

**Audit and Finance Committee
Minutes - APPROVED
October 25, 2022**

Town of Ithaca Aurora Room

**Satellite Locations: Village of Trumansburg, 56 E Main Street, Trumansburg, NY 14886 (V)
Bolton Point, 1402 East Shore Drive, Ithaca, NY 14850 (B)**

Present: Steve Thayer; Eric Snow*; Rordan Hart (V); Kate DeVoe; Peter Salton (arrived 3:22p); Amanda Anderson; Bud Shattuck*

Absent: Laura Shawley, Lorie Corsette

Staff/Guests: Elin Dowd, Executive Director; Lynne Sheldon*, Clerk of the Board; Steve Locey, Paul Pelton, Rob Spenard, Locey and Cahill; Judy Drake (B), Board Chair; Teri Apalovich, Finance Manager; Kylie Rodriguez, Benefits Specialist*

*Remote due to extraordinary circumstances

Call to Order

Mr. Thayer, Chair, called the meeting to order at 3:01 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of September 13, 2022

It was MOVED by Mr. Thayer, seconded by Mr. Shattuck, and unanimously adopted by voice vote of members present via remotely, to approve the minutes of September 13, 2022, as submitted. MINUTES APPROVED.

Executive Director Update

Ms. Dowd mentioned the audit with the Department of Financial Services (DFS) is ongoing. The Consortium has not heard from DFS in excess of a month with updates. The DFS does have all the information that they need from the Consortium, however, they have not started the finance portion of the audit.

Ms. Dowd mentioned there have been discussions with the Operations Committee of the need for additional systems and/or resources for business risk and cyber security. These systems and/or individual would be relevant to the DFS and the transmitting of healthcare data. This extra resource would act as Chief Information Officer to make sure contracts are compliant and the Consortium is not under any risks of a cyber-attack and a continuation of HIPAA compliance.

Mr. Shattuck asked the approximate costs regarding the extra resources suggested. Ms. Dowd said Tompkins County suggested the Consortium reach out to Bonadio Group, CPA and Consultants, who has done this type of resource for similar entities. Ms. Dowd said based on a tentative information, services should not exceed \$10,000; however, the final audit report is not written yet, so it is not certain what exact services will be needed. She said that DFS has put the Consortium in the same category as a full-blown insurance company doing our own claims, managing HIPAA information, and having the protective firewall. Ultimately, the Consortium needs to make sure entities the Consortium works with are compliant.

Ms. Dowd said that she has sent the Municipal Cooperative Agreement (MCA), along with the request of the Certificate of Authority for Monroe and Livingston County but has not received acknowledgment yet. She is confident the MCA will be approved based on previous years' experience with the approval process. The Consortium is currently asking the existing municipalities to sign the 2023 MCA amendment.

Medicare Advantage Update

Ms. Dowd announced that the Executive Committee approved a resolution to offer a Medicare Advantage Plan to members that offer retirement options to their employees. A Request for Proposal (RFP) with the notion of 500 subscribers would be eligible to elect as they already had a retirement product. The approval was for Aetna, who anticipated all 500 would come on board in January, including City of Ithaca.

Ms. Dowd said Aetna provided disclosure of their agreement stating if the Consortium's covered final numbers fall 10-15% plus or minus the initial covered lives provided, a new quote would be provided. The Consortium advised Aetna many groups will not be starting January 1st, so they adjusted timing information as well. Ms. Dowd said that she is having an upcoming meeting with Aetna to discuss these items in further detail.

Ms. Dowd reported the Medicare Advantage Plan that was closest comparison to the Medicare Supplement Plan, was originally priced at \$246/month. Aetna increased the price to \$287/month. The plan that mimicked the Platinum plan was increased from \$140/month to \$189/month. Aetna also moved the start date to March 1, 2023, with the assumption of 222 lives.

Ms. Dowd said she and Ms. Rodrigues are researching and working with Locey & Cahill regarding advancements with the plan(s). Ms. Rodrigues added Aetna is required by Centers for Medicare & Medicaid Services (CMS) to send out notifications with a 45-day notice, so it's difficult to move that effective date backwards. Because of this, Ms. Dowd said that this may advance the Medicare Advantage options to 2024 as she does not sense that the groups are interested in a March 2023 start date at this time.

New Member Update

Ms. Dowd reported that the Consortium is working on getting all new members on board and hoping to have their rosters by the end of the month.

Budget Amendment Process

Ms. Dowd reminded that since the budget for 2023 is approved, possible amendments will be made specifically at the February meeting. The Consortium will be working on updates with Locey & Cahill with stop-loss and some other renewals that may affect the 2023 budget. New members will need to be added to income, and there will be approximately seven municipalities who will be making plan changes. ProAct Rebates will be coming in as well as additional information on catastrophic claim reserves.

Mr. Locey added that premium income is something that will be adjusted slightly on the revenue side. He also added that the prescription drug rebates are a separate analysis as they are relying on ProAct to advise as to where they think the rebate will fall in the coming year. Other areas

for expense will be administrative fees paid to Excellus and ProAct, paid claims, and stop-loss insurance premiums. Once adjustments are made to those numbers, adjustments to the reserve outlook will need to be made. He said the fixed cost items beyond the administrative fees will remain the same based on a few contracts being added or changed. He added those are all fixed numbers from the internal fees, the external consulting fees, and the actuaries and auditors should all stay the same.

Abstract Approval

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

Budget Performance Report

Mr. Pelton referred to the monthly Budget Performance Report as of September 30, 2022. Revenue is 2.5% under budget, 2% under premiums, and under budget with RX rebates. It is expected that the second rebate for the second quarter is to come shortly as well as the reconciliation payment, which is expected in November. Mr. Pelton said he expects the rebate number coming in over budget.

Mr. Pelton showed the combined Medical and Rx Paid Claims were 4.49% below budget through the first 9-months of the 2022 Fiscal Year. Locey & Cahill is 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.

Mr. Locey added medical claims are one item they are trying to determine how much is based on group movement in terms of savings, and how much is tied to large loss. Once the yearly reporting is completed, they will break it down to show why it's under budget. RX Administrative fees are up due to more prior authorizations as more individuals are on medications compared to last year. He said another item to put consideration in the future is when expanding the area of the Consortium, the New York State Covered Lives Assessments are based on a per contract/per month fee based on different regions of the State. Different regions may have vastly different rates.

Mr. Pelton showed an investment as a loss entry of \$708,000 on the financial reports. Mr. Salton questioned the process of how this investment loss is mandated. Mr. Locey explained during the audit process, the Consortium was recommended to mark-to-market, which is an accounting practice that involves adjusting the value of an asset to reflect its value as determined by current market conditions. The market value is determined based on what a company would get for the asset if it was sold at that point in time. Ms. Dowd reminded the Consortium has only had a savings account previously, not an investment, so this accounting entry is new to the Consortium.

Mr. Salton raised concern that the entry is distracting to the numbers portrayed on the report. Mr. Locey advised to having Insero & Co. CPA answers questions at a subsequent meeting.

Report on Large Loss Claim Activity

Mr. Spenard reported through September 2022 there are 44 members above \$100,000 totaling approximately \$8.2 million in paid claims. In comparison to last year's data, there was approximately \$7.1 million in paid claims, with 35 members above \$100,000. There is an increase, however, there has been an increase in life and contract counts since last year. He said there is also a large claim coming through this week totaling \$140,000, however the medical paid claims are below budget.

Mr. Spenard mentioned regarding Stop-Loss Insurance, Locey & Cahill did receive the necessary data to go to market and will be sending illustrative rates out in the next week. He said firm premium numbers will not go out until the end of November/beginning of December, as Vendors will be looking for ten months' worth of large loss data.

Next Meeting Agenda Topics

Locey & Cahill contract
Insero & Co. CPA in attendance
Stop-Loss Information
End of the Contract Review Including EPLI and D&O

Adjournment

The meeting adjourned at 3:44 p.m.

Next Meeting December 6, 2022

Respectfully submitted by Lynne Sheldon, Clerk of the Board