchases Stop Loss insurance from Berkley and signs a contract with the Captive sponsor; at this time the Consortium is only helping to manage the structure.

Wellness Consultant

Mr. Barber said a report was included in the agenda packet on things Ms. Berry has been working on. He commented that he has been working with Ms. Berry since she began in July and said she has a lot of energy and is making a lot of things happen;

Investment Management Services

Mr. Barber reported interviews will take place prior to the next Board meeting with three responders. In addition, two banks that hold the Consortium's reserves and operating funds have indicated to Mr. Snyder that they are willing to increase the Consortium's rate of return. He will report further on this at the next meeting.

Website Update

Mr. Barber said were invited to view and comment on the new website and commented to date the comments received have been very positive. He recognized Michelle Cocco for her work on the site and extended congratulations on her recent marriage.

Online Enrollment

Mr, Barber said a notice was sent to all municipalities asking that they inform the Consortium if they wished to continue to handle their enrollment or have the Consortium assume that responsibility. He said Jessica Hobart who is the Tompkins County employee who will be doing that has been set up to do so yet, however, enrollment information is manually being put through the system. He asked Ms. Miller to provide an update on the status of this process. She said the Consortium has created a secure online portal for municipalities to submit information. She called attention to the application form and noted it must be fully completed and signed when it is submitted through the portal. Ms. Hobart has now been given access to the Excellus system and will be entering information on a municipality's behalf stating next week after she receives training on the system.

Mr. Barber reminded Directors that anyone wishing to attend a meeting remotely should make arrangements through the Administrative Clerk. Also, Directors are welcome to submit pictures from other municipalities that could be used on the website.

Financial Report

Mr. Locey reviewed the financial report containing the year-to-date results for 2018 and said there is a \$1.2 million net income. A couple of items that have come up recently include the payment of a claim that will receive \$200,000 in reimbursement from Excellus and there is a \$900,000 claim that was paid at the beginning of the month that is not reflected in the report. There will be some Stop Loss insurance reimbursement but the Consortium will be responsible for the first \$650,000 of the claim. Mr. Locey said there are other factors that will have an impact on the budget of which some may be positive including interest income and prescription drug rebates. During his review of the current year's budget he said revenue is close to budget but also noted prescription rebates were substantially higher than expected. Medical claims are \$400,000 over budget at this time but is offset by prescription drug claims being below budget by \$500,000.

Mr. Locey said there has been very limited usage of the CanaRx program that was made available to all Consortium members. To date there has been only \$83,000 in claims, compared to the budgeted amount of \$175,000. Medical administration fees are up slightly and they are working with Excellus on this.

He called attention to the amount of expense going out to pay benefits being 94.5%. This leaves 5.5% being used to pay all of the expenses to administer the program which is significantly lower than the community-rated environment experiences and demonstrates that the Consortium is operating in an extremely efficient manner.

2019 Budget

Mr. Locey reviewed preliminary 2019 budget information and a memorandum containing details related to Locey and Cahill's recommendation on the upcoming budget. He commented that municipal members are being encouraged to move to Metal Level Plans which have been set up to modify benefits over time. He said as a result of being based on actuarial value they tend to increase at a lesser rate than traditional indemnity and PPO plans.

Mr. Locey said they focus a lot on paid claims expense and trend data, noting they are always looking at items on a per covered life basis. He said historically they have been looking at a trend for medical expenses of 5.2% and 6.3% for prescription drug expenses; for long-term planning the trend factors they are using for medical is 6.8% and 8.5% for prescription drug expenses. Because it is difficult to predict the future and the possibility of a catastrophic claim he said it is better to be conservative and plan for the worst scenario and if there are results that are better than expected those funds can be used to offset future rate increases and keep the program more stable over time.

