



Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590
www.tompkinscountyny.gov/hconsortium • consortium@tompkins-co.org

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

Board of Directors Meeting

August 22, 2019 – 6:00 p.m. – TC3 Sprole Conference Room

170 North Street, Dryden, NY

1. Call to Order
2. Approval of June 27, 2019 Minutes (**VOTE**) (6:00)
3. Changes to the Agenda
4. Chair's Report: (6:05) J. Drake
5. Report from Executive Committee (6:10) J. Drake
 - a. **Resolution:** Ratification of Provisional Appointment of Administrative/Computer Assistant
 - b. **Resolution:** Ratification of Appointments to the Consortium's Operations Committee
6. Executive Director's Report (6:20) E. Dowd
 - a. Presentation by Geoffrey Switts – CSEA Dental and Vision Benefits
7. Financial Report (6:40) S. Locey
 - a. 2019 YTD Financial Update
 - b. Presentation of 2020 Preliminary Budget
9. Report from Governance Structure Committee (7:10) C. Rankin
8. Report from Audit and Finance Committee (7:15) M. Cook
 - a. **Resolution:** Adoption of Policy for Determining Departing Municipality's Pro Rata Share of Assets
 - b. **Reconsideration of Resolution:** Adoption of Policy to Comply with section A.3 of the Municipal Cooperative Agreement
11. Report from Joint Committee (7:30) O. Hershey
12. Report from Owning Your Own Health Committee (7:35) K. Servoss
13. New Business (7:40)
14. Adjournment (7:45)

Next Meeting: September 26, 2019
(Adopt Budget and Set Premium Rates)



Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590
www.tompkinscountyny.gov/hconsortium • consortium@tompkins-co.org

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

Board of Directors June 27, 2019 – 6:00 p.m. **Draft** Tompkins County Legislature Chambers

Municipal Representatives: 21

Steve Thayer, City of Ithaca
Mack Cook, City of Cortland
Judy Chapelsky, Seneca County
Sarah Thomas, Tompkins County
Alex Patterson, Town of Aurelius
Ed Fairbrother, Town of Big Flats
Jim Doring, Town of Preble
Tom Brown, Town of Truxton (arrived at 6:32 p.m.)
Nancy Zahler, Town of Ulysses
Eric Snow, Town of Virgil
Peter Salton, Village of Cayuga Heights

Laura Shawley, Town of Danby
Don Scheffler, Town of Groton
Judy Drake, Town of Ithaca
Charmagne Rungay, Town of Lansing
Richard Nielens, Town of Mentz
Terrance Baxter, Town of Moravia (excused at 7:48 p.m.)
Michael Murphy, Village of Dryden
Nancy Niswender, Village of Groton
Kristen Case, Village of Homer
Rordan Hart, Village of Trumansburg

Labor Representatives: 2

Olivia Hersey, 1st Labor Representative and Joint Comm. on Plan Structure & Design
Zack Nelson, 3rd Labor Representative

Excused: 19

John Fracchia, Town of Caroline
Kathrin Servoss, Town of Dryden
Ann Rider, Town of Enfield
Kevin Williams, Town of Homer
Tom Adams, Town of Marathon
John Malenick, Town of Montezuma
Christine Laughlin, Town of Newfield
Joan Jayne, Town of Niles
Edward Wagner, Town of Owasco
Gary Mutchler, Town of Scipio
Carol Sosnowski 6th Labor Representative

David Schenck, Town of Springport
Alvin Doty, Town of Willet
Miles McCarty, Village of Freeville
Donna Dawson, Village of Horseheads
Ronny Hardaway, Village of Lansing
Bud Shattuck, Village of Union Springs
Jim Bower, 2nd Labor Representative
Doug Perine, 4th Labor Representative
Tim Farrell, 5th Labor Representative

Absent: 3

Luann King, Town of Cincinnatus

Peter Adams, Town of Sennett

Others in attendance:

Elin Dowd, Executive Director
Rick Snyder, Treasurer

Don Barber, Consultant
Beth Miller, Excellus

Call to Order

Ms. Drake, Chair, called the meeting to order at 6:12 p.m.

Chair's Report

Ms. Drake reminded those who are a Delegate or Alternate Director who have not yet signed an acknowledgement of receiving and reviewing the Consortium's Code of Ethics/Conflict of Interest form to do so.

Ms. Drake said as the Consortium has grown the work of the Audit and Finance Committee has also experienced a significant increase to its workload and many items coming to that Committee are operational in nature. To address this a resolution will be presented later in the meeting to create an Operations Committee with 7-9 members that will handle those types of items. Examples of things that Committee will be undertaking include Cyber Security, the Code of Ethics, policies and procedures that need to be established from a staffing standpoint, and other policies and processes that need to be established related to the Consortium's operations. Ms. Drake said she will be asking the Board to allow the Executive Committee to appoint members to that Committee on an interim basis until the Board meets next and can ratify those appointments.

Executive Director's Report

Ms. Dowd began her report with recognizing Michelle Berry, the Consortium's Wellness Consultant. She said Ms. Berry was a pioneer as the Consortium's first Wellness Consultant as she was tasked with designing and delivering a wellness program for members. Ms. Dowd said Ms. Berry's contract expires at the end of June and she has declined to renew her contract. She said she wanted to recognize the work she did over the last year in helping to roll-out several programs, increased experience and participation in both flu clinic and Blue4U activity, as well as meeting with several local municipalities and learning more about their unique situation. Ms. Berry has worked with wellness champions and continuously emphasizes the link between controlling health care costs and healthy living and lifestyle choices.

Ms. Dowd reported on the Owning Your Own Health Committee on behalf of Ms. Servoss, Chair, and said the Committee will be looking at how to handle wellness moving forward. The Committee will have a strategic planning meeting in July to discuss which area of wellness need our attention. Ms. Dowd referenced the ProAct and Excellus utilization reports and said the Committee will be looking at how to glean information from those reports and put together a campaign that will help address some of the high claims areas and direct people to more cost effective way to secure health care benefits.

Ms. Dowd reported the Annual Report has been completed and was included in the June Newsletter and also presented at the educational retreat. The report highlights the strength of the Consortium and that 2018 continued to be a very positive year with positive net growth. The educational retreat was held last month and a lot of information was presented on how to control health care costs. She said she will be reaching out to Directors as she will be making efforts to increase participation and how to deliver information that is valuable to Directors and useful to subscribers. Ms. Dowd said the medical claims audit is coming to a close and there is a resolution on this evening's agenda that will initiate the prescription drug claims audit. She reported JURATs for both the annual 2018 and first-quarter 2019 were filed with the Department of Financial Services.

Ms. Dowd reported on an operations audit that was conducted by the Segal Group and said there were a lot of recommendations that will likely be discussed at the Operations

Committee. Lastly, she reported Mr. Barber continues to work with the Consortium and one area he has been focused on is working with prospective new members.

Financial Report

Mr. Locey reviewed financial results through May 31st. With regard to budget vs. actual results there was an 18% increase in total covered lives which was attributed to the nine municipalities that joined the Consortium in 2019. Premium increased by 5%, however, at this time this is about 2% below budget. The reasons for this is due to there being a movement of a large population from older-style and PPO plans into the Platinum Plan at the County level. Although this reduces the premium revenue there is also a reduction of benefit which also produces a decrease in claims. Medical claims are approximately 5.7% below budget and prescription drug claims are 10.5% below budget. In addition, there is a significant increase in the amount of interest earned due to the Consortium's investment strategy. Up to this point the Consortium has earned approximately \$20,000 annually in interest; as of May 31st the Consortium has earned \$159,000 and by year-end revenue from interest income should reach close to \$400,000. Mr. Locey said at the end of the first five months the Consortium is showing a net income of \$1.15 million; he noted this compares to an expected "break-even" budget at this point.

Mr. Locey spoke of premium rates for 2020 and said it is still too early to predict as there is only 2-3 months of mature data from the new municipalities. He said based on the results he does not expect to exceed a rate increase of 7%; budget can begin to be developed after more data becomes available further into the year.

Mr. Brown arrived at this time. (Quorum was reached at this time)

Mr. Locey called attention to the Expense Distribution Chart and stated currently 93.6% of all of the money that is paid out of the Consortium directly goes to pay the benefits of members. He said under the Affordable Care Act in order for large group health plan to be considered an efficient program from a financial perspective, 85% of the premium has to be used to pay for benefits and 15% can be used for all other expenses. The Consortium is using less than 6.4% for everything beyond medical claims and this means its operations are extremely efficient.

Ms. Zahler questioned why more of the Unencumbered Fund Balance isn't being used to lower premium rates. Mr. Locey said this has been a topic of discussion by the Audit and Finance Committee. He said there needs to be enough to cover the reserve accounts of which two are statutory (IBNR and Capital Surplus Reserve). The Rate Stabilization Reserve, Catastrophic Claims Reserve, and the Unencumbered Fund Balance are at the discretion of the Board of Directors. He said over the last couple of years there have been attempts to keep a "break even" budget" which would require use of some fund balance to replenish reserves because as claims go up the reserve amounts go up.

Mr. Locey said use of the Fund Balance needs to be done carefully because if too much is used in a year it can cause big problems in the next year. The goal from the beginning in terms of fund balance and rate increase was to try to keep the rate increase as low, reasonable, and steady as possible. He said the Audit and Finance Committee is looking at this as it is very high at the present time. More information will be available when a recommendation comes forward about premium rate for 2020.

Report from the Governance Structure Committee

Mr. Rankin, Chair, reported the Committee met five times since January and thanked members for their input. He said when the Consortium started there were 13 municipalities and two labor representatives on the Board of Directors and has grown to a Board of 45 Directors and the Consortium is at a point where it needs a different governance body in order to function well that still complies with Article 47. The Consortium's Attorney attended the last meeting and had only minor suggestions to the proposal to expand the Executive Committee to an 11-13 member Executive Committee that will be comprised of the Consortium's Officers, Chairs of Committees, and at-large members and would meet at least four times per year.

Ms. Drake called attention to the agenda packet containing a draft set of bylaws and sections of the Municipal Cooperative Agreement that addresses participation and the Executive Committee. She said the Committee looked at examples from other organizations and how the Bylaws were initially drafted but noted they would be adopted by Board resolution and would not need to go out for approval to each municipality. She said one question posed to Mr. Powers was whether the Board could have a different quorum requirement and he responded there would still need to be a representative from each member municipality. She said there are still functions that the Board of Directors would have to meet and vote on therefore, there would still need to be one annual meeting to take action on things such as the budget, benefit plan changes, officer positions, and setting premium rates. She said this information is being brought forward to allow Directors time to make comments prior to the next meeting. Also distributed was a draft organization chart based on the proposed structure.

In response to questions Ms. Drake said the structure will require Directors who are not on a committee to actively read minutes and follow the website. She also hopes more Directors, particularly those from labor will become more involved in the committees and at the annual meeting. It was noted that the Chair of the Joint Committee on Plan Structure and Design would be from labor and would be voted on by the Joint Committee and not the Board of Directors.

Ms. Drake asked Directors to review information and to bring any questions or comments forward to Mr. Rankin or Ms. Dowd. The goal is to have this work completed in time to begin the review of the MCA.

Ms. Drake said the Governance Structure Committee has had several discussions that often involved Article 47 and the MCA and to start the process of the required MCA review over with a new committee would not make sense. Members of the Governance Structure Committee have agreed to continue and take on the responsibility of the MCA review as many of those revisions have been discussed and will continue to be discussed in addition to recommendations that have been made by the Department of Financial Services. She explained the review process and said at the annual meeting in September a statement will be made that the MCA will be sent to municipalities for review along with a request for comments. Once a final draft of the new MCA is ready it will be brought back to the Board along with a report that it is ready to be sent to municipalities for review by their attorney and approval. The goal is to have a new MCA presented to the Board at its September 2020 meeting that will allow the move to the new governance structure.

**RESOLUTION NO. 008-2019 – CHARGING GOVERNANCE STRUCTURE COMMITTEE
WITH THE 2020 MUNICIPAL COOPERATIVE
AGREEMENT REVIEW**

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

Board of Directors
June 27, 2019

WHEREAS, the Board of Directors by Resolution No. 28 of 2018 re-established and charged the Consortium's Governance Structure Review Committee with developing an alternative governance model for the GTCMHIC, and

WHEREAS, a thorough, regular and meticulous review of the MCA is codified in our MCA Section Q.2. and as such "the continuation of the Consortium under the terms and conditions of the Municipal Cooperative Agreement - 2015 Amendment Page 13 Agreement, or any amendments or restatements thereto, shall be subject to Board review on the fifth (5th) anniversary of the Effective Date and on each fifth (5th) anniversary date thereafter (each a "Review Date")", and

WHEREAS, during the development of By-laws for an alternative governance model the Committee engaged in several discussions of areas within the Consortium's Municipal Cooperative Agreement that would need adjustment to align with the new governance structure, and

WHEREAS, it would be practical to allow the Governance Structure Committee to assume responsibility for 2020 review of the Municipal Cooperative Agreement, now therefore be it

RESOLVED, on recommendation of the Executive Committee, That the Board of Directors hereby charges the Governance Structure Committee with reviewing and bringing forth a recommendation for appropriate edits to the MCA as outlined in Section Q.2 of the GTCMHIC Municipal Cooperative Agreement.

* * * * *

RESOLUTION NO.009-2019 – CREATION OF OPERATIONS COMMITTEE AS STANDING COMMITTEE OF GTCMHIC

MOVED by Ms. Hersey, seconded by Mr. Snow, and unanimously adopted by voice vote by members present.

WHEREAS, the Board of Directors of the GTCMHIC has created the Audit and Finance Committee as a standing committee of the Board of Directors to assist the Executive Committee and the Board of Directors in its oversight of: the integrity of the financial statements of the Consortium; the Consortium's compliance with legal and regulatory requirements; and the independence, qualifications, and performance of the Consortium's independent auditors (Auditors); all financial aspects of the Consortium, including review of: annual budgets; periodic review of financial results; evaluation of transactions that are material to the organization's business; review of business and risk insurance policies, and actuarial studies to determine premium levels; and review and approval of investments and investment plans; enterprise risk management and compliance assessment and review; and oversight of all audits, internal and external, of Consortium operations, and

WHEREAS, due to significant increase in Consortium operations activity, the Audit and Finance Committee, in addition to their fiscal responsibilities, became the default standing committee for oversight of operations issues, and

WHEREAS, this extra burden has caused the Audit and Finance Committee to either not address or not be able to adequately address issues of its assigned responsibility, and

WHEREAS, the Executive Committee wants to eliminate the additional operational burden from the Audit and Finance Committee and create the Operations Committee with oversight of Consortium operations, and the overall well-being of the organization.

Board of Directors
June 27, 2019

WHEREAS, creating an Operations standing committee, provides another opportunity for a larger percentage of our growing number of Directors to become engaged in a more detailed manner in Consortium governance, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That the Board of Directors immediately establishes The Operations Committee with responsibility for the oversight of Consortium operations and the overall well-being of the organization. The Operations Committee may recommend changes that will improve the efficiencies of the organization to practices, policies, procedures and organizational structure including personnel and staffing needs.

* * * * *

**MOTION NO. 001-2019 - AUTHORIZATION TO THE EXECUTIVE COMMITTEE TO
APPOINT MEMBERS TO THE OPERATIONS COMMITTEE ON AN
INTERIM BASIS WITH APPOINTMENTS TO BE RATIFIED AT THE
AUGUST 22, 2019 BOARD OF DIRECTORS MEETING**

Moved BY Mr. Doring, seconded by Ms. Zahler, and unanimously adopted by voice vote by members present.

* * * * *

**RESOLUTION NO. 010-2019 – APPROVAL OF CONTRACT FOR CONSULTING SERVICES
– DONALD L. BARBER**

MOVED by Mr. Murphy, seconded by Mr. Neilens, and unanimously adopted by voice vote by members present.

WHEREAS, it was determined in 2013 that based on the increased responsibilities placed on the Consortium by the State and Federal governments, the Affordable Care Act, and the managing of an increased number of contracts it was in the Consortium's best interest to contract for services of an Executive Director, and

WHEREAS, following the issuance of a request for proposals in 2014 seeking contractors who could fulfil the responsibilities of Executive Director a contract was entered into with Donald L. Barber in 2014 and extended in 2016 and 2018, and

WHEREAS, in 2018 the Consortium entered into a process to hire its first full-time Executive Director, Elin Dowd, who began employment on April 15, 2019, and

WHEREAS, the Executive Committee believes Mr. Barber can continue to provide valuable and important services to the Consortium and wishes to retain Mr. Barber as a Consultant, providing the following services under his contract and any others as the Executive Director may, from time-to-time, deem necessary, including:

- A. Providing historical information of the operations, vision, operations strategy, and member/associates relations.
- B. Assuming responsibility for specific projects as delegated by the Executive Director.
- C. Serving as primary interface with municipal corporations that seek information and process guidance for joining the Consortium.
- D. Attending Board and Committee meetings as directed by the Executive Director.
- E. In concert with the Executive Director providing useful and timely information to Board members, employees, retirees, and other interested parties
- F. Assisting with the preparation of the Consortium's annual operating budget.

Board of Directors
June 27, 2019

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That a contract for Consulting Services with Donald L. Barber be approved through December 31, 2020 under the terms and conditions in the recommended contract.

RESOLVED, further, That the Board of Directors hereby authorizes the Chair of the Board sign a contract with Donald Barber for Consulting Services.

**RESOLUTION NO. 011-2019 – CREATION OF POSITIONS: CLERK OF THE GTCMHIC
BOARD OF DIRECTORS AND ADMINISTRATIVE/
COMPUTER ASSISTANT**

Ms. Drake said the Executive Committee has spent a lot of time discussing staffing needs for the Consortium and spoke of the challenges that have arisen as a result of the Consortium's continued growth. In consultation with Tompkins County with regard to Civil Service, the positions being recommended will allow for the hiring of an Administrative Assistant with computer knowledge and skills to be hired by the Executive Director who will assume some administrative responsibilities related to Committees and assist the Executive Director. The second proposal is the creation of a Clerk of the GTCMHIC Board Clerk that will be appointed by the Board of Directors. Also, the Consortium will be petitioning New York State Civil Service for an exempt classification for this position. Ms. Drake explained that since the Administrative Clerk position was created Ms. Cocco has worked under the umbrella of Locey & Cahill and has been compensated through them as a pass-through expense since the Consortium was not able to hire employees. She announced that after a lengthy discussion by the Audit and Finance Committee, the rate of pay has been changed from \$26.50 to \$34 per hour. Ms. Drake thanked Mr. Locey for Locey & Cahill making this arrangement work for many years.

In response to Ms. Zahler, Ms. Drake said the Clerk's position will be a part-time position and will work an average of 20 hours per week. There was a brief discussion with a request for salaries and fringes to be broken out in financial reports presented to Directors. Mr. Brown would like the Consortium to chart out the growth in workload versus the expansion of the Consortium's growth in membership.

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

WHEREAS, in 2011 the Board of Directors authorized the hiring of an Administrative Clerk on an hourly basis through its contract arrangement with Locey & Cahill LLC, to perform administrative duties for the Consortium, and

WHEREAS, Michelle Cocco has held the position of Administrative Clerk since April 11, 2011, and

WHEREAS, the administrative work and responsibilities of one part-time position have increased exponentially as the Consortium has grown and is no longer sustainable under the current arrangement, and

WHEREAS, the Executive Committee has discussed the staffing needs of the Consortium and has directed the Board Chair to work with the Executive Director to create a staffing proposal that will meet the increasing administrative demands and ensure the Consortium maintains a strong administrative foundation, now therefore be it

Board of Directors
June 27, 2019

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That the Board of Directors of GTCMHIC hereby creates the following positions effective July 1, 2019:

- Administrative/Computer Assistant – Civil Service Competitive Class (\$25-\$26 per hour); to be filled by the Executive Director; and
- Clerk of the GTMHIC Board – Exempt Class (\$34.00 per hour); to be appointed by and serve at the pleasure of the Board of Directors

RESOLVED, further, That due to the nature of responsibilities and the Board of Directors being comprised of elected and appointed officials from municipal corporations, the Board directs the Chair of the Board to work with the Tompkins County Department of Human Resources to formally request an exempt classification for the Clerk of the Board of Directors position from New York State Civil Service.

* * * * *

RESOLUTION NO. 012-2019 – APPOINTMENT OF CLERK OF THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM BOARD OF DIRECTORS

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

WHEREAS, since April 11, 2011, Loey and Cahill has employed Michelle Cocco, Administrative Clerk to the Consortium, with pay and benefits being a fully reimbursable cost to Loey and Cahill, LLC from the Consortium on a dollar to dollar basis, and

WHEREAS, the Consortium has established a relationship through a Memorandum of Understanding with the Town of Ithaca for administering the Consortium's payroll functions, and

WHEREAS, by Resolution No. 011 of 2019 the Board of Directors created the position of Clerk of the Greater Tompkins County Municipal Health Insurance Consortium and has appointing authority for this position, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That Michelle Cocco is hereby appointed to the position of Clerk of the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors effective July 1, 2019,

RESOLVED, further, That the Clerk shall be paid at a part-time hourly rate of \$34.00 with no benefits,

RESOLVED, further, that the wages of this position shall be reported to the New York State Local Retirement System,

RESOLVED, further, That the Board of Directors hereby authorizes the Executive Committee to oversee annual performance evaluations and approve any compensation adjustments.

* * * * *

Approval of Minutes of March 28, 2019

Board of Directors
June 27, 2019

It was MOVED by Ms. Hersey, seconded by Mr. Patterson, and unanimously adopted by voice vote by members present, to approve the minutes of March 28, 2019 as corrected.
MINUTES APPROVED.

Audit and Finance Committee Presentation of Resolutions and Report

Mr. Snyder reported on the external audit performed by Insero & Co. and said 2018 was a very profitable year with the JURAT being finished on time and submitted to the Department of Financial Services in the required timeframe. He explained the complex process that was encountered in that there were five different teams that go through the Consortium's books and who contribute to the compilation of the audit report. He explained the Treasurers function involves reporting of revenues and expenditures which leads to an actuarial report being prepared by an Actuary. That firm works with Bonadio & Co., an accounting firm, and puts together much of the information that is reported in the JURAT. After that is put together the information is presented to Insero & Co., the Consortium's external auditors. That information is condensed and does not include the level of detail the Board receives through Mr. Locey's reports. Mr. Snyder said this work product involves a lot of coordination between five different people.

Mr. Snyder said the Consortium had a profitable year in 2018 and investments are doing better than budgeted. In addition to the Wilmington Trust investments, the Consortium is also doing better with interest received from Tompkins County Trust Company.

Mr. Cook summarized the audit reports and said it was a clean opinion and there were no differences or adjustments between what the auditors put in their report from what is presented to the Consortium on a monthly basis. He encouraged Directors to review the audit report that is posted on the Consortium's website.

RESOLUTION NO. 013-2019 – APPROVAL OF ADJUSTMENTS TO THE PREMIUM EQUIVALENT RATES FOR THE CITY OF ITHACA PROFESSIONAL FIRE- FIGHTERS UNIT

MOVED by Mr. Brown, seconded by Ms. Hersey.

Mr. Thayer said during 2018 the paid Firefighter's Union filed a grievance over ProAct changes involving Step Therapy and Prior Authorization as it relates to their contract. In late 2018 an arbitrator ruled in the Unions' favor and as a result ProAct had to remove edits from the Formulary for this particular contract and based on those Mr. Locey developed changes to the premium rate that was needed and is reflected in this resolution.

A voice vote resulted as follows: Ayes – 23, Noes – 0, Excused/Absent – 22.
RESOLUTION ADOPTED.

WHEREAS, by Arbitration Ruling the City of Ithaca Professional Fire Fighters unit were able to remove the step-therapy, prior authorization, and quantity limit edits from their prescription drug plans (\$5/15/30 Retail; \$10/30/\$60 Mail Order-90 for 1 copay) resulting in a 12.5% increase on the pharmacy portions of the premium equivalent rates, and

WHEREAS, changes to the pharmacy rates result in an overall premium rate increase of 3.4%, now therefore be it

Board of Directors
June 27, 2019

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors approves an adjustment to the City of Ithaca Professional Fire Fighters Unit to increase individual monthly premium equivalent rates by 3.4% to \$1,058.15 for individual coverage and \$2,292.59 for family coverage effective January 1, 2019.

* * * * *

RESOLUTION NO. 014-2019 - AUTHORIZING CONTRACT FOR PRESCRIPTION DRUG CLAIMS AUDIT – 2017 and 2018 CLAIMS

MOVED by Mr. Nielens, seconded by Mr. Baxter, and unanimously adopted by voice vote by members present.

WHEREAS, the Consortium has determined there is value in conducting periodic medical and prescription drug claims audits, and

WHEREAS, the Consortium's has developed a pattern of conducting these claims audits on alternate years for medical one year and then pharmaceutical claims the next and

WHEREAS, the Consortium is now prepared to undertake a prescription drug claims audit as part of its fiduciary responsibility to ensure claims paid by ProAct are in accordance with the benefit plan documents, Federal and State Laws, Rules, and Regulations, and industry standard practices for the years 2017 and 2018, and

WHEREAS, in anticipation of initiating a prescription drug claims audit the Audit and Finance Committee has negotiated a contract proposal with BMI Audit Services, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby authorizes the Consortium to engage the firm of BMI to perform an audit of the Consortium's prescription drug claims for an amount not to exceed \$35,000.

* * * * *

**RESOLUTION NO. 015-2019 - RESOLUTION OF THE BOARD OF DIRECTORS
OF THE GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM – POLICY TO
COMPLY WITH SECTION A.3 OF THE MUNICIPAL
COOPERATIVE AGREEMENT**

MOVED by Ms. Hersey, seconded by Mr. Brown. Mr. Barber said when he meets with municipalities they ask about groups such as Teamsters or retirees who are on a Medicare Advantage Plan and they want to know how the Consortium handles that. He said Section A.3 of the MCA wants everyone who is purchasing health insurance from a municipality to be within the Consortium. The Audit and Finance Committee has had several discussions about this and recently issued a Request for Proposals for Medicare Advantage Plan and hopes that the Consortium will be able to offer a plan in 2020. This would be a pass-through but would provide an avenue for municipalities who have retirees in these plans to be able to bring them into the Consortium.

Mr. Barber said the Teamsters work very hard at keeping employees in their program because they make a lot of money off of their health insurance program; however, this doesn't comply with Section A.3. Mr. Barber said the resolution adopted by the Board requires any municipality joining the Consortium to bring all of its employees and retirees into the Consortium within three years. Currently, there are two municipalities that do not have all of their employees in the Consortium and both are with Teamsters. This resolution states that within three years they

Board of Directors
June 27, 2019

would have to be in the Consortium and the Consortium's Attorney has said that this is a requirement that is in the MCA. Mr. Barber noted this resolution codifies language that is in the MCA but hasn't been enforced up to this point.

Mr. Salton commented that the MCA contains a provision that allows a municipality to request a waiver from the Board of Directors; Mr. Barber concurred with this statement. In response to whether the Consortium can offer a Medicare Plan that is competitive with what retirees can get elsewhere Mr. Barber said this will be determined once responses are received from the RFP.

A voice vote resulted as follows: Ayes – 21, Noes – 0, Absentions – 2 (Salton and Zahler); Excused or Absent – 22. RESOLUTION FAILED.

WHEREAS, Section A.3. of the Greater Tompkins County Municipal Health Insurance Consortium's (the "Consortium") current Municipal Cooperative Agreement (MCA) states:

"Participation in the Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant is not encouraged and shall not be permitted absent prior Board approval. Further, after obtaining approval, any Participant which negotiates an alternative health insurance plan offering other than the plan offerings of the Consortium with a collective bargaining unit or employee group may be subject to a risk charge as determined by the Board.", and

WHEREAS, two of our current municipal Participants do not have all of their active subscribers enrolled in the Consortium Plan and one of them has, by municipal resolution, agreed to bring those subscribers into the Consortium within 3 years; and

WHEREAS, except for one instance, the non-participation of these employee groups has not been ratified by Board approval; and

WHEREAS, the Consortium wishes to otherwise bring all Participants into compliance with Section A.3 of the MCA with respect to their active enrollees, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee That the Board of Directors hereby adopts the following policy:

1. that municipal Participants with *active employees* not enrolled in Consortium benefit plan options, must, within 3 years of the date of this resolution, fully enroll all of their active employees on Consortium plan options or otherwise seek Board Approval as required by Section A.3, or they will be subject to termination of their further participation in the Consortium

* * * * *

**RESOLUTION NO. 016-2019 – AMENDMENT TO RESOLUTION NO. 007 OF 2018 -
APPLICATION MATERIALS MUNICIPALITIES MUST
PRESENT FOR APPLICATION TO JOIN THE
CONSORTIUM AND RECOMMENDED MUNICIPAL
RESOLUTION LANGUAGE**

MOVED by Mr. Rankin, seconded by Mrs. Shawley. Mr. Cook explained that this resolution was created to address issues that arose during last year's start-up process and

establishes a timeline for steps that need to be taken when municipalities join the Consortium. It also asks for municipalities that are applying to pay 5% of premium in October and would be credited against the payment of the municipality's first month premium. This is not a deposit or tying up money for a long period of time but an investment by the applicant due to the amount of time and work that goes into the process.

Mr. Barber called attention to language in the policy and said the Consortium was approached by the Chemung County Soil and Water Conservation District to join the Consortium and subsequently they decided to wait until next year to join. He said they do not have taxing authority so the Consortium began exploring other financial instruments for entities to guarantee this type of entity's financial obligation. The policy requires the posting of three months of premium from non-taxing entities to protect the Consortium. Ms. Zahler said this is an area she is interested in and said there are number of non-profit organizations that contract with Tompkins County that could add to the Consortium's covered lives and realize a significant savings by joining. Mr. Barber said there is State legislation that specifically allows Soil and Water Conservation Districts to join. Mr. Locey added that the only other entities that are allowed to join are defined in Article 5G of General Municipal Law Section 119 and those that fit the definition of a municipal corporation.

Ms. Zahler questioned who would retain any interest earned; Mr. Locey said the principal would be credited to the municipality and the Consortium would retain the interest.

The resolution was unanimously adopted by voice vote by members present.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium ("Consortium") Board of Directors adopted Resolution No. 002-2015 and then amended that resolution with Resolution No. 007-2018 to provide guidance to eligible employers, as defined in §4702 (f) of Article 47 of the New York State Insurance Law ("Municipal Corporations"), applying for membership in the Consortium, and

WHEREAS, The Consortium is experiencing rapid growth of Municipal Corporations applying to join the Consortium, and

WHEREAS, the Consortium has instituted several policies, not stated in the Municipal Cooperative Agreement ("MCA"), that prospective Municipal Corporations are required to comply with as part of their application process, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby adopts the following policy for Municipal Corporations seeking possible membership in the Consortium:

1. Submit by **September 1st**, a municipality board resolution authorizing application for membership along with the GTCMHIC new group member application.
2. As soon as practicable, preferably by July 1st, but no later than **September 1st**, submit the Municipal Corporation's required financial and operational documents, as follows:
 - a. for Municipal Corporations with taxing authority (county, city, town, or village), two years of State Comptroller AUD reports; or
 - b. for Municipal Corporations without taxing authority:

- i. five years of audited financial statements;
 - ii. internal governance documents and/or rules such as bylaws, resolutions, and/or statutes creating the Municipal Corporation; and
 - iii. financial documents confirming funding sources, funding mechanisms, account balances, assets, investments, contractual obligations, and any debts, contingent liabilities, and/or lawsuits.
3. As soon as practicable, preferably by July 1st, but no later than **September 1st**, submit the Municipal Corporation's most recent monthly premium billing statements from all health insurance carriers providing benefits to all active employees and retirees.

Said premium billing statements should include the name of the Municipal Corporation and the month for the which the billing is related. In addition, said premium bills must include the number of contracts (employee, employee + spouse, employee + child (children), and family) and the monthly premium rate for each plan of benefit.

4. For Municipal Corporations who are currently experience-rated or who operate a self-insured employer-sponsored health insurance plan, they must submit as soon as practicable, preferably by **July 1st**, but not later than September 1st, a minimum of three (3) years of monthly paid claims (medical and pharmacy separately) data and monthly covered lives counts.
5. Sign the Municipal Cooperative Agreement of the GTCMHIC upon notification that the GTCMHIC Board of Directors has approved the Municipal Corporation's application to become a Participant in the GTCMHIC by **October 15th**. The resolution authorizing the Municipal Corporation's Chief Officer to sign the MCA must also clearly state which GTCMHIC health benefit insurance plan or plans the Municipal Corporation's employees and retirees will be participating in upon the effective date of participation in the GTCMHIC.
6. Confirm by **October 25th**, with the Medical Claims Administrator the names of all employees, retirees, and dependents to be covered in the Consortium's health insurance plans. A list of those enrolled will be sent to the Municipal Corporation by the Medical Claims Administrator by no later than **November 15th** for verification purposes.
7. By **November 1st**, notify the GTCMHIC of the name and contact information for the person within your organization for benefit administration; and who will attend a new member orientation between November 15 and December 15.
8. By **November 1st**, notify the GTCMHIC of the Municipal Corporation's commitment to utilize the GTCMHIC's on-line enrollment process or to authorize the GTCMHIC to provide, for the Municipal Corporation's employees and retirees, this function.
9. By **November 1st**, for Municipal Corporations **without taxing authority**, provide the Consortium with a secure financial instrument equal to the value of 25% of the estimated annual premium as determined by the Consortium as protection against expulsion or cancellation due to a default in premium payment. Said financial instrument may include the following:
 - a. A Secured Bank Account;
 - b. Letter of Credit; or

c. Surety Bond

Please note, municipal corporations with taxing authority (county, city, town, or villages) will be exempt from this provision.

10. Submit payment by **November 1st** to the Consortium of the Municipal Corporation's proportionate share of the Surplus Account Reserve (5% of annualized premium) as determined by the GTCMHIC and as required by Article 47 of the New York State Insurance Law and the GTCMHIC's Municipal Cooperative Agreement.
 11. By November 1st, submit a municipal resolution appointing the Director and Alternate to the Consortium.
 12. By **November 30th**, take the necessary steps to comply with the GTCMHIC's dependent verification process.
 13. Provided the Municipal Corporation applying for Membership in the GTCMHIC completes all the requirements set forth in this Resolution by the due dates indicated; the Surplus Account Reserve payment defined in Item 3 above will be credited against the Municipal Corporation's January premium invoice from the Consortium.
 14. All Municipal Corporations applying for Membership in the GTCMHIC are hereby advised that missing any of these steps by the due date indicated will result in the Municipal Corporation not being accepted into the Consortium for the upcoming year and will result in the forfeiture of the Municipal Corporation's Surplus Account Reserve payment.
- *****

**RESOLUTION NO. 017-2019 – APPROVAL OF ADJUSTMENT OF FEE FOR AUDITING
CONSORTIUM'S 2019 FINANCIAL STATEMENTS –
INSERO & CO. LLP**

MOVED by Mr. Baxter, seconded by Mr. Nielens.

Mr. Snyder explained the additional work that has been undertaken by the auditors as a result of the new membership and other work they were asked to perform. The final year of the contract is for the auditing of next year's financial statements. Mr. Brown asked that this service be put out to bid at the end of this contract.

The resolution was unanimously adopted by voice vote by members present.

WHEREAS, the Board of Directors by Resolution No. 026 of 2017 approved a contract with Insero & Co. LLP for auditing of the Consortium's financial records for fiscal years 2017, 2018, and 2019, and

WHEREAS, due to the increased number of municipal participants that have entered the Consortium since 2017 and the resulting significant plan growth, Insero & Co. LLP has presented the Consortium with a proposal to amend the 2019 approved fee for audit services in the amount of \$11,500 to \$13,000, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby approves an adjustment to the fee for auditing the 2019 Consortium's financial statements as presented by Insero & Co. LLP in the amount of \$13,000,

RESOLVED, further, That the Chair of the Board is hereby authorized to sign the 2019 Audit Engagement Letter with Insero & Co. LLP.

* * * * *

Report from the Joint Committee on Plan Structure and Design

RESOLUTION NO. 018-2019 – ADOPTION OF ROUNDING METHOD FOR ADJUSTMENTS TO THE STANDARD DEVIATION OF ACTUARIAL VALUES

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

WHEREAS, the term actuarial value references the share of health care expenses the plan covers for a typical or average group of enrollees within a standard deviation of + or - 2%.

WHEREAS, actuarial values can change at a percentage rate greater or less than whole numbers.

RESOLVED, on recommendation of the Joint Committee on Plan Structure and Design and the Audit and Finance Committee, That the Board of Directors approves an adjustment to the actuarial value utilizing the standard method of rounding to the nearest whole percentage effective July 1, 2019.

* * * * *

Mr. Baxter was excused at this time.

Ms. Hersey, Chair, reported on the utilization reports that were presented to the Joint Committee on Plan Structure and Design and said they are posted on the Consortium's website under the Governance section. She provided the following overview of the reports:

ProAct Utilization Review

- Compared to 2017 performance plan costs decreased 2% in 2018 with a 1% increase in membership.
 - ProAct demonstrated that they deliver greater cost savings compared to relative markets.
 - Subscribers are paying 5 – 6% of total cost compared to market rate at 6 – 7%
 - Majority of our members select generic and only 1% take a brand when generic is available.
 - 83% of prescriptions paid are Tier 1 – Generic and represents 20% of our cost.
 - 35% of our costs are for specialty drugs.
 - Top three categories for cost are High Blood Sugar, Asthma, Cardiovascular.
 - Pro Act would like to suggest we make some plan changes due to their analysis that assumes we would see ingredient cost savings based on utilization shifts, as well as rebate increases based on an enhanced formulary. These cost savings need to be explored in more detail with the provider.
-
- Excellus Utilization Review
 - Although membership has increased by only 1%, overall plan costs have increased by 13%.
 - We are trending 39% higher than the market in plan costs per member per year. However, our average age of member is higher than the comparison market.
 - Outpatient procedures represent 44% of total plan costs.

- Majority of care for our plan is provided at Cayuga Medical Center in Ithaca.
- Claims exceeding \$100,000 represents 24% of our total costs.
- Cancer related treatments represent the majority of our high claim's costs.
- Suggested ways for our plan to save costs:
 - close the gaps for people that need care and aren't following prescribed course of care.
 - Increase follow up physician visits.
 - Decrease Emergency Room use.
 - Chronic condition education.
 - Prevent readmissions.

Other Cost Savings:

- Plan saved 49% in costs by members utilizing provider networks.
- Plan saved approximately \$300,000 as a result of post payment audits performed by the health plan provider and or other vendors.
- A review of our chronic conditions shows that lifestyle changes could result in lower health plan costs.

As an organization we need to:

- Promote preventative services - Hypertension and Cholesterol disorders are potentially modifiable by changes in lifestyle, such as more exercise, improved diet, tobacco cessation and limited alcohol intake.
- Directing members away from using the Emergency Room for non-urgent care and utilizing urgent care or telemedicine to drive down costs.

Ms. Drake encouraged Directors to download and read the reports and to ask Ms. Miller of Mr. Prashaw any questions that arise. Ms. Dowd spoke of the importance of educating members on the cost-effective choices that are available and said the Consortium will be utilizing more Excellus services to do that.

Adjournment

The meeting adjourned at 7:58 p.m.



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. – RATIFICATION OF PROVISIONAL APPOINTMENT OF ADMINISTRATIVE/ COMPUTER ASSISTANT – BRITTNI GRIEP

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) created the Administrative Computer Assistant position by Resolution No. 011 on June 28, 2019, with the understanding that the Executive Director is authorized to appoint the position with a ratification at the next Board of Directors meeting on August 22, 2019, and

WHEREAS, the Selection Committee comprised of the Executive Director, Clerk of the GTCMHIC Board and Chair of the GTCMHIC Board has determined that Brittni Griep possesses the necessary knowledge and skills to satisfactorily perform the duties of the Administrative Computer Assistant position, and

WHEREAS, Brittni Griep was provisionally appointed by the GTCMHIC's Executive Director based on a full-time schedule of 37.5 hours per week, at the hourly rate of \$25.50 effective August 12, 2019 with full time benefits, now therefore be it

RESOLVED, That the Board of Directors hereby ratifies the Executive Director's provisional appointment of Brittni Griep as the Administrative Computer Assistant, effective August 12, 2019, pending results of the Civil Service exam for said position.

* * * * *



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. – 2019 - RATIFICATION OF APPOINTMENTS TO THE CONSORTIUM'S OPERATIONS COMMITTEE

WHEREAS, the Board of Directors, by Resolution No. 009-2019, created an Operations Committee and charged it with responsibility for the oversight of Consortium operations and the overall well-being of the organization. The Operations Committee may recommend changes that will improve the efficiencies of the organization to practices, policies, procedures and organizational structure including personnel and staffing needs, and

WHEREAS, the Board authorized the Executive Committee to appoint members to the Operations Committee on an interim basis with appointments to be ratified at the August 22, 2019 Board of Directors meeting, now therefore be it

RESOLVED, on recommendation of the Executive Committee, That the following appointments to the Consortium's Operations Committee are hereby ratified:

Judy Drake
Greg Pelicano
Lisa Holmes
Schelley Michel Nunn
Edward Fairbother
Sunday Earle
Doug Perine

RESOLVED, further, That additional appointments will be made by the Executive Committee and ratified by the Board of Directors at its next meeting.

* * * * *

Greater Tompkins County Health Insurance Consortium

2020 Budget Presentation

Locey & Cahill, LLC
120 Walton Street, Suite 500
Syracuse, NY 13202
Tel (315) 425-1424
Fax (315) 425-1394
E-mail: slocey@loceycahill.com



Section 1

2019 Fiscal Year-to-Date Results

2019 Income Budget vs Actual

		<i>2019 Adopted Budget</i>	<i>2019 Year-to-Date</i>	<i>2019 Actual Results</i>	<i>Variance</i>	<i>% Difference</i>
Income						
	Medical Plan Premiums	\$51,260,787.35	\$25,630,393.67	\$25,099,031.55	-\$531,362.12	-2.07%
9000	Ancillary Benefit Plan Premiums	\$164,340.00	\$82,170.00	\$73,760.02	-\$8,409.98	-10.23%
	Interest	\$200,000.00	\$100,000.00	\$214,493.04	\$114,493.04	114.49%
9010	Rx Rebates	\$1,747,886.24	\$873,943.12	\$809,146.43	-\$64,796.69	-7.41%
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	n/a
9030	Other	\$5,150.00	\$2,575.00	\$1,384.22	-\$1,190.78	-46.24%
Total Income		\$53,378,163.59	\$26,689,081.79	\$26,197,815.26	-\$491,266.53	-1.84%

Key Facts:

1. Premium Income is lower than budgeted primarily due to more members participating in lower cost benefit packages, like the Platinum Plan.
 - a. The County of Tompkins had more than 100 employees move from higher cost Indemnity and PPO Plans into the lower cost Platinum PPO Plan.
 - b. The initial estimates used for the County of Seneca members was based on the average premium cost per covered life for the Consortium as a whole. The County ultimately enrolled their members in the Platinum PPO Plan which is a lower cost plan on an average per covered life cost basis.

2019 Income Budget vs Actual

Key Facts (continued):

2. The ancillary benefits are more than 10% below budget due to less enrollment in these benefit options. Since this is a “pass-through” cost, it does not negatively impact the net position of the Consortium on an annual basis.
3. Interest Income is significantly above the budgeted amount as a direct result of interest rates increasing and the improved investment management strategies initiated by the Consortium’s financial management team.
4. Rx Rebates are a bit below budget as a direct result of pharmaceutical claims being more than 10% below the expected level for the first 6-months of 2019.
5. To date, the Consortium has not had any claims which have exceeded the Specific Stop-Loss Insurance \$600,000 Deductible. As a result, the Consortium has not received any funds from Excellus BCBS related to this coverage.
6. “Other” Revenue is down a bit from the budgeted projection. However the impact of this line-item is negligible at best and has very little impact on the overall net position of the Consortium.

2019 Expenses Budget vs Actual

		2019 Adopted Budget	2019 Year-to-Date	2019 Actual Results	Variance	% Difference
Expenses						
8090	Medical Paid Claims	\$35,347,255.37	\$17,673,627.69	\$16,553,364.94	-\$1,120,262.75	-6.34%
8120	Rx Paid Claims - ProAct	\$13,835,185.90	\$6,917,592.95	\$6,210,899.17	-\$706,693.78	-10.22%
8121	Rx Paid Claims - CanaRx	\$184,321.52	\$92,160.76	\$87,907.70	-\$4,253.06	-4.61%
8050	Medical Admin Fees	\$1,274,977.75	\$637,488.88	\$640,891.93	\$3,403.05	0.53%
	Rx Admin Fees	\$172,020.23	\$86,010.12	\$73,823.75	-\$12,186.37	-14.17%
8084	Flu Clinic Fees	\$11,489.24	\$11,489.24	\$10,420.00	-\$1,069.24	-9.31%
8091	NYS Graduate Medical Exp.	\$289,528.82	\$144,764.41	\$165,504.93	\$20,740.52	14.33%
9060	ACA PCORI Fee	\$14,912.04	\$0.00	\$0.00	\$0.00	n/a
8115	ACA Transitional Reins. Program Fees	\$0.00	\$0.00	\$0.00	n/a	n/a
8110	Stop-Loss Aggregate and Specific	\$609,679.40	\$304,839.70	\$317,293.08	\$12,453.38	4.09%
	Advance Deposit / Pre-Paid Claims	\$32,054.91	\$32,054.91	\$0.00	-\$32,054.91	-100.00%
8070	Legal Fees	\$10,927.27	\$5,463.64	\$7,091.67	\$1,628.04	29.80%
	Executive Director (Salary & Fringes)	\$95,500.00	\$47,750.00	\$24,682.47	-\$23,067.53	-48.31%
8055	Consultant Fees (Barber)	\$54,500.00	\$27,250.00	\$23,920.26	-\$3,329.74	-12.22%
8030	Consultant Fees (L&C)	\$85,000.00	\$42,500.00	\$54,076.25	\$11,576.25	27.24%
8000	Accounting Fees	\$31,827.00	\$15,913.50	\$14,035.00	-\$1,878.50	-11.80%
8010	Actuarial Fees	\$20,600.00	\$20,600.00	\$40,100.00	\$19,500.00	94.66%
8020	Audit Fees	\$93,420.00	\$46,710.00	\$36,300.00	-\$10,410.00	-22.29%
8043	Wellness Coordinator Fees	\$48,000.00	\$24,000.00	\$20,076.25	-\$3,923.75	-16.35%
8060	Insurances (D&O / Prof. Liability)	\$36,453.02	\$18,226.51	\$20,056.81	\$1,830.30	10.04%
8041	Internal Coordination (Finance)	\$67,362.00	\$33,681.00	\$30,730.78	-\$2,950.22	-8.76%
8042	Internal Coordination (Support)	\$22,145.00	\$11,072.50	\$12,307.40	\$1,234.90	11.15%
8045	Internal Coordination (Town of Ithaca)	\$3,600.00	\$1,800.00	\$2,200.00	\$400.00	22.22%
8044	Internal Coordination (IT Support)		\$0.00	\$0.00	\$0.00	n/a
9065	Marketing Expenses		\$0.00	\$0.00	\$0.00	n/a
9055	Investment Management Services		\$0.00	\$0.00	\$0.00	n/a
9050	Ancillary Benefit Premiums	\$164,340.00	\$82,170.00	\$75,584.55	-\$6,585.45	-8.01%
	Other Expenses / Supplies	\$10,300.00	\$5,150.00	\$7,137.33	\$1,987.33	38.59%
Total Expenses		\$52,515,399.48	\$26,282,315.80	\$24,428,404.27	-\$1,853,911.53	-7.05%

2019 Expenses Budget vs Actual

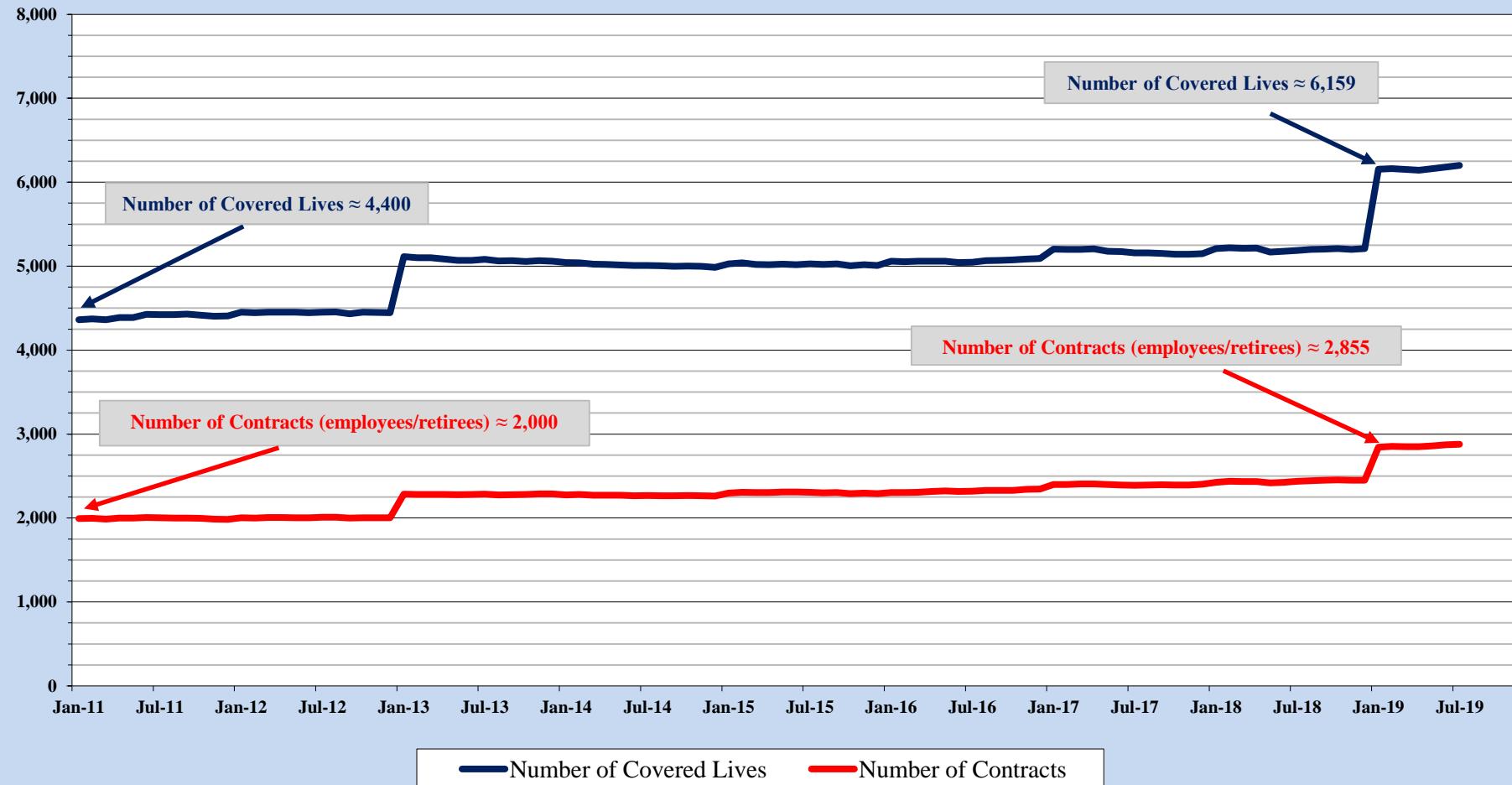
Key Facts:

1. Paid claims account for 93.59% of the total expenses for the GTCMHIC.
2. Medical Paid Claims are currently 6.34% below the projected budget for the year and this is the result of:
 - a) Significant increase in the covered lives ($\uparrow 18.43\%$) and in the number of contracts ($\uparrow 17.09\%$) skews the early 2019 medical paid claims due to the “run-in lag”.
 - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan at the Counties of Seneca and Tompkins.
 - c) Lower frequency of large dollar claimants through the first 6-months of 2019.
3. Rx Paid Claims are currently 10.22% below budget and this continues a trend in the past couple of years where the pharmacy claims have been consistently below budget. Unlike medical paid claims, there is almost no impact associated with “run-in lag” that impacts the pharmacy paid claims.

Greater Tompkins County Municipal Health Ins Consortium

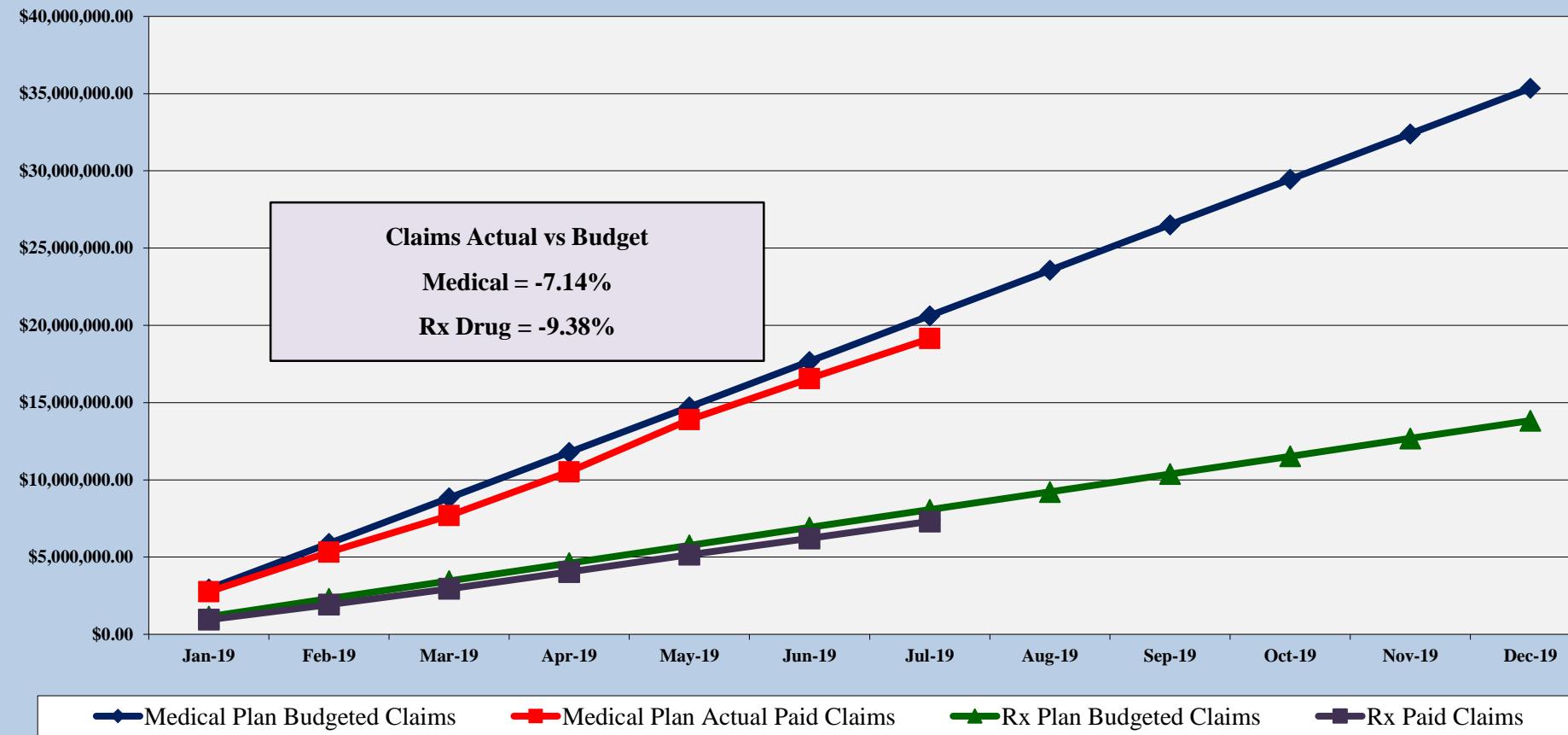
2011-2019 Monthly Covered Lives and Contracts

January 1, 2011 to July 31, 2019



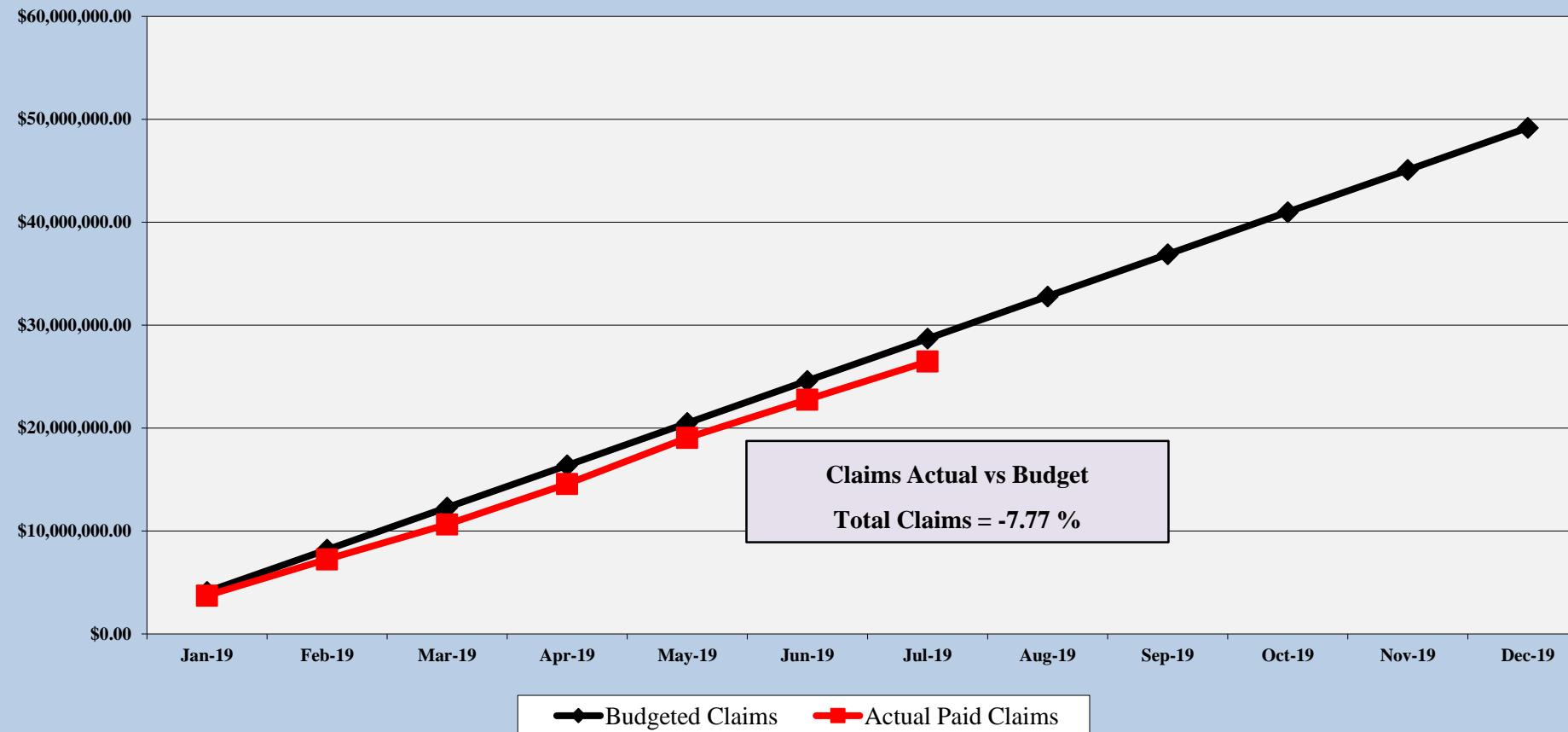
Greater Tompkins County Municipal Health Insurance Consortium

2019 Cumulative Paid Claims and Budgeted Claims by Month



Greater Tompkins County Municipal Health Insurance Consortium

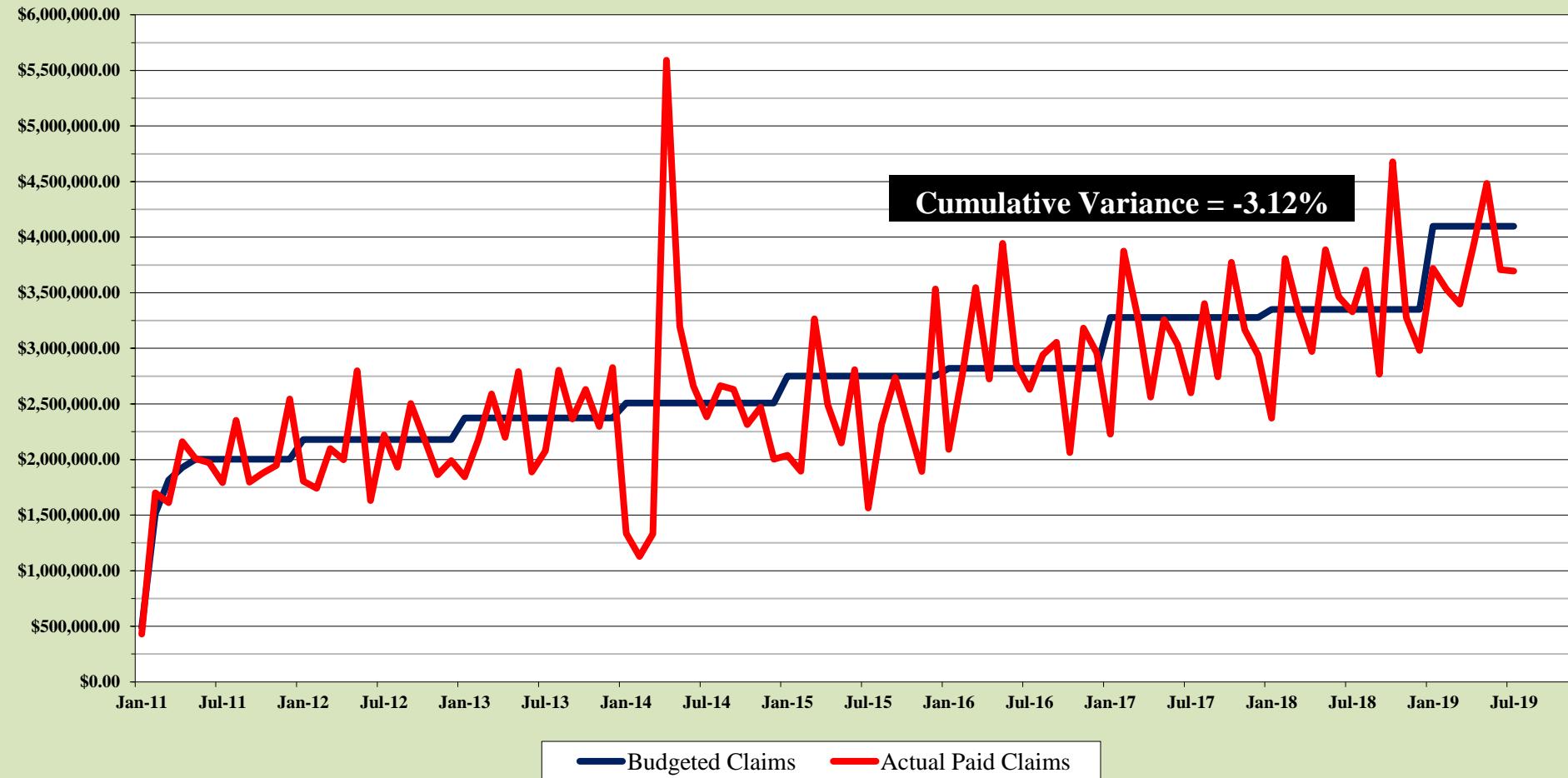
2019 Cumulative Paid Claims and Budgeted Claims by Month



Greater Tompkins County Municipal Health Ins Consortium

2011-2019 Monthly Paid Claims v Budgeted Claims

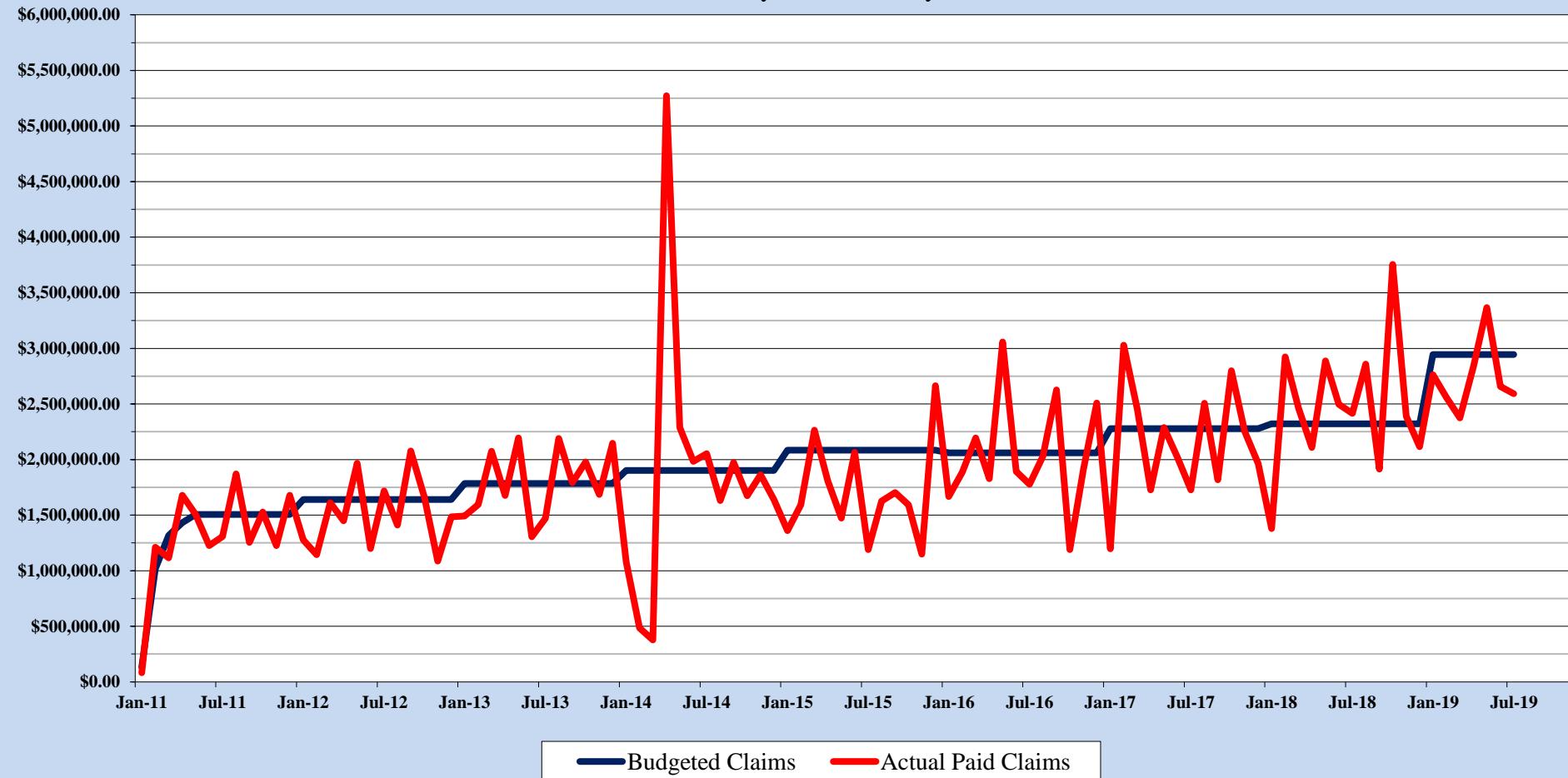
January 1, 2011 to July 31, 2019



Greater Tompkins County Municipal Health Ins Consortium

2011-2019 Monthly Medical Paid Claims v Budgeted Medical Claims

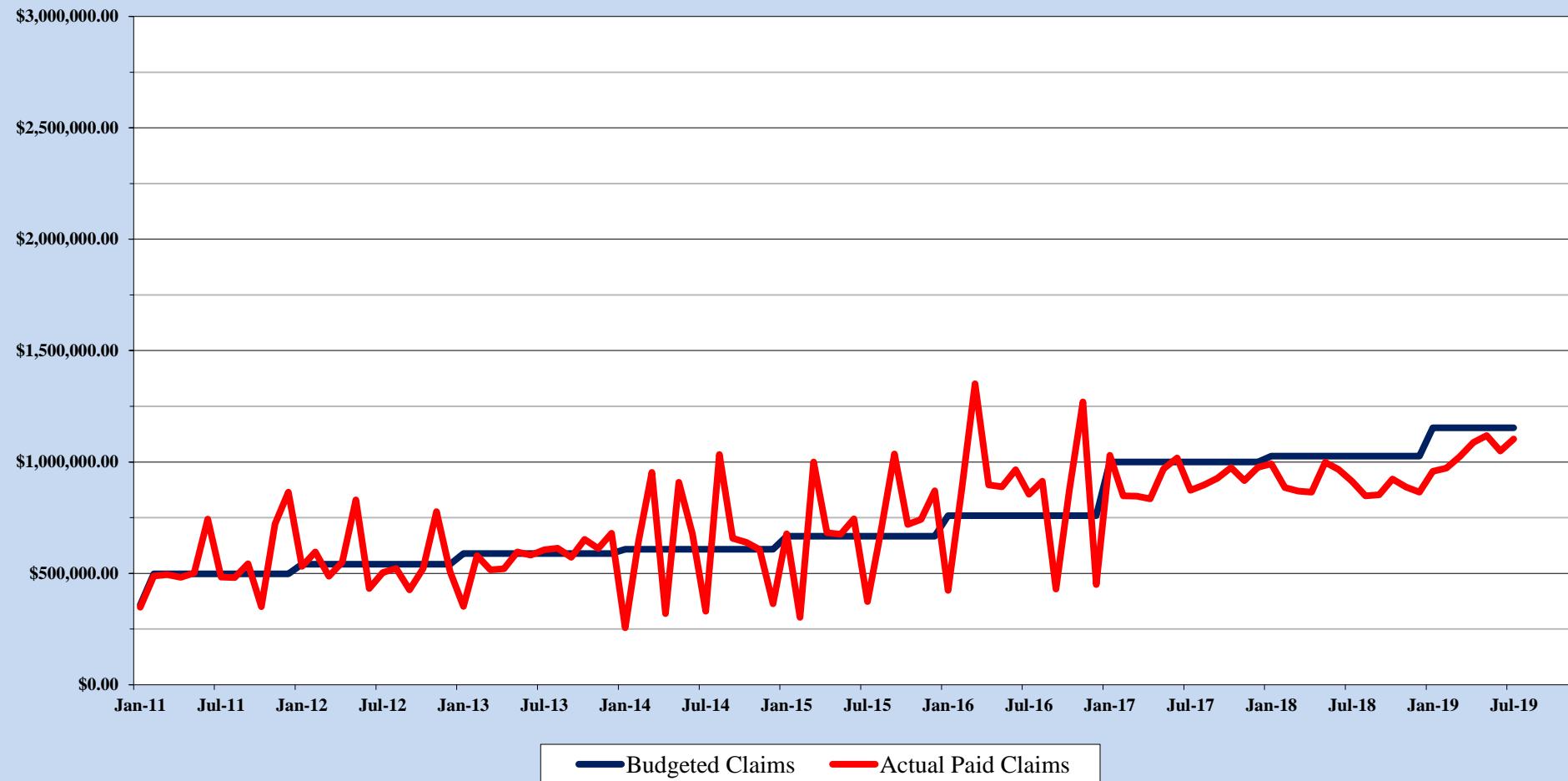
January 1, 2011 to July 31, 2019



Greater Tompkins County Municipal Health Ins Consortium

2011-2019 Monthly Rx Paid Claims v Budgeted Rx Claims

January 1, 2011 to July 31, 2019





Section 2

2020 GTCMHIC Budget Overview – Assets

2020 GTCMHIC Budget - Assets

Major Asset Categories:

1. ***IBNR Claims Liability Reserve*** – §4706(a)(1) of the New York State Insurance Law requires the Consortium to establish “a reserve for payment of claims and expenses thereon reported but not yet paid, and claims and expenses thereon incurred but not yet reported which shall not be less than an amount equal to twenty-five percent of expected incurred claims and expenses thereon for the current plan year, unless a qualified actuary has demonstrated to the superintendent’s satisfaction that a lesser amount will be adequate”.

As part of the Consortium’s initial application process approval and as verified in subsequent audits conducted by the New York State Department of Financial Services, the Consortium has been granted the authority to establish the IBNR Claims Liability Reserve at twelve percent (12%) of expected incurred claims.

It should be noted that the Consortium’s Actuaries, Armory Associates, LLC, have determined the IBNR Liability to equal less than 8% for the fiscal years of 2015, 2016, 2017, and 2018. This gives us the comfort in knowing the 12% required IBNR Claims Liability Reserve is a conservative amount.

2020 GTCMHIC Budget - Assets

Major Asset Categories:

2. ***Surplus Account*** – §4706(a)(5) of the New York State Insurance Law requires the Consortium to fund a “surplus account” for the “sole purpose of satisfying unexpected obligations of the municipal cooperative health benefit plan in the event of termination or abandonment of the plan, which shall not be less than:
 - a. five percent of the annualized earned premium equivalents during the current fiscal year of a municipal cooperative health benefit plan which consists of five or more participating municipal corporations and covers two thousand or more employees and retirees;”
3. ***Catastrophic Claims Reserve*** - This reserve was recommended by Loey & Cahill, LLC and established by the Consortium’s Board of Directors to continue to protect the financial integrity of the Consortium as decisions were made to increase the Specific Stop-Loss Insurance Deductible to keep the insurance affordable. Currently, the Deductible is set at \$600,000 per covered member with “laser” deductibles of \$1.0 million and \$1.2 million, respectively. This presents a sizeable exposure to the Plan which is being addressed through this reserve fund.

2020 GTCMHIC Budget - Assets

Major Asset Categories:

4. ***Claims/Rate Stabilization Reserve***— This reserve was established at an amount equal to five percent (5%) of the expected premium income by the Board of Directors upon the recommendation of Locey & Cahill, LLC in an effort to provide the Consortium with additional assets to be used when claim projections are substantially exceeded. 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.
5. ***Unencumbered Fund Balance*** - This is the amount of the net cash asset balance after all liabilities and reserves have been accounted for by the Consortium. In the GTCMHIC’s Audited Financial Report this is referred to as the Net Cash Assets. The Consortium’s Audit & Finance Committee has established 18% of expected annual premium as the target for these funds. As of the close of the 2018 Fiscal Year, the Consortium maintained a Net Cash Asset position of approximately \$15.9 million which represented 37.53% of the premium income for the year.

2018 Ending Balance

	<i>Actual Results 2018 Fiscal Year</i>
<i>Ending Balance</i>	\$27,063,899.02
<i>Liabilities and Reserves</i>	
IBNR Reserve	\$4,931,847.00
Surplus Account	\$2,120,085.28
Claims / Rate Stabilization Reserve	\$2,100,000.00
Catastrophic Claims Reserve	\$2,000,000.00
Total Liabilities and Reserves	\$11,151,932.28
<i>Unencumbered Fund Balance</i>	\$15,911,966.74
	37.53%

2019 Beginning Balance

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 15,934,310	\$ 18,905,139
Accounts Receivable - Stop Loss and Drug Rebates	442,347	406,929
Premiums Receivable	178,141	472,607
Total Current Assets	<u>16,554,798</u>	<u>19,784,675</u>
OTHER ASSETS		
Noncurrent Assets		
Premium Claims Deposit	647,700	526,300
Restricted Cash and Cash Equivalents	<u>9,861,401</u>	<u>6,220,147</u>
Total Noncurrent Assets	<u>10,509,101</u>	<u>6,746,447</u>
Total Assets	<u>27,063,899</u>	<u>26,531,122</u>



Section 3

2020 GTCMHIC Budget Overview – Income

2020 GTCMHIC Budget - Income

Major Income Sources:

1. ***Medical Plan Premiums*** – this is the income derived from the health insurance premium payments made by each Participating Municipality in the Consortium. These dollars include any premium contributions made by employers, employees, COBRA members, and retirees.
2. ***Ancillary Benefit Premiums*** – this revenue source is associated with the Consortium's fully-insured dental, vision, disability, accidental death & dismemberment, legal aid, and life insurance policies. These premiums are considered a “pass-through”.
3. ***Interest Earnings*** – this income line-item shows the return on investments associated with the Consortium's cash assets which are deposited and invested based on the Consortium's investment policy with the assistance of Wilmington Trust. Currently, the return on these investments is lowering the average annual premium increase by between 0.75% and 1.00%.

2020 GTCMHIC Budget - Income

Major Income Sources (continued):

4. ***Rx Rebates*** – this represents the amount of income paid to the GTCMHIC from ProAct, Inc. associated with the pharmaceutical rebates ProAct, Inc. receives for purchases made by Consortium members.
5. ***Stop-Loss Claim Reimbursements*** – this income source is the result of members exceeding the specific stop-loss insurance deductible for the fiscal year. Monies received in stop-loss claim reimbursements are used to off-set the paid claims costs associated with high dollar claimants. Currently, the Consortium's specific stop-loss deductible is \$600,000 with a couple of individuals who have “laser” deductibles of a \$1 million or more.
6. ***Other Income*** – this small revenue item is associated with any miscellaneous funds which may be received as refunds, credits, or some other kind of financial settlement. Since 2014 this revenue source has averaged less than \$6,000 per annum.

2020 Projected Income

				<i>as of June 30, 2019</i>	
		<i>Actual Results 2018 Fiscal Year</i>	<i>Projected Budget 2019 Fiscal Year</i>	<i>Updated Budget 2019 Fiscal Year</i>	<i>Projected Budget 2020 Fiscal Year</i>
Average Covered Lives		5,201	6,159	6,159	6,159
Beginning Balance		\$27,367,672.04	\$27,063,899.00	\$27,063,899.00	\$27,909,646.36
Income					
	Medical Plan Premiums	\$42,401,705.53	\$51,260,787.35	\$50,198,063.10	\$52,707,966.26
9000	Ancillary Benefit Plan Premiums	\$150,959.06	\$164,340.00	\$152,000.00	\$167,200.00
	Interest	\$21,937.59	\$200,000.00	\$430,000.00	\$446,554.34
9010	Rx Rebates	\$1,308,285.17	\$1,747,886.24	\$1,618,292.86	\$1,400,000.00
9040	Stop-Loss Claim Reimbursements	\$446,891.08	\$0.00	\$0.00	\$0.00
9030	Other	\$5,400.26	\$5,150.00	\$4,000.00	\$5,304.50
	<i>Capitalization Investment</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>

2021-2024 Projected Income

		<i>Projected Budget 2021 Fiscal Year</i>	<i>Projected Budget 2022 Fiscal Year</i>	<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>
Average Covered Lives		6,159	6,159	6,159	6,159
Beginning Balance		\$27,630,224.53	\$27,147,081.97	\$26,319,359.39	\$25,082,896.87
Income					
Medical Plan Premiums		\$56,397,523.89	\$60,345,350.57	\$64,569,525.10	\$69,089,391.86
9000 Ancillary Benefit Plan Premiums		\$183,920.00	\$202,312.00	\$222,543.20	\$244,797.52
Interest		\$442,083.59	\$434,353.31	\$421,109.75	\$401,326.35
9010 Rx Rebates		\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00
9040 Stop-Loss Claim Reimbursements		\$0.00	\$0.00	\$0.00	\$0.00
9030 Other		\$5,463.64	\$5,627.54	\$5,796.37	\$5,970.26
<i>Capitalization Investment</i>		<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>
Total Income		\$58,428,991.12	\$62,387,643.42	\$66,618,974.43	\$71,141,485.99

2020-2024 Projected Income

Important Notes and Assumptions:

1. Premium Income includes a 5.00% increase in the premium equivalent rates for the 2020 Fiscal Year. The 2021 through 2024 Fiscal Years include a premium increase of 7.0%. Please be aware, the premium income is based on the current population being enrolled in their current health insurance plans.
2. Ancillary Benefit Plan Premiums are a “pass-through” premium based on current insured populations in each program which have been trended by an aggregate 10% for the 2020 Fiscal Year through the 2024 Fiscal Year.
3. Interest Income has been calculated at 1.6% of Consortium Assets and is based on the most recent rates of return experienced by the Consortium.
4. Rx Rebates are the pharmaceutical rebates earned by the Consortium and the \$1.4 million is based on estimates as provided by ProAct, Inc. for the 2020 Fiscal Year.
5. “Other” Income is any miscellaneous revenue received by the Consortium and we utilized the most recent experience of the Consortium and applied that average going forward from the 2020 Fiscal Year through the 2024 Fiscal Year.



Section 4

2020 GTCMHIC Budget Overview – Expenses

2020 Projected Expenses

Major Expense Categories:

1. ***Paid Claims*** – this is a combination of hospital, medical, surgical, and pharmacy paid claims billed by the three (3) claims administrators; Excellus BlueCross BlueShield (hospital, medical, and surgical), ProAct, Inc. (domestic pharmaceuticals), and CanaRx (international pharmaceuticals). This category also includes any expenses associated with the flu clinics organized by the Consortium and any adjustments needed to the Cash Advance (1-week of expected paid claims) held by Excellus BCBS.
2. ***Claims Admin. (Administration) Fees*** – this is a combination of the monthly costs associated with the hospital, medical, surgical third-party administration services and the prescription benefit management services billed by Excellus BCBS and ProAct, Inc., respectively.
3. ***Taxes and Fees*** – this category of expenses includes any taxes and fees paid to either the Federal or State Government. Currently, this includes the New York State Covered Lives Assessment, and the Federal Patient Protection and Affordable Care Act (ACA) fees.

2020 Projected Expenses

Major Expense Categories (continued):

4. ***Stop-Loss*** – this represents the premiums paid for specific stop-loss insurance. In prior years, this category also included the premium paid for aggregate stop-loss insurance. However, the Consortium was granted a waiver by the New York State Department of Financial Services for the requirement of purchasing aggregate stop-loss insurance.
5. ***Professional Services*** – this is a combination of the monthly costs associated with the outside professional support the Consortium hires on an annual basis. Currently, this expense category includes fees associated with accounting, actuarial, auditing, consulting, investment management, legal, and wellness coordination services.
6. ***Insurance/Internal Fees*** – the money associated with this expense category includes the salary, fringe benefit, support, and insurance costs incurred by the Consortium or by a Participating Municipal Partner. These fees currently include the Consortium's Executive Director, financial support staff, administrative support staff, IT support staff, marketing costs, and professional liability insurance costs.

2020 Projected Expenses

Major Expense Categories (continued):

7. ***Ancillary Benefits*** – this last expense category is associated with the “pass-through” premium costs associated with the Consortium’s ancillary benefits which currently include the following:
 - a) Dental and Vision Insurance provided by the CSEA Employee Benefit Fund to include the Dutchess Dental Plan and the Platinum 12 Vision Plan.
 - b) Life Insurance, Short-Term Disability Insurance, and Voluntary Life Insurance policies offered and administered by the Lincoln Financial Group.
 - c) Legal Benefit Plan provided by the Upstate Union Health and Welfare Fund.

It should be noted that these ancillary benefits are available to any Participating Municipality in the Consortium separately or as a “package”. The costs associated with the program are the premiums charged by each company. The Consortium merely operates as a billing conduit for the services and all premium dollars collected by the Consortium are “passed-through” to the company for each benefit plan offered.

2020 Projected Expenses

			<i>as of June 30, 2019</i>	
Expenses	<i>Actual Results 2018 Fiscal Year</i>	<i>Projected Budget 2019 Fiscal Year</i>	<i>Updated Budget 2019 Fiscal Year</i>	<i>Projected Budget 2020 Fiscal Year</i>
Medical and Rx Paid Claims	\$40,731,602.60	\$49,427,323.68	\$47,235,202.44	\$51,448,392.26
Claims Administration Fees	\$1,168,636.25	\$1,446,997.99	\$1,429,431.36	\$1,478,723.22
Taxes and Fees	\$249,914.53	\$304,440.86	\$345,921.90	\$347,560.35
Stop-Loss Insurance	\$442,185.54	\$609,679.40	\$634,586.16	\$761,503.39
Professional Services	\$227,796.40	\$344,274.27	\$373,920.00	\$407,163.94
Insurance/Internal Fees	\$107,144.72	\$225,060.02	\$279,366.36	\$385,294.77
Ancillary Benefits	\$149,173.19	\$164,340.00	\$152,000.00	\$167,200.00
Other/Miscellaneous Fees	\$20,937.11	\$10,300.00	\$10,300.00	\$10,609.00
Total Expenses	\$43,097,390.34	\$52,532,416.23	\$50,460,728.22	\$55,006,446.93

2021-2024 Projected Expenses

Expenses	<i>Projected Budget 2021 Fiscal Year</i>	<i>Projected Budget 2022 Fiscal Year</i>	<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>
Medical and Rx Paid Claims	\$55,175,334.39	\$59,187,761.46	\$63,495,263.14	\$68,119,794.02
Claims Administration Fees	\$1,523,084.92	\$1,568,777.46	\$1,615,840.79	\$1,664,316.01
Taxes and Fees	\$364,938.37	\$383,185.29	\$402,344.55	\$422,461.78
Stop-Loss Insurance	\$913,804.07	\$1,096,564.88	\$1,315,877.86	\$1,579,053.43
Professional Services	\$340,378.86	\$350,590.22	\$361,107.93	\$371,941.17
Insurance/Internal Fees	\$399,745.80	\$414,919.59	\$430,866.73	\$447,642.24
Ancillary Benefits	\$183,920.00	\$202,312.00	\$222,543.20	\$244,797.52
Other/Miscellaneous Fees	\$10,927.27	\$11,255.09	\$11,592.74	\$11,940.52
Total Expenses	\$58,912,133.68	\$63,215,366.00	\$67,855,436.95	\$72,861,946.70

2020-2024 Projected Expenses

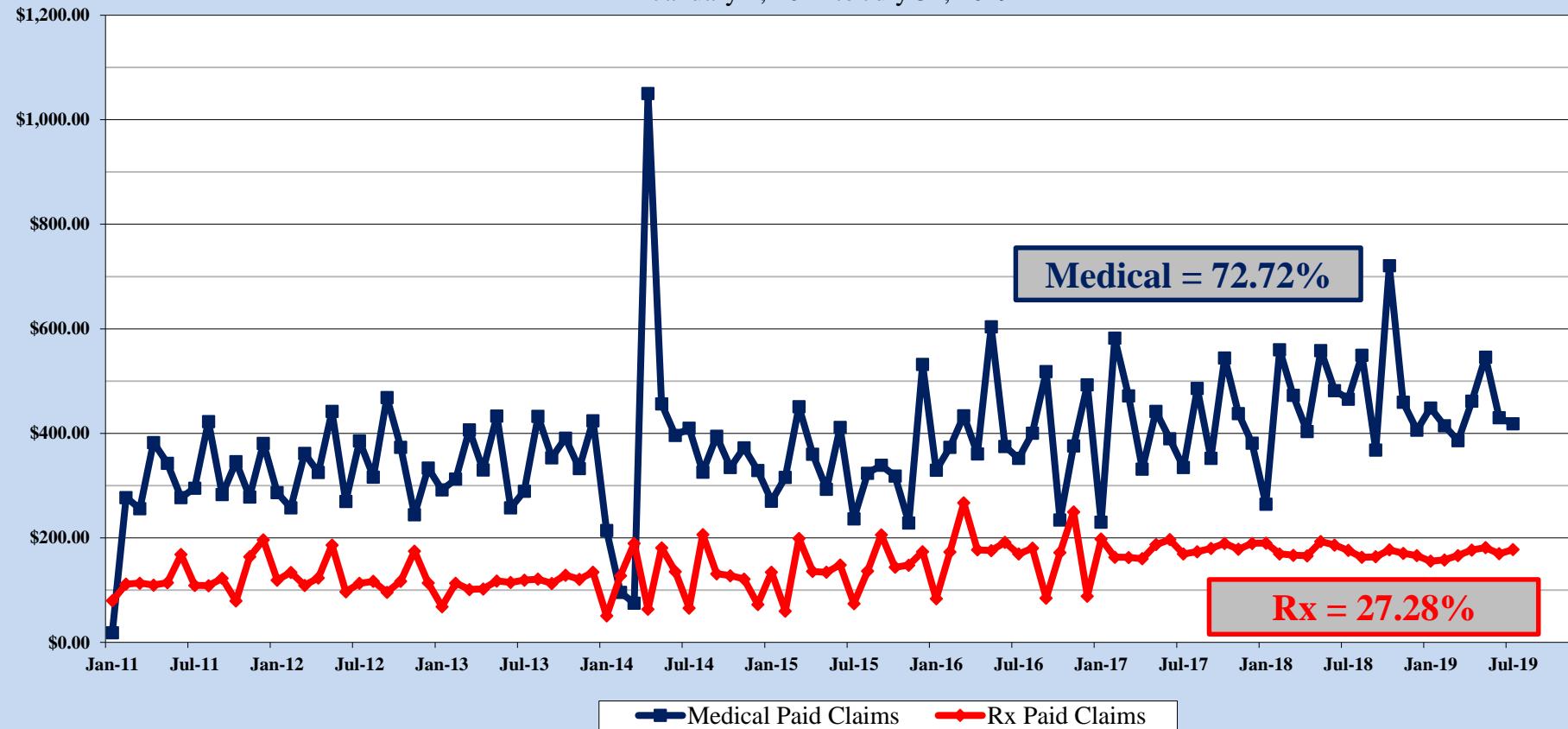
Important Notes and Assumptions:

1. The medical and pharmacy paid claims trends for the GTCMHIC from April 1, 2011 to June 30, 2019 has equaled 4.745% and 5.056%, respectively.
 - a) The Locey & Cahill, LLC Municipal Cooperative Health Benefit Plan Client paid claim trends models for medical and pharmacy claims produce an average annual cost increase of 3.321% and 6.378%, respectively.
 - b) The paid claims trends we utilized are based on a number of factors, including the trends noted above and Locey & Cahill, LLC's 24+ years of experience working with Municipal Cooperative Health Benefit Plans like the GTCMHIC.
 - c) The 2020 Paid Claims trends utilized for the budget projections were 5.00% for medical claims and 6.50% for prescription drug claims based on an updated per covered life claims projection which includes data as of July 31, 2019.
 - d) The following charts provide some background and detail regarding the paid claims trend information and data used by Locey & Cahill, LLC in the development of this budget report.

Greater Tompkins County Municipal Health Insurance Consortium

Monthly Paid Claims Per Covered Life

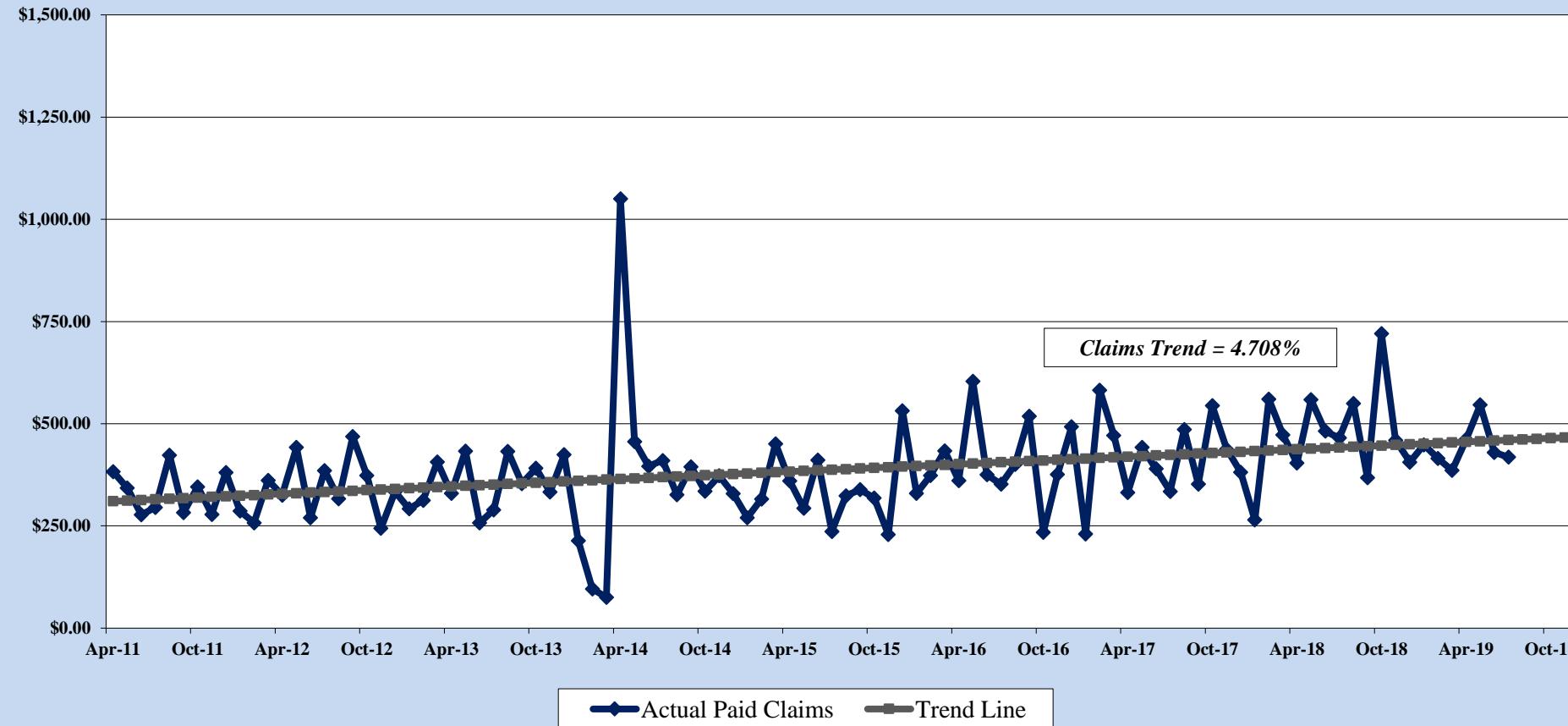
January 1, 2011 to July 31, 2019



Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month Medical Paid Claims Trend

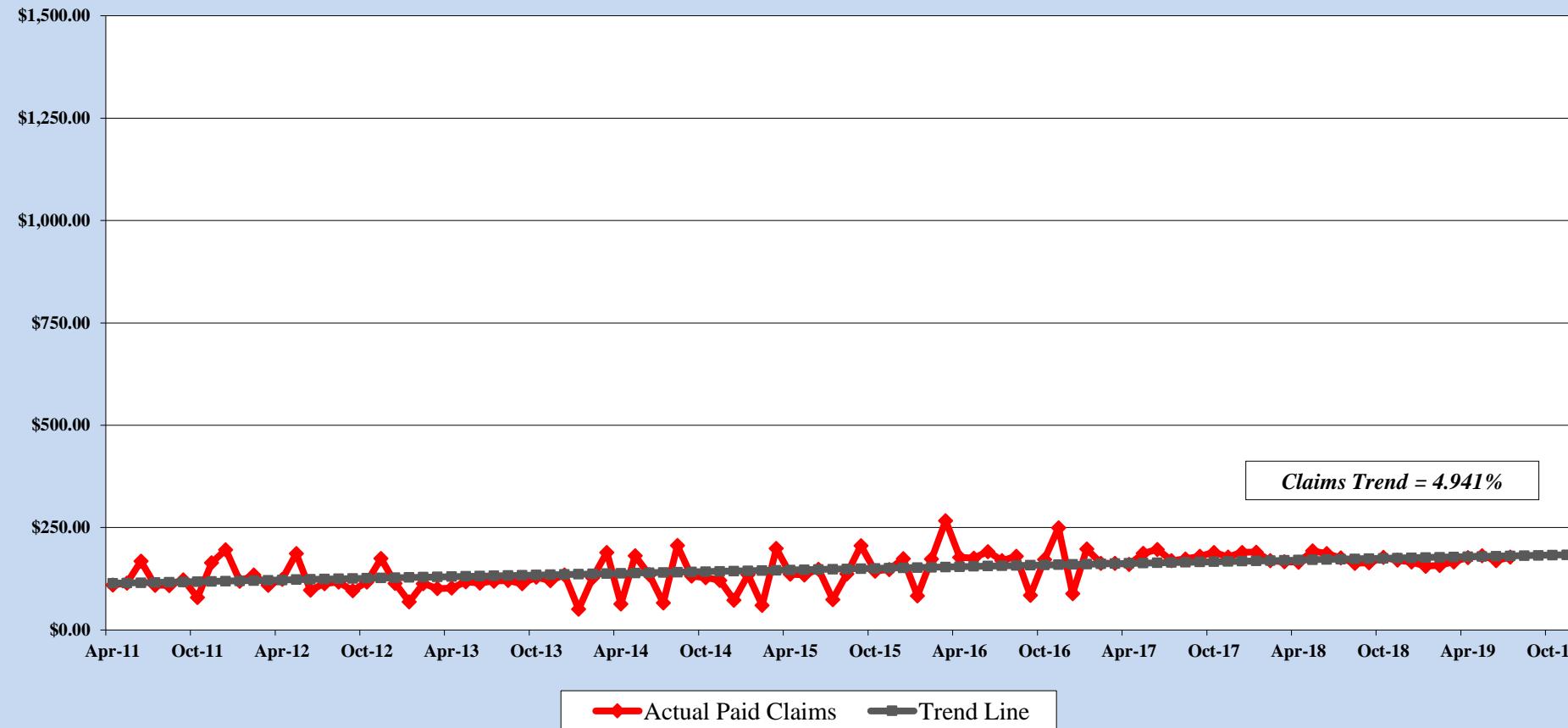
April 1, 2011 to July 31, 2019



Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month **Prescription Drug** Paid Claims Trend

April 1, 2011 to July 31, 2019

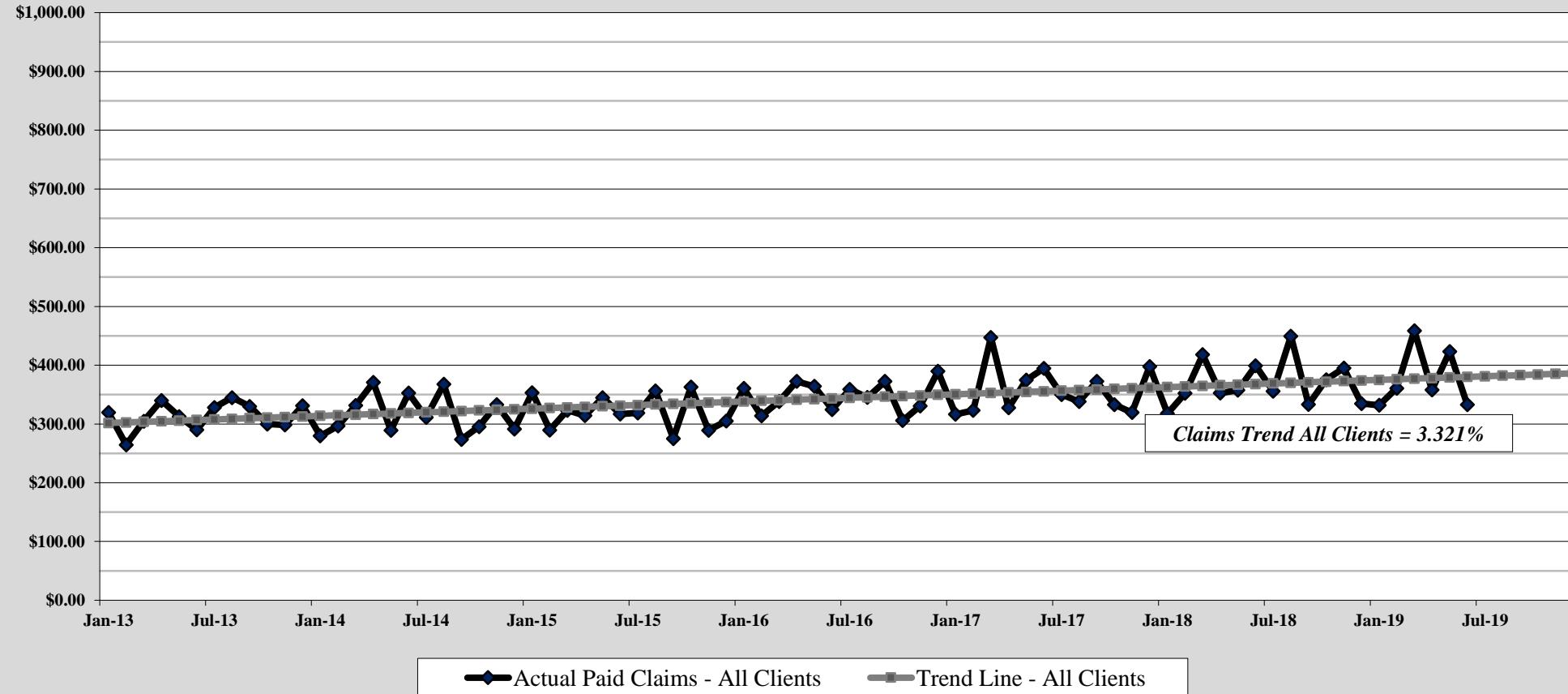


Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Medical Paid Claims Trend

January 1, 2013 to June 30, 2019

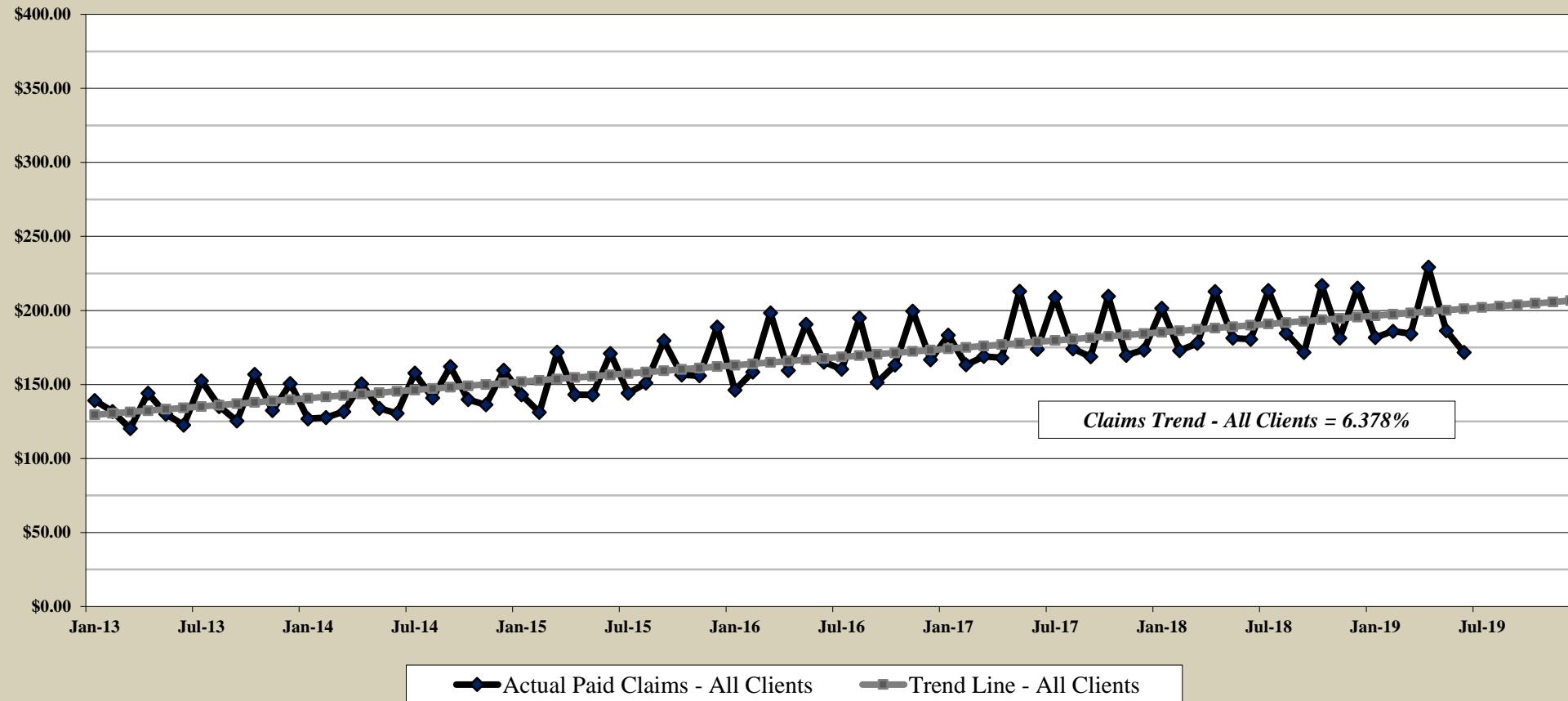


Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Rx Paid Claims Trend

January 1, 2013 to June 30, 2019



2020-2024 Projected Expenses

Important Notes and Assumptions (continued):

2. The Excellus BlueCross BlueShield claims administrative fees are increased by 3.5% for the 2020 Fiscal Year and then are trended by 3.0% for each of the 2021 to 2024 Fiscal Years. The ProAct, Inc. claims administrative fees are increased by 3.0% per annum for the 2020 through 2024 Fiscal Years.
3. The Taxes and Fees include the New York State Covered Lives Assessment (Graduate Medical Expense) which is a per contract per month fee that has been forecasted to increase by 5% per annum. The Patient Protection and Affordable Care Act (ACA) Patient Centered Outcomes Research Institute (PCORI) fee is set to sunset in 2019. We have removed this expense from the 2020 through 2024 Fiscal Years.
4. The specific stop-loss insurance premiums have been forecasted to increase at a rate of 15% per annum based on our experience with this market in recent years. This sector of the insurance marketplace has been hit hard over recent years with significant increases in large dollar claimants resulting in escalating premiums. This is an area of operations which is being closely scrutinized to ensure the Consortium is protected at a reasonable cost going forward.

2020-2024 Projected Expenses

Important Notes and Assumptions (continued):

5. We have updated the 2020 Fiscal Year expected costs associated with all professional services provided to the Consortium based on information from the Consortium's Executive Director and Treasurer. These fees have been trended at an annual rate of 3% for the 2021 through 2024 Fiscal Years.
6. As with the professional services, the internal coordination fees and insurance costs have been updated based on information from the Consortium's Executive Director and Treasurer. These fees have been trended at an annual rate of 3% for the 2021 through 2024 Fiscal Years.
7. The ancillary benefits have been trended at a combined premium rate increase to match the premium income for the fully-insured dental, vision, short-term disability, life insurance, voluntary life insurance, and legal aid benefit plan.
8. The last major expense category is the “other” expenses which is for miscellaneous costs that do not fit in one of the other line-items cleanly. This is an extremely nominal expense item which has little impact on the overall budget. We trended this at 3% from the current cost projections.



Recommendations

Section 5

Locey & Cahill, LLC's
2020 GTCMHIC Budget Recommendations

2020 Budget Recommendations

1. Maintain the Surplus Account at 5% of the annual premium of the Consortium in compliance with §4706(a)(5) of the New York State Insurance Law. The value of this reserve, as projected for the 2020 Fiscal Year, is \$2,653,398.31. This will satisfy an Article 47 statutory reserve requirement.
2. Maintain the IBNR Claims Liability Reserve as required by §4706(a)(1) of the New York State Insurance Law at a value in line with the expected cost of “run-out” claims. We are recommending that this reserve continue to be funded at 12.0% of expected incurred claims consistent with the direction received by the Consortium from the New York State Department of Financial Services. Based on our projections, this reserve would equal approximately \$6,142,548.13 for the 2020 Fiscal Year.

2020 Budget Recommendations (Continued)

3. Continue to evaluate the specific stop-loss insurance policy which recently increased the deductible to \$600,000 for the 2019 Fiscal Year and maintain the Catastrophic Claims Reserve at an amount equal to \$2,800,000.00 for the 2020 Fiscal Year. This reserve is specifically designed to protect the cash flow of the Consortium from the effects of a significant increase in the number of individual high dollar claimants.
4. Maintain the Claims/Rate Stabilization Reserve in an amount equal to 5% of expected paid claims (\$2,559,395.05). These funds could be used in future years to mitigate premium rate increases and to “soften the blow” from a period of hyper-inflation in the overall paid claims.
5. Continue to negotiate reasonable increases to the administrative fees paid to Excellus BlueCross BlueShield and ProAct, Inc. as part of the annual renewal process.

2020 Budget Recommendations (Continued)

6. Monitor and update the investment strategies of the Consortium to continue to maximize the interest earnings associated with the reserve and surplus funds while maintaining the flexibility needed in cash flow to prudently manage the Consortium's finances.
7. In consideration of the overall financial position of the Greater Tompkins County Municipal Health Insurance Consortium and its goals and objectives, Locey & Cahill, LLC is recommending that the Board of Directors approve a 5.0% increase in premiums for the 2020 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$502,000 for the 2020 Fiscal Year.

2020 Budget Recommendations (Continued)

8. In addition to the overall budget increase, Locey & Cahill, LLC is recommending an increase in the Gold Plan deductible to ensure the plan continues to meet the definition of a High Deductible Health Plan (HDHP). The deductible will need to increase to \$1,400 for individuals and \$2,800 for families. This change in benefit equaled a 0.52% differential in the plan's Actuarial Value (AV). As a result, this recommendation would include a premium rate increase for the Gold Plan of 4.48% for the 2020 Fiscal Year.

In conclusion, the final thought that we offer to the Board of Directors of the Consortium at this time is to consider the views, opinions, and recommendations expressed above and to consider approving the recommended budget with a 5% increase in overall premium revenue. Our goal is to have modest, steady premium growth over the next several fiscal periods while using a modest amount of fund balance each year.

2011-2024 GTCMHIC Premium Increases

Fiscal Year	Budget Income % Increase
2011	9.50%
2012	9.50%
2013	9.00%
2014	8.00%
2015	5.00%
2016	4.00%
2017	5.00%
2018	4.00%
2019	5.00%
2020	5.00%
2021	7.00%
2022	7.00%
2023	7.00%
2024	7.00%
Average Increase	6.56%
5-Year Avg. Increase	4.60%

Historical Average Premium Rate Increases

2011-2019 Avg. Rate Increase = 6.56%

2015-2019 5-Year Avg. Rate Increase = 4.60%

Projected Average Premium Rate Increases

2011-2024 Avg. Rate Increase = 6.57%

2020-2024 5-Year Avg. Rate Increase = 6.60%





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. – 2019 - ADOPTION OF POLICY FOR DETERMINING DEPARTING MUNICIPALITY'S PRO RATA SHARE OF ASSETS

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

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 Parket Page #65 now therefore be it

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

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).

* * * * *



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 FAILED AT JUNE 26, 2019 BOARD OF DIRECTORS MEETING

RESOLUTION NO. 015-2019 - ADOPTION OF POLICY TO COMPLY WITH SECTION A.3 OF THE MUNICIPAL COOPERATIVE AGREEMENT

MOVED by Ms. Hersey, seconded by Mr. Brown. A voice vote resulted as follows: Ayes – 21, Noes – 0, Absentia – 2 (Salton and Zahler); Excused or Absent – 22. RESOLUTION FAILED.

WHEREAS, Section A.3. of the Greater Tompkins County Municipal Health Insurance Consortium's (the "Consortium") current Municipal Cooperative Agreement (MCA) states:

"Participation in the Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant is not encouraged and shall not be permitted absent prior Board approval. Further, after obtaining approval, any Participant which negotiates an alternative health insurance plan offering other than the plan offerings of the Consortium with a collective bargaining unit or employee group may be subject to a risk charge as determined by the Board.", and

WHEREAS, two of our current municipal Participants do not have all of their active subscribers enrolled in the Consortium Plan and one of them has, by municipal resolution, agreed to bring those subscribers into the Consortium within 3 years; and

WHEREAS, except for one instance, the non-participation of these employee groups has not been ratified by Board approval; and

WHEREAS, the Consortium wishes to otherwise bring all Participants into compliance with Section A.3 of the MCA with respect to their active enrollees, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee That the Board of Directors hereby adopts the following policy:

1. that municipal Participants with *active employees* not enrolled in Consortium benefit plan options, must, within 3 years of the date of this resolution, fully enroll all of their active employees on Consortium plan options or otherwise seek Board Approval as required by Section A.3, or they will be subject to termination of their further participation in the Consortium

* * * * *

Executive Director Report
August 2019

Consortium Staffing

We are excited that Brittni Griep has joined our staff as the new Administrative Computer Assistant. Brittni will be located at our offices in Ithaca's Town Hall. You can reach Brittni at bgriep@tompkins-co.org and 607-274-5931. Please join me in welcoming Brittni to the Consortium. In addition, we have also moved Michelle Cocco, Clerk to the Board, from consultant status to employee. Michelle will be working with Brittni to transfer many of her current day to day responsibilities.

Vendor Visits

In August I was fortunate to have meetings with both Excellus and ProAct at their offices in Syracuse. Don Barber, Judy Drake, Steve Locey and Rob Spenard joined me for the Excellus meeting. I was able to meet with top executives from both organizations and discuss new opportunities for our partnerships. The Excellus meeting focused on both the BMI and Segal audits performed regarding claims adjudication and information regarding new mandates coming and the cost associated with changes in health care rules and regulations. There was also some time for me to learn how to access reports from the Excellus online reporting portal and have a very productive meeting with Ken Foresti, Worksite Wellness and Telemedicine Consultant.

ProAct provided a tour for me of the Noble Specialty Pharmacy and gave me a great overview of the organization and how their partnerships help manage our prescription drug care costs. We continue to explore how some of the controls that ProAct can put in place will help manage claims costs with deeper discounts for both the Consortium and our members. Furthermore, I received a comprehensive presentation by the Noble staff on exciting new treatments that are coming to the market and ways we can make them available to and affordable for our subscribers.

NYS Department of Financial Security

Our second quarter 2019 JURAT has been filed. We have also responded to questions regarding our first quarter 2019 filing.

Governance Committee

The Governance Committee will reconvene in September to discuss the required five-year review of our Municipal Cooperative Agreement (MCA). A letter will be sent out shortly to each member asking that you send any comments, concerns or necessary changes you'd like to see made as part of this regular review. As we grow several discussions regarding Executive Committee roles and responsibilities and the number of required labor representatives have already been proposed and discussed at several committee meetings. The Governance Committee will send out a timeline of work once they meet in September.

Joint Committee

The Joint Committee reviewed the necessary changes required to comply with new IRS regulations on keeping our Gold Plan eligible as a high deductible plan. A proposal to increase the deductible by \$50

for single and \$100 for family will keep us in compliance. Those recommendations will come to the Board at the September meeting after all members with Gold plans can review this recommendation and comment on the changes.

The Joint Committee is also recommending that we pass a resolution to offer Medicare Advantage as a “pass through” benefit. Offering a Medicare Advantage Plan allows us to increase our plan offerings and bring more members into compliance with section A3 of our MCA. In addition, to this new plan offering, we will be securing a consultant to help review and then advise us on all retirement plans and how we can best meet the needs of all our members in this important area of retiree benefits.

Olivia Hersey, the current Chair of the Joint Committee on Plan Structure and Design, has informed the committee that she will be retiring and phasing out of her Consortium responsibilities this fall. We will be looking for a labor representative to fill this key position, as specifically outlined in our MCA.

Owning Your Own Health

Our annual Flu Shot Clinics are scheduled to take place in September. ProAct is working on providing at least six clinics this year. Brittni Griep is working with ProAct and Benefit Clerks to coordinate this event.

Excellus will be presenting an annual calendar of events to help promote wellness activities to our members. We will also be looking at new methods of communicating directly with employees on the value of a healthy lifestyle and sharing wellness promotion materials.

Audit and Finance Committee

The AFC has been working diligently with our Consultants (Locey & Cahill and Barber) on reviewing medical claims data, market analytics and reviewing long term projections in order to present a final budget at our September meeting. Steven Locey will present at the August Board meeting a preliminary budget and the assumptions used in preparing that budget.

In addition to the AFC meetings, there have been several discussions regarding our Fund Balance and the appropriate level of funding necessary to advert risk and remain prepared for unexpected claims activity going forward.

Those of you involved with municipal budgets understand the advantages of having a robust fund balance for unforeseen expenses and how any fund balance is also part of the community treasury and belongs to the taxpayers. Striking the balance between the two is always a challenge. We face these same challenges as a Consortium, especially as we prepare our budgets and look at 2020 premium increases and try to evaluate how we will continue to meet the 18% of expected annual premium Fund Balance target set by our Audit and Finance Committee of having at least two months of expenditures held in an unrestricted account.

Although health care costs have slowed somewhat under the Patient Portability and Affordable Care Act, they continue to rise at a state and national rate of 7%. At a much more local level we have seen growth below this level, including at the Consortium. We have also heard from our vendors and other partners of the ongoing escalating costs of government mandates, new expensive medications in disease control, and the skyrocketing cost of bringing new prescription drugs to the market.

As a Consortium we have traditionally been conservative by increasing both statutory and other reserves and building a secure Fund Balance. The proposed 2020 budget recognizes our recent positive performance. Our five-year plan projections take into consideration unexpected growth, some depletion of our fund balance, but a prudent plan to continue to build our reserves and fund at a level that will allow us to be prepared for any unforeseen expenses and yet allow us to keep premiums stabilized for the long run.

New Members for 2020

The following report has been submitted by Don Barber regarding new member prospects:

We have received resolutions from Village of Watkins Glen (21 contracts plus Teamsters in the future) Gold PLAN and Lansing Library (1 contracts) Platinum Plan

Town of Spencer is quite interested and has asked for us to meet with their employees next week to answer their questions. They will hold a special meeting before the end of this month to adopt their resolution if next week's meeting goes well. (7 contracts Pt plan).

Town of Horseheads is still a prospect and as of this report we are waiting for an update. (Possibly 20 contracts plus Teamsters in the future.)

Town of Baldwin and Town of Candor- They are both very interested, but will hold off until 2021.