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**Board of Directors
February 27, 2014
5:30 p.m.**

Approved 4-24-2014

Scott Heyman Conference Room

Municipal Representatives: 13

Don Barber, Chair (excused at 6:30 p.m.); Steve Thayer, City of Ithaca; Mack Cook, City of Cortland; Anita Fitzpatrick, Tompkins County; Laura Shawley, Town of Danby; Jennifer Case, Town of Dryden; Judy Drake, Town of Ithaca; Kathy Miller, Town of Lansing; Richard Goldman, Town of Ulysses; Peter Salton, Village of Cayuga Heights; Michael Murphy, Village of Dryden; Chuck Rankin, Village of Groton; Rordan Hart, Village of Trumansburg

Voting Union Representatives: 2

Scott Weatherby, Chair, Joint Committee on Plan Structure and Design; John Licitra, Labor Representative (Alt.)

Absent: 2

Glenn Morey, Town of Groton; Herb Masser, Town of Enfield

Others in attendance:

Steve Locey, Locey & Cahill; Rick Snyder, Tompkins County Finance Director; Ashley Ahmadijpour, David Schryver, ProAct; B. Miller, Excellus; Sharon Dovi, TC3 Human resources Manger; Schelley Michell-Nunn, City of Ithaca Director of Human Resources; Margaret Gannon, CSEA Health Benefits Department

Call to Order

The meeting was called to order at 5:30 p.m. by Mr. Barber, Chair.

Changes to the Agenda

There were no changes to the agenda.

Chair's Report

Mr. Barber provided the following report:

“Our role, as Directors of GTCMHIC, is to direct and protect the Consortium.

“We each come to the table carrying the perspective of our member municipality or labor group. These two facts are not in opposition to each other. In fact it is important to the Consortium Board’s deliberation process that we each bring our potentially diverse perspectives to the table. But when it comes time to make decisions and work on policy/strategy issues, it is our responsibility as directors of the Consortium to do what is best for the Consortium.

“Further, it is not an expectation that any one of us comes to the table as a health insurance expert or professional. Yet we are responsible for managing a \$36MM Health Insurance Company with the skills & experiences we bring to the table.

“I will freely admit I am a novice at health insurance. I appreciate that novices learn from observing the past, hoping not having to make drastic changes, and hoping that similar positive outcomes are achieved. And if we make any changes, we see what happens and note what impact that had for future decisions. With three years under our belt, we have done OK. This is in no small part due to the skill and experience of our Consultant L&C and our TPA’s Excellus and Pro-Act.

“At year 3 we are gradually coming to understand that the health care industry is complex with many moving parts. The Affordable Care Act (ACA) adds another layer of complexity. It has already caused some changes with ripple effects we are just beginning to recognize. Our consultants and TPA’s advise us that as the ACA continues to roll out there may be greater impacts to our company.

“For the Board of Directors and the Joint Committee development, I feel that a ½ day retreat to focus on both the dynamics of the claims costs outside the actions of our employees and the impacts of ACA is critical to developing benefit plans and business strategies; and to our role in directing and protecting this HIC.

“I seek your thoughts on this topic and if there is concurrence of the majority. Your suggestions as to when and how to put this Board development session together”.

Board members welcomed the suggestion of a retreat. A suggestion was made that invitations to attend be extended to other local municipal leaders who are not members of the Board. Mr. Barber will work with Third Party Administrators and the Consultant to schedule a half-day retreat with a focus on learning more about the health insurance industry and the Affordable Care Act.

Approval of Minutes – December 19, 2013

It was MOVED by Ms. Drake, seconded by Ms. Shawley, and unanimously adopted by voice vote by members present with Mr. Salton abstaining, to approve the minutes of December 19, 2013 as submitted. MINUTES APPROVED.

