



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 • consortium@tompkins-co.org

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

Audit and Finance Committee

Agenda – October 25, 2022

3:00 PM

Town of Ithaca- Aurora Room

1. Call to Order (3:00) S. Thayer

2. Changes to Agenda

3. Approve Minutes – September 13, 2022

4. Executive Director (3:05) E. Dowd
 - a. Executive Director Update
 - b. Medicare Advantage Update
 - c. MCA Update
 - d. New Member Update
 - e. Budget Amendment Process

5. Financial Update (3:30) T. Apalovich
S. Locey
 - a. Abstract Approval
 - b. Budget Performance Report
 - c. Report on large loss claim activity

6. Next meeting Agenda Topics (3:50)
Locey & Cahill Contract
Stop Loss Information
End of the Year Contract Review including EPLI and D&O

7. Adjourn (4:00)

Next Meeting: December 6th (November & December combined)

**Audit and Finance Committee
Minutes - DRAFT
September 13, 2022
Town of Ithaca Aurora Room/Remote Zoom**

Present: Steve Thayer; Eric Snow; Rordan Hart;
Amanda Anderson; Peter Salton; Bud Shattuck
Excused: Lorie Corsette
Absent: Laura Shawley
Staff/Guests: Elin Dowd, Executive Director; Lynne Sheldon, Clerk of the Board; Steve Locey, Paul Pelton, Rob Spenard, Locey and Cahill; Judy Drake, Board Chair; Teri Apalovich, Finance Manager; Kylie Rodriguez, Benefits Specialist; Rick Snyder, Tompkins County Finance

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 August 23, 2022

It was MOVED by Mr. Thayer, seconded by Mr. Hart, and unanimously adopted by voice vote of members present via remotely, to approve the minutes of August 23, 2022, as submitted. MINUTES APPROVED.

Executive Director Report

Ms. Dowd announced the Consortium team has been getting ready for the yearly Board meeting, preparing the budget, and finalizing documents to go to new members when they are officially approved. She respectfully asked committee member's if their municipalities are making any plan changes, including retirees, to please let the Consortium to know by October 15. She also announced the Consortium will be holding a Benefit Clerk training on September 27, 2022, and October 6, 2022.

Ms. Dowd added the Consortium is continuing to explore Medicare Advantage Plans. The Executive Committee met earlier in the week. She and Locey & Cahill have already met regarding action items resulting from that meeting. She also announced that after board meeting, the Consortium is starting to look at a request for proposal (RFP) regarding claims audit. She mentioned the Consortium is continuing to make progress on certain Medicare Advantage Plans but will not have a vote as of yet.

Ms. Dowd announced that it's the time of the year to look at administrative agreements. A requirement of the Municipal Cooperative Agreement (MCA) is the entire board approves third-party benefit administrators. Presented to the committee were two resolutions for ProAct and Excellus BlueCross BlueShield. These resolutions have already been reviewed by the Executive Committee; however, tradition is for Audit and Finance to review as well due to financial ramifications and then be advanced to the Board of Directors.

Excellus BlueCross BlueShield:

Ms. Dowd explained the resolution to be a three-year agreement 2023-2025, with a sliding scale in place. If all the proposed new members join the Consortium, this will allow the Consortium to have a lower administrative rate, less than 2.95%, of which 3% was budgeted for.

**RESOLUTION NO. - 2022 - AUTHORIZING HEALTHCARE BENEFITS RENEWAL
(ADMINISTRATIVE SERVICES AGREEMENT) WITH
THIRD PARTY ADMINISTRATOR - EXCELLUS
BLUECROSS BLUESHIELD**

MOVED by Mr. Thayer, seconded by Mr. Hart, and unanimously adopted by voice vote by members visibly seen remotely, to approve the following resolution to submit to the Board of Directors for approval.

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 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 Audit and Finance Committee has determined that it is in the Consortium's best interest to continue its relationship with Excellus BlueCross BlueShield for the administration of the Consortium's medical claims, and

WHEREAS, Excellus BlueCross BlueShield charges the Consortium an additional integration fee for the carve out pharmacy services which include enrollment file transfer and accumulator integration, and

WHEREAS, Excellus BlueCross BlueShield has agreed to give consideration in future years for Administration Rates to vary based on growth in enrollment numbers and has set discounts at four different contract band levels, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee That the Executive Committee, on behalf of the Board of Directors hereby approves the 2023 Healthcare Benefits Renewal with Excellus BlueCross BlueShield under the proposed fee structure presented to the Board of Directors for 2023, 2024, and 2025,

RESOLVED, further, That the Chair of the Board be authorized to execute the 2023 contract on behalf of the Consortium.

* * * * *

ProAct:

Ms. Dowd indicated ProAct's contract is a continuation of last year. Last year, the Consortium went out for RFP for a new RX Claims Administrator. The Operations Committee suggested that the Consortium remain with ProAct, their three-year pricing commitment, but continue to review the contract on a year-to-year basis. This resolution approval is solely for 2023.

Mr. Salton questioned as to when the Consortium will take a deeper dive into reviewing the concerns of ProAct and discuss other Prescription Benefit Manager options. Ms. Dowd said Locey & Cahill recently discussed RX Rebates with ProAct. She mentioned at the last Operation Committee meeting, there was discussion of all the specifics requested from ProAct and ProAct was preparing an update.

Mr. Salton asked about Siegel's previous findings of ProAct's contract. He questioned if the findings are now of less importance due to the changes in RX Rebates. Ms. Dowd responded that the single study completed 2018/2019 indicated pricing, discounting, and wholesale discount pricing, of which was advised should be more transparent in the contract. She said other findings have been utilized for the renewals and the RFP. Mr. Salton expressed that if some of Siegel's conclusions aren't as relevant now, should the Consortium undertake another study. He also expressed the Audit & Finance committee should respectfully be more involved in the financial decisions of these contracts. Ms. Dowd said that the Operations Committee has been spending more time on the administrative specifics than the Audit and Finance Committee, however, the ProAct contract this year did not contain any new changes, the financial commitments reviewed by the Audit and Finance Committee last year remain in place.

Ms. Drake voiced the Operations Committee still had some concerns with ProAct's performance of which the Committee is seeing these issues are addressed. Ms. Dowd agreed and said some of the issues are related the Consortium's and subscriber's access to the ProAct system. Ms. Rodrigues follows up on a weekly basis.

**RESOLUTION NO. - 2022 - AUTHORIZE EXTENSION OF CONTRACT FOR
PRESCRIPTION DRUG CLAIMS ADMINISTRATOR FOR
2023 – PROACT**

MOVED by Mr. Thayer, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members visibly seen via remotely, to approve the following resolution to submit to the Board of Directors for approval.

WHEREAS, the Board of Directors by Resolution No. 029-2018 authorized a two-year extension of the Consortium's contract with ProAct for Prescription Benefits Manager services, and

WHEREAS, the Audit and Finance Committee has discussed and desires to extend the Prescription Benefits Manager services with ProAct for an additional year pursuant to the Contract Addendum proposed September 9, 2021, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the contract with ProAct for Prescription Benefits Manager services be extended per the terms outlined in the Addendum for the period January 1, 2023 through December 31, 2023,

RESOLVED, further, That Chair of the Board of the Greater Tompkins County Municipal Health Insurance Consortium is hereby authorized to execute said contract with ProAct, Inc.

Medicare Advantage Plan Options

Ms. Dowd reported that the Consortium is continuing to make progress on the Medicare Advantage Plan. The Executive Committee held a discussion the previous week, but no formal report is available at this time.

Resolution: Adoption of Budget, Premium Rates, and Reserve Amounts for 2023

Mr. Locey and Mr. Pelton covered the [Budget Performance Report](#) along with the 2023 Budget Report. Mr. Locey referred to the Final Budget Presentation and announced in terms of income, the Consortium is about 2.5% below budgeted income due to medical and prescription drug premiums and prescription drug rebates are a little below budget. He said that there were some modeling changes in terms of the agreement with ProAct's last contract. The new contract has minimum guarantees that are paid on a quarterly basis, with a reconciliation at the end. This was the same for 2021 and the Consortium is expecting a significant reconciliation payment this year, in addition to the normal quarterly rebate payments for 2022. This sets the Consortium under budget right now by almost four hundred thousand dollars but will be well over Budget once the 2021 reconciliation rebate is received.

Ms. Drake questioned the RX Rebates shown on the presentation decreasing from 3 million to 2.9 million. Mr. Pelton indicated that those numbers are very conservative and making sure the Consortium doesn't shortfall. He recommends the 2.9 million is in a safe budget zone, as the RX Rebate reconciliation next year won't be as large.

Mr. Locey said going forward annually, the Consortium will be receiving the reconciliation sooner per the ProAct Finance Team. They also indicated that the Consortium's quarterly payments going forward should be in the \$800,000 range.

Mr. Pelton presented the 2023 Budget Presentation and expressed the projected budget for premium increases is still at 6.5% based on current trending and performance. Moving forward premium increase recommendations for the next four years will remain at 7.0%, keeping in mind the budget target and annual goals. [Budget Presentation](#)

RESOLUTION NO. - 2022 – ADOPTION OF BUDGET, PREMIUM RATES, AND RESERVE AMOUNTS FOR 2023

MOVED by Mr. Salton, seconded by Mr. Snow, and unanimously adopted by voice vote by members visibly seen via remotely, to approve the following resolution to submit to the Board of Directors for approval.

WHEREAS, the Audit and Finance and Executive Committees have had detailed discussions and have considered the Consortium's 2023 budget and premium rates, and

WHEREAS, the Board of Directors has adopted a policy that provides guidance on targets for net income, fund balance, and both statutory and

discretionary reserve levels, in addition to creating a mechanism by which excess net income/fund balance can be returned to members, and

WHEREAS, the 2023 proposed budget reflects the adopted budget guidelines (Resolution No. 015-2020) as follows:

- Maintain Incurred But Not Reported Claims Reserve at 12% of total claims;
- 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;
- Maintain the Rate Stabilization Reserve in an amount equal to 7.5% of expected paid claims;
- Maintain Catastrophic Claims Reserve at \$4,500,000 with additional interest and premium savings included;
- Maintain an unencumbered fund balance not less than 12% of expected premium through at least year four of the annual proforma calculation;
- Set the annual budget to accomplish a zero to two percent (2%) net income level; and
- Increase Premium Revenue by 6.5% in 2023 across all benefit plans, except for the Silver Plan which will be a Premium Revenue Increase of 5.42%; now therefore be it

RESOLVED, on recommendation of the Audit and Finance and Executive Committees, That the Consortium's attached 2023 budget including premium equivalent rates and reserve amounts are hereby adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors.

