Greater Tompkins County Municipal Health Insurance Consortium

Audit and Finance Committee

April 26, 2016 - **3:30 p.m.**

Old Jail Conference Room

1. Call to Order (3:30) — Thayer

2. Approve Minutes of March 22, 2016 Meeting (3:32)

3. JURAT Update (3:35) — Snyder

4. Audit Report (3:40) — Insero & Co. (CDLM)

5. 2016 Financial Update (3:55) — Locey

6. Report on Stop Loss Insurance (4:05) — Highmark

7. Executive Director's Report (4:20) — Barber
    a. Newsletter & Retreat
        1. **Resolution:** Approval of Contract for Independent Contractor and Newsletter expenses
    b. Recertification process update
    c. Summary of ProAct Utilization Report

8. Medical Claims Audit Update (4:30) — Locey

9. Prescription Drug Claims Audit Update (4:35) — Locey

10. Request for Proposals – Medical Claims Audit (4:50) — Barber

11. **Resolution:** Extension of Executive Director Contract

12. Next Agenda Items (5:00)
    Request for Proposals – Prescription Drug Administrator

11. Adjournment (5:00)

Next Meeting: May 24, 2016

- *Invoices provided to members for information only (no action required)*

Minutes - draft
Audit and Finance Committee
March 22, 2016
3:30 p.m.
Old Jail Conference Room

Present: Steve Thayer, Chuck Rankin, Laura Shawley, Mack Cook
Absent: Phil Vanwormer, Peter Salton
Guests: Rick Snyder, Steve Locey, Judy Taber, Judy Drake, Don Barber

Call to Order

Mr. Thayer called the meeting to order at 3:33 p.m.

Approval of Minutes of February 23, 2016

It was MOVED by Mrs. Shawley, seconded by Mr. Rankin, and unanimously adopted by voice vote by members present, to approve the minutes of February 23, 2016 as submitted. MINUTES APPROVED.

Executive Director's Report

Mr. Barber reported the first Consortium Newsletter was completed and released. He welcomed feedback on the issue and said he is developing content for the next one. He is also working on the Annual Report and will include some of that information in the next issue. The Retreat will be held on May 10th at 9 a.m. The Logo contest is now underway and is being widely broadcast at various places, including Cornell and Ithaca College. Utilization reports from ProAct and Excellus will be presented over the next two Joint Committee meetings and will include a high level of detail.

Mr. Barber reported on the appeal that was filed and stated the Appeals Committee met and the party was notified of the outcome. He reviewed the details surrounding the claim and said the basis for the Committee granting an additional payment to the appealing party was due to Excellus having misrepresented the amount that would be paid for the claim.

Mr. Locey asked if after the Consortium makes the additional payment to the individual if Excellus should be asked to pay all or a portion of the additional payment due to it being an error on Excellus' part. He said he believes if Excellus had provided accurate information about the payment amount the individual would have accepted that amount or chose another option for the service. Mr. Locey will draft a letter to Excellus for Mr. Barber to sign that will request Excellus to cover this expense due to it being an error on their part.

Mr. Barber reported on the request made to the Department of Financial Services concerning the Aggregate Stop Loss waiver asking for reconsideration and was informed the person to whom the letter was addressed is no longer working for the Department, however, they acknowledged receipt of the letter and stated they are considering it.

RESOLUTION NO. 2016 – DIRECTING EXECUTIVE DIRECTOR TO COMMUNICATE WITH EXCELLUS FRAUD UNIT REGARDING DEPENDENT RECERTIFICATION PROCESS

MOVED by Mr. Cook, seconded by Mr. Rankin.

Mr. Barber reported on the Dependent Recertification Process and stated there are still unresolved issues. After reaching out to the three employers who have not signed a dependent certification form he met with the County and TC3 at their request to provide additional information but there has not been any progress reported since that time. He said there are presently close to 60 individuals who are receiving family-rated health insurance through the Consortium but the dependents have not been certified. He said a draft resolution was provided for the purpose of moving discussion along and it was provided to representatives of the County, City and TC3. The only response he received was from Olivia Hersey, a labor representative on the Board of Directors, who felt the process needed more time. He responded to her that if there is interest developing a proposal to do the certification it can be heard but if there isn't there needs to be a resolution to the Consortium continuing to carry these 60 individuals. Mr. Snyder said he met with Ms. Jobin, Tompkins County Benefits Manager, prior to this meeting and they lowered the number of County uncertified contracts down from 40 to 25.

Mr. Thayer said on the City's end it involves mostly Fire Department employees. An agreement had been reached in October that they would do this and their attorney developed an agreement but to date that hasn't been signed. He said the City Attorney's office has been working on this but has not made any progress. He said he can support the resolution but questioned what the process would be once this is reported to the Excellus fraud unit. Mr. Locey will ask Excellus what the procedure is for when issues are submitted to the fraud unit.

Mr. Cook said every other municipality has complied with the process and strongly believes the rules need to be enforced. He stated the process has been politically, ethically, and personally costly for him. It was also costly to the City of Cortland but they completed the process.

Mr. Locey said generally the way to get an employee to comply is to cancel their coverage. He said penalizing the employer is not going to compel an employee to produce the paperwork. It would be up to the employer to decide how to handle these cases and if they determine an employee is not complying with the terms and conditions of their employment contract they have a right to cancel coverage.

Mr. Snyder said Ms. Jobin will be sending a letter out to County employees informing them if they do not submit the necessary documents their dependent insurance coverage will be dropped effective April 30th.

Mr. Locey said approximately four percent of the total population (approximately 80 people) were found during the process to be ineligible for insurance which equates to $280,000.

There was a consensus by all present that sufficient time had been given to comply with the recertification process and the Board of Directors should take action to bring the process to an end.

A voice vote resulted as follows on the resolution as revised by the Committee: Ayes – 4, Noes – 0, Excused – 2 (Salton and VanWormer). MOTION CARRIED.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) adopted Resolution No. 018-2014 entitled: "APPROVAL OF THE 2014/2015 RECERTIFICATION PLAN INCLUDING FORMS AND GUIDELINES FOR VERIFICATION OF SPOUSE AND/OR DEPENDENT STATUS FOR ALL CONTRACTS, ACTIVE AND RETIRED,

OF THE CONSORTIUM" in September 2014 and then adopted Resolutions No. 001-2015, 004-2015, and 005-2015 – Amending Recertification Process Completion Time Line in 2015, and

WHEREAS, the latest deadline, of Resolution No. 005-2015 extended the Dependent Certification process to December 31, 2015, has now passed, and

WHEREAS, the Consortium Board of Directors have set clear criteria for information that will demonstrate dependency as stated in our benefit plans; and stated a process for shifting responsibility to Excellus Fraud Unit for getting dependent verification information for any members that refuse to voluntarily supply this information to their employer human resource staff, and

WHEREAS, the Consortium employers have essentially completed the dependent verification process and have documented that 4% of the pre-certification contracts with dependents were in error, and

WHEREAS the City of Ithaca has __ family contracts with unconfirmed dependents, Tompkins County has approximately 40 family contracts with unconfirmed dependents, and TC3 has 5 family contracts with unconfirmed dependents, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, the Board of Directors notifies the City of Ithaca, Tompkins County, and Tompkins Cortland Community College, which have not submitted their dependent eligibility certification, to complete the dependent verification process by April 30, 2016, and that the Consortium will then assess an additional premium equal to the average cost of claims for one person per month ($557 per month) beginning May 1, 2016,

RESOLVED, further, That such billing will continue, based on the number of unresolved contracts, until the dependents are dropped from coverage or certifications requirements are met,

RESOLVED, further, That the Board of Directors directs the Executive Director to communicate to the City of Ithaca, Tompkins County, and Tompkins Cortland Community College to make a determination of dependent eligibility for those members that have supplied inadequate or conflicting dependent verification information and report to the Consortium the number of unresolved contracts with dependents no later than April 30, 2016.

RESOLVED, further, on recommendation of the Audit and Finance Committee, that the Board of Directors directs the City of Ithaca, Tompkins County, and Tompkins Cortland Community College in conjunction with the Executive Director to develop a list of unresolved dependent eligibility contracts by May 15, 2016, and further directs the Consortium's Executive Director to notify the Excellus Fraud Unit of the suspicion of fraud and request their services to investigate the contracts on this list.

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RESOLUTION NO. 2016 - AUTHORIZATION TO SIGN MEMORANDUM OF AGREEMENT WITH BOCES FOR NEWSLETTER PRINTING

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

WHEREAS, the Executive Committee directed the Consortium's Executive Director to develop a quarterly newsletter to be circulated through a combination of an electronic and paper format to members of Consortium, and

WHEREAS, the expense for printing the newsletter was not included in the Consortium's 2016 annual budget, and

WHEREAS, the Consortium has received a quote from BOCES to print the Consortium's Newsletter at a cost no greater than $250 per issue that is contingent upon approval by both the Consortium Board of Directors and the BOCES Board of Directors, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby authorizes the Chair of the Board of Directors to sign a Memorandum of Agreement with BOCES to provide printing services for the newsletter on an on-going basis at a cost not to exceed $250 per issue.

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JURAT Update

Mr. Snyder said preparation of the financial filing (JURAT) is ahead of schedule. A final draft has been prepared and the auditors will have possession of it before beginning their field work. He will bring a copy to the next meeting to review with the Committee.

Report on Actuarial Opinion

Mr. Locey reviewed the Actuarial Report prepared by Armory Associates and said the document was prepared in a manner that was intended to provide more information about what the Consortium is, what its requirements are, and what the actuarial attestation is supposed to do. He said the Actuary estimates the IBNR (Incurred But Not Reported) to be $2.27 million which is 7.86% of the Consortium's incurred claims for the time period. Based on Article 47 at 12%, he said that number is $3.6 million.

He called attention to the Department of Financial Services' estimate in the first year being $3 million and said the Consortium came in at $1.7 million. In 2012 the requirement was almost $3.1 million and the Consortium came in at little over $2 million. In 2013 the requirement was $3.6 million, the actuary said $2.7 million, and the Consortium came in at just under $2 million. In 2014 the requirement was over $3.8 million, actuary said $2.7 million, and the Consortium came in at $1.6 million. Mr. Locey said they noticed that in 2014 and 2015 both Excellus and ProAct were paying claims much quicker; therefore, the actual incurred but not reported was decreasing. In 2015 the required amount of $3.8 million, the actuary said $2.7 million, and the Consortium came in at $1.37 year-to-date so far. He said this demonstrates the Consortium is not only well-below what the actuary's estimate is for the IBNR but is significantly below the Department of Financial Services' requirement.

Mr. Locey said in looking at the claims incurred in 2012, 2013, and 2014 the total incurred was almost the exact amount in total paid claims.

Financial Update

Mr. Locey reported on financial results through the first two months of 2016 and said the Consortium is significantly below budget (13% in aggregate) in terms of claims expenses. Revenues are on budget and there is a net income of $1.2 million.

Medical Claims Audit

Mr. Locey reported there are a couple of minor items to finish work on and the audit process will be complete. He said the State communicated there were a few items that needed to be corrected on plan documents that were included in an initial draft that had been prepared. They will make those corrections and resend to the State with the other half of the draft plan document. He reported a conference call was held with Excellus to discuss them following National Coding guidelines and they changed their original response and said they do follow those guidelines with some minor modifications. That response from Excellus will be included in the response to the State on the Audit.

There was a brief discussion of the next medical claims audit. Mr. Barber will look into whether another Request for Proposals will need to be issued as a process for auditing medical claims for 2014 and 2015 should begin in the summer of 2016 and conclude by year-end.

RESOLUTION NO. - 2016 – Procedure Associated with Membership Retrospective Terminations

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

WHEREAS, The Greater Tompkins County Municipal Health Insurance Consortium is a self-insured municipal cooperative health benefits plan operating pursuant to a Certificate of Authority issued by the New York State Department of Financial Services, in accordance with Article 47 of the New York State Insurance Law, and subject to the terms and conditions of the Municipal Cooperation Agreement which each Participating Municipality has adopted, and

WHEREAS, several participating municipalities have expressed confusion with regard to the rules and procedures associated with the termination of employees, retirees, spouses, and dependent children on a retrospective basis, and

WHEREAS, establishing a retroactive policy with regard to membership additions, terminations, and modifications is in the best interest of the Consortium Participating Municipalities and Enrollees as it prevents adverse risk selection, increases member and group satisfaction, it allows the administrators to reimburse their medical care providers in a timely and accurate manner for care rendered to covered members, it acknowledges limitations associated with the retraction of claim payments, reduces administrative and medical provider costs associated with adjusted or retracted claim payments, it ensures compliance with State and Federal Laws, and that only eligible persons are covered per New York State Insurance Law and the Consortiums rules and procedures, and

WHEREAS, Section E, Paragraph 9, Board Actions of the Municipal Cooperation Agreement, authorizes the Board of Directors "to establish administrative guidelines for the efficient operation of the Plan, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors hereby approves the following with regard to establishing a retroactive policy for membership additions, terminations, and changes which are more than 30-days after the date of the event which necessitated the addition, termination, or change:

1. The retroactive termination of health insurance coverage (rescission of coverage) may

only occur in the case of fraud or the intentional misrepresentation of material fact, as prohibited by the plan of coverage.

2. A prospective termination of health insurance coverage or the retroactive termination of coverage for failure to pay premium is not considered to be a rescission of coverage and the coverage, in the case of the failure to pay premium, may be cancelled retrospectively to the date of the payment default.

3. The COBRA law provides for an extensive notice and election period. Requests to reinstate a member to coverage as a COBRA continuant will be allowed for a period of up to 179 days for a subscriber related event and up to 239 days for a dependent related event.

    a. The Consortium asks that the Participating Municipality wait until the continuant pays his or her first premium before reinstating the coverage or the Participating Municipality may be liable for the premium.

    b. Please note that the original transaction to terminate the individual must occur within the standard 30-days. The reinstatement to coverage as a COBRA continuant is the only portion that is an exception to this rule.

4. The notice and election period for New York State continuation is much shorter than COBRA. Requests to reinstate a member to this coverage for a period of up to 95-days will be allowed for a subscriber event and up to 125-days for a dependent event. The subscriber/dependent must pay the premium at the time he or she elects New York State continuation.

5. The New York State Young Adult Option allows dependents who are at least 26 years old age, but less than 30 years of age to continue coverage as an individual by paying the full premium. The election period for initial enrollment allows for retroactive enrollment by Young Adults. Requests to enroll a Young Adult will be honored provided they are received within 60-days of the termination date. The subscriber/dependent must pay the premium at the time he or she elects this coverage option.

6. Termination of coverage for a deceased member who is not an active employee may occur up to 90-days after the date of death without a death certificate, up to and one year after the date of death with a death certificate. It is required that terminations due to the death of an active employee be submitted within 30-days of the date of death.

7. Termination of coverage for a divorced spouse may occur retroactively up to 90-days from the current date of divorce. A request that exceeds 90-days from the date of divorce must be submitted for retroactive review to the Consortium's Audit & Finance Committee. A copy of the divorce decree or a divorce certificate will be required as part of this review.

RESOLVED, further, That the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors will refund premium amounts associated with retrospective changes for no more than 90-days for changes and/or terminations associated with a retiree's coverage and nor more than 60-days for changes and/or terminations associated with an active employee's coverage,

RESOLVED, further, That the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors hereby appoints the Audit & Finance Committee to receive, hear, and rule upon any requests by the Participating Municipalities to appeal a retrospective termination decision and/or to seek an exception to the rules as set forth in this resolution,

RESOLVED, further, That the Greater Tompkins County Municipal Health Insurance Consortium Audit and Finance Committee will establish the process, rules, and procedures necessary for retrospective termination appeals as so deemed appropriate by the Committee from time to time,

RESOLVED, further, That this resolution shall take effect upon its approval by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors.

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Medicare Advantage Plan and Risk Assessment Plan

Mr. Locey said he did not finish work on the memorandum he is working on but will have it ready to distribute to the Board of Directors at its meeting this week. Mr. Barber noted the Board will not be asked to take any action; it will be brought to provide information and to begin discussion and to gain broader input. He clarified this relates only to Medicare Advantage Plans, the Medicare Supplement Plan within the Consortium is fine. If at some point in the future if the Consortium wanted to sponsor a Medicare Advantage Plan internally there could be a discussion of if there would be any similar risk assessment charge for that or one outside the Consortium versus inside the Consortium. He said the problem with Medicare Advantage Plans whether inside or out, is that the Consortium cannot take advantage of any of the premium. It is a pass-through and there is no financial advantage to offering one. In fact, there could be a slight detriment to the Consortium because of losing any subsidization from the Medicare-age population that may be helping to keep costs down for others.

RESOLUTION NO. 2016 – APPROVAL OF GUIDELINES FOR MEMBERS CHANGING PLANS

It was MOVED by Mr. Rankin, seconded by Mr. Thayer.

Ms. Drake described a situation she encountered outside of the open enrollment period in which a person left employment and she was advised by BlueCross that upon leaving employment they had to pick up the plan they were coming off of and couldn't change plans. She referenced the list of qualifying events contained in the resolution and why it did not apply. Mr. Locey said he would need to look into this further and will find out from Excellus what its definition of "loss of employment" is.

Mr. Snyder suggested getting feedback from human resources personnel within the Consortium and Ms. Drake said she would have liked this have gone to the Joint Committee on Plan Structure and Design for input. Mr. Barber said he will circulate the resolution to human resources personnel and will make the labor representatives on the Board of Directors aware of it prior to the Board meeting. It was noted the resolution is not a policy but a recommendation for employers to follow these guidelines.

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

WHEREAS, the Consortium has over 100 plan combination options that any of our partners can by resolution add to their list of plans available to their employees, and

WHEREAS, the recently adopted “metal level” plans (platinum, Gold, silver, and bronze) as well as Medicare Supplement have different actuarial conditions for setting premiums than the other Consortium plan offerings, and

WHEREAS, employees frequently changing between these five plans or between any of these five plans and another Consortium plan can have adverse consequences with not enough premium being raised to cover claims, and

WHEREAS, employees staying with their selection of one of these five plans for a period of at least three years will allow for adequate capture of premium for claims, and

WHEREAS, the Consortium does not want to interfere with municipal partners offerings and employees ability to choose, and

WHEREAS, the qualifying events that allow changes in benefit plans at the time of the event are: marriage, divorce, legal separation, annulment, birth, change in legal custody status, dependent ages off, adoption, death, start of or loss of employment, start of or loss of eligibility for Medicare or Medicaid coverage, change in residency, and

WHEREAS, the Consortium Benefit Plans are administered on a calendar year basis, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors recommends to our municipal partners that they each adopt a policy that will restrict changing from the platinum, gold, silver, bronze, and medicare supplement plans to another plan for three years after coverage begins,

RESOLVED, further, That the Audit and Finance Committee recommends that the Board of Directors adopts the policy that all non-qualifying event benefit changes are submitted to the medicare plan administrator by December 1 for implementation on January 1.

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Update on Prescription Drug Claims Administrator Contract

Mr. Barber said the audit is at the point where the Consortium needs to issue a request for proposals for prescription drug claims administration. He and Mr. Locey have worked on a draft and Ms. Kippola has offered to assist and has recommended responses be submitted electronically. The proposed timeline is as follows:

June 22 – Issue Request for Proposals;
July 13 – Responses due;
First part of August – On-site visits with finalists;
August 23 – Audit and Finance Committee make a recommendation; and
September 22 – Board of Directors approve resolution to award contract. Mr. Barber will work with Ms. Kippola and Mr. Locey on the contract term.

Update on Prescription Drug Claims Audit

Mr. Barber called attention to the BMI prescription drug claims audit report. He said the summary of findings refers to six events and provides specific direction for the Consortium to work on. He and Mr. Locey will be working on those.

Next Agenda

The following suggestions were made for future agenda items:

Recertification process update;
JURAT report;
Discussion of Medicare Advantage Plan and Risk Assessment;
Prescription Drug Claims Audit Update;
Summary of Utilization Report on prescription drug claims;
Request for Proposals – Medical Claims Audit (if needed); and
Request for Proposals – Prescription Drug Administrator(May)

Adjournment

The meeting adjourned at 5:02 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk

GREATER
TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM

Municipalities building a stable insurance future.

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RESOLUTION NO. - 2016 – AUTHORIZATION TO CONTRACT WITH AN INDEPENDENT CONTRACTOR FOR CONSORTIUM NEWSLETTER EDITING SERVICES AND EXPENSES

WHEREAS, it has been determined that continued production of the Consortium's newsletter requires editing and layout expertise and knowledge that is currently not available within the Consortium's resources, and

WHEREAS, Jennifer Jensen, has agreed to produce four quarterly issues of the newsletter at an annual cost of $5000 if provided with necessary software, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That the Consortium enter into a one-year contract through April 30, 2017 with Jennifer Jensen to provide services related to the production of the Consortium's newsletter at total annual cost not to exceed $5000,

RESOLVED, further, That the amount of $240/year is hereby approved to cover costs associated with the purchase of software needed to produce the newsletter.

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GREATER
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RESOLUTION NO. - 2016 – EXTENSION OF CONTRACT FOR EXECUTIVE DIRECTOR SERVICES – DONALD L. BARBER

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

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

WHEREAS, the contract will expire on June 30, 2016, and

WHEREAS, the Consortium's Executive Committee which meets with Mr. Barber quarterly to review a work plan and the Consortium's operations believes the Executive Director services provided to the Consortium by Mr. Barber are valuable and important for the Consortium's stability, and has recommended the contract be continued for a two-year period, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That the contract for Executive Director Services with Donald Barber be extended through June 30, 2018 under the terms and conditions contained in the original contract.

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