Legal Council’s Recommended Changes to Municipal Cooperative Agreement

Mr. Barber said a few months ago there was discussion about changing language in the Municipal Cooperative Agreement relative to an increase in labor representation upon an increase of municipal participants in the Consortium. Each municipality within the Consortium will need to approve the change in order for it to take effect. *Mr. Locey will notify the Department of Financial Services of this change.*

MOTION NO. 001-21014 – APPROVAL OF CHANGES TO MUNICIPAL COOPERATIVE AGREEMENT WITH REGARD TO LABOR REPRESENTATION (SUBJECT TO APPROVAL BY PARTICIPANTS)

It was MOVED by Ms. Drake, seconded by Mr. Licitra, and unanimously adopted by voice vote by members present, to approve the following changes to the Municipal Cooperative Agreement (subject to approval by municipal participants):

“5. The Union Members on the Joint Committee shall select from among the Union Members an individual to serve as an additional at-large voting Labor Member on the Board of Directors of the Consortium. If the number of municipal members on the Consortium rises to seventeen (17), the union members of the Joint Committee shall select from among the Union Members an additional at-large voting Labor Member on the Board of Directors of the Consortium. The at-large voting Labor Member(s) along with the Joint Committee Chair shall collectively be the “Labor Representatives” as defined in Section C(11) of this Agreement. If the number of municipal members on the Consortium rises to twenty-three (23), the Union Members may select from among their members a third At-Large Labor Representative to serve as a Director. Thereafter, for every increase of five (5) additional municipal members added to the Consortium Union Members may select from among their members one (1) At-large Labor Representative to serve as Director. Attached hereto as Addendum “B” is a table illustrating the addition of At-Large Labor Representatives as set forth in this Section. Any At-Large Labor Representative designated according to this section shall have the same rights and obligations as all other Directors.”

Five-Year Review of Municipal Cooperative Agreement

Mr. Barber alerted members that pursuant to the terms outlined in the MCA, the terms and conditions of the Agreement, or any amendments or restatements thereto, shall be subject to Board review on the fifth (5th) anniversary of the Effective Date and on each fifth (5th) anniversary date thereafter and at the annual meeting a year prior to the Review Date, the Board shall include as an agenda item a reminder of the Participants’ coming obligation to review the terms and conditions of the Agreement. This process will begin at the end of 2014.

Memorandums of Understanding – External Appeals

Ms. Fitzpatrick, Appeals Committee Chair, said documents were created based on a recommendation of the New York State Audit. Mr. Locey said this does not change the appeals process as there has always been a process in place for external appeals. The memorandums of understanding now require Excellus and ProAct to inform the Consortium of any external appeal and to subsequently provide information as to the outcome of any appeal.

MOTION NO. 002-2014 – AUTHORIZATION TO SIGN MEMORANDUMS OF UNDERSTANDING BETWEEN EXCELLUS AND PROACT AND THE CONSORTIUM

It was MOVED by Mr. Barber, seconded by Mr. Thayer, and unanimously adopted by voice vote by members present, to authorize the Chair of the Board to sign Memorandums of Understanding with Excellus and ProAct for the purpose of ensuring the Consortium is notified when an external appeal is initiated as well as the subsequent outcome.

**RESOLUTION NO. 001-2014 - APPROVAL OF GREATER TOMPKINS COUNTY
MUNICIPAL HEALTH INSURANCE CONSORTIUM CODE
OF ETHICS AND CONFLICT OF INTEREST POLICY**

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

WHEREAS, the New York State Department of Financial Services Audit recommended that the Greater Tompkins County Municipal Health Insurance Consortium develop a Code of Ethics and Conflict of Interest Policy, and

WHEREAS, the purpose of a Code of Ethics and a Conflict of Interest Policy is intended to be a central guide and reference for users in support of day-to-day decision making. It is meant to clarify an organization's values and principles, linking them with standards of professional conduct, and

WHEREAS, the Audit Committee has discussed, developed and recommended a Code of Ethics and Conflict of Interest Policy for consideration by the Board of Directors, now therefore be it

RESOLVED, That the Board of Directors hereby adopts the attached Code of Ethics and Conflict of Interest Policy,

RESOLVED, further, That the Policy will be made available on the Consortium website.