He addressed liabilities and said the primary liability the Consortium has is the Incurred but Not Reported (IBNR) Claims Liability. The liabilities associated with the Consortium's operations are associated with covered medical benefits that are incurred by covered members which have yet to be received or paid by the insurance company or plan administrator. When the Consortium's actuarial studies are completed each year this number has been determined to be in the range of 8%. The New York State Department of Financial Services has allowed the Consortium to utilize a factor of 12.0% as the estimate of the paid claims liability since the Consortium's inception; the actual statute says IBNR claims estimated at 25% of expected but not incurred claims for the year or an amount approved by the Superintendent of the Department of Financial Services. The Consortium was fortunate to get a level of 12% approved; most of the other Consortiums across the State are operating at 17%. The State has recently talked about

potentially changing this figure to the amount certified by an actuary. The Consortium is also mandated to have a statutory reserve account that is set at 5% of claims and has optional reserves accounts that includes a Catastrophic Reserve and Rate Stabilization Reserve.

Mr. Locey reviewed and presented the following recommendation on the 2019 budget, noting this is information to inform discussion and that its next meeting the Board of Directors will adopt a budget and rate increase for 2019:

- 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 2019 Fiscal Year, is \$2,230,817.34 This will maintain the financial stability of the Consortium and protect the Municipalities from the possibility of a mid-year assessment, if paid claims projections are exceeded.
- 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. This reserve would equal approximately \$5,182,353.23 for the 2019 Fiscal Year.
- Continue to evaluate the stop-loss insurance policy which recently increased the deductible to \$600,000 for the 2019 Fiscal Year and maintain the Catastrophic Claims Reserve at an amount equal to \$2,000,000.00 for the 2019 Fiscal Year. This reserve is specifically designed to protect the cash flow of the Consortium from the effects of a significant increase in the overall paid claims due to individual high dollar claimants. Maintain the Claims/Rate Stabilization Reserve in an amount equal to 5% of expected paid claims. These funds could be used in future years to mitigate premium rate increases and to “soften the blow” from a period of hyper-inflation.
- Continue to negotiate reasonable increases to the administrative fees paid to Excellus BlueCross BlueShield and ProAct, Inc., and all other vendors, as part of the annual renewal process.
- Establish an investment strategy designed to maximize the interest income earned while maintaining the flexibility in cash assets necessary for the prudent financial management of the Consortium.
- 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 a 5.0% increase in premiums for the 2018 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$425,000 for the 2019 Fiscal Year.
- It should be noted that the Consortium’s Silver Plan’s benefits did present an Actuarial Value which exceeded the set goal of 70% +/- a 2% standard deviation when it was calculated for the 2019 Plan Year. As a result, some benefit changes were made to the plan which will be effective on January 1, 2019. These benefit modifications lowered the Actuarial Value from 72.64% to 71.11% and will result in a premium increase of 3.47% on January 1, 2019, based on the 5% recommendation listed above.

Mr. Doty said given the Consortium’s fund balance and the constraints municipalities have in setting their budgets he would prefer the rate being set at 3% and not 5%. Mr. Locey agreed the fund balance level is high and this is something the Audit and Finance Committee is looking at. He cautioned that going below the recommendation would result in reserves being used at a faster rate and there being less stability in the rate increase going forward. In response to Mr. Murphy’s question as to what the industry’s average rate increase is, Ms. Miller said they are seeing a range of 10%-13% and noted they are also seeing an increase in claims that are in the

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range of \$50,000-\$100,000 which is due in part to new treatments and therapies that are becoming available.

Mr. Salton said at one point the lines will cross and the Consortium will move from positive to a negative where income is less than expense and questioned if it would be helpful to make different scenarios available to demonstrate the impact of different rate increases. Mr. Murphy suggested going back to a prior year to demonstrate where the Consortium would be if it had adopted a lower rate increase. Mr. Locey said he would work on preparing this information.

Mr. Locey commented that although each Director represents his or her municipality there may be times when a decision that is made in the best interest of the Consortium may be difficult for an individual municipality.

Ms. Drake said the Audit and Finance Committee debated a 4% and 5% increased but did not reach a consensus; discussion will continue at its next meeting.

Mr. Barber reviewed a memorandum he prepared dated August 22, 2018 and noted that up to this point the Consortium's total expenses have matched its premium; therefore, any money that is going to reserves is coming from the fund balance.

Ms. Drake said a final recommendation will be provided in advance of the next meeting and asked that comments be submitted to the Audit and Finance Committee prior to its next meeting on September 25th.

