

Greater Tompkins County Municipal Health Insurance Consortium  
**Audit and Finance Committee**  
October 27, 2015  
2:30 p.m.  
Old Jail Conference Room

1. Call to Order (2:30) Thayer
2. Approve Minutes of September 22, 2015 Meeting (2:32)
3. Executive Director's Report (2:35) Barber
  - a. Other municipal interest
  - b. Meeting with Large Employers on Metal Level Plans
4. Financial Update 2015 (2:55) Locey
  - a. Report on Aggregate Stop Loss Waiver
5. Update on Medical and Prescription Drug Audits Recommendations (3:15) Locey
6. Next Agenda Items (3:25)
7. Adjournment (3:30)

*Next meeting: November 24, 2015 – 2:30 p.m.*

**Minutes – draft  
Audit and Finance Committee  
September 22, 2015  
2:30 p.m.  
Old Jail Conference Room**

Present: Steve Thayer, Kathy Miller, Mack Cook, Chuck Rankin, Phil Vanwormer, Laura Shawley (arrived at 2:40 p.m.)

Absent: Peter Salton

Guests: Rick Snyder, Steve Locey

**Call to Order**

Mr. Thayer called the meeting to order at 2:35 p.m.

**Approval of Minutes of August 25, 2015**

It was MOVED by Ms. Miller, seconded by Mr. Cook, and unanimously adopted by voice vote by members present, to approve the minutes of August 25, 2015 as corrected. MINUTES APPROVED.

**Executive Director's Report**

Mr. Thayer provided a report on behalf of Mr. Barber who was unable to attend.

The Town of Virgil has presented necessary documentation for the Consortium's consideration of their membership. Mr. Barber and Mr. Locey have met with the Town of Newfield a couple of times. They are still working through the process of employee acceptance of a change in provider. There are differences in deductible and out-of-pocket and co-pays that take some time to understand. The Town of Truxton has not met with us yet, but has expressed strong interest. Mr. Barber has made them aware that timeline is getting shorter for a January 1, 2016 start. The Town of Cortlandville has pulled back. They have changed benefit plans several times in recent years and have decided to allow some time before considering another change.

Mrs. Shawley arrived at this time.

**RESOLUTION NO. - ACCEPTANCE OF APPLICATION BY THE TOWN OF VIRGIL TO  
BECOME A PARTICIPANT IN THE GREATER TOMPKINS  
COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

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

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Virgil has submitted an official resolution authorizing the Town of Virgil to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Virgil has complied with membership process outlined in Resolution No. 005 of 2012 and amended by Resolution No. 027 of 2014 and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, That the Greater Tompkins County Municipal Health Insurance Consortium, accepts and welcomes the Town of Virgil as the 18th municipal participant, with health insurance coverage beginning January 1, 2016,

RESOLVED, further, That the Board of Directors waives the requirement of payment of 5% of premium to the Surplus Reserve Account,

RESOLVED, further, That the Board of Directors determines that the terms of assessing the prorata share of any surplus or deficit to the applicant shall at the time the applicant leaves the Consortium or upon dissolution of the Consortium shall be based on their share of any deficit or being paid their share of any surplus that was generated during their years of participation. The Board of Directors would identify the surplus or deficit which exists on the date of entry and again on the date of withdrawal or dissolution and bill or pay the applicant accordingly.

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Mr. Thayer continued Mr. Barber's report and said he presented at the Fall NYSAC (New York State Association of Counties) conference on the Consortium. Cayuga County has expressed interesting in learning more and will most likely have a presence at Thursday's Board meeting. He and Mr. Locey are in regular communication with the Department of Financial Services about the waiver application for aggregate stop-loss. Mr. Locey explained that the Department of Financial Services has asked that information containing five-year projections submitted by the Consortium be transferred into the State's forms; however, their forms do not go to 2019. They had to recreate the forms and are close to finishing that work and will submit to the State.

Mr. Barber reported the Joint Committee on Plan Structure and Design adopted a resolution recommending adding Gold and Silver benefit plans to Consortium list of offerings and the Owning Your Own Health Committee is bringing forward Excellus Blue4U bio-metric screening and coaching as the wellness component for all metal level plans. (this is the same benefit, Homer and Willet had this before they joined the Consortium.

Mr. Barber is looking for input on the Mission and Vision statement.

**Financial Update**

Mr. Locey reported he received the Blue Cross Blue Shield renewal today and pointed out in terms of the Admin Fee the Consortium has an agreement that is in effect for two more years with Excellus. Originally, the 3-year agreement included an increase for 2015 of 2.5% and 3% for 2016 and 2017. The security requirement they have built into the renewal is slightly over \$2.9 million which is their estimate of the Incurred But Not Reported claim liability. Last year it was \$3.154 million; this is indicative of the Consortium having a much better year with claims.

Mr. Locey said Excellus currently has \$527,500 on-hand at Excellus; they are requiring \$481,600 for next year. The Consortium could either request to be paid the surplus or it could

be left there in case it is needed next year. After a brief discussion there was no objection in leaving the excess cash deposit amount at Excellus.

Mr. Locey said he sent members an updated financial report through August 31<sup>st</sup> and provided copies. The revised document reflects a payment for the NYS Graduate Medical Expense in the amount of \$19,764. Another change that will need to be made is moving the amount of \$24,377.76 from Internal Coordination Support to Internal Coordination Finance.

