

Greater Tompkins County Municipal Health Insurance Consortium

Audit and Finance Committee

November 14, 2017

Old Jail Conference Room

1. Call to Order (3:30) S. Thayer
2. Changes to Agenda
3. Approve Minutes of October 24, 2017 Meeting (3:32)
4. Executive Director's Report (3:35) D. Barber
 - a. DFS Communications- meeting with Senator Seward
 - b. Rx Claims Audit
 - c. Other Committee Activity
 - d. Invoices
 - e. Set Next Meeting and 2018 Dates
 - f. Committee Reappointments (terms expiring 12/31/17: Rankin, Hersey, Hart)
5. **RESOLUTION:** Award of Contract for External Financial Audit Services
6. **RESOLUTION:** Authorizing Extension of Contract for Actuary Services with Armory Services – 2017 and 2018
7. **RESOLUTION:** Authorization to Enter into Agreement for Stop-Loss Carrier (3:45)
8. **RESOLUTION:** Authorization to Enter into Agreement with Excellus - Medical Claims Administration (4:05)
9. **RESOLUTION** Authorization to Develop Request for Proposals – Medical Claims Administrator (4:15)
10. **RESOLUTION:** Authorization to Purchase Insurance Policies: Stop Loss, Errors and Omissions, and Directors and Officers Liability Coverage (4:20)
11. Next Agenda Items (4:25)
 - a. Investment Policy
 - b. Committee membership
 - c. New member application - claims data if available
 - d. 2017 Drug Rebate report
12. Adjourn (4:30)

Next Meeting: (December or January?)

**Audit and Finance Committee
October 24, 2017 – 3:30 p.m. - draft
Old Jail Conference Room**

Present: Steve Thayer, Bud Shattuck, Mack Cook, Rordan Hart, Peter Salton, Olivia Hersey, Laura Shawley

Excused: Chuck Rankin

Guests: Judy Drake, Board of Directors Chair; Don Barber, Executive Director; Steve Locey, Consultant; Rick Snyder, Treasurer

Call to Order

Mr. Thayer, Chair, called the meeting to order at 3:32 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of September 26, 2017

It was MOVED by Ms. Hersey, seconded by Mr. Salton, and unanimously adopted by voice vote by members present, to approve the minutes of September 26, 2017. MINUTES APPROVED.

Executive Director's Report

CanaRX

Mr. Barber reported there was one additional subscriber who signed up in September and said a letter has been sent from ProAct to all members who take a medication that qualifies for the Program to let them know it is available and explaining the enrollment process.

Mr. Barber reported the County had meetings with retirees, Sheriff's Department, and Public Library employees and during those meetings several questions about the CanaRx program were answered. Mr. Barber will ask Mr. Prashaw of ProAct to provide a report to the Joint Committee on Plan Structure and Design in January of the number of contracts in the Program as well as the potential number.

Department of Financial Services Communication

Mr. Barber reported there has been no communication with DFS since the last meeting. This is a topic that will be included on the agenda for the meeting with Senator Seward tomorrow.

Prescription Drug Claims Audit

The BMI Prescription Drug audit is on scheduled and all information was received without BMI going on-site. They will be sending ProAct a report shortly and giving them a chance to respond.

Other Activities

Mr. Barber reported the Executive Committee met and provided some direction to the Governance Structure Committee. There was also discussion of expanding the size of the Executive Committee to provide an opportunity for others to participate. The Governance Structure Committee will not be bringing a recommendation to the Board of Directors at this time but work will be done internally on things such as giving more responsibility to committees. There will also be discussion of alternate meeting locations and remote meeting capability. The Joint Committee on Plan Structure and Design will not be meeting again until January.

Update on External Auditor RFP

Mr. Snyder provided an update on the three responses received to the Request for Proposals for auditing services and explained the process that was conducted with the County, noting that although it was a joint process the Consortium would award its own contract. He briefly reviewed a comparison of the quotes submitted for the three-year contract and said he expects to present the Committee with a recommendation at its next meeting.

Invoice Approval

It was MOVED by Mr. Salton, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present, to approve an invoice dated September 26, 2017 from Michael Grace-Martin for photography services rendered to the Consortium in the amount of \$495.
MOTION CARRIED

An invoice dated October 11, 2017 from Hancock Estabrook was presented for information only.

Financial Update

Mr. Locey distributed a financial report thru September 30th and said the Consortium has continued to experience positive results and said year-to-date there is a \$2.9 million surplus. Net income was budgeted to be -\$1.1 million and actual results show a net income of \$2.9 million. He said this largely the result of medical and prescription drug claims being 8½ below budget. He said the Consortium is above budget on revenue which is mostly due to prescription drug rebates. Mr. Locey reviewed expense distribution and said paid claims represented 93.4%. He called attention to paid claims from 2013-2017 and said for 2017 there were five out of the nine months that were below the amounts for the same period in 2016. There should be funds left at year-end that the Consortium should be able to use for future budgets to keep the rate increase down.

Mr. Locey explained for brand name medications prescription benefit managers are reimbursed a percentage of their cost based on usage and on how much of the drug was dispensed globally across the United States. He explained a Prescription Benefit Manager will either keep rebate, split the rebate with some groups, or charge a true administrative fee and pass the entire rebate on to a group on a quarterly basis. He will provide the Committee with historical information on these rebates and discuss this in more detail at the next meeting.

2018 Stop Loss

Mr. Locey distributed a summary of the Consortium's Stop Loss policies since 2011 and reviewed preliminary information on current proposals. He noted vendors have requested to see data before finalizing quotes. He also distributed a large loss update and said through August there have been no cases that have gone over \$250,000 in claims through August. He said through September there were seven cases that exceeded \$200,000 with the highest being \$342,000, noting none had reached the \$450,000 deductible level. Additional quotes for \$600,000, \$750,000, and \$1,000,000 have been requested from the companies to compare to where the non-ceded level of coverage would be for the captive quote and to also allow for consideration of reducing the premium and taking on more risk.

Mr. Locey reviewed language contained in Article 47 relating to the requirement for the Consortium to purchase Specific Stop Loss insurance and stated the deductible "cannot be greater than 4% of expected claims for the fiscal year". If the Consortium ended 2017 with an

expected claims cost of \$37.2 million the maximum deductible for the year could be slightly under \$1.5 million and with a projected claims cost of \$40.2 million in 2018 the maximum deductible could be \$1.6 million.

Mr. Barber provided additional information for the Berkley proposal that Mr. Locey will incorporate into the spreadsheet. He also informed the Committee that proposals may be coming forward for lasering an individual.

Mr. Barber provided an update on the protected cell and stated he sent questions that were raised to Relph Benefits and changes were made to the contract which was circulated to the Committee. Three questions were subsequently raised by John Powers. One relates to legality of the protected cell program. NYSAC has been asked to approach DFS about the protected cell and how it would work within Article 47; a response has not yet been received to this. The second issue relates to transparency of refund of premium or refund of reserve and this is being worked on. Another issue relates to the role of the advisory board of directors.

Mr. Locey said once the legal issues are resolved a look will need to be taken at fees that would be paid and then a comparison done of that model to exploring the option of doing a cell internally within the Consortium. Mr. Barber said there is a 5G health consortium in Rochester that does not purchase stop loss. He will be meeting with the NYS Health Consortia and will ask what their deductible is and how they are managing that. He said a decision will need to be made next month and asked that members provide him with questions in advance.

Excellus Contract

Mr. Locey provided an update on discussion that has taken place with Excellus on three specific areas: Admin. Fee, online enrollment, and accredited care fees. He noted that although a three-year agreement is proposed there would be an annual renewal. There was a strong sentiment by members that issues related to the online enrollment process need to be resolved and it was suggested while discussions continue with Excellus that the Consortium begin work on preparing a request for proposals. Mr. Barber said he will contact Excellus and request a meeting as soon as possible to communicate the concerns raised.

Review of Applicant Process

This item was deferred to the next meeting.

Next Agenda Items

The following items will be included on the next agenda:

Resolution: Authorization to Contract with External Auditor
Discussion of prescription drug rebates;
Stop Loss;
Review of Applicant Process;
Resolution: Authorization to Issue Request for Proposals for Medical Plan Administrator

Adjournment

The meeting adjourned at 4:45 p.m.



Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590

www.healthconsortium.net • consortium@tompkins-co.org

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

RESOLUTION NO. - 2017 - AUTHORIZATION FOR CONTRACT WITH INSERTO & CO FOR THE PROVISION OF FINANCIAL AUDITING SERVICES

WHEREAS, by Resolution No. 21 of 2015 directed the Consortium’s Executive Director to establish a process in 2017 to seek proposals for external auditing services for the years 2018-2020, and

WHEREAS, upon recommendation of the Executive Director and Consortium Treasurer, the Audit and Finance Committee authorized the inclusion of auditing the Consortium’s financial records as a separate component in the County’s Request for Proposals for financial auditing services, and

WHEREAS, responses to the Request for Proposals relating to the auditing of financial records for the Consortium were evaluated by the Executive Director and Consortium Treasurer and results presented to the Audit and Finance Committee, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Chair of the Board of Directors is hereby authorized to sign a contract with Inserto & Co to perform financial auditing services, which include certification that the officers have implemented Board adopted procedures for the Consortium, for the 2018, 2019, 2020 fiscal years with an option to extend the contract for _____.



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RESOLUTION NO. - 2017 – AUTHORIZING CONTRACT EXTENSION FOR ACTUARIAL SERVICES - ARMORY ASSOCIATES – 2019

WHEREAS, the Greater Tompkins County Health Insurance Consortium issued a Request for Proposals for Actuarial Services on January 4, 2016, and

WHEREAS, by Resolution Nos. 004 and 009 of 2016 approved an option to extend the contract with Armory Associates for the years 2017, 2018, and 2019, and

WHEREAS, Resolution No. 11 of 2017 authorized an extension of the contract for only the years 2017 and 2018, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That an extension of the contract with Amory Associates be amended to include 2019.



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RESOLUTION NO. - 2017 - AUTHORIZATION TO CONTRACT WITH THIRD PARTY ADMINISTRATOR - EXCELLUS BLUE CROSS BLUE SHIELD

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) is a self-insured municipal cooperative health benefit plan operating pursuant to a Certificate of Authority issued by the New York State Department of Financial Services pursuant to Article 47 of the New York State Insurance Law, and

WHEREAS the GTCMHIC conducts business in accordance with the current Municipal Cooperative Agreement, and

WHEREAS, Section E Paragraph 11 of the current GTCMHIC Municipal Cooperative Agreement defines the actions to be taken by the GTCMHIC Board of Directors to include the approval of contracts with third parties for the furnishing of goods and services, and

WHEREAS, the Consortium desires to contract with a Third Party to administer health insurance medical claims on behalf of the Consortium, and

WHEREAS, following a collaborative negotiation process it has been determined to be in the Consortium's best interest to continue its relationship with Excellus Blue Cross Blue Shield for the administration of the Consortium's health insurance claims, and

WHEREAS, Excellus has added a Memorandum of Understanding to the 2017 Amendment of our 2013 Administrative Service Agreement to provide agreed actions going forward for online enrollment that provide timely feedback to those Consortium employers submitting online applications, and

WHEREAS, Excellus has agreed to amend Section 6.7 of the 2017 Amendment of our 2013 Administrative Service Agreement to require an explanation be provided before a service fee resulting from AQUA agreements with providers is assessed to the Consortium. And not stated in Section 6.7 but agreed to in collaborative discussions that Excellus will provide the Consortium quarterly updates on the AQUA programs, now therefore be it

RESOLVED, upon the recommendation of the Audit and Finance Committee, the Board of Directors hereby authorizes the Chairperson of the Board of Directors to sign a three (3) year renewal Administrative Services Contract with Excellus BlueCross BlueShield for Medical Claims Administration with fees of \$35.63 PMPM for 2018 (3%), \$36.87 PMPM for 2019 (3.5%), and \$38.17 PMPM for 2020 (3.5%).