Audit and Finance Committee Presentation of Resolutions and Report

RESOLUTION NO. 013-2018 - ACCEPTANCE OF APPLICATION BY THE TOWN OF BIG FLATS TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MOVED by Mrs. Shawley, seconded by Mr. Williams, and unanimously adopted by voice vote by members present. Mr. Cook said the Town will be bringing forth 25 contracts into the Bronze Metal Level Plan.

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 and Resolution No. 7 of 2018 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Town of Big Flats has complied with membership process outlined in Resolution No. 005 of 2012 and amended by Resolution No. 027 of 2014 and Resolution No. 7 of 2018 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby

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accepts and welcomes the Town of Big Flats as the 33rd municipal participant, with health insurance coverage beginning January 1, 2019.

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RESOLUTION NO. 014-2018 - ACCEPTANCE OF APPLICATION BY THE VILLAGE OF FREEVILLE TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MOVED by Ms. Servoss, seconded by Mr. Murphy, and unanimously adopted by voice vote by members present. Mr. Cook said the Village of Freeville will be bringing forth 1 contract into the Platinum Metal Level Plan.

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 and Resolution No. 7 of 2018 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Village of Freeville has complied with membership process outlined in Resolution No. 005 of 2012 and amended by Resolution No. 027 of 2014 and Resolution No. 7 of 2018 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Village of Freeville as the 34th municipal participant, with health insurance coverage beginning January 1, 2019.

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RESOLUTION NO. 015-2018 - ACCEPTANCE OF APPLICATION BY THE VILLAGE OF LANSING TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MOVED by Mr. Salton, seconded by Ms. Servoss, and unanimously adopted by voice vote by members present. Mr. Cook said the Village of Lansing will be bringing forth 5 contracts into the Platinum Metal Level Plan. It was noted that with the addition of the Village of Lansing all municipalities in Tompkins County will be Participants in the Consortium.

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Village of Lansing has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Village of Lansing as the 35th municipal participant, with health insurance coverage beginning January 1, 2019.

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RESOLUTION NO. 016- 2018 – RESOLUTION OF THE BOARD OF DIRECTORS OF THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM – AMENDMENT TO CODE OF ETHICS AND CONFLICT OF INTEREST POLICY

MOVED by Mr. Schneck, seconded by Mr. Mutchler, and unanimously adopted by voice vote by members present.

WHEREAS, on February 27, 2014, the Board of Directors of the Greater Tompkins County Municipal Health Insurance Consortium ("GTCMHIC" or "Consortium") adopted a *Code of Ethics and Conflict of Interest Policy (Resolution No. 001 of 2014)*, and

WHEREAS, the New York State Department of Financial Services has recommended that the Consortium implement, as a good business practice, a process whereby board directors, officers, and key employees review and execute annual conflict of interest disclosure and acknowledgement forms, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Consortium's *Code of Ethics and Conflict of Interest Policy* dated February 27, 2014 is amended to include the following additional paragraph "17" and appended Exhibit "A":

"17. No later than April 15th, and each successive year thereafter, individuals serving as officer, director and key employee shall certify they have read and agree to the terms stated within the Greater Tompkins County Municipal Health Insurance Consortium's Conflict of Interest and Code of Ethics Policy. The Board of Directors shall be made aware of any outstanding agreements at its next regularly scheduled meeting after the April 15 deadline. Should a successor be appointed to fill a position mid-year they shall be asked to sign the agreement at that time.