Mr. Locey reviewed the budgeted versus actual results year-to-date and said premium income is within .68% of budget. He reviewed revenues and stated total revenues are within \$9,500 of budget. When looking at claims there is a huge disparity between the amount budgeted and the paid claims year-to-date. There was \$16.7 million budgeted for medical claims and to date there has been \$13.4 million spent; this is 19.79% below budget. Prescription drug claims are 3 ½% below budget; \$5.33 million was budgeted and actual claims are \$5.14 million. Mr. Locey said overall total expenses are \$3.8 million below budget. He noted he will be working on the reporting of fees to make sure things are categorized the way they should be although they represent less than 1% of the budget. He reviewed distribution of expenses and noted that approximately 93% is going to pay claims, leaving only 7% to pay for all other expenses.

#### 2016 Budget

Mr. Locey presented the model for the 2016 and reviewed the assumptions contained in the budget:

1. Premium revenue increased by 3% in 2016, 4% in 2017, 5% in 2018 and 2019
2. Interest income – last two years average
3. Prescription drug rebates - \$250,000
4. Paid claims trend – 8.85%
5. Administrative fees per agreement with Excellus BCBS then increased by 3% per annum
6. NYS Graduate Medical Expense increased by 5%
7. Specific Stop Loss Insurance increased by 20%
8. Aggregate Stop Loss Insurance increased by 5%
9. Surety Bond Fee/Loan Interest estimated at 4% of principle balance
10. All other fees increased by 3%
11. Beginning balance and ending balance includes advance deposit held at Excellus BCBS as a pre-payment of claims (\$527,500 as of 8-31-2015)

Mr. Locey distributed a draft memo on the budget recommendation that he will share with the Board of Directors at its September 24 meeting.

Mr. Cook spoke of the value of having stable rates and how fortunate members of the Consortium are that its members have not had to raise taxes because of rising health insurance costs. He said he supports 3% this year but questioned whether it would be better to approve a slightly higher increase to hold the rates down a little longer. Mr. Locey said the proposed budget contains a very conservative paid claims trend and although there are no guarantees he believes there won't be a rate increase higher than what is being shown in the next few years.

Other members spoke in support of the proposed rates and how well the Consortium is doing in comparison to the private sector. Ms. Miller questioned whether more people are availing themselves of preventative services since they are now covered in full. Mr. Locey said

they are looking at that as well as whether the Clinical Integration Program at Cayuga Medical Center is having an impact. At this point they have nothing to show a specific reason why claim costs are so low other than there has not been any large losses but they will continue to look at it. He noted that the utilization of members that have joined and have the metal level plans is less than the rest of the group.

**RESOLUTION NO. - 2015 - ADOPTION OF 2016 BUDGET**

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

WHEREAS, the proposed 2016 budget was presented by the Consultant and was unanimously recommended by the Audit and Finance Committee at the September 22, 2015 meeting for submission to the Board for its review, and

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

- Premium increase of 34% over 2015 rates
- Central NY paid claims trends continues at 8.85% increase, but group trend is lower allowing fund balance to be used to produce a rate change much lower than wider claims trend
- IBNR (Incurred But Not Reported) and Rate Stabilization Reserve funds are increased by 8.85% and Statutory required Surplus account is increased by 3%

now therefore be it

RESOLVED, That the attached 2016 budget and premium equivalent rates for the Greater Tompkins County Municipal Health Insurance Consortium is hereby approved.

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**RESOLUTION NO. 2015 - ADOPTION OF THE "GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM STANDARD GOLD PLAN" AND "GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM STANDARD SILVER PLAN" FOR INCLUSION IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM'S AVAILABLE BENEFIT PLAN MENU EFFECTIVE JANUARY 1, 2016**

MOVED by Mrs. Shawley, seconded by Mr. Vanwormer, and unanimously adopted by voice vote by members present. It was noted there was one no vote at the Joint Committee on Plan Structure and Design.

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 Gold and Silver Plan" which

is consistent with and meets the standards for Gold and Silver level benefit plans as defined by the Patient Protection and Affordable Care Act, and

WHEREAS the “Greater Tompkins County Municipal Health Insurance Consortium Standard Gold 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 80%, and

WHEREAS the “Greater Tompkins County Municipal Health Insurance Consortium Standard Silver 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 70%, and

WHEREAS, the Joint Committee on Plan Structure and Design has reviewed the details of the “GTCMHIC Standard Gold and Silver Plans”, 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, on recommendation of the Joint Committee on Plan Structure and Design and the Audit and Finance Committee, That the Greater Tompkins County Municipal Health Insurance Consortium adopts the “Greater Tompkins County Municipal Health Insurance Consortium Standard Gold Plan” and “Greater Tompkins County Municipal Health Insurance Consortium Standard Silver Plan” for inclusion in the Greater Tompkins County Municipal Health Insurance Consortium’s available benefit plan menu to be effective January 1, 2016,

RESOLVED, further, the Consortium Joint Committee on Plan Structure and Design and the Audit and Finance Committee 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 Joint Committee on Plan Structure and Design recommends 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 80% within an acceptable deviation of + or – 2% for the Standard Gold Plan and Actuarial Value will be equal to or greater than 70% within an acceptable deviation of + or – 2% for the Standard Silver Plan.

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**Prescription Drug and Medical Claims Audit Update**

Mr. Locey provided an update on the prescription drug audit and said the contract was negotiated from \$35,000 down to \$30,000 that will include travel expenses. That contract has been signed and work will be starting soon. He also reported with regard to the medical claims audit and said they are working through the recommendations and should complete the process in the next couple of weeks. These audits will be done every two years with the medical claims audit in the even years and the prescription drug audit in the odd years.

**Next Agenda**

Items for the next agenda include an update on the medical claims audit, a financial update, and a report on the Aggregate Stop Loss waiver request.

**Adjournment**

The meeting adjourned at 3:27 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk