



## Greater Tompkins County Municipal Health Insurance Consortium

P.O. Box 7 • Ithaca, New York 14851 • (607) 274-5590

Headquarters: 215 N. Tioga Street, Ithaca, NY 14850

[www.healthconsortium.net](http://www.healthconsortium.net) • [consortium@tompkins-co.org](mailto:consortium@tompkins-co.org)

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

### Audit and Finance Committee

**Agenda – July 26, 2022**

**3:00 PM**

Town of Ithaca/Zoom Meeting

(see meeting invite or contact [consortium@tompkins-co.org](mailto:consortium@tompkins-co.org) for information to join meeting)

1. Call to Order (3:00) S. Thayer
  
2. Changes to Agenda
  
3. Approve Minutes – June 28, 2022
  
4. Executive Director (3:05) E. Dowd
  - a. Update
  - b. DFS Audit Update
  - c. Discussion of Resolution: Rules Regarding Plan Options for the Small Municipal Employers
  
5. 2023 Budget Discussion (3:20)
  
6. Financial Update (4:00) T. Apalovich
  - a. Finance Manager Update
  - b. Abstract Approval
  - c. Budget Performance Report S. Locey
  - d. Report on large loss claim activity
  
7. Next meeting Agenda Topics (4:20)
  
8. Adjourn (4:30)

Next Meeting: August 28, 2022 – 3 p.m.

**Audit and Finance Committee  
Minutes - DRAFT  
June 28, 2022  
Remote by Zoom**

Present: Steve Thayer, Peter Salton; Laura Shawley; Eric Snow; Rordan Hart; Lorie Corsette  
Excused: Amanda Anderson  
Staff/Guests: Elin Dowd, Executive Director; Lynne Sheldon, Clerk of the Board; Rob Spenard, Locey and Cahill; Paul Pelton, Locey and Cahill; Judy Drake, Board Chair; Teri Apalovich, Finance Manager; Kylie Rodrigues, Benefits Specialist; Kate DeVoe, Tompkins County Public Library, Mary Alice Avery, Wilmington Trust; Zia Quasim, Wilmington Trust; Dave Claussen, Wilmington Trust, Joe Fahey, Wilmington Trust

**Call to Order**

Mr. Thayer, Chair, called the meeting to order at 3:02 p.m.

**Changes to the Agenda**

There were no changes to the agenda.

**Approval of Minutes of May 24, 2022**

It was MOVED by Mr. Thayer, seconded by Mr. Snow, and unanimously adopted by voice vote by members present, to approve the minutes of May 24, 2022, as submitted. MINUTES APPROVED.

**Executive Director Report**

Ms. Dowd began by congratulating the one-year anniversary of Kylie Rodriguez joining the Consortium as Benefits Specialist. She also announced this is the first meeting without the attendance of newly retired Clerk of the Board, Michele Cocco. Ms. Cocco and her replacement, Lynne Sheldon, have completed their two-week training session, and Ms. Sheldon is running solo at today's meeting

Ms. Dowd announced Kate DeVoe (Tompkins County Library), has volunteered to serve as the replacement of Tim Arnold, who resigned his position on the Committee. She expects Ms. DeVoe to attend the next few meetings as a guest, pending approval of the Executive Committee.

New York State Department of Financial Services is planning an audit of the Consortium to include years 2016 through 2020. The audit will begin in July, starting with Information Technology. This portion of the audit will ensure we are cybersecurity and business continuity compliant. Auditors will then move on to the financial aspect in October. Ms. Dowd stressed the State charges by the hour, which will adversely affect our budget. Ms. Apalovich added the audit cost of Rochester's consortium was approximately thirty to thirty-five thousand (\$30,000 to \$35,000) dollars per month.

Kate DeVoe arrived (3:07pm); Ms. Dowd welcomed and introduced her to the Committee.

Ms. Dowd announced we have started the budgeting process a bit early, to review in August and approve in September. The largest part will be our premiums. Ms. Apalovich is working on a preliminary budget with our expenses, which will lead to looking at medical, and prescriptions trends.

Investment Management Committee Report: Resolution of Amended Investment Management Policy

Ms. Dowd announced Wilmington Trust were to join the meeting to present on possible expansions to the portfolio. Prior to the presentation, Ms. Dowd requested the committee approve the resolution which amends the Investment Management Policy. This resolution was discussed at the last meeting, and revisions have been made to satisfy any concerns.

Ms. Dowd addressed the following revisions to the policy:

- *Adding that all US Government agencies will also be included obligations of New York State*
- *All vehicles that are eligible under general municipal law for investments*
- *How to utilize new investments and put down some requirements that are part of general municipal law, such as commercial paper can go out one year, but General Municipal Law (GML) requires to only have a 60-day view*
- *Includes vehicles eligible for collateralized deposits (anything about two hundred fifty thousand (\$250,000) dollars in terms of cash*

Mr. Salton requested to make a motion to accept this document as modified from the previous meeting, Mr. Thayer concurred.

**RESOLUTION NO. – 2022 – APPROVAL OF AMENDMENT TO THE INVESTMENT MANAGEMENT POLICY**

MOVED by Mr. Salton, seconded by Ms. Shattuck, and unanimously adopted by voice vote by members present, to approve the following resolution and submit to the Executive Committee.

WHEREAS, the Consortium's Investment Management Policy currently restricts the Consortium from investing in additional investment vehicles that are authorized under General Municipal Law (GML), and

WHEREAS, upon discussion by the Investment Management Subcommittee, there is interest in allowing the Consortium's Investment Manager to have the ability to invest and capitalize on other investments that are permitted under GML and structure a portfolio based on the Consortium's cash flow needs, utilizing instruments that would produce the best return, now therefore be it

RESOLVED, on recommendation of the Investment Management, Audit and Finance, and Executive Committees, That the Board of Directors hereby approves the Consortium's amended Investment Management Policy.

### Presentation from Wilmington Trust on Performance and Suggested Portfolio Changes

Mary Alice Avery (Wilmington Trust) introduced herself as Managing Director of the Client Development side. Ms. Avery also introduced her team: Dave Claussen, Portfolio Management, Joe Fahey, Asset Management, and Zia Quasim, Fixed Income Portfolio Manager.

Mr. Quasim began presenting the handout to the committee and discussed the following:

- *Fixed income asset management – Wilmington Trust has a team of 12 analysts*
- *Active portfolio management, independent credit research analyst and who would apply to the commercial paper*
- *Corporate bonds added to the investment policy to seek to buy high quality, readily marketable securities and look for a well-diversified portfolio*
- *Their team meets weekly to review and reconcile economic indicators for expectations to growth and respect to inflation*
- *Inflation and federal reserve raising rates and most likely raising rates again in July, so at this rate, the Consortium is at an excellent position moving forward. The Consortium is 20% maturing this year and 63% maturing in 2023, which will mean you are invested under prevailing higher rates which will open more opportunities to help add value.*

Mr. Salton raised a question asking if the instruments shown on the presentation were short-term for Consortium to use. Ms. Avery concurred as the policy restricts to 60 days.

Ms. Dowd asked what conditions are needed to feel comfortable going into longer term vehicles, keeping in mind that the Consortium has never felt they needed to move their portfolio to longer than 3-year notes. Mr. Quasim stated this is not an ideal time and won't be until the Federal Reserve stops raising rates and inflation is under control.

Mr. Hart questioned if the Consortium would like to earn two and half percent (2.5%) on available cash for the next five years, would Wilmington Trust be able to put that together to construct. Mr. Quasim responded that he would look further into that question to analyze and would get back to us with an answer.

### Medicare Advantage Plan Options

Ms. Dowd opened this topic stating that the resolution came before the Executive Committee last month, however, no action was taken with the idea that the Finance Committee would look at and construct something to meet all member's needs.

Mr. Salton asked for clarification of questions and answers of the Executive Committee regarding the resolution. Mr. Salton included that there is a sensitivity about this topic with Municipalities, and concern of individuals leaving the Consortium. Ms. Dowd responded that currently there are 992 currently eligible for Medicare, 466 are Tompkins County employees who are currently in the Consortium's Medicare Supplement Plan. There are eight (8) municipalities that offer post-employment benefits to retirees with a vendor other than the Consortium.

Ms. Drake stated that she believes this resolution will be the resolve to the concerns and an opportunity to ask for a waiver. This would allow the Consortium to be able to supply a fully insured Medicare Advantage Plan to eligible employees as we are currently unable to supply what they need.

Mr. Hart added that the resolution presented is fair and all municipalities will have to decide what Medicare Plan they are going to use for their retirees. He stressed that it's not Consortium's responsibility to make sure that we meet that municipalities requests for their retirees.

Ms. Drake suggested that we should offer at the August Board meeting education about the difference between the Medicare Supplement and the Medicare Advantage. She stated that the dates discussed with Locey and Cahill are doable, streamlined, knowing of habits of vendors, and are already familiar with this process with other clients. Mr. Spenard (Locey & Cahill), added to say that they will find some quotations or proposals to share; some that will be high, and some will be low.

Mr. Salton asked whom would be responsible for covering the risk assessment fees. Ms. Dowd responded by stating it would be part of the premium and there is a formula in the works.

**RESOLUTION NO. – 2022 – CLARIFICATION REGARDING PARTICIPANT MEDICARE AGED RETIREES IN RELATION TO MUNICIPAL COOPERATIVE AGREEMENT (MCA) REQUIREMENT**

MOVED by Mr. Salton, seconded by Ms. Shawley, and unanimously adopted by voice vote by members present, to approve the following resolution and submit to the Executive Committee.

WHEREAS, Section A (5.) of the 2022 Amendment to the Municipal Cooperative Agreement states that "Participation in the Medical Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant shall not be permitted without a Board approved waiver", and

WHEREAS, the Consortium continues to support having all collective bargaining units or employee groups in the Consortium risk pool to maintain stabilized premium rates and prevent adverse risk selection, and

WHEREAS, the Consortium's has deemed the term "employee groups" to include active employees, COBRA continuation of coverage members, non-Medicare-aged retirees, and Medicare-aged retirees, and

WHEREAS, there have been some exceptions made, upon entrance, to allow Medicare aged retirees of new Participants with fully insured Medicare Advantage Plans to remain with said coverage, and

WHEREAS, the Consortium does not currently offer a Medicare Advantage Plan or Plans, and

WHEREAS, several Participants are reviewing cost-effective options for their Medicare aged retiree population, including moving from current Consortium coverage to fully insured Medicare Advantage plans with other carriers, and

WHEREAS, the Consortium believes that offering a Medicare Supplement Plan is an

excellent option for Medicare eligible retirees; however, due to federal subsidies currently available to fully insured plans the Consortium's Medicare Supplement Plan is unable to compete with the lower costs of some Medicare Advantage Plans, and

WHEREAS, although the Consortium cannot set up a Medicare Advantage program within the fund, the Consortium can provide a convenient, pass-through option as is done with other ancillary benefits offered through the Consortium, now therefore be it

RESOLVED, further, That the Consortium, on behalf of the Board of Directors, will hereby enforce That Section A (5) "Participation in the Medical Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant shall not be permitted without a Board approved waiver" will remain in force for all active and retired employee groups of each Participant,

RESOLVED, further, That any Participant selecting to withdraw an employee group shall request such waiver prior to September 1st of each year for consideration by September 30th or for new Participants as part of the application process.

RESOLVED, further, That the Consortium will secure an approved vendor by October 1, 2022 to provide a fully insured Medicare Advantage product to act as a pass through as a Medicare aged retiree plan option commencing January 1, 2023 for Participants of the Consortium,

RESOLVED, further, That the Consortium will review annually charging a risk assessment fee to any Participant using a fully insured Medicare Advantage Plan product purchased from a source other than the Consortium.

RESOLVED, further, That any Participant currently enrolled in a fully insured Medicare Advantage Plan, not offered through the Consortium, at the time when this resolution is approved, will be grandfathered in as a Board approved waiver effective July 1, 2022, provided the Consortium has secured a similar product to offer to all Participants effective on January 1, 2023, this waiver will expire on December 31, 2024 and the Participant will be required to move to the Consortium Medicare Advantage Plan on a pass-through basis or be subjected to a risk assessment fee.

RESOLVED, further, That all Participants requesting a waiver to provide a fully insured Medicare Advantage Plan to their eligible employee groups on/or after January 1, 2023, will be required to use the Consortium secured Medicare Advantage Plan product.

#### Abstract Approval

Ms. Apalovich presented and reviewed the June monthly financial abstract; there were no questions or concerns. It was MOVED by Mr. Thayer, seconded by Mr. Snow, and unanimously adopted by voice vote by members present, to approve the June 2022 monthly abstract. MOTION CARRIED.

#### Budget Performance Report

Mr. Pelton reviewed financial results through May 31, 2022, stating that overall income is about 1.57% under budget and premium income being about 1.69% below the amended budget for the first five months of the fiscal year. He noted, one item they are keeping an eye on is the prescription rebates. They have budgeted about 13% less than received the previous year, so it's running a bit light.

Mr. Pelton showed an increase in covered lives (up 1.90% percent) and increase in number of contracts (up 2.84% percent).

Mr. Pelton reported that the expenditure side is off to a good start as Medical Paid Claims were 2.56% below the amended budget and Rx Paid Claims were 0.86% below budget for the first 5-months of the 2022 Fiscal Year.

Mr. Spenard reported on high-cost claims and noted when comparing claims through April 2022 against claims through the same period in 2021, there was an increase in the number. He brought to attention there is one individual that is largest on our stop-loss report that they are keeping a close eye on. He also noted there is another individual with another large claim coming in.

Mr. Spenard reviewed a history of large losses and said historically the stop-loss paid claim ratio is about 44%; on average .59% of covered lives account for 17.28% of overall paid claims, and they are also keeping an eye on this.

Mr. Pelton showed activity of Catastrophic Claims Self-Insurance Pool and noted that they are monitoring claims of five individuals. One member has a \$700,000 laser applied to them in 2022; however, it was reduced from a million dollars from previous years.

Mr. Pelton finished the budget presentation with COVID-19 Pandemic Impact information showing where the Consortium medical claims was before COVID and currently, and included services of Telehealth and Telemedicine, and reported numbers of individuals that used these services.

Mr. Thayer asked a question regarding the audit coming up asking if there's a need to move funds around for the upcoming audit services. Ms. Dowd answered that we may need to go into deficit and take money out of the encumbered fund balance. Mr. Salton suggested that the audit be built into next year's budget as an estimated number based on the dollar number from other group's audits.