* * * * *

Resolution: Approval of New Member Resolutions (Including DeRuyter)

Ms. Dowd announced that last month the Consortium approved seven municipalities and has one additional application from the Town of DeRuyter. The Town of Cuyler recommended to the Town of DeRuyter to consider the Consortium for their health insurance needs. The Town of DeRuyter has since submitted their application. Ms. Apalovich has already completed a financial analysis and they are at good financial standing for an acceptance of their application of 4 members.

This additional municipality totals 8 municipalities, 300 subscribers for 2023. Ms. Dowd is also working with potential members for the year of 2024.

RESOLUTION NO. - 2022 - ACCEPTANCE OF APPLICATION BY THE TOWN OF DERUYTER, TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM EFFECTIVE JANUARY 1, 2023

MOVED by Mr. Thayer, seconded by Mr. Salton, and unanimously adopted by voice vote by members visibly seen via remotely, to approve the following resolution to submit to the Board of Directors for approval.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of DeRuyter, has submitted an official application authorizing the joining of Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, this applicant has complied with membership process and has submitted copies of financial reports which have been evaluated by the Finance Manager, Consortium's Treasurer, and/or the Chief Financial Officer, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby accepts and welcomes the Town of DeRuyter, as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2023, pending receipt, additional analysis, and approval of all required documentation.

* * * * *

Financial Update

Ms. Dowd stated the because the Audit and Finance committee had met only two weeks ago for the previous meeting that Ms. Apalovich put together a shortened abstract for approval.

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

Ms. Dowd asked Mr. Spenard if he has anything to report for stop-loss since the previous meeting two weeks ago. Mr. Spenard did report that last week one claim came through in the amount of \$167,000. This individual hasn't shown up previously on the reports and Locey & Cahill will keep a close eye on this individual.

Next Meeting Agenda Topics

Medicare Advantage Plan Options
Stop-Loss Information
Look at Resolutions regarding Open-Meeting Law

Adjournment

The meeting adjourned at 4:08 p.m.

Next Meeting October 25, 2022

Audit and Finance Committee Minutes
September 13, 2022

Respectfully submitted by Lynne Sheldon, Clerk of the Board



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GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM 2023 MEETING SCHEDULE

Meetings to be held at the Town of Ithaca*and/or Remotely by Zoom

Visit the Consortium's website for updates on meeting locations and additional meeting information:

www.healthconsortium.net *Meeting(s) may be held at another location TBD

Joint Committee on Plan Structure and Design – 1st Thursday quarterly; Feb, May, August, November; 1:30 p.m.

February 2*

August 3*

May 4*

November 2*

Operations Committee - 4th Monday quarterly; 1:00 p.m.

January 23

July 24

April 24

October 23

Executive Committee – 1st Weds. Bimonthly; 3:30 pm starting in February

February 1

August 2

April 5

October 4

June 7

December 6

Audit and Finance Committee – 4th Tuesday at 3:00 p.m.; monthly beginning in February

February 28

August 22

March 28

September 12 (2nd Tuesday)

April 25

October 24

May 23

November & December combined December 5th

June 27

(1st Tuesday before EC)

July 25

Claims and Appeals Committee – 3x/yr; March, May, July (2nd Monday); 3:30 p.m.

March 13

July 10

May 8

Nominations & Engagement Committee – 4x/yr (Feb, April, June, August) (2nd Monday) 3:30 p.m.

