



## Greater Tompkins County Municipal Health Insurance Consortium

P.O. Box 7 • Ithaca, New York 14851 • (607) 274-5590

Headquarters: 215 N. Tioga Street, Ithaca, NY 14850

[www.healthconsortium.net](http://www.healthconsortium.net) • [consortium@tompkins-co.org](mailto:consortium@tompkins-co.org)

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

### Audit and Finance Committee

Agenda – December 6, 2022

3:00 PM

Town of Ithaca – Aurora Room

1. Call to Order (3:00) R. Hart
2. Changes to Agenda
3. Approve Minutes – October 25, 2022
4. Reporting of Investment Earnings/Losses w/ Insero & Co., CPAs, LLP (3:10) P. Jordon
5. Executive Director (3:30) E. Dowd
  - a. Report
  - b. Medicare Advantage Plan Update
  - c. Town of Onondaga Update
6. **Resolution:** Authorize Purchase of Stop Loss Insurance for 2023 (3:45) S. Locey
7. **Resolution:** Approval of new contract for Plan Consultant – Locey & Cahill, LLC E. Dowd  
January 1, 2023 – December 31, 2026
8. **Resolution:** Contract for Actuarial Services – Armory Associates – FY 2022 E. Dowd
9. **Resolution:** Extension of Contract for Investment Management Services – E. Dowd  
Wilmington Trust Advisors, Inc.
10. **Resolution:** Authorization to Purchase Insurance Policies: Errors and Omissions, E. Dowd  
Directors and Officers, and Directors and Officers Liability,  
Employment Coverage, and a Fidelity Bond
11. **Resolution:** Authorization Information Technology Services Agreement with E. Dowd  
Tompkins County – January 1, 2023 thru December 31, 2023
12. Financial Update (4:15)
  - a. Finance Manager Update T. Apalovich
  - b. Abstract Approval
  - c. Budget Performance Report S. Locey
  - d. Report on large loss claim activity
13. Next meeting Agenda Topics (4:25)
14. Adjourn (4:30)

*Next Meeting: February 28, 2023*

**Audit and Finance Committee  
Minutes - DRAFT  
October 25, 2022**

**Town of Ithaca Aurora Room**

**Satellite Locations: Village of Trumansburg, 56 E Main Street, Trumansburg, NY 14886 (V)  
Bolton Point, 1402 East Shore Drive, Ithaca, NY 14850 (B)**

Present: Steve Thayer; Eric Snow\*; Rordan Hart (V); Kate DeVoe; Peter Salton (arrived 3:22p); Amanda Anderson; Bud Shattuck\*

Absent: Laura Shawley, Lorie Corsette

Staff/Guests: Elin Dowd, Executive Director; Lynne Sheldon\*, Clerk of the Board; Steve Locey, Paul Pelton, Rob Spenard, Locey and Cahill; Judy Drake (B), Board Chair; Teri Apalovich, Finance Manager; Kylie Rodriguez, Benefits Specialist\*

\*Remote due to extraordinary circumstances

**Call to Order**

Mr. Thayer, Chair, called the meeting to order at 3:01 p.m.

**Changes to the Agenda**

There were no changes to the agenda.

**Approval of Minutes of September 13, 2022**

It was MOVED by Mr. Thayer, seconded by Mr. Shattuck, and unanimously adopted by voice vote of members present via remotely, to approve the minutes of September 13, 2022, as submitted. MINUTES APPROVED.

**Executive Director Update**

Ms. Dowd mentioned the audit with the Department of Financial Services (DFS) is ongoing. The Consortium has not heard from DFS in excess of a month with updates. The DFS does have all the information that they need from the Consortium, however, they have not started the finance portion of the audit.

Ms. Dowd mentioned there have been discussions with the Operations Committee of the need for additional systems and/or resources for business risk and cyber security. These systems and/or individual would be relevant to the DFS and the transmitting of healthcare data. This extra resource would act as Chief Information Officer to make sure contracts are compliant and the Consortium is not under any risks of a cyber-attack and a continuation of HIPAA compliance.

Mr. Shattuck asked the approximate costs regarding the extra resources suggested. Ms. Dowd said Tompkins County suggested the Consortium reach out to Bonadio Group, CPA and Consultants, who has done this type of resource for similar entities. Ms. Dowd said based on a tentative information, services should not exceed \$10,000; however, the final audit report is not written yet, so it is not certain what exact services will be needed. She said that DFS has put the Consortium in the same category as a full-blown insurance company doing our own claims, managing HIPAA information, and having the protective firewall. Ultimately, the Consortium needs to make sure entities the Consortium works with are compliant.

Ms. Dowd said that she has sent the Municipal Cooperative Agreement (MCA), along with the request of the Certificate of Authority for Monroe and Livingston County but has not received acknowledgment yet. She is confident the MCA will be approved based on previous years' experience with the approval process. The Consortium is currently asking the existing municipalities to sign the 2023 MCA amendment.

### **Medicare Advantage Update**

Ms. Dowd announced that the Executive Committee approved a resolution to offer a Medicare Advantage Plan to members that offer retirement options to their employees. A Request for Proposal (RFP) with the notion of 500 subscribers would be eligible to elect as they already had a retirement product. The approval was for Aetna, who anticipated all 500 would come on board in January, including City of Ithaca.

Ms. Dowd said Aetna provided disclosure of their agreement stating if the Consortium's covered final numbers fall 10-15% plus or minus the initial covered lives provided, a new quote would be provided. The Consortium advised Aetna many groups will not be starting January 1<sup>st</sup>, so they adjusted timing information as well. Ms. Dowd said that she is having an upcoming meeting with Aetna to discuss these items in further detail.

Ms. Dowd reported the Medicare Advantage Plan that was closest comparison to the Medicare Supplement Plan, was originally priced at \$246/month. Aetna increased the price to \$287/month. The plan that mimicked the Platinum plan was increased from \$140/month to \$189/month. Aetna also moved the start date to March 1, 2023, with the assumption of 222 lives.

Ms. Dowd said she and Ms. Rodrigues are researching and working with Locey & Cahill regarding advancements with the plan(s). Ms. Rodrigues added Aetna is required by Centers for Medicare & Medicaid Services (CMS) to send out notifications with a 45-day notice, so it's difficult to move that effective date backwards. Because of this, Ms. Dowd said that this may advance the Medicare Advantage options to 2024 as she does not sense that the groups are interested in a March 2023 start date at this time.

### **New Member Update**

Ms. Dowd reported that the Consortium is working on getting all new members on board and hoping to have their rosters by the end of the month.

### **Budget Amendment Process**

Ms. Dowd reminded that since the budget for 2023 is approved, possible amendments will be made specifically at the February meeting. The Consortium will be working on updates with Locey & Cahill with stop-loss and some other renewals that may affect the 2023 budget. New members will need to be added to income, and there will be approximately seven municipalities who will be making plan changes. ProAct Rebates will be coming in as well as additional information on catastrophic claim reserves.

Mr. Locey added that premium income is something that will be adjusted slightly on the revenue side. He also added that the prescription drug rebates are a separate analysis as they are relying on ProAct to advise as to where they think the rebate will fall in the coming year. Other areas

for expense will be administrative fees paid to Excellus and ProAct, paid claims, and stop-loss insurance premiums. Once adjustments are made to those numbers, adjustments to the reserve outlook will need to be made. He said the fixed cost items beyond the administrative fees will remain the same based on a few contracts being added or changed. He added those are all fixed numbers from the internal fees, the external consulting fees, and the actuaries and auditors should all stay the same.

### **Abstract Approval**

Ms. Apalovich presented and reviewed the October monthly financial abstract; there were no questions or concerns. It was MOVED by Mr. Thayer, seconded by Mr. Hart, and unanimously adopted by voice vote by members present, to approve the October 2022 monthly abstract. MOTION CARRIED.

### **Budget Performance Report**

Mr. Pelton referred to the monthly Budget Performance Report as of September 30, 2022. Revenue is 2.5% under budget, 2% under premiums, and under budget with RX rebates. It is expected that the second rebate for the second quarter is to come shortly as well as the reconciliation payment, which is expected in November. Mr. Pelton said he expects the rebate number coming in over budget.

Mr. Pelton showed the combined Medical and Rx Paid Claims were 4.49% below budget through the first 9-months of the 2022 Fiscal Year. Locey & Cahill is keeping a close eye on the paid claims and how they continue to evolve. Historically, the claims paid during the latter part of the Calendar Year tend to be a bit higher as annual deductibles and out-of-pocket maximums are met in the early months.

Mr. Locey added medical claims are one item they are trying to determine how much is based on group movement in terms of savings, and how much is tied to large loss. Once the yearly reporting is completed, they will break it down to show why it's under budget. RX Administrative fees are up due to more prior authorizations as more individuals are on medications compared to last year. He said another item to put consideration in the future is when expanding the area of the Consortium, the New York State Covered Lives Assessments are based on a per contract/per month fee based on different regions of the State. Different regions may have vastly different rates.

Mr. Pelton showed an investment as a loss entry of \$708,000 on the financial reports. Mr. Salton questioned the process of how this investment loss is mandated. Mr. Locey explained during the audit process, the Consortium was recommended to mark-to-market, which is an accounting practice that involves adjusting the value of an asset to reflect its value as determined by current market conditions. The market value is determined based on what a company would get for the asset if it was sold at that point in time. Ms. Dowd reminded the Consortium has only had a savings account previously, not an investment, so this accounting entry is new to the Consortium.

Mr. Salton raised concern that the entry is distracting to the numbers portrayed on the report. Mr. Locey advised to having Insero & Co. CPA answers questions at a subsequent meeting.

**Report on Large Loss Claim Activity**

Mr. Spenard reported through September 2022 there are 44 members above \$100,000 totaling approximately \$8.2 million in paid claims. In comparison to last year's data, there was approximately \$7.1 million in paid claims, with 35 members above \$100,000. There is an increase, however, there has been an increase in life and contract counts since last year. He said there is also a large claim coming through this week totaling \$140,000, however the medical paid claims are below budget.

Mr. Spenard mentioned regarding Stop-Loss Insurance, Locey & Cahill did receive the necessary data to go to market and will be sending illustrative rates out in the next week. He said firm premium numbers will not go out until the end of November/beginning of December, as Vendors will be looking for ten months' worth of large loss data.

**Next Meeting Agenda Topics**

Locey & Cahill contract  
Insero & Co. CPA in attendance  
Stop-Loss Information  
End of the Contract Review Including EPLI and D&O

**Adjournment**

The meeting adjourned at 3:44 p.m.

Next Meeting December 6, 2022

*Respectfully submitted by Lynne Sheldon, Clerk of the Board*



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### **RESOLUTION NO. - 2022 – APPROVAL OF NEW CONTRACT FOR PLAN CONSULTANT – LOCEY & CAHILL, LLC – JANUARY 1, 2023 – DECEMBER 31, 2026**

WHEREAS, the Consortium requires ongoing Plan consulting services to continue its operations, and

WHEREAS, the Executive Committee has discussed the need and scope of Benefit Plan Consultant Services and recommends that the Consortium continue to retain Locey & Cahill, LLC for those services, and

WHEREAS, the Audit and Finance Committee has reviewed and discussed the terms of the Consortium’s contract with Locey and Cahill, LLC, and

WHEREAS, Locey & Cahill, LLC presented an agreement that shall become effective of January 1, 2023 and remain in effect through December 31, 2023. Thereafter, the Consortium has the option to extend this contract in one-year increments through December 31, 2026.

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby approves its contract with Locey & Cahill, LLC of the agreement contract for the period January 1, 2023 through December 31, 2023.

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### **Resolution XXX- 2022 - Extending Contract for Actuarial Services – Armory Associates – Fiscal Year 2022**

WHEREAS, the Greater Tompkins County Health Insurance Consortium issued a Request for Proposals for Actuarial Services on January 4, 2016 and awarded a contract to Armory Associates of Syracuse, and

WHEREAS, in 2019 Armory Associates presented a three-year proposal for fiscal years 2020, 2021, and 2022, and

WHEREAS, the Consortium wishes to continue its relationship with Armory Associates under the terms outlined in the revised agreement for actuarial services, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Executive Committee, on behalf of the Board of Directors hereby extends its contract with Armory Associates for the third year of the current agreement, and

RESOLVED, further, That the Executive Director is hereby authorized to execute this contract on behalf of the Consortium.

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### **RESOLUTION NO. XXX-2022– EXTENSION OF CONTRACT FOR INVESTMENT MANAGEMENT SERVICES – WILMINGTON TRUST ADVISORS, INC.**

WHEREAS, the Consortium secures services from Wilmington Trust Advisors, Inc. for investment management services as it pertains to our Investment Management Policy pursuant to Resolution No. 16 of 2020 and wishes to extend its contractual relationship into 2023, and

WHEREAS, the Consortium directed the Finance Manager to commence an Investment Management Request for Proposal (RFP) in 2023 to determine options available to assist in managing our reserves and unencumbered fund balance, and

WHEREAS, the Board of Directors approved a new Investment Policy Statement ([Resolution No. 017-2022](#)) in September 2022 and postponed the RFP until 2023 to allow Wilmington Trust to garner any new investment options available under the policy, therefore now be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Executive Committee, on behalf of the Board of Directors, authorizes the Consortium to extend its contract with Wilmington Trust Advisors, Inc. (WTIA) for investment management services beginning January 1, 2023 through the conclusion of the RFP process and/or selection of a new Investment Manager.

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### **RESOLUTION NO. – 2022 – AUTHORIZING INFORMATION TECHNOLOGY SERVICES AGREEMENT WITH TOMPKINS COUNTY – JANUARY 1, 2023 THRU DECEMBER 31, 2023**

WHEREAS, the Tompkins County Information Technology Services Department (ITS) has provided technical support to the Consortium since it began operations in 2011, and

WHEREAS, the Consortium wishes to continue its contract arrangement with the Tompkins County Information Technology Services Department that was formalized in 2020, and

WHEREAS, the 2023 Memorandum of Agreement, between the Greater Tompkins County Municipal Health Insurance Consortium and the Tompkins County Information Technology Services Department (ITS) for the provision of technology services provided to the Consortium, including support in compliance with 23 NYCRR 500, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors approves an agreement with Tompkins County Information Technology Services for 2023 for ITS support provided to the Consortium from January 1, 2023 thru December 31, 2023, and

RESOLVED, further, That the Executive Director is hereby authorized to execute this contract on behalf of the Consortium.

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## Greater Tompkins County Municipal Hlth Insurance Consortium

### MONTHLY ABSTRACT - NOVEMBER 2022

Type	Date	Pymt Num	Invoice #	Name	Memo	Amount
Check	11/15/2022	A4299481	10312022 CL	EXCELLUS HEALTH PLAN - CL	10312022 Covered Lives	\$ 30,372.97
Check	10/26/2022	A4203632	Oct 2022	EXCELLUS HEALTH PLAN - GROUP	Nov 2022 Admin Fees	\$ 153,525.77
Check	11/28/2022	A4312923	Nov 2022	EXCELLUS HEALTH PLAN - GROUP	Dec 2022 Admin Fees	\$ 156,442.16
Check	10/13/2022	A4171235	10112022	EXCELLUS HEALTH PLAN - CLAIMS	10052022-10112022	\$ 598,860.39
Check	10/20/2022	A4191872	10182022	EXCELLUS HEALTH PLAN - CLAIMS	10122022-10182022	\$ 732,431.83
Check	10/27/2022	A4215403	10252022	EXCELLUS HEALTH PLAN - CLAIMS	10192022-10252022	\$ 847,117.50
Check	11/03/2022	A4245640	11042022	EXCELLUS HEALTH PLAN - CLAIMS	10262022-11012022	\$ 608,971.86
Check	11/08/2022	A4273849	11102022	EXCELLUS HEALTH PLAN - CLAIMS	11022022-11082022	\$ 748,773.50
Check	11/15/2022	A4299481	11182022	EXCELLUS HEALTH PLAN - CLAIMS	11092022-11152022	\$ 716,483.30
Check	11/22/2022	A4321338	11282022	EXCELLUS HEALTH PLAN - CLAIMS	11162022-11222022	\$ 580,676.10
Check	10/15/2022	A4192273	10152022-GTC-TC	PROACT, INC.	10/01/2022-10/15/2022	\$ 789,163.62
Check	10/31/2022	A4261771	10312022-GTC-TC	PROACT, INC.	10/16/2022-10/31/2022	\$ 765,204.16
Check	11/15/2022	A4313430	11152022-GTC-TC	PROACT, INC.	11/01/2022-11/15/2022	\$ 790,169.36
Bill	10/31/2022	5187	11072022	CHASE	Credit Card	\$ 1,338.62
Bill	10/31/2022	5186	36039	CANARX	10152022-10312022	\$ 6,743.60
Bill	11/15/2022		36362	CANARX	11012022-11152022	\$ 3,787.90
Bill	10/31/2022	5188	Oct Phones	TOMPKINS COUNTY	Oct Phone Charge	\$ 17.73
Bill	11/01/2022		17378	LOCEY & CAHILL	November Invoice	\$ 7,425.00
Bill	10/31/2022	5189	2022-10	TOWN OF ITHACA NY	Payroll	\$ 31,732.24
Bill	09/01/2022	5189	Oct 2022 Rent	TOWN OF ITHACA NY	October 2022 Rent	\$ 800.00
Bill	10/20/2022	5184	Sep Mileage	ELIN DOWD	Sep Mileage	\$ 151.25
Bill	10/19/2022	5185	Sep-Oct Mileage	KYLIE RODRIGUES	Sep-Oct Mileage	\$ 53.17
Bill	11/03/2022		Nov Mileage	KYLIE RODRIGUES	Nov Mileage	\$ 44.99
						\$ 7,570,287.02



# 2022 Fiscal Year Budget Performance Report As of October 31, 2022

Locey & Cahill, LLC  
250 South Clinton Street, Suite 340  
Syracuse, NY 13202  
Tel (315) 425-1424  
Fax (315) 425-1394  
E-mail: [slocey@loceycahill.com](mailto:slocey@loceycahill.com)



# Section 1

## 2022 Fiscal Year-to-Date Income Budget vs Actual Results

# 2022 Income Budget vs Actual Results (10/31/2022)

		2022 <i>Adopted Budget</i>	2022 <i>Amended Budget</i>	2022 <i>Year-to-Date</i>	2022 <i>Actual Results</i>	<i>Variance</i>	<i>% Difference</i>
<b><i>Income</i></b>							
	Medical and Rx Plan Premiums	\$57,752,443.75	\$55,937,315.28	\$46,614,429.40	\$45,606,034.40	<b>-\$1,008,395.00</b>	<b>-2.16%</b>
9005	Gain on Investments	\$0.00	\$0.00	\$0.00	\$131,196.02	\$131,196.02	
9020	Interest	\$45,660.35	\$45,660.35	\$38,050.29	\$67,092.73	\$29,042.44	76.33%
9010	Rx Rebates	\$3,000,000.00	\$3,000,000.00	\$2,000,000.00	\$1,608,600.12	<b>-\$391,399.88</b>	<b>-19.57%</b>
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9035	Finance Charge Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<b><i>Total Income</i></b>		<b>\$60,798,104.10</b>	<b>\$58,982,975.63</b>	<b>\$48,652,479.69</b>	<b>\$47,412,923.27</b>	<b>-\$1,239,556.42</b>	<b>-2.55%</b>

## Key Facts:

1. Total Income was 2.55% below the amended budget, with premium income being 2.16% below the amended budget for the first 10-months of the fiscal year. The amended budget reflects the changes in plan designs and demographics of the participants as detailed below:
  - a. There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan.
  - b. Changes in covered lives and contract counts.
  - c. We received the Rx Rebate payment related to the 2<sup>nd</sup> quarter of 2022 on November 2<sup>nd</sup>. We will also receive the 2021 fiscal year reconciliation payment in November.

# 2022 Income Budget vs Actual Results

## Key Facts (continued):

- c. The number of contracts insured by the Consortium increased by 2.76% and the number of covered lives grew by only 1.49%. The disparity in this number is primarily due to the County's move to the Consortium's Medicare Supplement Plan for their Medicare-aged retirees and their spouses.

Monthly Average Covered Lives by Fiscal Year

Year	Member	Spouse	Dependent	Total lives
2011	1,995	1,056	1,348	4,400
2012	2,004	1,058	1,386	4,448
2013	2,281	1,228	1,567	5,077
2014	2,269	1,188	1,556	5,012
2015	2,301	1,173	1,546	5,021
2016	2,322	1,186	1,555	5,063
2017	2,397	1,208	1,567	5,172
2018	2,439	1,216	1,546	5,201
2019	2,867	1,436	1,867	6,170
2020	2,942	1,454	1,876	6,271
2021	3,035	1,406	1,862	6,303
2022	3,118	1,403	1,875	6,397

\* Member = Employee, Retiree, or COBRA Contract Holder

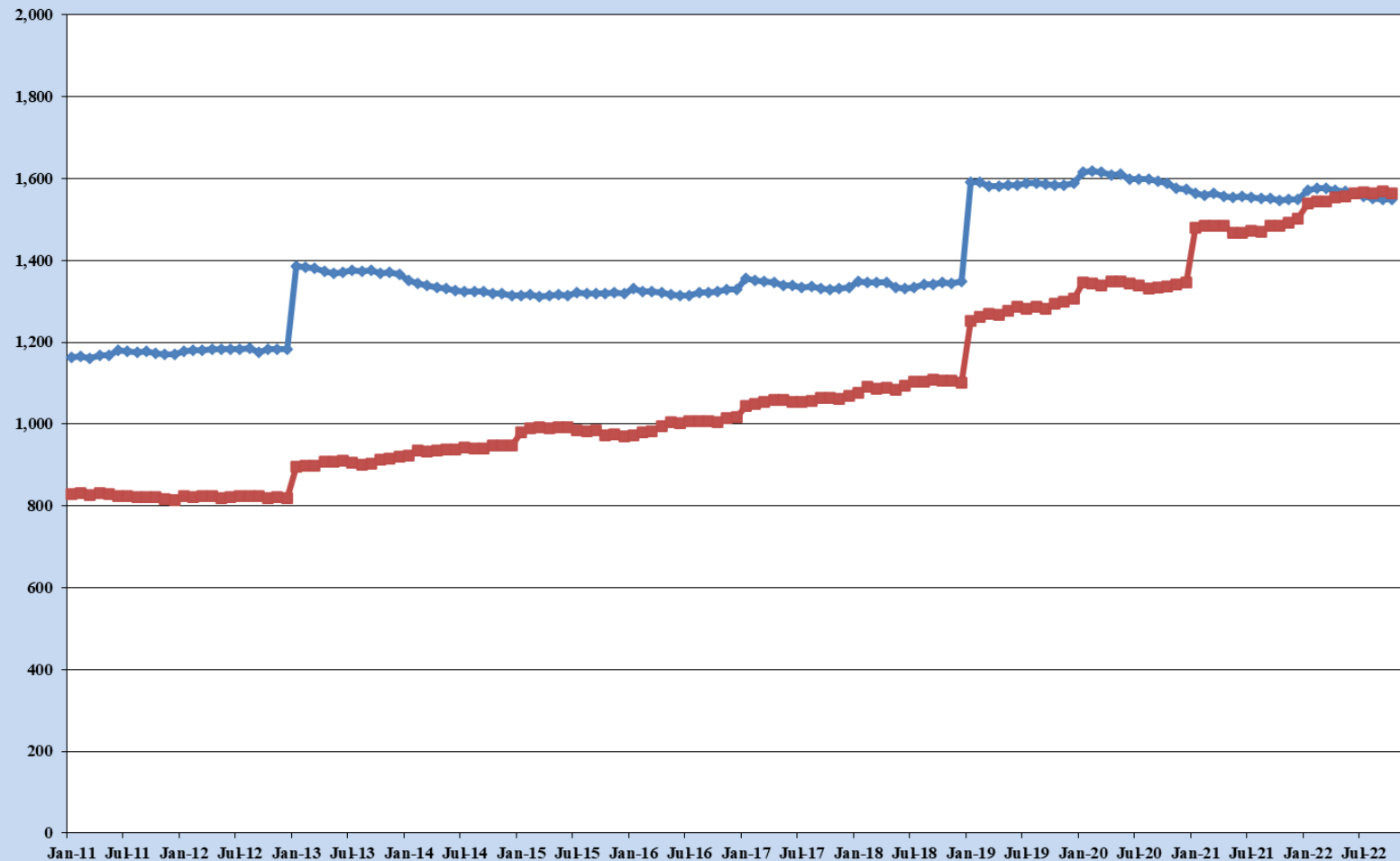
Monthly Average Contract Count by Fiscal Year