*Greater Tompkins County Municipal Health Insurance Consortium
Code of Ethics and Conflict of Interest Policy*

(Adopted 2-27-2014)

Employees and the Board of Directors of the **Greater Tompkins County Municipal Health Insurance Consortium** shall:

1. Be dedicated to the concepts of an effective Consortium and believe that professional general management is essential to the achievement of this objective.
2. Shall affirm the dignity and work of the services rendered by the Consortium and maintain a constructive, creative, and practical attitude toward Consortium affairs and a deep sense of responsibility as a trusted public servant.
3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.
4. Conduct themselves so as to maintain public confidence in their profession, the Consortium, and in their performance of the public trust.
5. Conduct their official and personal affairs in such a manner as to give the clear impression that they cannot be improperly influenced in the performance of their official duties.

6. Recognize that the chief function of the Consortium at all times is to serve the interests of all members.
7. Shall not disclose **Confidential Information** to others or use to further their personal interest, confidential information acquired by them in the course of their official duties.
8. Shall not, except pursuant to such reasonable exceptions as are provided by regulation, solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.
9. Make no unauthorized commitment or promises of any kind purporting to bind the Consortium.
10. Shall act impartially and not give preferential treatment to any private organization or individual.
11. Shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official Consortium duties and responsibilities.
12. Shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards promulgated pursuant to this order.
13. Shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or disability.
14. Shall not invest or hold any investment, directly or indirectly, in any financial business, commercial, or other private transaction that creates a conflict with their official duties.
15. **Reporting of Ethics Violations.** When becoming aware of a possible violation of the Consortium's Code of Ethics, employees, Board of Directors, employees of members, and the public may report the matter to the Consortium Attorney-in-fact, John Powers, Esq.. In reporting the matter, members may choose to go on record as the complainant or report the matter on a confidential basis.
16. Employees and the Board of Directors should not discuss or divulge information with anyone about pending or completed ethics cases except as authorized by the Board of Directors.

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Consortium-wide Recertification Process

Mr. Thayer, Audit Committee Chair, reported the Committee has been discussing the need for a Consortium-wide recertification process. It has recommended that because of the cost involved in doing a full eligibility audit that a recertification be done by each municipality within the Consortium to begin with new hires on April 1, 2014 and with the remaining employees on April 1, 2015. The Committee feels this is important because the Consortium has been operating for three years and has not done this. A recertification would look at covered lives to ensure that everyone who is being covered should be and that there are not ineligible spouses and dependents being covered. This process may bring a reduction in cost if it the process finds ineligible persons being covered. A form is being developed that will be used and will be provide consistency in the documentation being used by municipalities. The Committee

will review and make a recommendation on the forms at its next meeting. He noted there will be an amnesty period.

Mr. Weatherby said he would like to have this discussed by the Joint Committee on Plan Structure and Design before action is taken on this.

Ms. Miller said the Consortium should look at its membership and noted that when the Consortium first started there was not an application process conducted; therefore, if there was anyone who should not have been on the policy they were automatically moved over to the Consortium.

Mr. Thayer spoke of the documentation that employees would need to provide and noted that any financial information should be redacted from any documents presented. Once final revisions are being made to the documents Mr. Locey will provide each Board member with a copy.

Mr. Licitra said this was discussed at the last meeting of the Joint Committee on Plan Structure and Design and one issue that was raised was an amnesty program and would like additional information on this. Mr. Locey said the Committee discussed starting the process early with communication and informing employees there would be an amnesty period. In response to a question by Mr. Weatherby of whether employees could face any disciplinary actions by not complying it was stated that the Consortium has no jurisdiction over that and it would have to be a discussion between a municipality and bargaining units. Mr. Locey noted this process will be less intrusive than the full audit that was done by the New York State Insurance plan that was done a few years ago which CSEA was involved in.

Ms. Fitzpatrick questioned whether this is a process that could be done during open enrollment as opposed to the April 1 date. Mr. Locey said April 1 was suggested because that is usually a less busy time for municipalities. The open enrollment meetings could be used as a time to give employees notice of the upcoming process. Mr. Locey said in other consortiums where this has been done the number of individuals removed following the process ranged from between 1 and 5%.