February 13

June 12

April 10

August 14

Board of Directors – Location TBD – 5pm -7pm

Educational Session August 24*

Annual Meeting September 21*

Greater Tompkins County Municipal Hlth Insurance Consortium

MONTHLY ABSTRACT - OCTOBER 2022

Type	Date	Pymt Num	Invoice #	Name	Memo	Amount
Check	09/15/2022	A4059027	08312022 CL	EXCELLUS HEALTH PLAN - CL	08312022 Covered Lives	\$ 30,592.07
Check	10/15/2022		09302022 CL	EXCELLUS HEALTH PLAN - CL	09302022 Covered Lives	\$ 30,469.79
Check	09/23/2022	A4066517	Sept 2022	EXCELLUS HEALTH PLAN - GROUP	Oct 2022 Admin Fees	\$ 152,369.43
Check	09/08/2022	A4032534	09062022	EXCELLUS HEALTH PLAN - CLAIMS	08312022-09062022	\$ 804,023.17
Check	09/15/2022	A4059027	09132022	EXCELLUS HEALTH PLAN - CLAIMS	09072022-09132022	\$ 581,874.65
Check	09/22/2022	A4084678	09202022	EXCELLUS HEALTH PLAN - CLAIMS	09142022-09202022	\$ 850,704.06
Check	09/29/2022	A4111034	09272022	EXCELLUS HEALTH PLAN - CLAIMS	09212022-09272022	\$ 853,330.14
Check	10/06/2022	A4145546	10042022	EXCELLUS HEALTH PLAN - CLAIMS	09282022-10042022	\$ 755,369.46
Check	10/13/2022	A4171235	10112022	EXCELLUS HEALTH PLAN - CLAIMS	10052022-10112022	\$ 590,860.39
Check	08/31/2022	A4032910	08312022-GTC-TC	PROACT, INC.	08/16/2022-08/31/2022	\$ 916,803.96
Check	09/15/2022	A4082282	09152022-GTC-TC	PROACT, INC.	09/01/2022-09/15/2022	\$ 730,309.71
Check	09/30/2022	A4149961	09302022-GTC-TC	PROACT, INC.	09/16/2022-09/30/2022	\$ 759,339.02
Bill	08/31/2022	5169	09072022	CHASE	Credit Card	\$ 1,394.30
Bill	09/30/2022		10072022	CHASE	Credit Card	\$ 689.02
Bill	09/15/2022	5176	35523	CANARX	09012022-09152022	\$ 10,504.80
Bill	09/30/2022		35620	CANARX	09162022-09302022	\$ 9,187.00
Bill	10/15/2022		35940	CANARX	10012022-10152022	\$ 4,879.30
Bill	09/14/2022	5175	75967	ITHACA COLLEGE	3rd Qtr Newsletter	\$ 857.41
Bill	09/23/2022		76043	ITHACA COLLEGE	Brochures	\$ 117.60
Bill	10/03/2022		Sep Phones	TOMPKINS COUNTY	Sep Phone Charge	\$ 16.93
Bill	09/30/2022	5171	3rd Qtr	TOMPKINS COUNTY	3rd Qtr Finance Fees	\$ 5,000.00
Bill	10/01/2022		17365	LOCEY & CAHILL	October Invoice	\$ 7,425.00
Bill	09/30/2022		2022-09	TOWN OF ITHACA NY	Payroll	\$ 44,651.73
Bill	09/01/2022		Oct 2022 Rent	TOWN OF ITHACA NY	October 2022 Rent	\$ 800.00
Bill	09/16/2022	5174	2022 NYSAPSCO	NYS ASSOC OF PERSONNEL	2022 NYSAPSCO Conference	\$ 375.00
						\$ 7,141,943.94



2022 Fiscal Year Budget Performance Report As of September 30, 2022

Locey & Cahill, LLC
250 South Clinton Street, Suite 340
Syracuse, NY 13202
Tel (315) 425-1424
Fax (315) 425-1394
E-mail: slocey@loceycahill.com

The background of the slide features a close-up photograph of a person's hands in a white shirt sleeve. One hand holds a black pen over a document, while the other hand is positioned near a calculator and a computer keyboard. The scene is brightly lit, suggesting an office environment. On the right side of the slide, there are decorative green geometric shapes, including triangles and lines, in various shades of green.

Section 1

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

2022 Income Budget vs Actual (09/30/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Income							
	Medical and Rx Plan Premiums	\$57,752,443.75	\$55,937,315.28	\$41,952,986.46	\$41,082,596.28	-\$870,390.18	-2.07%
9005	Gain on Investments	\$0.00	\$0.00	\$0.00	\$131,196.02	\$131,196.02	
9020	Interest	\$45,660.35	\$45,660.35	\$34,245.26	\$47,551.98	\$13,306.72	38.86%
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%
Total Income		\$60,798,104.10	\$58,982,975.63	\$43,987,231.72	\$42,869,944.40	-\$1,117,287.32	-2.54%

Key Facts:

1. Total Income was 2.54% below the amended budget, with premium income being 2.07% below the amended budget for the first 9-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 1st quarter of 2022. We are expecting a significant reconciliation payment relating to the 2021 fiscal year.

2022 Income Budget vs Actual (09/30/2022)

Key Facts (continued):

- c. The number of contracts insured by the Consortium increased by 2.81% and the number of covered lives grew by only 1.60%. 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

Year	Member	Spouse	Dependent	Total lives
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	3,119	1,405	1,879	6,404

Monthly Average Contract Count by Fiscal Year

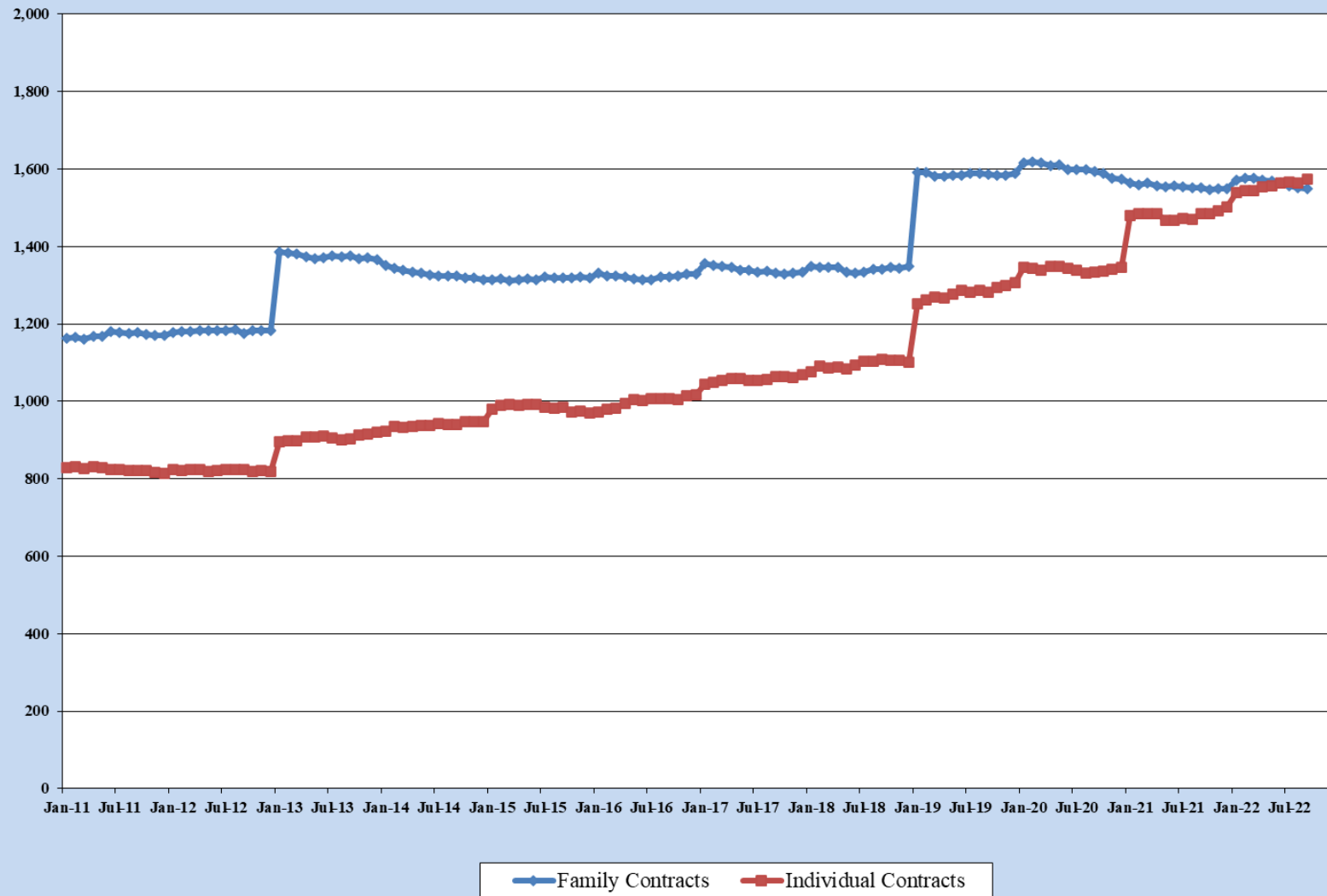
Year	Family Contracts	Individual Contracts	Total Contracts	Avg. # of Lives Per Contract	Avg. # of Lives Per Family
2011	1,172	824	1,995	2.205	3.053
2012	1,182	822	2,004	2.220	3.068
2013	1,375	907	2,281	2.225	3.033
2014	1,329	939	2,269	2.209	3.064
2015	1,317	984	2,301	2.182	3.065
2016	1,322	999	2,322	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	1,565	1,556	3,121	2.052	3.097