Year	Family Contracts	Individual Contracts	Total Contracts	Avg. # of Lives Per Contract	Avg. # of Lives Per Family
2011	1,172	824	1,995	2.205	3.053
2012	1,182	822	2,004	2.220	3.068
2013	1,375	907	2,281	2.225	3.033
2014	1,329	939	2,269	2.209	3.064
2015	1,317	984	2,301	2.182	3.065
2016	1,322	999	2,322	2.181	3.073
2017	1,340	1,058	2,397	2.157	3.071
2018	1,343	1,096	2,439	2.133	3.057
2019	1,586	1,281	2,867	2.152	3.082
2020	1,600	1,342	2,942	2.132	3.081
2021	1,555	1,481	3,036	2.076	3.101
2022	1,563	1,557	3,120	2.050	3.096

# Greater Tompkins County Municipal Health Insurance Consortium

## Monthly Contract Count by Plan Type

January 1, 2011 to October 31, 2022

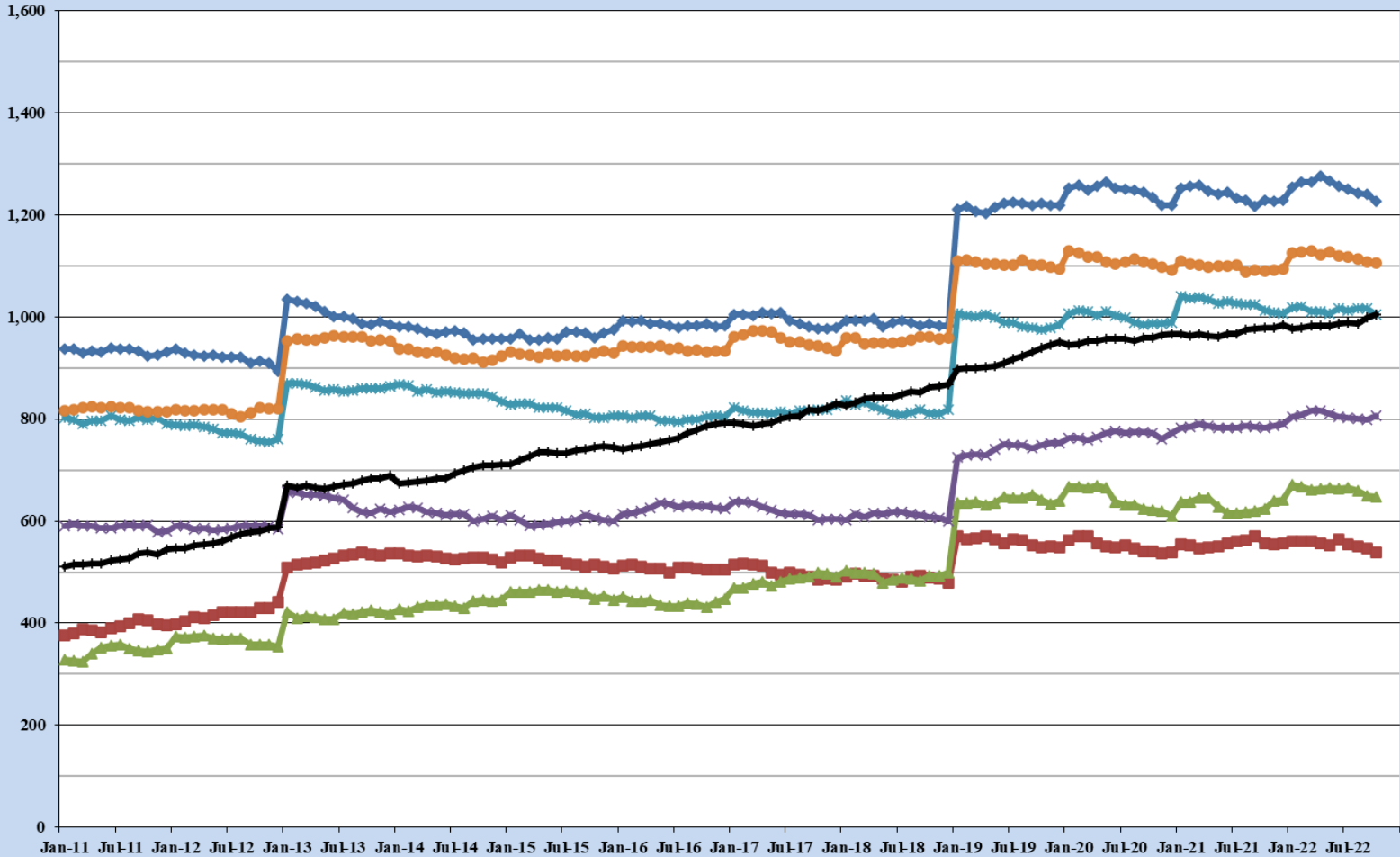


Family Contracts Individual Contracts

# Greater Tompkins County Municipal Health Insurance Consortium

## Monthly Covered Lives by Age Band

January 1, 2011 to October 31, 2022





# 2022 Income Budget vs Actual Results (10/31/2022)

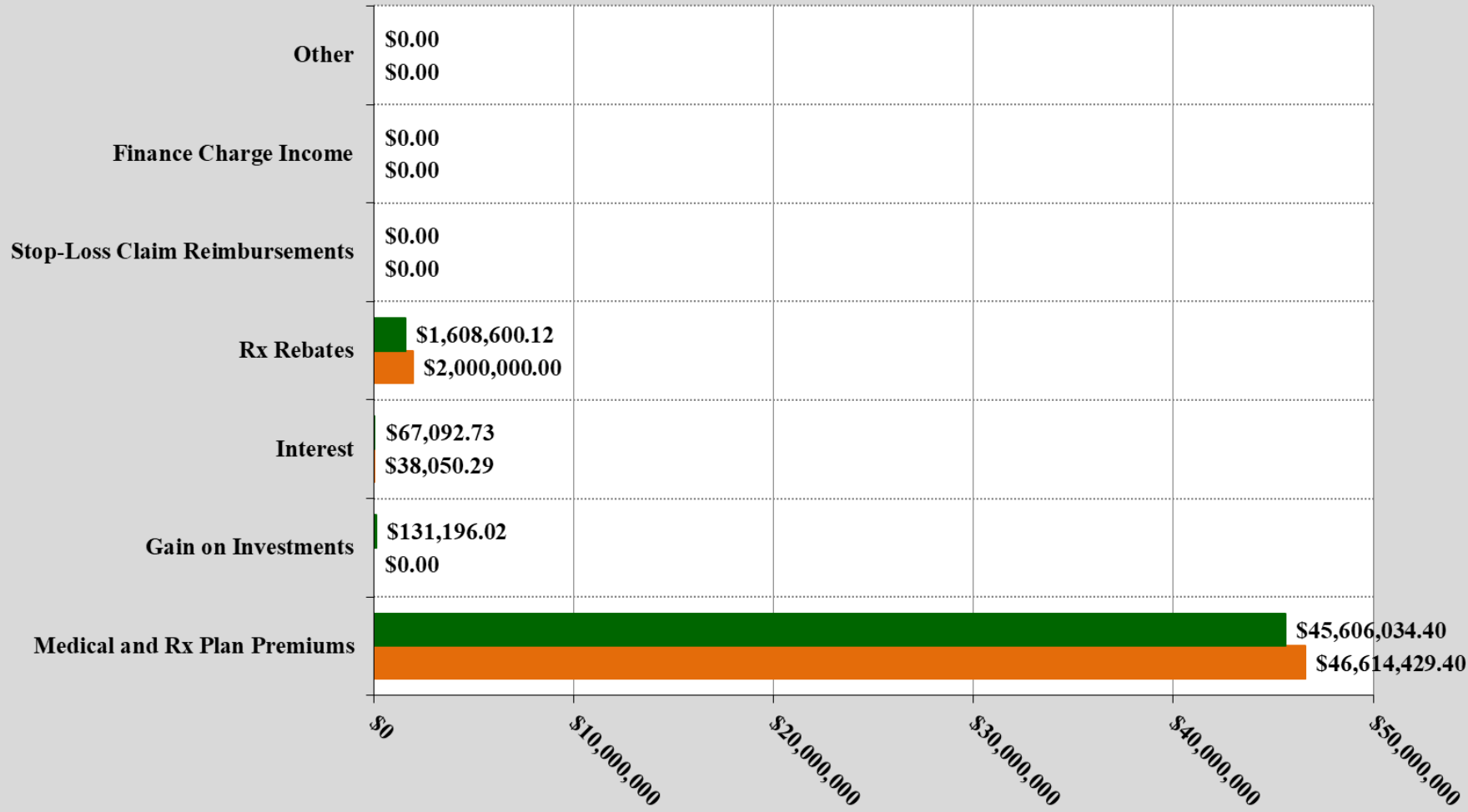
## Key Facts (continued):

2. The Consortium invests in notes/bonds which are held to maturity but records gains and/or losses on a monthly basis (“mark to market”). Gains on investments are booked as revenues, while losses on investments are recorded as expenditures. While interest earnings were limited during the COVID-19 pandemic, the trend has shifted with current market conditions.
3. There has been three pharmaceutical manufacturer rebate payments received from ProAct, Inc. for the 2022 Fiscal Year to date. The Consortium did experience an enhancement to the July payment of \$727,509.70, however, it did not hit the budgeted expectation. The April – June 2022 payment was made on November 2, 2022 in the amount of \$742,253.43. We are expecting a large reconciliation payment for the 2021 Rx Rebate settlement prior to November 30, 2022. There will also be a reconciliation due in 2023 related to the 2022 rebate payments.
4. The Consortium did not receive any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1 million. To date, there have been no claims in excess of \$1,000,000 for this year or the previous year.
5. There was no Other Income as of October 31<sup>st</sup>. Miscellaneous income, typically, has a negligible impact on the overall financial position of the Consortium.

# Greater Tompkins County Municipal Health Ins. Consortium

## 2022 Income Distribution

January 1, 2022 to October 31, 2022

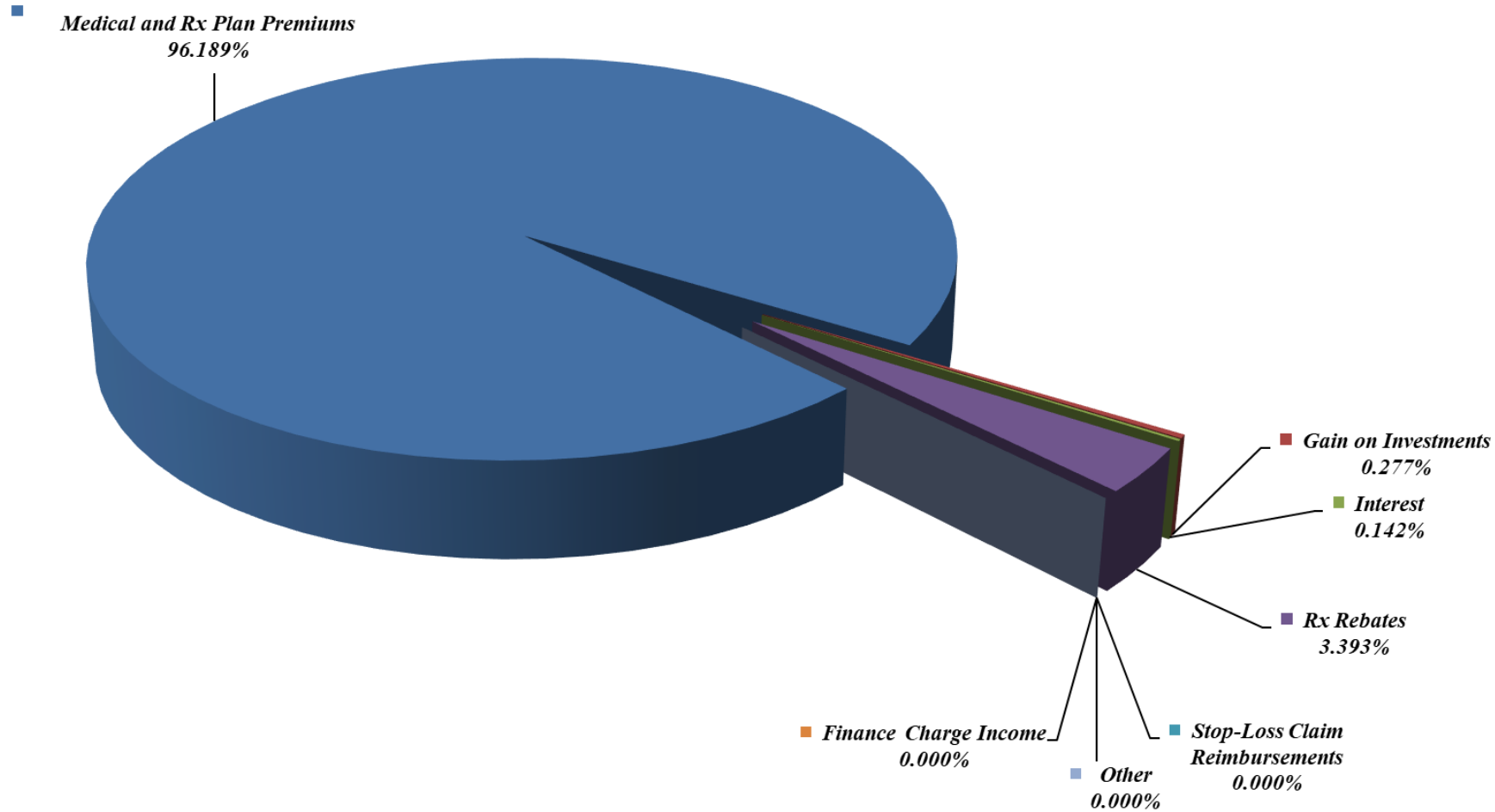


■ 2022 Actual Income   ■ 2022 Budgeted Amounts

# Greater Tompkins County Municipal Health Ins. Consortium

2022 Income Distribution

January 1, 2022 to October 31, 2022





# Section 2

2022 Fiscal Year-to-Date  
Expense Budget vs Actual Results

# 2022 Expense Budget vs Actual Results (10/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
<b>Expenses</b>							
8090	Medical Paid Claims	\$40,780,345.45	\$40,780,345.45	\$33,656,308.74	\$31,353,096.60	-\$2,303,212.14	-6.84%
	Advance Deposit / Pre-Paid Claims	\$37,344.64	\$65,900.00	\$65,900.00	\$65,900.00	\$0.00	0.00%
8120	Rx Paid Claims - ProAct	\$16,506,765.82	\$16,506,765.82	\$13,649,825.58	\$14,019,737.05	\$369,911.47	2.71%
8121	Rx Paid Claims - CanaRx	\$161,366.59	\$161,366.59	\$134,472.16	\$142,165.80	\$7,693.64	5.72%
8084	Flu Clinic Fees	\$20,037.48	\$23,042.13	\$19,201.78	\$0.00	-\$19,201.78	-100.00%
8050	Medical Admin Fees	\$1,521,623.78	\$1,502,656.92	\$1,252,214.10	\$1,297,036.41	\$44,822.31	3.58%
	Rx Admin Fees	\$206,958.25	\$226,592.82	\$188,827.35	\$217,939.07	\$29,111.72	15.42%
8091	NYS Covered Lives Assessment	\$391,982.86	\$319,060.15	\$265,883.46	\$307,032.59	\$41,149.13	15.48%
9060	ACA PCORI Fee	\$18,886.41	\$18,886.41	\$18,886.41	\$17,585.37	-\$1,301.04	-6.89%
8110	Specific Stop-Loss Insurance (Actual)	\$313,950.00	\$723,382.00	\$602,818.33	\$246,427.51	-\$356,390.82	-59.12%
8000	Accounting Fees	\$19,000.00	\$19,000.00	\$15,833.33	\$15,400.00	-\$433.33	-2.74%
8010	Actuarial Fees	\$10,000.00	\$10,000.00	\$8,333.33	\$7,200.00	-\$1,133.33	-13.60%
8020	Audit Fees (Financial)	\$14,420.00	\$14,420.00	\$13,390.00	\$14,500.00	\$1,110.00	8.29%
8021	Audit Fees (Claims)	\$51,295.00	\$51,295.00	\$42,745.83	\$19,875.00	-\$22,870.83	-53.50%
8055	Consultant Fees (Barber & Strat Plan)	\$45,000.00	\$25,000.00	\$20,833.33	\$0.00	-\$20,833.33	-100.00%
8030	Consultant Fees (L&C)	\$91,650.00	\$91,650.00	\$76,375.00	\$76,250.00	-\$125.00	-0.16%
8070	Legal Fees	\$12,000.00	\$12,000.00	\$10,000.00	\$5,357.00	-\$4,643.00	-46.43%
8065	Wellness Program Costs	\$25,000.00	\$25,000.00	\$20,833.33	\$1,290.22	-\$19,543.11	-93.81%
66001	Executive Director (Salary)	\$96,450.00	\$96,450.00	\$80,375.00	\$81,607.24	\$1,232.24	1.53%
66002	Fringe Benefits	\$119,635.00	\$119,635.00	\$99,695.83	\$72,723.07	-\$26,972.76	-27.06%

# 2022 Expense Budget vs Actual Results (10/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
<b>Expenses</b>							
66003	Clerk of the Board (Salary)	\$74,300.00	\$74,300.00	\$61,916.67	\$48,047.16	-\$13,869.51	-22.40%
66004	Admin/Comp Asst (Salary)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
66005	Benefits Specialist (Salary)	\$56,240.00	\$56,240.00	\$46,866.67	\$47,586.00	\$719.33	1.53%
66006	Finance Manager (Salary)	\$72,100.00	\$72,100.00	\$60,083.33	\$61,007.76	\$924.43	1.54%
8060	Insurances (D&O / Prof. Liability)	\$55,650.00	\$53,004.00	\$44,170.00	\$48,555.00	\$4,385.00	9.93%
8041	Internal Coordination (Finance)	\$20,000.00	\$20,000.00	\$16,666.67	\$16,666.67	\$0.00	0.00%
8042	Internal Coordination (Support)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8040	Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$5,000.00	\$5,000.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$6,485.00	\$6,681.00	\$5,567.50	\$5,567.50	\$0.00	0.00%
9065	Marketing Expenses	\$2,575.00	\$8,000.00	\$6,666.67	\$1,714.13	-\$4,952.54	-74.29%
9055	Investment Management Services	\$12,360.00	\$12,360.00	\$10,300.00	\$8,960.14	-\$1,339.86	-13.01%
8150	Supplies Expense	\$4,080.00	\$4,080.00	\$3,400.00	\$3,477.11	\$77.11	2.27%
8151	Computer Equipment	\$11,545.00	\$11,545.00	\$9,620.83	\$5,516.31	-\$4,104.52	-42.66%
8152	Lease Expense / Parking Fees	\$13,370.00	\$13,370.00	\$11,141.67	\$9,731.35	-\$1,410.32	-12.66%
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$833.33	\$480.99	-\$352.34	-42.28%
8154	Software	\$0.00	\$0.00	\$0.00	\$1,179.60	\$1,179.60	0.00%
8155	Postage	\$0.00	\$0.00	\$0.00	\$953.76	\$953.76	0.00%
8156	Furniture and Fixtures	\$0.00	\$2,000.00	\$1,666.67	\$0.00	-\$1,666.67	-100.00%
8157	Training & Prof. Dev.	\$0.00	\$2,000.00	\$1,666.67	\$348.00	-\$1,318.67	-79.12%
8158	Subscriptions	\$0.00	\$1,000.00	\$833.33	\$219.97	-\$613.36	-73.60%
9005	Loss on Investments	\$0.00	\$0.00	\$0.00	\$719,756.52	\$719,756.52	
9060	Other Expenses / Supplies	\$12,595.00	\$7,595.00	\$6,329.17	\$592.18	-\$5,736.99	-90.64%
<b>Total Expenses</b>		<b>\$60,792,011.28</b>	<b>\$61,143,723.29</b>	<b>\$50,535,482.07</b>	<b>\$48,946,483.08</b>	<b>-\$1,588,998.99</b>	<b>-3.14%</b>

# 2022 Expense Budget vs Actual Results (10/31/2022)

	Budget	Revised Budget	Year-to-Date	Actual		
<b>Paid Claims</b>	\$57,505,859.98	\$57,537,419.99	\$47,525,708.25	\$45,580,899.45	-\$1,944,808.80	-4.09%
<b>Claims Admin. Fees</b>	\$1,728,582.03	\$1,729,249.74	\$1,441,041.45	\$1,514,975.48	\$73,934.03	5.13%
<b>Stop-Loss</b>	\$313,950.00	\$723,382.00	\$602,818.33	\$246,427.51	-\$356,390.82	-59.12%
<b>Taxes and Fees</b>	\$410,869.27	\$337,946.56	\$284,769.87	\$324,617.96	\$39,848.09	13.99%
<b>Professional Services</b>	\$268,365.00	\$248,365.00	\$208,344.17	\$139,872.22	-\$68,471.95	-32.86%
<b>Insurance/Internal Fees/Investment Losses (\$719,756.52)</b>	\$564,385.00	\$567,360.00	\$472,800.00	\$1,139,690.46	\$666,890.46	141.05%
<b>Total Expenses</b>	<b>\$60,792,011.28</b>	<b>\$61,143,723.29</b>	<b>\$50,535,482.07</b>	<b>\$48,946,483.08</b>	<b>-\$1,588,998.99</b>	<b>-3.14%</b>
<b>Net Income</b>	<b>\$6,092.82</b>	<b>-\$2,160,747.66</b>	<b>-\$1,883,002.38</b>	<b>-\$1,533,559.81</b>	<b>\$349,442.57</b>	

The above provides an “easier to read” summary version of the expense data for the Consortium through October 31, 2022. As you will note, the paid claims which collectively include medical, prescription drug, CanaRx, Flu Clinic and any pre-paid claims account for 93.12% of the total expenses through October 2022. Overall paid claims are 4.09% (including the advanced deposit for prepayment of claims) below budget to date, based on the amended budget. It should be noted that based on the recommendation of the Consortiums Auditor, investment gains & losses are now recorded in accounts 9005 (Insurance and Internal Fees Above) and amounted to \$719,756.52 in losses, offset by \$131,196.02 in gains as of October 31, 2022. (YTD net loss = \$588,560.50)

# 2022 Expense Budget vs Actual Results (10/31/2022)

## Key Facts:

1. We continue to work with the Consortium's Executive Director and Financial Team to allocate budgeted funds into their correct expense line-item based on their code. This was done to provide a more detailed and accurate summary of the internal and external professional support costs. In addition, we updated some of the budget numbers based on the addition of new members and changes in enrollment by existing members.
2. As of October, the Consortium is tracking slightly ahead of budget projections, especially when considering the impact of the gains and losses on investments. Many of the expense items are below budget. As more annual expense items are billed, we anticipate those items to be more in line with the budget as the Consortium works its way through the fiscal year.
3. It is important to remember that when new members are added to the Consortium, their paid claims typically mature approximately by the 3<sup>rd</sup> month following the transition to the Consortium. The "run-out" claims (claims incurred on or before December 31<sup>st</sup> each year) are the responsibility of their prior insurance carrier.



# 2022 Expense Budget vs Actual Results (10/31/2022)

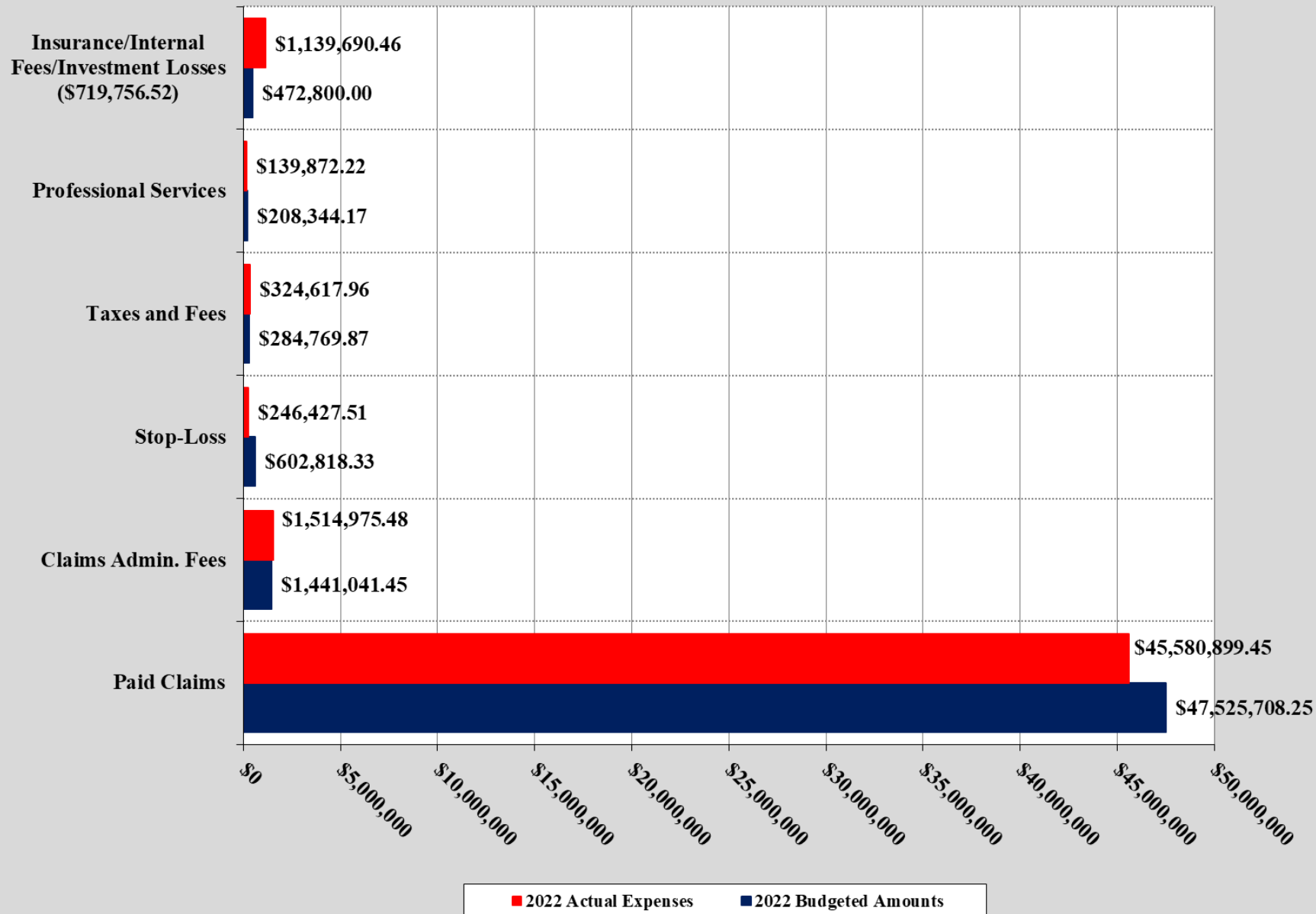
## Key Facts:

4. Medical Paid Claims in the first 10-months were **6.83% below the amended budget** for the Fiscal Year to Date. This is the result of:
  - a) An increase in the covered lives ( $\uparrow 1.49\%$ ) and in the number of contracts ( $\uparrow 2.76\%$ ) skews the early 2022 medical paid claims due to the “run-in lag”.
  - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan and the Medicare Supplement Plan by several employer groups.
  - c) A substantial decrease in elective and/or minor medical procedures being performed as a result of the impact of the COVID-19 pandemic on the medical community.
5. Rx Paid Claims were 2.71% over budget for the first 10-months of the 2022 Fiscal Year. As we stated last year, we were keeping a close eye on the pharmacy paid claims trend which led to adjustments to our trend models during the budget development process for the 2023 Fiscal Year.

# Greater Tompkins County Municipal Health Ins. Consortium

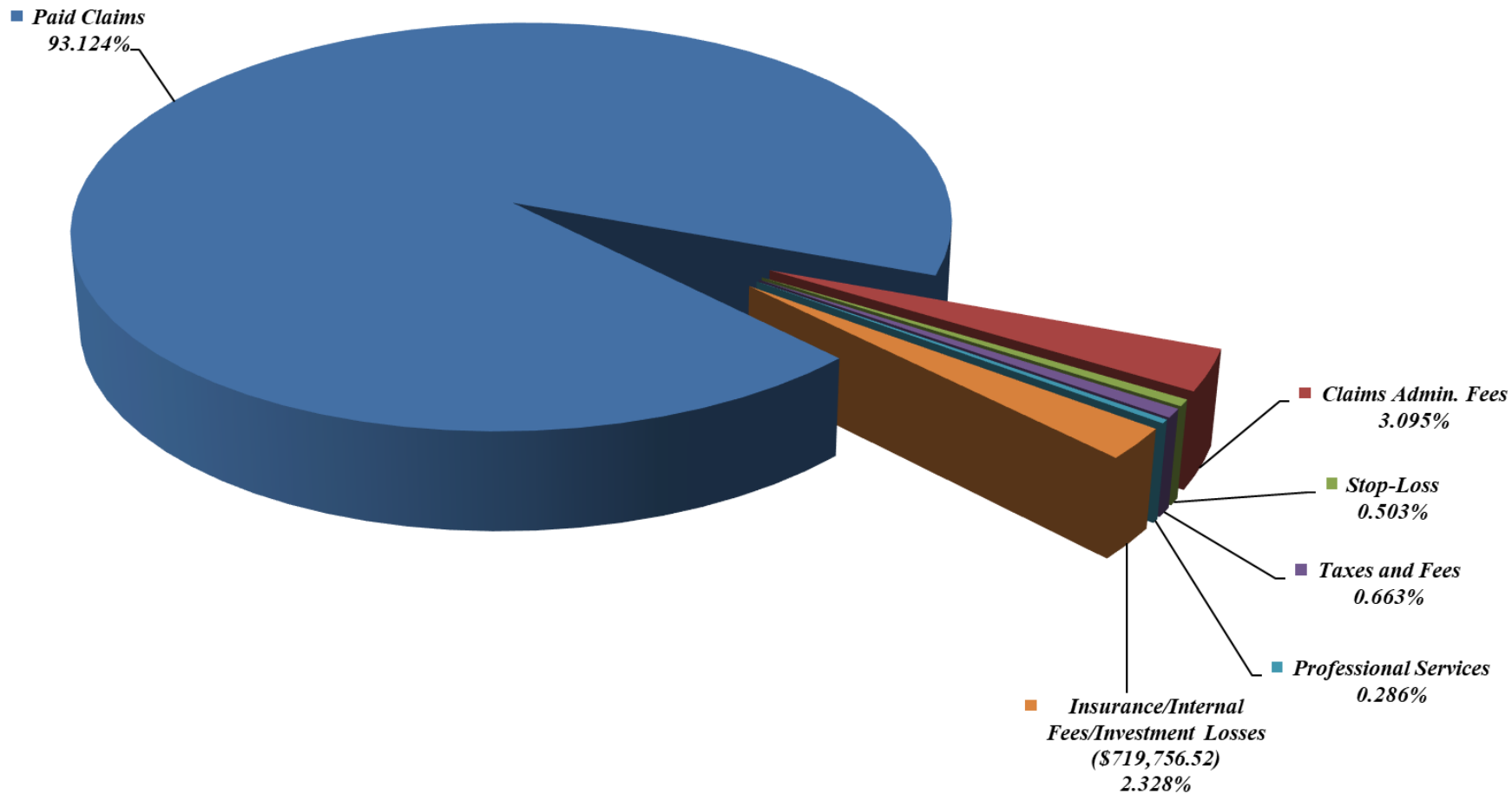
## 2022 Expense Distribution

January 1, 2022 to October 31, 2022



# Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution  
January 1, 2022 to October 31, 2022



■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees/Investment Losses (\$719,756.52)

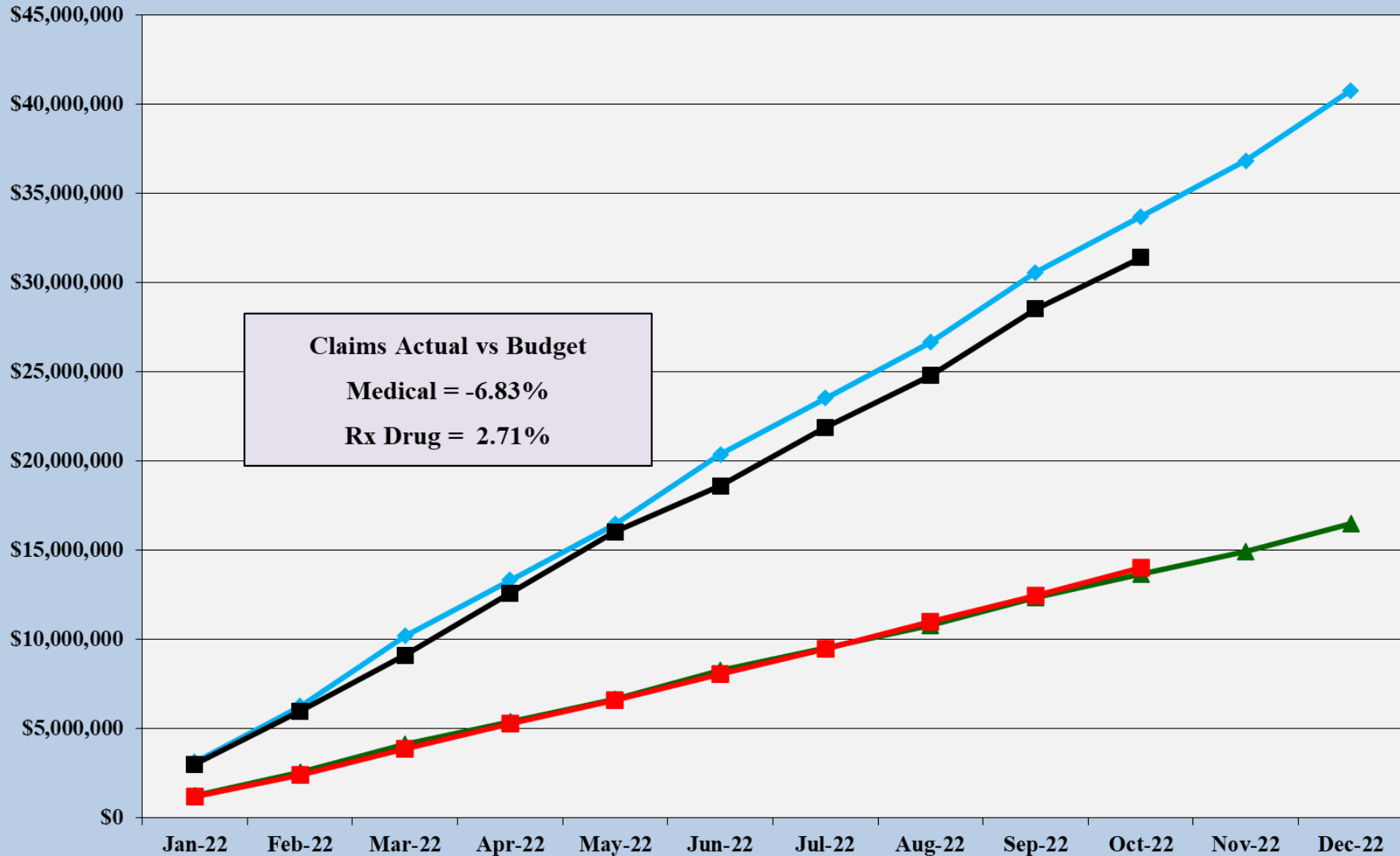


# Section 3

2022 Fiscal Year-to-Date  
Paid Claims Budget vs Actual Results

# Greater Tompkins County Municipal Health Insurance Consortium

## 2022 Cumulative Paid Claims and Budgeted Claims by Month

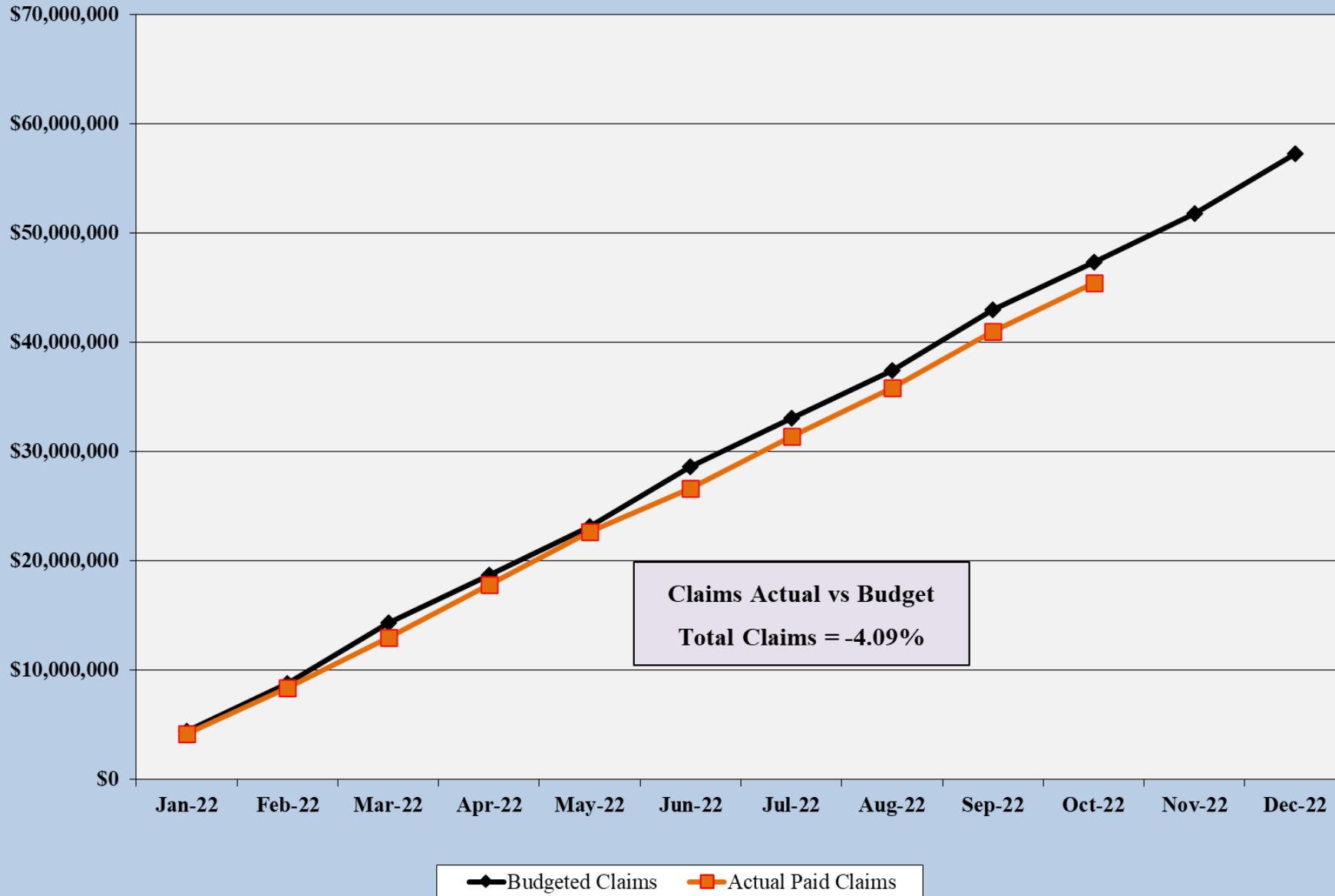


**Claims Actual vs Budget**  
 Medical = -6.83%  
 Rx Drug = 2.71%

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

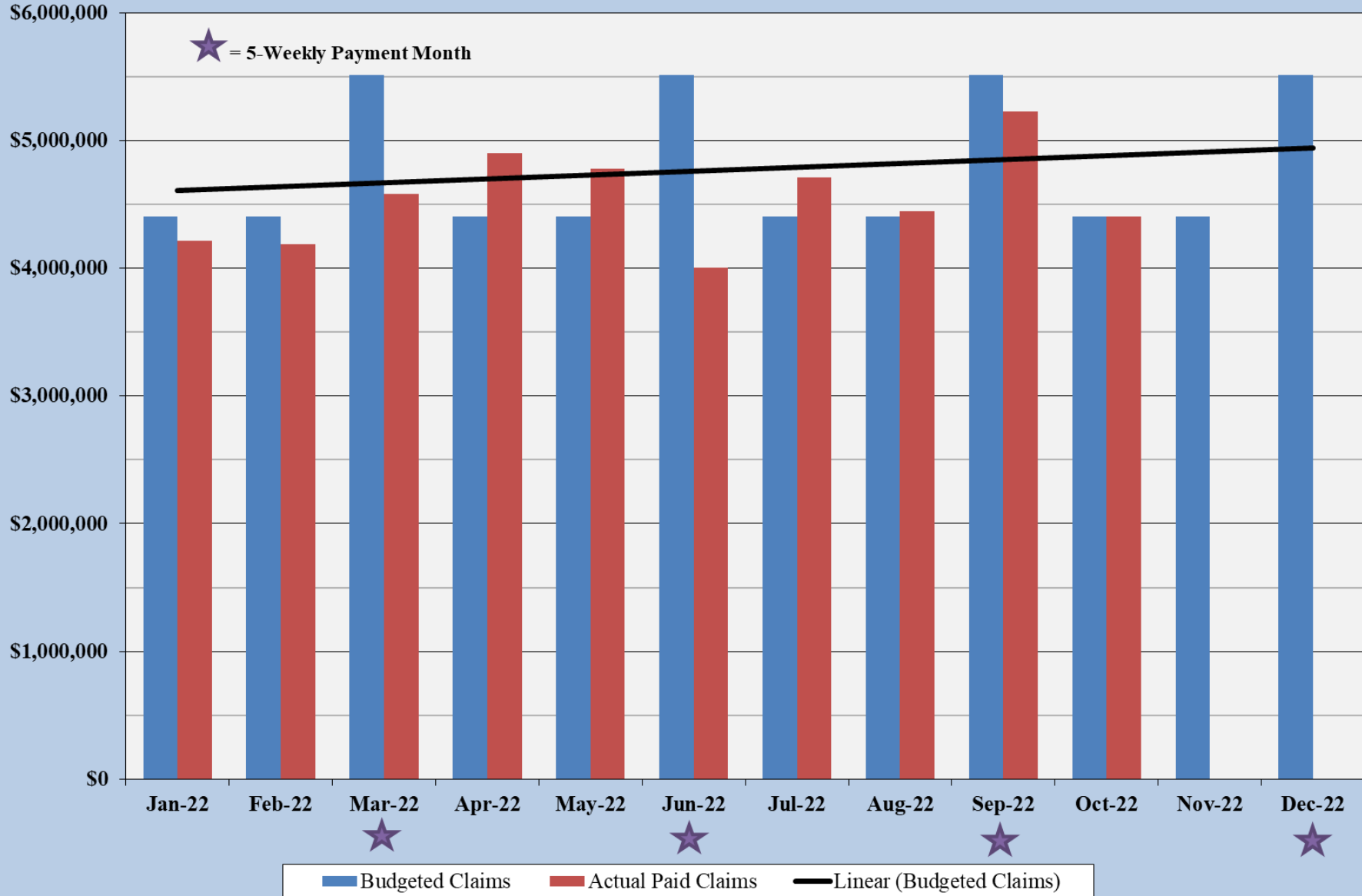
# Greater Tompkins County Municipal Health Insurance Consortium

## 2022 Cumulative Paid Claims and Budgeted Claims by Month



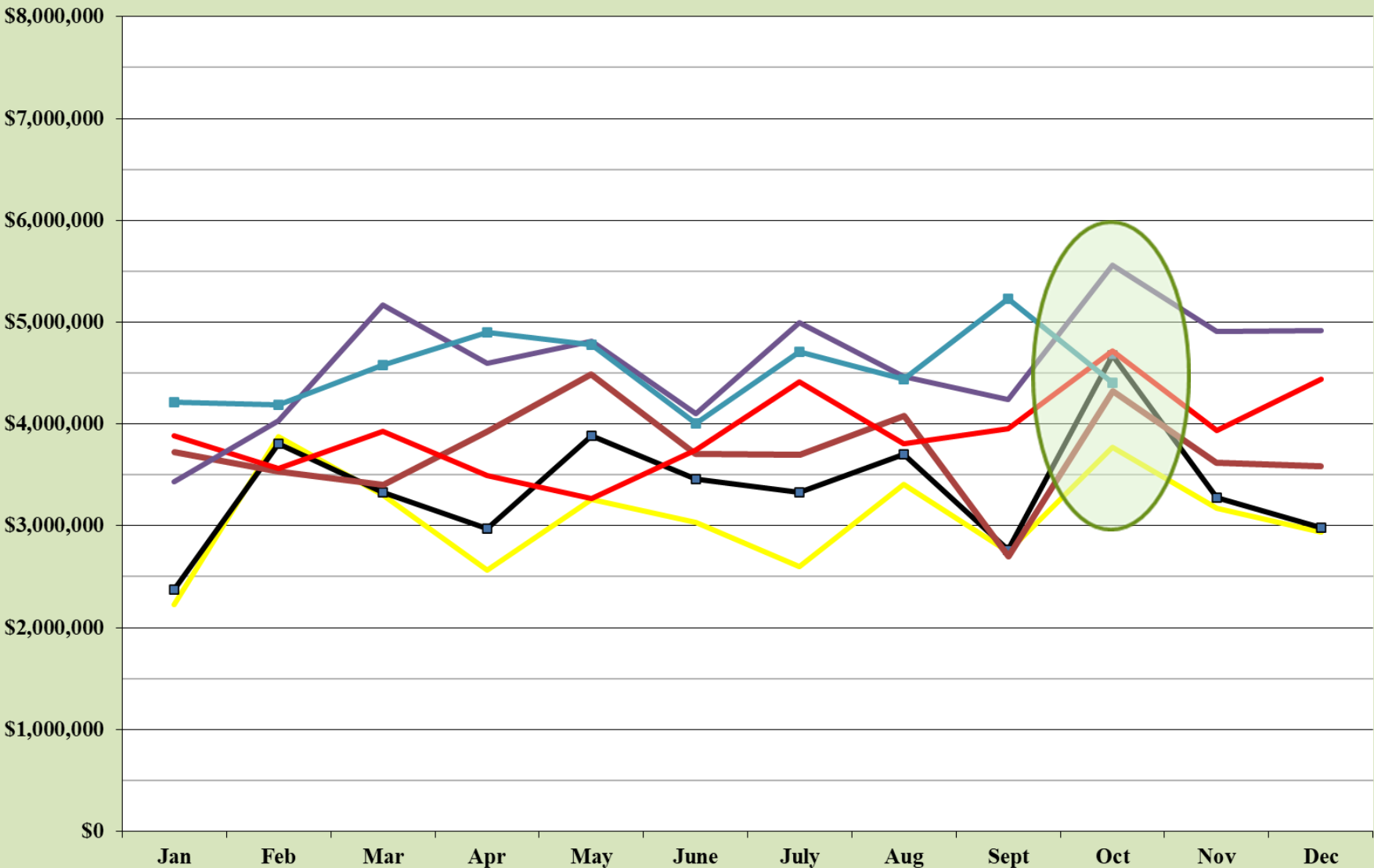
# *Greater Tompkins County Municipal Health Insurance Consortium*

2022 Budgeted vs Actual Paid Claims by Month



# Greater Tompkins County Municipal Health Ins Consortium

## 2017-2022 Monthly Paid Claims by Fiscal Year

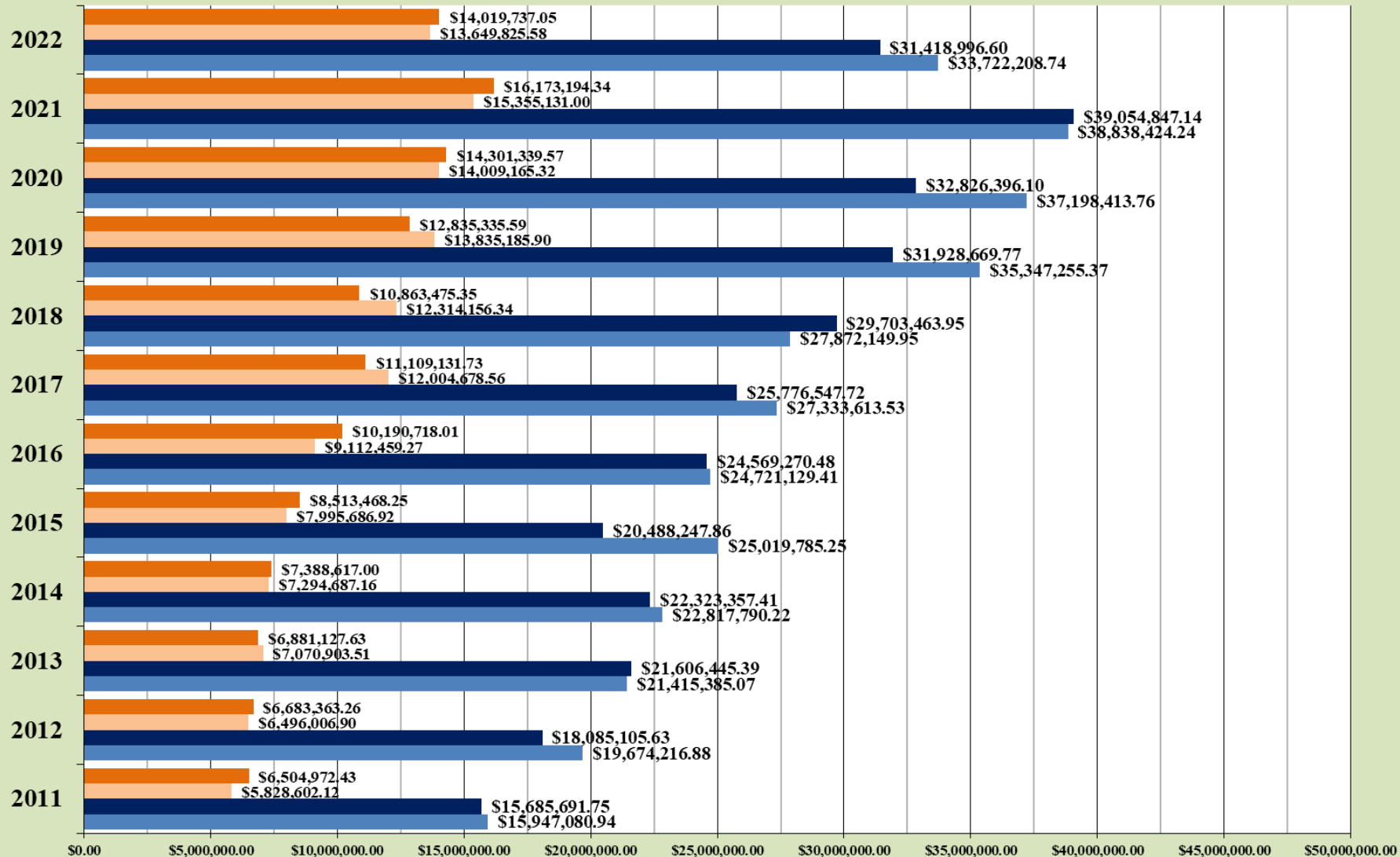


—■ 2017   
 —■ 2018   
 —■ 2019   
 —■ 2020   
 —■ 2021   
 —■ 2022



# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2022 (as of 10/31/2022) Annual Paid Claims v Budgeted Claims

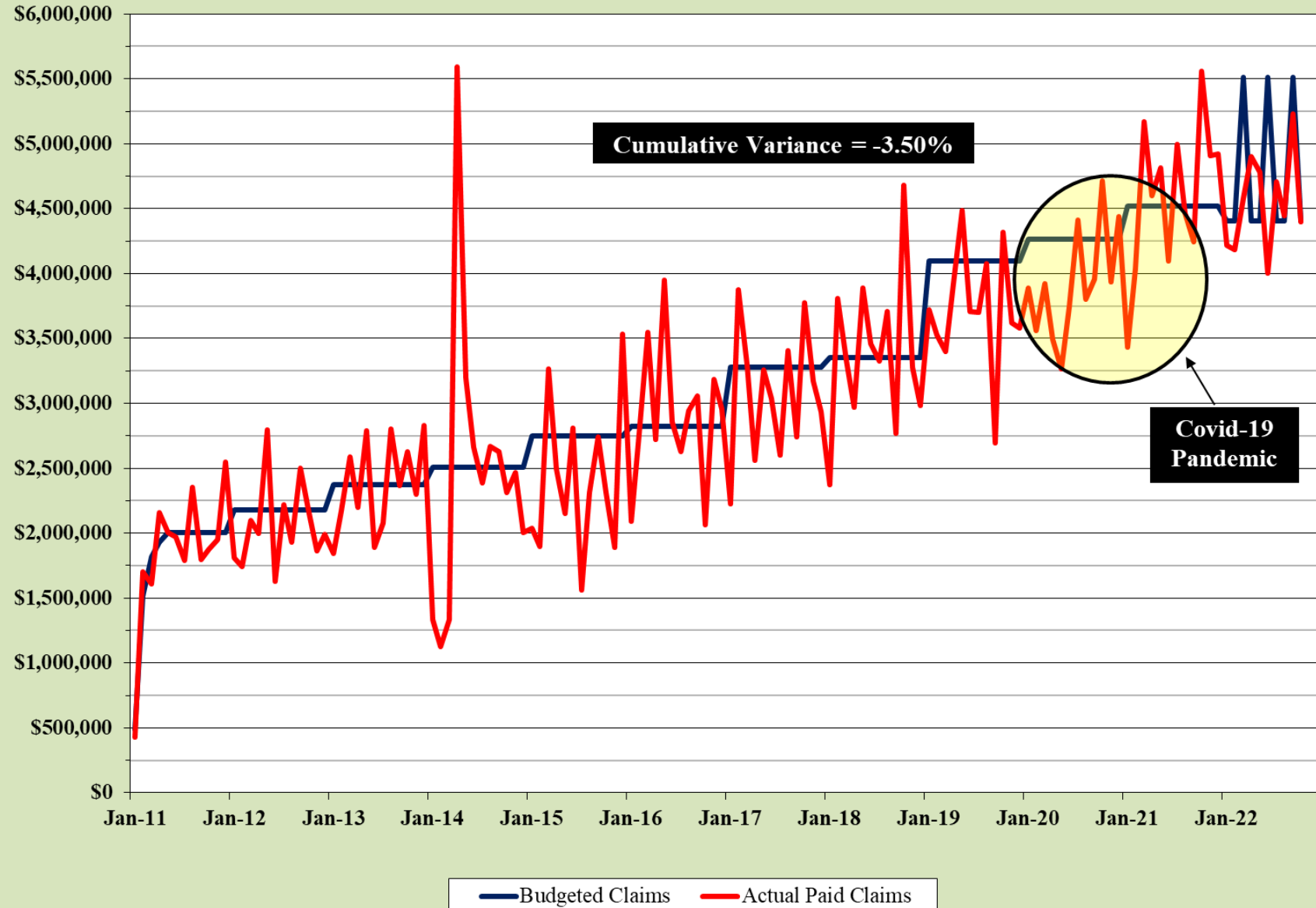


■ Actual Rx Claims   
 ■ Budgeted Rx Claims   
 ■ Actual Medical Claims   
 ■ Budgeted Medical Claims

# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2022 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to October 31, 2022



**APPROVED**  
**MEDICAL  
CLAIM**



# Section 4

## High-Cost Claimants Catastrophic Self-Insurance Pool

# Large Loss and Catastrophic Claims History

Greater Tompkins County Municipal Health Insurance Consortium

Large Loss and Catastrophic Claims History (as of October 31, 2022)

Fiscal Year	Specific Stop-Loss Deductible	Number of Covered Lives	# of Claimants with Claims >\$100,000	# of Claimants with Claims >\$200,000	# of Claimants with Claims >\$300,000	# of Claimants with Claims >\$400,000	# of Claimants with Claims >\$500,000	Total Large Loss Claims Paid	Claim Dollars in Excess of Deductible	Stop-Loss Insurance Premium Paid	Notes
2011	\$250,000.00	4,400	13	3	1	0	0	\$2,357,898.22	\$146,063.45	\$384,392.52	Medical Claims Only
2012	\$275,000.00	4,448	16	6	3	2	1	\$3,904,221.28	\$1,136,196.38	\$361,366.41	Medical Claims Only
2013	\$300,000.00	5,077	22	7	4	1	0	\$4,079,308.91	\$292,967.64	\$592,381.65	Medical Claims Only
2014	\$300,000.00	5,012	18	6	1	1	0	\$3,494,872.81	\$184,734.14	\$720,784.39	Laser of \$1,000,000 on Unique ID 000010930774
2015	\$400,000.00	5,021	23	2	1	1	1	\$3,722,006.77	\$125,880.36	\$642,080.30	Includes ProAct Rx Claims
2016	\$400,000.00	5,063	39	4	1	1	1	\$6,070,055.86	\$242,433.49	\$766,281.18	Laser of \$1,000,000 on Unique ID 000001179452
2017	\$450,000.00	5,172	24	12	1	1	0	\$3,057,208.40	\$8,294.21	\$738,819.42	Laser of \$1,000,000 on Unique ID 000001179452
2018	\$600,000.00	5,201	45	10	4	3	3	\$8,913,105.20	\$453,672.85	\$442,185.54	
2019	\$600,000.00	6,174	46	14	3	2	1	\$8,874,919.83	\$29,295.28	\$693,190.30	Laser of \$1,000,000 on Unique ID 000001179452 Laser of \$1,200,000 on Unique ID 000010930774
2020	\$1,000,000.00	6,277	60	18	5	3	1	\$11,290,214.72	\$0.00	\$264,390.72	Laser of \$1,200,000 on Unique ID 000010930774 if transplant performed
2021	\$1,000,000.00	6,303	66	23	8	6	5	\$14,096,053.18	\$0.00	\$270,471.20	
2022	\$1,000,000.00	6,397	53	17	4	3	3	\$10,024,817.05	\$0.00	\$246,427.51	
Totals		64,545	425	122	36	24	16	\$79,884,682.23	\$2,619,537.80	\$6,122,771.14	Loss Ratio = 42.78% as of 10/31/2022
Averages	\$547,916.67	5,379	35.417	10.167	3.000	2.000	1.333	\$6,657,056.85	\$218,294.82	\$510,230.93	

**Overall Stop-Loss Insurance Loss Ratio (Paid Claims ÷ Premium) = 42.78%**

# Large Loss and Catastrophic Claims History

Fiscal Year	Specific Stop-Loss Deductible	Number of Covered Lives	Number of Large Loss Claimants	Large Loss Claimants % of Covered Lives	Stop-Loss Insurance Premium Paid	Stop-Loss Insurance Premium PMPM	Total Large Loss Claims Paid	Annual Paid Claims Total	Large Loss Claims % of Total Claims	Catastrophic Claims Reserve	Catastrophic Reinsurance Pool Payments
2011	\$250,000.00	4,400	13	0.30%	\$384,392.52	\$7.28	\$2,357,898.22	\$22,190,664.18	10.63%	n/a	n/a
2012	\$275,000.00	4,448	16	0.36%	\$361,366.41	\$6.77	\$3,904,221.28	\$24,768,468.89	15.76%	n/a	n/a
2013	\$300,000.00	5,077	22	0.43%	\$592,381.65	\$9.72	\$4,079,308.91	\$28,487,573.02	14.32%	n/a	n/a
2014	\$300,000.00	5,012	18	0.36%	\$720,784.39	\$11.98	\$3,494,872.81	\$29,711,974.41	11.76%	\$600,000.00	n/a
2015	\$400,000.00	5,021	23	0.46%	\$642,080.30	\$10.66	\$3,722,006.77	\$29,001,716.11	12.83%	\$1,050,000.00	n/a
2016	\$400,000.00	5,063	39	0.77%	\$766,281.18	\$12.61	\$6,070,055.86	\$34,338,926.47	17.68%	\$1,050,000.00	n/a
2017	\$450,000.00	5,172	24	0.46%	\$738,819.42	\$11.90	\$3,057,208.40	\$36,885,679.45	8.29%	\$1,350,000.00	n/a
2018	\$600,000.00	5,201	45	0.87%	\$442,185.54	\$7.08	\$8,913,105.20	\$40,566,939.30	21.97%	\$2,000,000.00	n/a
2019	\$600,000.00	6,174	46	0.75%	\$693,190.30	\$9.36	\$8,874,919.83	\$44,764,005.36	19.83%	\$2,800,000.00	n/a
2020	\$1,000,000.00	6,277	60	0.96%	\$264,390.72	\$3.51	\$11,290,214.72	\$47,284,890.14	23.88%	\$5,032,220.00	\$0.00
2021	\$1,000,000.00	6,303	66	1.05%	\$270,471.20	\$3.58	\$14,096,053.18	\$55,410,491.28	25.44%	\$4,986,101.85	\$805,827.97
2022	\$1,000,000.00	6,397	53	0.83%	\$246,427.51	\$12.84	\$10,024,817.05	\$45,580,899.45	21.99%	\$4,642,294.20	\$0.00
Totals		64,545	425	0.66%	\$6,122,771.14	\$7.91	\$79,884,682.23	\$438,992,228.06	18.20%		\$805,827.97
Averages (2011-2022)		5,379	35	0.66%	\$510,230.93	\$8.94	\$6,657,056.85	\$36,582,685.67	18.20%		

**On Average 0.66% of the Covered Lives Account for 18.20 of Paid Claims**

# Catastrophic Claims Self-Insurance Pool Activity

**Greater Tompkins County Municipal Health Insurance Consortium**  
*Catastrophic Claims Self-Insurance Pool Activity Report*

		Actual	Actual	10/31/2022
		2020 Fiscal Year	2021 Fiscal Year	2022 Fiscal Year
Budgeted Premium	\$600,000 Deductible	\$762,505.96	\$876,881.85	\$723,382.00
Actual Premium Paid	\$1,000,000 Deductible	\$264,390.72	\$270,471.20	\$246,427.51
Premium Savings		<b>\$498,115.23</b>	<b>\$606,410.65</b>	<b>\$476,954.49</b>
Member # 000001179452	Deductible (Laser Applied)	\$1,000,000.00	\$1,000,000.00	\$700,000.00
	Actual Claims Paid	\$798,499.59	\$712,297.59	\$632,786.85
	Catastrophic Claims Pool	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Member # 000014335319	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$686,798.19	\$419.30
	Catastrophic Claims Pool	\$0.00	<b>\$186,798.19</b>	<b>\$0.00</b>
Member # 000014235037	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$633,727.34	\$525,843.95
	Catastrophic Claims Pool	<b>\$0.00</b>	<b>\$133,727.34</b>	<b>\$25,843.95</b>
Member # 000012168307	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$836,622.21	\$0.00
	Catastrophic Claims Pool	\$0.00	<b>\$336,622.21</b>	<b>\$0.00</b>
Member # 000001551134	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$648,218.91	\$0.00
	Catastrophic Claims Pool	<b>\$0.00</b>	<b>\$148,218.91</b>	<b>\$0.00</b>
Member # 00000346623	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		<b>\$387,223.45</b>	<b>\$525,855.91</b>
	Catastrophic Claims Pool	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$25,855.91</b>
Catastrophic Claims Self-Insurance Pool Claims		<b>\$0.00</b>	<b>\$805,366.65</b>	<b>\$51,699.86</b>
Net Impact on Fund Balance		<b>\$498,115.23</b>	<b>-\$198,956.00</b>	<b>\$451,110.54</b>
Interest Earnings on Reserve		<b>\$1,670.36</b>		<b>\$15,038.36</b>
Total Savings to Consortium				<b>\$766,978.49</b>

\* **Budgeted Premium** is defined as the premium amount the Consortium would have paid if they continued with the previous stop-loss insurance policy of a \$600,000 Deductible  
 \* **Actual Premium Paid** is defined as the actual premium amount paid by the Consortium for the current stop-loss insurance policy of a \$1,000,000 Deductible  
 \* **Laser Applied** is defined as the laser deductible the stop-loss insurance company would have applied to the specific individual if a \$600,000 Deductible stop-loss insurance policy was selected

The “Catastrophic Claims Self-Insurance Pool” was established by the Consortium’s Board of Directors prior to the start of the 2020 Fiscal Year to allow the Consortium to lower the cost of stop-loss insurance by raising the specific deductible and ultimately assuming more risk on an annual basis. To cover this risk, the Catastrophic Claims Reserve totaling \$4.5 million was converted to this “Pool”. In addition, each year the estimated premium variance between a \$600,000 specific deductible stop-loss insurance plan and a \$1 million specific deductible stop-loss insurance plan will be ceded into the “Pool”. Lastly, any interest earned on this “Pool” will be credited to the “Pool” to help replenish funds when/if catastrophic claims are paid out of the “Pool”.



# Section 5

## 2022 Fiscal Year Net Income, Liabilities, and Reserves

Agenda Packet Page 38

# 2022 Net Income, Liabilities & Reserves

	2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
<b>Income</b>						
<b>Total Income</b>	\$60,798,104.10	\$58,982,975.63	\$48,652,479.69	\$47,412,923.27	-\$1,239,556.42	-2.55%
<b>Expenses</b>						
<b>Total Expenses</b>	\$60,792,011.28	\$61,143,723.29	\$50,535,482.07	\$48,946,483.08	-\$1,588,998.99	-3.14%
<b>Net Income</b>	\$6,092.82	-\$2,160,747.66	-\$1,883,002.38	-\$1,533,559.81	\$349,442.57	
<b>Ending Balance</b>	\$29,123,540.98	\$27,745,000.50	\$27,234,445.78	\$28,372,188.35	\$1,137,742.57	4.18%
<b>Liabilities and Reserves</b>						
4010	IBNR Claims Liability Per §4706(a)(1)	\$6,144,909.49	\$6,144,909.49	\$6,866,608.00	\$6,866,608.00	12.0% of Incurred Claims
5010	Surplus Account Per §4706(a)(5)	\$2,637,289.44	\$2,637,289.44	\$2,669,495.09	\$2,669,495.09	5.0% of Premium Income
5014	Rate Stabilization Reserve	\$3,840,568.43	\$3,840,568.43	\$4,004,100.63	\$4,004,100.63	7.5% of Paid Claims
5012	Catastrophic Claims Reserve	\$4,500,000.00	\$4,986,101.85	\$4,642,294.20	\$4,642,294.20	Calculation Per Resolution
3500	Excellus BCBS Advance Deposit	\$761,400.00	\$788,300.00	\$788,300.00	\$788,300.00	Increased by \$65,900 2/17/22
<b>Total Liabilities and Reserves</b>		\$17,884,167.36	\$18,397,169.21	\$18,970,797.92	\$18,970,797.92	
<b>Unencumbered Fund Balance</b>		\$11,239,373.62	\$9,347,831.29	\$8,263,647.86	\$9,401,390.43	

The net cash assets (unencumbered fund balance) is currently at 16.81% of budgeted premium revenues. This result was achieved while still funding the Rate Stabilization Reserve at 7.5% of Expected Paid Claims and adjusting the Catastrophic Claims Reserve to \$4.64 million. Also, fund balance was reduced in 2020 by the “premium holiday” that was authorized for all municipalities.



# Liabilities and Reserves - Defined

## LIABILITIES

- The liabilities associated with the Consortium's operations are directly related to covered medical benefits that are incurred by Consortium Members which have yet to be received or paid by the insurance company or plan administrator. For example, if the Consortium were to end its operations on any given December 31<sup>st</sup> there are going to be covered medical services received by covered members on or before December 31<sup>st</sup> which will not be paid until sometime after December 31<sup>st</sup>. This is commonly referred to in the industry as an Incurred but Not Reported (IBNR) and Incurred but Not Paid (IBNP) Claims Liabilities.
- In recent years with the increases in technology associated with the billing and payment of medical benefit claims and with the increase in the volume of prescription drug claims which are inherently electronic in nature, the overall value of this liability has decreased as a percentage of expected/paid claims. In fact, twenty years ago, this liability equaled approximately the value of three (3) months (24%) of annual expected/paid claims. Today, this value is closer to one (1) month (8%) of expected incurred claims and the New York State Department of Financial Services has set this liability for the 2022 Fiscal Year to equal 12.00% of the expected incurred claims estimate for the year.

# Liabilities and Reserves - Defined

## RESERVES

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

# Liabilities and Reserves - Defined

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

- The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims. We believe this is a conservative estimate of the liability, but we understand the Department has always acted based on their philosophy to maintain this level of reserve as they want the Consortium Member Claims to be fully-funded at all times.
- Maintaining this reserve at an insufficient amount to cover the liability could result in a Municipal Corporation owing a significant amount of money if they chose to leave the Consortium. A Municipal Corporation's decision to leave or stay in the Consortium should not be affected by the Consortium's lack of adequate reserves and this is a philosophy we feel the Consortium should embrace, even during tougher economic times.
- The 2022 Fiscal Year budget forecasted this reserve to equal \$6,874,453.35 (12.0% of projected hospital, medical, surgical, and prescription drug incurred claims). It should be noted that Excellus BlueCross BlueShield does provide an estimate of this liability in their annual renewal documents. For the 2022 Fiscal Year, Excellus' estimate of this liability was \$4,713,900 which is approximately 8% of the expected claims cost for the year.

# Liabilities and Reserves - Defined

## SURPLUS ACCOUNT

- The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.
- Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.
- The Amended 2022 Fiscal Year budget forecasts this reserve to equal \$2,796,865.76 (5.0% of projected premium income of \$55,937,315.28). In years where the Consortium approves premium holidays, the Consortium would calculate the Surplus Account reserve requirement based on the full expected premium, versus the artificially reduced premium collected.

# Liabilities and Reserves - Defined

## CATASTROPHIC CLAIMS RESERVE

- This reserve was established by the Consortium's Board of Directors to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce expenses. It was agreed that the Consortium's risk pool is so substantial in size that it can absorb a significant number of large losses without damaging the financial integrity of the Consortium.
- It was our professional opinion and the opinion of the Board of Directors that there was an acceptable reward versus risk ratio between the reduction of this significant expense, the exposure of large losses, and the cash asset position of the Consortium. This conclusion led the Board of Directors to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000 for the 2020. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors made the approved a resolution to document the funding method of this reserve fund. Based on that resolution, the Catastrophic Claims Reserve Fund was funded at \$4,642,294.20 as of December 31, 2021.

# Liabilities and Reserves - Defined

## RATE STABILIZATION RESERVE

- When the Consortium's cash assets were at a sufficient level, the Board of Directors made the decision to establish the Rate Stabilization Reserve at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.
- It is our goal to work with the Consortium to ensure future fiscal year budgets are developed with this reserve being maintained.
- These funds would be used to “bridge the gap” during an associated hyper-inflationary period relative to paid claims allowing the Board of Directors to establish a multiple year plan to adjust revenue (premiums) and prevent a significant increase in premium rates during a single fiscal period.



# Section 6

## 2022 Fiscal Year-to-Date Summary & Observations

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30	31					

# 2022 Fiscal Year-to-Date Summary & Observations

1. The overall revenue of the Consortium is 2.55% below budget as of October 31, 2022. Once we recognize the October Rx Rebate payment that was received in November, as well as receive the 2021 Rx Rebate reconciliation payment anticipated by the end of November, the revenue picture will be enhanced. The management of the cash assets by the Consortium's Financial Team, in collaboration with Wilmington Trust, will see improvement with the current market conditions.
2. The combined **Medical and Rx Paid Claims were 4.09% below budget** through the first 10-months of the 2022 Fiscal Year. We are keeping a close eye on the paid claims and how they continue to evolve. Historically, the claims paid during the latter part of the Calendar Year tend to be a bit higher as annual deductibles and out-of-pocket maximums are met in the early months.



# 2022 Fiscal Year-to-Date Summary & Observations

3. Overall, the Greater Tompkins County Municipal Health Insurance Consortium is performing better than projected against the amended budget with two months remaining in the 2022 Fiscal Year. We will need to continue to monitor overall claim trends, especially as we add new municipalities and amend 2023 budget. We are hopeful that the positive claims trend will continue and allow the Consortium to maintain modest premium increases for future budget years, providing stability to municipalities budgets.
4. The results experienced by the Consortium as of October 31, 2022 support the Board of Director's decision to increase premium rates, by a modest 5%, for the current 2022 Fiscal Year. With careful planning and monitoring, it may allow for some additional premium relief to assist the Participating Municipalities during potential difficult financial times as COVID relief monies dry up.
5. It is important to monitor the impact of the new accounting for gains and losses on investments, and how that reporting impacts the actual vs. budget comparisons. The current impact of these transactions as of October 31, 2022, is a net loss of \$588,560.50.

# Greater Tompkins County Municipal Health Insurance Consortium Medical Loss Ratio (Paid Claims ÷ Premium)

