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Board of Directors

August 28, 2014

5:30 p.m.

Scott Heyman Conference Room

Approved 9/25/2014

Municipal Representatives: 13

Steve Thayer, City of Ithaca (arrived at 5:32 p.m.); Mack Cook, City of Cortland; Anita Fitzpatrick, Tompkins County; John Fracchia, Town of Caroline; Laura Shawley, Town of Danby; Mary Ann Sumner, 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 (arrived at 5:31 p.m.); Chuck Rankin, Village of Groton; Rordan Hart, Village of Trumansburg

Excused: 4

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

Others in attendance:

Steve Locey, Locey & Cahill; Rick Snyder, Tompkins County Finance Director; Ashley Masucci, ProAct; Joe Mareane, Tompkins County Administrator; Brad Breen, CSEA Benefits; Melissa Schmidt, TC3 Faculty Association; Don Barber, Executive Director

Call to Order

Ms. Drake, Vice Chair, called the meeting to order at 5:30 p.m.

Approval of Minutes – June 26, 2014

It was MOVED by Mr. Salton, seconded by Mr. Fracchia, and unanimously adopted by voice vote by members present, to approve the minutes of June 26, 2014 as submitted. MINUTES APPROVED.

Changes to the Agenda

A resolution was added to the agenda entitled Acceptance of Report on Examination of the Greater Tompkins County Municipal Health Insurance Consortium as of December 31, 2011 Performed by the New York State Department of Financial Services.

Mr. Rankin arrived at this time.

Chair's Report

Ms. Drake acknowledged the retirement of Ms. Fitzpatrick and thanked her for the service she has provided to the Consortium and its committees since its creation.

Mr. Thayer arrived at this time.

Ms. Drake reminded members that the Retreat will be held on September 15th. She reported Flu Clinics will also be starting in September and asked members to encourage staff to attend.

Ms. Drake said the Consortium received the draft Audit Report from the State on August 12th and the Consortium was given until August 22nd to respond. Since the response was due prior to this Board meeting Ms. Drake reported that she, Steve Locey, and Don Barber reviewed the report, which was very similar to what was reviewed a year ago, and have provided a response that the Consortium informally accepted the report and each of the items contained within the report. The resolution added to the agenda formally accepts the audit report. Ms. Drake said each of the Board members have to be provided with a copy of the report containing a list of the recommendations and the Consortium's response to it. Once Board members receive this all members must respond that they have received the report and read it.

**RESOLUTION NO. 013-2014 - ACCEPTANCE OF REPORT ON EXAMINATION OF THE
GREATER TOMPKINS COUNTY MUNICIPAL HEALTH
INSURANCE CONSORTIUM AS OF DECEMBER 31, 2011
PERFORMED BY THE NEW YORK STATE DEPARTMENT OF
FINANCIAL SERVICES**

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

WHEREAS, the Department of Financial Services has conducted an Examination of the Greater Tompkins County Municipal Health Insurance Consortium for the period of time from inception until December 31, 2014, and

WHEREAS, the Department of Financial Services has communicated with the Board of Directors their findings as they were developed, and

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium has provided further pertinent information when required and then taken proactive steps on each recommendation, now therefore be it

RESOLVED, That the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors hereby accepts the "Report on Examination of the Greater Tompkins County Municipal Health Insurance Consortium as of December 31, 2011" dated July 11, 2014 performed by the NYS Department of Financial Services.

Executive Director's Report

Mr. Barber thanked the Board for the privilege of serving in the role of Executive Director. He said the Consortium has grown from a \$24 million business to a \$36 million business. Board members are all volunteers who had responsibilities before they became a Director and his role is to help members perform their responsibility of directing and protecting the organization. He said he has developed a 3rd quarter work plan that has been shared with the Executive Committee. Key issues are to develop communication links and information flow within the different facets of organizations the Consortium is working with. He is also working on Board development and is putting together an orientation manual and planning for the

Retreat. He is also supporting all of the Consortium's committees. Two initiatives he is working on that were adopted by the Board include the flu clinics and the recertification process.