* Member = Employee, Retiree, or COBRA Contract Holder

Greater Tompkins County Municipal Health Insurance Consortium

Monthly Contract Count by Plan Type

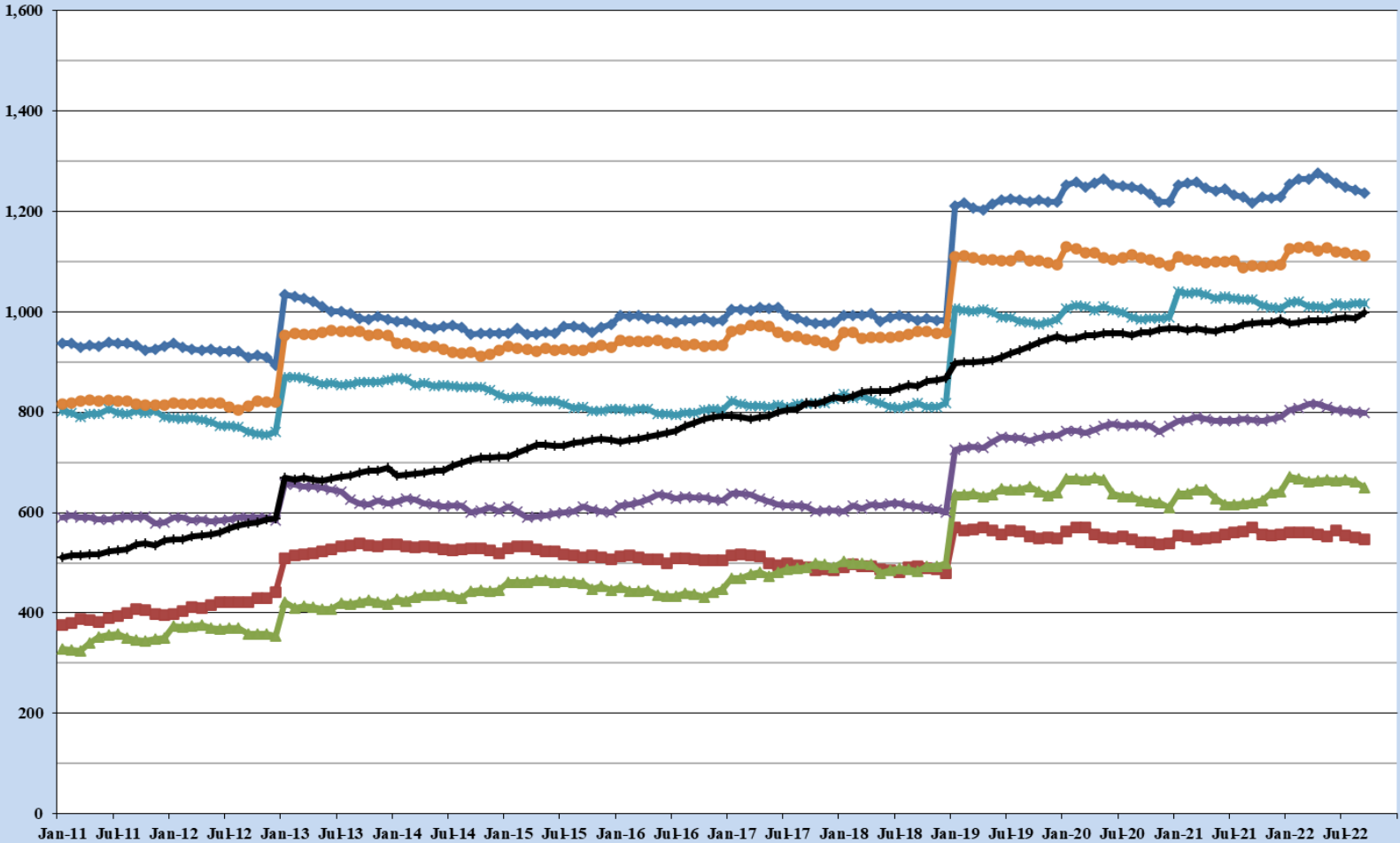
January 1, 2011 to September 30, 2022



Greater Tompkins County Municipal Health Insurance Consortium

Monthly Covered Lives by Age Band

January 1, 2011 to September 30, 2022



2022 Income Budget vs Actual (09/30/2022)

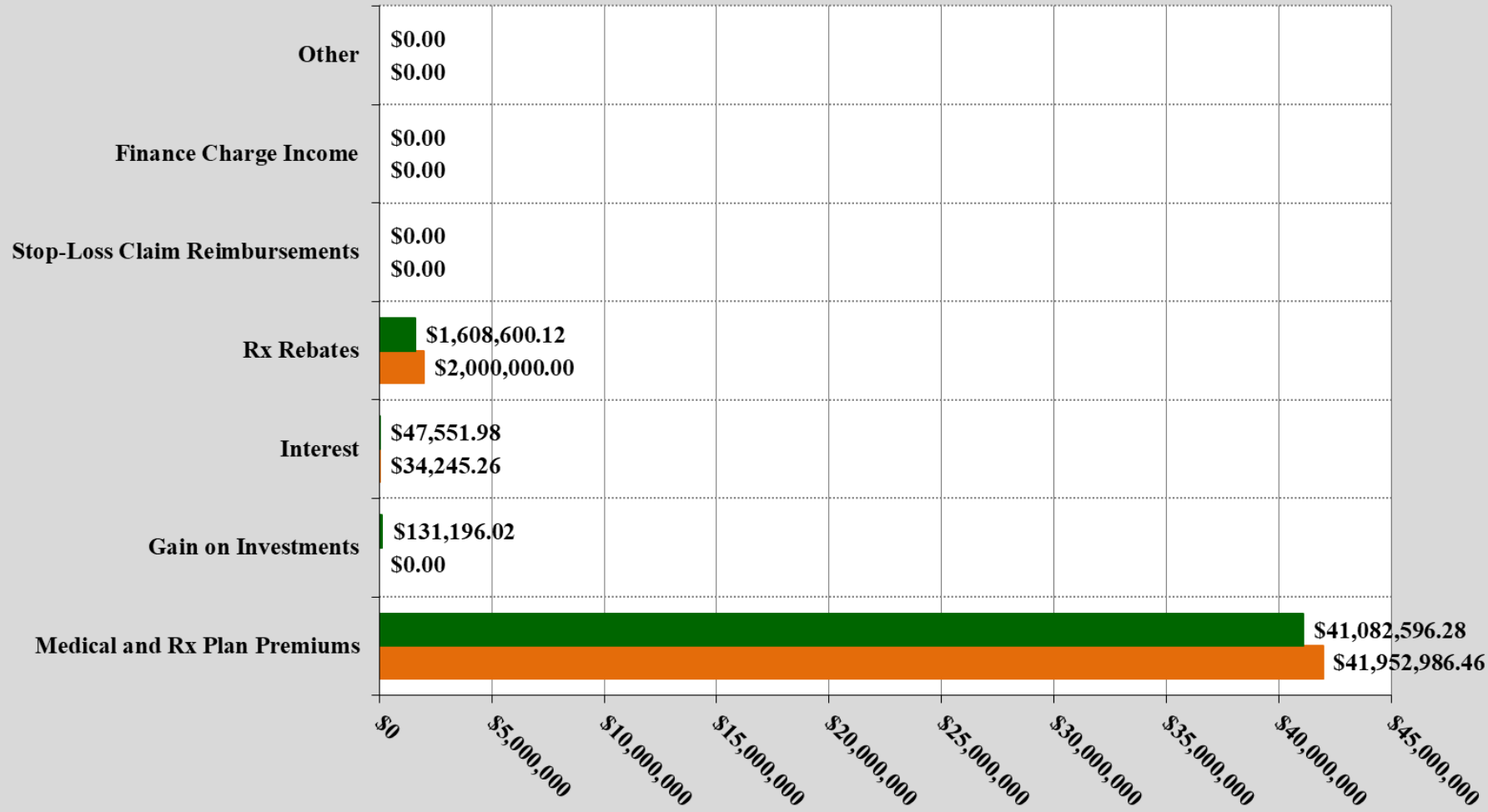
Key Facts (continued):

2. The Consortium invests in notes/bonds which are held to maturity but records gains and/or losses on a monthly basis (“mark to market”). Gains on investments are booked as revenues, while losses on investments are recorded as expenditures. The COVID-19 pandemic, greatly reduced the Consortium’s interest earnings potential.
3. There has been 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. We are expecting a large reconciliation payment for the 2021 Rx Rebate settlement.
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 September 30th. 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 September 30, 2022

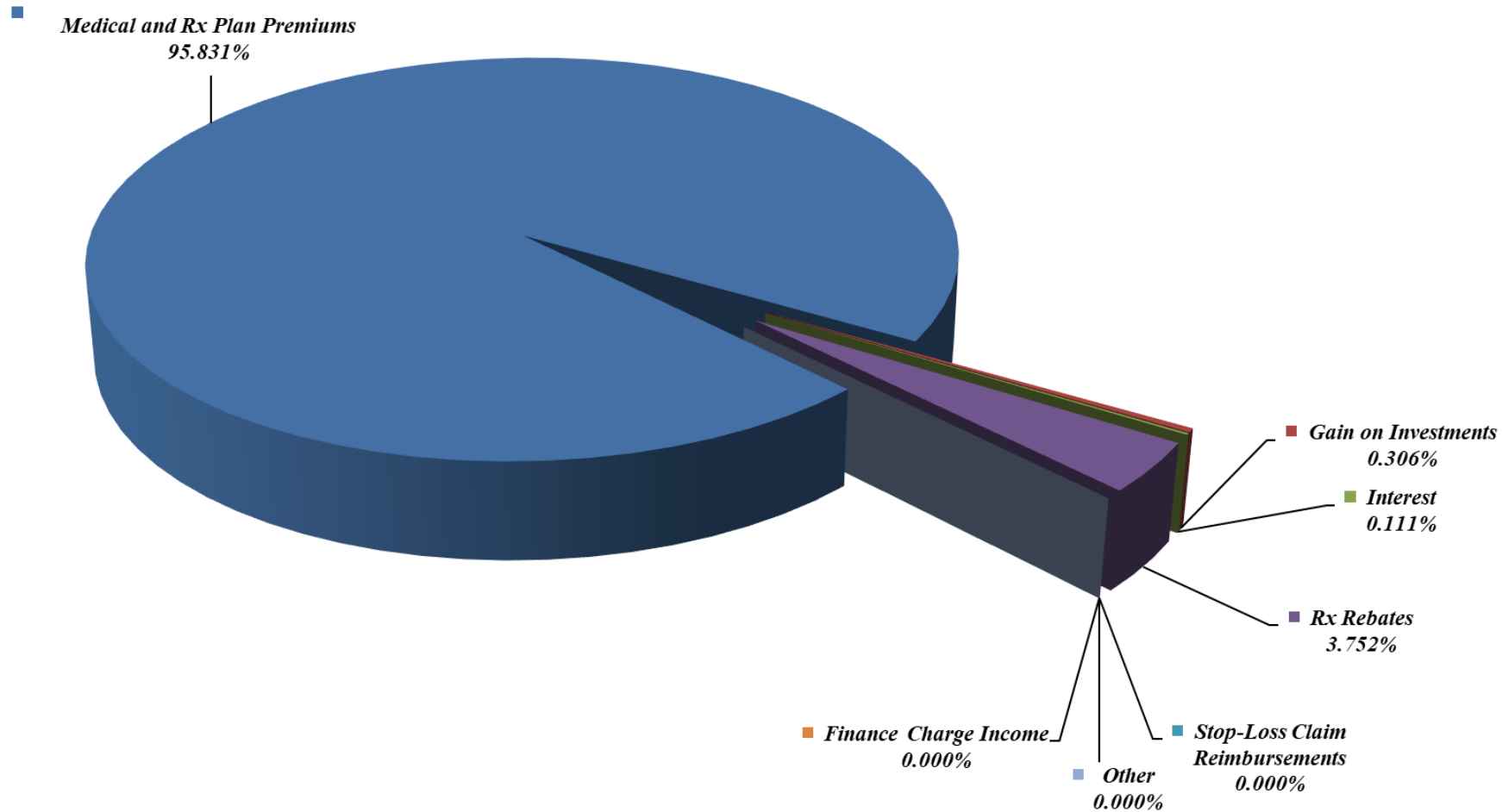


■ 2022 Actual Income ■ 2022 Budgeted Amounts

Greater Tompkins County Municipal Health Ins. Consortium

2022 Income Distribution

January 1, 2022 to September 30, 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 (09/30/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Expenses							
8090	Medical Paid Claims	\$40,780,345.45	\$40,780,345.45	\$30,519,359.09	\$28,484,657.90	-\$2,034,701.19	-6.67%
	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	\$12,380,074.37	\$12,486,574.64	\$106,500.28	0.86%
8121	Rx Paid Claims - CanaRx	\$161,366.59	\$161,366.59	\$121,024.94	\$130,542.90	\$9,517.96	7.86%
8084	Flu Clinic Fees	\$20,037.48	\$23,042.13	\$17,281.60	\$0.00	-\$17,281.60	-100.00%
8050	Medical Admin Fees	\$1,521,623.78	\$1,502,656.92	\$1,126,992.69	\$1,168,994.09	\$42,001.40	3.73%
	Rx Admin Fees	\$206,958.25	\$226,592.82	\$169,944.62	\$196,733.70	\$26,789.08	15.76%
8091	NYS Covered Lives Assessment	\$391,982.86	\$319,060.15	\$239,295.11	\$276,659.60	\$37,364.49	15.61%
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	\$542,536.50	\$222,100.40	-\$320,436.10	-59.06%
8000	Accounting Fees	\$19,000.00	\$19,000.00	\$14,250.00	\$15,400.00	\$1,150.00	8.07%
8010	Actuarial Fees	\$10,000.00	\$10,000.00	\$7,500.00	\$7,200.00	-\$300.00	-4.00%