It was decided that this process could be delayed by a month to allow input from the members and the Joint Committee on Plan Structure and Design. It will be included on the April 24 Board of Directors agenda.

Update on RFP for Claims Auditing Services

Mr. Thayer reported responses to the Request for Proposals for medical and prescription claims auditing services have been received and the Committee will begin looking at the information at its next meeting with a recommendation to the Board at its next meeting. The Committee is also reviewing a procurement policy.

Committee on Organizational Structure Report

Ms. Fitzpatrick, Chair, said over the last several months Board members recognized and began discussing the possibility of structuring the Board with an Executive Director position. Discussions began with a look at what organizational duties the position would entail and then moved to whether this would be an employer/employee relationship or a contractor relationship.

The scope of duties contained within the proposed Request for Proposals includes elements the Committee felt were important. There were concerns about what the employer/employee relationship would look like. Although as a Board the Consortium is not subject to civil service, all employees of the municipalities within the Consortium are, therefore, questions were raised as to whether the position would be subject to Civil Service. After discussion the Committee looked at issuing an RFP to see what it would look like for a person to provide those services to the Board.

Mr. Salton asked how it was determined that this position would be contractual and if there was any legal opinion rendered with regard to that. Ms. Fitzpatrick said the County's Deputy Personnel Commissioner did research on this but did not obtain a legal opinion. Mr. Salton said he would like to see a legal opinion of if it were a Consortium employee whether the position would be subject to Civil Service. He has concerns that the Consortium would be hiring another consultant and would not have control over a contractor as it would an employee. He believes there are inherent advantages in having an employee instead of a consultant. Ms. Fitzpatrick said a look was taken at other entities that have come under the umbrella of Civil Service in different ways and found that when taxpayer funds were involved the employees fell under Civil Service. The health insurance premiums are paid by both employees and employers and therefore, she believes this position would be subject to Civil Service. Ms. Fitzpatrick will seek a legal opinion on this prior to the next meeting.

MOTION NO. 003-2014 – AUTHORIZATION TO ISSUE REQUEST FOR PROPOSALS – EXECUTIVE DIRECTOR

It was MOVED by Mr. Cook, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to authorize the Consortium to issue a Request for Proposals for an Executive Director with the understanding that Committee on Organizational Structure will seek a legal opinion on whether the position would be subject to Civil Service it were an employee of the Consortium as opposed to a contractor.

It was the consensus that the Committee on Organizational Structure will review and evaluate responses to the RFP and will present the Board of Directors with a recommendation at the next meeting.

Finance Committee Report

Mr. Locey reported on year-end results for 2013 and said the net income was \$3.8 million after paying back approximately \$1.6 million for the initial assessments to municipalities. At this time all of the assets that are within the Consortium are now owned collectively by the Consortium and all municipalities are equal since those payments have been made in full. At year-end the Consortium had \$11 million in total cash assets; when accounting for almost \$6 million in reserves the Consortium ended the year with slightly over a \$5 million unencumbered fund balance.

Mr. Locey reported the Consortium ended 2013 with the same paid claims number that was estimated without the inclusion of the Town of Lansing and City of Cortland in the calculation. After including those municipalities in the revised budget the Consortium did even better. This is due greatly in part to the large losses being substantially lower than they were in 2012 when there were a couple of individuals who exceeded the Stop Loss deductible. This year there has been a couple of individuals who have exceeded the deductible but by a

significantly lesser amount. Also, with the addition of the Town of Lansing and City of Cortland there were not a lot of claims in the first few months and the Consortium is building additional reserves with the premium revenue.

Mr. Locey reported on 2013 expenses and said paid claims accounted for slightly over 93% of the total expenses for the population for the year. This means 93% went directly to payment of benefits of members which means the Consortium is being extremely efficient. He pointed out that in order to be deemed a reasonably-priced plan by the Affordable Care Act insurance companies for large groups have to show a medical loss ratio of not less than 85%. In terms of budgeted versus actual claims Mr. Locey noted that based on original projections for 2013 the Consortium finished the year within a few hundred dollars of what was projected.

