



## 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 – August 23, 2022**

**3:00 PM**

Town of Ithaca Aurora Room/Remote 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 – July 26, 2022
  
4. Executive Director (3:05) E. Dowd
  - a. Report
  - b. Medical Advantage RFP update
  - c. Update of New York State Department of Financial Services audit activity
  - d. Discussion Silver Plan Resolution and Budget Implications
  - e. Resolution: All New Members
  
5. 2023 Budget Review (3:30) E. Dowd
  
6. Financial Update (4:00) T. Apalovich
  - a. Abstract Approval
  - b. Budget Performance Report S. Locey
  - c. Report on large loss claim activity
  
7. Next meeting Agenda Topics (4:25) S. Thayer

Finalize Budget Recommendations
  
8. Adjourn (4:30)

Next Meeting: September 13, 2022\* – 3 p.m. (\*Note: This is on the 2<sup>nd</sup> Tuesday of the month)

**Audit and Finance Committee  
Minutes - DRAFT  
July 26, 2022  
Town of Ithaca Aurora Room/Remote Zoom**

Present: Steve Thayer; Laura Shawley; Eric Snow; Rordan Hart; Lorie Corsette;  
Amanda Anderson  
Excused: Peter Salton, Bud Shattuck  
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; Kate DeVoe, Tompkins County Public Library

**Call to Order**

Mr. Thayer, Chair, called the meeting to order at 3:06 p.m.

**Changes to the Agenda**

There were no changes to the agenda, however Ms. Dowd addressed a change to documentation provided for resolution: Rules Regarding Plan Options for the Small Municipal Employers. Current resolution documentation was provided earlier in the day via email to committee members showing the naming change of the resolution to: Rules Regarding Plan Options for Municipal Employers.

**Approval of Minutes of June 28, 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 June 28, 2022, as submitted. MINUTES APPROVED.

**Executive Director Report**

Ms. Dowd began with two important dates: The RFP for Medicare Advantage was posted on BIDNET and moving forward. Also, Rick Snyder has announced his resignation as Tompkins County Finance Director, to include the Consortium's Treasurer, effective November of this year. She mentioned the Executive Committee will be discussing this upcoming open position, transition, and ramifications.

Ms. Dowd included that new member season has approached, and more information will be shared with the committee next month for approval. There are currently four or five potential new members who are to submit their applications by August 15, 2022. These members will bring the Consortium approximately 200 new members. A few of these potential members have asked Ms. Dowd to not speak publicly of their applications as they are currently finalizing information with their own board members and employees.

Ms. Dowd shared that Ms. Apalovich is looking at AUDs (Assets under Depository) for our Community Rated Plans and Locey & Cahill will look at any claims experience on experience related plans to help us prepare for any budget ramifications, and the Consortium staff also looking at administrative pieces of the incoming applications.

**DFS Audit Update**

Ms. Dowd announced that the DFS (Department of Financial Services) audit has begun starting with the IT aspect. A meeting has been held, with emphasis to DFS from our staff that the Consortium is different than an insurance company. The Consortium does not process claims or

control subscriber's data. Ms. Dowd added that the financial piece of the audit will not start until October.

**Discussion of Resolution: Rules Regarding Plan Options for Municipal Employers**

Ms. Dowd announced this resolution is open for discussion, with hopes that action is taken next month at the Audit & Finance Committee meeting. She noted that the resolution sent in the original agenda packet email did not have all the updates, and the more robust updated resolution was replaced in an email that was sent prior to this meeting. She continued to add that the application process hopes to pull some plans that the Consortium offers, bring new members into the Consortium, and how should we be managing those number of plans an entity can offer to their employees.

Ms. Dowd indicated that Locey & Cahill recommended dividing the Participating Municipal Corporations into two (2) groups for purposes of benefit plan selections; Small Employers and Large Employers in accordance with the New York State "Community-Rating Law" which currently defines Small Employers as those who employ less than one hundred (100) employees. Ms. Dowd covered the following information included in the resolution:

**1. Small Employers:**

- a. are limited to selecting one (1) plan of benefits per bargaining unit, employee group, or retiree group with all covered members of that population being covered by that specific health insurance plan offering.
- b. are further limited to a total of two (2) plans of benefits in total amongst all bargaining units, employee groups, and retiree groups.
- c. are further restricted from allowing individual employees or retirees the opportunity to select a health benefits plan from a menu of options. This would force selection.
- d. are precluded from purchasing or participating in any health insurance plan not offered through or endorsed by the GTCMHIC.

**2. Large Employers:**

- a. are limited to selecting one (1) plan of benefits per bargaining unit, employee group, or retiree group with all covered members of that population being covered by that specific health insurance plan offering.
- b. are further limited to a total of four (4) plans of benefits in total amongst all bargaining units, employee groups, and retiree groups.
- c. are further restricted from allowing individual employees or retirees the opportunity to select a health benefits plan from a menu of options.
- d. are precluded from purchasing or *participating* in any health insurance plan not offered through or endorsed by the GTCMHIC.

Ms. Dowd also added that that any GTCMHIC Participating Municipal Corporation not currently in compliance with these rules will have until January 1, 2025, to comply or be subject to

a risk assessment charge added to the monthly premium equivalent rates. The risk assessment will be a discussion with Executive Committee next week. A waiver would be approved yearly by the Board of Directors at the time of the approval of the budget and premium equivalent rates. Ms. Dowd asked committee for discussion.

Ms. Drake expressed she's in a unique situation having two separate bargaining units and two other groups that are non-collective bargaining units, she can tell them what their plan is. The Town of Ithaca would fall into the under 100 category and only having two plans might be difficult. She also expressed how previous discussions wrap around resolution talk regarding Medicare Advantage. She understands the desire not to have a bunch of plans, but stressed concerns of being placed as a small municipality group and how the resolution ties back to some of the waivers spoke of in other resolutions.

Ms. Dowd responded if a waiver was approved, there would be a risk assessment fee, so there will be a need to look at all resolutions that this will affect; Either we eliminate the waiver, implement the risk, or we approve the waiver with a risk assessment fee. There is concern of how these all fit together and it was appropriate to keep it with Community rating however, there have been some other municipalities who also don't think it can get down to two, especially if you offer a retirement, so it's offering a retirement plan and only one other plan, so that concern has come and a lot of these are woven together, we may want to put everything on one resolution instead of amending old resolutions.

Mr. Drake responded asking if there could be two plans, plus a retiree group. She expressed she and other municipalities are in the middle of contract negotiations. She would have to rid her PPO plan by 2025 and has retirees on the PPO until 65 years of age, and not close to age 65. There's a concern too that the Consortium might be controlling leading to possible negativity from municipalities of the consortium.

Mr. Hart commented that he favors the Consortium on limiting plans, however, he expressed high concerns that most municipalities or board members might be strongly opposed on the principal of the Consortium managing them or their bargaining units as to what they may offer.

Mr. Thayer stressed that the City of Ithaca is in constant negotiations, he does not know how it might be possible to make a change by January 1, 2025, with such limitations, it may be very difficult.

Ms. Shawley added that her small town will be in the process of negotiations, and due to the size of the town, picking one plan would work for them, but understands how larger municipalities may have issues with a 2025 change over date, and how some elected officials may not prefer the Consortium's limitations.

Mr. Snow questioned why we need a section for the small employees. He feels that it may be too complicated to come to a resolve.

Ms. Dowd replied having a small group which offers many plans, is costly. She added that Locey & Cahill's resolution draft is based on the discussion of the Consortium wanting to bring in more members without extra administrative fees and avoiding adverse selections. Mr. Spenard referenced a small consortium school district that offers a wide variety of plans. This small population district is seeing an impact as they are currently experiencing adverse selections, especially when setting their premium rates.

Ms. Drake added that many municipalities are offering multiple plans as they are trying to move people to other plans. She mentioned there is grandfathering happening as she has two plans that individuals are still on, but not necessarily offering to new employees. Ms. Drake encouraged to leave the retiree group as a separate stand-alone group, since we already have the Medicare Supplement Plan, we are bringing on a Medicare Advantage Plan. She notes that is a different group that happens in time, not really an offering, and wouldn't be beneficial to see municipality being limited as that being counted as a plan. Ms. Drake added the Consortium has been vulnerable to the mentions of administrative fees for several years, which will be discussed at the Executive Committee meeting.

Ms. Dowd thanked everyone and will use feedback in combination with the other resolutions coming forward. She added the Consortium will continue encouraging new groups to limit their plan offerings and inform others that this might be in the coming future. She mentioned this will affect only one of the four upcoming new applicants.

### **2023 Budget Discussion**

Ms. Dowd and Ms. Apalovich have started working the preliminary 2023 budget. Ms. Dowd covered items considered in the preliminary budget to include:

- Looking at growth in the plan where do we anticipate going regarding headcount
- Keeping the unencumbered fund balance at least at the 12% level.
- Anticipate what will happen the 2<sup>nd</sup> half of the year being mindful to some of the catastrophic claims
- Audit fees based on other Article 47 entities, \$150,000 first year, and \$100,000 in 2023.
- New wage and salary schedule
- Anticipating some adjustments in investment management services charges.
- Anticipating outgrowing the space in Town of Ithaca and may want privacy. The market in Ithaca is \$24 per square foot, we may want to make decision on that in the next 6 months. If we do move, we need furniture or if we stay more privacy and more functional workspace.
- Marketing expenses and wellness cut significantly. Mileage was increased as well, but minor.
- Locey & Cahill working premiums and trending the initial budget premium increase of 6.5% . This does fund our reserves as well as keep unencumbered fund balance above 12%.

Ms. Anderson asked for clarification of the six and a half percent is that projected for premium increases also or is that just a general six and a half percent for some of the categories.

Mr. Pelton responded that six and half percent on the premium and the other categories are trended differently. The medical claims are trended at five percent (5%) and the RX claims are trended at seven and a half percent (7.5%)

Ms. Anderson raised concern as she is still in learning process and asking in terms of just making sure that we are responsibly raising these rates and providing the best rate for employees.

Mr. Pelton responded that Excellus rate of business was approved at eight to nine percent (8% - 9%) and the group has very competitive rates, especially looking at the Platinum Plans. He said the group has done a great job negotiating with Excellus and ProAct on Administrative fees. He added that looking at the financial report you'll see a significant portion nearly 93 cents on every dollar goes to pay directly to pay claims of people so you're leaving a very small percentage of this budget for all their costs, including administrative fees. Much of the money that we are collecting each year is going directly back out in Member benefits.

Ms. Dowd added that there are two ways Excellus affects our budget, they charge us an administrative fee to pay our claims and give us a provider network. The only way there would be an increase would be if our administrative fees go up, which is not what we are looking at here, or their contracts with providers go up, which we may see with the cost-of-living adjustments and higher expenses within the medical community. We are looking at the claims in making the 6.5 percent recommendation, how much we spend in claims, based on trends and Locey & Cahill's Upstate NY business.

Ms. Drake asked regarding medical paid claims for 2023 at \$40 million and questioned what percentage that was increasing. Medical claims is still trending at 5% and Rx at the 7.5% level.

Mr. Pelton added we had some strange times the last few years, so we kind of tried to trend it back up of 2019, which was our last real pre-COVID year. He said you trend that by 5%, but then you look at the fact that they added covered lives each year, but also build in some contract growth in some covered life growth into there.

Ms. Drake added she wasn't expecting large number increase compared to last year's budget year. She also questioned regarding the Medical and RX plan premiums and is the 6.5% increase over the amended budget which took into play the new people coming on, plans changing, is there anything in there with the expectation of losses of large municipalities.

Mr. Pelton responded that they built in some contract growth on the administrative fees and other items. It is decided until the applications come in, the average covered lives are frozen at 6,427, so six and a half percent is built in on the actual year to date estimate. The six and a half percent is simply a factor on top of the 6 months projected out through the end of the year, not actually the amended budget number because of running a little bit below budget.

Ms. Drake also questioned how much the budget go up with a half a percentage increase

Mr. Pelton responded with showing the budget spreadsheet and different scenarios. He expressed that the Board's goal with keeping the twelve percent (12%) unencumbered balance level and at the six and a half percent (6.5%), we are sure that we hit all the board targets. He added that our reserves are healthy, but it only takes a few off years to dive into those funds.

Ms. Drake confirmed they are not suggesting anything below six percent and six and half percent is high watermark. Mr. Locey concurred and added they are conservative on the claims side. 6 and a quarter percent (6.25%) keeps up above the 12 percent (12%) threshold.

Ms. Dowd included that at the end of 2021, the Consortium adopted Resolution 12-2021, Adoption of Budget Premium Rates and Reserve Amounts for 2022, so the Consortium is making sure we are watching the unencumbered fund balance, and funding reserves. Locey and Cahill is helping the Consortium with claims trending and acting conservatively.

Mr. Thayer added that we would like to have the percentage as low as possible, but anything under seven percent would be okay, but we also must take into consideration what we want to do with fund balance going forward.

Mr. Pelton stated that we would like to see once more quarter of Rx rebates to see if we can adjust the income level accordingly.

Mr. Thayer added that next Audit & Finance meeting we should have another month of data and see if that will change in a positive direction.

### **Abstract Approval**

Ms. Apalovich **included the July monthly financial abstract in the agenda board packet**; 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 July 2022 monthly abstract. MOTION CARRIED.

### **Budget Performance Report**

Mr. Pelton reviewed financial results through June 30, 2022, with key facts consisting of:

#### ***Income Budget vs. Actual (June 30, 2022)***

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:

1. There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan.
2. Changes in covered lives and contract counts.
3. Enhanced Rx Rebates will be in effect following the June 2022 payment.
4. 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.
5. 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.
6. There have 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.

7. 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.
8. There was no Finance Charge or Other Income as of June 30st. 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.

***Expense Budget vs. Actual (June 30, 2022)***

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 31st each year) are the responsibility of their prior insurance carrier.
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 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".
5. Increased member participation in lower cost health insurance plans, like the Platinum Plan and the Medicare Supplement Plan by several employer groups.
6. 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.
7. 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.



**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
- Discussion of Resolution: Rules Regarding Plan Options for Municipal Employers

**Adjournment**

The meeting adjourned at 4:37 p.m.

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

## **Executive Director Report July 2022**

The Consortium staff has been busy working with potential new municipal members helping do plan comparisons and advising on the application process. We anticipate four or five new applicants to be reviewed for 2023 membership and more for 2024. In addition to meeting with new applicants, Kylie Rodrigues and Elin Dowd have been out visiting current members to help grow and strengthen all our relationships.

We have been notified that the 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. The State charges by the hour, which will adversely affect our budget. We anticipate the audit will run for several months and cost us upwards of \$300K.

In preparation for decisions related to offering a fully insured Medicare Advantage Plan, a request for proposal/quote has been posted on BidNet. Locey & Cahill will be very involved in reviewing the information related to this request and advising the Consortium on the best way to proceed.

### Executive Committee

The Executive Committee continues to address issues related to advancing our mission through long-term business planning meetings. There has been a lot of discussion on the possibility of offering a fully insured Medicare Advantage Plan to our municipal members. Conversations regarding offering such a plan and the ramifications to the Consortium will continue throughout the next few months.

### Audit and Finance Committee

The first draft of the 2023 budget was reviewed at the July meeting. Ongoing discussions will continue to look at the premium adjustment needed to support our claims, fund our reserves, and meet other obligations. The following information is being reviewed to determine funding levels necessary for 2023.

**Medical and Rx Claims Trending** – Review of high-cost claims and post covid claims trending.

**Audit Fees (Financial)** - \$150,000 DFS Audit (2023 + \$100K 2024) – Recommendation based on fees billed to other Article 47 organizations within the last year.

**Consultant Fees (TBD)** - \$25,000 to use for “potential” Consultants, if needed with Long Term Planning or other projects.

**Salaries** – Include wages based on a new salary schedule reviewed with Operations Committee at the recommendation of our Human Resources Manager. Salaries will be combined as one line item going forward.

**Fringes** – Currently at 40% of Salaries

**Marketing Expenses** – This has been decreased from \$8,000 to \$2,500, primarily for printing brochures and other informational material including merchandise with Consortium logos.

**Wellness Program Costs** – This has been decreased from \$25,000 to \$12,500 which includes the cost to implement the monthly wellness updates and wellness subscriber challenges.

**Investment Management Services** – This has increased from \$12,400 to \$25,000, due to the market changes and potential earnings.

**Lease Expense** – Discussion to follow regarding the possibility of the Consortium renting some new space for its headquarters at current market price of \$24.00 per square foot.

**Mileage Expense** – Increase from \$1,000 to \$2,500

**Furniture & Fixtures** – Increased from \$2,000 to \$25,000 for desks etc. if the Consortium moves to a new site or for improvements at current location.

**Training/Prof Dec** – Increased from \$2,000 to \$5,000 with the possibility to attend a national benefit association conference.

Executive Director Report  
July 2022

Last week, the Federal Reserve raised rates again by 75 basis points to a range of 2.25% - 2.50%, in line with expectations, and anticipates further increases moving forward. Working with Wilmington Trust, we have been able to garner better returns on the reinvestment of recent maturities.

We have just learned that our Treasurer, Rick Snyder, will retire in November.

Operations Committee

A salary structure has been proposed by our HR Manager to avoid any ambiguity around salary administration and job classification going forward. A resolution was passed and will be reviewed at the Executive Committee level in August.

The Consortium Connection Newsletter is going paperless in 2023 and we have heard from 4 subscribers who have requested to receive the newsletter in paper format due to no internet or email access. However, several subscribers have already signed up to receive the newsletter electronically in 2023.

Work has begun to review the 2023 MCA to make sure the addition of two new counties is considered in our coverage area. The MCA is also being reviewed to see how staff may take on some of the responsibilities of the areas that will be vacated by the Treasurers resignation later this year. Changes will come before the Board in August for action in September.

Nominations and Engagement Committee

The Nominations and Engagement Committee continues to meet to secure candidates to fill vacancies created due to resignations. Discussions have also started on topics for our Board retreat in August and the Annual September Board meeting. One of the goals for this Committee remains how to keep people engaged in the organization as we continue to grow.

Anyone interested in serving on a committee should let either Ed Fairbrother or Elin Dowd know before August 8<sup>th</sup>.

Claims and Appeals Committee

An RFP will commence in early August to review all options available to us towards securing a firm to continue auditing our third-party claims administrators.

The Joint Committee on Plan Structure and Design

I just received news that our current Chair of the Joint Committee on Plan Structure and Design plans on taking a leave from this position at the end of the year. James Bower has been very instrumental in garnering labor representation in committees and at the Board level and we will miss his involvement going forward.

In August, the Committee will review necessary changes to health plans required to remain in compliance with Affordable Care Act actuarial value calculations. This year the Silver Plan will have to make some adjustments to remain compliant with government regulations and our practices.

Don't forget to support our Wellness initiatives by signing up as a participant in the Walk to End Alzheimer's on September 10<sup>th</sup>. See Kylie Rodrigues for more information at [krdrigues@tompkins-co.org](mailto:krdrigues@tompkins-co.org).

The June 2022 Newsletter can be found here <a href="#">Consortium Connection June 2022</a> . We are going paperless in 2023, subscribe on our website today to continue to receive the newsletter electronically.
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*Respectfully submitted by Elin R. Dowd, Executive Director, July 31, 2022.*





## 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

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

I hereby certify that the foregoing is a true and correct transcript of a resolution adopted by the Tompkins County Municipal Health Insurance Consortium Board of Directors on September 22, 2022.



**Greater Tompkins County Municipal Health Insurance Consortium**

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

**RESOLUTION NO. \_\_\_\_-2022 – APPROVAL OF ADJUSTMENTS TO THE SILVER HIGH DEDUCTIBLE HEALTH PLAN**

MOVED by \_\_\_\_\_, seconded by \_\_\_\_\_, and \_\_\_\_\_ by voice vote by members present.

WHEREAS, the Consortium must annually review the actuarial values for its Metal Level Plans to ensure they each fall within the established ranges set by the Centers for Medicare and Medicaid Services (CMS), and

WHEREAS, upon entering data into the federal actuarial calculator for 2023 it has been determined that adjustments need to be made to the Silver High Deductible Health Plan, now therefore be it

RESOLVED, on recommendation of the Executive Committee and the Joint Committee on Plan Structure and Design, That effective January 1, 2023, a benefit plan adjustment to the Coinsurance Amount, Deductible and Out-of-Pocket Maximum will be made to the Consortium’s Silver High Deductible Health Plan as follows:

<b>Silver HDHP</b>	<b>From In-Network</b>	<b>To In-Network</b>	<b>From Out-of-Network</b>	<b>To Out-of-Network</b>
Deductible Single/Family	\$2,500/\$5,000	\$2,750/\$5,500	\$3,750/\$7,500	\$4,125/\$8,250
Out-of-Pocket Single/Family	\$6,000/\$12,000	\$7,000/\$14,000	\$9,000/\$18,000	\$10,500/\$21,000
Coinsurance Amount	70%	80%	50%	50%
Actuarial Value	72.91%	71.83%	72.91%	71.83%

\*\*\*\*\*

. STATE OF NEW YORK )  
 ) ss:  
 COUNTY OF TOMPKINS )

I hereby certify that the foregoing is a true and correct transcript of a resolution adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors on September 22, 2022.

## Greater Tompkins County Municipal Hlth Insurance Consortium

### MONTHLY ABSTRACT - AUGUST 2022

Type	Date	Pymt Num	Invoice #	Name	Memo	Amount
Check	07/21/2022	A3852634	06302022 CL	EXCELLUS HEALTH PLAN - CL	06302022 Covered Lives	\$ 30,806.81
Check	07/25/2022	A3838010	July 2022	EXCELLUS HEALTH PLAN - GROUP	Aug 2022 Admin Fees	\$ 152,877.96
Check	07/22/2022	A3852634	07192022	EXCELLUS HEALTH PLAN - CLAIMS	07132022-07192022	\$ 534,453.21
Check	07/28/2022	A3878434	07262022	EXCELLUS HEALTH PLAN - CLAIMS	07202022-07262022	\$ 837,356.98
Check	08/04/2022	A3904703	08042022	EXCELLUS HEALTH PLAN - CLAIMS	07272022-08022022	\$ 663,779.93
Check	08/12/2022	A3929012	08092022	EXCELLUS HEALTH PLAN - CLAIMS	08032022-08092022	\$ 735,529.46
Check	07/21/2022	A3845928	07152022-GTC-TC	PROACT, INC.	07/01/2022-07/15/2022	\$ 713,425.11
Check	08/09/2022	A3912511	07312022-GTC-TC	PROACT, INC.	07/16/2022-07/31/2022	\$ 718,367.78
Bill	07/31/2022	5161	08072022	CHASE	Credit Card	\$ 317.53
Bill	07/15/2022	5165	34677	CANARX	7/1/2022-7/15/2022	\$ 8,148.60
Bill	07/31/2022	5165	34801	CANARX	7/15/2022-7/31/2022	\$ 5,435.00
Bill	08/10/2022	5164	July Phones	Tompkins County	July Phone Charge	\$ 17.57
Bill	08/01/2022	5163	17342	Locey & Cahill	August Invoice	\$ 7,425.00
Bill	08/15/2022	35099		CANARX	8/1/2022-8/15/2022	\$ 5,263.50
Bill	07/31/2022		2022-07	TOWN OF ITHACA NY	Payroll	\$ 31,798.44
Bill	08/01/2022		August 2022 Rent	TOWN OF ITHACA NY	August 2022 Rent	\$ 800.00
						<b>\$ 4,445,802.88</b>

Elin, Lynne, Steve T., Judy, and Steve L,

I have read through the information provided by the **Town of Camillus** and I find no reason to not accept the **Town of Camillus** into the Consortium.

I've briefly reviewed the financial information provided by the Town and can not detect anything that would keep us from bringing them in as a member. I've attached the thorough financial analyses done on the **Town of Camillus** by the OSC through its Fiscal Stress Monitoring System. I feel the analysis is sufficient to decide that the **Town of Camillus** is NOT in fiscal stress nor is the **Town** susceptible to fiscal stress.

The FISCAL STRESS SCORES and how they are to be read:

Score of 65-100% = Significant Fiscal Stress

Score of 55-64.9% = Moderate Fiscal Stress

Score of 45-54.9% = Susceptible to Fiscal Stress

Under 45% = No Designation (NOT in Fiscal Stress)

Please feel free to look at the Town's spreadsheet attached. The Financial Projection Worksheet (1<sup>st</sup> Tab) show the fiscal stress scores for 2018, 2019 and 2020. The actual scores ("Total Points") for each year are on row 37. This 1st tab also shows the numerical values for fund balance, revenues, expenditures, cash & investments, etc., for each of the three years. (For the **Town of Camillus**, the most recent year available was 2020.) The 2<sup>nd</sup> tab has a variety of graphs, indicators & ratios on items such as Fund Balance ratio, Operating Surplus (Deficit), Cash and Short-term Debt. The 3<sup>rd</sup> tab ("Financial Comparison") shows the Town's/Village's performance as compared to other Town's/Village's, utilizing several indicators.

#### *The Town of Camillus and How It Scored*

<b>Town, Village, or County</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Town of Camillus</b>	<b>15.8</b>	<b>0.0</b>	<b>0.0</b>

**\*\* The most recent score available is highlighted**

The Town's 2021 report provided indicates that some key factors including General Fund cash and total fund balance increased. Total liabilities in the General Long-term Debt Fund went down; there was no new long-term debt issued in 2021. This shows no major changes from the information provided by the OSC website.

None of the scores above are near Fiscal Stress. I've found no real areas of concern relative to the **Town of Camillus's** ability to become a Participating Municipality in the Greater Tompkins County Municipal Health Insurance Consortium.



Elin, Lynne, Steve T., Judy, and Steve L,

I have read through the information provided by the **Town of Dewitt** and I find no reason to not accept the **Town of Dewitt** into the Consortium.

I've briefly reviewed the financial information provided by the Town and can not detect anything that would keep us from bringing them in as a member. I've attached the thorough financial analyses done on the **Town of Dewitt** by the OSC through its Fiscal Stress Monitoring System. I feel the analysis is sufficient to decide that the **Town of Dewitt** is NOT in fiscal stress nor is the **Town** susceptible to fiscal stress.

The FISCAL STRESS SCORES and how they are to be read:

Score of 65-100% = Significant Fiscal Stress

Score of 55-64.9% = Moderate Fiscal Stress

Score of 45-54.9% = Susceptible to Fiscal Stress

Under 45% = No Designation (NOT in Fiscal Stress)

Please feel free to look at the Town's spreadsheet attached. The Financial Projection Worksheet (1<sup>st</sup> Tab) show the fiscal stress scores for 2018, 2019 and 2020. The actual scores ("Total Points") for each year are on row 37. This 1st tab also shows the numerical values for fund balance, revenues, expenditures, cash & investments, etc., for each of the three years. (For the **Town of Dewitt**, the most recent year available was 2020.) The 2<sup>nd</sup> tab has a variety of graphs, indicators & ratios on items such as Fund Balance ratio, Operating Surplus (Deficit), Cash and Short-term Debt. The 3<sup>rd</sup> tab ("Financial Comparison") shows the Town's/Village's performance as compared to other Town's/Village's, utilizing several indicators.

#### *The Town of Dewitt and How It Scored*

<b>Town, Village, or County</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Town of Dewitt</b>	<b>3.3</b>	<b>12.9</b>	<b>16.3</b>

**\*\* The most recent score available is highlighted**

The Town's 2021 report provided indicates that some key factors including General Fund cash and total fund balance increased. Total liabilities in the General Long-term Debt Fund went down; there was no new long-term debt issued in 2021. This shows no major changes from the information provided by the OSC website.

None of the scores above are near Fiscal Stress. I've found no real areas of concern relative to the **Town of Dewitt's** ability to become a Participating Municipality in the Greater Tompkins County Municipal Health Insurance Consortium.

Elin, Lynne, Steve T., Judy, and Steve L,

I have read through the information provided by the **Dewitt Fire District** and I find no reason to not accept the **Dewitt Fire District** into the Consortium.

I've briefly reviewed the financial information provided by the District and can not detect anything that would keep us from bringing them in as a member.

The Fire District's last Five (5) years of financials show general fund cash, total fund balance, and total liabilities in the General Long-term Debt Fund have remained relatively constant; there was no new long-term debt issued in 2021.

I've found no real areas of concern relative to the **Dewitt Fire District's** ability to become a Participating Member of the Greater Tompkins County Municipal Health Insurance Consortium.

Elin, Lynne, Steve T., Judy and Steve L,

I have read through the information provided by the **Town of Hastings** and I find no reason to not accept the **Town of Hastings** into the Consortium.

I've briefly reviewed the financial information provided by the Village and can not detect anything that would keep us from bringing them in as a member. I've attached the thorough financial analyses done on the **Town of Hastings** by the OSC through its Fiscal Stress Monitoring System. I feel the analysis is sufficient to decide that the **Town of Hastings** is NOT in fiscal stress nor is the **Town** susceptible to fiscal stress.

The FISCAL STRESS SCORES and how they are to be read:

Score of 65-100% = Significant Fiscal Stress

Score of 55-64.9% = Moderate Fiscal Stress

Score of 45-54.9% = Susceptible to Fiscal Stress

Under 45% = No Designation (NOT in Fiscal Stress)

Please feel free to look at the **Town's** spreadsheet attached. The Financial Projection Worksheet (1<sup>st</sup> Tab) show the fiscal stress scores for 2018, 2019 and 2021. The actual scores ("Total Points") for each year are on row 37. This 1st tab also shows the numerical values for fund balance, revenues, expenditures, cash & investments, etc., for each of the three years. (For the **Town of Hastings**, the most recent year available was 2020.) The 2<sup>nd</sup> tab has a variety of graphs, indicators & ratios on items such as Fund Balance ratio, Operating Surplus (Deficit), Cash and Short-term Debt. The 3<sup>rd</sup> tab ("Financial Comparison") shows the Town's/Village's performance as compared to other Town's/Village's, utilizing several indicators.

#### *The Town of Hastings and How It Scored*

<b>Town, Village, or County</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Town of Hastings</b>	<b>11.7</b>	<b>8.3</b>	<b>6.7</b>

**\*\* The most recent score available is highlighted**

The Town provided their 2021 AUD which is not yet on the NYS site; the town certified this on 4/1/2022. The 2021 AUD provided indicates that some key factors including General Fund cash and Total Fund Balance positively increased. Total liabilities in the General Long-term Debt Fund went down; there was no new long-term debt issued in 2021. This shows no major changes from the information provided by the OSC website.

None of the scores above are near Fiscal Stress. I've found no real areas of concern relative to the **Town of Hastings** ability to become a Participating Municipality in the Greater Tompkins County Municipal Health Insurance Consortium.

Elin, Lynne, Steve T., Judy, and Steve L,

I have read through the information provided by the **Town of Onondaga** and I find no reason to not accept the **Town of Onondaga** into the Consortium.

I've briefly reviewed the financial information provided by the Town and can not detect anything that would keep us from bringing them in as a member. I've attached the thorough financial analyses done on the **Town of Onondaga** by the OSC through its Fiscal Stress Monitoring System. I feel the analysis is sufficient to decide that the **Town of Onondaga** is NOT in fiscal stress nor is the **Town** susceptible to fiscal stress.

The FISCAL STRESS SCORES and how they are to be read:

Score of 65-100% = Significant Fiscal Stress

Score of 55-64.9% = Moderate Fiscal Stress

Score of 45-54.9% = Susceptible to Fiscal Stress

Under 45% = No Designation (NOT in Fiscal Stress)

Please feel free to look at the Town's spreadsheet attached. The Financial Projection Worksheet (1<sup>st</sup> Tab) show the fiscal stress scores for 2018, 2019 and 2020. The actual scores ("Total Points") for each year are on row 37. This 1st tab also shows the numerical values for fund balance, revenues, expenditures, cash & investments, etc., for each of the three years. (For the Town of Onondaga, the most recent year available was 2020.) The 2<sup>nd</sup> tab has a variety of graphs, indicators & ratios on items such as Fund Balance ratio, Operating Surplus (Deficit), Cash and Short-term Debt. The 3<sup>rd</sup> tab ("Financial Comparison") shows the Town's/Village's performance as compared to other Town's/Village's, utilizing several indicators.

#### *The Town of Onondaga and How It Scored*

Town, Village, or County	2018	2019	2020
Town of Onondaga	6.7	3.3	0.0

**\*\* The most recent score available is highlighted**

The Town's 2021 report provided indicates that some key factors including General Fund cash and total fund balance negatively decreased. Total liabilities in the General Long-term Debt Fund went up; there was no new long-term debt issued in 2021. This shows no major changes from the information provided by the OSC website.

None of the scores above are near Fiscal Stress. I've found no real areas of concern relative to the **Town of Onondaga's** ability to become a Participating Municipality in the Greater Tompkins County Municipal Health Insurance Consortium.

Elin, Lynne, Steve T., Judy, and Steve L,

I have read through the information provided by the **Village of Camillus** and I find no reason to not accept the **Village of Camillus** into the Consortium.

I've briefly reviewed the financial information provided by the Village and can not detect anything that would keep us from bringing them in as a member. I've attached the thorough financial analyses done on the **Village of Camillus** by the OSC through its Fiscal Stress Monitoring System. I feel the analysis is sufficient to decide that the **Village of Camillus** is NOT in fiscal stress nor is the **Village** susceptible to fiscal stress.

The FISCAL STRESS SCORES and how they are to be read:

Score of 65-100% = Significant Fiscal Stress

Score of 55-64.9% = Moderate Fiscal Stress

Score of 45-54.9% = Susceptible to Fiscal Stress

Under 45% = No Designation (NOT in Fiscal Stress)

Please feel free to look at the Village's spreadsheet attached. The Financial Projection Worksheet (1<sup>st</sup> Tab) show the fiscal stress scores for 2018, 2019 and 2021. The actual scores ("Total Points") for each year are on row 37. This 1st tab also shows the numerical values for fund balance, revenues, expenditures, cash & investments, etc., for each of the three years. (For the **Village of Camillus**, the most recent year available was 2020.) The 2<sup>nd</sup> tab has a variety of graphs, indicators & ratios on items such as Fund Balance ratio, Operating Surplus (Deficit), Cash and Short-term Debt. The 3<sup>rd</sup> tab ("Financial Comparison") shows the Town's/Village's performance as compared to other Town's/Village's, utilizing several indicators.

#### *The Village of Camillus and How It Scored*

Town, Village, or County	2018	2019	2020
Village of Camillus	10.0	21.3	40.0

**\*\* The most recent score available is highlighted**

The Village's 2021 report provided indicates that some key factors including General Fund cash and total fund balance positively increased. Total liabilities in the General Long-term Debt Fund decreased; there was no new long-term debt issued in 2021. This shows no major changes from the information provided by the OSC website.

None of the scores above are near Fiscal Stress. I've found no real areas of concern relative to the **Village of Camillus'** ability to become a Participating Municipality in the Greater Tompkins County Municipal Health Insurance Consortium.

Elin, Lynne, Steve T., Judy and Steve L,

I have read through the information provided by the **Village of Skaneateles** and I find no reason to not accept the **Village of Skaneateles** into the Consortium.

I've briefly reviewed the financial information provided by the Village and can not detect anything that would keep us from bringing them in as a member. I've attached the thorough financial analyses done on the **Village of Skaneateles** by the OSC through its Fiscal Stress Monitoring System. I feel the analysis is sufficient to decide that the **Village of Skaneateles** is NOT in fiscal stress nor is the **Village** susceptible to fiscal stress.

The FISCAL STRESS SCORES and how they are to be read:

Score of 65-100% = Significant Fiscal Stress

Score of 55-64.9% = Moderate Fiscal Stress

Score of 45-54.9% = Susceptible to Fiscal Stress

Under 45% = No Designation (NOT in Fiscal Stress)

Please feel free to look at the Village's spreadsheet attached. The Financial Projection Worksheet (1<sup>st</sup> Tab) show the fiscal stress scores for 2018, 2019 and 2021. The actual scores ("Total Points") for each year are on row 37. This 1st tab also shows the numerical values for fund balance, revenues, expenditures, cash & investments, etc., for each of the three years. (For the Village of Skaneateles, the most recent year available was 2020.) The 2<sup>nd</sup> tab has a variety of graphs, indicators & ratios on items such as Fund Balance ratio, Operating Surplus (Deficit), Cash and Short-term Debt. The 3<sup>rd</sup> tab ("Financial Comparison") shows the Town's/Village's performance as compared to other Town's/Village's, utilizing several indicators.

#### *The Village of Skaneateles and How It Scored*

Town, Village, or County	2019	2020	2021
Village of Skaneateles	3.3	3.3	3.3

**\*\* The most recent score available is highlighted**

The Village's 2021 report provided indicates that some key factors including General Fund cash positively increased while total fund balance negatively decreased. Total liabilities in the General Long-term Debt Fund went up; there was no new long-term debt issued in 2021. This shows no major changes from the information provided by the OSC website.

None of the scores above are near Fiscal Stress. I've found no real areas of concern relative to the **Village of Skaneateles'** ability to become a Participating Municipality in the Greater Tompkins County Municipal Health Insurance Consortium.



2023 Fiscal Year  
Preliminary Budget Presentation  
August 23, 2022

Locey & Cahill, LLC  
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Syracuse, NY 13202  
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Fax (315) 425-1394  
E-mail: [slocey@loceycahill.com](mailto:slocey@loceycahill.com)



# Section 1

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



# 2022 Income Budget vs Actual (07/31/2022)

		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	\$32,630,100.58	\$32,014,482.26	-\$615,618.32	-1.89%
9005	Gain on Investments	\$0.00	\$0.00	\$0.00	\$131,196.02	\$131,196.02	
9020	Interest	\$45,660.35	\$45,660.35	\$26,635.20	\$23,997.89	-\$2,637.31	-9.90%
9010	Rx Rebates	\$3,000,000.00	\$3,000,000.00	\$2,000,000.00	\$1,608,600.12	-\$391,399.88	-19.57%
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>\$34,656,735.78</b>	<b>\$33,778,276.29</b>	<b>-\$878,459.49</b>	<b>-2.53%</b>

## Key Facts:

1. Total Income was 2.53% below the amended budget, with premium income being 1.89% below the amended budget for the first 7-months 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. Rx Rebates received totaled \$727,509.70 from the 1<sup>st</sup> quarter of 2022, however this fell short of the projection based on the RFP data submitted.

# 2022 Income Budget vs Actual (07/31/2022)

## Key Facts (continued):

2. Interest Income to date is approximately 9.9% below budget. However, it should be noted that the change in market conditions has improved interest earnings when compared to the COVID peak. Also, based on the recommendation of the auditor, gains and losses on investments are booked each month and are expected to improve.
3. The pharmaceutical manufacturer rebate payments received from ProAct, Inc. through July 2022 totaled \$1,608,600.12. The new rebate guarantees did not hit projected levels for the first payment in July 2022. We are working with ProAct, Inc. to analyze this as in 2021 the Consortium received nearly, \$2.4m in rebates before the new guarantees.
4. To date, the Consortium has not received any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1,000,000 in 2022. As of July 31, 2022, there have been no claims in excess of \$1,000,000, which would trigger such payments.
5. There is no “Other” income as of July 31, 2022. Even when the Consortium does register some miscellaneous income, the impact is negligible at best and typically will have little to no impact on the overall financial position of the Consortium.



# Section 2

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

# 2022 Expense Budget vs Actual Results (07/31/2022)

		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	\$23,461,222.38	\$21,831,031.59	-\$1,630,190.79	-6.95%
	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	\$9,523,134.13	\$9,471,345.25	-\$51,788.88	-0.54%
8121	Rx Paid Claims - CanaRx	\$161,366.59	\$161,366.59	\$94,130.51	\$91,797.70	-\$2,332.81	-2.48%
8084	Flu Clinic Fees	\$20,037.48	\$23,042.13	\$13,441.24	\$0.00	-\$13,441.24	-100.00%
8050	Medical Admin Fees	\$1,521,623.78	\$1,502,656.92	\$876,549.87	\$911,576.37	\$35,026.50	4.00%
	Rx Admin Fees	\$206,958.25	\$226,592.82	\$132,179.15	\$153,449.17	\$21,270.03	16.09%
8091	NYS Covered Lives Assessment	\$391,982.86	\$319,060.15	\$186,118.42	\$215,597.76	\$29,479.34	15.84%
9060	ACA PCORI Fee	\$18,886.41	\$18,886.41	\$18,886.41	\$17,585.37	-\$1,301.04	-6.89%
8110	Specific Stop-Loss Insurance (Actual)	\$313,950.00	\$723,382.00	\$421,972.83	\$173,192.90	-\$248,779.93	-58.96%
8000	Accounting Fees	\$19,000.00	\$19,000.00	\$11,083.33	\$12,200.00	\$1,116.67	10.08%
8010	Actuarial Fees	\$10,000.00	\$10,000.00	\$5,833.33	\$7,200.00	\$1,366.67	23.43%
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	\$29,922.08	\$19,875.00	-\$10,047.08	-33.58%
8055	Consultant Fees (Barber & Strat Plan)	\$45,000.00	\$25,000.00	\$14,583.33	\$0.00	-\$14,583.33	-100.00%
8030	Consultant Fees (L&C)	\$91,650.00	\$91,650.00	\$53,462.50	\$53,375.00	-\$87.50	-0.16%
8070	Legal Fees	\$12,000.00	\$12,000.00	\$7,000.00	\$5,357.00	-\$1,643.00	-23.47%
8065	Wellness Program Costs	\$25,000.00	\$25,000.00	\$14,583.33	\$205.00	-\$14,378.33	-98.59%
66001	Executive Director (Salary)	\$96,450.00	\$96,450.00	\$56,262.50	\$55,641.30	-\$621.20	-1.10%
66002	Fringe Benefits	\$119,635.00	\$119,635.00	\$69,787.08	\$45,656.62	-\$24,130.46	-34.58%
66003	Clerk of the Board (Salary)	\$74,300.00	\$74,300.00	\$43,341.67	\$30,127.16	-\$13,214.51	-30.49%
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	\$32,806.67	\$32,445.00	-\$361.67	-1.10%
66006	Finance Manager (Salary)	\$72,100.00	\$72,100.00	\$42,058.33	\$41,596.20	-\$462.13	-1.10%
8060	Insurances (D&O / Prof. Liability)	\$55,650.00	\$53,004.00	\$30,919.00	\$33,988.50	\$3,069.50	9.93%
8041	Internal Coordination (Finance)	\$20,000.00	\$20,000.00	\$11,666.67	\$11,666.67	\$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	\$3,500.00	\$3,500.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$6,485.00	\$6,681.00	\$3,897.25	\$3,897.25	\$0.00	0.00%
9065	Marketing Expenses	\$2,575.00	\$8,000.00	\$4,666.67	\$830.37	-\$3,836.30	-82.21%
9055	Investment Management Services	\$12,360.00	\$12,360.00	\$7,210.00	\$5,983.91	-\$1,226.09	-17.01%
8150	Supplies Expense	\$4,080.00	\$4,080.00	\$2,380.00	\$2,225.63	-\$154.37	-6.49%
8151	Computer Equipment	\$11,545.00	\$11,545.00	\$6,734.58	\$5,516.31	-\$1,218.27	-18.09%
8152	Lease Expense / Parking Fees	\$13,370.00	\$13,370.00	\$7,799.17	\$6,111.55	-\$1,687.62	-21.64%
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$583.33	\$276.57	-\$306.76	-52.59%
8154	Software	\$0.00	\$0.00	\$0.00	\$825.72	\$825.72	0.00%
8155	Postage	\$0.00	\$0.00	\$0.00	\$752.95	\$752.95	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	\$4,430.42	\$747.25	-\$3,683.17	-83.13%
<b>Total Expenses</b>		<b>\$60,792,011.28</b>	<b>\$61,143,723.29</b>	<b>\$35,271,436.18</b>	<b>\$33,897,939.19</b>	<b>-\$1,373,496.99</b>	<b>-3.89%</b>

# 2022 Expense Budget vs Actual Results (07/31/2022)

## Key Facts:

1. We continue to work with the Consortium's Executive Director and Financial Team to monitor budgeted funds to assure that they are accounted for under the proper line-item based on their code. This was done to provide a more detailed summary of the internal and external professional support costs for the Board of Directors of the Consortium.
2. Due to the early reporting period in the fiscal year, many of the expense items are well below budget as some items have not been provided or billed to the Consortium. These items will be more in line with the budget as the year goes on.
3. Paid claims (benefits) accounted for 92.808% of the total expenses for the GTCMHIC through July 31, 2022. This means that a modest 7.192% was used to pay for all the other operating expenses of the Consortium, including stop-loss insurance which has accounted for 0.511% of the spending to date. It also should be note that the new accounting for losses on investments created a skewed look at these numbers. When looking at the numbers without the loss on investments, Claims would have been 94.399%.

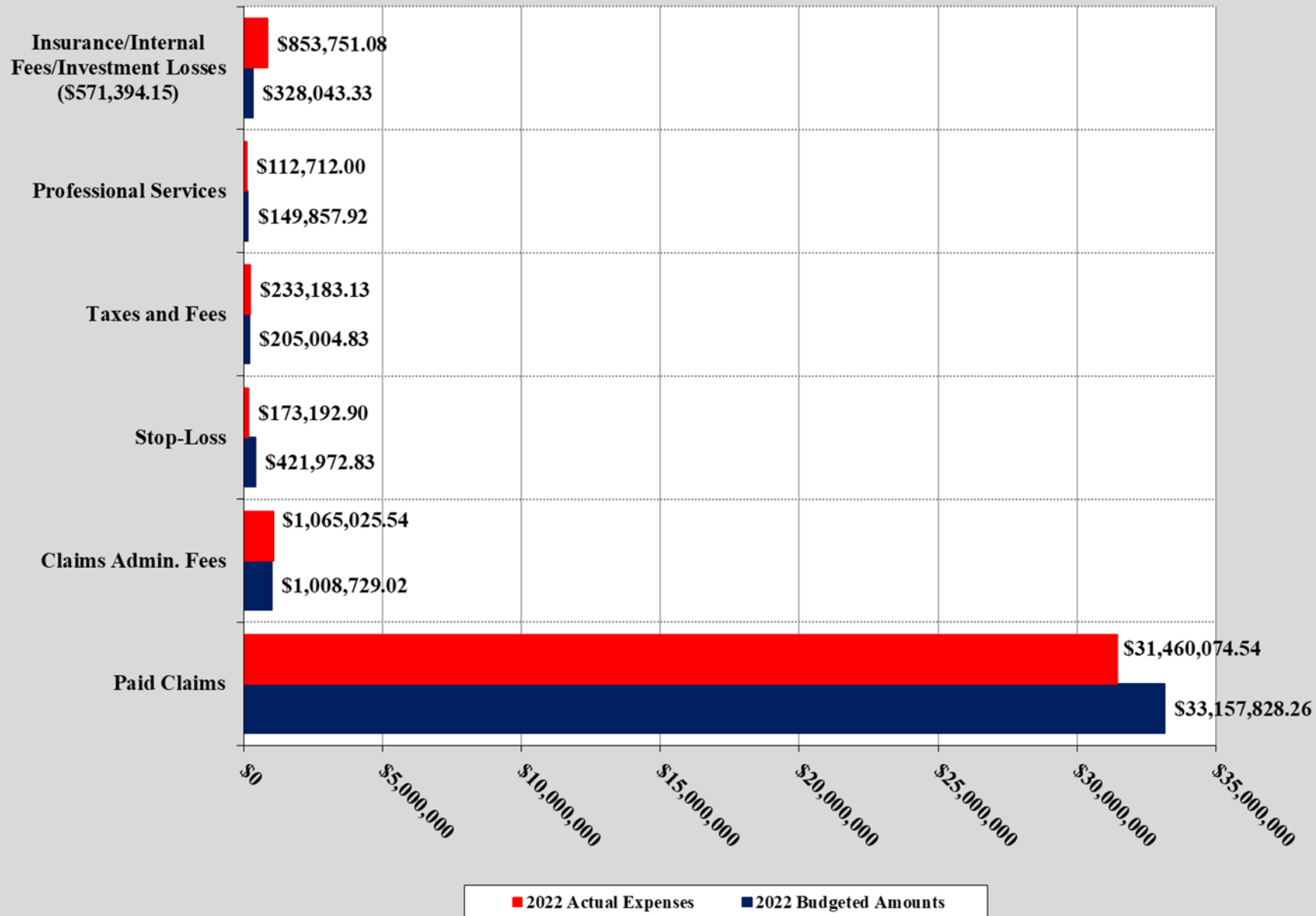
# 2022 Expense Budget vs Actual Results (07/31/2022)

## Key Facts:

5. Medical Paid Claims are currently 6.93% below the projected budget for the year and this is the result of:
  - a) An increase in the covered lives ( $\uparrow 1.78\%$ ) and in the number of contracts ( $\uparrow 2.86\%$ ) has had an impact on the 2022 medical paid claims paid to date due to the “run-in lag”.
  - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan by several employer groups.
  - c) The slow phasing “back in” of elective and/or minor medical procedures being performed, previously delayed as a result of the impact of the COVID-19 pandemic.
  - d) The number of large loss claimants and a decrease in the severity of the cases reported to date, currently, continues to be a positive trend.
6. Rx Paid Claims are currently 0.54% below budget. 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 2023 Fiscal Year.

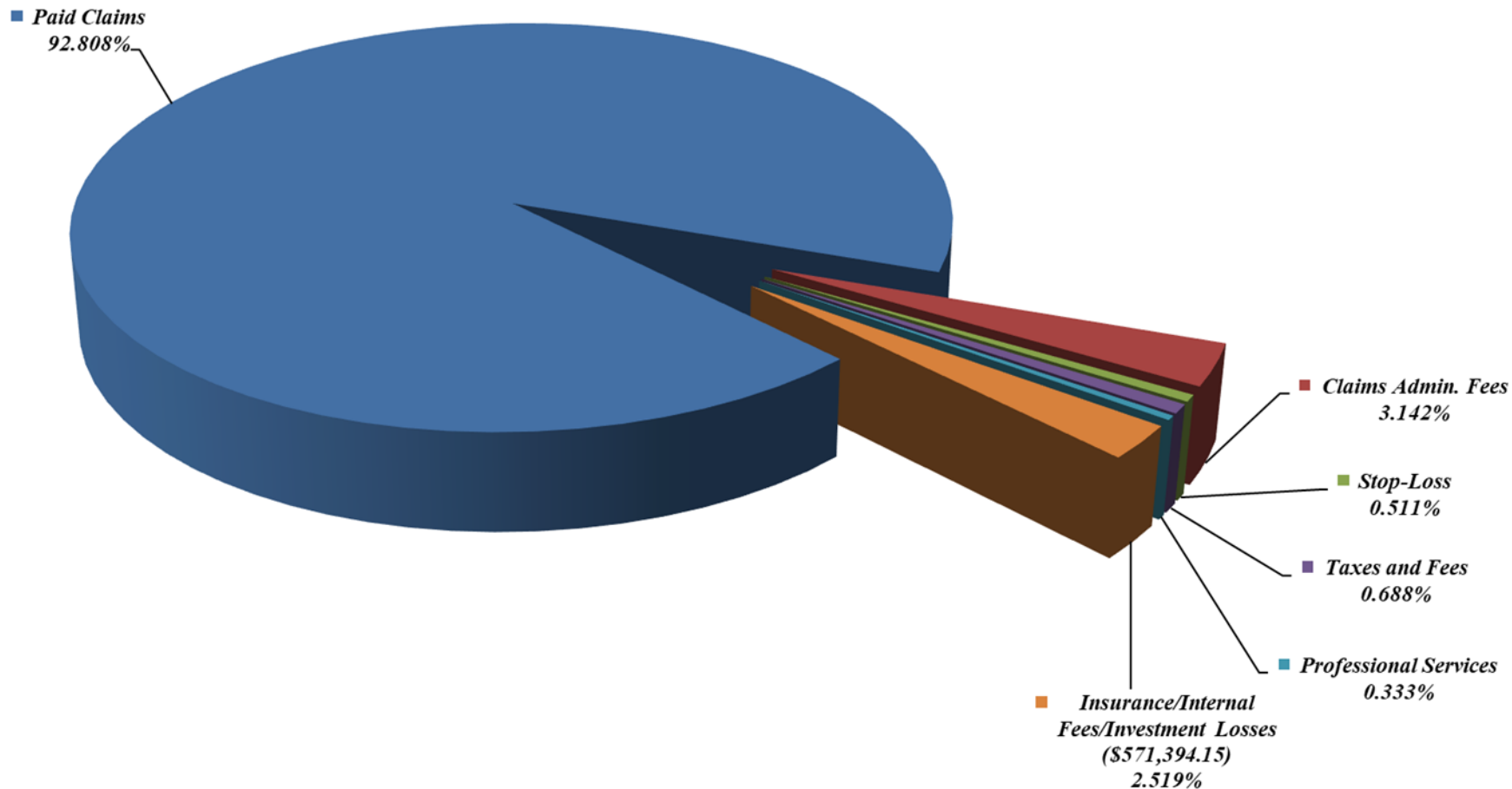
# Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution  
January 1, 2022 to July 31, 2022



# Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution  
January 1, 2022 to July 31, 2022



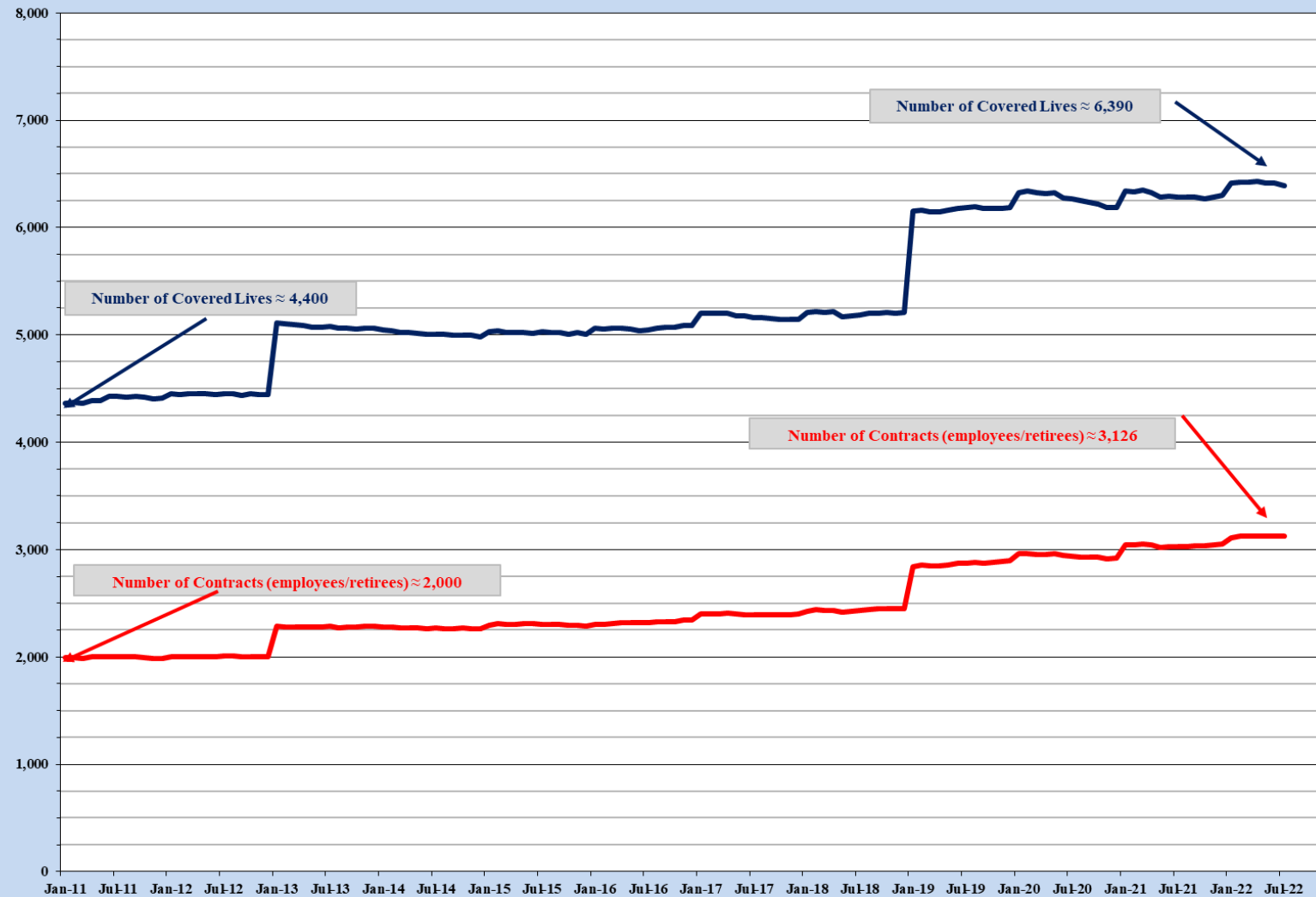
■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees/Investment Losses (\$571,394.15)



# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2022 Monthly Covered Lives and Contracts

January 1, 2011 to July 31, 2022



— Number of Covered Lives — Number of Contracts

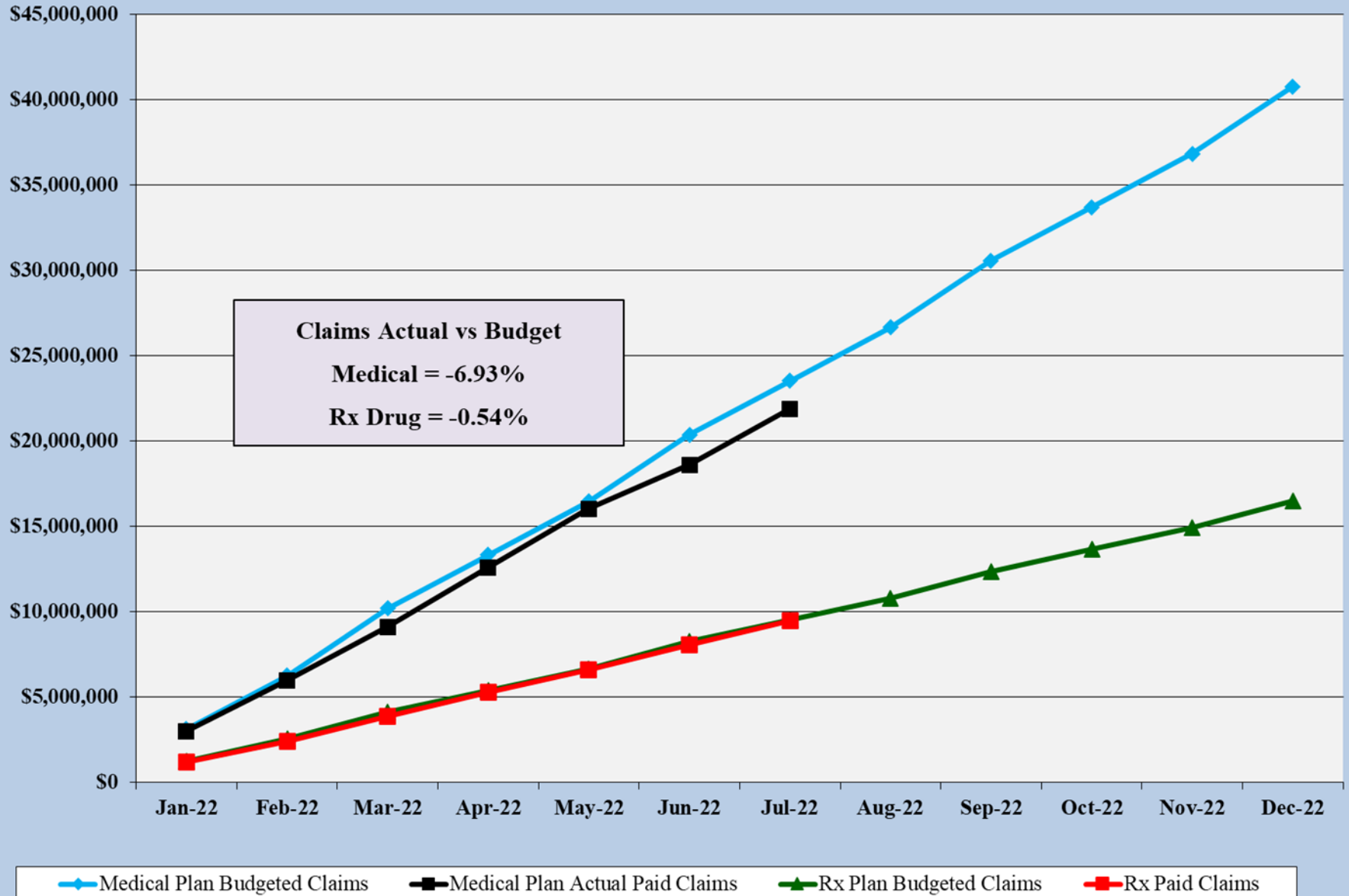


# Section 3

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

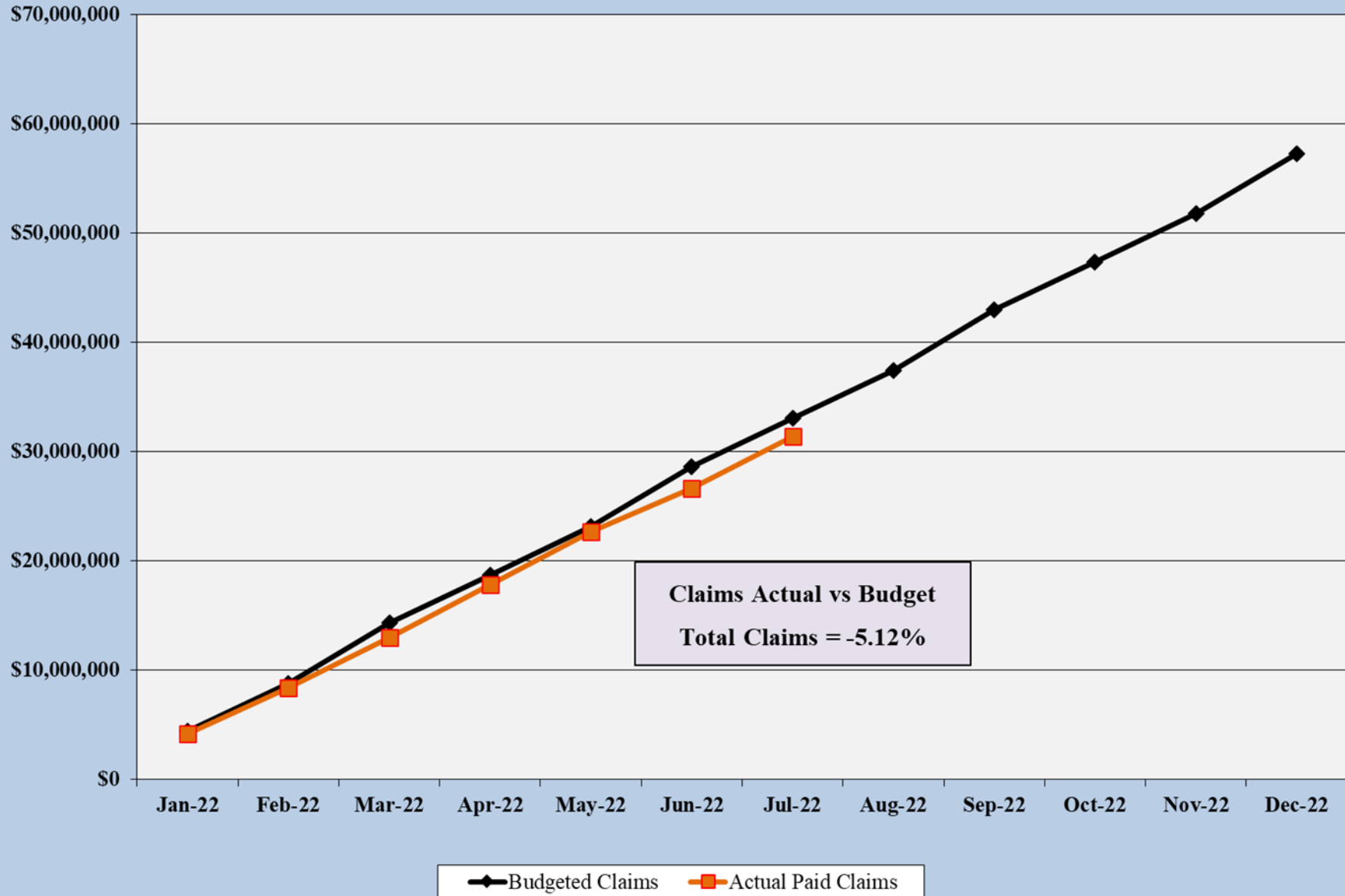
# Greater Tompkins County Municipal Health Insurance Consortium

## 2022 Cumulative Paid Claims and Budgeted Claims by Month



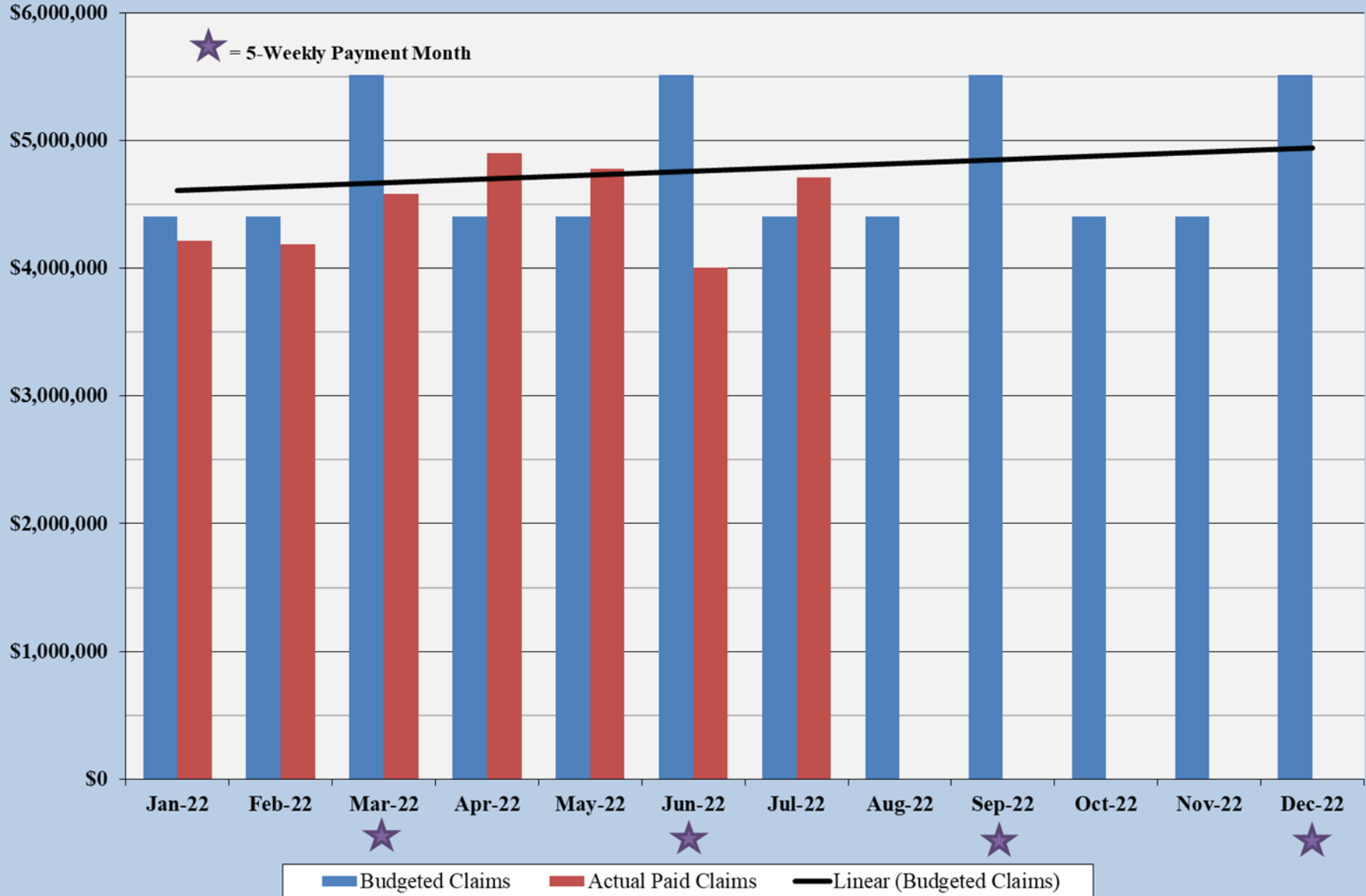
# Greater Tompkins County Municipal Health Insurance Consortium

## 2022 Cumulative Paid Claims and Budgeted Claims by Month



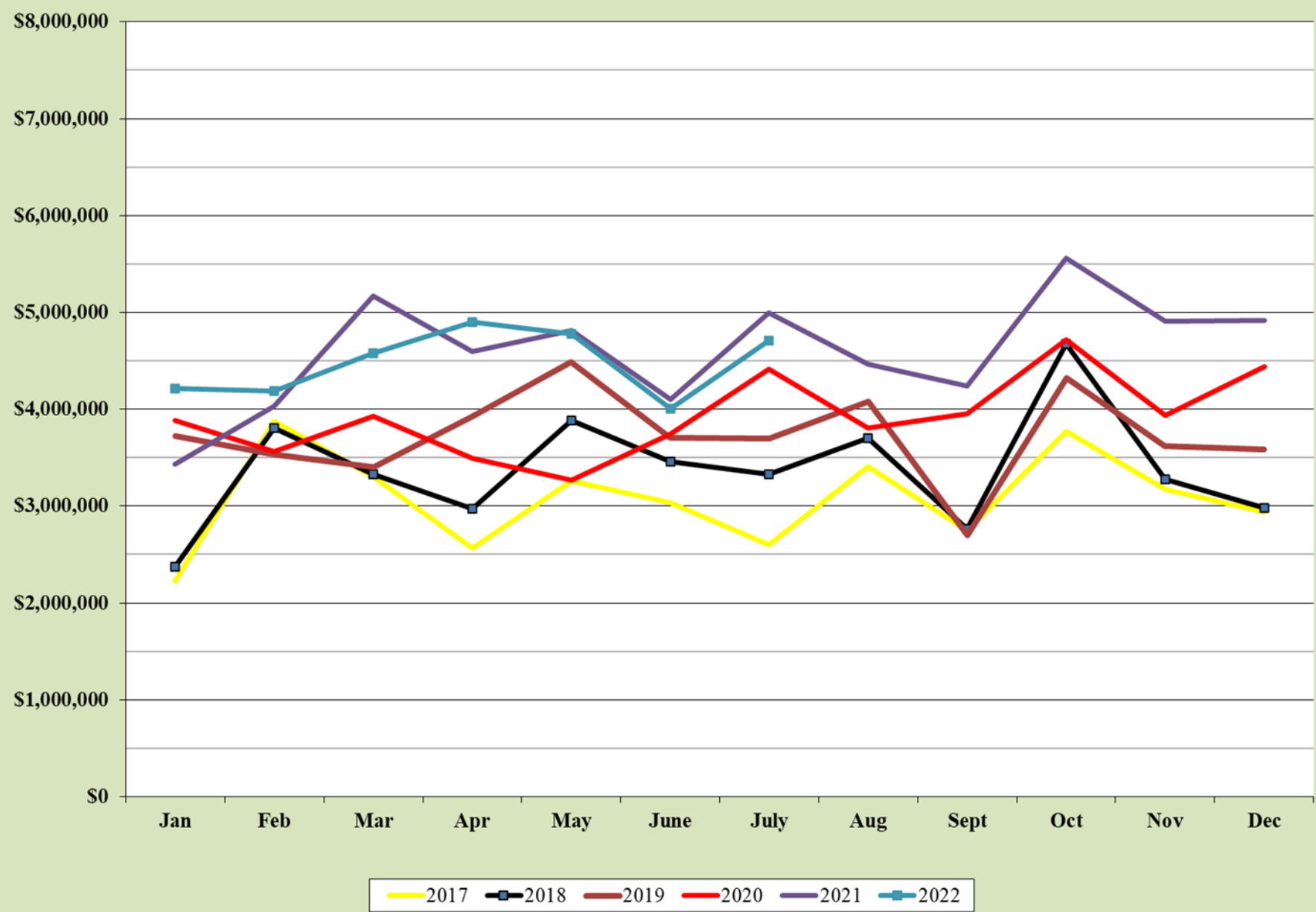
# *Greater Tompkins County Municipal Health Insurance Consortium*

## 2022 Budgeted vs Actual Paid Claims by Month



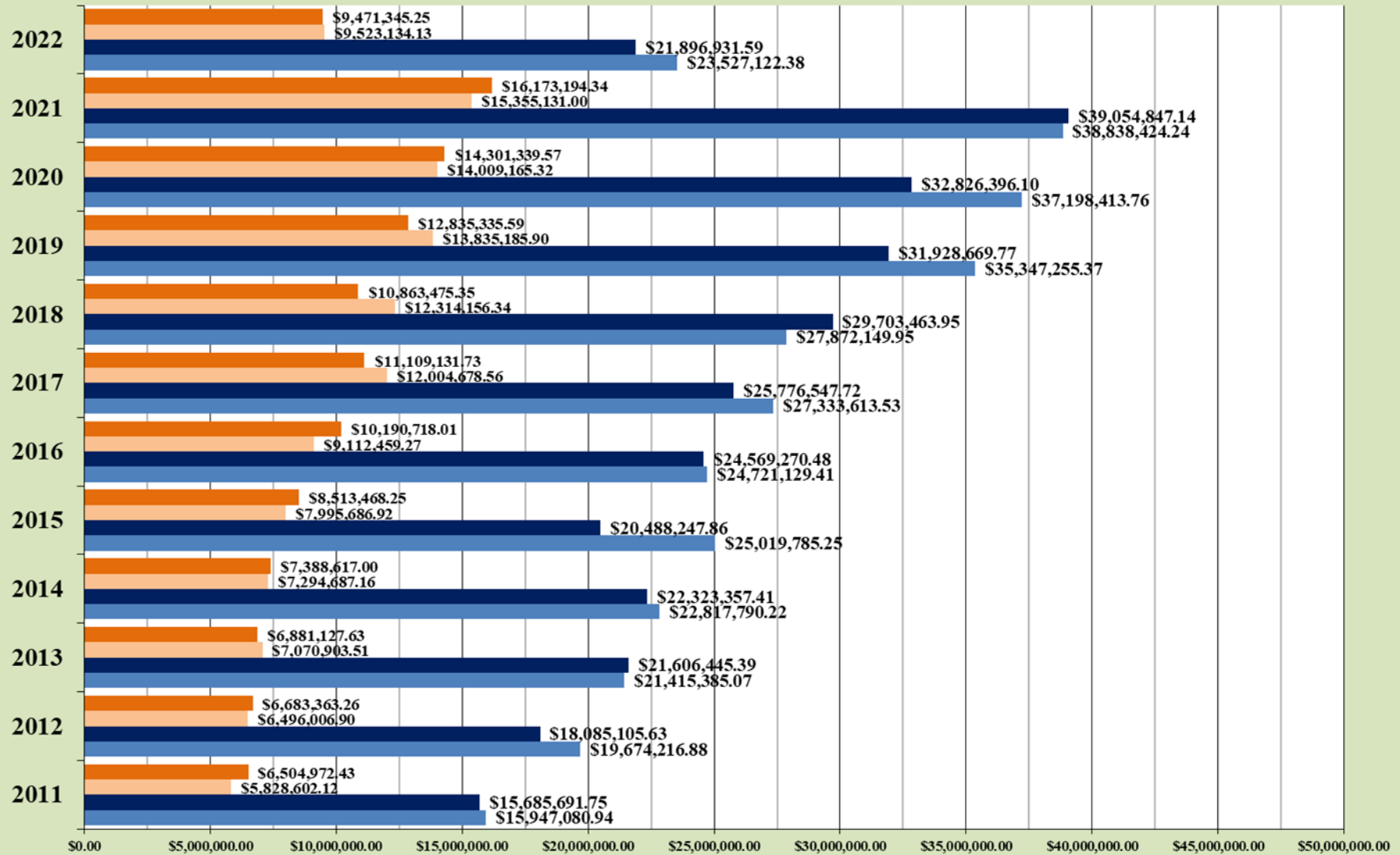
# Greater Tompkins County Municipal Health Ins Consortium

## 2017-2022 Monthly Paid Claims by Fiscal Year



# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2022 (as of 07/31/2022) Annual Paid Claims v Budgeted Claims

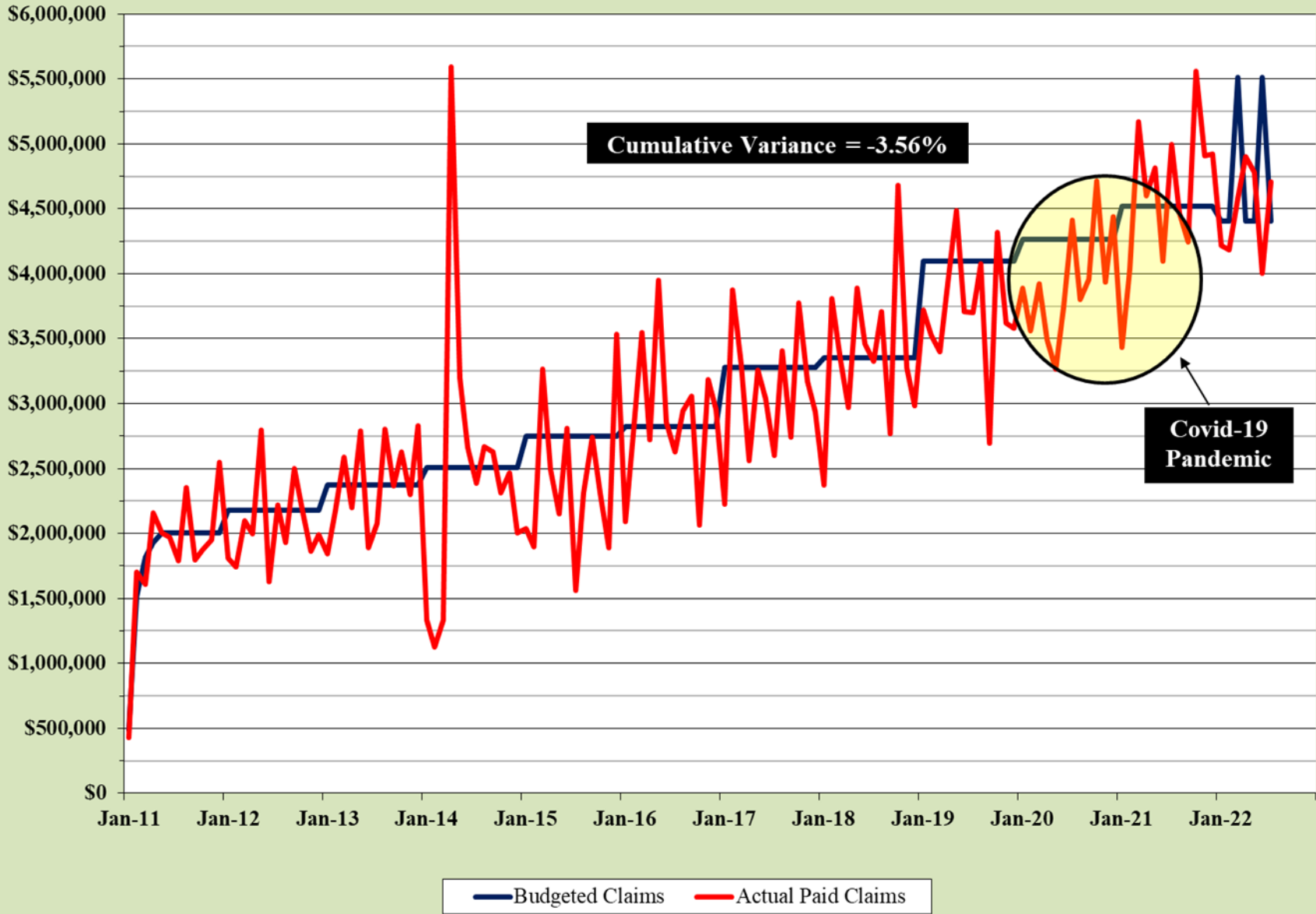


■ Actual Rx Claims   
 ■ Budgeted Rx Claims   
 ■ Actual Medical Claims   
 ■ Budgeted Medical Claims

# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2022 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to July 31, 2022







# Section 4

## 2023 Fiscal Year Budget Overview Consortium Income

# 2023 GTCMHIC Budget - Income

## Major Income Sources:

- 1. *Medical Plan Premiums*** – this is the income derived from the health insurance premium payments made by each Participating Municipality in the Consortium. These dollars include any premium contributions made by employers, employees, COBRA members, and retirees.
- 2. *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. Historically, the return on these investments lowered the annual premium increases by between 0.75% and 1.00% on average.
- 3. *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.

# 2023 GTCMHIC Budget - Income

## Major Income Sources (continued):

4. ***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 \$1,000,000. This year there are no individuals that have a higher “laser” deductible.
  
5. ***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.

# 2023 Projected Income

## Greater Tompkins County Municipal Health Insurance Consortium

2021 - 2027 Fiscal Year Budget Projections (cash basis)

		5.00%	6.50%
	<i>Actual Results 2021 Fiscal Year</i>	<i>Amended Budget 2022 Fiscal Year</i>	<i>Projected Budget 2023 Fiscal Year</i>
Average Covered Lives	6,303	6,427	6,427
Beginning Balance	\$32,426,015.18	\$29,714,361.31	\$28,615,503.67

**Projected 12/31/22**

Income				
	Medical and Rx Plan Premiums	\$53,389,901.70	\$55,937,315.28	\$58,449,297.61
9000	Gain on Investments	\$0.00	\$0.00	\$0.00
9020	Interest	-\$93,846.98	\$45,660.35	\$450,000.00
9010	Rx Rebates	\$2,385,590.60	\$3,000,000.00	\$2,900,000.00
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00
9030	Other	\$0.00	\$0.00	\$0.00
<b>Total Income</b>		<b>\$55,681,645.32</b>	<b>\$58,982,975.63</b>	<b>\$61,799,297.61</b>

# 2024-2027 Projected Income

## Greater Tompkins County Municipal Health Insurance Consortium

2021 - 2027 Fiscal Year Budget Projections (cash basis)

	7.00%	7.00%	7.00%	7.00%
	<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>
Average Covered Lives	6,427	6,427	6,427	6,427
Beginning Balance	\$27,791,564.25	\$27,521,010.10	\$28,015,280.84	\$29,192,631.72

Income					
	Medical and Rx Plan Premiums	\$62,540,748.44	\$66,918,600.84	\$71,602,902.89	\$76,615,106.10
9000	Gain on Investments	\$0.00	\$0.00	\$0.00	\$0.00
9020	Interest	\$450,000.00	\$450,000.00	\$450,000.00	\$450,000.00
9010	Rx Rebates	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Income</b>		<b>\$65,890,748.44</b>	<b>\$70,268,600.84</b>	<b>\$74,952,902.89</b>	<b>\$79,965,106.10</b>

# 2023-2027 Projected Income

## Important Notes and Assumptions:

1. Premium Income includes a 6.50% increase in the premium equivalent rates for the 2023 Fiscal Year. The 2024 through 2027 Fiscal Years include premium increases of 7.0% each year. Please be aware, the premium income is based on the current population being enrolled in their current health insurance plans.
2. Interest Income has been adjusted to capture both interest earnings and an estimated “net gain” on investments based on the new financial reporting recommended by the Consortiums Auditor. Interest rate assumptions are currently improving, but must be monitored closely, especially in the outlying years.
3. Rx Rebates are the pharmaceutical manufacturer rebates earned by the Consortium. Based on the actual performance through July 2022, Rx Rebates have not met anticipated levels since the RFP therefore, we have budgeted accordingly. We continue to work with ProAct, Inc. to assure that we are receiving all rebates per the RFP and subsequent agreement.
4. Stop loss reimbursements and “other” income are unpredictable, or very minor, therefore, we recommend not budgeting any amount for these items.



# Section 5

## 2023 Fiscal Year Budget Overview Consortium Expenses

# 2023 Projected Expenses

## Major Expense Categories:

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



# 2023 Projected Expenses

## Major Expense Categories (continued):

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

# 2023 Projected Expenses

		<i>Actual Results</i> <i>2021 Fiscal Year</i>	<i>Amended Budget</i> <i>2022 Fiscal Year</i>	<i>Projected Budget</i> <i>2023 Fiscal Year</i>
<i>Expenses</i>				
8090	Medical Paid Claims	\$39,061,947.14	\$40,780,345.45	\$40,773,545.30
	Advance Deposit / Pre-Paid Claims	\$0.00	\$65,900.00	\$39,415.00
8120	Rx Paid Claims - ProAct	\$16,173,194.34	\$16,506,765.82	\$17,640,630.54
8121	Rx Paid Claims - CanaRx	\$152,978.80	\$161,366.59	\$169,170.05
8084	Flu Clinic Fees	\$22,371.00	\$23,042.13	\$23,733.39
8050	Medical Admin Fees	\$1,458,890.21	\$1,502,656.92	\$1,609,583.42
	Rx Admin Fees	\$219,993.03	\$226,592.82	\$270,947.39
8091	NYS Covered Lives Assessment	\$346,416.20	\$319,060.15	\$388,075.97
9060	ACA PCORI Fee	\$16,691.50	\$18,886.41	\$19,830.73
8110	Specific Stop-Loss Insurance Premium Payments	\$270,471.20	\$723,382.00	\$795,720.20
	Aggregate Stop-Loss Insurance	\$0.00	\$0.00	\$0.00

# 2023 Projected Expenses

		<i>Actual Results 2021 Fiscal Year</i>	<i>Amended Budget 2022 Fiscal Year</i>	<i>Projected Budget 2023 Fiscal Year</i>
<b>Expenses</b>				
8000	Accounting Fees	\$18,800.00	\$19,000.00	\$19,570.00
8010	Actuarial Fees	\$8,500.00	\$10,000.00	\$7,416.00
8020 & 8021	Audit Fees (Financial)	\$14,000.00	\$14,420.00	\$164,935.00
	Audit Fees (Claims)	\$34,000.00	\$51,295.00	\$52,833.85
8030	Consultant Fees (L&C)	\$88,980.00	\$91,650.00	\$94,399.50
	Consultant Fees (Strat Plan - TBD)	\$10,350.00	\$25,000.00	\$45,000.00
8070	Legal Fees	\$1,375.00	\$12,000.00	\$12,360.00
8065	Wellness Program Costs	\$1,336.71	\$25,000.00	\$12,500.00
6600	Salaries	\$244,333.85	\$299,090.00	\$310,542.75
66002	Fringe Benefits	\$77,910.39	\$119,635.00	\$124,217.10
8060	Insurances (D&O / Prof. Liability)	\$50,588.03	\$53,004.00	\$64,092.60
8041	Internal Coordination (Finance)	\$58,001.65	\$20,000.00	\$0.00
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$6,000.00
8044	Internal Coordination (IT Support)	\$6,295.00	\$6,681.00	\$6,881.43
9065	Marketing Expenses	\$3,803.66	\$8,000.00	\$2,500.00
9055	Investment Management Services	\$15,568.80	\$12,360.00	\$24,000.00
8150	Supplies Expense	\$6,106.78	\$4,080.00	\$4,202.40
8151	Computer Equipment	\$3,909.81	\$11,545.00	\$5,000.00
8152	Lease Expense / Parking Fees	\$12,229.70	\$13,370.00	\$60,000.00
8153	Mileage- Travel Expenses	\$69.44	\$1,000.00	\$2,500.00
8154	Software	\$0.00	\$0.00	\$0.00
8155	Postage	\$0.00	\$0.00	\$0.00
8156	Furniture and Fixtures	\$0.00	\$2,000.00	\$25,000.00
8157	Training / Professional Development	\$40.00	\$2,000.00	\$5,000.00
8158	Subscriptions	\$650.00	\$1,000.00	\$1,000.00
9005	Loss on Investments	\$0.00	\$0.00	\$0.00
9060	Other Expenses	\$7,496.95	\$7,595.00	\$7,822.85
<b>Total Expenses</b>		<b>\$58,393,299.19</b>	<b>\$61,143,723.29</b>	<b>\$62,788,425.47</b>

# 2024-2027 Projected Expenses

		<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>
<b><i>Expenses</i></b>					
8090	Medical Paid Claims	\$42,710,288.70	\$44,739,027.41	\$46,864,131.22	\$49,090,177.45
	Advance Deposit / Pre-Paid Claims	\$41,385.75	\$43,455.04	\$45,627.79	\$47,909.18
8120	Rx Paid Claims - ProAct	\$18,963,677.83	\$20,385,953.67	\$21,914,900.19	\$23,558,517.71
8121	Rx Paid Claims - CanaRx	\$181,857.80	\$195,497.14	\$210,159.42	\$225,921.38
8084	Flu Clinic Fees	\$24,445.40	\$25,178.76	\$25,934.12	\$26,712.14
8050	Medical Admin Fees	\$1,658,237.03	\$1,707,984.14	\$1,759,223.66	\$1,812,000.37
	Rx Admin Fees	\$279,075.81	\$287,448.09	\$296,071.53	\$304,953.68
8091	NYS Covered Lives Assessment	\$410,688.41	\$433,972.83	\$458,421.47	\$484,092.54
9060	ACA PCORI Fee	\$20,822.27	\$21,863.38	\$22,956.55	\$24,104.38
8110	Specific Stop-Loss Insurance Premium Payments	\$875,292.22	\$962,821.44	\$1,059,103.59	\$1,165,013.94
	Aggregate Stop-Loss Insurance	\$0.00	\$0.00	\$0.00	\$0.00

# 2024-2027 Projected Expenses

		<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>
<b>Expenses</b>					
8000	Accounting Fees	\$20,157.10	\$20,761.81	\$21,384.67	\$22,026.21
8010	Actuarial Fees	\$7,638.48	\$7,867.63	\$8,103.66	\$8,346.77
8020 & 8021	Audit Fees (Financial)	\$169,883.05	\$15,757.12	\$16,229.84	\$16,716.73
	Audit Fees (Claims)	\$54,418.87	\$56,051.43	\$57,732.97	\$59,464.96
8030	Consultant Fees (L&C)	\$97,231.49	\$100,148.43	\$103,152.88	\$106,247.47
	Consultant Fees (Strat Plan - TBD)	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00
8070	Legal Fees	\$12,730.80	\$13,112.72	\$13,506.11	\$13,911.29
8065	Wellness Program Costs	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00
6600	Salaries	\$320,124.90	\$329,796.45	\$339,690.34	\$349,881.05
66002	Fringe Benefits	\$128,049.96	\$131,918.58	\$135,876.14	\$139,952.42
8060	Insurances (D&O / Prof. Liability)	\$70,501.86	\$77,552.05	\$85,307.25	\$93,837.98
8041	Internal Coordination (Finance)	\$0.00	\$0.00	\$0.00	\$0.00
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
8044	Internal Coordination (IT Support)	\$7,087.87	\$7,300.51	\$7,519.52	\$7,745.11
9065	Marketing Expenses	\$2,575.00	\$2,652.25	\$2,731.82	\$2,813.77
9055	Investment Management Services	\$24,720.00	\$25,461.60	\$26,225.45	\$27,012.21
8150	Supplies Expense	\$4,328.47	\$4,458.33	\$4,592.08	\$4,729.84
8151	Computer Equipment	\$8,240.00	\$5,150.00	\$8,240.00	\$11,330.00
8152	Lease Expense / Parking Fees	\$61,800.00	\$63,654.00	\$65,563.62	\$67,530.53
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
8154	Software	\$0.00	\$0.00	\$0.00	\$0.00
8155	Postage	\$0.00	\$0.00	\$0.00	\$0.00
8156	Furniture and Fixtures	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
8157	Training / Professional Development	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
8158	Subscriptions	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
9005	Loss on Investments	\$0.00	\$0.00	\$0.00	\$0.00
9060	Other Expenses	\$8,057.54	\$8,299.26	\$8,548.24	\$8,804.69
<b>Total Expenses</b>		<b>\$66,232,816.59</b>	<b>\$69,742,644.07</b>	<b>\$73,630,434.12</b>	<b>\$77,749,253.80</b>

# 2023-2027 Projected Expenses

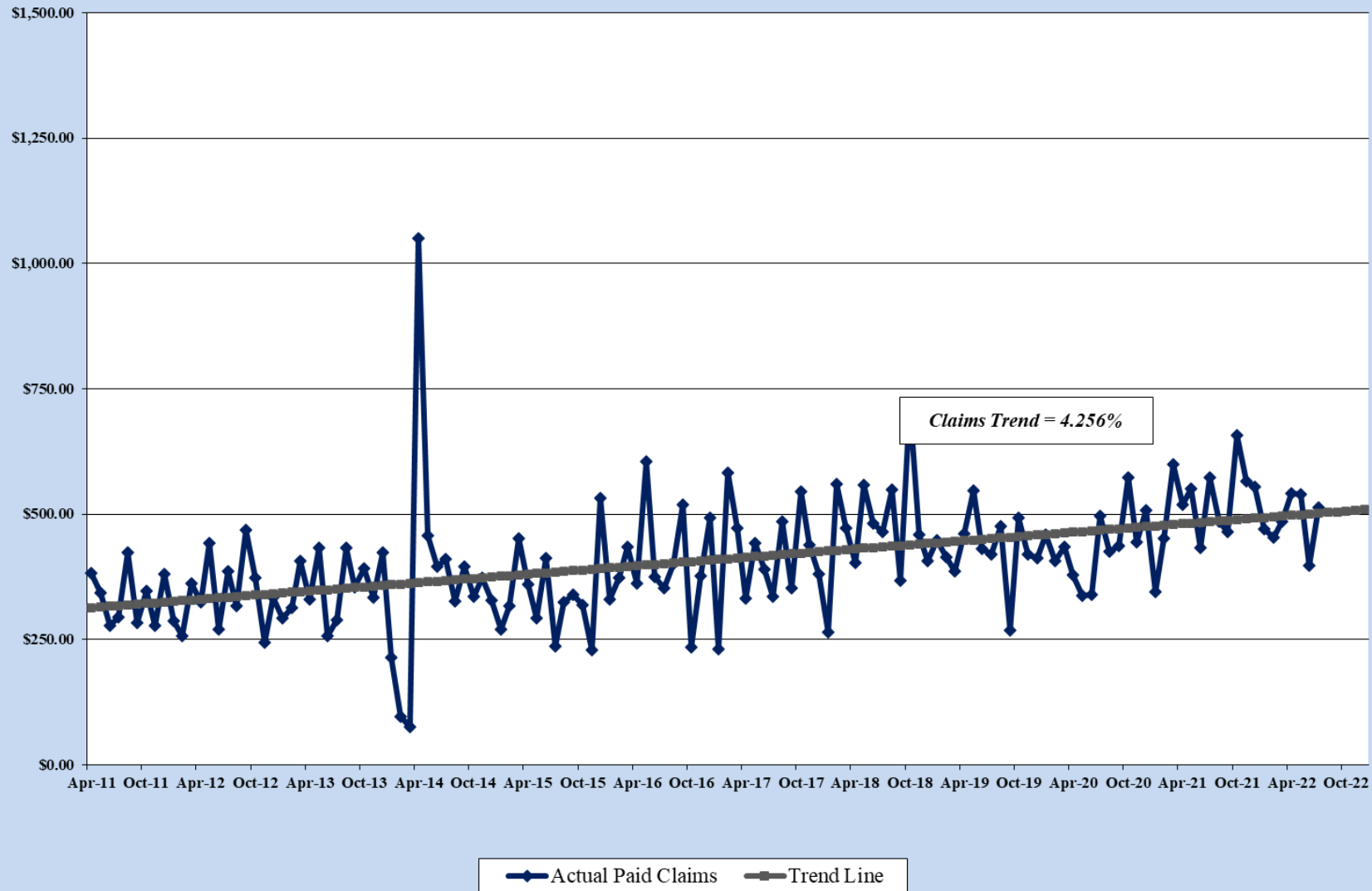
## Important Notes and Assumptions:

1. The medical and pharmacy paid claim trends for the GTCMHIC from April 1, 2011 to July 31, 2022 has equaled 4.256% and 5.761%, 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 3.690% and 6.932%, respectively.
  - b) The paid claim trends we utilized are based on a number of factors, including the trends noted above and Locey & Cahill, LLC's 25+ years of experience working with Municipal Cooperative Health Benefit Plans like the GTCMHIC.
  - c) The 2023 Paid Claims trends utilized for the budget projections were 4.75% for medical claims and 7.50% for prescription drug claims based on an updated per covered life claims projection which includes data as of July 31, 2022.
  - d) The following charts provide some background and detail regarding the paid claims trend information and data used by Locey & Cahill, LLC in the development of this budget report.

# Greater Tompkins County Municipal Health Insurance Consortium

## Per Covered Life Per Month Medical Paid Claims Trend

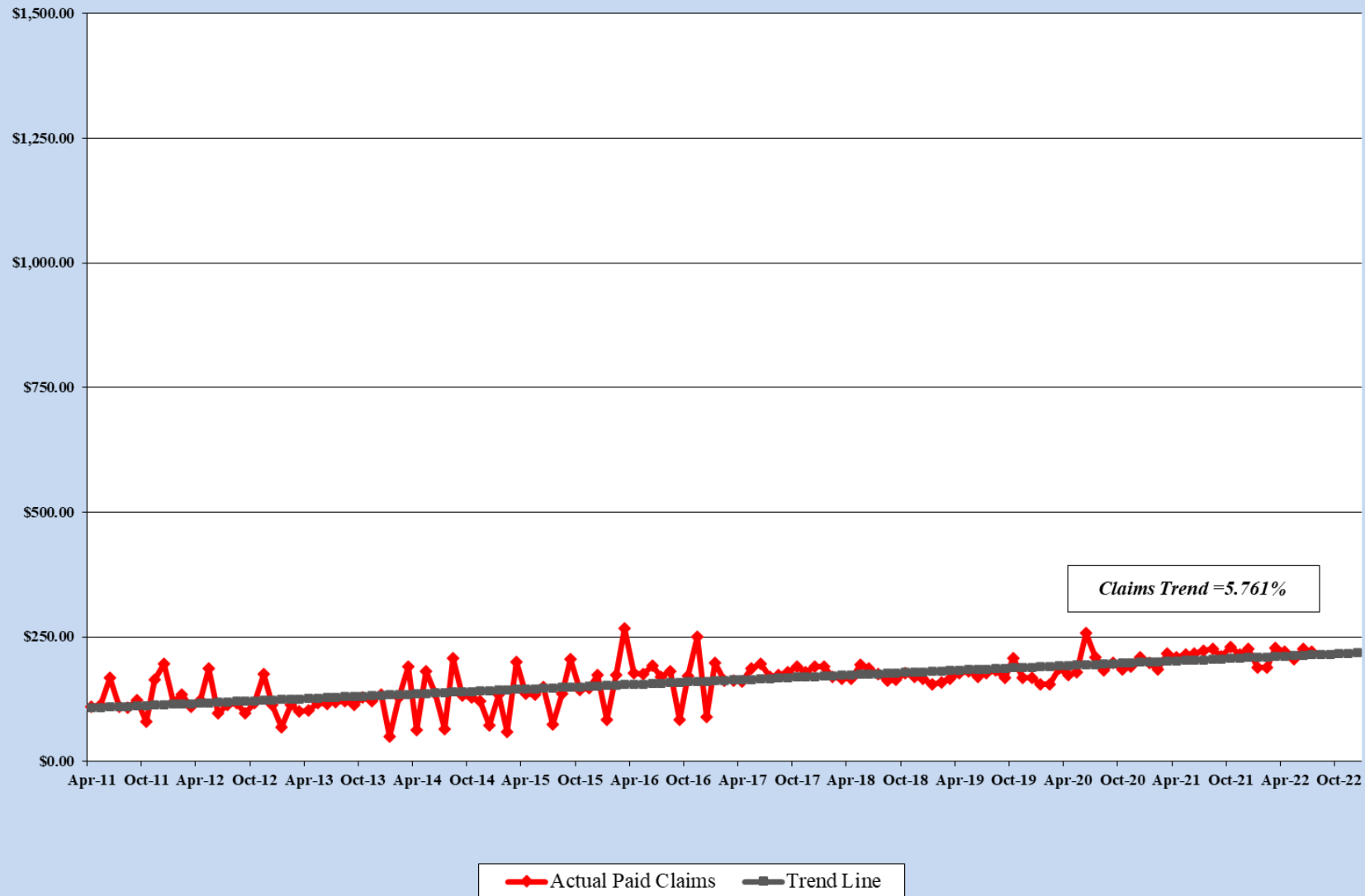
April 1, 2011 to July 31, 2022



# Greater Tompkins County Municipal Health Insurance Consortium

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

April 1, 2011 to July 31, 2022



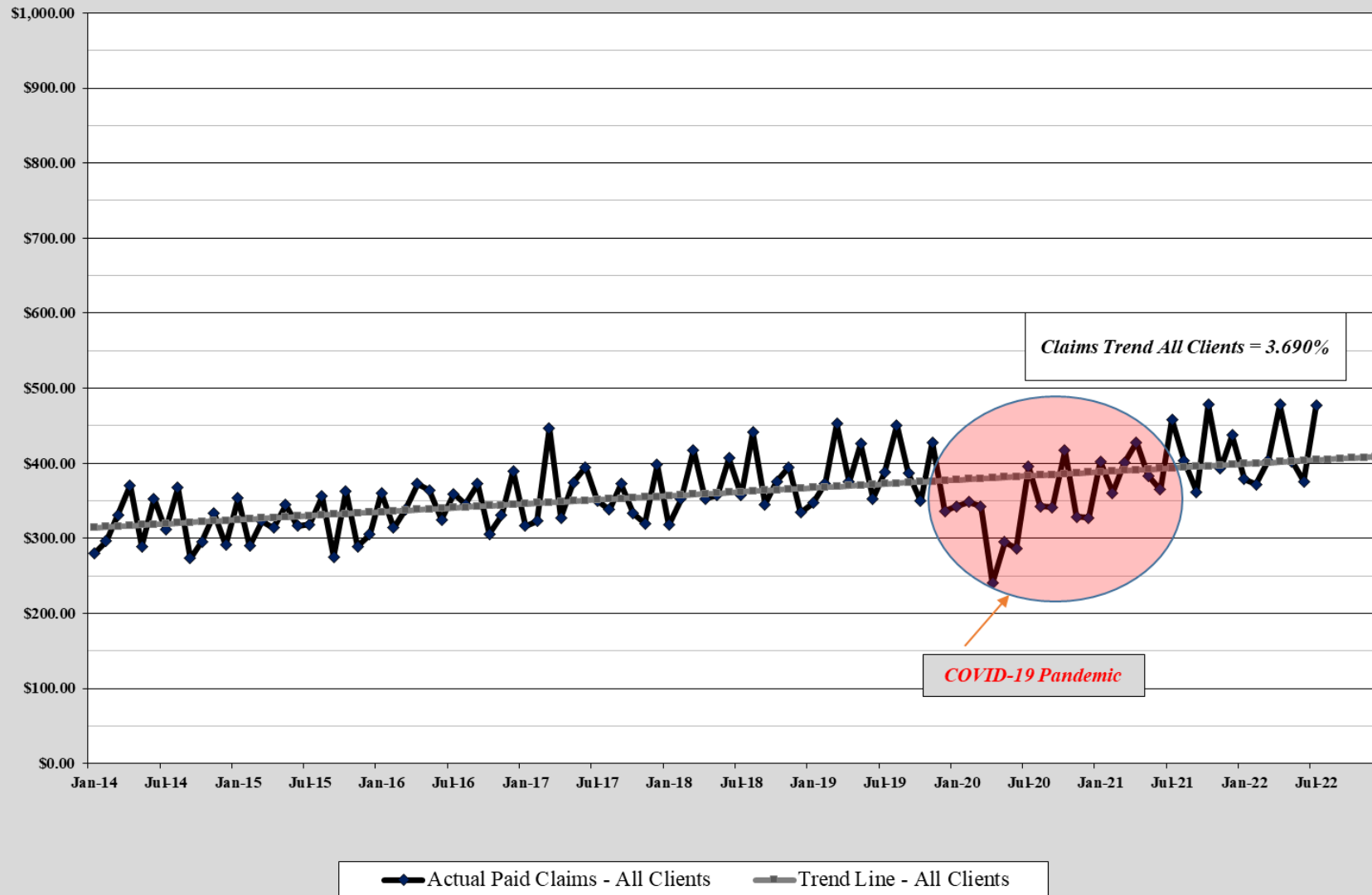


# Locey & Cahill, LLC

## Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Medical Paid Claims Trend

January 1, 2014 to July 31, 2022

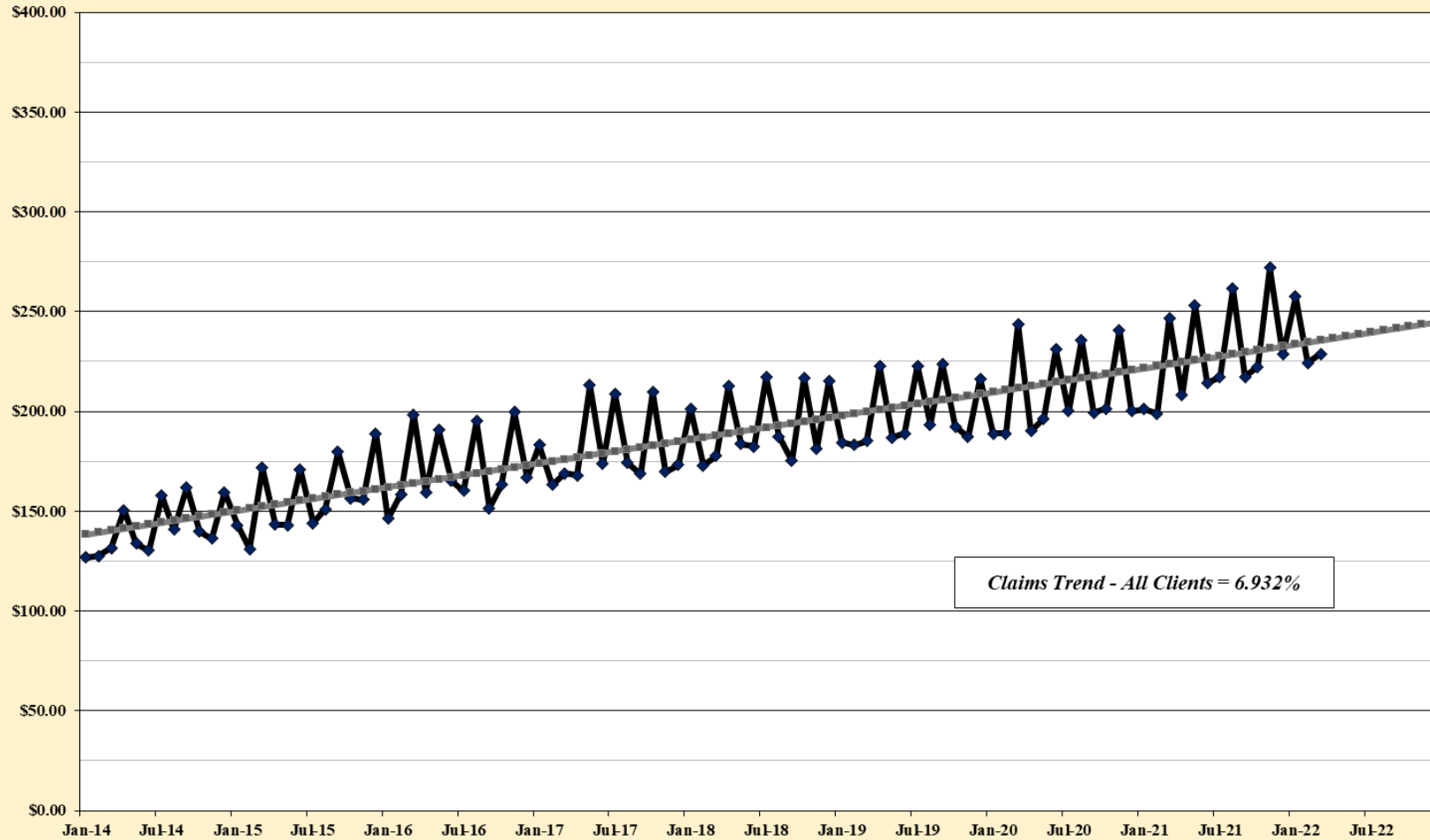


# Locey & Cahill, LLC

## Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Rx Paid Claims Trend

January 1, 2014 to July 31, 2022



Actual Paid Claims - All Clients    Trend Line - All Clients

# 2023-2027 Projected Expenses

## Important Notes and Assumptions (continued):

2. The Excellus BlueCross BlueShield claims administrative fees are increased by 3.0% for the 2023 through 2027 Fiscal Years. The ProAct, Inc. claims administrative fees are similarly increased by 3.0% per annum for the 2023 through 2027 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 2029.
4. The specific stop-loss insurance premiums have been forecasted to increase at a rate of 10% 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.

# 2023-2027 Projected Expenses

## Important Notes and Assumptions (continued):

5. We have updated the 2023 Fiscal Year expected costs associated with all professional services provided to the Consortium based on information from the Consortium's Executive Director and Finance Manager. These fees have been trended at an annual rate of 3% for the 2023 through 2027 Fiscal Years.
6. As with the professional services, the internal coordination fees and insurance costs expected for the 2023 Fiscal Year have been updated based on information from the Consortium's Executive Director and Finance Manager. These costs have been adjusted based on input from the Consortiums administrative team.
7. 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.



# Section 6

## 2023 Fiscal Year Budget Overview Consortium Assets

# 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 2021 Fiscal Year budget forecasted this reserve to equal \$6,144,909.49 (12.0% of projected hospital, medical, surgical, and prescription drug incurred claims). At the fiscal year end, December 31, 2021, the IBNR reserve was adjusted to \$6,866,608.00. 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 \$4,713,900.00 which is approximately 12.8% 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 2022 Fiscal Year budget forecasted this reserve to equal \$2,637,289.44 (5.0% of projected premium income) This amount was adjusted to \$2,669,495.09 at the end of the 2021 fiscal year. It should be noted that the Consortium's premium income is below the budgeted amount through the first 7-months of the fiscal period which may impact this reserve level at the end of the year.

# 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 2021 Fiscal Year. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors has funded this reserve as well as adopted a resolution outlining the funding calculation to make annual adjustments to this fund. At the fiscal year ended December 31, 2021, this reserve had a balance of \$4,642,294.20.

# Liabilities and Reserves - Defined

## RATE STABILIZATION RESERVE

- When the Consortium's cash assets were at a fairly high 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.

# 2022 Beginning Balance

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 6,169,222	\$ 8,343,168
Unrestricted Investments	6,068,128	7,686,088
Accrued Interest	9,434	58,725
Premiums Receivable	21,430	-
Prepaid Expenses	152,566	-
<b>Total Current Assets</b>	<u>12,420,780</u>	<u>16,087,981</u>
<b>OTHER ASSETS</b>		
<b>Noncurrent Assets</b>		
Premium Claims Deposit	722,400	761,400
Security Deposit	800	-
Restricted Investments	18,182,498	16,662,408
<b>Total Noncurrent Assets</b>	<u>18,905,698</u>	<u>17,423,808</u>
<b>Total Assets</b>	<u>31,326,478</u>	<u>33,511,789</u>

# 2022 Net Income, Liabilities & Reserves (07/31/2022)

	2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
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<b>Ending Balance</b>	\$29,123,540.98	\$27,745,000.50	\$28,502,747.76	\$29,786,085.26	\$1,283,337.50	4.50%
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<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	\$9,531,949.84	\$10,815,287.34
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The 2022 Fiscal Year is currently performing better than budget expectations as of July 31, 2022. As of July 31, 2022, the unencumbered fund balance equals 19.33% of the expected premium income for the year. This result was achieved while maintaining the Rate Stabilization Reserve at 7.5% of Expected Paid Claims and the Catastrophic Claims Reserve at \$4.642 million.

# 2023-2027 Estimated Reserve Funds

		<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>
<i>Ending Balance</i>		\$27,626,375.81	\$27,284,307.66	\$27,810,264.43	\$29,132,733.21	\$31,348,585.51
<i>Liabilities and Reserves</i>						
<b>Statutory Reserves</b>	IBNR Reserve	\$7,037,579.31	\$7,430,598.66	\$7,846,693.44	\$8,287,290.33	\$8,753,908.54
	Surplus Account	\$2,922,464.88	\$3,127,037.42	\$3,345,930.04	\$3,580,145.14	\$3,830,755.30
<b>Discretionary Reserves</b>	Claims / Rate Stabilization Reserve	\$4,398,487.07	\$4,644,124.16	\$4,904,183.40	\$5,179,556.46	\$5,471,192.84
	Catastrophic Claims Reserve (Ending)	\$4,598,144.86	\$4,598,144.86	\$4,598,144.86	\$4,598,144.86	\$4,598,144.86
Total Liabilities and Reserves		\$18,956,676.13	\$19,799,905.10	\$20,694,951.74	\$21,645,136.79	\$22,654,001.55
<i>Unencumbered Fund Balance</i>		\$8,669,699.69	\$7,484,402.56	\$7,115,312.69	\$7,487,596.42	\$8,694,583.96
		14.83%	11.97%	10.63%	10.46%	11.35%

The five-year budget model shows growth in the overall fund balance over the five-year period. It is projected that the reserve funds will grow as they are a percentage of budgeted premium revenues and projected claims paid. For illustration purposes, we have projected funding and utilization of the Catastrophic Claims Reserve to be a wash. The Consortium has a budget goal of carrying an unencumbered fund balance of 12%. As illustrated above, this target is met for 2023 and 2024, followed by a slight dip in 2025 and 2026 before rebounding in 2027.



# Section 7

## 2023 Fiscal Year Budget Overview Recommendations



# 2023 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 2023 Fiscal Year, is \$2,922,464.88. 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 \$7,037,579.31 for the 2023 Fiscal Year.



# 2023 Budget Recommendations (Continued)

3. Continue to evaluate the specific stop-loss insurance policy which recently increased the deductible to \$1,000,000 for the 2021 Fiscal Year and maintain the Catastrophic Claims Reserve at an amount equal to \$4,500,000.00 for the 2023 Fiscal Year and adjust based on the Board Resolution for funding. 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 7.5% of estimated paid claims (\$4,398,487.07). 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.

## 2023 Budget Recommendations (Continued)

6. Monitor and update the investment strategies of the Consortium to continue to maximize the interest earnings associated with the reserve and surplus funds while maintaining the flexibility needed in cash flow to prudently manage the Consortium's finances.
7. In consideration of the overall financial position of the Greater Tompkins County Municipal Health Insurance Consortium and its goals and objectives, Locey & Cahill, LLC is recommending that the Board of Directors approve a 6.5% increase in premiums for the 2023 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$559,375 for the 2023 Fiscal Year.

## 2023 Budget Recommendations (Continued)

In conclusion, the final thought that we offer to the Board of Directors of the Consortium at this time is to consider the views, opinions, and recommendations expressed above and to consider approving the recommended budget with a 6.50% increase in overall premium revenue. Our goal is to have modest, steady premium growth over the next several fiscal periods while using a modest amount of fund balance each year to mitigate premium while adhering to the budget philosophy of the Consortium.

# 2011-2027 GTCMHIC Premium Increases

<i>Fiscal Year</i>	<i>Budget Income % Increase</i>
2011	9.50%
2012	9.50%
2013	9.00%
2014	8.00%
2015	5.00%
2016	3.00%
2017	5.00%
2018	4.00%
2019	5.00%
2020	5.00%
2021	5.00%
2022	5.00%
2023	6.50%
2024	7.00%
2025	7.00%
2026	7.00%
2027	7.00%
<i>Average Increase</i>	<i>6.12%</i>
<i>5-Year Avg. Increase</i>	<i>5.30%</i>

## Historical Average Premium Rate Increases

2011-2023 Avg. Rate Increase = 6.12%

2019-2023 5-Year Avg. Rate Increase = 5.30%

## Projected Average Premium Rate Increases

2011-2027 Avg. Rate Increase = 6.32%

2023-2027 5-Year Avg. Rate Increase = 6.90%





# 2022 Fiscal Year Budget Performance Report As of July 31, 2022

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# Section 1

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

# 2022 Income Budget vs Actual (07/31/2022)

		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	\$32,630,100.58	\$32,014,482.26	-\$615,618.32	-1.89%
9005	Gain on Investments	\$0.00	\$0.00	\$0.00	\$131,196.02	\$131,196.02	
9020	Interest	\$45,660.35	\$45,660.35	\$26,635.20	\$23,997.89	-\$2,637.31	-9.90%
9010	Rx Rebates	\$3,000,000.00	\$3,000,000.00	\$2,000,000.00	\$1,608,600.12	-\$391,399.88	-19.57%
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>\$34,656,735.78</b>	<b>\$33,778,276.29</b>	<b>-\$878,459.49</b>	<b>-2.53%</b>

## Key Facts:

1. Total Income was 2.53% below the amended budget, with premium income being 1.89% below the amended budget for the first 7-months 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. Rx Rebates received totaled \$727,509.70 from the 1<sup>st</sup> quarter of 2022, however this fell short of the projection based on the RFP data submitted.



# 2022 Income Budget vs Actual (07/31/2022)

## Key Facts (continued):

- c. The number of contracts insured by the Consortium increased by 2.86% and the number of covered lives grew by only 1.78%. 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	3,121	1,410	1,884	6,415

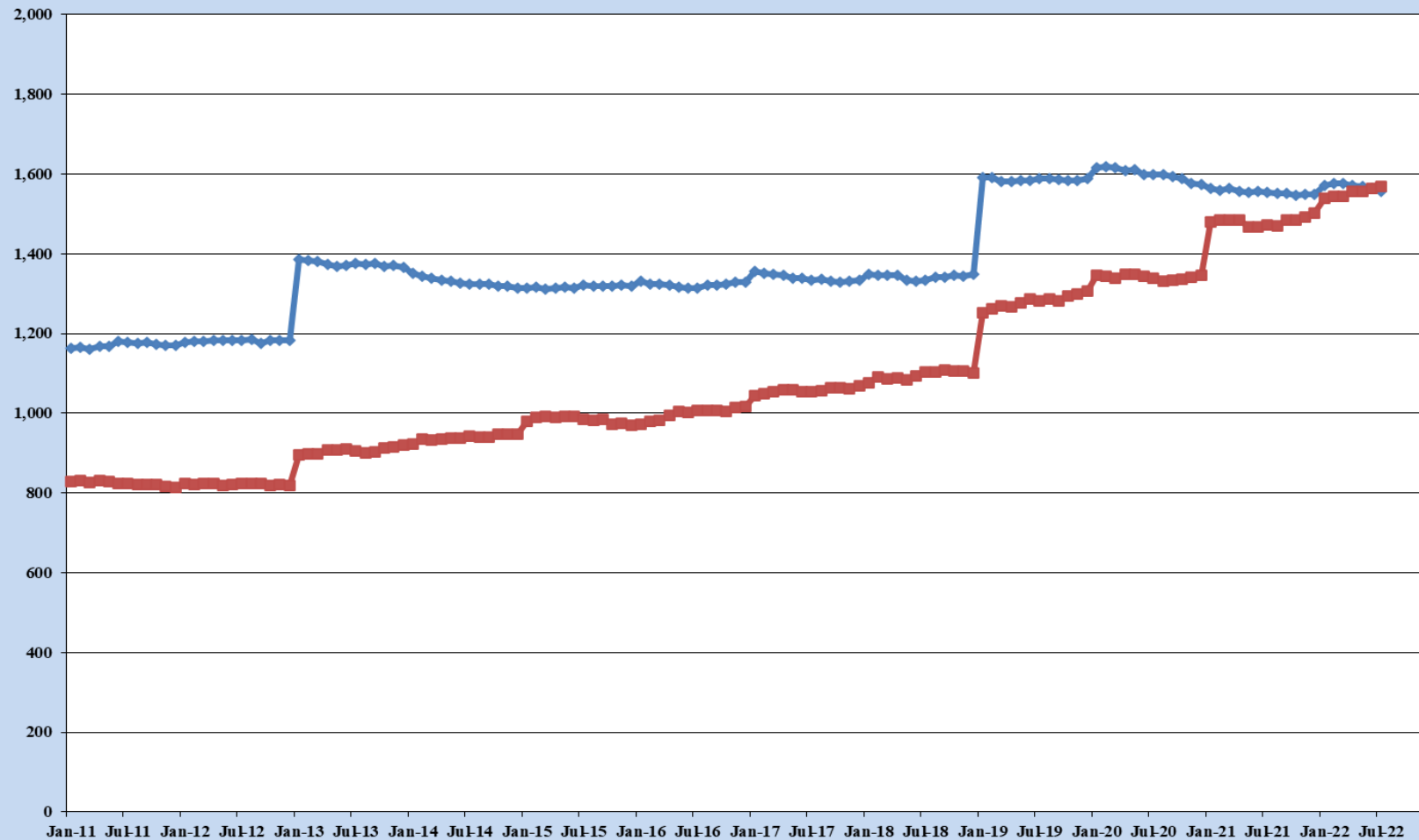
*Monthly Average Contract Count by Fiscal Year*

<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	1,569	1,554	3,123	2.054	3.098

# Greater Tompkins County Municipal Health Insurance Consortium

## Monthly Contract Count by Plan Type

January 1, 2011 to July 31, 2022

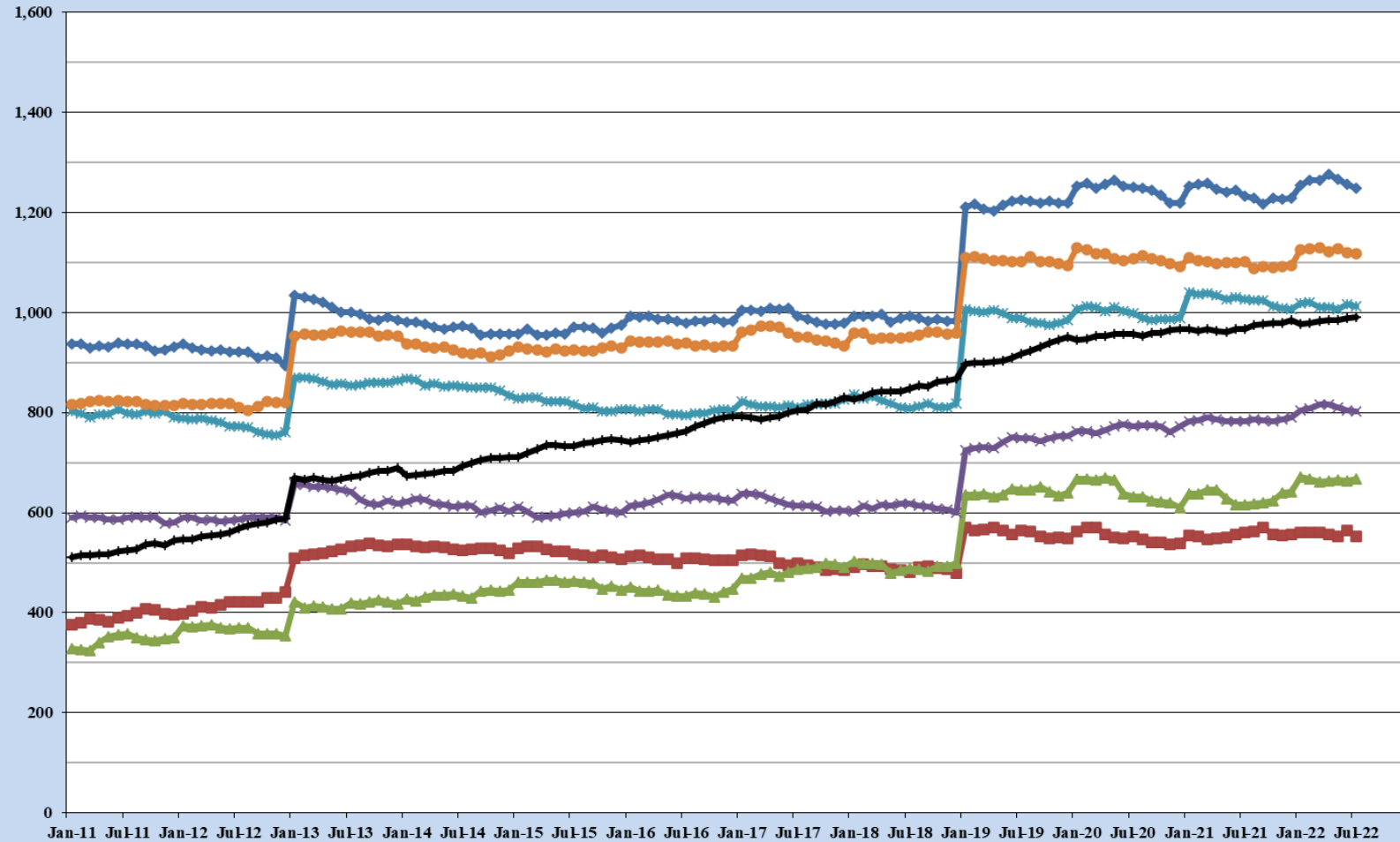


Family Contracts Individual Contracts

# Greater Tompkins County Municipal Health Insurance Consortium

## Monthly Covered Lives by Age Band

January 1, 2011 to July 31, 2022



# 2022 Income Budget vs Actual (07/31/2022)

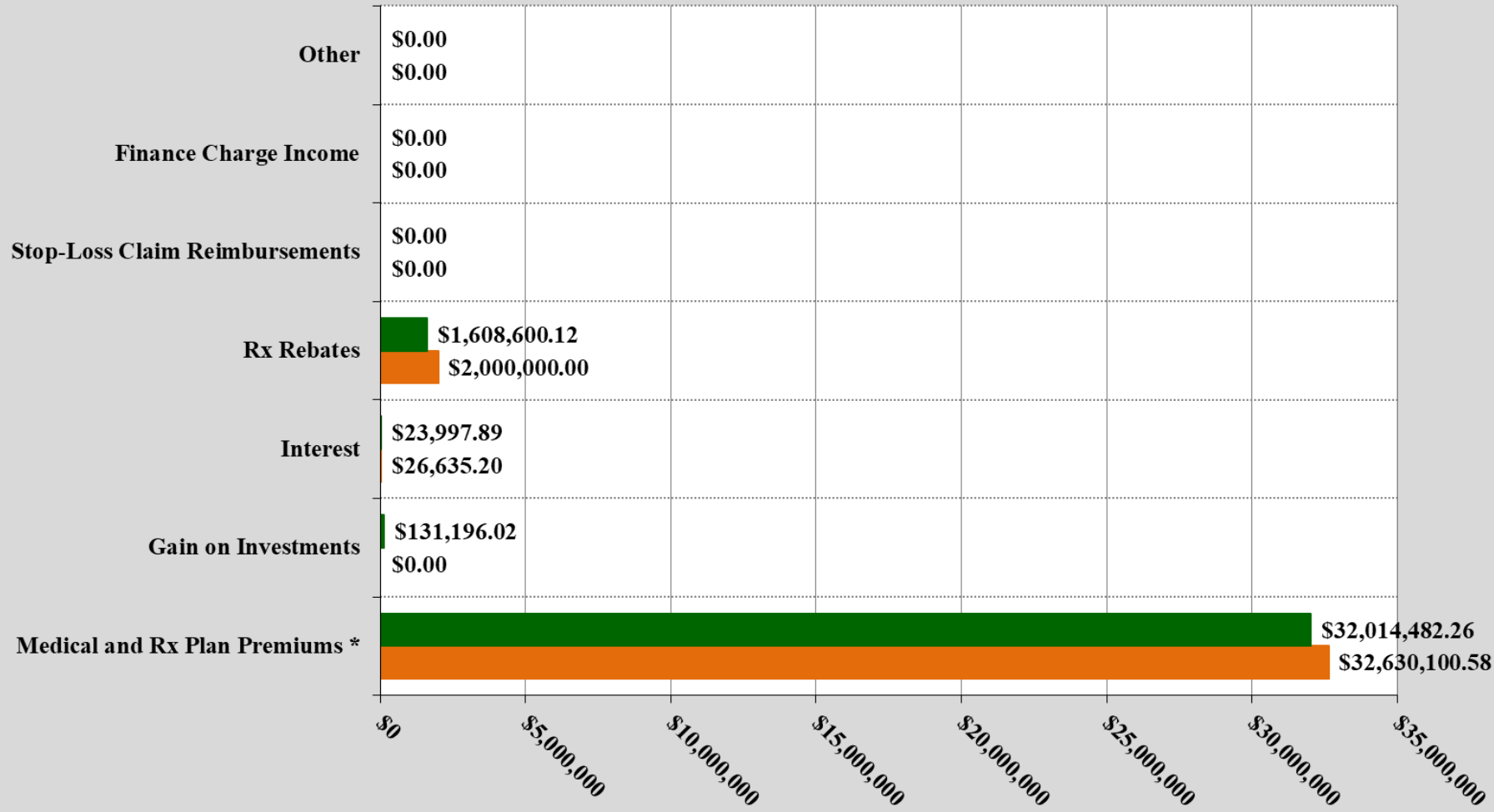
## Key Facts (continued):

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 three pharmaceutical manufacturer rebate payments received from ProAct, Inc. for the 2022 Fiscal Year to date. The Consortium did experience an enhancement to the July payment of \$727,509.70, however, it did not hit the budgeted expectation. 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 \$985k 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 Other Income as of July 31<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 July 31, 2022

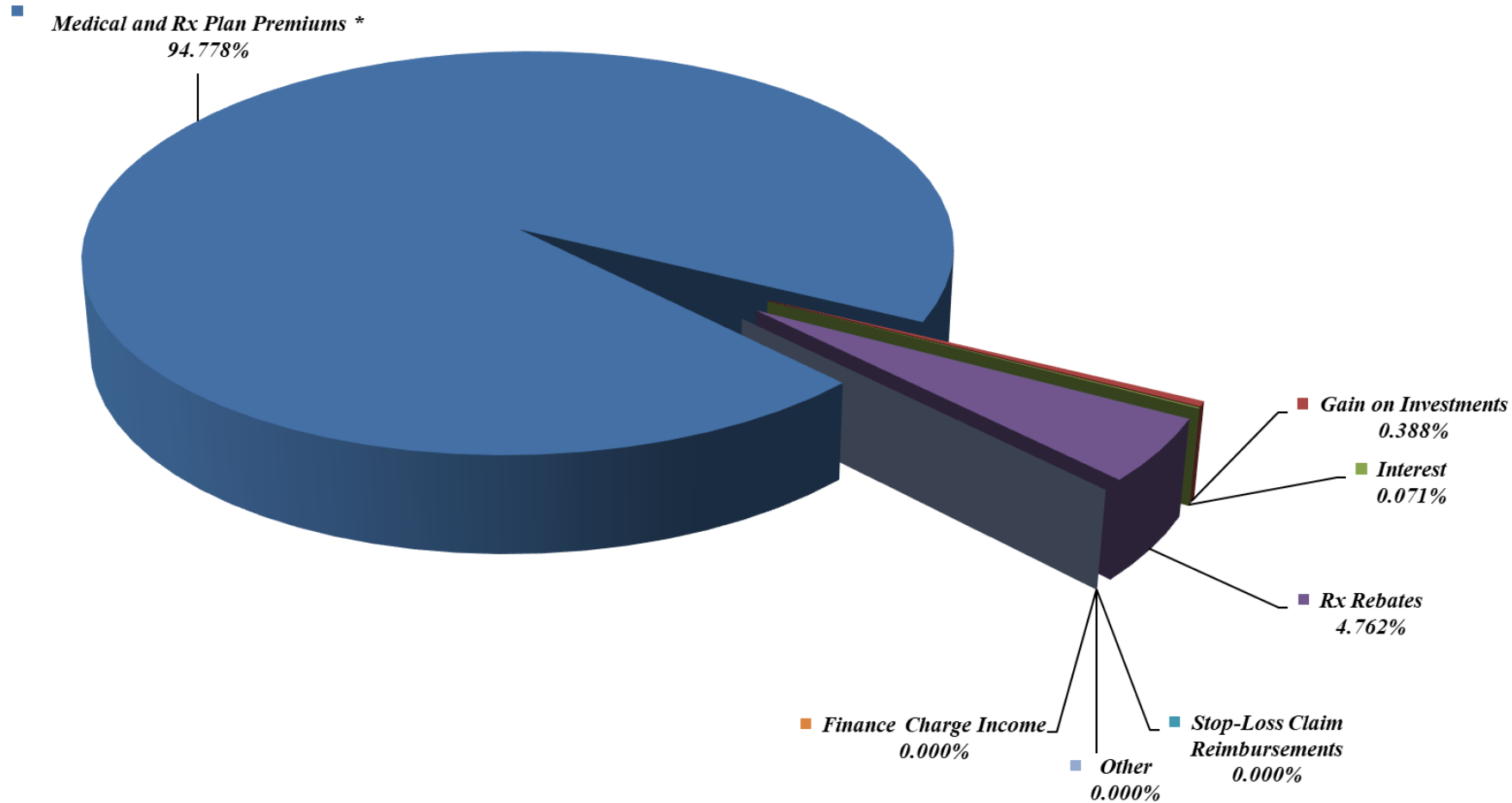


■ 2022 Actual Income ■ 2022 Budgeted Amounts

# Greater Tompkins County Municipal Health Ins. Consortium

2022 Income Distribution

January 1, 2022 to July 31, 2022



■ Medical and Rx Plan Premiums \* ■ Gain on Investments ■ Interest ■ Rx Rebates ■ Stop-Loss Claim Reimbursements ■ Finance Charge Income ■ Other



# Section 2

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

# 2022 Expense Budget vs Actual Results (07/31/2022)

		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	\$23,461,222.38	\$21,831,031.59	-\$1,630,190.79	-6.95%
	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	\$9,523,134.13	\$9,471,345.25	-\$51,788.88	-0.54%
8121	Rx Paid Claims - CanaRx	\$161,366.59	\$161,366.59	\$94,130.51	\$91,797.70	-\$2,332.81	-2.48%
8084	Flu Clinic Fees	\$20,037.48	\$23,042.13	\$13,441.24	\$0.00	-\$13,441.24	-100.00%
8050	Medical Admin Fees	\$1,521,623.78	\$1,502,656.92	\$876,549.87	\$911,576.37	\$35,026.50	4.00%
	Rx Admin Fees	\$206,958.25	\$226,592.82	\$132,179.15	\$153,449.17	\$21,270.03	16.09%
8091	NYS Covered Lives Assessment	\$391,982.86	\$319,060.15	\$186,118.42	\$215,597.76	\$29,479.34	15.84%
9060	ACA PCORI Fee	\$18,886.41	\$18,886.41	\$18,886.41	\$17,585.37	-\$1,301.04	-6.89%
8110	Specific Stop-Loss Insurance (Actual)	\$313,950.00	\$723,382.00	\$421,972.83	\$173,192.90	-\$248,779.93	-58.96%
8000	Accounting Fees	\$19,000.00	\$19,000.00	\$11,083.33	\$12,200.00	\$1,116.67	10.08%
8010	Actuarial Fees	\$10,000.00	\$10,000.00	\$5,833.33	\$7,200.00	\$1,366.67	23.43%
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	\$29,922.08	\$19,875.00	-\$10,047.08	-33.58%
8055	Consultant Fees (Barber & Strat Plan)	\$45,000.00	\$25,000.00	\$14,583.33	\$0.00	-\$14,583.33	-100.00%
8030	Consultant Fees (L&C)	\$91,650.00	\$91,650.00	\$53,462.50	\$53,375.00	-\$87.50	-0.16%
8070	Legal Fees	\$12,000.00	\$12,000.00	\$7,000.00	\$5,357.00	-\$1,643.00	-23.47%
8065	Wellness Program Costs	\$25,000.00	\$25,000.00	\$14,583.33	\$205.00	-\$14,378.33	-98.59%
66001	Executive Director (Salary)	\$96,450.00	\$96,450.00	\$56,262.50	\$55,641.30	-\$621.20	-1.10%
66002	Fringe Benefits	\$119,635.00	\$119,635.00	\$69,787.08	\$45,656.62	-\$24,130.46	-34.58%



# 2022 Expense Budget vs Actual Results (07/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
66003	Clerk of the Board (Salary)	\$74,300.00	\$74,300.00	\$43,341.67	\$30,127.16	-\$13,214.51	-30.49%
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	\$32,806.67	\$32,445.00	-\$361.67	-1.10%
66006	Finance Manager (Salary)	\$72,100.00	\$72,100.00	\$42,058.33	\$41,596.20	-\$462.13	-1.10%
8060	Insurances (D&O / Prof. Liability)	\$55,650.00	\$53,004.00	\$30,919.00	\$33,988.50	\$3,069.50	9.93%
8041	Internal Coordination (Finance)	\$20,000.00	\$20,000.00	\$11,666.67	\$11,666.67	\$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	\$3,500.00	\$3,500.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$6,485.00	\$6,681.00	\$3,897.25	\$3,897.25	\$0.00	0.00%
9065	Marketing Expenses	\$2,575.00	\$8,000.00	\$4,666.67	\$830.37	-\$3,836.30	-82.21%
9055	Investment Management Services	\$12,360.00	\$12,360.00	\$7,210.00	\$5,983.91	-\$1,226.09	-17.01%
8150	Supplies Expense	\$4,080.00	\$4,080.00	\$2,380.00	\$2,225.63	-\$154.37	-6.49%
8151	Computer Equipment	\$11,545.00	\$11,545.00	\$6,734.58	\$5,516.31	-\$1,218.27	-18.09%
8152	Lease Expense / Parking Fees	\$13,370.00	\$13,370.00	\$7,799.17	\$6,111.55	-\$1,687.62	-21.64%
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$583.33	\$276.57	-\$306.76	-52.59%
8154	Software	\$0.00	\$0.00	\$0.00	\$825.72	\$825.72	0.00%
8155	Postage	\$0.00	\$0.00	\$0.00	\$752.95	\$752.95	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	\$4,430.42	\$747.25	-\$3,683.17	-83.13%
<b>Total Expenses</b>		<b>\$60,792,011.28</b>	<b>\$61,143,723.29</b>	<b>\$35,271,436.18</b>	<b>\$33,897,939.19</b>	<b>-\$1,373,496.99</b>	<b>-3.89%</b>
<b>Net Income</b>		<b>\$6,092.82</b>	<b>-\$2,160,747.66</b>	<b>-\$614,700.40</b>	<b>-\$119,662.90</b>	<b>\$495,037.50</b>	

# 2022 Expense Budget vs Actual Results (07/31/2022)

	Budget	Revised Budget	Year-to-Date	Actual		
<b>Paid Claims</b>	\$57,505,859.98	\$57,537,419.99	\$33,157,828.26	\$31,460,074.54	-\$1,697,753.72	-5.12%
<b>Claims Admin. Fees</b>	\$1,728,582.03	\$1,729,249.74	\$1,008,729.02	\$1,065,025.54	\$56,296.53	5.58%
<b>Stop-Loss</b>	\$313,950.00	\$723,382.00	\$421,972.83	\$173,192.90	-\$248,779.93	-58.96%
<b>Taxes and Fees</b>	\$410,869.27	\$337,946.56	\$205,004.83	\$233,183.13	\$28,178.30	13.75%
<b>Professional Services</b>	\$268,365.00	\$248,365.00	\$149,857.92	\$112,712.00	-\$37,145.92	-24.79%
<b>Insurance/Internal Fees/Investment Losses (\$571,394.15)</b>	\$564,385.00	\$567,360.00	\$328,043.33	\$853,751.08	\$525,707.75	160.26%
<b>Total Expenses</b>	<b>\$60,792,011.28</b>	<b>\$61,143,723.29</b>	<b>\$35,271,436.18</b>	<b>\$33,897,939.19</b>	<b>-\$1,373,496.99</b>	<b>-3.89%</b>
<b>Net Income</b>	<b>\$6,092.82</b>	<b>-\$2,160,747.66</b>	<b>-\$614,700.40</b>	<b>-\$119,662.90</b>	<b>\$495,037.50</b>	

The above provides an “easier to read” summary version of the expense data for the Consortium through July 31, 2022. As you will note, the paid claims which collectively include medical, prescription drug, CanaRx, Flu Clinic and any pre-paid claims account for 92.81% of the total expenses through July 2022. Overall paid claims are 5.12% (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 \$131,196.02 in gains as of July 31, 2022. (YTD net loss = \$440,198.13)

# 2022 Expense Budget vs Actual Results (07/31/2022)

## 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. As of July, 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 are billed, 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 (07/31/2022)

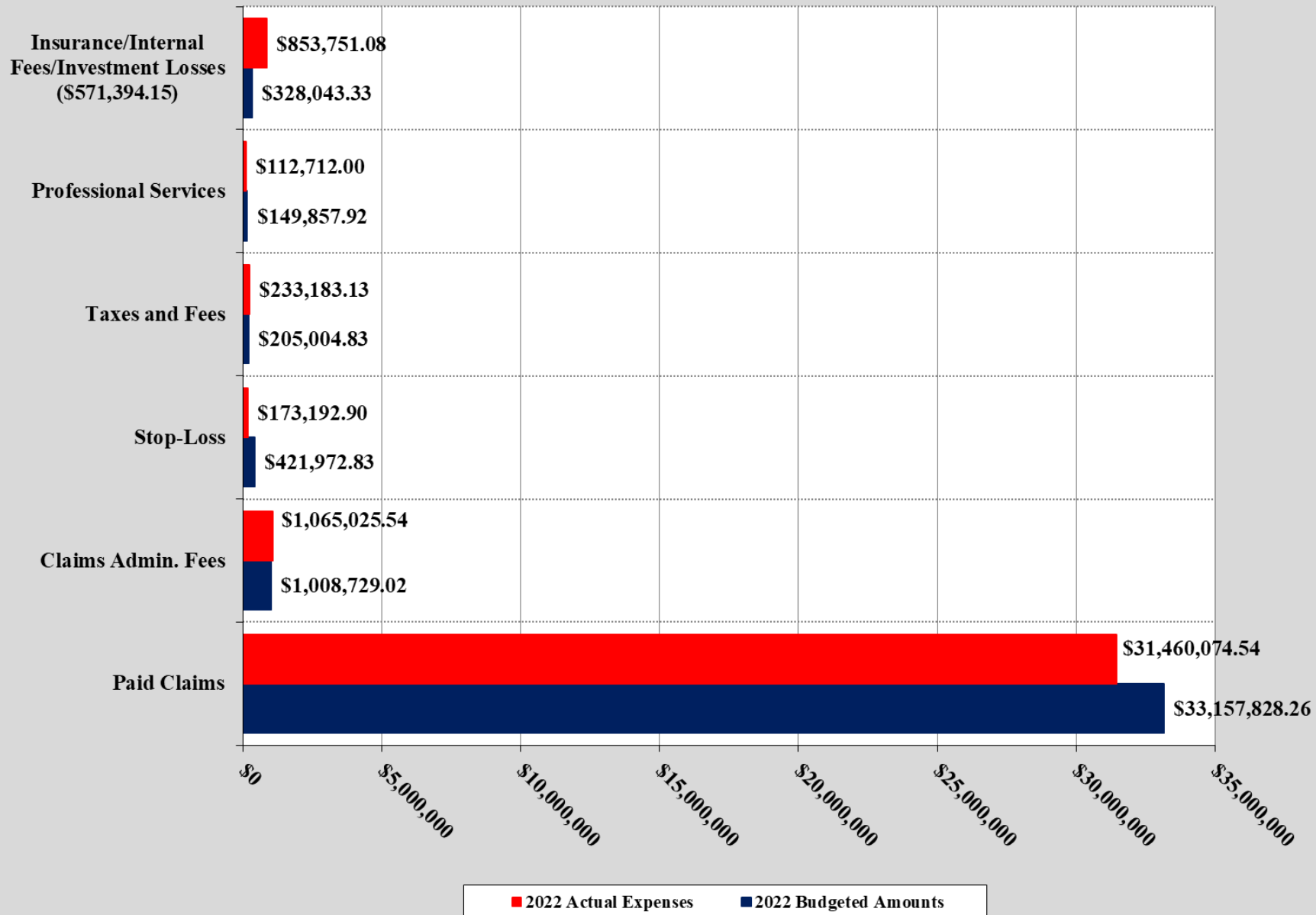
## Key Facts:

4. Medical Paid Claims in the first 7-months were **6.93% below the amended budget** for the Fiscal Year to Date. This is the result of:
  - a) An increase in the covered lives ( $\uparrow 1.78\%$ ) and in the number of contracts ( $\uparrow 2.86\%$ ) 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 **0.54% below budget** for the first 7-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.

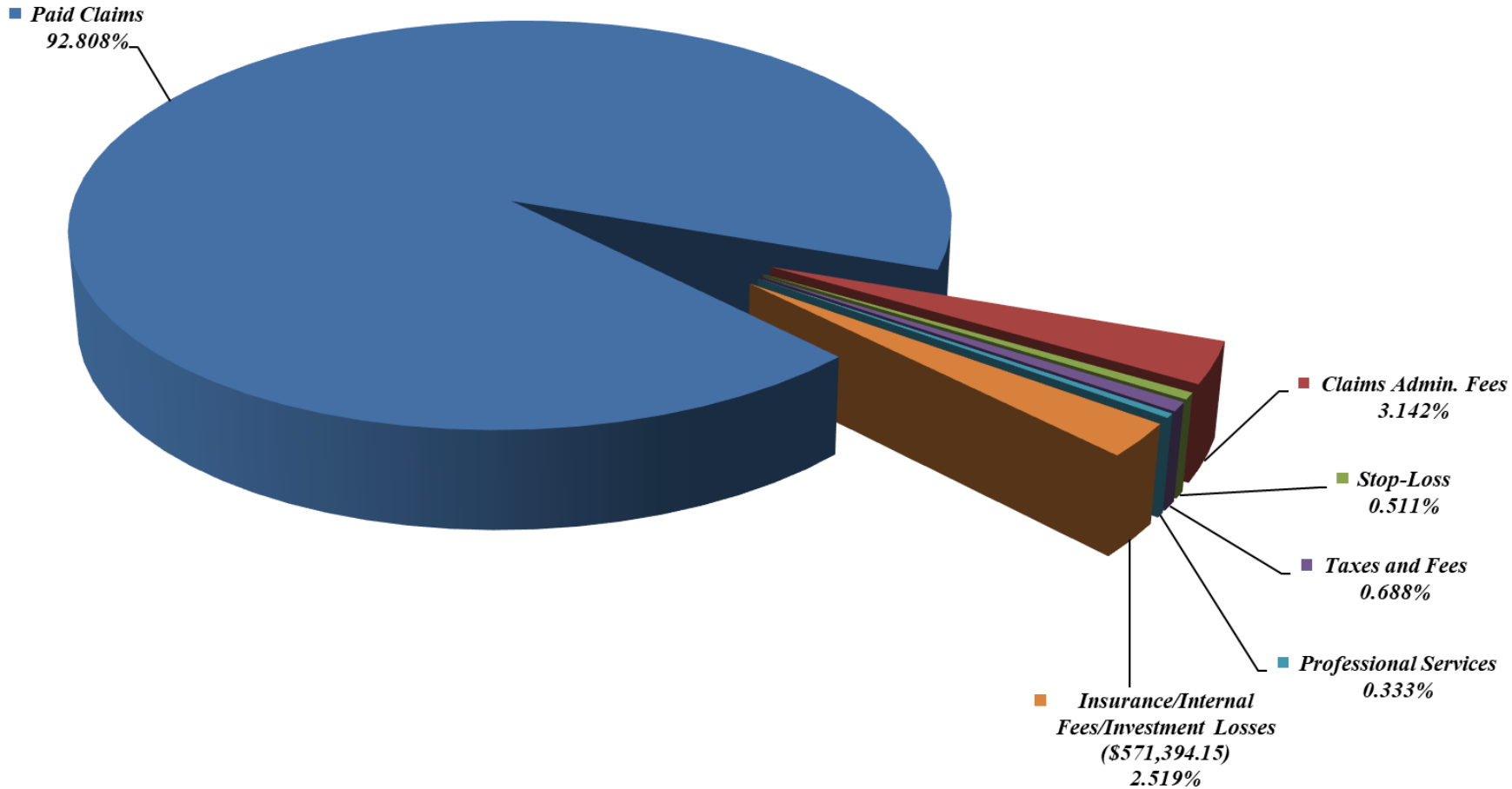
# Greater Tompkins County Municipal Health Ins. Consortium

## 2022 Expense Distribution

January 1, 2022 to July 31, 2022



**Greater Tompkins County Municipal Health Ins. Consortium**  
 2022 Expense Distribution  
 January 1, 2022 to July 31, 2022



■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees/Investment Losses (\$571,394.15)

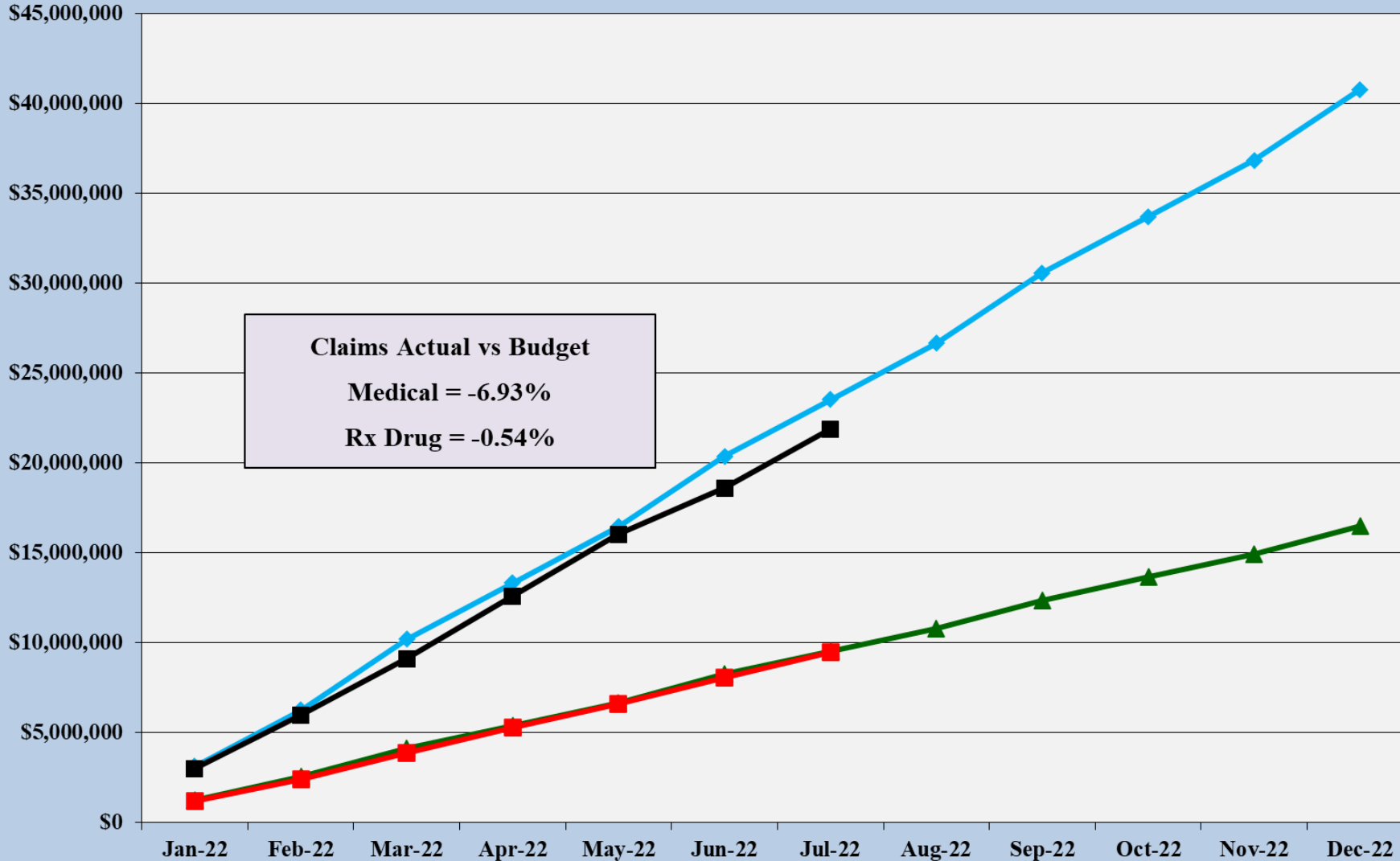


# Section 3

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



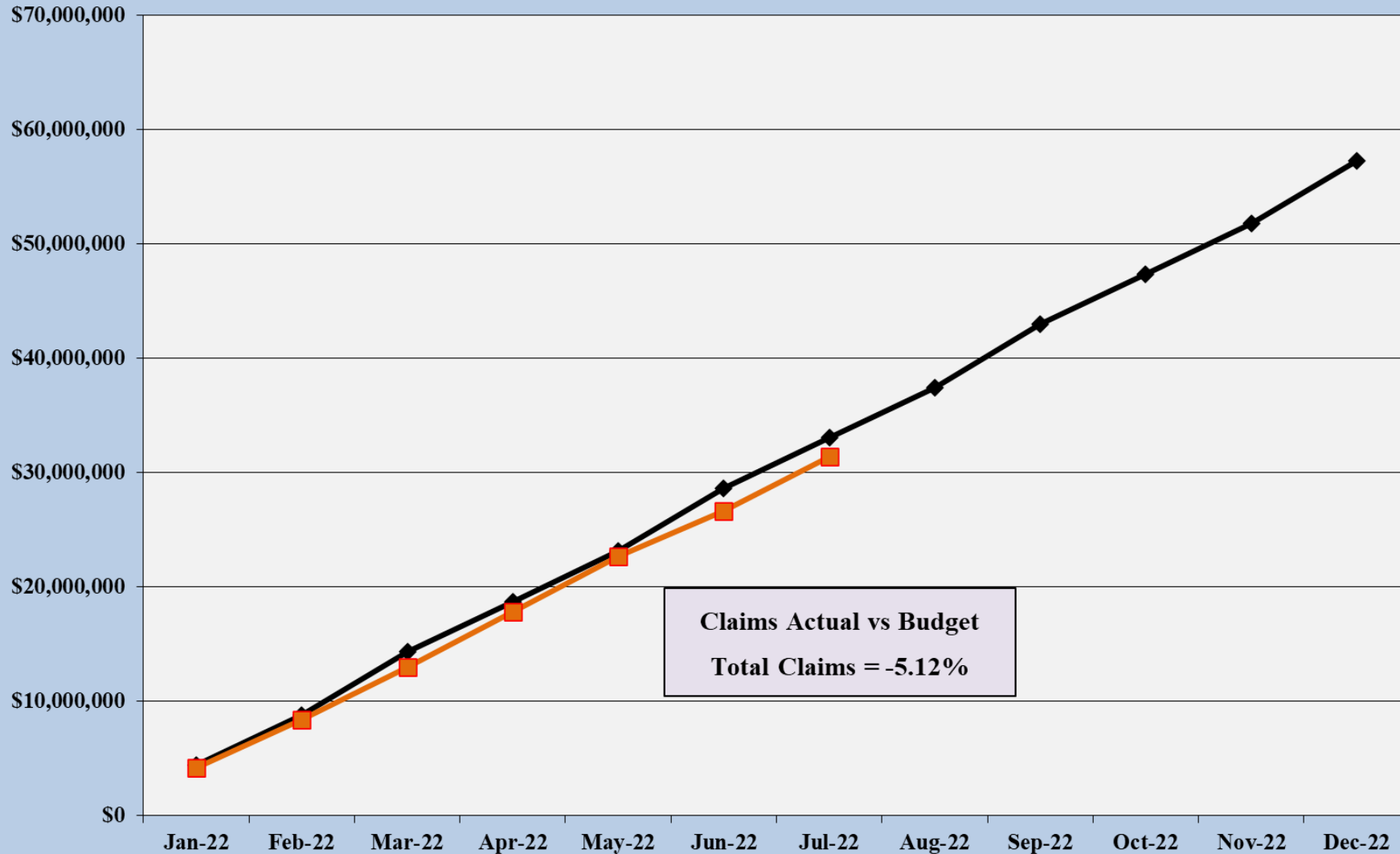
**Claims Actual vs Budget**  
Medical = -6.93%  
Rx Drug = -0.54%

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

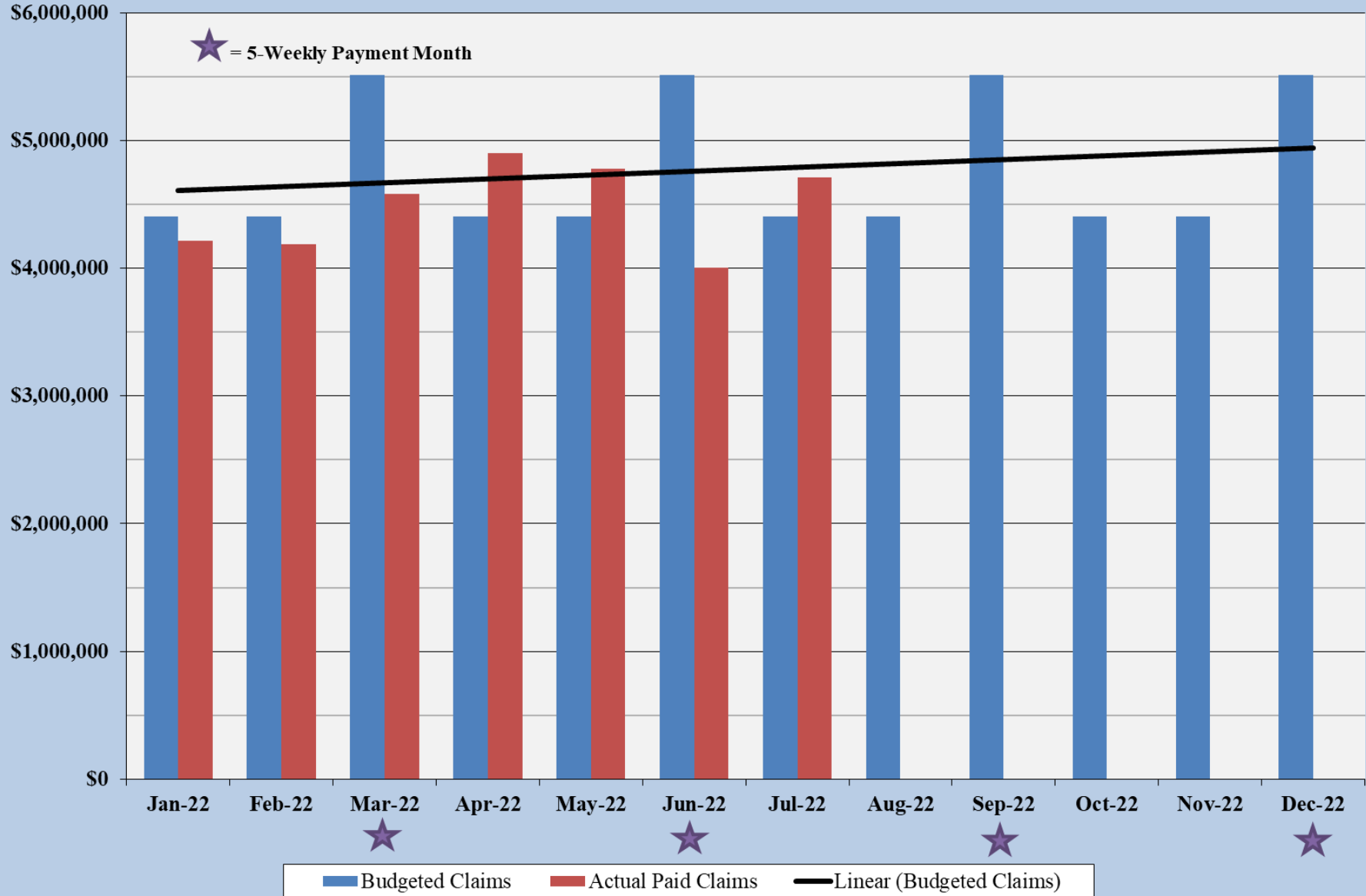


Claims Actual vs Budget  
Total Claims = -5.12%

◆ Budgeted Claims    ■ Actual Paid Claims

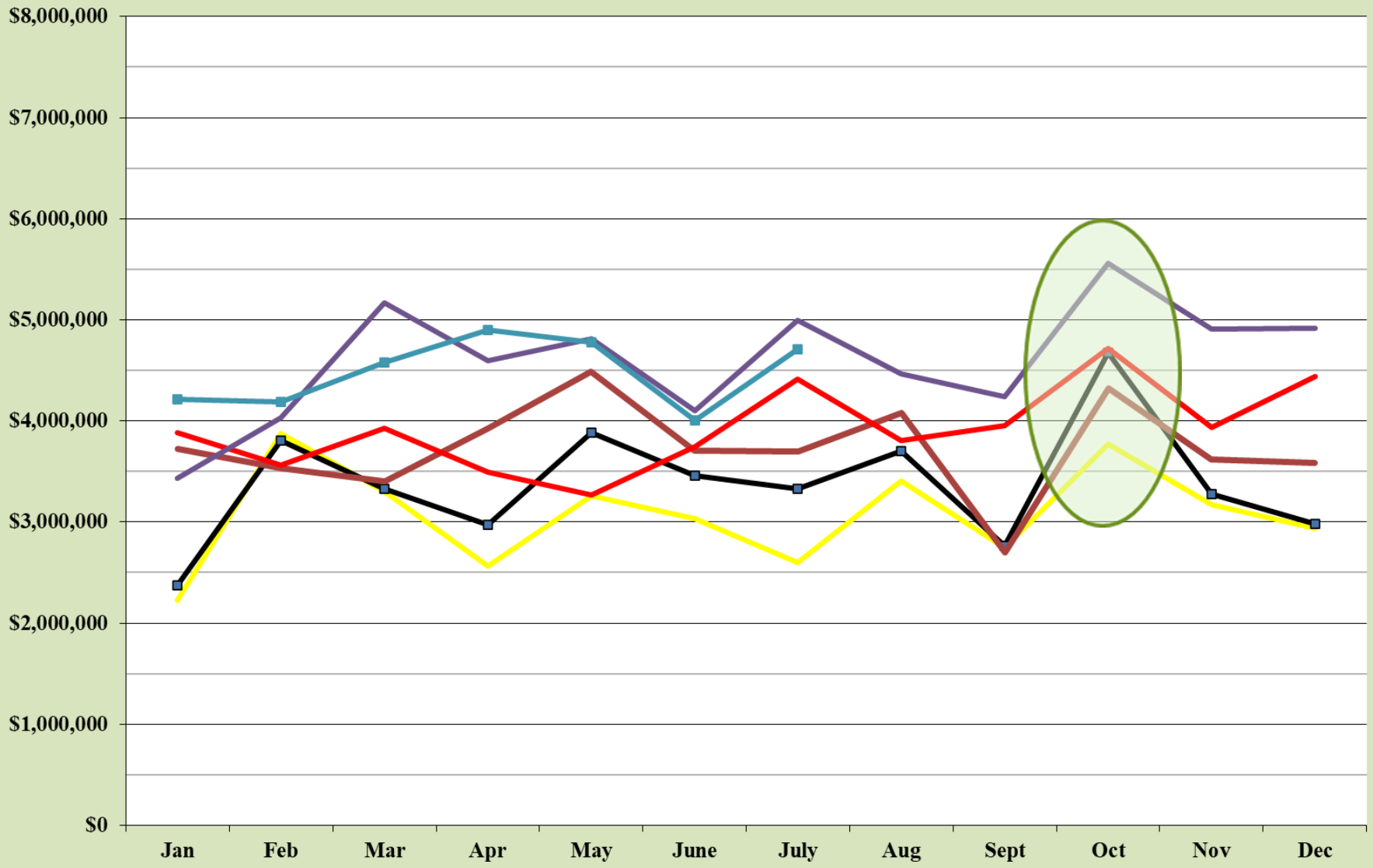
# Greater Tompkins County Municipal Health Insurance Consortium

## 2022 Budgeted vs Actual Paid Claims by Month



# Greater Tompkins County Municipal Health Ins Consortium

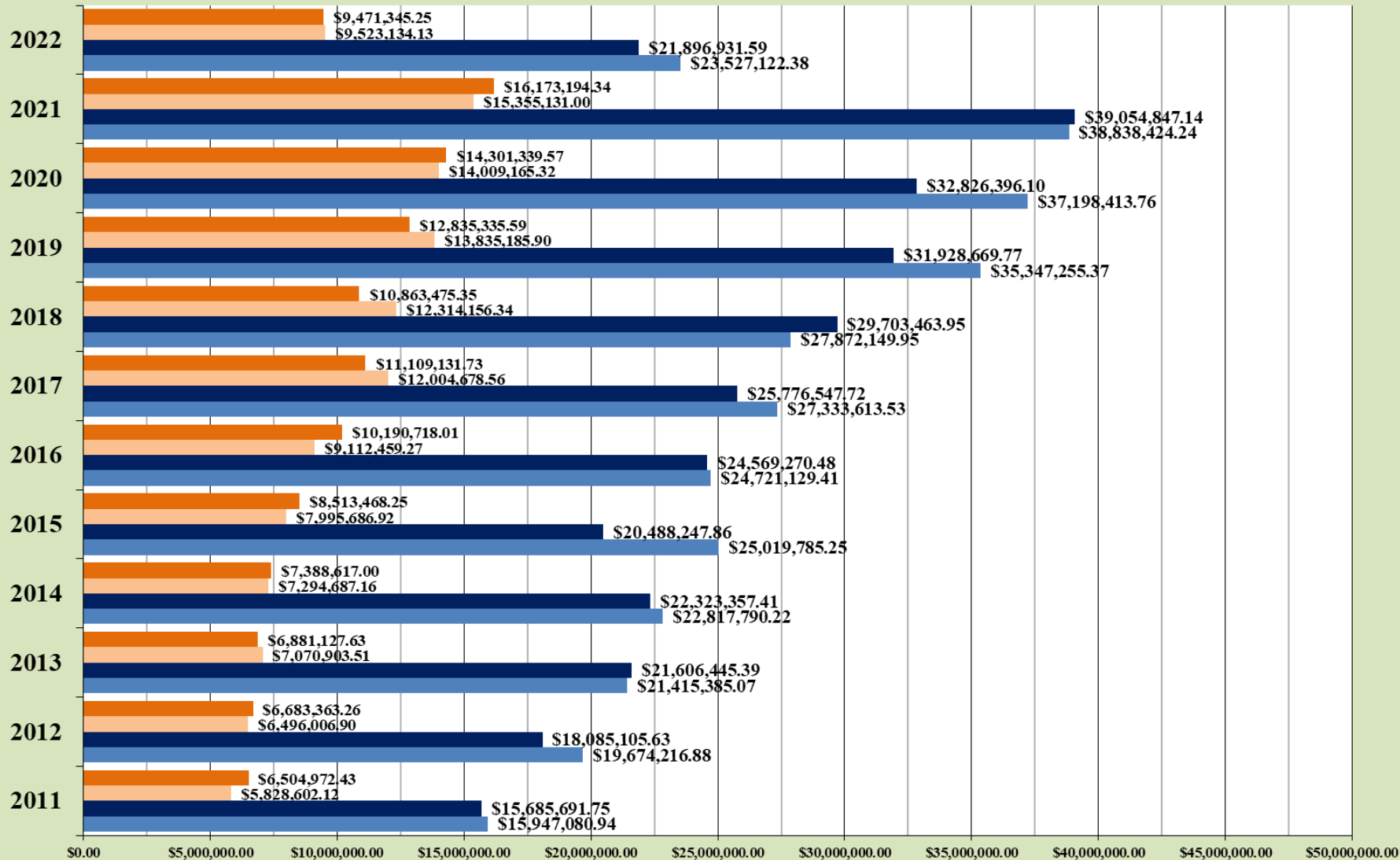
## 2017-2022 Monthly Paid Claims by Fiscal Year



2017 2018 2019 2020 2021 2022

# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2022 (as of 07/31/2022) Annual Paid Claims v Budgeted Claims

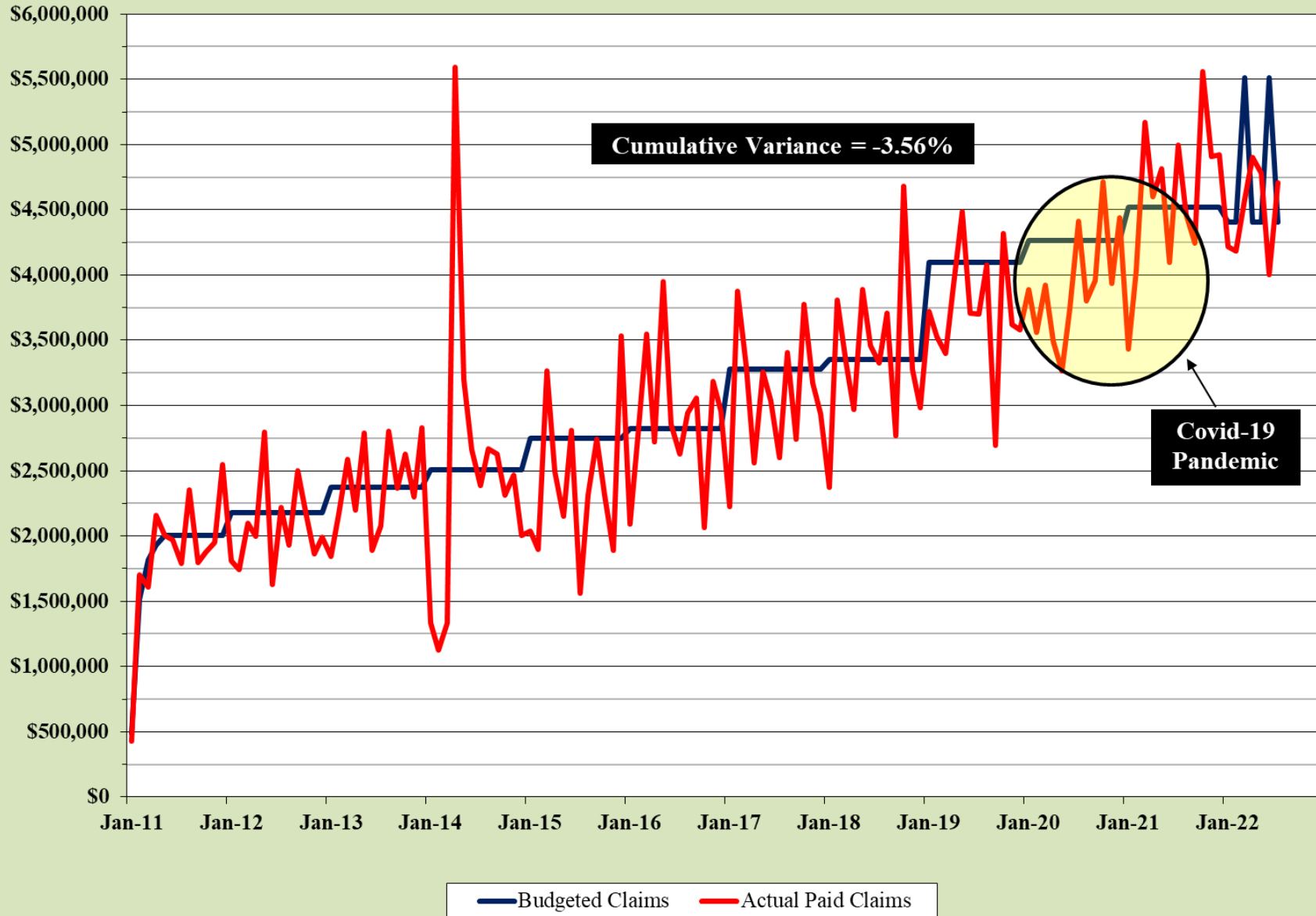


■ Actual Rx Claims   
 ■ Budgeted Rx Claims   
 ■ Actual Medical Claims   
 ■ Budgeted Medical Claims

# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2022 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to July 31, 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 Fiscal Year	2021 Fiscal Year	2022 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		<b>\$498,115.23</b>	<b>\$606,410.65</b>	<b>\$152,925.33</b>
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	<b>\$0.00</b>	<b>\$0.00</b>
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	<b>\$186,798.19</b>	<b>\$0.00</b>
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	<b>\$133,727.34</b>	<b>\$0.00</b>
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	<b>\$336,622.21</b>	<b>\$0.00</b>
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	<b>\$148,218.91</b>	<b>\$0.00</b>
Catastrophic Claims Self-Insurance Pool Claims		<b>\$0.00</b>	<b>\$805,366.65</b>	<b>\$0.00</b>
Net Impact on Fund Balance		<b>\$498,115.23</b>	<b>-\$198,956.00</b>	<b>\$152,925.33</b>

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

2022 Fiscal Year  
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	\$34,656,735.78	\$33,778,276.29	-\$878,459.49	-2.53%
<b>Expenses</b>						
<b>Total Expenses</b>	\$60,792,011.28	\$61,143,723.29	\$35,271,436.18	\$33,897,939.19	-\$1,373,496.99	-3.89%
<b>Net Income</b>	\$6,092.82	-\$2,160,747.66	-\$614,700.40	-\$119,662.90	\$495,037.50	
<b>Ending Balance</b>	\$29,123,540.98	\$27,745,000.50	\$28,502,747.76	\$29,786,085.26	\$1,283,337.50	4.50%
<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	\$9,531,949.84	\$10,815,287.34		

The net cash assets (unencumbered fund balance) is currently at 19.33% 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 6

## 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					

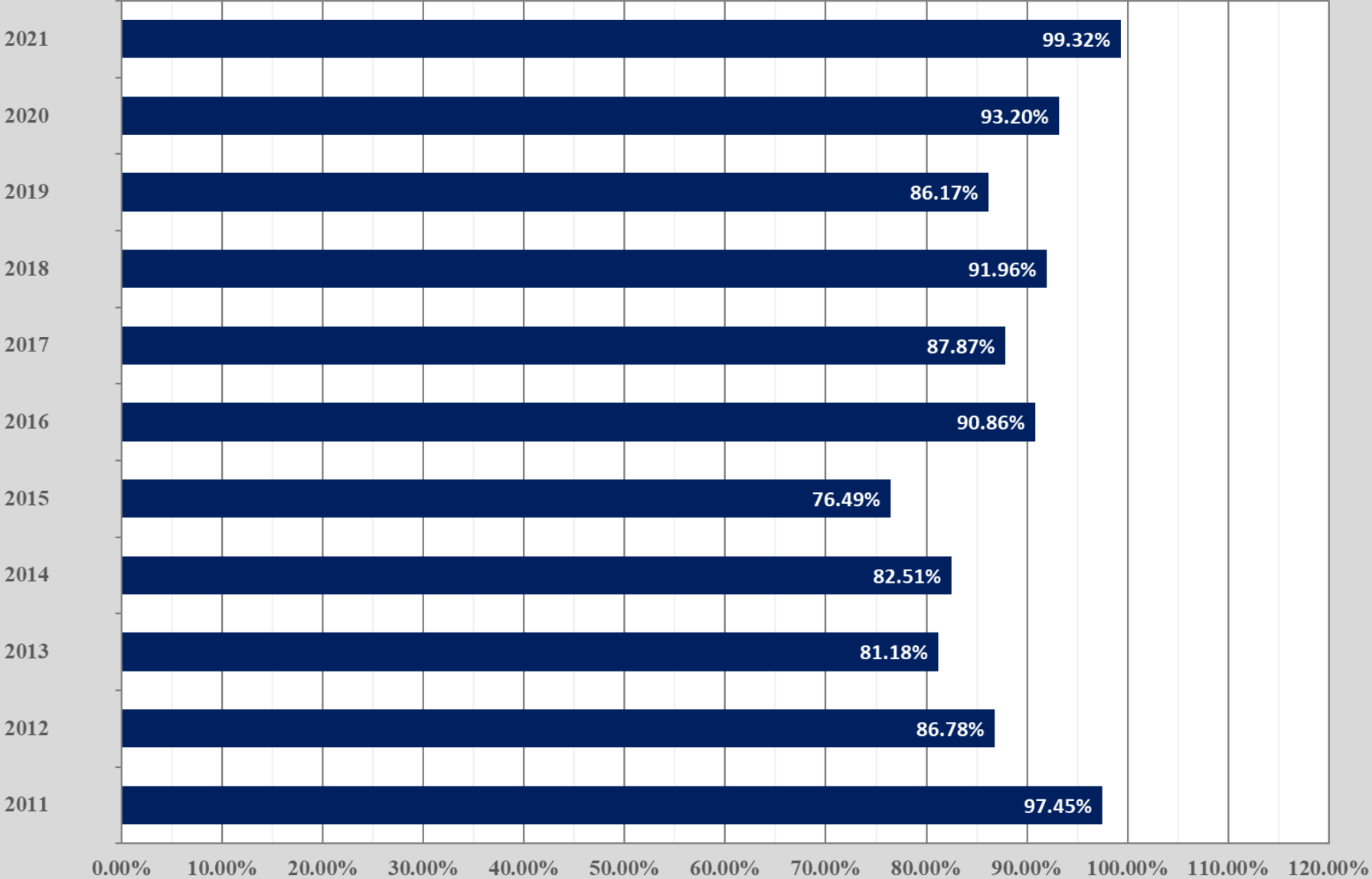
# 2022 Fiscal Year-to-Date Summary & Observations

1. The overall revenue of the Consortium is a slightly below budget as of July 31, 2022. We are analyzing the Rx Rebates, as they have fallen short of projections. It should be noted that the guarantees are per script, not a total. Therefore, this is totally based on utilization. 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 5.12% below budget** through the first 7-months of the 2022 Fiscal Year. We are keeping a close eye on the paid claims and how they continue to evolve. 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 seven months into the 2022 Fiscal Year. We will need to continue to monitor overall claim trends, especially as we work through 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 July 31, 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 July 31, 2022 is a net loss of \$440,198.13.

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



■ Medical Loss Ratio