Mr. Barber distributed information on when and where flu clinics will be taking place, including a letter that will be going out. For the County and the combined clinics ProAct will be handling the registration and he asked what letterhead the letter should go out on. The Board requested that it go out on Consortium letterhead. For municipalities other than the County and the combined clinics a letter will be sent out and municipalities will need to keep track of the registration.

Mr. Barber said the Consortium's contract with Excellus expires at the end of the year. There is not enough time to bring forward an RFP process; therefore, Mr. Locey is negotiating with Excellus for a contract that contains three year rates with one-year extensions on the administrative fees will be locked in for three years. Mr. Locey said there is a couple of components to the renewal that adjust every year such as security provisions to protect the Blues cash flow (a cash deposit they hold against claims for the lag) and a security to show the Consortium has enough IBNR (Incurred But Not Reported), and these are variable each year. He said there is an egress clause in the contract and it can be cancelled at any point but it is annually renewable. At some point in 2015 an RFP could be developed if the Board chose to go out to bid.

Mr. Barber said the Owing Your Own Health Committee has been working on getting wellness commitments by the different municipalities within the Consortium. If the resolution on the agenda passes he will be supporting that effort. The other priorities he is working on include the Retreat and asked Board members to RSVP if they have not already done so. He reviewed the content of the Retreat and asked that Board members encourage other members of their municipal boards and labor groups to attend as well.

Report from the Consultant

Mr. Locey reported the Consortium is close to being right on budget; it is 2% below budget on income and 2% below on expense. A net income is being reported of \$2.9 million which is helping to bolster ending balances. From a claims perspective the Consortium is slightly over budget on medical expenses and below budget on prescription drug expenses and is less than ¼% off of the budget. He referred to the distribution of expenses and said 94% of total expenses are directly related to claims with 6% being related to everything else, including administration fees, Stop Loss insurance, taxes and fees, professional support fees, and ancillary benefits; therefore, from a loss ratio perspective the Consortium is in very good shape.

Mr. Locey provided information showing a five-year budget projection. He said the budget was built on a 5% increase starting in 2015 thru 2019 using a claims trend of slightly more than 8%. He noted that the net income starts to come down because the paid claims trend would be growing faster than premium and towards the end there was a slightly negative net income. He said this would not be a problem because they are anticipating using some fund balance in order to mitigate the rate increase. The unencumbered fund balance in 2019 still shows a balance of \$7.7 million even with increasing reserve levels for IBNR, the surplus account, a Claim/Rate Stabilization Reserve, and a Catastrophic Claims Reserve. He said although 5% sounds like a lot, particularly in the context of the 2% tax cap; however, in terms of health insurance it is an extremely low number when compared to national averages with no change in benefits. A formal recommendation by the Audit and Finance Committee will be made on the budget at its next meeting.

Mr. Locey reviewed a memorandum he prepared to educate members on Stop Loss insurance. There are two types of Stop Loss insurance the Consortium is required to purchase: aggregate Stop Loss insurance which protects the entire group. Aggregate stop loss coverage with an annual aggregate retention amount or attachment point not greater than one hundred twenty-five percent of the amount certified by an actuary to represent the expected claims of the plan for the current fiscal year. He said if the total paid claims for the Consortium exceed that level for the policy period by 125% the insurance carrier will reimburse the Consortium up to the policy limits. He said it is not great insurance because the attachment point is so far above the expected claims cost and they typically do not recommend it for their clients; however, it is a requirement under Article 47 unless the Consortium obtains a waiver from the New York State Department of Financial Services. It is a limited policy and only pays back \$1 million. The annual premium is \$73,243. In terms of the expected claims cost they have set it at \$30.8 million which means the attachment point is \$38 million and the Consortium would have to exceed its projected claims by \$8 million before this coverage would kick in and would only provide up to \$1 million.

Mr. Locey said in the first four years of operation the Consortium has not come close to exceeding the aggregate attachment point. He thinks a better idea would be to enhance the Catastrophic Claims Reserve and to show the Department of Financial Services that the premium funds could be better used if retained in the Consortium's budget, given the funds the Consortium already has and its ability to predict claims expense has been very good. He will be proceeding with requesting a waiver from the New York State Department of Financial Services.

Mr. Locey explained Specific Stop Loss is similar to a high deductible health plan for individuals. The maximum deductible cannot exceed 4% of the expected claims for the fiscal year. Based on projections the maximum deductible for the 2015 fiscal year would be approximately \$1.3 million. The Consortium's current stop loss insurance policy is with Highmark Life Insurance Company and covers the claims paid from January 1, 2014 thru March 31, 2015 and has a deductible of \$300,000 per covered member. The current cap is \$2 million and includes the deductible of \$657,924; therefore, the maximum the Consortium could get back is \$1.7 million per covered member. There is one individual that was "lasered" because of some large losses and they received a separate deductible of \$1 million under the policy. He reported that individual currently has had far less claims than they have over the last couple of years.

Mr. Locey said he is recommending the Catastrophic Claims Reserve be increased to \$1.050 million from the current level of \$600,000 with the rationale that it would allow for the Stop Loss deductible to be raised to \$400,000. This level represents seven members who could potentially have claims which fall between the initial stop loss insurance deductible of \$250,000 and the new deductible level of \$400,000.

Audit and Finance Committee Report

Ms. Drake introduced Brad Breen from the CSEA Employee Benefit Fund who will be the Consortium's contact person any dental or vision matter that is related to the Consortium.

RESOLUTION NO. 014-2014 - AUTHORIZATION FOR CHAIR TO SIGN CONTRACT – CSEA DENTAL/VISION PLAN

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

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Mr. Thayer noted this is a pass-through program that runs through the Consortium; employers or participants are being charged directly and there is no cost to the Consortium.

Whereas, members of the GTCMHIC have access to dental and vision coverage through CSEA, and

Whereas, this benefit is not a Consortium product, so the premium costs are a straight pass through with those members protected by this benefit paying all of the premium cost, and

Whereas, the members using this benefit from CSEA are very happy with the cost and benefit coverage, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the GTCMHIC Board of Directors authorizes the Chairperson to sign a three contract for this benefit package with CSEA Employee Benefit Fund

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Mr. Thayer, Chair of the Audit and Finance Committee, reported the Committee continues to review the financial activity for the Consortium and will bring forward a recommendation at the next meeting on premium rates for 2015, Stop Loss, and reserve levels. The Committee is also continuing to work on the recertification process and reviewing the capitalization payment for new members of the Consortium.

Owning Your Own Health Committee Report

RESOLUTION NO. 015-2014 - RESOLUTION URGING MEMBER MUNICIPALITIES TO ADOPT A WELLNESS POLICY

Mr. Cook, Chair, said wellness is a very viable way to perhaps control an annual eight percent increase in premiums and it is the goal of the Committee to begin to change the culture. Mr. Barber said he will be a resource to answer questions and to help municipalities move this forward.

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

Whereas, claims are approximately 93% of the expenses of the GTCMHIC, and

Whereas, claims costs are currently increasing at an average of 8.85% per year which is unsustainable in the municipal environment, and

Whereas, claims cost increasing faster than inflation is the result of the new health care technologies, costs of service providers, and possibly behaviors of covered lives, and

Whereas, of these three causes, only health and life style choices that reduce the need for medical care and prescriptions particularly high risk diseases are within our collective control, and

Whereas, employers implementing a wellness policy that supports and raises awareness of wellness choices is in the best interest of both the employers and employees, and

Whereas the GTCMHIC's Own Your Own Health Committee stands ready to support, inform, and find opportunities for collaboration in Wellness planning and implementation, now therefore be it

Resolved, on recommendation of the Owing Your Own Health Committee, That the GTCMHIC Board of Directors urges its member municipalities to adopt a wellness policy (an example is attached that has been vetted by the Own Your Own Health Committee) before the end of calendar year 2014,

Resolved, further, That the GTCMHIC Board of Directors urges the member municipalities to direct representatives of their respective Wellness Committees, to regularly attend the GTCMHIC's Own Your Own Health Committee to share questions, accomplishments, and strategies for developing a culture of wellness awareness.

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Mr. Cook said the survey on biometric screening is being completed and he hopes to report back to the Board in September on the results of the two programs within that pilot program.

Joint Committee on Plan Structure and Design Report

Mrs. Shawley, Vice Chair, reported the Committee has heard utilization reports from Excellus and ProAct that included showing how the Consortium compared to other similar size programs. The Committee was also provided information that could be taken by to municipalities to begin the process of educating employees on things such as when it is appropriate to use an urgent care facility versus an emergency room. There was a significant amount of discussion on adding the Platinum Plan to the menu of Consortium plan options. A resolution was considered by the Committee that resulted in a vote of 11 opposing the resolution, 12 in favor of the resolution, and 1 abstention. Of the 11 that were opposed all were from labor and of the 12 in favor all were from management and one was from labor; the abstention was from management. She said labor did not agree with the recommendation to add the Platinum Plan and felt adding the plan would be giving the okay to use this in the bargaining process. She said a motion was also made to begin the process of adding the Bronze plan and that motion passed without any problem.

Mr. Hart asked if there has been any discussion of adding a plan that included a two-person rate. Mr. Locey said in response to a request the Audit and Finance Committee is looking into this again. Excellus and ProAct have been asked to provide data with regard to usage; once received there will be discussing of the impact on rates and whether it makes sense to bring this forward. The biggest problem is that in order to reduce the rate for one group it has to be increased for another group because the same bodies are still being insured. This will go to the Joint Committee and Plan Structure and Design after being reviewed by the Audit and Finance Committee.

Mr. Barber said if the Board does not choose to adopt this as a formal plan it is possible and Mr. Locey can help municipalities to create their own two-person plan. Municipalities will get a bill from the Consortium and it doesn't matter how municipalities collect those funds; therefore, they could raise the rates for individuals and families and give a lower rate for two-person.

RESOLUTION NO. 016-2014 - RESOLUTION TO ADOPT THE "PLATINUM PLAN"

MOVED Ms. Drake, seconded by Mr. Hart.

Mr. Goldman questioned the purpose of adopting this plan. Mr. Locey said the plan designs through the Affordable Care Act are available today on the open market. If the Consortium does not want a member municipality to go outside the Consortium to purchase the metal level plans as it will result in them leaving the Consortium. Mr. Locey said the benefit level is important because of the definition of what it means. The Platinum Plan will provide a benefit to the average person of approximately 90% of their medical care costs for the year. It will modify over time as long as it stays within the 90/10 relationship and stays within the definition of a Platinum Plan. Mr. Locey said most of the plans within the Consortium currently are around the 95th percentile and higher.

A voice vote resulted as follows: Ayes – 13, Noes – 0, Excused – 4 (Weatherby, Perine, Masser, and Morey). RESOLUTION ADOPTED.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (Consortium) is a self-insured municipal cooperative health benefit plan operating pursuant to a Certificate of Authority issued on October 1, 2010 in accordance with the provisions of Article 47 of the New York State Health Insurance Law, and

WHEREAS, the Consortium's consultant, Locey and Cahill, LLC and medical claims administrator, Excellus BlueCross BlueShield, have collaboratively developed the "Greater Tompkins County Municipal Health Insurance Consortium Standard Platinum Plan" which is consistent with and meets the standards for Platinum level benefit plans as defined by the Patient Protection and Affordable Care Act, and

WHEREAS the "Greater Tompkins County Municipal Health Insurance Consortium Standard Platinum Plan" will have an Actuarial Value as defined by the Patient Protection and Affordable Care Act equal to an overall plan benefit for the average participant of 90%, and

WHEREAS, the Joint Committee on Plan Structure and Design has reviewed the details of the "GTCMHIC Standard Platinum Plan" and was not able to reach a consensus to approve or disapprove recommending this plan for adoption by the Board of Directors, and

WHEREAS, the addition of this Plan or other metal level Plans of coverage will not diminish, alter, or eliminate any current medical or prescription drug plans offered by the Consortium, and

WHEREAS, comparable benefit plans are available to the Consortium's Participating Municipalities either through the Patient Protection and Affordable Care Act Health Insurance Exchange or on the private health insurance marketplace, and

WHEREAS, several Participating Municipalities in the Consortium are seeking plan designs consistent with the metal levels of coverage as defined by the Patient Protection and Affordable Care Act, now therefore be it

RESOLVED, That the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors adopts the "Greater Tompkins County Municipal Health Insurance Consortium Standard Platinum Plan" for inclusion in the Greater Tompkins County Municipal

Health Insurance Consortium’s available benefit plan menu to be effective as soon as practicable,

RESOLVED, further, the Consortium Board of Directors requires that Said Actuarial Value be calculated annually by the rating and underwriting department at Excellus BlueCross BlueShield or an independent actuarial firm using the Actuarial Value Calculator developed by the Centers for Medicare & Medicaid Services (CMS) Center for Consumer Information & Insurance Oversight (CCIIO) which was implemented in accordance with the Patient Protection and Affordable Care Act. If such calculator is no longer available or in use, the Consortium will have an independent Actuary develop the Actuarial Value of the health insurance plan on an annual basis. In either case, it is the intent that the result will represent an empirical estimate of the Actuarial Value calculated in a manner that provides a close approximation to the actual average spending by a wide range of consumers in a standard population and that said Actuarial Value will be equal to or greater than 90% within an acceptable deviation of + or – 2%,

RESOLVED, further, That the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors directs the Executive Director to coordinate the development of procedures necessary to coordinate the logistics of making changes to the “Greater Tompkins County Municipal Health Insurance Consortium Standard Platinum Plan” which will occur no more frequently than once annually on January 1st of the year in question and that those procedures will become effective when approved by the Consortium Board of Directors.

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ProAct Utilization Report

Ms. Masucci provided the Board with a high-level Performance Summary on 2013 Prescription Plan Performance and Utilization. She reviewed the following information from that report that was also presented to the Joint Committee on Plan Structure and Design:

	Membership Utilization
• Eligible Member Months	5,094
• Avg. Utilizing Member Months	2,293
• # of RX's Dispensed	76,539
• # of RX's Normalized	104,455
• Approved Ingredient Cost*	\$ 7,510,175.63
• Total Fill Fee	\$ 107,758.79
• Total Cost	\$ 7,617,934.42
• Total Member Paid	\$ 598,483.99
• Other Amount Paid	\$ 2,291.76
• Total Paid by Plan	\$ 7,017,157.67

*Normalized Rx Count translates Rx Count to 30 day equivalent (Ex. 90days = 3 Rx's)

	Membership Utilization Current	Similar Client Type Benchmark
• # of Rx's PMPM	1.71	1.82
• Avg. Amt Paid PMPM	\$114.79	\$132.11
• % Generic Rx's	78%	78%

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• Avg. Amt Paid/Generic Rx	\$17.92	\$23.08
• % Brand Rx's	22%	22%
• Avg. Amt Paid/Brand Rx	\$245.70	\$215.00
• % Formulary Rx's	94%	93%
• Avg. Appvd. Ingrid Cost/Rx	\$71.90	\$74.36
• Avg. Fill Fee/Rx	\$1.03	\$.80
• Avg. Total Cost/Rx	\$72.93	\$75.16
• Avg. Member Paid/Rx	\$5.73	\$6.19
• Other Pay Amount/Rx	\$0.02	\$0.03
• Avg. Amount Paid/Rx	\$67.18	\$68.94

Specialty Drug Usage

• # of Specialty Utilizers	110
• Total Specialty Plan Spend	\$1,773,081.91
• Total Specialty Ingredient Cost	\$1,783,486.42
• Total Specialty Member Spend	\$10,534
• # Specialty Rx's	804
• Cost Per Specialty Rx	\$2,205.33
• % of Total Claims	1.05%
• % of Total Dollars	25.27
• % of Member Share	0.59%

Ms. Drake said at the September 25 meeting the Board will adopt premium rates for 2015, approve the plan for the recertification process, appoint a Secretary, and create a leadership committee for 2015 leadership, and hear a utilization report from Excellus.

Adjournment

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

Respectfully submitted by Michelle Pottorff, Administrative Clerk