For purposes of this policy, (i) the terms "officer" and "director" shall have the same meaning as set forth in the Municipal Cooperative Agreement, dated October 1, 2010; and (ii) the term "key employee" shall mean any employee of the Consortium with executive or managerial capacity." These positions include:

- All Directors and Alternates designated by a Participant to have voting authority;
- Executive Director or Assistant Executive Director;
- Treasurer;
- Wellness Consultant;
- Plan Consultant;
- Administrative Clerk

* * * * *

**RESOLUTION NO. 017- 2018 - AUTHORIZATION TO ENTER INTO AGREEMENT WITH
SEGAL CONSULTING FOR AUDIT OF CONSORTIUM
OPERATIONS**

MOVED by Mr. Salton, seconded by Ms. Hersey. Mr. Barber explained that since the Consortium began several partners have been added and although the Consortium has experienced a large growth the same structure is in place. Also, the health care industry has experienced a lot of change during this time. Although the Consortium conducts audits of claims it has not conducted an audit of its operations other than what happens through the Department of Financial Services audit. He said the Segal Group has experience auditing different areas of the healthcare industry and noted this audit will help to inform the Governance Structure Committee as it moves forward with addressing the Consortium's increasing membership and also with strategic planning.

Mr. Murphy said the Consortium is unique and asked who the Consortium would be compared to. Mr. Barber said there are several Article 47's in the State; there maybe differences but when it comes to financial metrics there are many self-funded plans. He said NYMIR (New York State Municipal Insurance Reserve) underwent a similar audit and underwent a lot of changes that took place in its management contract as a result of the audit. He expects the audit will be completed by the end of the year and a report will be provided to the full Board of Directors.

Mr. Salton commented that in looking at the material provided he noticed the Segal Group is a broker and the draft contract references insurance. He would like to see the contract tightened up and language clarified on the services that will be provided. Ms. Drake said the Consortium's attorney would be reviewing the contract before she signs.

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

WHEREAS, The Greater Tompkins County Municipal Health Insurance Consortium is in its' eighth year of operations, and

WHEREAS, the Consortium has expanded from thirteen (13) municipal partners at inception to thirty-one in 2018, and

WHEREAS, this increase also represents an increase in total covered lives from 4,300 to 5,250, and

WHEREAS, the number of participating municipalities is expected to continue to rise, and

WHEREAS, the Consortium audits its financial records and claims administration on a regular basis, but has not audited or investigated its operations, and

WHEREAS, an operations audit could provide important information prior to the 2019 review of the Municipal Cooperative Agreement and an updated review of the organization structure by the Governance Structure Committees, and

WHEREAS, the Consortium continues to expand its membership, it would be prudent to evaluate current Consortium's operations efficiency, any areas in need of shoring up, and how our operations compare with comparable self-funded entities, and

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WHEREAS, the Executive Committee has received two proposals for conducting a third-party operations audit work and recommends the Audit and Finance Committee consider the Consortium enter into a contract for an operations audit, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That the Board of Directors authorizes the Board Chair to sign a contract with Segal Consulting to conduct operation audits of Administration, PBM contract and performance, and Stop-Loss contract.

* * * * *

New Business

There was no new business.

Adjournment

The meeting adjourned at 7:34 p.m.



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RESOLUTION NO. - 2018 - ADOPTION OF BUDGET, PREMIUM RATES, AND RESERVE AMOUNTS FOR 2019

WHEREAS, the proposed 2019 budget has been discussed by the Audit and Finance Committee at its meetings in June, July, August and September of 2018, and

WHEREAS, several scenarios of rate increase for 2019 and the next 4 years explored, and

WHEREAS, our Benefit Plan Consultant has modified our claims trend based on our data and that of similar groups they have research, and

WHEREAS, the Audit and Finance Committee has investigated the increase of Rx Rebate Revenue and determine that for the foreseeable future this revenue line should be increased to \$1.5 million, and

WHEREAS, the proposed 2019 was recommended by the Audit and Finance Committee at the September 25, 2018 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 2018 rates, except for Silver plans which will experience reductions in actuarial value and have a rate increase of 3.47%;
- 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.
- Maintain the Rate Stabilization Reserve in an amount equal to 5% of expected paid claims;
- Maintain Incurred But Not Reported Claims Reserve at 12% of total claims, and
- Maintain Catastrophic Claims Reserve at \$2,000,000

now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the attached 2019 budget and premium equivalent rates, and reserve amounts be adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors.



Greater Tompkins County Municipal Health Insurance Consortium

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RESOLUTION NO. – 2018 - ACCEPTANCE OF APPLICATION BY THE TOWN OF NILES TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Town of Niles has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Town of Niles as the 36th municipal participant, with health insurance coverage beginning January 1, 2019.

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RESOLUTION NO. – 2018 - ACCEPTANCE OF APPLICATION BY THE SENECA COUNTY TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Seneca County has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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 and

WHEREAS, the Seneca County has also complied with membership process outlined in Resolution No 7 of 2018 by submitting the limited claims data they could retrieve from their current carrier which have been reviewed by our Benefit Plan Consultant who finds no issues of concern in the data received and is recommending Seneca County's application for admission into the Consortium be accept, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Seneca County as the 38th municipal participant, with health insurance coverage beginning January 1, 2019.

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RESOLUTION NO. – 2018 - ACCEPTANCE OF APPLICATION BY THE TOWN OF SENNETT TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Town of Sennett has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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 Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium recommends that the Board of Directors hereby accepts and welcomes the Town of Sennett as the 39th municipal participant, with health insurance coverage beginning January 1, 2019.

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RESOLUTION NO. – 2018 - ACCEPTANCE OF APPLICATION BY THE TOWN OF MENTZ TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Town of Mentz has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Town of Mentz as the 40th municipal participant, with health insurance coverage beginning January 1, 2019.

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RESOLUTION NO. – 2018 - ACCEPTANCE OF APPLICATION BY THE NEW ROOTS CHARTER SCHOOL TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the New Roots Charter School has submitted an official resolution authorizing the New Roots Charter School to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the New Roots Charter School has submitted a legal opinion that has been confirmed by the Department of Financial Service, and

Or WHEREAS, the New Roots Charter School has submitted a legal opinion that awaits confirmation by the Department of Financial Services, and

WHEREAS, the New Roots Charter School has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the New Roots Charter School as the 41st municipal participant, with health insurance coverage beginning January 1, 2019 *pending confirmation by the Department of Financial Services of their standing as a municipal corporation.*

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RESOLUTION NO. - 2018 – AUTHORIZATION TO ENTER INTO AGREEMENT WITH BONADIO & CO. LLP - FINANCIAL REPORTING FOR 2019-2020

WHEREAS, the Consortium entered into a contract with Bonadio & Co. LLP for financial reporting services during the years 2013-2018, and

WHEREAS, the Consortium wishes to continue the current arrangement for two additional years, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That Board of Directors authorizes the Chair to sign a letter of engagement with Bonadio & Co. LLP for a two-year contract expiring December 31, 2020.

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RESOLUTION NO. - 2018 – AMENDMENT TO RESOLUTION NO. 12 OF 2016 – EXTENSION OF CONTRACT WITH AN INDEPENDENT CONTRACTOR FOR CONSORTIUM NEWSLETTER EDITING SERVICES AND EXPENSES

WHEREAS, in 2016 it was determined that continued production of the Consortium's newsletter requires editing and layout expertise and knowledge was not available within the Consortium's resources, and

WHEREAS, Resolution No. 2016 authorized a contract with Jennifer Jensen to produce four quarterly issues of the newsletter and to provide the necessary software at an annual cost of \$5000, now therefore be it

RESOLVED, That the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium recommends that the Consortium hereby approves an extension of that one-year contract through December 31, 2020 with Jennifer Jensen to provide services related to the production of the Consortium's newsletter at total annual cost not to exceed \$5000,

RESOLVED, further, That the Consortium will continue to provide the necessary software at amount not to exceed \$240/year is hereby cover costs associated with the purchase of software needed to produce the newsletter.

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RESOLUTION NO. – 2018 - AUTHORIZE EXTENSION OF CONTRACT FOR PRESCRIPTION DRUG CLAIMS ADMINISTRATOR FOR 2019 – PROACT

WHEREAS, the Board of Directors by Resolution No. 028-2016 awarded a one-year contract with ProAct for Prescription Benefits Manager services with the Consortium having the option to extend the contract annually for each of the next two years, and

WHEREAS, the Audit and Finance Committee has discussed and desires to again extend the Prescription Benefits Manager services with ProAct for another year, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the contract with ProAct for Prescription Benefits Manager services be extended for the period January 1, 2019 through December 31, 2019.

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