



## 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 September 26, 2019 – 6:00 pm – **TC3 FORUM**

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
  - a. **Motion:** Creation of 2020 Consortium Leadership Nominating Committee
5. Report from Executive Committee (6:10) J. Drake
  - a. Report on Medicare Advantage “RFP”
  - b. **Resolution:** Establish Meeting Schedule for 2020
  - c. **Resolution:** Amendment to Resolution Nos. 020 and 009 of 2019 – Appointment(s) to the Consortium's Operations Committee
6. Executive Director's Report (6:25) E. Dowd  
G. Switts
  - a. Presentation of CSEA Dental and Vision Benefits
7. Financial Report (6:40) S. Locey
  - a. Update on YTD Financials
  - b. 2020 Budget
8. Report from Audit and Finance Committee (7:10) M. Cook
  - a. **RESOLUTION:** Medical Claims Audit Action Items for Excellus BlueCross BlueShield
  - b. **RESOLUTION:** Approval of Adjustment to the Gold Metal Level Plan Minimum Deductible Amounts
  - c. **RESOLUTION:** Acceptance of Application by the Village of Watkins Glen to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
  - d. **RESOLUTION:** Acceptance of Application by the Town of Horseheads to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
  - e. **RESOLUTION:** Acceptance of Application by the Lansing Community Library to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
  - f. **RESOLUTION:** Acceptance of Application by the Town of Spencer to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
  - g. **RESOLUTION:** Adoption of Budget, Premium Rates, and Reserve Amounts for 2020

Board of Directors Agenda  
September 26, 2019

9. Report from Governance Structure and MCA Committee (6:50) C. Rankin
  - a. Proposed Structure (Draft Executive Committee bylaws and MCA changes included)
    - MCA Timeline and Notice to Members
  
10. Report from Joint Committee (7:30) O. Hershey
  - a. Update on Maximum Representatives Resolution
  
11. Report from Owning Your Own Health Committee (7:35) K. Servoss
  
12. New Business (7:40)
  
13. Adjournment (7:45)

*Next Meeting: December 19, 2019*

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## Board of Directors August 22, 2019 – 6:00 p.m. **Draft** TC3 Sprole Conference Room

### **Municipal Representatives: 30**

Steve Thayer, City of Ithaca  
Mack Cook, City of Cortland  
Greg Pelicano, Seneca County  
Lisa Holmes, Tompkins County  
John Fracchia, Town of Caroline  
Laura Shawley, Town of Danby  
Kathrin Servoss, Town of Dryden  
Don Scheffler, Town of Groton  
Kevin Williams, Town of Homer  
Judy Drake, Town of Ithaca  
Charmagne Rungay, Town of Lansing  
Tom Adams, Town of Marathon  
Mark Emerson, Town of Mentz  
Christine Laughlin, Town of Newfield  
Joan Jayne, Town of Niles

Jim Doring, Town of Preble  
Gary Mutchler, Town of Scipio  
David Schenck, Town of Springport  
Tom Brown, Town of Truxton (arrived at 6:15 p.m.)  
Nancy Zahler, Town of Ulysses  
Dale Taylor, Town of Virgil  
Peter Salton, Village of Cayuga Heights  
Michael Murphy, Village of Dryden  
Miles McCarty, Village of Freeville  
Nancy Niswender, Village of Groton  
Kristen Case, Village of Homer  
Donna Dawson, Village of Horseheads  
Ronny Hardaway, Village of Lansing  
Rordan Hart, Village of Trumansburg  
Bud Shattuck, Village of Union Springs

### **Labor Representatives: 4**

Olivia Hersey, 1<sup>st</sup> Labor Representative and Joint Comm. on Plan Structure & Design  
Jim Bower, 2<sup>nd</sup> Labor Representative  
Zack Nelson, 3<sup>rd</sup> Labor Representative  
Tim Farrell, 5<sup>th</sup> Labor Representative

### **Excused: 7**

Alex Patterson, Town of Aurelius  
Luann King, Town of Cincinnatus  
Ann Rider, Town of Enfield  
Doug Perine, 4<sup>th</sup> Labor Representative

Ed Fairbrother, Town of Big Flats  
John Malenick, Town of Montezuma  
Terrance Baxter, Town of Moravia

### **Absent: 4**

Edward Wagner, Town of Owasco  
Alvin Doty, Town of Willet

Peter Adams, Town of Sennett  
Carol Sosnowski 6<sup>th</sup> Labor Representative

### **Others in attendance:**

Elin Dowd, Executive Director  
Don Barber, Consultant  
Beth Miller, Excillus

Brittini Griep, Administrative Assistant  
Michelle Cocco, Clerk of the Board

### **Call to Order**

Ms. Drake, Chair, called the meeting to order at 6:06 p.m.

**Approval of Minutes – June 27, 2019**

It was MOVED by Ms. Hersey, seconded by Mr. Murphy, and unanimously adopted by voice vote by members present, to approve the minutes of June 27, 2019 as submitted. MINUTES APPROVED.

**Changes to the Agenda**

The presentation on CSEA Dental and Vision Benefits was deferred to the next meeting.

**Chair's Report**

Ms. Drake said committees have been very busy and a lot of time and work has gone into preparation of the 2020 budget. She introduced and all welcomed Brittni Griep, Administrative/Computer Assistant.

**Executive Committee**

**RESOLUTION NO. 019-2019 – RATIFICATION OF PROVISIONAL APPOINTMENT OF ADMINISTRATIVE/ COMPUTER ASSISTANT – BRITJNI GRIEP**

MOVED by Ms. Drake, seconded by Mr. Fracchia, and unanimously adopted by voice vote by members present.

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.

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**RESOLUTION NO. 020-2019 - RATIFICATION OF APPOINTMENTS TO THE CONSORTIUM'S OPERATIONS COMMITTEE**

MOVED by Ms. Niswender, seconded by Mr. Fracchia, and unanimously adopted by voice vote by members present.

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

Board of Directors  
August 22, 2019

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 Fairbothor  
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.

\* \* \* \* \*

Ms. Drake reported the Committee has been looking into a Medicare Advantage Plan and the aspect that there are several municipalities that when they joined the Consortium had retirees covered by a Medicare Advantage Plan and the Consortium did not have a plan to offer. The Consortium issued an RFP (Request for Proposals) for a Medicare Advantage Plan and received a single response from Excellus. She said after evaluating the response it was recommended to move forward with Excellus and noted most of the municipalities that were offering a Medicare Advantage Plan are currently using Excellus. Two plans are being looked at and it appears a transition could happen easily. Those plans have been presented to the Joint Committee on Plan Structure and Design and the Audit and Finance Committee. At this time the plans would be offered on January 1, 2020 and only to municipalities that currently have retirees who are on a Medicare Advantage Plan and who have not been brought into the Consortium. Discussions will be taking place with the impacted municipalities; they would need to make a decision on which plan that would offer.

Mr. Brown arrived at this time.

Ms. Drake said discussions and research will continue on potentially offering a Medicare Advantage Plan to other groups in the Consortium.

**Executive Director's Report**

Ms. Dowd said she provided Directors with a written report in advance of this meeting and will be doing that going forward. She hopes Directors will find it useful and will present her with any questions.

She alerted the Board that this is the time of year when municipalities will need to present the Consortium with a resolution adopted by its governing board and notify the Consortium of any intended plan changes. Information will be sent out to municipalities about this soon; notification by municipalities should be done by mid-October. The Consortium will also be sending out a letter on the Medicare Advantage Plan and changes to the Gold Metal Level Plan.

Mr. Fracchia commented that he found Ms. Dowd's written report very helpful.

## **Financial Report**

Mr. Locey reviewed a detailed PowerPoint presentation on the preliminary 2020 budget. The narrative from the presentation follows; the full presentation containing all exhibits can be found on the Consortium's website: <http://healthconsortium.net/governance/financials>

### **2019 Income Budget vs Actual**

#### 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 average per covered life cost basis.
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**

#### 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 (↑18.43%) and in the number of contracts (↑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.
  - d) 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.

## 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.

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 Locey & 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.
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.

**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%.
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.

**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.

**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.
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.
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:
  1. Dental and Vision Insurance provided by the CSEA Employee Benefit Fund to include the Dutchess Dental Plan and the Platinum 12 Vision Plan.
  2. Life Insurance, Short-Term Disability Insurance, and Voluntary Life Insurance policies offered and administered by the Lincoln Financial Group.
  3. 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.

**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.

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.
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.

Mr. Snyder addressed cash flow and said this year a decision was made to invest all of the reserves and keep \$6-\$8 million (two months of operating expenses) locally that can be accessed on a liquid basis and this will reflect a lot upon decisions the Board makes as to the appropriate level of reserves. He recommends always having two to three months of funds kept locally to cover operating expenses.

Ms. Dowd said the Consortium has traditionally forecasted a budget that shows it depleting the fund balance and asked why it has been the practice to show the Consortium depleting those funds going forward. Mr. Snyder said the Consortium's target fund balance is currently at 18% and as budgets have been put together the amount of the fund balance has always been over the target. In developing a five-year budget, a small amount of the fund balance has been used over the next four years to bring that down with a goal to eventually reaching the targeted fund balance. He said the Consortium has had several good years and has continued to build the fund balance.

Ms. Zahler asked if demographic information on the Consortium's covered lives is available. Mr. Locey said the average age is over 50; in general the average age is increasing due to the retiree population typically living longer. Ms. Dowd said this information is contained in the Excellus Utilization Report and available on the Consortium's website: [http://healthconsortium.net/sites/default/files/Financials/2018/2018%20Greater%20Tompkins%20Consortium%20Excellus%20Annual%20UR%20\(2018\)\\_0.pdf](http://healthconsortium.net/sites/default/files/Financials/2018/2018%20Greater%20Tompkins%20Consortium%20Excellus%20Annual%20UR%20(2018)_0.pdf)

Mr. Salton asked if it would be a good idea to look at different models containing a mix of variables. Mr. Locey responded that unless there is something seriously being considered on the horizon he thinks it is best to develop a budget based on what is known at the current time.

### **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.
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.
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.
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.

Mr. Locey concluded the presentation asking that the Board consider the information and recommendations presented as a decision will need to be made at the September 26 Board of Directors meeting.

Mr. Murphy said the Consortium’s rate increases are typically below the industry average and asked that the current comparison would be. Mr. Locey said there is a wide variance; however, national averages are running at 7-9% depending on the plan type; BlueCross BlueShield’s community rating for a small group book of business is 6.3% for 2020. On average for the Southern Tier Region other Locey and Cahill groups are collectively looking at 5-6% over the last ten years. The only ones higher than that are those that are recouping a deficit.

**Report from the Governance Structure Committee**

Ms. Dowd reported the Committee will meet next on September 4<sup>th</sup> and will begin discussion of the five-year review of the Municipal Cooperative Agreement as required by New York State General Municipal Law Article 5G. The agenda includes a review of a draft letter notifying all Participants that this process is underway and to submit comments to the Committee for consideration. The review process will take place during 2020 and the amended MCA will go into effect on the review date in 2021.

**Audit and Finance Committee Presentation of Resolutions and Report**

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

MOVED by Mr. Mutchler, seconded by Mrs. Shawley.

Ms. Drake noted the Committee was trying to be proactive and developed a policy at a time when there is no municipality is planning to leave. Mr. Locey said this policy applies to a voluntary withdrawal. Mr. Salton referred to information that was provided to the Committee that outlined each Participant’s share and suggested it be included in the resolution. Mr. Locey said this policy dictates only what the formula will be to calculate the share. Ms. Drake noted the numbers being referenced will change and the information contained in that document is available on the website and in the Consortium’s records.

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

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

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

, and

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

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

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

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

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

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

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

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

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

\* \* \* \* \*

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

Ms. Drake explained that this resolution did not pass at the last Board of Directors because the number of Directors in attendance only to reach quorum and there were not enough votes with the abstentions. The Audit and Finance Committee reviewed the resolution again and did not wish to make any changes.

It was MOVED by Mr. Shattuck, seconded by Mr. Thayer, to Reconsider Resolution No. 015-2019. A voice vote resulted as follows: Ayes – 33; Noes – 0, Abstentions – 1 (Salton), Excused or Absent: 11. MOTION TO RECONSIDER CARRIED.



Mr. Cook explained this is an attempt to provide guidance so that an entity that doesn't have all of its eligible employees in the Consortium are granted a three-year window of opportunity to do so or will need to seek a waiver from the Board of Directors. Mr. Barber noted this only impacts active employees.

It was MOVED by Mr. Mutchler, seconded by Mr. Murphy. A voice vote on the resolution resulted as follows: Ayes – 33, Noes – 0, Abstentions – 1 (Salton); Excused or Absent 11).  
RESOLUTION ADOPTED.

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

\* \* \* \* \*

### **Report from the Joint Committee on Plan Structure and Design**

Ms. Hersey, Chair, reported at the last meeting the Committee recommended approval of the Medicare Advantage Plan and discussed increasing the deductible for the Gold Metal Level Plan. At the September meeting the Committee will consider a resolution on that and also a resolution to cap the number of Labor representatives on the Board of Directors as the Consortium grows.

Ms. Hersey announced she will be retiring in July 2020 but will not be seeking re-election to the union seat that expires at the end of October.

**Report from the Owning Your Own Health Committee**

Ms. Servoss, Chair, said the mission of the Committee is to reduce the overall cost of claims by creating and building a culture of wellness. She said she is looking to broaden representation on the Committee to include representatives from other municipalities within the Consortium and will be reaching out to find members. Ms. Servoss said flu clinics will be held in September; however, members are encouraged to also use pharmacies. Lastly, the Committee will be working on a wellness calendar and when created will highlight a particular topic each month.

**Adjournment**

The meeting adjourned at 7:55 p.m.





# Greater Tompkins County Municipal Health Insurance Consortium

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## RESOLUTION NO. - 2019 – ESTABLISH MEETING SCHEDULE – 2020

RESOLVED, on recommendation of the Executive Committee, That the Board of Directors hereby adopts the following meeting schedule:

### BOARD OF DIRECTORS 2020 Meeting Schedule

March 26  
June 25  
August 27  
September 24 – Annual Meeting (set rates)  
December 17

Meeting time: 6:00 p.m. to 8:00 p.m.  
TC3 FORUM  
170 North Street  
Dryden, New York 13053

\* \* \* \* \*



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### **RESOLUTION NO. – 2019 - AMENDMENT TO RESOLUTION NOS. 020 AND 009 OF 2019 - APPOINTMENT(S) 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 by the Board of Directors, and

RESOLVED, on recommendation of the Executive Committee, That the following additional appointment(s) to the Consortium’s Operations Committee are hereby ratified: Michael Catalano, Mark Emerson, Gary Mutchler, and \_\_\_\_\_,

RESOLVED, further, That the following three-year staggered terms expiring December 31st for a total of eleven(11) seats are hereby established:

Expiring December 31, 2020  
Vacancy  
Mark Emerson  
Gary Mutchler

Expiring December 31, 2021  
Edward Fairbothor  
Doug Perine  
Sunday Earle  
Mike Catalano

Expiring December 31, 2022  
Greg Pelicano  
Lisa Holmes  
Judy Drake  
Schelley Michel Nunn

\* \* \* \* \*

**Executive Director Report  
September 2019**

Work at the Consortium Headquarters continues at a rapid pace as we get ready for end of the year business, including approval of the 2020 budget and the associated changes to each plan's premium levels. The September Newsletter is now available online and both hard and electronic copies have been sent to each Member for distribution to your employees. Notices have gone out to Gold Plan members regarding the recommended changes to deductibles for 2020 in order for us to remain high deductible health plan compliant. A training session is being scheduled for Benefit Clerks regarding roles and responsibilities in plan administration. The session is being designed to help current administrators as well as train new members in the system. Our Finance Department has identified a recent glitch in our QuickBooks emailing system as several municipalities have not been receiving their invoices. Finance is working with the IT department to resolve this issue. I am pleased to report that our overall financial performance to plan continues its positive trajectory for the year.

By now you should have also received this notice regarding any plan changes for January 1, 2020:

*It is that time of the year when you have the opportunity to review the plans you offer your employees and decide if you would like to change anything in your plan offerings.*

*In order to make the changes with the Consortium and our claims administrators, we need your plan change resolutions, if you are making any changes, by October 15<sup>th</sup>. This allows us to notify the appropriate resources regarding any changes.*

*Please make sure and prepare a resolution to be passed at your local municipal Board meeting and forward a copy to us before October 15<sup>th</sup>.*

Governance Committee

Pursuant to the requirements found in Article 5-G, §119-o(2)(j) of the New York State General Municipal Law, the Greater Tompkins County Municipal Health Insurance Consortium ("GTCMHIC") is required to review, update, and renew its Municipal Cooperative Agreement ("MCA") every five (5) years. Since the last MCA was updated and renewed during the 2015 Fiscal Year, the Consortium is required to again update and renew the MCA during the 2020 Fiscal Year.

You will be receiving a letter shortly outlining the following process the Consortium will use to make sure we comply with this renewal:

- At the September 2019 Board meeting, we will notify each participant to review the terms and conditions of the existing MCA (attached) and ask that you send your comments and objections in a written resolution to the Consortium before January 1, 2020. Please also inform us, in writing, if you have no comments or recommendations.
- A summary of all comments will be sent to each participant as soon as practical after receipt by the Consortium.
- All recommended changes, including those developed by the Consortium's duly appointed Governance Structure and MCA Review Committee will be brought before the Board of Directors at the March 2020 meeting for a vote to recommend the amended MCA be adopted by the Participants. At that time, municipalities are advised to review the proposed amendments at your local level with your Board and legal counsel.

- By July 1, 2020, each Participant must adopt a resolution authorizing its Chief Elected Officer (CEO) to sign the amended MCA. The CEO must sign and return a hard copy to the Consortium by July 1, 2020. Please note that unanimous approval by all Participants is a requirement of the existing MCA.
- The Consortium will send a final copy of the amended agreement to the NYS Department of Financial Services for their comments and acceptance.
- At the September 2020 Consortium Annual Meeting, we will begin operating under the terms of the newly amended MCA.

#### Joint Committee on Plan Structure and Design

The Joint Committee on Plan Structure and Design is proposing MCA language changes regarding capping labor representation seats to 10 when the consortium grows to 58 or more members. In addition, they have also approved a resolution to come before the Board on the adjustment to the Gold Metal Level Plan minimum deductibles.

#### Owning Your Own Health Committee (OYOH)

By now you should be aware that our annual flu clinics are happening at five locations including Ithaca, Cortland and Waterloo. Please sign up to receive your flu shot and encourage your employees to participate in this valuable preventative care activity.

OYOH is working on a calendar of Wellness promotions for you to share with your employees each month throughout the year. Our partners at Excellus are creating the support materials we will use, and we need to know from you how best to help distribute this material.

#### Executive Committee

After careful consideration, the Executive Committee has asked that we table the Medicare Advantage Resolution put forth from the Audit and Finance Committee until we can do a comprehensive review of plans appropriate for all Medicare age-eligible retirees. Furthermore, the Consortium will work with outside consultants to analyze plans available to us, how those plans work with our current offerings and what are the consequences to the Consortium, and its members, if we were to move from current plans to proposed alternatives. This work will happen later this year and early next spring.

#### Audit and Finance Committee (AFC)

The AFC has recommended a resolution to close the BMI Excellus Medical Claims audit and has acted to commence the BMI ProAct Pharmaceutical Claims audit.

Locey and Cahill has started the data gathering necessary to start our Stop Loss RFQ process for 2020 coverage. We will ask for proposals at the \$500k, \$650k, \$750k and \$1M level. Once proposals have been reviewed, the AFC will determine the appropriate level of risk recommended for the Consortium and the financial consequences of each level of risk.

Executive Director Report  
September 2019

The 2020 budget will be put forth at the September meeting. After thoughtful deliberations, the suggested increase for 2020 premiums will be at the 5% level.

New Members for 2020

Resolutions will be presented at the Board meeting to approve the following new members. Other municipalities are quite interested in speaking with us regarding 2021 as well.

<b>Municipality</b>	<b>Subscribers</b>	<b>Plan</b>
Village of Watkins Glen	21	Gold
Town of Horseheads	19	Platinum -10 Gold – 8 Bronze - 1
Lansing Library	1	Platinum
Town of Spencer	7	Platinum



## Greater Tompkins County Municipal Health Insurance Consortium

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### **RESOLUTION NO. - 2019 - MEDICAL CLAIMS AUDIT ACTION ITEMS FOR EXCELLUS BLUECROSS BLUESHIELD**

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) is a self-insured municipal cooperative health benefit plan organized pursuant to Article 5-G of the New York State General Municipal Law, and

WHEREAS the GTCMHIC is operating pursuant to a Certificate of Authority issued by the New York State Department of Financial Services pursuant to Article 47 of the New York State Insurance Law, and

WHEREAS, the Consortium contracts with a licensed New York State Article 43 Not-For-Profit Insurance Company, Excellus BlueCross BlueShield, for the administration of the various hospital, medical, and surgical plans offered to the participating municipal employers in the Consortium, and

WHEREAS, the Consortium's Board of Directors contracted with BMI Audit Services, LLC to conduct an audit of the claims adjudication processes at Excellus BlueCross BlueShield to include claims paid between January 1, 2017 and December 31, 2018, and

WHEREAS, the Consortium's Executive Director, Executive Committee, Audit & Finance Committee, and the Consortium's Plan Consultant, Locey & Cahill, LLL, have reviewed the audit findings in substantial detail and recommended actions for each substantive finding previously reported to the Board of Directors, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors hereby approves the following actions to "close-out" this medical claims audit:

#### **1. Deductibles-Diagnostic Laboratory Tests**

- a. Preventative Services as deemed appropriate by the United States Preventative Services Task Force (USPSTF) are to be covered with no patient cost-sharing when they are performed as part of a routine medical care visit.
- b. Additional preventive care services are to be paid with no patient cost sharing when said services are required to be paid pursuant to guidance provided by the Federal Government, such as the guidance provided by IRS Notice 2019-45.
- c. The Consortium hereby agrees that Excellus may pay other similar services with no patient cost share when it is demonstrated to the Consortium's satisfaction that doing so is the most cost-effective way to adjudicate said diagnostic laboratory tests.
- d. In all other cases, if a diagnostic laboratory service or other diagnostic test is performed as part of a "sick visit", these services should be paid subject to the cost sharing (deductible, coinsurance, and/or copayment requirements of the plan).

**RESOLUTION NO. 2019 - MEDICAL CLAIMS AUDIT ACTION ITEMS FOR EXCELLUS  
BLUECROSS BLUESHIELD**

Excellus BlueCross BlueShield is hereby directed to provide the Consortium with information demonstrating that Excellus' administrative process and practice of considering lab tests as a covered in full benefit when they are not related to a preventative or routine level of care is in the financial best interest of the Consortium.

**2. Proper Coding**

Excellus has set a precedent allowing claims adjudicators the latitude to modify procedure codes and manually reprice claims when providers bill with unlisted codes. Excellus BlueCross BlueShield is hereby directed to provide the Consortium with information demonstrating that Excellus' administrative process and practice of modifying procedure codes and manually repricing claims when providers bill with unlisted codes is in the financial best interest of the Consortium. The Consortium further requests that Excellus put in place an administrative process by which it will notify providers who bill with unlisted codes advising them that such practice is not allowed and that all future claims must be billed properly, or they could be denied and returned to the provider for proper coding.

**3. Over the Counter Items**

Excellus is hereby directed to ensure its systems are duly noted for the Consortium indicating that the Consortium plans cover medical supplies that are required for the treatment of a disease or injury. The files should also be noted that the Consortium also covers maintenance supplies (e.g., ostomy supplies) for conditions covered under its filed and approved Certificates. All such items must be in the appropriate amount for the treatment or maintenance program in progress. The Consortium does not cover over the counter medical supplies. The Plan document of the Consortium specifically outline coverage for diabetic supply coverage and specifically exclude over the counter items. Excellus is directed to adhere to the language in the plan documents and deny over the counter items accordingly.

**4. Add-on Codes**

Add-on codes are always performed with a primary procedure or service and are not supposed to be reported as a stand-alone code. Although Excellus relies on the National Coding Guidelines in conjunction with their Utilization Management Programs, it is the Consortium's contention that Excellus should not override the system and Excellus should discontinue paying add on codes as stand-alone services unless it can demonstrate to the Consortium's satisfaction that doing so is in the financial best interest of the Consortium. Excellus BlueCross BlueShield is hereby directed to provide the Consortium with information demonstrating that Excellus' administrative process and practice of paying stand—alone claims submitted with an add-on code is in the financial best interest of the Consortium. Failure to provide said satisfactory proof as requested will result in the Consortium directing Excellus to adhere to the national coding standard for physician and other health care services and procedures and discontinue the practice of paying add on codes as stand-alone codes which has been identified as an incorrect practice in past audits.

**5. Maximum Number of Units Allowed**

Claims submitted with a total number of units above the maximum allowed units should be denied and not paid as a percent of charges. Excellus is directed to adhere to service limits associated with certain procedure codes and that language in provider contracts should not allow for services to be billed in excess of these limits. Furthermore, Excellus is directed to perform an audit of claims paid above the maximum service limits and report back to the Consortium on to the extent the Consortium's funds have been paid in error.



**RESOLUTION NO. 2019 - MEDICAL CLAIMS AUDIT ACTION ITEMS FOR EXCELLUS  
BLUECROSS BLUESHIELD**

**6. B – Codes**

BMI noted that a status B code (99050) was billed with no indication that it was a "bundled" service. As a result, the procedure should have been considered a component of, or incident to, the overall service provided, and separate reimbursement should not have been issued. It was further identified that Excellus utilizes ClaimsXten edits, which align with Centers for Medicare and Medicaid Services (CMS) payment rules and as such the claims for 99050 were paid in error. Excellus is instructed to follow CMS and deny these services accordingly.

**7. Unbundling**

National Correct Coding Initiative Program (NCCI) edits do not allow codes 98940 and 98941 to be billed together by the same provider for the same date of service, especially when Medicare is primary and NCCI is not applicable on secondary to Medicare claims for EHP. As a result, the Consortium hereby requests Excellus to implement the necessary software edits to prevent this type of overpayment from occurring in the future.

**8. Foot Care Benefits**

As indicated in the Consortium's plan document which was written utilizing New York State Department of Financial Services Model Language, routine footcare is excluded unless the member has a specific medical condition or disease resulting in circulatory deficits or areas of decreased sensation in the legs or feet. Excellus is hereby directed to exclude those American Medical Association (AMA) Current Procedure Terminology (CPT) Codes for all items classified as "foot inserts" from coverage under the Consortium's hospital, medical, and surgical contracts.

\* \* \* \* \*



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### **RESOLUTION NO.            -2019 – APPROVAL OF ADJUSTMENT TO THE GOLD METAL LEVEL PLAN MINIMUM DEDUCTIBLE AMOUNTS**

WHEREAS, the Internal Revenue Service recently issued new limits for 2020 for high deductible plans for Health Savings Accounts (HSAs) for maximum out-of-pocket expenses, and

WHEREAS, in order to now qualify for a high-deductible health plan Gold Metal Level Plan, the minimum deductible for single coverage must be increased from \$1,350 to \$1,400 and from \$2,700 to \$2,800 for family, and

WHEREAS, the Participating Consortium employers enrolled in the Gold Metal Level Plan wish to continue to offer the option of a Health Savings Account to their employees and retirees,

WHEREAS, data entered into the federal actuarial calculator indicates the proposed deductible will change from 80.80% to 80.28%. In keeping with past Consortium policy the premium rate increase for the Gold Plan will be 0.52% lower than all other premium rates for the 2020 Fiscal Year,

RESOLVED, on recommendation of the Joint Committee on Plan Structure and Design, That effective January 1, 2020 a benefit plan adjustment will be made to the Consortium's Gold Plan to increase the deductible for single coverage from \$1,350 to \$1,400 and to increase the minimum deductible for family coverage from \$2,700 to \$2,800.

\* \* \* \* \*



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### **RESOLUTION NO. - 2019 - ACCEPTANCE OF APPLICATION BY THE VILLAGE OF WATKINS GLEN TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Village of Watkins Glen has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, and

WHEREAS, it is recognized that this municipality is not bringing all of the active employees into the Consortium as required by Section A.3 of the MCA due to Teamster contract conditions at this time, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby accepts and welcomes the Village of Watkins Glen as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2020.

RESOLVED, further, That the Consortium hereby grants the municipality a three-year release from compliance with section A.3. of the MCA for its Teamster unit through December 31, 2022.

\* \* \* \* \*



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### **RESOLUTION NO. - 2019 - ACCEPTANCE OF APPLICATION BY THE TOWN OF HORSEHEADS TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Town of Horseheads has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, and

WHEREAS, it is recognized that this municipality is not bringing all of the active employees into the Consortium as required by Section A.3 of the MCA due to Teamster contract conditions at this time, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby accepts and welcomes the Town of Horseheads as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2020,

RESOLVED, further, That the Consortium hereby grants the municipality a three-year release from compliance with section A.3. of the MCA for its Teamster unit through December 31, 2022.

\* \* \* \* \*



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### **RESOLUTION NO. - 2019 - ACCEPTANCE OF APPLICATION BY THE LANSING COMMUNITY LIBRARY TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Lansing Community Library has submitted an official resolution authorizing the Lansing Community Library to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Lansing Community Library has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, on recommendation of the Audit and Finance, That the Board of Directors hereby accepts and welcomes the Lansing Community Library as a Participant in the Consortium, with health insurance coverage beginning January 1, 2020.

\* \* \* \* \*



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### **RESOLUTION NO. - 2019 - ACCEPTANCE OF APPLICATION BY THE TOWN OF SPENCER TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Town of Spencer has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, on recommendation of the Audit and Finance, That the Board of Directors hereby accepts and welcomes the Town of Spencer as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2020.

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## RESOLUTION NO. \_\_\_\_\_ - ADOPTION OF BUDGET, PREMIUM RATES, AND RESERVE AMOUNTS FOR 2020

WHEREAS, the Audit and Finance Committee has had detailed discussions and has given great consideration to the Consortium's 2020 budget and premium rates, and

WHEREAS, our Benefit Plan Consultant has modified the claims trend based on Consortium data and that of similar groups they have research, and

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

- Premium increase of 5% over 2019 rates, except for the Gold Metal Level Plan which will experience reductions in actuarial value and have a rate increase of 4.48%;
- 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;
- Maintain the Rate Stabilization Reserve in an amount equal to 5% of expected paid claims;
- Maintain Incurred But Not Reported Claims Reserve at 12% of total claims;
- Maintain Catastrophic Claims Reserve at \$2,800,000; and
- Includes option to review fund balance levels after year-end financial information becomes available

now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Consortium's 2020 budget as attached, including premium equivalent rates and reserve amounts are hereby adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors.

\*\*\*\*\*



**2020 AMENDMENT  
TO THE**

**MUNICIPAL  
COOPERATION  
AGREEMENT**

**THIS AGREEMENT** (the "Agreement") made effective as of 1<sup>st</sup> day of October 2010 (the "Effective Date"), and as amended herein, by and among each of the signatory municipal corporations hereto (collectively, the "Participants").

**W H E R E A S:**

1. Article 5-G of the New York General Municipal Law (the "General Municipal Law") authorizes municipal corporations to enter into cooperative agreements for the performance of those functions or activities in which they could engage individually;

2. Sections 92-a and 119-o of the General Municipal Law authorize municipalities to purchase a single health insurance policy, enter into group health plans, and establish a joint body to administer a health plan;

3. Article 47 of the New York Insurance Law (the "Insurance Law" or "N.Y. Ins. Law"), and the rules and regulations of the New York State Superintendent of Financial Services (the "Superintendent") set forth certain requirements for governing self-insured municipal cooperative health insurance plans;

4. Section 4702(f) of the Insurance Law defines the term "municipal corporation" to include a county, city, town, village, school district, board of cooperative educational services, public library (as defined in Section 253 of the New York State Education Law) and district (as defined in Section 119-n of the General Municipal Law); and

5. The Participants have determined to their individual satisfaction that furnishing the health benefits (including, but not limited to, medical, surgical, hospital, prescription drug, dental, and/or vision) for their eligible officers, eligible employees (as defined by the Internal Revenue Code of 1986, as amended, and the Internal Revenue Service rules and regulations), eligible retirees, and the eligible dependents of eligible officers, employees and retirees (collectively, the "Enrollees") (such definition does not include independent contractors and/or consultants) through a municipal cooperative is in their best interests as it is more cost-effective and efficient. Eligibility requirements shall be determined by each Participant's collective bargaining agreements and/or their personnel policies and procedures.

**NOW, THEREFORE**, the parties agree as follows:

**A. PARTICIPANTS.**

1. The Participants hereby designate themselves under this Agreement as the Greater Tompkins County Municipal Health Insurance Consortium (the "Consortium") for the purpose of providing health benefits (medical, surgical, hospital, prescription drug, dental, and/or vision) to those Enrollees that each Participant individually elects to include in the Greater Tompkins County Municipal Health Insurance Consortium Medical Plan(s) (the "Plan(s)").

2. The following Participants shall comprise the current membership of the Consortium:

Municipality Name	Effective Date
City of Ithaca	1/1/2011
County of Tompkins	1/1/2011
Town of Caroline	1/1/2011
Town of Danby	1/1/2011
Town of Dryden	1/1/2011
Town of Enfield	1/1/2011
Town of Groton	1/1/2011
Town of Ithaca	1/1/2011
Town of Ulysses	1/1/2011
Village of Cayuga Heights	1/1/2011
Village of Dryden	1/1/2011
Village of Groton	1/1/2011
Village of Trumansburg	1/1/2011
City of Cortland	1/1/2013
Town of Lansing	1/1/2013
Town of Willet	1/1/2015
Village of Homer	1/1/2015
Town of Marathon	1/1/2016
Town of Truxton	1/1/2016
Town of Virgil	1/1/2016

Municipality Name	Effective Date
Town of Aurelius	1/1/2017
Town of Cincinnatus	1/1/2017
Town of Montezuma	1/1/2017
Town of Moravia	1/1/2017
Town of Preble	1/1/2017
Town of Scipio	1/1/2017
Town of Springport	1/1/2017
Village of Union Springs	1/1/2017
Town of Homer	1/1/2018
Town of Newfield	1/1/2018
Town of Owasco	1/1/2018
County of Seneca	1/1/2019
Town of Big Flats	1/1/2019
Town of Mentz	1/1/2019
Town of Niles	1/1/2019
Town of Sennett	1/1/2019
Village of Freeville	1/1/2019
Village of Horseheads	1/1/2019
Village of Lansing	1/1/2019

3. Membership in the Consortium may be offered to any municipal corporation as defined in N.Y. Ins. Law §4702(f) within the geographical boundaries of the Counties of Tompkins, Cayuga, Chemung, Cortland, Tioga, Schuyler, and Seneca, provided however that, in the sole discretion of the Board (as defined below), the applicant provides satisfactory proof of its financial responsibility and is of the same type of municipal corporation as the initial Participants. Notwithstanding anything to contrary set forth in this Agreement, admission of new Participants shall not require amendment of this Section A(2). Membership shall be subject to the terms and conditions set forth in this Agreement, any amendments hereto and applicable law.

4. 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 that 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.

5. Initial membership of additional participants shall become effective as soon as practical but preferably on the first day of the Plan Year following the adoption by the Board of the resolution to accept a municipal corporation as a Participant. Such municipal corporation must agree to continue as a Participant for a minimum of three (3) years upon entry.

6. The Board, by a two-thirds (2/3) vote of the entire Board, may elect to permit additional municipal corporations located within the geographical boundaries set forth in Paragraph A(2) to become Participants subject to satisfactory proof, as determined by the Board, of such municipal corporation's financial responsibility. Such municipal corporations must agree to continue as a Participant for a minimum of three (3) years upon entry.

7. A municipal corporation that was previously a Participant, but is no longer a Participant, and which is otherwise eligible for membership in the Consortium, may apply for re-entry after a minimum of three (3) years has passed since it was last a Participant. Such re-entry shall be subject to the approval of two-thirds (2/3) of the entire Board. This re-entry waiting period may be waived by the approval of two-thirds (2/3) of the entire Board. In order to re-enter the Consortium, a municipal corporation employer must have satisfied in full all of its outstanding financial obligations to the Consortium. A municipal corporation must agree to continue as a Participant for a minimum of three (3) years upon re-entry.

## **B. PARTICIPANT LIABILITY.**

1. The Participants shall share in the costs of, and assume the liabilities for benefits (including medical, surgical, and hospital) provided under the Plan(s) to covered officers, employees, retirees, and their dependents. Each Participant shall pay on demand such Participant's share of any assessment or additional contribution ordered by the governing Board of the municipal cooperative health benefit plan, as set forth in Section L(4) of this Agreement or as ordered by the Superintendent or under Article 74 (seventy four) of the New York State Insurance Law. The pro rata share shall be based on the Participant's relative "premium" contribution to the Plan(s) as a percentage of the aggregate "premium" contribution to the Plan(s), as is appropriate based on the nature of the assessment or contribution.

2. New Participants (each a "New Participant") who enter the Consortium may, at the discretion of the Board of Directors, be assessed a fee for additional financial costs above and beyond the premium contributions to the Plan(s). Any such additional financial obligations and any related terms and conditions associated with membership in the Consortium shall be determined by the Board, and shall be disclosed to the New Participant prior to its admission.

3. Each Participant shall be liable, on a pro rata basis, for any additional assessment required in the event the Consortium funding falls below those levels required by the Insurance law as follows:

a. In the event the Consortium does not have admitted assets (as defined in Insurance Law § 107) at least equal to the aggregate of its liabilities, reserves and minimum surplus required by the Insurance Law, the Board shall, within thirty (30) days, order an assessment (an "Assessment Order") for the amount that will provide sufficient funds to remove such impairment and collect from each Participant a pro-rata share of such assessed amount.

b. Each Participant that participated in the Consortium at any time during the two (2) year period prior to the issuing of an Assessment Order by the Board shall, if notified of such Assessment Order, pay its pro rata share of such assessment within ninety (90) days after the issuance of such Assessment Order. This provision shall survive termination of the Agreement of withdrawal of a Participant.

c. For purposes of this Section B(3), a Participant's pro-rata share of any assessment shall be determined by applying the ratio of the total assessment to the total contributions or premium equivalents earned during the period covered by the assessment on all Participants subject to the assessment to the contribution or premium equivalent earned during such period attributable to such Participant.

### **C. BOARD OF DIRECTORS.**

1. The governing board of the Consortium, responsible for management, control and administration of the Consortium and the Plan(s), shall be referred to as the "Board of Directors" (the "Board"). The voting members of the Board shall be composed of one representative of each Participant and representatives of the Joint Committee on Plan Structure and Design (as set forth in Section C(11)), who shall have the authority to vote on any official action taken by the Board (each a "Director"). Each Director, except the representatives of the Joint Committee on Plan Structure and Design, shall be designated in writing by the governing body of the Participant.

2. If a Director designated by a Participant cannot fulfill his/her obligations, for any reason, as set forth herein, and the Participant desires to designate a new Director, it must notify the Consortium's Chairperson in writing of its selection of a new designee to represent the Participant as a Director.

3. Directors shall receive no remuneration from the Consortium for their service and shall serve a term from January 1 through December 31 (the "Plan Year").

4. No Director may represent more than one Participant.

5. No Director, or any member of a Director's immediate family shall be an owner, officer, director, partner, or employee of any contractor or agency retained by the Consortium, including any third party contract administrator.

6. Except as otherwise provided in Section D of the Agreement, each Director shall be entitled to one vote. A majority of the entire Board, not simply those present, is required for the Board to take any official action, unless otherwise specified in this Agreement. The “entire Board”, as used herein and elsewhere in this Agreement, shall mean the total number of Directors when there are no vacancies.

While physical presence is strongly encouraged, Directors who cannot be physically present at any meeting may attend remotely utilizing appropriate technology that allows for real time audio and visual participation and voting in the meeting upon confirmation that communication is with all participants as it progresses.

7. Each Participant may designate in writing an alternate Director to attend the Board's meeting when its Director cannot attend. The alternate Director may participate in the discussions at the Board meeting and will, if so designated in writing by the Participant, be authorized to exercise the Participant's voting authority. Only alternate Directors with voting authority shall be counted toward a quorum. The Joint Committee on Plan Structure and Design may designate alternate Directors as set forth in Section C(11).

8. A majority of the Directors of the Board shall constitute a quorum. A quorum is a simple majority (more than half) of the entire Board. A quorum is required for the Board to conduct any business. This quorum requirement is independent of the voting requirements set forth in Section C(6). The Board shall meet on a regular basis, but not less than on a quarterly basis at a time and place within the State of New York determined by a vote of the Board. The Board shall hold an annual meeting (the “Annual Meeting”) between October 3<sup>rd</sup> and October 15<sup>th</sup> of each Plan Year.

9. Special meetings of the Board may be called at any time by the Chairperson or by any two (2) Directors. Whenever practicable, the person or persons calling such special meeting shall give at least three (3) day notice to all of the other Directors. Such notice shall set forth the time and place of the special meeting as well as a detailed agenda of the matters proposed to be acted upon. In the event three (3) day notice cannot be given, each Director shall be given such notice as is practicable under the circumstances.

10. In the event that a special meeting is impractical due to the nature and/or urgency of any action which, in the opinion of the Chairperson, is necessary or advisable to be taken on behalf of the Consortium, the Chairperson may send resolutions regarding said actions via electronic communication to each and all of the Directors. The Directors may then electronically communicate their approval or disapproval of said resolution via signed document to the Chairperson. In accordance with NY Business Corporation Law Section 708(b), unanimous consent is required for the Chairperson to act on behalf of the Board in reliance upon such approvals. Any actions taken by the Chairperson pursuant to this paragraph shall be ratified at the next scheduled meeting of the Board

11. The Chair of the Joint Committee on Plan Structure and Design and any At-Large Labor Representatives (as defined in Section K) (collectively the “Labor Representatives”) shall serve as Directors and shall have the same rights and obligations as all other Directors. The Joint Committee on Plan Structure and Design may designate in writing alternate Directors to attend the Board's meetings when the Labor Representatives cannot attend. The alternate Director may, if designated in writing, be authorized to exercise the Labor Representatives' voting authority.

## **D. WEIGHTED VOTING.**

1. Except as otherwise provided in this Agreement, any two or more Directors, acting jointly, may require a weighted vote on any matter that may come before the Board. In such event, the voting procedure set forth in this Section D shall apply in lieu of any other voting procedures set forth in this Agreement. Such weighted voting procedures shall apply solely with respect to the matter then before the Board.

2. For purposes of this Section D, each Director shall receive votes as follows:

a. each Director representing a Participant with five hundred (500) or fewer Enrollees shall be entitled to one (1) vote.

b. each Director representing a Participant with more than five hundred (500) Enrollees shall be entitled to a number of votes equaling the total number of votes assigned under subsection 2(a) above minus the number of Labor Representative votes, divided evenly by the number of Participants eligible under this subsection 2(b) and rounded down to the nearest whole number.

c. the Labor Representatives shall be entitled to one (1) vote each.

3. Attached as Addendum "A" to this Agreement is an example of the application of the voting formula contained in subparagraph "2" of this Section.

4. Notwithstanding anything to the contrary contained in this Agreement, any action taken pursuant to this Section D shall require the approval of two-thirds (2/3) of the total number of votes, if all votes had been cast.

## **E. ACTIONS BY THE BOARD**

1. Subject to the voting and quorum requirements set forth in this Agreement, the Board is required, in accordance with NY Insurance Law **Section** 4705, to take action on the following matters:

a. A. In accordance with N.Y. Ins. Law § 4705(d)(5), to approve an annual budget for the Consortium, which shall be prepared and approved prior to October 15<sup>th</sup> of each year, and determine the annual premium equivalent rates to be paid by each Participant for each Enrollee classification in the Plan on the basis of a community rating methodology in accordance with N.Y. Ins. Law § 4705(d)(5)(B) and filed with and approved by the Superintendent.

b. To audit receipts and disbursements of the Consortium and provide for independent audits, and periodic financial and operational reports to Participants in accordance with N.Y. Ins. Law § 4705(e)(1).

c. To establish a joint fund or funds to finance all Consortium expenditures, including claims, reserves, surplus, administration, stop-loss insurance and other expenses in accordance with N.Y. Ins. Law § 4705(d)(4).

d. To select and approve the benefits provided by the Plan(s) including the plan document(s), insurance certificate(s), and/or summary plan description(s) in accordance with N.Y. Ins. Law § 4709, a copy of the Plan(s) effective on the date of this Agreement is incorporated by reference into this Agreement.



e. In accordance with N.Y. Ins. Law § 4705(d)(2), may contract with third parties, if appropriate, which may include one or more Participants, for the furnishing of all goods and services reasonably needed in the efficient operation and administration of the Consortium, including, without limitation, accounting services, legal counsel, contract administration services, consulting services, purchase of insurances and actuarial services. Provided, however (a) the charges, fees and other compensation for any contracted services shall be clearly stated in written administrative services contracts, as required in Section 92-a(6) of the General Municipal Law; (b) payment for contracted services shall be made only after such services are rendered; (c) no Director or any member of such Director's immediate family shall be an owner, officer, director, partner or employee of any contract administrator retained by the Consortium; and (d) all such agreements shall otherwise comply with the requirements of Section 92-a(6) of the General Municipal Law.

f. To purchase stop-loss insurance on behalf of the Consortium and determine each year the insurance carrier or carriers who are to provide the stop-loss insurance coverage during the next Plan Year, as required by N.Y. Ins. Law §§ 4707 and 4705(d)(3).

g. To designate one governing Board member to retain custody of all reports, statements, and other documents of the Consortium, in accordance with N.Y. Ins. Law § 4705(c)(2), and who shall also take minutes of each Board meeting which, if appropriate, shall be acted upon by the Board in a subsequent meeting.

h. In accordance with N.Y. Ins. Law § 4705(e)(1), to choose the certified public accountant and the actuary to provide the reports required by this Agreement and any applicable law.

i. In accordance with N.Y. Ins. Law § 4705(d)(5) (A), designate the banks or trust companies in which joint funds, including reserve funds, are to be deposited and which shall be located in this state, duly chartered under federal law or the laws of this state.

j. In accordance with N.Y. Ins. Law § 4705(a)(6), designate the fiscal officer of a participating municipal corporation to be the Chief Fiscal Officer of the municipal cooperative health benefit plan, and who will serve on the Executive Committee.

k. In accordance with N.Y. Ins. Law § 4705(a)(7), designate an attorney-in-fact to receive summons or other legal process in any action, suit or proceeding arising out of any contract, agreement or transaction involving the Consortium.

2. Subject to the voting and quorum requirements set forth in this Agreement, the Board is authorized to take action on the following matters:

a. To fix the frequency, time and place of regular Board meetings.

b. To have a plan consultant (the "Plan Consultant) contract in place for the upcoming Plan Year, prior to October 1<sup>st</sup> of each year.

c. To determine and notify each Participant prior to October 15<sup>th</sup> of each Plan Year of the monthly premium equivalent for each enrollee classification during the



next Plan Year commencing the following January 1<sup>st</sup>.

d. To take all necessary action to ensure that the Consortium obtains and maintains a Certificate of Authority in accordance with the Insurance Law.

e. To take any other action authorized by law and deemed necessary to accomplish the purposes of this Agreement.

f. Annually elect Directors to the Executive Committee to oversee operations and develop recommendations for Board actions stated in this Section E.

## **F. EXECUTIVE COMMITTEE.**

1. The Executive Committee of the Consortium shall consist of at least eleven (11) and no greater than fifteen (15) Directors. Executive Committee Directors are elected annually, but shall always include the elected Chairperson, Vice-Chairperson, and the Secretary of the Consortium, as well as the designated Chief Fiscal Officer and Chairperson of the Joint Committee on Plan Structure and Design.

2. The Secretary shall be the governing board member who holds all records in accordance with Article E, Section 16.

3. The Executive Committee shall establish meeting dates at its Organizational Meeting. The Executive Committee shall meet no less frequently than once per quarter.

4. Special meetings of the Executive Committee may be called at any time by the Chairperson or by any two (2) Executive Committee Directors. Whenever practicable, the person or persons calling such special meeting shall give at least three (3) day notice to all of the other Directors. Such notice shall set forth the time and place of the special meeting as well as a detailed agenda of the matters proposed to be acted upon. In the event three (3) day notice cannot be given, each Director shall be given such notice as is practicable under the circumstances.

5. The Executive Committee shall:

a. conduct business according to its Bylaws within its delegated authority, subject to approval and/or ratification of its actions at the next scheduled Board meeting.

b. Create sub-committees as necessary to monitor operations and make recommendations, to the Executive Committee and/or Board, to protect and enhance operations.

c. Manage the Consortium between meetings of the Board, subject to such approval by the Board as may be required by this Agreement.

d. Develop Bylaws for its operations.

e. In consultation with at Nomination Committee, fill any vacancy on the Executive Committee from among its members except the elected officers of the Consortium.

f. Establish administrative guidelines for the efficient operation of the Plan.

g. Annually appoint a treasurer (the "Treasurer") who may or may not be a Director and who shall be the treasurer, or equivalent financial officer, for one of the Participants. The Treasurer's duties shall be determined by the Chief Fiscal Officer to whom he/she will report.

h. Take all necessary action to ensure the Consortium is operated and

administered in accordance with the laws of the State of New York.

**G. OFFICERS.**

1. At the Annual Meeting, the Board shall elect from its Directors a Chairperson, Vice Chairperson, Chief Fiscal Officer, and Secretary, who shall serve for a term of one (1) year or until their successors are elected and qualified. Any vacancy in an officer's position shall be filled at the next meeting of the Board.

2. Officers of the Consortium and employees of any third-party vendor, including without limitation the officers and employees of any Participant, who assist or participate in the operation of the Consortium, shall not be deemed employees of the Consortium. Each third-party vendor shall provide for all necessary services and materials pursuant to annual contracts with the Consortium. The officers of the Consortium shall serve without compensation from the Consortium, but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with the performance of such officers' duties.

3. Officers shall serve at the pleasure of the Board and may be removed or replaced upon a two-thirds (2/3) vote of the entire Board. This provision shall not be subject to the weighted voting alternative set forth in Section D.

**H. CHAIRPERSON; VICE CHAIRPERSON; SECRETARY.**

1. The Chairperson shall be the chief executive officer of the Consortium.

2. The Chairperson, or in the absence of the Chairperson, the Vice Chairperson, shall preside at all meetings of the Board.

3. In the absence of the Chairperson, the Vice Chairperson shall perform all duties related to that office.

4. The Secretary shall retain custody of all reports, statements, and other documents of the Consortium and ensure that minutes of each Board meeting are taken and transcribed which shall be acted on by the Board at a subsequent meeting, as appropriate.

#### **I. PLAN ADMINISTRATOR.**

The Board, by a two-thirds (2/3) vote of the entire Board, may annually designate an administrator and/or insurance company of the Plan (the "Plan Administrator") and the other provider(s) who are deemed by the Board to be qualified to receive, investigate, **audit**, and recommend or make payment of claims, provided that the charges, fees and other compensation for any contracted services shall be clearly stated in written administrative services and/or insurance contracts and payment for such contracted services shall be made only after such services are rendered or are reasonably expected to be rendered. All such contracts shall conform to the requirements of Section 92-a(6) of the General Municipal Law.

#### **J. CHIEF FISCAL OFFICER.**

1. The Chief Fiscal Officer shall act as the chief financial administrator of the Consortium and disbursing agent for all payments made by the Consortium, and shall have custody of all monies either received or expended by the Consortium. The Chief Fiscal Officer shall be a fiscal officer of a Participant. The Chief Fiscal Officer shall receive no remuneration from the Consortium. The Plan shall reimburse the Participant that employs the Chief Fiscal Officer for reasonable and necessary out-of-pocket expenses incurred by the Chief Fiscal Officer in connection with the performance of his or her duties that relate to the Consortium.

2. All monies collected by the Chief Fiscal Officer relating to the Consortium, shall be maintained and administered as a common fund. The Chief Fiscal Officer shall, notwithstanding the provisions of the General Municipal Law, make payment in accordance with procedures developed by the Board and as deemed acceptable to the Superintendent.

3. The Chief Fiscal Officer shall be bonded for all monies received from the Participants. The amount of such bond shall be established annually by the Consortium in such monies and principal amount as may be required by the Superintendent.

4. All monies collected from the Participants by the Chief Fiscal Officer in connection with the Consortium shall be deposited in accordance with the policies of the Participant which regularly employs the Chief Fiscal Officer and shall be subject to the provisions of law governing the deposit of municipal funds.

5. The Chief Fiscal Officer may invest moneys not required for immediate expenditure in the types of investments specified in the General Municipal Law for temporary investments or as otherwise expressly permitted by the Superintendent.

6. The Chief Fiscal Officer shall account for the Consortium's reserve funds separate and apart from all other funds of the Consortium, and such accounting shall show:

- a. the purpose, source, date and amount of each sum paid into the fund;
- b. the interest earned by such funds;

- c. capital gains or losses resulting from the sale of investments of the Plan's reserve funds;
- d. the order, purpose, date and amount of each payment from the reserve fund; and
- e. the assets of the fund, indicating cash balance and schedule of investments.

7. The Chief Fiscal Officer shall cause to be prepared and shall furnish to the Board, to participating municipal corporations, to unions which are the exclusive bargaining representatives of Enrollees, the Board's consultants, and to the Superintendent:

- a. an annual audit, and opinions thereon, by an independent certified public accountant, of the financial condition, accounting procedures and internal control systems of the municipal cooperative health benefit plan;
- b. an annual report and quarterly reports describing the Consortium's current financial status; and
- c. an annual independent actuarial opinion on the financial soundness of the Consortium, including the actuarial soundness of contribution or premium equivalent rates and reserves, both as paid in the current Plan Year and projected for the next Plan Year.

8. Within ninety (90) days after the end of each Plan Year, the Chief Fiscal Officer shall furnish to the Board a detailed report of the operations and condition of the Consortium's reserve funds.

**K. JOINT COMMITTEE ON PLAN STRUCTURE AND DESIGN.**

1. There shall be a Joint Committee on Plan Structure and Design (the "Joint Committee"), which shall consist of (a) a representative of each collective bargaining unit that is the exclusive collective bargaining representative of any Enrollee or group of Enrollees covered by the Plan(s) (the "Union Members"); and (b) a representative of each Participant (the "Management Members"). Management Members may, but are not required to be, Directors.

2. The Joint Committee shall review all prospective Board actions in connection with the benefit structure and design of the Plan(s), and shall develop findings and recommendations with respect to such matters. The Chair of the Joint Committee shall report such findings and recommendations to the Board at any regular or special meeting of the Board.

3. The Joint Committee shall select (a) from among the Union Members, an individual who shall serve as Chair of the Joint Committee; and (b) from among the Management Members, an individual who shall serve as Vice Chair of the Joint Committee. The Joint Committee shall establish its own parliamentary rules and procedures.

4. Each eligible union shall establish such procedures by which its representative to the Joint Committee is chosen and such representative shall be designated in writing to the Chairperson of the Board and the Chair of the Joint Committee.

5. The Union Members on the Joint Committee on Plan Structure and Design shall select from among the Union Members an individual to serve as an additional at-large voting Labor Member on the Board of Directors of the Consortium. If the number of municipal members on the Consortium rises to seventeen (17), the union members of the Joint Committee on Plan

Structure and Design shall select from among the Union Members an additional at-large voting Labor Member on the Board of Directors of the Consortium. The at-large voting Labor Member(s) along with the Joint Committee Chair shall collectively be the “Labor Representatives” as defined in Section C(11) of this Agreement. If the number of municipal members on the Consortium rises to twenty-three (23), the Union Members may select from among their members a third At-Large Labor Representative to serve as a Director. Thereafter, for every increase of five (5) additional municipal members added to the Consortium Union Members may select from among their members one (1) At-large Labor Representative to serve as Director. Attached hereto as Addendum “B” is a table illustrating the addition of At-Large Labor Representatives as set forth in this Section. Any At-Large Labor Representative designated according to this section shall have the same rights and obligations as all other Directors.

#### **L. PREMIUM CALCULATIONS/PAYMENT.**

1. The annual premium equivalent rates shall be established and approved by a majority of the entire Board. The method used for the development of the premium equivalent rates may be changed from time to time by the approval of two-thirds (2/3) of the entire Board, subject to review and approval by the Superintendent. The premium equivalent rates shall consist of such rates and categories of benefits as is set forth in the Plan[s] that is determined and approved by the Board consistent with New York law.

2. In accordance with N.Y. Ins. Law § 4706, the Consortium shall maintain reserves and stop-loss insurance to the level and extent required by the Insurance Law and as directed by the Superintendent.

3. Each Participant's monthly premium equivalent, by enrollee classification, shall be paid by the first day of each calendar month during the Plan Year. A late payment charge of one percent (1%) of the monthly installment then due will be charged by the Board for any payment not received by the first of each month, or the next business day when the first falls on a Saturday, Sunday, legal holiday or day observed as a legal holiday by the Participants.

The Consortium may waive the first penalty once per Plan Year for each Participant, but will strictly enforce the penalty thereafter. A repeated failure to make timely payments, including any applicable penalties, may be used by the Board as an adequate justification for the expulsion of the Participant from the Consortium.

4. The Board shall assess Participants for additional contributions, if actual and anticipated losses due to benefits paid out, administrative expenses, and reserve and surplus requirements exceed the amount in the joint funds, as set forth in Section B(3) above.

5. The Board, in its sole discretion, may refund amounts in excess of reserves and surplus, or retain such excess amounts and apply these amounts as an offset to amounts projected to be paid under the next Plan Year’s budget.

#### **M. EMPLOYEE CONTRIBUTIONS.**

If any Participant requires an Enrollee's contribution for benefits provided by the Consortium, the Participant shall collect such contributions at such time and in such amounts as it requires. However, the failure of a Participant to receive the Enrollee contribution on time shall not diminish or delay the payment of the Participant's monthly premium equivalent to the Consortium, as set forth in this Agreement.

## **N. ADDITIONAL BENEFITS.**

Any Participant choosing to provide more benefits, coverages, or enrollment eligibility other than that provided under the Plan(s), will do so at its sole expense. This Agreement shall not be deemed to diminish such Participant's benefits, coverages or enrollment eligibility, the additional benefits and the payment for such additional benefits, shall not be part of the Plan(s) and shall be administered solely by and at the expense of the Participant.

## **O. REPORTING.**

The Board, through its officers, agents, or delegates, shall ensure that the follow reports are prepared and submitted:

1. Annually after the close of the Plan Year, not later than one-hundred twenty (120) days after the close of the Plan Year, the Board shall file a report with the Superintendent showing the financial condition and affairs of the Consortium, including an annual independent financial audit statement and independent actuarial opinion, as of the end of the preceding plan year.
2. Annually after the close of the Plan Year, the Board shall have prepared a statement and independent actuarial opinion on the financial soundness of the Plan, including the contribution or premium equivalent rates and reserves, both as paid in the current Plan Year and projected for the next Plan Year.
3. The Board shall file reports with the Superintendent describing the Consortium's then current financial status within forty-five (45) days of the end of each quarter during the Plan year.
4. The Board shall provide the annual report to all Participants and all unions, which are the exclusive collective bargaining representatives of Enrollees, which shall be made available for review to all Enrollees.
5. The Board shall submit to the Superintendent a report describing any material changes in any information originally provided in the Certificate of Authority. Such reports, in addition to the reports described above, shall be in such form, and containing such additional content, as may be required by the Superintendent.

## **P. WITHDRAWAL OF PARTICIPANT.**

1. Withdrawal of a Participant from the Consortium shall be effective only once annually on the last day of the Plan Year.
2. Notice of intention of a Participant to withdraw must be given in writing to the Chairperson prior to October 3<sup>rd</sup> of each Plan Year. Failure to give such notice shall automatically extend the Participant's membership and obligations under the Agreement for another Plan Year, unless the Board shall consent to an earlier withdrawal by a two-thirds (2/3) vote.
3. Any withdrawing Participant shall be responsible for its pro rata share of any Plan deficit that exists on the date of the withdrawal, subject to the provisions of subsection "4" of this Section. The withdrawing Participant shall be entitled to any pro rata share of surplus that exists on the date of the withdrawal, subject to the provisions of subsection "4" of this Section. The Consortium surplus or deficit shall be based on the sum of actual expenses and the estimated liability of the Consortium as determined by the Board. These expenses and liabilities will be



determined one (1) year after the end of the Plan Year in which the Participant last participated.

4. 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.

**Q. DISSOLUTION; RENEWAL; EXPULSION.**

1. The Board at any time, by a two-thirds (2/3) vote of the entire Board, may determine that the Consortium shall be dissolved and terminated. If such determination is made, the Consortium shall be dissolved ninety (90) days after written notice to the Participants.

a. Upon determination to dissolve the Consortium, the Board shall provide notice of its determination to the Superintendent. The Board shall develop and submit to the Superintendent for approval a plan for winding-up the Consortium's affairs in an orderly manner designed to result in timely payment of all benefits.

b. Upon termination of this Agreement, or the Consortium, each Participant shall be responsible for its pro rata share of any deficit or shall be entitled to any pro rata share of surplus that exists, after the affairs of the Consortium are closed. No part of any funds of the Consortium shall be subject to the claims of general creditors of any Participant until all Consortium benefits and other Consortium obligations have been satisfied. The Consortium's surplus or deficit shall be based on actual expenses. These expenses will be determined one year after the end of the Plan Year in which this Agreement or the Consortium terminates.

c. Any surplus or deficit shall include recognition of any claims/expenses incurred at the time of termination, but not yet paid. Such pro rata share shall be based on each Participant's relative premium contribution to the Plan as a percentage of the aggregate premium contributions to the Plan during the period of participation. This percentage amount would then be applied to the surplus or deficit which exists at the time of termination.

2. The continuation of the Consortium under the terms and conditions of the Agreement, or any amendments or restatements thereto, shall be subject to Board review on the fifth (5<sup>th</sup>) anniversary of the Effective Date and on each fifth (5<sup>th</sup>) anniversary date thereafter (each a "Review Date").

a. At the annual meeting a year prior to the Review Date, the Board shall include as an agenda item a reminder of the Participants' coming obligation to review the terms and conditions of the Agreement.

b. During the calendar year preceding the Review Date, each Participant shall be responsible for independently conducting a review of the terms and conditions of the Agreement and submitting to the Board of Directors a written resolution containing any objection to the existing terms and conditions or any proposed modification or



amendment to the existing Agreement, such written resolution shall be submitted to the Board on or before March 1<sup>st</sup> preceding the Review Date. Failure to submit any such resolution shall be deemed as each Participant's agreement and authorization to the continuation of the Consortium until the next Review Date under the existing terms and conditions of the Agreement.

c. As soon as practicable after March 1<sup>st</sup>, the Board shall circulate to all Participants copies of all resolutions submitted by the Participants. Subject to Section S hereof, any resolutions relating to the modification, amendment, or objection to the Agreement submitted prior to each Review Date shall be considered and voted on by the Participants at a special meeting called for such purpose. Such special meeting shall be held on or before July 1<sup>st</sup> preceding the Review Date.

d. Notwithstanding the foregoing or Section T hereof, if at the Annual Meeting following any scheduled Review Date the Board votes on and approves the budget and annual assessment for the next year, the Participants shall be deemed to have approved the continuation of the Consortium under the existing Agreement until the next Review Date.

3. The Participants acknowledge that it may be necessary in certain extraordinary circumstances to expel a Participant from the Consortium. In the event the Board determines that:

a. a Participant has acted inconsistently with the provisions of the Agreement in a way that threatens the financial well-being or legal validity of the Consortium; or

b. a Participant has acted fraudulently or has otherwise acted in bad faith with regards to the Consortium, or toward any individual Participant concerning matters relating to the Consortium, the Board may vote to conditionally terminate said Participant's membership in the Consortium. Upon such a finding by the affirmative vote of seventy-five percent (75%) of the Participants, the offending Participant shall be given sixty (60) days to correct or cure the alleged wrongdoing to the satisfaction of the Board. Upon the expiration of said sixty (60) day period, an absent satisfactory cure, the Board may expel the Participant by an affirmative vote of seventy-five percent (75%) of the Participants (exclusive of the Participant under consideration). This section shall not be subject to the weighted voting provision provided in Section D. Any liabilities associated with the Participant's departure from the Consortium under this provision shall be determined by the procedures set forth in Section P of this Agreement.

## **R. REPRESENTATIONS AND WARRANTIES OF PARTICIPANTS.**

Each Participant by its approval of the terms and conditions of this Agreement hereby represents and warrants to each of the other Participants as follows:

1. The Participant understands and acknowledges that its participation in the Consortium under the terms and conditions of this Agreement is strictly voluntary and may be terminated as set forth herein, at the discretion of the Participant.

2. The Participant understands and acknowledges that the duly authorized decisions of the Board constitute the collective will of each of the Participants as to those matters within the scope of the Agreement.

3. The Participant understands and acknowledges that the decisions of the Board made in the best interests of the Consortium may on occasion temporarily disadvantage one or more of the individual Participants.

4. The Participant represents and warrants that its designated Director or authorized representative understands the terms and conditions of this Agreement and is suitably experienced to understand the principles upon which this Consortium operates.

5. The Participant understands and acknowledges that all Directors, or their authorized representatives, are responsible for attending all scheduled meetings. Provided that the quorum rules are satisfied, non-attendance at any scheduled meeting is deemed acquiescence by the absent Participant to any duly authorized Board-approved action at the meeting. However, a Participant that was absent from a meeting will not be presumed to have acquiesced in a particular action taken at the meeting if, within fifteen (15) calendar days after learning of such action, the Participant delivers written notice to the Chairperson that it dissents from such action. The Participant shall also notify the other members of the Board of such dissent. The Chairperson shall direct the Secretary to file the notice with the minutes of the Board.

6. The Participant understands and acknowledges that, absent bad faith or fraud, any Participant's vote approving any Board action renders that Board action immune from later challenge by that Participant.

#### **S. RECORDS**

The Board shall have the custody of all records and documents, including financial records, associated with the operation of the Consortium. Each Participant may request records and documents relative to their participation in the Consortium by providing a written request to the Chairperson and Chief Fiscal Officer. The Consortium shall respond to each request no later than thirty (30) days after its receipt thereof, and shall include all information which can be provided under applicable law.

#### **T. CHANGES TO AGREEMENT.**

Any change or amendment to this Agreement shall require the unanimous approval of the Participants, as authorized by their respective legislative bodies.

#### **U. CONFIDENTIALITY.**

Nothing contained in this Agreement shall be construed to waive any right that a covered person possesses under the Plan with respect to the confidentiality of medical records and that such rights will only be waived upon the written consent of such covered person.

#### **V. ALTERNATIVE DISPUTE RESOLUTION ("ADR").**

1. General. The Participants acknowledge and agree that given their budgeting and fiscal constraints, it is imperative that any disputes arising out of the operation of the Consortium be limited and that any disputes which may arise be addressed as quickly as possible. Accordingly, the Participants agree that the procedures set forth in this Section V are intended to be the exclusive means through which disputes shall be resolved. The Participants also acknowledge and agree that by executing this Agreement each Participant is limiting its right to seek redress for

certain types of disputes as hereinafter provided.

2. Disputes subject to ADR. Any dispute by any Participant, Board Member, or Committee Person arising out of or relating to a contention that:

a. the Board, the Board's designated agents, a Committee person, or any Participant has failed to adhere to the terms and conditions of this Agreement or any duly-passed resolution of the Board or any duly-passed resolution of the Board;

b. the Board, the Board's designated agents, a Committee person, or any Participant has acted in bad faith or fraudulently in undertaking any duty or action under the Agreement; or

c. any other dispute otherwise arising out of or relating to: (i) the terms or conditions of this Agreement; (ii) any duly-passed decision, resolution, or policy by the Board of Directors; or (iii) otherwise requiring the interpretation of this Agreement shall be resolved exclusively through the ADR procedure set forth in paragraph (3) below.

3. ADR Procedure. Any dispute subject to ADR, as described in subparagraph (2), shall be resolved exclusively by the following procedure:

a. Board Consideration: Within ninety (90) days of the occurrence of any dispute, the objecting party (the "Claimant") shall submit a written notice of the dispute to the Chairperson specifying in detail the nature of the dispute, the parties claimed to have been involved, the specific conduct claimed, the basis under the Agreement for the Participant's objection, the specific injury or damages claimed to have been caused by the objectionable conduct to the extent then ascertainable, and the requested action or resolution of the dispute. A dispute shall be deemed to have occurred on the date the objecting party knew or reasonably should have known of the basis for the dispute.

i. Within sixty (60) days of the submission of the written notice, the Executive Committee shall, as necessary, request further information from the Claimant, collect such other information from any other interested party or source, form a recommendation as to whether the Claimant has a valid objection or claim, and if so, recommend a fair resolution of said claim. During such period, each party shall provide the other with any reasonably requested information within such party's control. The Executive Committee shall present its recommendation to the Board in writing, including any underlying facts, conclusions or support upon which it is based, within such sixty (60) day period.

ii. Within sixty (60) days of the submission of the Executive Committee's recommended resolution of the dispute, the Board shall convene in a special meeting to consider the dispute and the recommended resolution. The Claimant and the Executive Committee shall each be entitled to present any argument or material it deems pertinent to the matter before the Board. The Board shall hold discussion and/or debate as appropriate on the dispute and may question the Claimant and/or the Executive Committee on their respective submissions. Pursuant to its regular procedures, the Board shall vote on whether the Claimant has a valid claim, and if so, what the fair resolution should be. The weighted voting procedure set forth in Section D shall not apply to this provision. The Board's determination shall be deemed final subject to the Claimant's right to arbitrate as set forth below.

b. Arbitration. The Claimant may challenge any Board decision under subparagraph (V)(3)(a)(ii) by filing a demand for arbitration with the American Arbitration Association within thirty (30) days of the Board's vote (a "Demand"). In the event a Claimant shall fail to file a Demand within thirty (30) days, the Board's decision shall automatically be deemed final and conclusive. In the event the Participant files a timely Demand, the arbitrator or arbitration panel may consider the claim:

provided however;

i. in no event may the arbitrator review any action taken by the Board that occurred three (3) or more years prior to when the Chairperson received notice of the claim; and

ii. in no event may the arbitrator award damages for any period that precedes the date the Chairperson received notice of the claim by more than twenty-four (24) months.

c. The Participants agree that the procedure set forth in this Section V shall constitute their exclusive remedy for disputes within the scope of this Section.

#### **W. MISCELLANEOUS PROVISIONS.**

1. This instrument constitutes the entire Agreement of the Participants with respect to the subject matter hereof, and contains the sole statement of the operating rules of the Consortium. This instrument supersedes any previous Agreement, whether oral or written.

2. Each Participant will perform all other acts and execute and deliver all other documents as may be necessary or appropriate to carry out the intended purposes of this Agreement.

3. If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

4. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Any claims made under Section V(3)(b) except to the extent otherwise limited therein, shall be governed by New York substantive law.

5. All notices to any party hereunder shall be in writing, signed by the party giving it, shall be sufficiently given or served if sent by registered or certified mail, return receipt requested, hand delivery, or overnight courier service addressed to the parties at the address designated by each party in writing. Notice shall be deemed given when transmitted.

6. This Agreement may be executed in two or more counterparts each of which shall be deemed to be an original but all of which shall constitute the same Agreement and shall become binding upon the undersigned upon delivery to the Chairperson of an executed copy of this Agreement together with a certified copy of the resolution of the legislative body approving this Agreement and authorizing its execution.

7. The provisions of Section V shall survive termination of this Agreement, withdrawal or expulsion of a Participant, and/or dissolution of the Consortium.

8. Article and section headings in this Agreement are included for reference only and shall not constitute part of this Agreement.

9. No findings or recommendations made by the Joint Committee on Plan Structure and Design or by the Chair of the Joint Committee shall be considered a waiver of any bargaining rights under any contract, law, rule, statute, or regulation.

**X. APPROVAL, RATIFICATION, AND EXECUTION.**

1. As a condition precedent to execution of this Municipal Cooperative Agreement and membership in the Consortium, each eligible municipal corporation desiring to be a Participant shall obtain legislative approval of the terms and conditions of this Agreement by the municipality's governing body.

2. Prior to execution of this Agreement by a Participant, the Participant shall provide the Chairperson with the resolution approving the municipality's participation in this Consortium and expressly approving the terms and conditions of this Municipal Cooperative Agreement. Each presented resolution shall be maintained on file with the Consortium.

3. By executing this Agreement, each signatory warrants that he/she has complied with the approval and ratification requirements herein and is otherwise properly authorized to bind the participating municipal corporation to the terms and conditions of this Agreement.

**[Signature Pages Follow]**

**IN WITNESS WHEREOF**, the undersigned has caused this Amended Agreement to be executed as of the date adopted by the Board of Directors of the Greater Tompkins County Municipal Health Insurance Consortium and subsequently adopted by all participating municipalities.

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## **Addendum “A”**

### **Example of Weighted Voting Formula under Section D(2)**

If 11 Participants have 500 or fewer enrollees each and 2 Participants have more than 500 enrollees each, under subparagraph “a” the 11 each get 1 vote. Under subparagraph “b” the 2 large Participants get 4 votes each, which is calculated by taking the total number of votes under subparagraph “a” [11] subtracting the number of Labor Representative votes [2], dividing by the number of eligible Participants under subsection “b” [2], and rounding the result [4.5] down to the nearest whole number [4]. The Labor Representative shall have 1 vote, irrespective of the votes available to the Participants.



## Addendum "B"

### Illustration of At-Large Labor Representative Calculation

<b>Total Number of Participants</b>	<b>Total Number of At-Large Labor Representatives</b>
< 17	1
17-22	2
23-27	3
28-32	4
33-37	5
38-42	6

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