### **Next Agenda Topics**

The following items will be included on the next agenda:

- 2023 Budget review
- Update of New York State Department of Financial Services audit activity

### **Adjournment**

The meeting adjourned at 4:35 p.m.

*Respectfully submitted by Lynne Sheldon, Clerk of the Board*



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### **RESOLUTION NO.            – 2022 – RULES REGARDING PLAN OPTIONS FOR THE SMALL MUNICIPAL EMPLOYERS (THOSE WITH LESS THAN 50 EMPLOYEES)**

WHEREAS, small municipal employers are required to enroll in a metal level plan if as these are also the only plans available on a community-rated fully-insured basis in New York State and,

WHEREAS, The Consortium is moving closer to closing out some of the old indemnity and PPO plans and,

WHEREAS, The Consortium wants to limit adverse selection which could occur if a small employer offered freedom of choice amongst several plans options. While we understand this is allowed in the community-rated fully insured marketplace, the Consortium is not large enough to be able to absorb this level of adverse selection without causing some financial hardship to the plan and to the covered members, now therefore be it

RESOLVED, to have the Consortium limit the small municipal employers to one metal level plan per bargaining unit or employee/retiree group going forward and,

RESOLVED, to institute the new policy for all applicable new participating employers upon enrollment and encourage existing Participants to eliminate multiple plan options by January 1, 2025, thus allowing time to negotiate the change.

\* \* \* \* \*



# Greater Tompkins County Municipal Hlth Insurance Consortium

## MONTHLY ABSTRACT - JULY 2022

Type	Date	Pymt Num	Invoice #	Name	Memo	Amount
Check	06/17/2022	A3727407	05312022 CL	EXCELLUS HEALTH PLAN - CL	05312022 Covered Lives	\$ 30,761.87
Check	06/27/2022	A3729445	July 2022	EXCELLUS HEALTH PLAN - GROUP	July 2022 Admin Fees	\$ 154,761.71
Check	06/21/2022	A3756769	06212022	EXCELLUS HEALTH PLAN - CLAIMS	06152022-06212022	\$ 598,549.71
Check	06/28/2022	A3778394	06282022	EXCELLUS HEALTH PLAN - CLAIMS	06222022-06282022	\$ 516,759.56
Check	07/08/2022	A3801320	07052022	EXCELLUS HEALTH PLAN - CLAIMS	06292022-07052022	\$ 760,599.01
Check	07/15/2022	A3829539	07122022	EXCELLUS HEALTH PLAN - CLAIMS	07062022-07122022	\$ 673,911.68
Check	06/16/2022	A3756986	06152022-GTC-TC	PROACT, INC.	06/01/2022-06/15/2022	\$ 763,202.63
Check	06/30/2022	A3794167	06302022-GTC-TC	PROACT, INC.	06/16/2022-06/30/2022	\$ 708,299.10
Bill	06/30/2022	5153	Apr-Jun	Elin Dowd	Mileage	\$ 276.57
Bill	06/30/2022	5156	07072022	CHASE	Credit Card	\$ 1,960.17
Bill	06/30/2022	5155	34262	CANARX	6/1/2022-6/15/2022	\$ 5,200.20
Bill	07/16/2022	5155	34392	CANARX	6/16/2022-6/30/2022	\$ 4,986.00
Bill	07/10/2022	5159	June Phones	Tompkins County	June Phone Charge	\$ 18.31
Bill	07/01/2022	5145	07152022	NYS Department of Treasury	PCORI	\$ 17,585.37
Bill	06/30/2022	5158	20220630-116996-A	Wilmington Trust	04012022-06302022	\$ 2,381.69
Bill	06/30/2022	5158	20220630-87322-A	Wilmington Trust	04012022-06302022	\$ 595.42
Bill	06/30/2022		2022-06	TOWN OF ITHACA NY	Payroll	\$ 29,007.26
Bill	07/01/2022		July 2022 Rent	TOWN OF ITHACA NY	July 2022 Rent	\$ 800.00
Bill	07/13/2022		473523	Hancock Estabrook LLP	Legal Services through 06/30/2022	\$ 242.00
Bill	07/01/2022			Locey & Cahill	July Invoice	\$ 7,425.00

\$ 4,277,323.26



# 2022 Fiscal Year Budget Performance Report As of June 30, 2022

Locey & Cahill, LLC  
250 South Clinton Street, Suite 340  
Syracuse, NY 13202  
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E-mail: [slocey@loceycahill.com](mailto:slocey@loceycahill.com)



# Section 1

## 2022 Fiscal Year-to-Date Income Budget vs Actual Results

# 2022 Income Budget vs Actual (06/30/2022)

## Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC)

2022 Budget Performance Analysis

Results as of: 6/30/2022

# of Months: 6

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
<b>Income</b>							
	Medical and Rx Plan Premiums *	\$57,752,443.75	\$55,937,315.28	\$27,968,657.64	\$27,479,853.32	-\$488,804.32	-1.75%
9005	Gain on Investments	\$0.00	\$0.00	\$0.00	\$86,198.14	\$86,198.14	
9020	Interest	\$45,660.35	\$45,660.35	\$22,830.18	\$18,568.26	-\$4,261.92	-18.67%
9010	Rx Rebates	\$3,000,000.00	\$3,000,000.00	\$1,000,000.00	\$881,090.42	-\$118,909.58	-11.89%
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9035	Finance Charge Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<b>Total Income</b>		<b>\$60,798,104.10</b>	<b>\$58,982,975.63</b>	<b>\$28,991,487.82</b>	<b>\$28,465,710.14</b>	<b>-\$525,777.68</b>	<b>-1.81%</b>

### Key Facts:

1. Total Income was 1.81% below the amended budget, with premium income being 1.75% below the amended budget for the first half of the fiscal year. The amended budget reflects the changes in plan designs and demographics of the participants as detailed below:
  - a. There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan.
  - b. Changes in covered lives and contract counts.
  - c. Enhanced Rx Rebates will be in effect following the June 2022 payment.

# 2022 Income Budget vs Actual (06/30/2022)

## Key Facts (continued):

- c. The number of contracts insured by the Consortium increased by 2.90% and the number of covered lives grew by only 1.89%. The disparity in this number is primarily due to the County's move to the Consortium's Medicare Supplement Plan for their Medicare-aged retirees and their spouses.

*Monthly Average Covered Lives by Fiscal Year*

<i>Year</i>	<i>Member</i>	<i>Spouse</i>	<i>Dependent</i>	<i>Total lives</i>
2011	1,995	1,056	1,348	4,400
2012	2,004	1,058	1,386	4,448
2013	2,281	1,228	1,567	5,077
2014	2,269	1,188	1,556	5,012
2015	2,301	1,173	1,546	5,021
2016	2,322	1,186	1,555	5,063
2017	2,397	1,208	1,567	5,172
2018	2,439	1,216	1,546	5,201
2019	2,867	1,436	1,867	6,170
2020	2,942	1,454	1,876	6,271
2021	3,035	1,406	1,862	6,303
2022	3,122	1,414	1,886	6,422

\* Member = Employee, Retiree, or COBRA Contract Holder

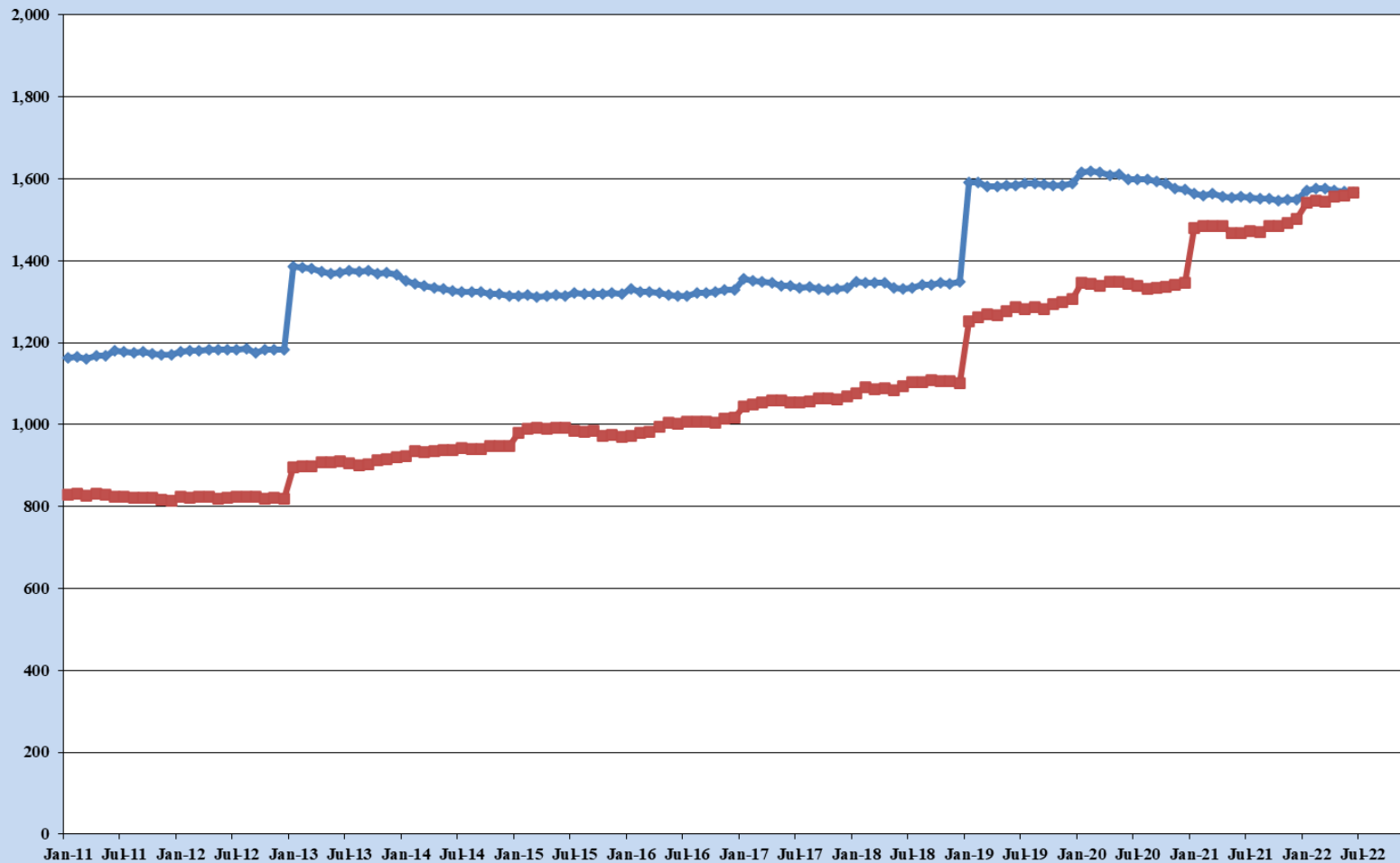
*Monthly Average Contract Count by Fiscal Year*

<i>Year</i>	<i>Family Contracts</i>	<i>Individual Contracts</i>	<i>Total Contracts</i>	<i>Avg. # of Lives Per Contract</i>	<i>Avg. # of Lives Per Family</i>
2011	1,172	824	1,995	2.205	3.053
2012	1,182	822	2,004	2.220	3.068
2013	1,375	907	2,281	2.225	3.033
2014	1,329	939	2,269	2.209	3.064
2015	1,317	984	2,301	2.182	3.065
2016	1,322	999	2,322	2.181	3.073
2017	1,340	1,058	2,397	2.157	3.071
2018	1,343	1,096	2,439	2.133	3.057
2019	1,586	1,281	2,867	2.152	3.082
2020	1,600	1,342	2,942	2.132	3.081
2021	1,555	1,481	3,036	2.076	3.101
2022	1,572	1,552	3,124	2.056	3.098

# Greater Tompkins County Municipal Health Insurance Consortium

## Monthly Contract Count by Plan Type

January 1, 2011 to June 30, 2022

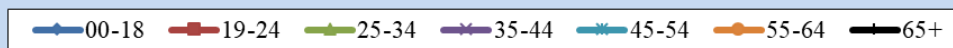
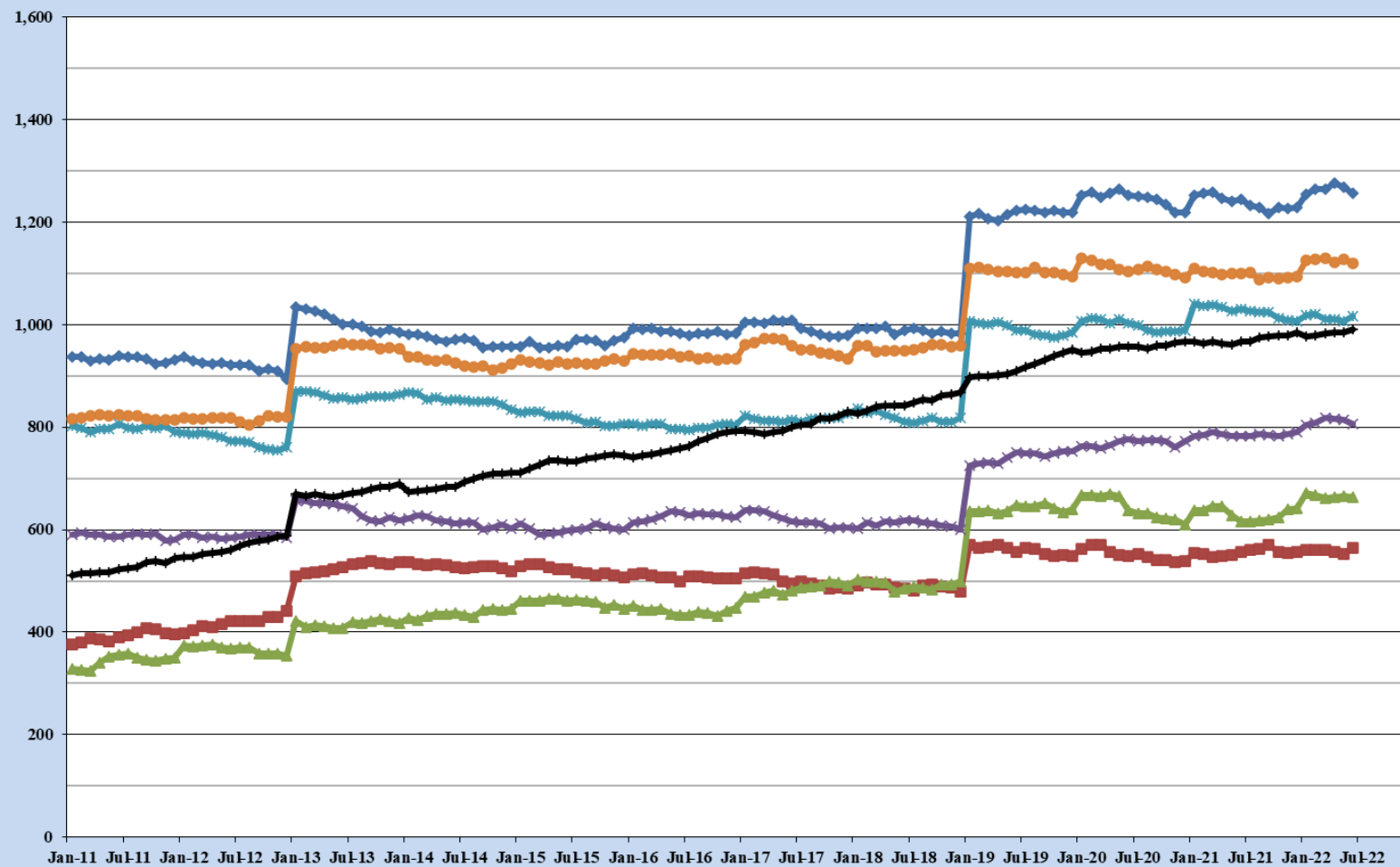


Family Contracts Individual Contracts

# Greater Tompkins County Municipal Health Insurance Consortium

## Monthly Covered Lives by Age Band

January 1, 2011 to June 30, 2022





# 2022 Income Budget vs Actual (06/30/2022)

## Key Facts (continued):

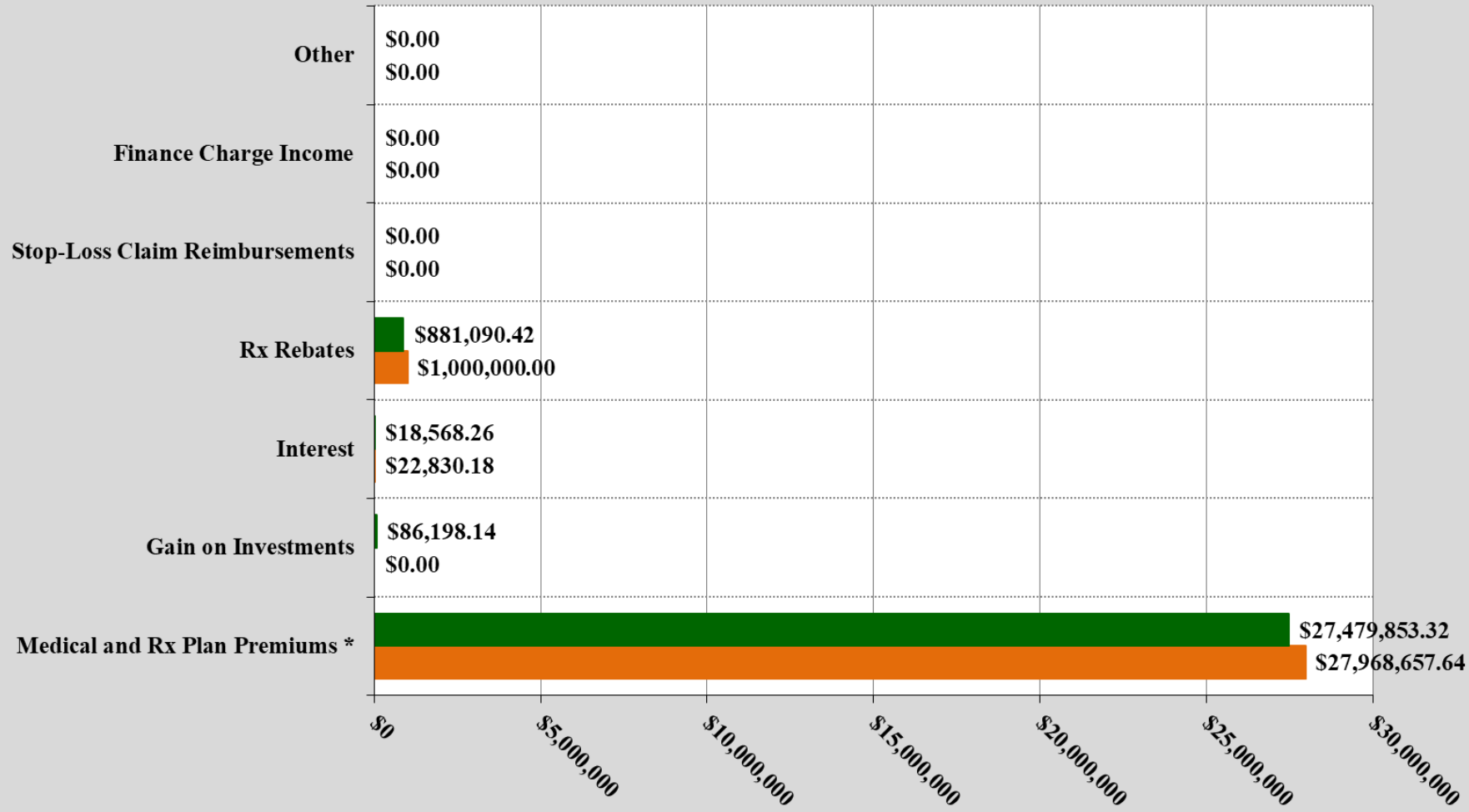
2. The Consortium invests in notes/bonds which are held to maturity but records gains and/or losses on a monthly basis (“mark to market”). Gains on investments are booked as revenues, while losses on investments are recorded as expenditures. The COVID-19 pandemic, greatly reduced the Consortium’s interest earnings potential.
3. There has been two pharmaceutical manufacturer rebate payments received from ProAct, Inc. for the 2022 Fiscal Year as of this report. The Consortium should experience enhanced RX Rebates based on the new agreement kicks in for the calendar year 2022. The January – March 2022 payment will be made in July and the April – June 2022 payment will be made in October. As part of the PBM RFP, ProAct, Inc. estimated the new quarterly payments to be approximately \$1m based on prior usage.
4. The Consortium did not receive any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1 million. To date, there have been no claims in excess of \$1,000,000 for this year or the previous year.
5. There was no Finance Charge or Other Income as of June 30<sup>st</sup>. Even when the Consortium does register some miscellaneous income, the impact is negligible at best and has very little effect on the overall net position of the Consortium.



# Greater Tompkins County Municipal Health Ins. Consortium

## 2022 Income Distribution

January 1, 2022 to June 30, 2022

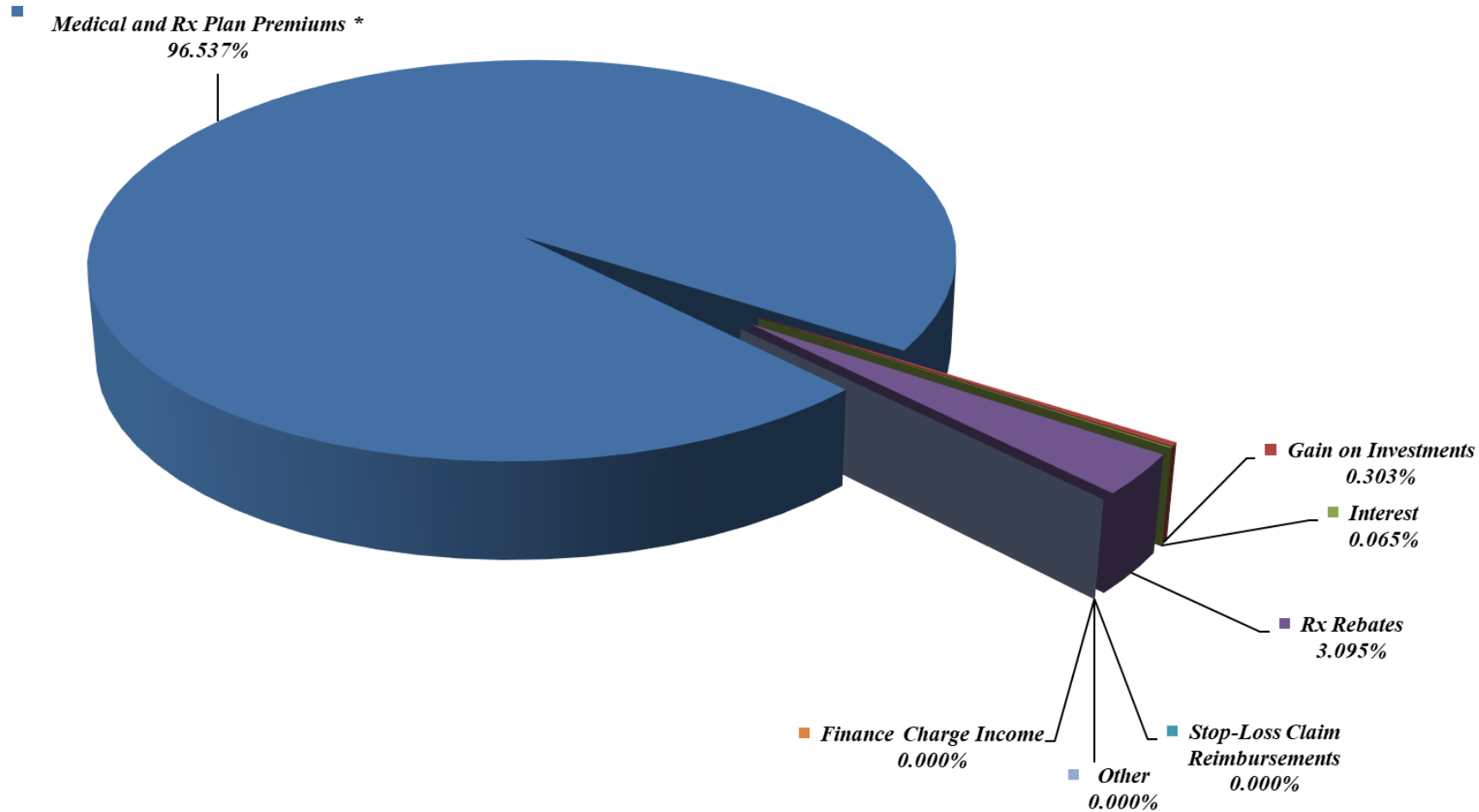


■ 2022 Actual Income ■ 2022 Budgeted Amounts

# Greater Tompkins County Municipal Health Ins. Consortium

2022 Income Distribution

January 1, 2022 to June 30, 2022





# Section 2

2022 Fiscal Year-to-Date  
Expense Budget vs Actual Results

# 2022 Expense Budget vs Actual Results (06/30/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
<b>Expenses</b>							
8090	Medical Paid Claims	\$40,780,345.45	\$40,780,345.45	\$20,324,272.73	\$18,535,561.33	-\$1,788,711.40	-8.80%
	Advance Deposit / Pre-Paid Claims	\$37,344.64	\$65,900.00	\$65,900.00	\$65,900.00	\$0.00	0.00%
8120	Rx Paid Claims - ProAct	\$16,506,765.82	\$16,506,765.82	\$8,253,382.91	\$8,059,996.05	-\$193,386.86	-2.34%
8121	Rx Paid Claims - CanaRx	\$161,366.59	\$161,366.59	\$80,683.30	\$78,214.10	-\$2,469.20	-3.06%
8084	Flu Clinic Fees	\$20,037.48	\$23,042.13	\$11,521.07	\$0.00	-\$11,521.07	-100.00%
8050	Medical Admin Fees	\$1,521,623.78	\$1,502,656.92	\$751,328.46	\$781,523.72	\$30,195.26	4.02%
	Rx Admin Fees	\$206,958.25	\$226,592.82	\$113,296.41	\$133,005.48	\$19,709.07	17.40%
8091	NYS Covered Lives Assessment	\$391,982.86	\$319,060.15	\$159,530.08	\$185,006.08	\$25,476.01	15.97%
9060	ACA PCORI Fee	\$18,886.41	\$18,886.41	\$18,886.41	\$0.00	-\$18,886.41	-100.00%
8110	Specific Stop-Loss Insurance (Actual)	\$313,950.00	\$723,382.00	\$361,691.00	\$148,483.84	-\$213,207.16	-58.95%
8000	Accounting Fees	\$19,000.00	\$19,000.00	\$9,500.00	\$12,200.00	\$2,700.00	28.42%
8010	Actuarial Fees	\$10,000.00	\$10,000.00	\$5,000.00	\$7,200.00	\$2,200.00	44.00%
8020	Audit Fees (Financial)	\$14,420.00	\$14,420.00	\$13,390.00	\$14,500.00	\$1,110.00	8.29%
8021	Audit Fees (Claims)	\$51,295.00	\$51,295.00	\$25,647.50	\$19,875.00	-\$5,772.50	-22.51%
8055	Consultant Fees (Barber & Strat Plan)	\$45,000.00	\$25,000.00	\$12,500.00	\$0.00	-\$12,500.00	
8030	Consultant Fees (L&C)	\$91,650.00	\$91,650.00	\$45,825.00	\$45,750.00	-\$75.00	-0.16%
8070	Legal Fees	\$12,000.00	\$12,000.00	\$6,000.00	\$5,115.00	-\$885.00	-14.75%
8065	Wellness Program Costs	\$25,000.00	\$25,000.00	\$12,500.00	\$125.00	-\$12,375.00	-99.00%
66001	Executive Director (Salary)	\$96,450.00	\$96,450.00	\$48,225.00	\$48,222.46	-\$2.54	-0.01%
66002	Fringe Benefits	\$119,635.00	\$119,635.00	\$59,817.50	\$36,769.18	-\$23,048.32	-38.53%

# 2022 Expense Budget vs Actual Results (06/30/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
<b>Expenses</b>							
66003	Clerk of the Board (Salary)	\$74,300.00	\$74,300.00	\$37,150.00	\$25,007.16	-\$12,142.84	-32.69%
66004	Admin/Comp Asst (Salary)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
66005	Benefits Specialist (Salary)	\$56,240.00	\$56,240.00	\$28,120.00	\$28,119.00	-\$1.00	0.00%
66006	Finance Manager (Salary)	\$72,100.00	\$72,100.00	\$36,050.00	\$36,050.04	\$0.04	0.00%
8060	Insurances (D&O / Prof. Liability)	\$55,650.00	\$53,004.00	\$26,502.00	\$29,133.00	\$2,631.00	9.93%
8041	Internal Coordination (Finance)	\$20,000.00	\$20,000.00	\$10,000.00	\$10,000.00	\$0.00	0.00%
8042	Internal Coordination (Support)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8040	Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$3,000.00	\$3,000.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$6,485.00	\$6,681.00	\$3,340.50	\$3,340.50	\$0.00	0.00%
9065	Marketing Expenses	\$2,575.00	\$8,000.00	\$4,000.00	\$830.37	-\$3,169.63	-79.24%
9055	Investment Management Services	\$12,360.00	\$12,360.00	\$6,180.00	\$5,983.91	-\$196.09	-3.17%
8150	Supplies Expense	\$4,080.00	\$4,080.00	\$2,040.00	\$2,128.72	\$88.72	4.35%
8151	Computer Equipment	\$11,545.00	\$11,545.00	\$5,772.50	\$5,455.81	-\$316.69	-5.49%
8152	Lease Expense / Parking Fees	\$13,370.00	\$13,370.00	\$6,685.00	\$4,904.95	-\$1,780.05	-26.63%
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$500.00	\$276.57	-\$223.43	-44.69%
8154	Software	\$0.00	\$0.00	\$0.00	\$707.76	\$707.76	0.00%
8155	Postage	\$0.00	\$0.00	\$0.00	\$636.95	\$636.95	0.00%
8156	Furniture and Fixtures	\$0.00	\$2,000.00	\$0.00	\$0.00	\$0.00	0.00%
8157	Training & Prof. Dev.	\$0.00	\$2,000.00	\$0.00	\$348.00	\$348.00	0.00%
8158	Subscriptions	\$0.00	\$1,000.00	\$0.00	\$219.97	\$219.97	0.00%
9005	Loss on Investments	\$0.00	\$0.00	\$0.00	\$571,394.15	\$571,394.15	
9060	Other Expenses / Supplies	\$12,595.00	\$7,595.00	\$3,797.50	\$747.25	-\$3,050.25	-80.32%
<b>Total Expenses</b>		<b>\$60,792,011.28</b>	<b>\$61,143,723.29</b>	<b>\$30,552,034.85</b>	<b>\$28,905,731.35</b>	<b>-\$1,646,303.50</b>	<b>-5.39%</b>
<b>Net Income</b>		<b>\$6,092.82</b>	<b>-\$2,160,747.66</b>	<b>-\$1,560,547.04</b>	<b>-\$440,021.21</b>	<b>\$1,120,525.83</b>	



# 2022 Expense Budget vs Actual Results (06/30/2022)

	Budget	Revised Budget	Year-to-Date	Actual		
<b>Paid Claims</b>	\$57,505,859.98	\$57,537,419.99	\$28,735,760.00	\$26,739,671.48	-\$1,996,088.52	-6.95%
<b>Claims Admin. Fees</b>	\$1,728,582.03	\$1,729,249.74	\$864,624.87	\$914,529.20	\$49,904.33	5.77%
<b>Stop-Loss</b>	\$313,950.00	\$723,382.00	\$361,691.00	\$148,483.84	-\$213,207.16	-58.95%
<b>Taxes and Fees</b>	\$410,869.27	\$337,946.56	\$178,416.49	\$185,006.08	\$6,589.60	3.69%
<b>Professional Services</b>	\$268,365.00	\$248,365.00	\$130,362.50	\$104,765.00	-\$25,597.50	-19.64%
<b>Insurance/Internal Fees/Investment Losses</b>	\$564,385.00	\$567,360.00	\$281,180.00	\$813,275.75	\$532,095.75	189.24%
<b>Total Expenses</b>	<b>\$60,792,011.28</b>	<b>\$61,143,723.29</b>	<b>\$30,552,034.85</b>	<b>\$28,905,731.35</b>	<b>-\$1,646,303.50</b>	<b>-5.39%</b>
<b>Net Income</b>	<b>\$6,092.82</b>	<b>-\$2,160,747.66</b>	<b>-\$1,560,547.04</b>	<b>-\$440,021.21</b>	<b>\$1,120,525.83</b>	

The above provides an “easier to read” summary version of the expense data for the Consortium through June 30, 2022. As you will note, the paid claims which collectively include medical, prescription drug, CanaRx, Flu Clinic and any pre-paid claims account for 92.51% of the total expenses through June 2022. Overall paid claims are 6.95% (including the advanced deposit for prepayment of claims) below budget to date, based on the amended budget. It should be noted that based on the recommendation of the Consortiums Auditor, investment gains & losses are now recorded in accounts 9005 (Insurance and Internal Fees Above) and amounted to \$571,394.15 in losses, offset by \$86,198.14 in gains as of June 30, 2022. (YTD net loss = \$485,196.01)

# 2022 Expense Budget vs Actual Results (06/30/2022)

## Key Facts:

1. We continue to work with the Consortium's Executive Director and Financial Team to allocate budgeted funds into their correct expense line-item based on their code. This was done to provide a more detailed and accurate summary of the internal and external professional support costs. In addition, we updated some of the budget numbers based on the addition of new members and changes in enrollment by existing members.
2. Mid way through the fiscal year, the Consortium is tracking very close to budget projections, especially when considering the impact of the gains and losses on investments. many of the expense items are below budget. As more annual expense items, that have not been billed to the Consortium, we anticipate those items to be more in line with the budget as the Consortium works its way through the fiscal year.
3. It is important to remember that when new members are added to the Consortium, their paid claims typically mature approximately by the 3<sup>rd</sup> month following the transition to the Consortium. The "run-out" claims (claims incurred on or before December 31<sup>st</sup> each year) are the responsibility of their prior insurance carrier.

# 2022 Expense Budget vs Actual Results (06/30/2022)

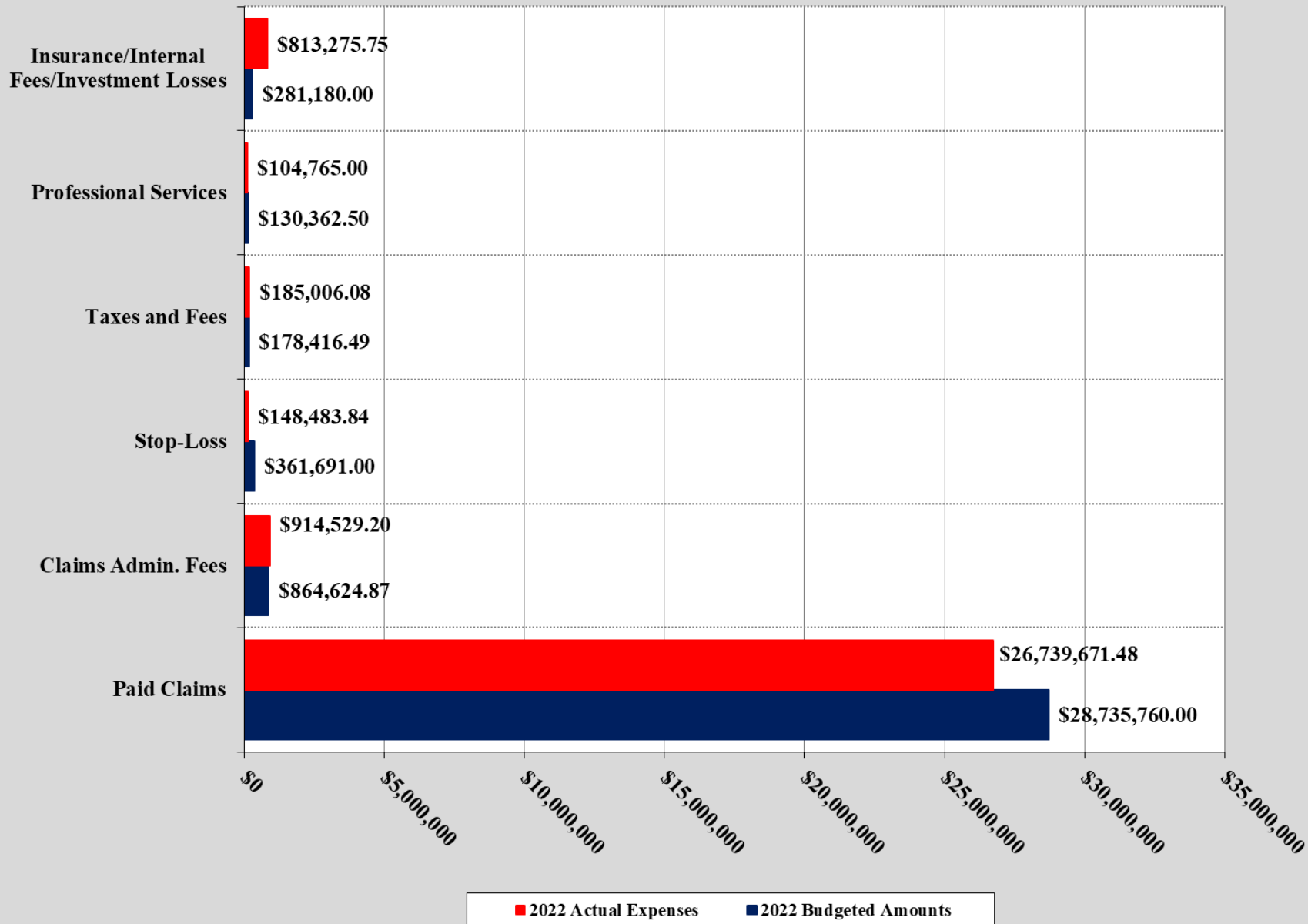
## Key Facts:

4. Medical Paid Claims in the first 6-months were **8.77% below the amended budget** for the Fiscal Year to Date. This is the result of:
  - a) An increase in the covered lives ( $\uparrow 1.89\%$ ) and in the number of contracts ( $\uparrow 2.90\%$ ) skews the early 2022 medical paid claims due to the “run-in lag”.
  - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan and the Medicare Supplement Plan by several employer groups.
  - c) A substantial decrease in elective and/or minor medical procedures being performed as a result of the impact of the COVID-19 pandemic on the medical community.
5. Rx Paid Claims were **2.34% below budget** for the first 6-months of the 2022 Fiscal Year. As we stated last year, we were keeping a close eye on the pharmacy paid claims trend which led to adjustments to our trend models during the budget development process for the 2022 Fiscal Year. It should be noted that based on our analysis, the recent pandemic did not substantively change the cost of pharmaceutical claims and therefore we do not believe any prior deviation from the trend was related to COVID-19.



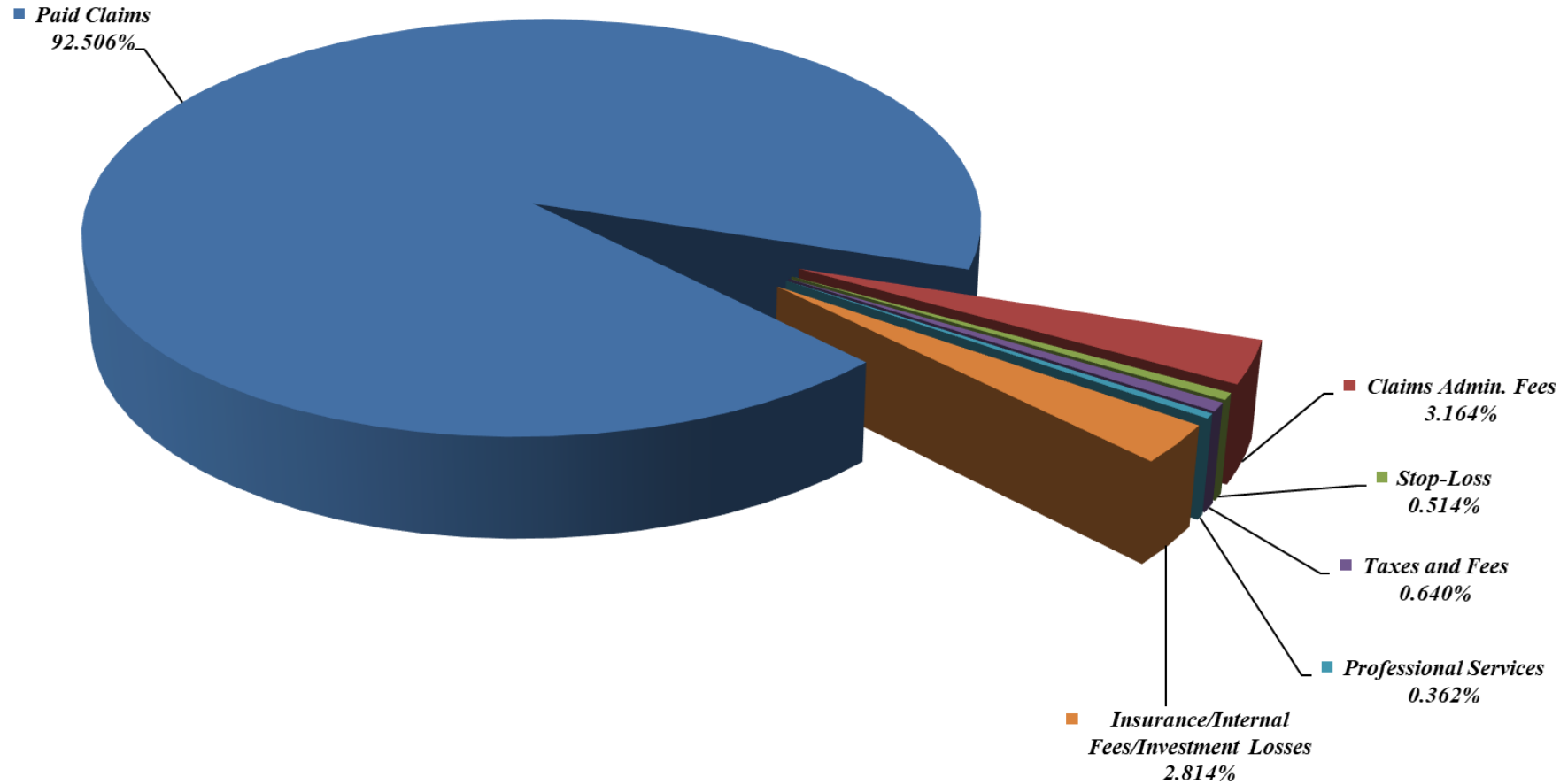
# Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution  
January 1, 2022 to June 30, 2022



# Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution  
January 1, 2022 to June 30, 2022



■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees/Investment Losses

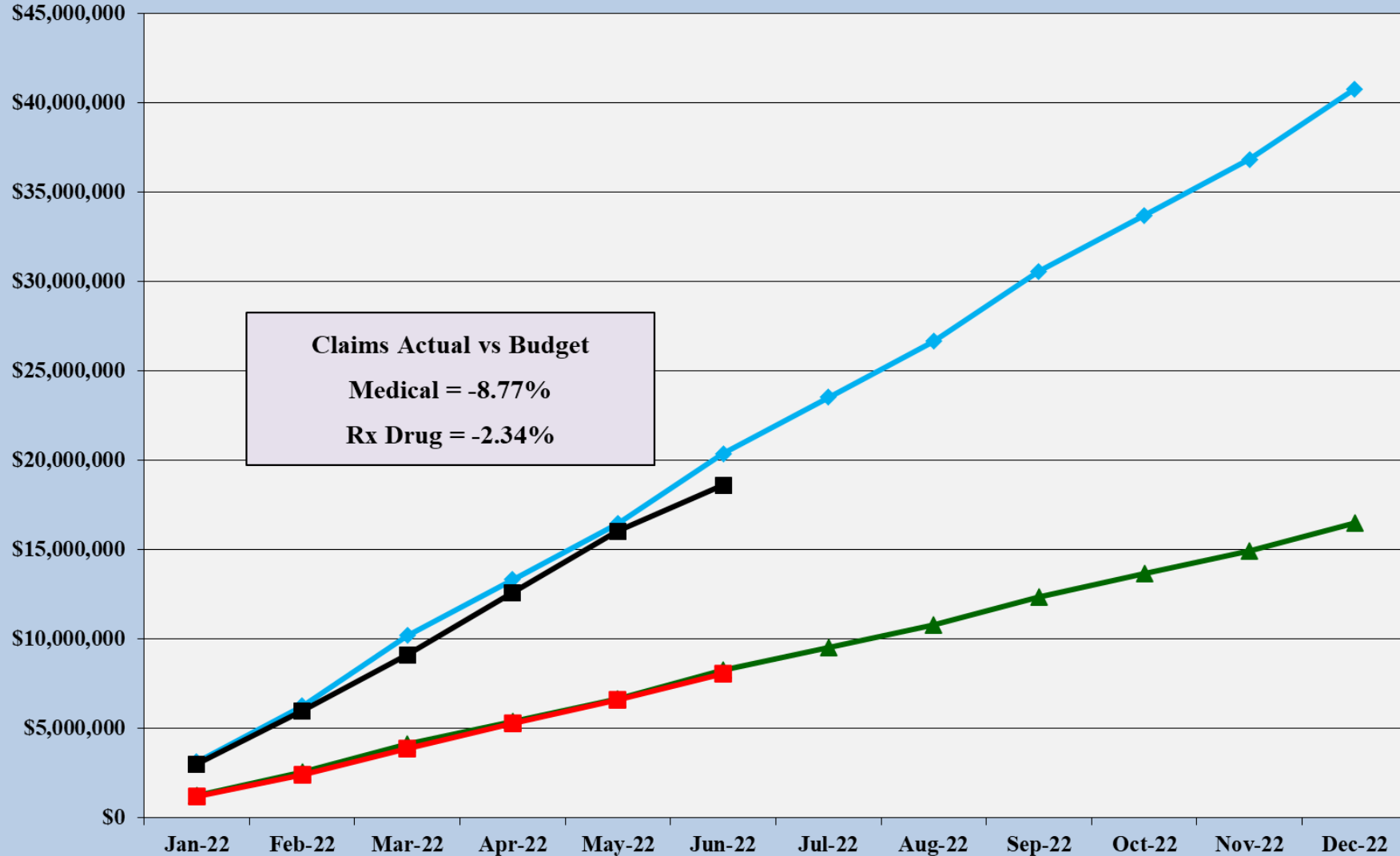


# Section 3

2022 Fiscal Year-to-Date  
Paid Claims Budget vs Actual Results

# Greater Tompkins County Municipal Health Insurance Consortium

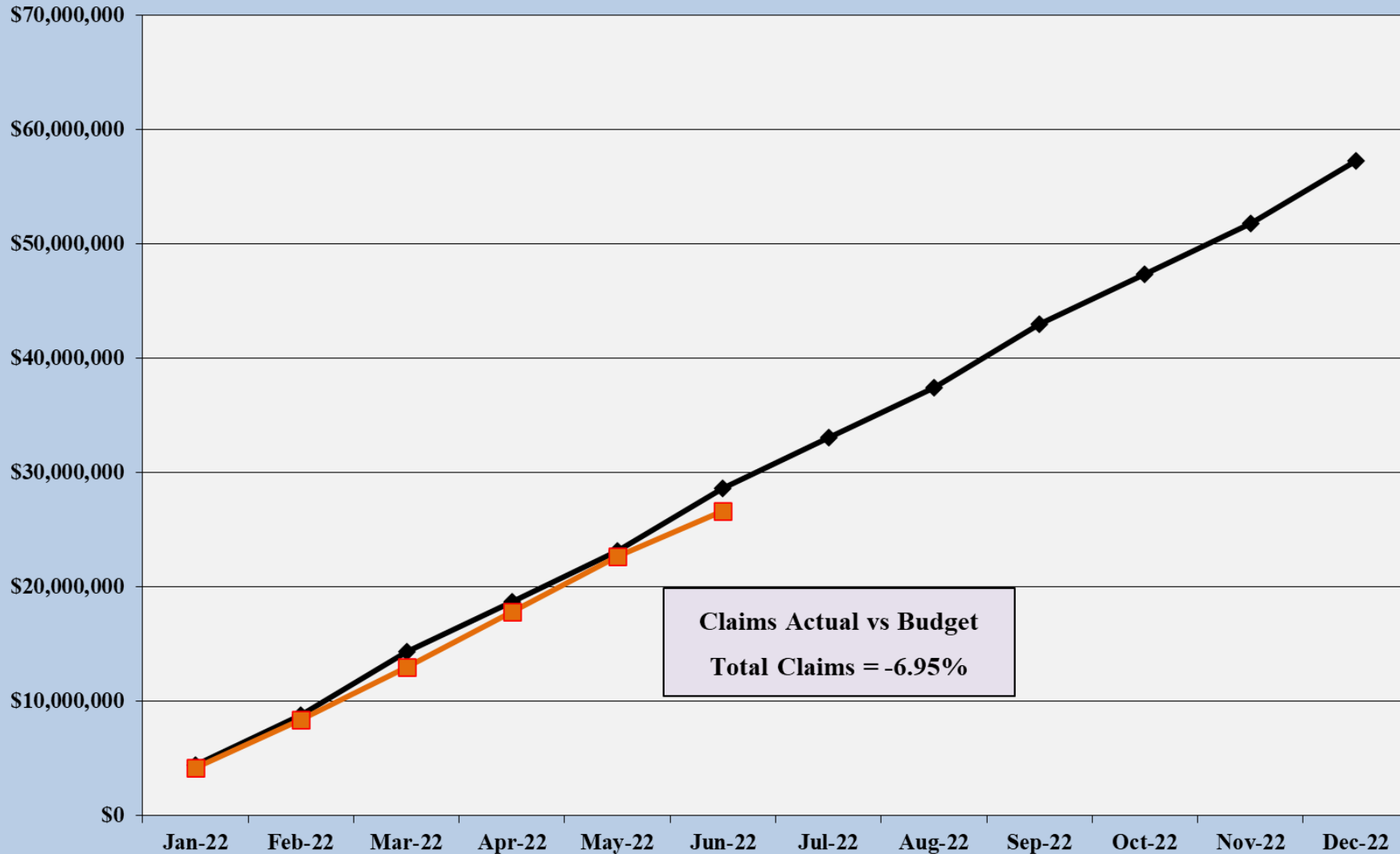
## 2022 Cumulative Paid Claims and Budgeted Claims by Month



Medical Plan Budgeted Claims    Medical Plan Actual Paid Claims    Rx Plan Budgeted Claims    Rx Paid Claims

# Greater Tompkins County Municipal Health Insurance Consortium

## 2022 Cumulative Paid Claims and Budgeted Claims by Month

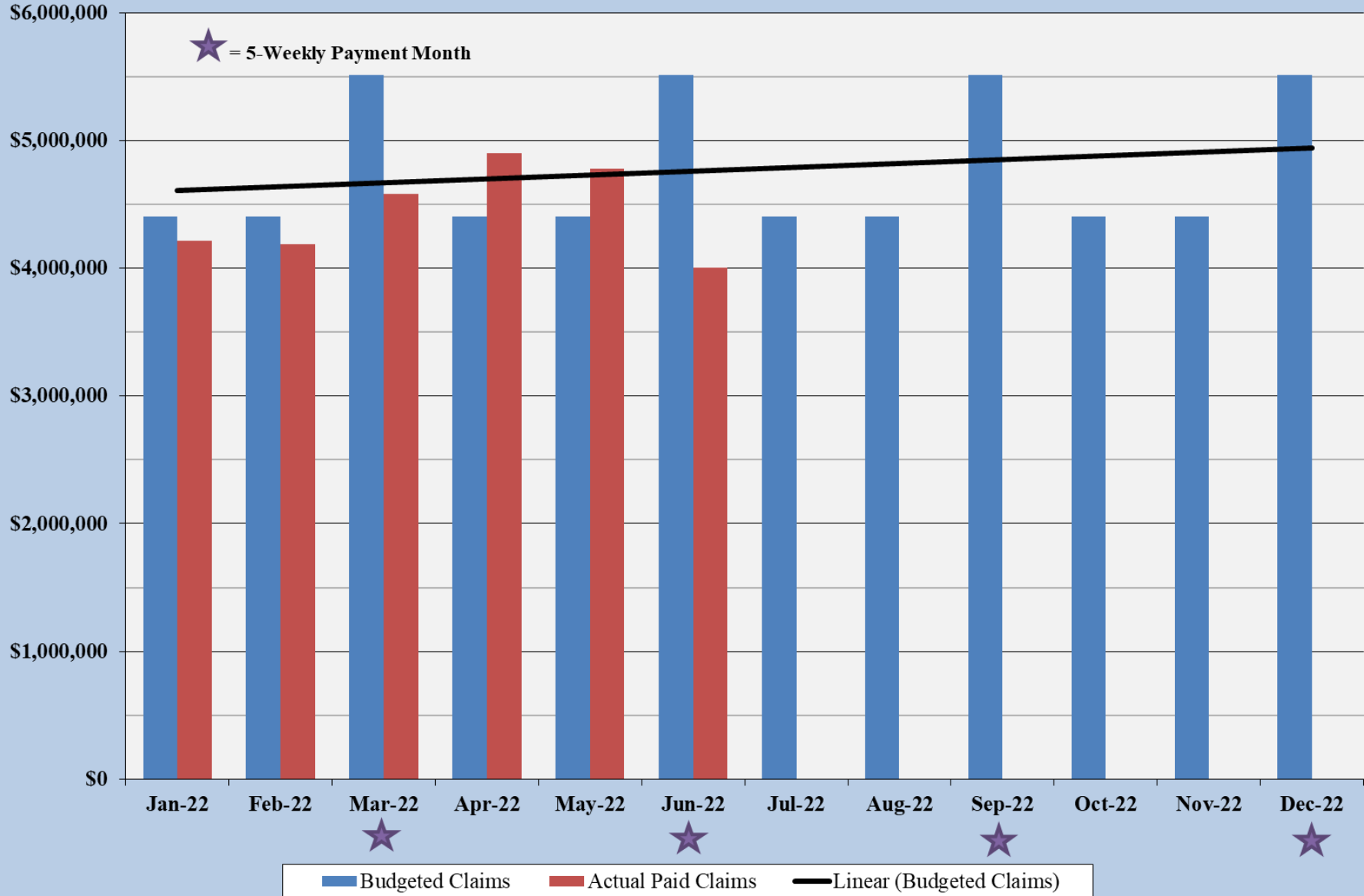


Claims Actual vs Budget  
Total Claims = -6.95%

◆ Budgeted Claims    ■ Actual Paid Claims

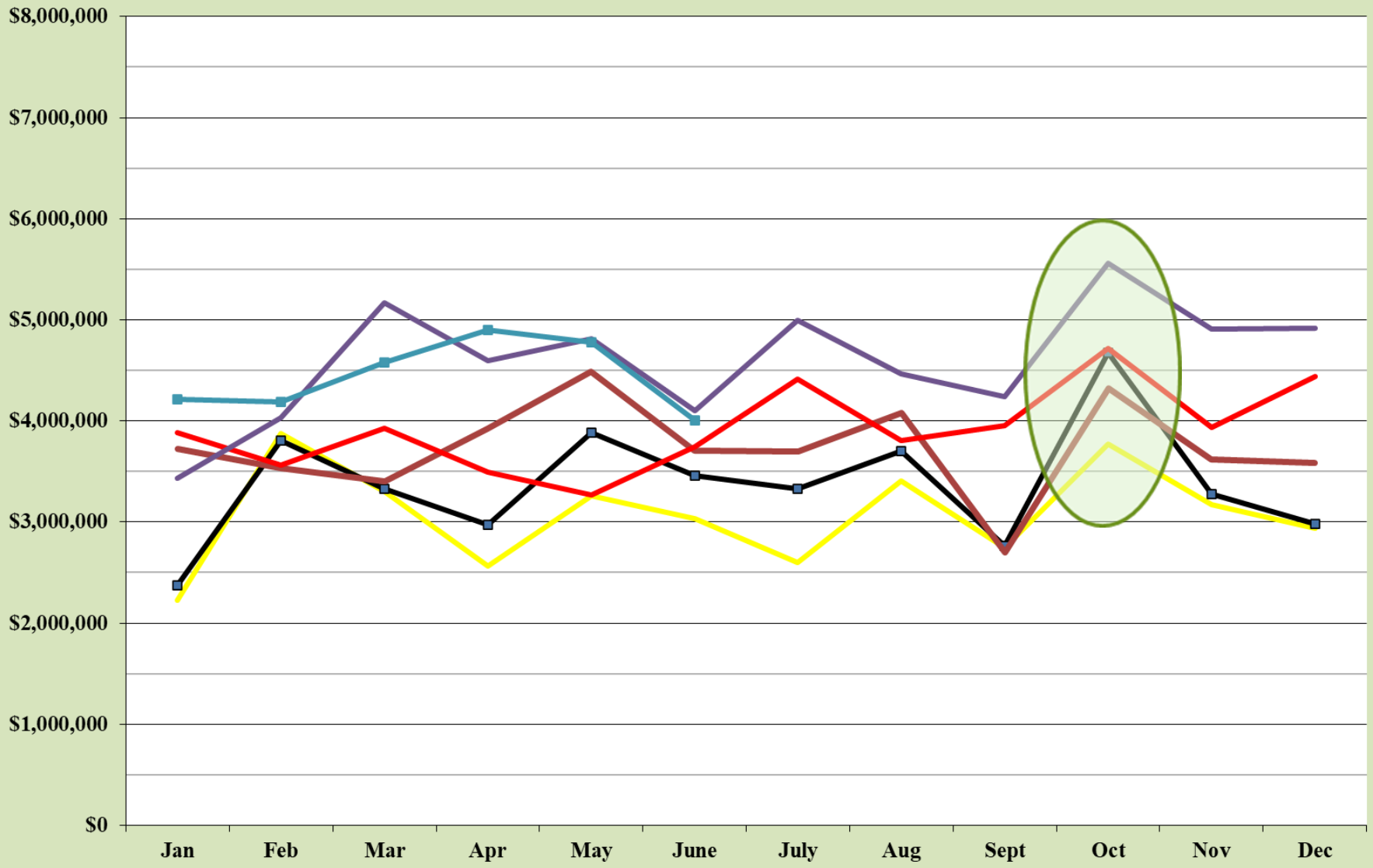
# Greater Tompkins County Municipal Health Insurance Consortium

## 2022 Budgeted vs Actual Paid Claims by Month



# Greater Tompkins County Municipal Health Ins Consortium

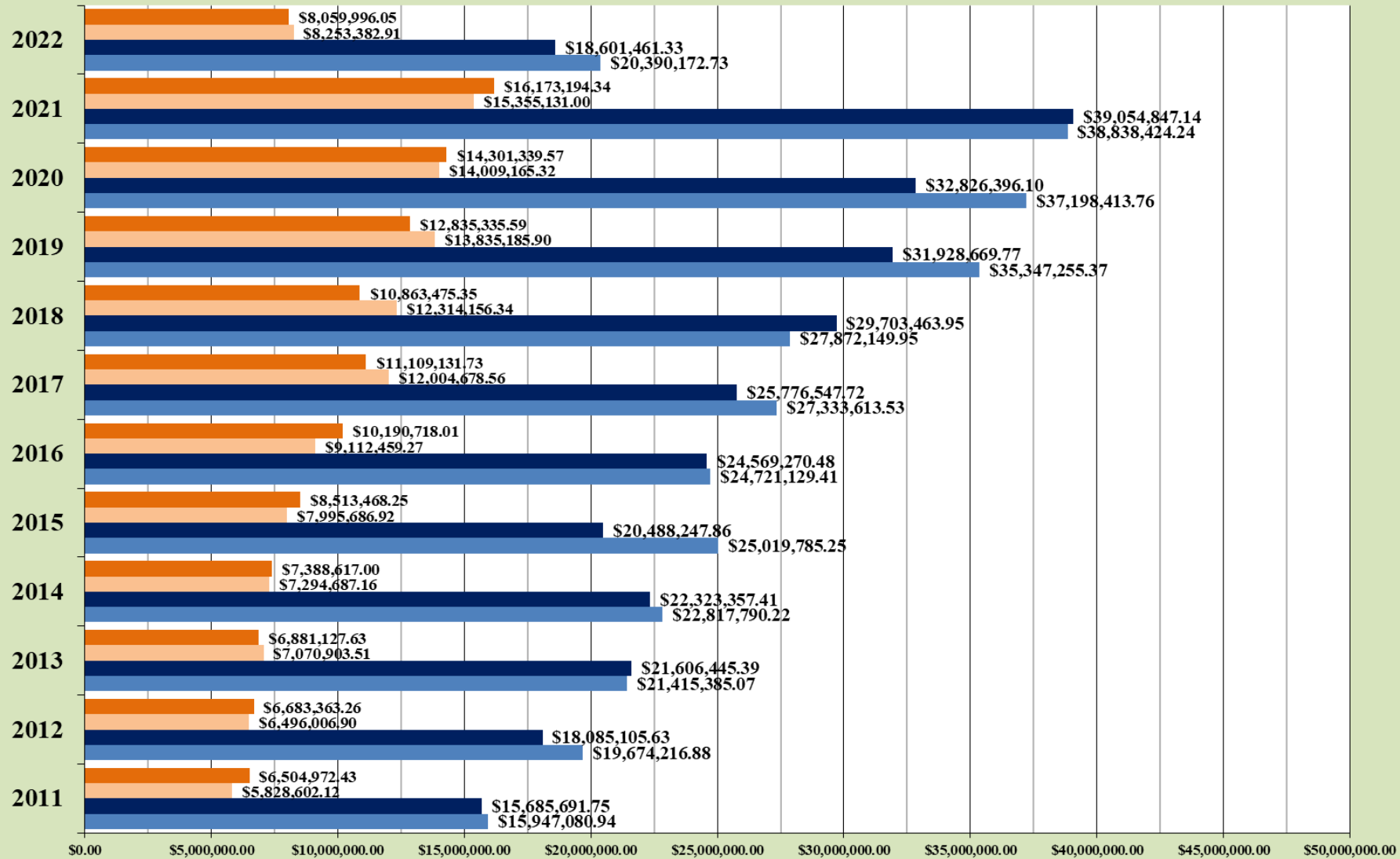
## 2017-2022 Monthly Paid Claims by Fiscal Year



—■ 2017 
 —■ 2018 
 —■ 2019 
 —■ 2020 
 —■ 2021 
 —■ 2022

# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2022 (as of 06/30/2022) Annual Paid Claims v Budgeted Claims



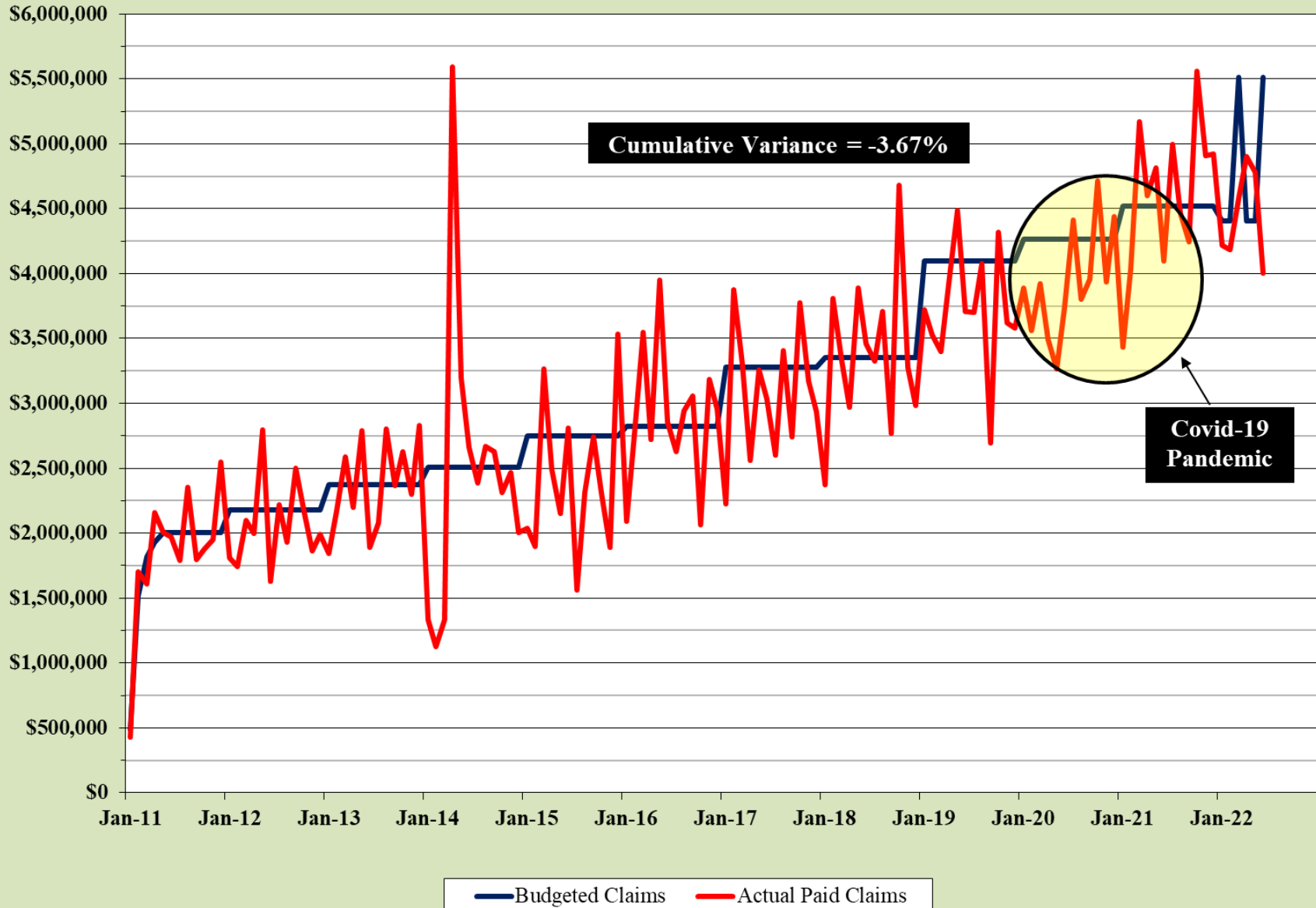
■ Actual Rx Claims   
 ■ Budgeted Rx Claims   
 ■ Actual Medical Claims   
 ■ Budgeted Medical Claims



# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2022 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to June 30, 2022



**APPROVED**  
**MEDICAL  
CLAIM**



# Section 4

High-Cost Claimants  
Catastrophic Self-Insurance Pool

# Large Loss and Catastrophic Claims History

Greater Tompkins County Municipal Health Insurance Consortium

Large Loss and Catastrophic Claims History (as of June 30, 2022)

Fiscal Year	Specific Stop-Loss Deductible	Number of Covered Lives	# of Claimants with Claims >\$100,000	# of Claimants with Claims >\$200,000	# of Claimants with Claims >\$300,000	# of Claimants with Claims >\$400,000	# of Claimants with Claims >\$500,000	Total Large Loss Claims Paid	Claim Dollars in Excess of Deductible	Stop-Loss Insurance Premium Paid
2011	\$250,000.00	4,400	13	3	1	0	0	\$2,357,898.22	\$146,063.45	\$384,392.52
2012	\$275,000.00	4,448	16	6	3	2	1	\$3,904,221.28	\$1,136,196.38	\$361,366.41
2013	\$300,000.00	5,077	22	7	4	1	0	\$4,079,308.91	\$292,967.64	\$592,381.65
2014	\$300,000.00	5,012	18	6	1	1	0	\$3,494,872.81	\$184,734.14	\$720,784.39
2015	\$400,000.00	5,021	23	2	1	1	1	\$3,722,006.77	\$125,880.36	\$642,080.30
2016	\$400,000.00	5,063	39	4	1	1	1	\$6,070,055.86	\$242,433.49	\$766,281.18
2017	\$450,000.00	5,172	24	12	1	1	0	\$3,057,208.40	\$8,294.21	\$738,819.42
2018	\$600,000.00	5,201	45	10	4	3	3	\$8,913,105.20	\$453,672.85	\$442,185.54
2019	\$600,000.00	6,174	46	14	3	2	1	\$8,874,919.83	\$29,295.28	\$693,190.30
2020	\$1,000,000.00	6,277	60	18	5	3	1	\$11,290,214.72	\$0.00	\$264,390.72
2021	\$1,000,000.00	6,303	66	23	8	6	5	\$14,096,053.18	\$0.00	\$270,471.20
2022	\$1,000,000.00	6,422	21	5	2	0	0	\$3,600,949.26	\$0.00	\$148,483.84
<b>Totals</b>		<b>64,570</b>	<b>393</b>	<b>110</b>	<b>34</b>	<b>21</b>	<b>13</b>	<b>\$73,460,814.44</b>	<b>\$2,619,537.80</b>	<b>\$6,024,827.47</b>
<b>Averages</b>	<b>\$547,916.67</b>	<b>5,381</b>	<b>32.750</b>	<b>9.167</b>	<b>2.833</b>	<b>1.750</b>	<b>1.083</b>	<b>\$6,121,734.54</b>	<b>\$218,294.82</b>	<b>\$502,068.96</b>

**Overall Stop-Loss Insurance Loss Ratio (Paid Claims ÷ Premium) = 43.48%**

# Large Loss and Catastrophic Claims History

Fiscal Year	Specific Stop-Loss Deductible	Number of Covered Lives	Number of Large Loss Claimants	Large Loss Claimants % of Covered Lives	Stop-Loss Insurance Premium Paid	Stop-Loss Insurance Premium PMPM	Total Large Loss Claims Paid	Annual Paid Claims Total	Large Loss Claims % of Total Claims	Catastrophic Claims Reserve
2011	\$250,000.00	4,400	13	0.30%	\$384,392.52	\$7.28	\$2,357,898.22	\$22,190,664.18	10.63%	n/a
2012	\$275,000.00	4,448	16	0.36%	\$361,366.41	\$6.77	\$3,904,221.28	\$24,768,468.89	15.76%	n/a
2013	\$300,000.00	5,077	22	0.43%	\$592,381.65	\$9.72	\$4,079,308.91	\$28,487,573.02	14.32%	n/a
2014	\$300,000.00	5,012	18	0.36%	\$720,784.39	\$11.98	\$3,494,872.81	\$29,711,974.41	11.76%	\$600,000.00
2015	\$400,000.00	5,021	23	0.46%	\$642,080.30	\$10.66	\$3,722,006.77	\$29,001,716.11	12.83%	\$1,050,000.00
2016	\$400,000.00	5,063	39	0.77%	\$766,281.18	\$12.61	\$6,070,055.86	\$34,338,926.47	17.68%	\$1,050,000.00
2017	\$450,000.00	5,172	24	0.46%	\$738,819.42	\$11.90	\$3,057,208.40	\$36,885,679.45	8.29%	\$1,350,000.00
2018	\$600,000.00	5,201	45	0.87%	\$442,185.54	\$7.08	\$8,913,105.20	\$40,566,939.30	21.97%	\$2,000,000.00
2019	\$600,000.00	6,174	46	0.75%	\$693,190.30	\$9.36	\$8,874,919.83	\$44,764,005.36	19.83%	\$2,800,000.00
2020	\$1,000,000.00	6,277	60	0.96%	\$264,390.72	\$3.51	\$11,290,214.72	\$47,284,890.14	23.88%	\$5,032,220.00
2021	\$1,000,000.00	6,303	66	1.05%	\$270,471.20	\$3.58	\$14,096,053.18	\$55,410,491.28	25.44%	\$4,986,101.85
2022	\$1,000,000.00	6,422	21	0.33%	\$148,483.84	\$7.71	\$3,600,949.26	\$26,739,671.48	13.47%	\$4,642,294.20
<b>Totals</b>		<b>64,570</b>	<b>393</b>	<b>0.61%</b>	<b>\$6,024,827.47</b>	<b>\$7.78</b>	<b>\$73,460,814.44</b>	<b>\$420,151,000.09</b>	<b>17.48%</b>	
<b>Averages (2011-2022)</b>		<b>5,381</b>	<b>33</b>	<b>0.61%</b>	<b>\$502,068.96</b>	<b>\$8.51</b>	<b>\$6,121,734.54</b>	<b>\$35,012,583.34</b>	<b>17.48%</b>	

**On Average 0.61% of the Covered Lives Account for 17.48% of Paid Claims**

# Catastrophic Claims Self-Insurance Pool Activity

		<i>Actual</i>	<i>Actual</i>	<i>6/30/2022</i>
		2020	2021	2022
		Fiscal Year	Fiscal Year	Fiscal Year
Budgeted Premium	\$600,000 Deductible	\$762,505.96	\$876,881.85	\$301,409.17
Actual Premium Paid	\$1,000,000 Deductible	\$264,390.72	\$270,471.20	\$148,483.84
Premium Savings		\$498,115.23	\$606,410.65	\$152,925.33
Member # 000001179452	Deductible ( <b>Laser Applied</b> )	\$1,000,000.00	\$1,000,000.00	\$700,000.00
	Actual Claims Paid	\$798,499.59	\$712,297.59	\$284,106.60
	Catastrophic Claims Pool	\$0.00	\$0.00	\$0.00
Member # 000014335319	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$686,798.19	\$419.30
	Catastrophic Claims Pool	\$0.00	\$186,798.19	\$0.00
Member # 000014235037	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$633,727.34	\$312,539.75
	Catastrophic Claims Pool	\$0.00	\$133,727.34	\$0.00
Member # 000012168307	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$836,622.21	\$0.00
	Catastrophic Claims Pool	\$0.00	\$336,622.21	\$0.00
Member # 000001551134	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$648,218.91	\$0.00
	Catastrophic Claims Pool	\$0.00	\$148,218.91	\$0.00
Catastrophic Claims Self-Insurance Pool Claims		\$0.00	\$805,366.65	\$0.00
Net Impact on Fund Balance		\$498,115.23	-\$198,956.00	\$152,925.33

The “Catastrophic Claims Self-Insurance Pool” was established by the Consortium’s Board of Directors prior to the start of the 2020 Fiscal Year to allow the Consortium to lower the cost of stop-loss insurance by raising the specific deductible and ultimately assuming more risk on an annual basis. To cover this risk, the Catastrophic Claims Reserve totaling \$4.5 million was converted to this “Pool”. In addition, each year the estimated premium variance between a \$600,000 specific deductible stop-loss insurance plan and a \$1 million specific deductible stop-loss insurance plan will be ceded into the “Pool”. Lastly, any interest earned on this “Pool” will be credited to the “Pool” to help replenish funds when/if catastrophic claims are paid out of the “Pool”.

\* **Budgeted Premium** is defined as the premium amount the Consortium would have paid if they continued with the previous stop-loss insurance policy of a \$600,000 Deductible

\* **Actual Premium Paid** is defined as the actual premium amount paid by the Consortium for the current stop-loss insurance policy of a \$1,000,000 Deductible

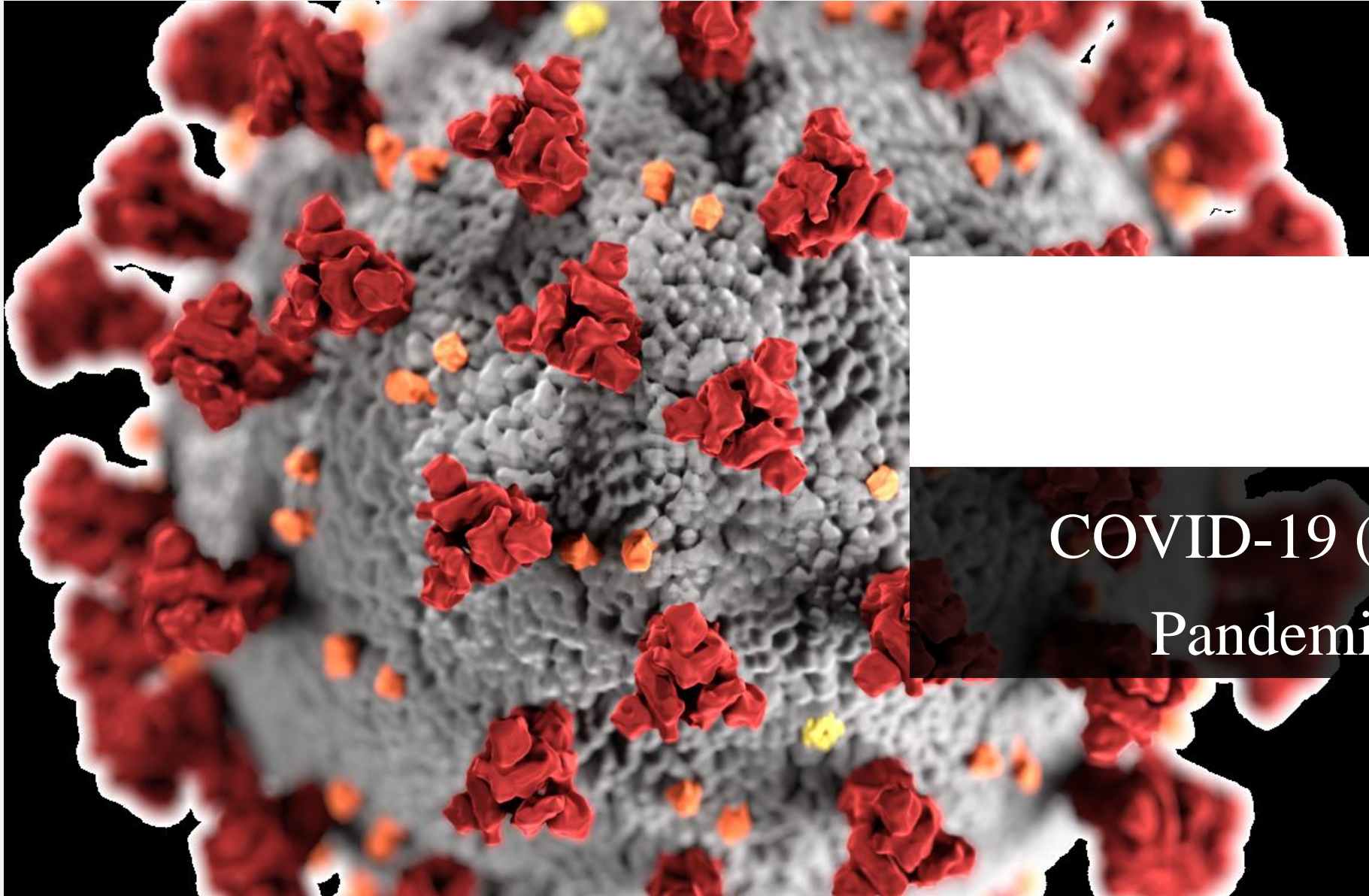
\* **Laser Applied** is defined as the laser deductible the stop-loss insurance company would have applied to the specific individual if a \$600,000 Deductible stop-loss insurance policy was selected

# Catastrophic Claims Self-Insurance Pool Activity

<b>Catastrophic Claims Self-Insurance Pool</b>	<i>Actual</i>	<i>Actual</i>	<i>as of 6/30/2022</i>
	<b>2020 Fiscal Year</b>	<b>2021 Fiscal Year</b>	<b>2022 Fiscal Year</b>
<b>Beginning Balance</b>	<b>\$4,500,000</b>	<b>\$5,032,220</b>	<b>\$4,642,294</b>
<b>Interest Income</b>	\$34,105	(\$19,009)	\$ 3,417
<b>Premium Savings</b>	\$498,115	\$434,450	\$152,925
<b>(Catastrophic Claims)</b>	\$0	(\$805,367)	\$0
<b>Ending Balance</b>	<b>\$5,032,220</b>	<b>\$4,642,294</b>	<b>\$4,798,637</b>

As of June 30, 2022, the Consortium has lowered its specific stop-loss insurance premium by approximately \$1,257,451.21, and it has incurred large loss claims between \$500 thousand and \$1 million totaling \$805,366.65. This is a net gain for the Consortium of \$452,084.56. This figure does not take into consideration that the pool is also picking up an extra \$100,000 in risk per member annually.





# Section 5

## COVID-19 (coronavirus) Pandemic Impact

# 2020-2022 COVID-19 Pandemic Impact

## Tompkins County Key Facts:

1. Tompkins County has approximately 103,000 residents.
2. According to the New York State Department of Health web-site, as of July 10<sup>th</sup>
  - a) There have been approximately 3,029,702 tests conducted of people in Tompkins County for the presence of COVID-19 (coronavirus).
  - b) There have been 22,845 Tompkins County residents who have tested positive for coronavirus which is 0.754% of the tested population and the equivalent of approximately 22.18% of the County's total population.
3. The other Counties in the Consortium have the following results:

a) Cayuga	371,089 Tests Conducted	17,900 Positive Results (4.82%)
b) Cortland	292,237 Tests Conducted	11,712 Positive Results (4.01%)
c) Seneca	130,414 Tests Conducted	6,632 Positive Results (5.09%)
d) Tioga	218,626 Tests Conducted	12,228 Positive Results (5.59%)



# 2020-2022 COVID-19 Pandemic Impact

## Impact on the Greater Tompkins County Municipal Health Insurance Consortium

- Initially, paid claims were below budget. The first five months have shown claims that were trending at a pre-covid level. We will continue to monitor this closely throughout the year and as we begin 2023 budget development.

Date	Per Excellus BCBS Reports		Per ProAct, Inc. Reports		Combined Paid Claims	
	Medical Claims		Rx Claims		Combined Paid Claims	
	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount
Jan-21	\$2,839,595.60	\$98,932.82	\$1,248,569.04	\$83,001.85	\$4,088,164.64	\$181,934.67
Feb-21	\$2,289,069.96	\$110,494.29	\$1,174,685.51	\$75,743.36	\$3,463,755.47	\$186,237.65
Mar-21	\$2,675,627.93	\$107,491.17	\$1,369,738.41	\$89,412.10	\$4,045,366.34	\$196,903.27
Apr-21	\$2,810,948.88	\$129,816.25	\$1,315,680.71	\$76,476.00	\$4,126,629.59	\$206,292.25
May-21	\$2,919,393.05	\$98,910.49	\$1,350,738.38	\$71,267.17	\$4,270,131.43	\$170,177.66
Jun-21	\$2,225,447.79	\$90,369.48	\$1,368,008.21	\$76,190.10	\$3,593,456.00	\$166,559.58
Jul-21	\$2,939,073.55	\$104,367.51	\$1,391,231.89	\$70,344.97	\$4,330,305.44	\$174,712.48
Aug-21	\$2,445,790.17	\$84,249.79	\$1,413,203.61	\$71,440.93	\$3,858,993.78	\$155,690.72
Sep-21	\$2,165,302.31	\$74,853.70	\$1,326,045.62	\$66,343.27	\$3,491,347.93	\$141,196.97
Oct-21	\$3,318,384.27	\$84,534.66	\$1,438,407.36	\$68,773.90	\$4,756,791.63	\$153,308.56
Nov-21	\$2,485,674.77	\$72,775.62	\$1,352,074.71	\$70,272.02	\$3,837,749.48	\$143,047.64
Dec-21	\$2,900,092.94	\$75,817.13	\$1,424,414.79	\$66,626.52	\$4,324,507.73	\$142,443.65
<b>Totals</b>	<b>\$32,014,401.22</b>	<b>\$1,132,612.91</b>	<b>\$16,172,798.24</b>	<b>\$885,892.19</b>	<b>\$48,187,199.46</b>	<b>\$2,018,505.10</b>
	<b>96.58%</b>	<b>3.42%</b>	<b>94.81%</b>	<b>5.19%</b>	<b>95.98%</b>	<b>4.02%</b>

Date	Medical Claims		Rx Claims		Combined Paid Claims	
	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount
	Jan-22	\$2,426,933.11	\$134,155.07	\$1,203,450.31	\$98,207.62	\$3,630,383.42
Feb-22	\$2,309,898.10	\$129,751.42	\$1,205,280.98	\$84,099.74	\$3,515,179.08	\$213,851.16
Mar-22	\$2,449,232.07	\$139,029.83	\$1,464,645.06	\$97,869.59	\$3,913,877.13	\$236,899.42
Apr-22	\$2,736,466.11	\$150,673.36	\$1,470,594.04	\$83,843.78	\$4,207,060.15	\$234,517.14
May-22	\$2,805,237.09	\$109,059.38	\$1,319,556.86	\$81,209.79	\$4,124,793.95	\$190,269.17
Jun-22	\$1,945,740.82	\$91,056.99	\$1,450,977.24	\$82,379.69	\$3,396,718.06	\$173,436.68

2019 Average Monthly Medical Claims = **\$2,373,649.24**

2020 First 3-Months Avg. Monthly Medical Claims  
**\$2,411,071.18**

2020 Last 9-Months (4/20-12/20) Medical Claims  
**\$2,187,388.11**

2021 Average Monthly Medical Claims = **\$2,667,866.77**

2022 1<sup>st</sup> 6-months of Medical Claims = **\$2,445,584.55**

# 2020-2022 COVID-19 Pandemic Impact

## Impact on the Greater Tompkins County Municipal Health Insurance Consortium (continued)

2. The Excellus data shows the medical paid claims for 2020-2022 Fiscal Years as of June 30, 2022 were collectively more than \$6.16 million below the budgeted amount for the time period.
3. Each year, since 2017, the month of October showed a spike in claims.
4. As COVID evolves, we continue to monitor the impact to the Consortium from a paid claim's perspective as:
  - a) The hospitals and doctors can only perform so many procedures in a day which we believe means that there will not be any major compression when they start performing services on a more regular schedule.
  - b) Most of the severe cases have involved older members who are on Original Medicare Parts A and B which limits the claims exposure to the Consortium to some extent.
  - c) There will likely be some hesitation in patients seeking care due to concerns that they may expose themselves to the coronavirus or other illness.

# 2020-2022 COVID-19 Pandemic Impact

## Impact on the Greater Tompkins County Municipal Health Insurance Consortium (continued)

5. The pandemic has “forced” covered members to embrace telehealth and telemedicine approaches to medical care as covered members have not been able to see their primary care physicians for minor or routine services in recent months.
  - a) During the 2020 & 2021 Fiscal Years, the Consortium paid for 11,867 & 13,636 telehealth visits; for 6,282 & 6,814 covered members; at a total cost of \$1,185,518.42 & \$1,374,179.10 respectively. (YTD 6/2022 = 5,942 visits; 3,040 members; \$546,328.05)
  - b) To put this in perspective, in 2019 there were a total of 40 telehealth visits associated with Consortium covered members for a total cost of \$996.98 for the entire year.
  - c) According to Excellus’ reports, the Consortium had a total of 90 covered members registered for telemedicine services as of January 2020.
  - d) Per Excellus as of June 2022, the number of covered members registered for the telemedicine program modestly increased to 178, an increase of 6 from May.



# Section 6

2021 Fiscal Year-End  
Net Income, Liabilities, and Reserves

# 2022 Net Income, Liabilities & Reserves

	2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
<b>Income</b>						
<b>Total Income</b>	\$60,798,104.10	\$58,982,975.63	\$28,991,487.82	\$28,465,710.14	-\$525,777.68	-1.81%
<b>Expenses</b>						
<b>Total Expenses</b>	\$60,792,011.28	\$61,143,723.29	\$30,552,034.85	\$28,905,731.35	-\$1,646,303.50	-5.39%
<b>Net Income</b>	\$6,092.82	-\$2,160,747.66	-\$1,560,547.04	-\$440,021.21	\$1,120,525.83	
<b>Ending Balance</b>						
	\$29,123,540.98	\$27,745,000.50	\$27,556,901.13	\$29,465,726.95	\$1,908,825.83	6.93%
<b>Liabilities and Reserves</b>						
4010	IBNR Claims Liability Per §4706(a)(1)	\$6,144,909.49	\$6,144,909.49	\$6,866,608.00	\$6,866,608.00	12.0% of Incurred Claims
5010	Surplus Account Per §4706(a)(5)	\$2,637,289.44	\$2,637,289.44	\$2,669,495.09	\$2,669,495.09	5.0% of Premium Income
5014	Rate Stabilization Reserve	\$3,840,568.43	\$3,840,568.43	\$4,004,100.63	\$4,004,100.63	7.5% of Paid Claims
5012	Catastrophic Claims Reserve	\$4,500,000.00	\$4,986,101.85	\$4,642,294.20	\$4,642,294.20	Calculation Per Resolution
3500	Excellus BCBS Advance Deposit	\$761,400.00	\$788,300.00	\$788,300.00	\$788,300.00	Increased by \$65,900 2/17/22
<b>Total Liabilities and Reserves</b>		\$17,884,167.36	\$18,397,169.21	\$18,970,797.92	\$18,970,797.92	
<b>Unencumbered Fund Balance</b>		\$11,239,373.62	\$9,347,831.29	\$8,586,103.21	\$10,494,929.03	

The net cash assets (unencumbered fund balance) is currently at 18.76% of budgeted premium revenues. This result was achieved while still funding the Rate Stabilization Reserve at 7.5% of Expected Paid Claims and adjusting the Catastrophic Claims Reserve to \$4.64 million. Also, fund balance was reduced in 2020 by the “premium holiday” that was authorized for all municipalities.

# Liabilities and Reserves - Defined

## LIABILITIES

- The liabilities associated with the Consortium's operations are directly related to covered medical benefits that are incurred by Consortium Members which have yet to be received or paid by the insurance company or plan administrator. For example, if the Consortium were to end its operations on any given December 31<sup>st</sup> there are going to be covered medical services received by covered members on or before December 31<sup>st</sup> which will not be paid until sometime after December 31<sup>st</sup>. This is commonly referred to in the industry as an Incurred but Not Reported (IBNR) and Incurred but Not Paid (IBNP) Claims Liabilities.
- In recent years with the increases in technology associated with the billing and payment of medical benefit claims and with the increase in the volume of prescription drug claims which are inherently electronic in nature, the overall value of this liability has decreased as a percentage of expected/paid claims. In fact, twenty years ago, this liability equaled approximately the value of three (3) months (24%) of annual expected/paid claims. Today, this value is closer to one (1) month (8%) of expected incurred claims and the New York State Department of Financial Services has set this liability for the 2022 Fiscal Year to equal 12.00% of the expected incurred claims estimate for the year.



# Liabilities and Reserves - Defined

## RESERVES

- The reserves held by the Consortium are the cash assets which have been assigned to cover a direct liability or to assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. These cash assets have also been a source of revenue through the interest earned to the Consortium which has allowed the Consortium to hold premium increases down in previous years.
- The Consortium has historically maintained the following reserves:
  - Incurred But Not Report (IBNR) Claims Liability Reserve (statutory reserve)
  - Surplus Account (statutory reserve)
  - Catastrophic Claims Reserve (discretionary reserve)
  - Rate Stabilization Reserve (discretionary reserve)
- Please refer to the following slides for a detailed description of each reserve classification.

# Liabilities and Reserves - Defined

## INCURRED BUT NOT REPORTED (IBNR) CLAIMS LIABILITY RESERVE

- The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims. We believe this is a conservative estimate of the liability, but we understand the Department has always acted based on their philosophy to maintain this level of reserve as they want the Consortium Member Claims to be fully-funded at all times.
- Maintaining this reserve at an insufficient amount to cover the liability could result in a Municipal Corporation owing a significant amount of money if they chose to leave the Consortium. A Municipal Corporation's decision to leave or stay in the Consortium should not be affected by the Consortium's lack of adequate reserves and this is a philosophy we feel the Consortium should embrace, even during tougher economic times.
- The 2022 Fiscal Year budget forecasted this reserve to equal \$6,874,453.35 (12.0% of projected hospital, medical, surgical, and prescription drug incurred claims). It should be noted that Excellus BlueCross BlueShield does provide an estimate of this liability in their annual renewal documents. For the 2022 Fiscal Year, Excellus' estimate of this liability was \$4,713,900 which is approximately 8% of the expected claims cost for the year.



# Liabilities and Reserves - Defined

## SURPLUS ACCOUNT

- The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.
- Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.
- The Amended 2022 Fiscal Year budget forecasts this reserve to equal \$2,796,865.76 (5.0% of projected premium income of \$55,937,315.28). In years where the Consortium approves premium holidays, the Consortium would calculate the Surplus Account reserve requirement based on the full expected premium, versus the artificially reduced premium collected.

# Liabilities and Reserves - Defined

## CATASTROPHIC CLAIMS RESERVE

- This reserve was established by the Consortium's Board of Directors to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce expenses. It was agreed that the Consortium's risk pool is so substantial in size that it can absorb a significant number of large losses without damaging the financial integrity of the Consortium.
- It was our professional opinion and the opinion of the Board of Directors that there was an acceptable reward versus risk ratio between the reduction of this significant expense, the exposure of large losses, and the cash asset position of the Consortium. This conclusion led the Board of Directors to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000 for the 2020. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors made the approved a resolution to document the funding method of this reserve fund. Based on that resolution, the Catastrophic Claims Reserve Fund was funded at \$4,642,294.20 as of December 31, 2021.

# Liabilities and Reserves - Defined

## RATE STABILIZATION RESERVE

- When the Consortium's cash assets were at a sufficient level, the Board of Directors made the decision to establish the Rate Stabilization Reserve at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.
- It is our goal to work with the Consortium to ensure future fiscal year budgets are developed with this reserve being maintained.
- 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.





# Section 7

## 2022 Fiscal Year-to-Date Summary & Observations

2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

# 2022 Fiscal Year-to-Date Summary & Observations

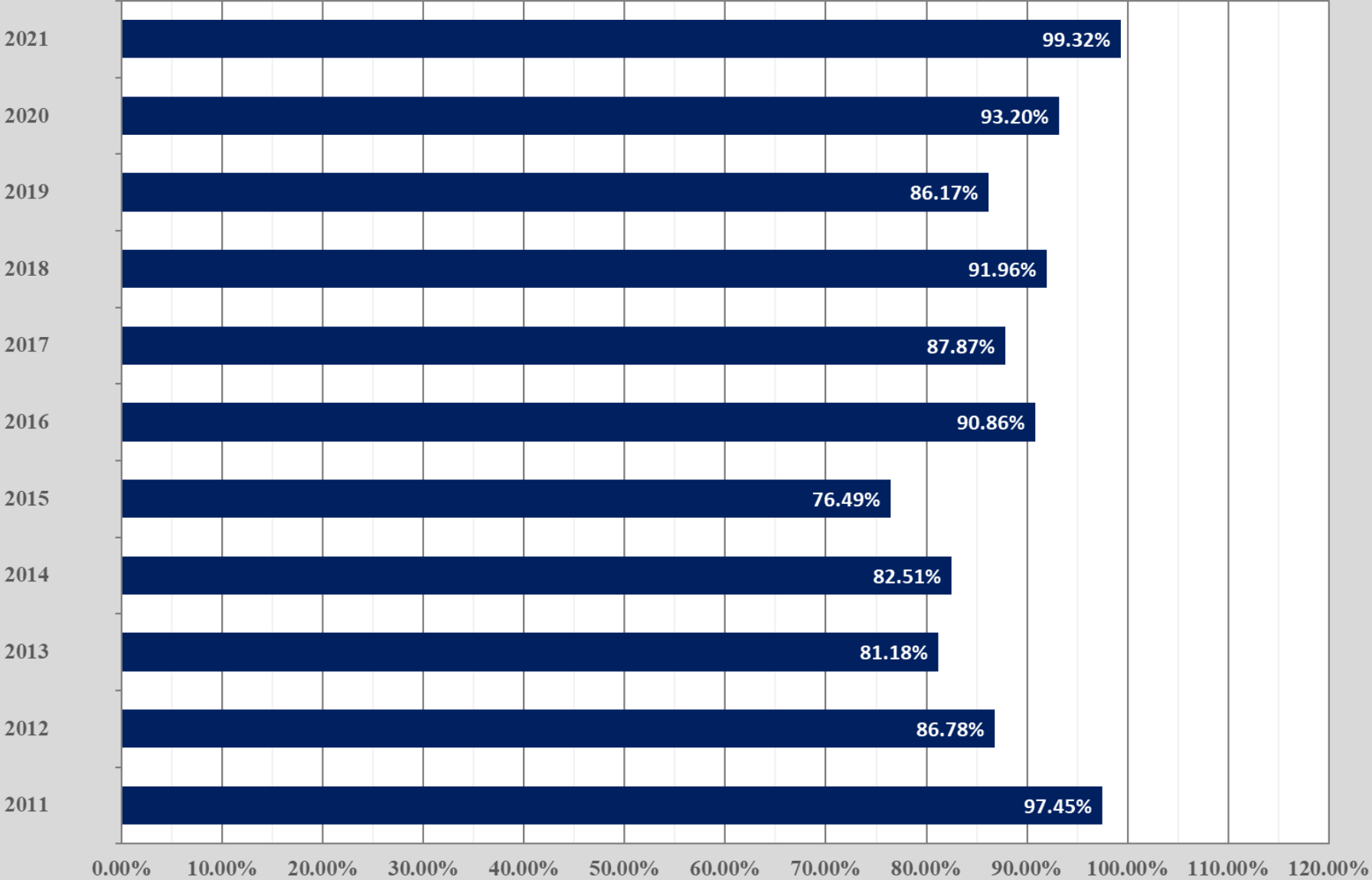
1. The overall revenue of the Consortium is a slightly below budget as of June 30, 2022. We believe that as the Consortium moves through the year, this result will gradually change as enhanced pharmaceutical manufacturer rebates received from ProAct, Inc. increase in the second half of the year. Unfortunately, even with the increased management of the cash assets by the Consortium's Financial Team, in collaboration with Wilmington Trust, interest income is still a challenge.
2. The combined **Medical and Rx Paid Claims were 6.95% below budget** through the first 6-months of the 2022 Fiscal Year. We are keeping a close eye on the paid claims and how they evolve with the changes in the COVID pandemic. Historically, the claims paid during the latter part of the Calendar Year tend to be a bit higher as annual deductibles and out-of-pocket maximums are met in the early months.

# 2022 Fiscal Year-to-Date Summary & Observations

3. Overall, the Greater Tompkins County Municipal Health Insurance Consortium is performing better than projected against the amended budget at the mid-point of the 2022 Fiscal Year. We will need to continue to monitor the “post-COVID” claims trends, especially as we head into the 2023 budget cycle. We are hopeful that the early positive claims trends will continue and allow the Consortium to maintain modest premium increases for 2023 and in the future, providing stability to municipalities budgets.
4. The results experienced by the Consortium as of June 30, 2022 support the Board of Director’s decision to increase premium rates, by a modest 5%, for the 2022 Fiscal Year. With careful planning and monitoring, it may allow for some additional premium relief to assist the Participating Municipalities during potential difficult financial times as COVID relief monies dry up.
5. It is important to monitor the impact of the new accounting for gains and losses on investments, and how that reporting impacts the actual vs. budget comparisons. The current impact of these transactions as of June 30, 2022 is a net loss of \$485,196.01.



# Greater Tompkins County Municipal Health Insurance Consortium Medical Loss Ratio (Paid Claims ÷ Premium)



■ Medical Loss Ratio