Mr. Barber was excused at this time.

Mr. Locey expects to have final reporting information at the next meeting as well as the New York State Department of Financial Services Annual Statement, and Independent Auditors Report.

Owning Your Own Health Committee Report

Mr. Cook, Member, said the Committee has been discussing the desirability and logistics of holding a Consortium-wide flu clinic. The primary reason for holding a clinic is for the health of employees although there are additional benefits such as a reduction of sick days. Mr. Cook said in 2013 there were approximately 1,283 claims for flu shots were processed through Excellus and approximately 200 flu shots were administered through ProAct. Mr. Cook noted that the claims processed by Excellus were from a variety of sources and not just flu clinics. Last year flu shots were administered to approximately 50% of the Consortium's covered lives and if the same amount were to receive one in 2014 at \$25 the cost would be approximately \$37,000. The Committee looked at alternatives and has determined that ProAct would be the Consortium's best resource for doing this and would also assist in marketing and administering a flu clinic program. Mr. Cook noted that the ProAct cannot administer a vaccine to anyone under the age of 19 because the shots are administered by pharmacists as opposed to doctors or nurses. He also noted this would be a voluntary program and that municipalities would not be required to participate.

With respect to funding for the flu shots the Committee sought guidance from the Finance Committee and it was recommended that it be funded as a paid claims expense by ProAct submitting a claim directly to the Consortium. Mr. Locey said although the cost has been estimated at \$37,000 it will likely be much less because most people who will receive a flu shot this year also received one last year and had an associated claim associated.

It was noted that employees who do not have health insurance will also be able to receive the flu shot for the same price but would have to pay the \$25 cost.

RESOLUTION NO. 002-2014 - AUTHORIZATION TO SPONSOR AND FUND FLU CLINICS FOR 2014

MOVED by Mr. Cook, seconded by Ms. Miller, and unanimously adopted by voice vote by members present.

WHEREAS, the Owing Your Own Health Committee has researched and discussed the desirability and most effective and cost-efficient manner to provide flu shots to Consortium members, and

WHEREAS the Committee reviewed data from both Excellus and ProAct which showed approximately 1,500 claims were processed in 2013 for flu shot vaccines, and

WHEREAS, the Committee believes the best available alternative would be engage the services of ProAct to assist Consortium members who so choose, in the administration of these clinics, and

WHEREAS, the Committee sought guidance from the Finance Committee on how to fund the expense of flu shots, now therefore be it

RESOLVED, That the Owing Your Own Health and Finance Committees recommends the Consortium promote the opportunity for all eligible employees and retirees, spouses and dependents over the age of 19 to participate in flu shot clinics in 2014,

RESOLVED, further, That the Board of Directors authorizes the Consortium to sponsor and fund flu clinics in 2014 for its members and authorizes ProAct, at the direction of each Consortium member, to develop and administer the clinics, and to submit a claim for payment by the Consortium for each shot provided to an eligible recipient at a cost not to exceed \$25 per shot.

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Mr. Cook continued the Committee report and said members are also working on developing a pilot Blue4U biometric screening program and a resolution promoting wellness within organizations, and a grant application through the Robert Wood Foundation to fund what a wellness program might look like if adopted at the local level.

Joint Committee on Plan Structure and Design Report

Mr. Weatherby, Chair, reported at the last meeting he was officially appointed Chair. The Committee also appointed Olivia Hersey and John Licitra as alternates to the Board of Directors. There was a lengthy discussion of the Medicare supplement and he would like to see this move forward.

Mr. Locey said he believes at the next meeting the Committee will move forward to the Board of Directors a Medicare Supplement plan with some prescription drug options. Once this happens the Board may approve it as a plan offering or it could take it under advisement and refer to committee for further evaluation. There will also be discussion of additional plans that can be made available through the Consortium.

Adjournment

On motion the meeting adjourned at 6:53 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk