



Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590
www.healthconsortium.net • consortium@tompkins-co.org

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

RESOLUTION NO. 021–2019 - ADOPTION OF POLICY FOR DETERMINING DEPARTING MUNICIPALITY'S PRO RATA SHARE OF ASSETS

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

WHEREAS, Section P.4.of the MCA provides guidance for determining member equity where it states:

"The surplus or deficit shall include recognition and offset of any claims, expenses, assets and/or penalties incurred at the time of withdrawal, but not yet paid. Such pro rata share shall be based on the Participant's relative premium contribution to the Consortium as a percentage of the aggregate premium contributions to the Consortium during the period of participation. This percentage amount may then be applied to the surplus or deficit which existed on the date of the Participant's withdrawal from the Consortium. Any pro rata surplus amount due the Participant shall be paid to the Participant one year after the effective date of the withdrawal. Any pro rata deficit amount shall be billed to the Participant by the Consortium one year after the effective date of the withdrawal and shall be due and payable within thirty (30) days after the date of such bill."

, and

WHEREAS, the policy for which assets to include in calculating a member's equity or deficit has not been established and the Audit and Finance Committee has deliberated on this policy, and

WHEREAS, the Audit and Finance Committee has found that the Unrestricted Funds should be included in the members equity calculation; and that "Change in Unrestricted Funds" are tracked annually allocated by the member's aggregate premium contribution for that year; and the annual allocation of that year's Unrestricted Fund equity is added to all previous year's total (note this may not always be a positive number annually or tenure total), and

WHEREAS, the Audit and Finance Committee has found that the member's portion of the Surplus Reserve, which is also based on the member's aggregate premium contribution for that year should be included in the members equity calculation (note this will always be a positive number), and

WHEREAS, the Audit and Finance Committee has found that the Catastrophic Claims Reserve should not be included in the members equity calculation, because this reserve has been used to offset premiums which was a financial benefit to all members premium calculation, and

WHEREAS, the Audit and Finance Committee has found that the Rate Stabilization Reserve should be included in the members equity calculation, Changes in the Rate Stabilization Reserve are tracked annually allocated by the member's aggregate premium contribution for that year; and the annual allocation of that year's Rate Stabilization Reserve is added to all previous year's total (note this may not always be a positive number annually or tenure total), and

RESOLUTION NO. – 2019 - ADOPTION OF POLICY FOR DETERMINING DEPARTING MUNICIPALITY’S PRO RATA SHARE OF ASSETS

WHEREAS, the Audit and Finance Committee has found that the Incurred But Not Reported Reserve should not be included in the members equity calculation, because the departing member’s portion of this IBNR Reserve will be applied toward that member’s subscriber’s tail of claims expense, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby adopts the following policy for calculating a departing member’s equity:

Determination of a departing Member’s equity shall include the following:

1. Unrestricted Funds: “Change in Unrestricted Funds” are tracked annually allocated by the member’s aggregate premium contribution for that year; and the annual allocation of Unrestricted Fund equity is added to all previous year’s total (note this may not always be a positive number annually or tenure total)
2. Surplus Reserve: at the time of departure, that year’s Surplus Reserve is apportioned base on the member’s aggregate premium contribution for that year (note this will always be a positive number)
3. Rate Stabilization Reserve: Changes in Rate Stabilization Reserve are tracked annually allocated by the member’s aggregate premium contribution for that year; and the annual allocation of change in the Rate Stabilization Reserve is added to all previous year’s total (note this may not always be a positive number annually or tenure total).

* * * * *

STATE OF NEW YORK)
) ss:
COUNTY OF TOMPKINS)

I hereby certify that the foregoing is a true and correct transcript of a resolution adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors on August 22, 2019.



Michelle Cocco, Clerk of the GTCMHIC Board