



Municipalities building a  
stable insurance future.

125 East Court Street  
Ithaca, NY 14850  
607-274-5590  
INFO: [consortium@twcny.rr.com](mailto:consortium@twcny.rr.com)  
[www.tompkins-co.org/healthconsortium](http://www.tompkins-co.org/healthconsortium)

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**Board of Directors Meeting**  
**September 26, 2013 – 5:30 pm - Old Jail Conference Room**  
(free parking in County lots after 5:00 pm)

1. Call to Order
2. Approval of July 25, 2013 Minutes (**VOTE**) (5:30)
3. Changes to the Agenda
4. Reports from Steve Locey:
  - a. Financial Update (5:35)
  - b. Update on Affordable Care Act and Cadillac Tax
5. Chair's Report: (5:50) D. Barber
  - a. Update on New York State Department of Financial Services Audit Exit Meeting
  - b. Update/**RESOLUTION**: Private Advertising on Consortium Materials (VOTE)
  - c. **RESOLUTION**: Appointment of Rick Snyder, Treasurer (VOTE)
  - d. **RESOLUTION**: Charging Finance Committee with Approval for Payment of Subcontractor/Consultant Vouchers
    1. **MOTION TO**: Authorize Payment for Quickbooks Licenses
    2. **MOTION TO**: Approval of Bonadio Invoice
  - e. **MOTION TO**: Create Nominating Committee – 2014 Leadership
6. Report from the Finance Committee (6:10) D. Barber
  - a. **RESOLUTION**: Approve 2014 Budget
7. Proposal from Ad Hoc Committee on MCA Labor Rep Changes if Consortium Membership goes Beyond 17 (6:25) (**VOTE**) C. DeMarco/M. Sumner
8. Report from Committee on Organizational Structure (6:40) A. Fitzpatrick
  - a. **MOTION TO**: Approve Release of Request for Proposals – Consulting Services
  - b. Report on Executive Director Position
9. Report from Owning Your Own Health Committee (7:00) D. Barber
  - a. Discussion: Flu Clinic Billing
10. Report from Appeals Committee (7:10) A. Fitzpatrick

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**Consortium Members:**

County of Tompkins ~ City of Ithaca ~ City of Cortland ~ Town of Caroline ~ Town of Danby ~  
Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~ Town of Lansing ~  
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

Board of Directors Agenda  
September 26, 2013

- |   |                       |
|---|-----------------------|
| 11. Report from Joint Committee on Plan Structure and Design (7:15) | C. DeMarco/L. Shawley |
| 12. Report from the Audit Committee (7:20)                          | S. Thayer             |
| 13. Adjournment   |                       |

**Next Meeting: December 19, 2013**



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**Board of Directors**  
**July 25, 2013**  
**5:30 p.m.**

DRAFT 7/26/2013

**Scott Heyman Conference Room**

***Municipal Representatives: 7***

Don Barber, Chair; Herb Masser, Town of Enfield; Charles Rankin, Village of Groton; Judy Drake, Town of Ithaca; Anita Fitzpatrick, Tompkins County; Mack Cook, City of Cortland; Kathy Miller, Town of Lansing

***Voting Union Representatives: 1***

Chantalise DeMarco, CSEA President, Joint Committee on Plan Structure and Design Chair

***Excused: 3***

Rordan Hart, Village of Trumansburg; Steve Thayer City of Ithaca Elizabeth Karns, Village of Cayuga Heights; President, 2nd Labor Representative

***Absent: 6***

Laura Shawley, Town of Danby; Glenn Morey, Town of Groton; Charles Becker, Village of Dryden; George Apgar II, Ithaca Professional Fire Fighters Association; Lucia Tyler, Town of Ulysses; Mary Ann Sumner, Town of Dryden

***Others in attendance:***

Steve Locey, Locey & Cahill; Rick Snyder, Joe Mareane, Tomkins County Administrator; Tompkins County Finance Director; Rick Snyder, Tompkins County Finance Director; Sharon Dovi, TC3; Ashley Ahmadijpour, David, Schryver, Andrew Washburn, ProAct

**Call to Order**

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

**Approval of Minutes – May 23, 2013**

The minutes of May 23, 2013 were approved by consensus of members present.

**Changes to the Agenda**

A report from the Joint Committee on Plan Structure and Design was withdrawn from the agenda as the Committee did not meet in July.

**Financial Report from Locey and Cahill**

**Financial Update**

Mr. Locey referenced a financial report that was distributed prior to the meeting with results through June 30<sup>th</sup>. He reported the Consortium is in great financial shape; through June 30<sup>th</sup> the Consortium had collected a total of slightly over \$19 million in total revenue and has only expended \$14.5 million. The net income for the year was almost \$5 million, putting the

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ending balance at \$11 million. He said when all of the liabilities and reserves are accounted for the Consortium has an unencumbered balance of approximately \$6.5 million. He said because the City of Cortland and the Town of Lansing joined on January 1<sup>st</sup> it was anticipated there would be some extra growth but it was not anticipated at this level.

Mr. Locey said when the 2013 budget was adopted it was not done so with the City of Cortland and Town of Lansing included. Premium revenue is 15.9% ahead of budget and covered lives are up by 15.4%. He said it was expected that the Consortium would be above budget in claims as well but at this time it is 5% below budget on aggregate. In looking at the year-to-date numbers of actual vs. budget, income is approximately 22% above budget. This is because of premium income on the medical plan and Stop-Loss reimbursements. There has been a little over \$1 million in Stop Loss reimbursements that has come in in 2013, a lot of which were related to 2012 claims. On the expense side the Consortium is 5.4% below budget of which medical claims are 3.42% below budget and prescription drug claims are 11% below budget. There have been some time issues relative to the payment of administrative fees and some other fluctuations.

Mr. Locey called attention to a pie chart showing a distribution of 2013 expenses and stated paid claims represents 92.93% of the Consortium's total expenses. In terms of a loss ratio comparison for a large group health plan based on the Affordable Care Act he said a reasonable loss ratio is 85%; for a small employer it drops to 80%. This shows that the Consortium is only using approximately 7% which demonstrates the program is extremely efficient from a financial standpoint.

Ms. DeMarco asked how much Stop Loss can be expected to be next year. Mr. Locey said he put a request out to the current carrier for a preliminary quote and they have asked for additional information. He is anticipating a 20% increase in terms of the budget right now. One of the things they are looking at and have discussed with the Finance Committee is dedicating an additional portion of the cash assets to a reserve for catastrophic losses. As a result of this it may allow there to be an increase in the Stop Loss deductible to keep the premium down and provides the ability to use the excess funds to mitigate any large losses.

Mr. Locey said a look is being taken at the possibility for reimbursing all municipalities their full assessment that was initially paid in plus interest. He also provided a preliminary budget estimate for municipalities to use in budgeting of 8%.

#### Affordable Care Act (ACA)

Mr. Locey said the employer mandate under the ACA has been delayed until January 1, 2015 in terms of being exposed to penalty and some of the requirements of coverage. There was no delay in the Health Exchange provision and this will still need to be done by September. They are currently working on template letters that municipalities can distribute to employees as they will have to provide notice relative to this. The Health Exchanges are still scheduled to go into effect on January 1, 2014 with open enrollment beginning on October 1<sup>st</sup>.

Mr. Locey spoke of ACA taxes and fees and said in terms of the Consortium's budget this year the Consortium paid the Patient Centered Outcomes Institute Fee which was \$1 per covered life for 2013; next year it will be \$2 per covered life and will be built into the budget. The only other fee the Consortium will have to pay in 2014 is the Reinsurance Fee which is estimated to be \$5.25 per contract per month. This will be approximately \$12,000 each month at 2,300 contracts (\$144,000 annually).

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Mr. Locey encouraged employers to rely on Locey & Cahill, Excellus, and ProAct to assist with questions and issues relating to the ACA compliance. It was noted that because the small municipalities are part of the Consortium there are many fees they will not be subjected to.

#### Supreme Court Ruling Regarding the Defense of Marriage Act (DOMA)

Mr. Locey distributed a memorandum and said he will provide the document electronically. He said on June 26 the Supreme Court ruled that many of the provisions of DOMA were unconstitutional. The ruling raised questions in terms of the handling of same sex spouses by employers relative to health insurance. Historically, if you provided health insurance coverage as an employer to a same sex spouse you were supposed to on the employee's W-2 form put in the fair market value of the coverage to the same sex spouse and they were taxed on that. He said in going forward it looks like that is no longer the case; the only question is what they will do in going backwards about those people who did pay the tax and what the retrospective correction will be for that; however, the IRS (Internal Revenue Service) has not provided any guidance to date.

#### **Chair's Report**

##### Update on NYS Department of Financial Services Audit

Mr. Barber provided an update on the New York State Financial Services Department Audit and said information is being tracked and there are only a couple of outstanding items at this time. He said one thing that will come out of the audit is a need for the Consortium to create an appeals process. He asked the Appeals Committee to convene and make a recommendation on that process. Ms. Fitzpatrick agreed to call a meeting of this Committee.

##### Private Advertising on Consortium Materials

A revised proposed resolution was distributed. Mr. Barber provided a brief overview of the history of this issue and stated at the beginning of the year there were cards sent to members by ProAct that had the Kinney logo on the back and it was not clear to members what this was. There was confusion and a discussion about what the Consortium's relationship should be with the private sector with regard to advertising. Ms. Ahmadipour asked if moving forward whether the ProAct cards should go out with the Valuecard information on the back. Mr. Barber said the Consortium Board has not made a decision on this but he believes this is the preference of the County. Ms. Fitzpatrick concurred this is the County's preference; however, it was waiting until the issue was resolved by the Consortium or whether each municipality could make this decision for itself or whether it would be done on a Consortium-wide basis for uniformity.

Due to the lack of quorum action on the resolution was deferred to the September meeting.

Mr. Locey said although the concerns relating to marketing are understandable Locey & Cahill would like to see that whatever is decided on this issue that the ability of the vendors to send materials that may be beneficial to members out in a timely is not limited.

#### **Authorization to Pay Invoices – Bonadio Group, CDLM, and Hancock and Estabrook**

It was the consensus of members present to approve the payment of invoices as follows:

Bonadio Group – \$4,500  
Ciaschi – Dietershagen – Little – Mickelson, LLP - \$4,000 and \$2,810  
Hancock and Estabrook - \$220

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Mr. Barber asked that Mr. Locey forward the response from Hancock and Estabrook with regard to the Executive Director position to the full Board.

#### **Report on Quickbooks Transition and Billing Conversion**

Mr. Squires said the Finance Office is ready for the Bonadio Group to upload the information into the software that was acquired. He also reported the person in the Finance Office who had performed the accounting functions has left the position and a new employee who has experience with Quickbooks has assumed the duties. The bills have gone out for August premiums and the September bills will be sent out next week. He noted the invoices are based upon the prior month's census.

#### **Report from Ad Hoc Committee on Municipal Cooperative Agreement Language Relating to Labor Representation**

Ms. DeMarco said two of the three members are in agreement with the proposal to increase labor representation on the Board of Directors by one (1) union representative each time the Consortium membership increases by five (5) members after reaching 17. The Board will be presented with a proposal at the September meeting.

#### **Report from Owning Your Own Health (OYOH) Committee**

Mr. Barber reported the Committee has met twice since the last Board of Directors meeting. During those meetings the Committee reviewed areas that resulted in large losses and one area that was surprisingly high was back issues. There is a small committee that was formed that will be working with Worker's Compensation carriers to see what can be brought in to educate the workforce and the Consortium. He said it was also suggested and agreed that the leadership of the Consortium should be following its own recommendations and led members in stretching and offered a few exercises in improving back posture during meetings.

Mr. Cook commented that the OYOH meeting was very informative and noted that Excellus has suggested an approach that instead of tying an injury to an occupation, that it be tied to the impact an injury could have on a recreational activity such as fishing, hunting, or golf. This may be an out-of-the box way of addressing wellness and Excellus will be creating informational brochures.

The information distributed will be posted on the Consortium's website.

Ms. Ahmadipour said ProAct offers flu shot clinics for employer groups within the Consortium at a reduced cost than if employees were to receive shots through their medical plan. She also stated in the six-month reporting package ProAct has a report that will show the top 25 most utilized drugs which will help the Consortium understand what members are not only diagnosed with but how those conditions are being treated. Mr. Barber asked that she provide this information to Mr. Locey for presentation to the Joint Committee on Plan Structure and Design and also to Ms. Pottorff.

#### **Report from the Audit Committee**

Mr. Drake, Member, reported on behalf of Mr. Thayer and stated Committee members have familiarized themselves with the accounting practices, auditing practices and financial reporting requirements for the Consortium. They have been reviewing the quarterly financial reports and look forward to reviewing the State Audit report once it is received by the Consortium. They are also looking at developing an Request for Proposals for the audit and

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analysis of medial and prescription drug claims approved by Excellus and Medco/ProAct. They are also in the process of establishing a Privacy and Security program/policy for the Consortium and will bring them to the Board for approval.

### **Report from the Finance Committee**

Mr. Barber said one of the reasons the Consortium is in a strong financial position this year is because of Stop Loss reimbursements. Last year the Consortium paid low Stop Loss premiums. Due to several large loss claims in 2012, this year's Stop Loss premiums were higher. However, the Consortium has received reimbursement for most of those claims in 2013. He said it is important to remember that large loss claims cannot be managed and noted this year's large loss claims have been very low. Mr. Locey said one of the benefits of a Consortium is that the large losses are spread over a much larger pool. Mr. Barber said the Consortium has received slightly over \$1 million in Stop Loss reimbursement this year and the Capitalization amount that needs to be paid back to municipalities is approximately \$1.5 million. He said the Finance Committee is considering using these one-time Stop Loss reimbursements as the principal source of funds to reimburse members their Capitalization. He said the Finance Committee also discussed next year's premium rate increase. The trends show the ability of the Consortium to consider an 8% Premium Equivalent Rate or lower while insuring there are enough reserves in place. The Finance Committee is considering establishing a large loss reserve that would help mitigate situations like last year when there were a number of large losses. He said more information will be provided as the budget evolves and asked that members think about this.

Mr. Locey said it is not recommended that there be large fluctuations from year-to-year in the rate and said although the Consortium could go lower in a rate in one year that is not recommended if it could expose future years to large increases.

Mr. Cook said yesterday the Government Finance Association Office released a White Paper on reserves and methodology for establishing reserves in a municipal setting and stated he will provide members with a copy of this.

### **Report from Appeals Committee**

Mr. Locey said there is an appeals procedure in the Insurance Certificate that was approved by the State. He said the Consortium needs to adopt an appeals procedure and then put a structure in place for if an when there is an appeal. Ms. Fitzpatrick, Chair of the Appeals Committee, will schedule a meeting.

### **Report from the Organization Committee**

Ms. Fitzpatrick, Chair, will be scheduling an initial meeting of this Committee.

### **Adjournment**

On motion the meeting adjourned at 7:12 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk



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**RESOLUTION NO. - ESTABLISHMENT OF POLICY FOR PRIVATE ADVERTISING  
ON CONSORTIUM MATERIALS**

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) is a consortium of public entities that contracts with private entities such as Third Party Administrators and consultants for technical services, and

WHEREAS, contracting firms are not restricted by the GTCMHIC from autonomous decisions, actions, and communications with enrollees and GTCMHIC members, now therefore be it

RESOLVED, That the Board of Directors of the GTCMHIC establishes the Private Advertising on Consortium Materials Policy to be that all communications with enrollees must state who they are, the relationship to the GTCMHIC, the purpose of this particular piece of communication, and the necessary content to accomplish the stated purpose,

RESOLVED, further, That if contracting firms want to send information to enrollees it must first be approved by a majority of the Executive Committee of the GTCMHIC prior to its release,

RESOLVED, further, That this policy is not intended to delay the distribution of materials from vendors to members that may be informative and beneficial in nature.





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**RESOLUTION NO.                    -    APPOINTMENT OF TREASURER - 2013**

RESOLVED, That the Board of Directors hereby appoints Richard Snyder, Tompkins County Director of Finance, to replace David Squires as the Consortium Treasurer for the remainder of 2013.

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**RESOLUTION NO. 2013 - CHARGING FINANCE COMMITTEE WITH APPROVING  
SUBCONTRACTOR/CONSULTANT VOUCHERS**

WHEREAS, the Consortium receives invoices from subcontractors periodically for services rendered that were approved outside the budget process, and

WHEREAS, approval of invoices by the Board of Directors creates a lag in payment due to the bi-monthly meeting schedule, now therefore be it

RESOLVED, That the Finance Committee is hereby charged with approving subcontractor/consultant vouchers.

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Town of Danby ~ Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~  
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**RESOLUTION NO. - ADOPTION OF 2014 BUDGET**

WHEREAS, the proposed 2014 budget was presented by the Consultant and unanimously recommended by the Finance Committee at the August 20, 2013 meeting for submission to the Board for its review, and

WHEREAS, notable items included in the proposed budget are the following:

- 8% increase in the Premium Equivalent Rate;
- Payback of the Capitalization Reserve in its entirety; and
- Establish a Catastrophic Reserve Fund at 2%

Now therefore be it

RESOLVED, That the 2014 budget for the Greater Tompkins County Municipal Health Insurance Consortium is hereby approved.

\* \* \* \* \*

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. If the number of municipal members on the Consortium rises to twenty-three (23), 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. Thereafter, for every five (5) additional municipal members added to the Consortium (i.e., 28, 33, 38, 43, 48, etc), 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.

*Item # 7  
packet pg. 12*