8020	Audit Fees (Financial)	\$14,420.00	\$14,420.00	\$13,390.00	\$14,500.00	\$1,110.00	8.29%
8021	Audit Fees (Claims)	\$51,295.00	\$51,295.00	\$38,471.25	\$19,875.00	-\$18,596.25	-48.34%
8055	Consultant Fees (Barber & Strat Plan)	\$45,000.00	\$25,000.00	\$18,750.00	\$0.00	-\$18,750.00	-100.00%
8030	Consultant Fees (L&C)	\$91,650.00	\$91,650.00	\$68,737.50	\$68,625.00	-\$112.50	-0.16%
8070	Legal Fees	\$12,000.00	\$12,000.00	\$9,000.00	\$5,357.00	-\$3,643.00	-40.48%
8065	Wellness Program Costs	\$25,000.00	\$25,000.00	\$18,750.00	\$364.47	-\$18,385.53	-98.06%
66001	Executive Director (Salary)	\$96,450.00	\$96,450.00	\$72,337.50	\$74,188.40	\$1,850.90	2.56%
66002	Fringe Benefits	\$119,635.00	\$119,635.00	\$89,726.25	\$63,563.09	-\$26,163.16	-29.16%

2022 Expense Budget vs Actual Results (09/30/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Expenses							
66003	Clerk of the Board (Salary)	\$74,300.00	\$74,300.00	\$55,725.00	\$42,927.16	-\$12,797.84	-22.97%
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	\$42,180.00	\$43,260.00	\$1,080.00	2.56%
66006	Finance Manager (Salary)	\$72,100.00	\$72,100.00	\$54,075.00	\$55,461.60	\$1,386.60	2.56%
8060	Insurances (D&O / Prof. Liability)	\$55,650.00	\$53,004.00	\$39,753.00	\$43,699.50	\$3,946.50	9.93%
8041	Internal Coordination (Finance)	\$20,000.00	\$20,000.00	\$15,000.00	\$15,000.00	\$0.00	0.00%
8042	Internal Coordination (Support)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8040	Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$4,500.00	\$4,500.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$6,485.00	\$6,681.00	\$5,010.75	\$5,010.75	\$0.00	0.00%
9065	Marketing Expenses	\$2,575.00	\$8,000.00	\$6,000.00	\$1,508.60	-\$4,491.40	-74.86%
9055	Investment Management Services	\$12,360.00	\$12,360.00	\$9,270.00	\$8,960.14	-\$309.86	-3.34%
8150	Supplies Expense	\$4,080.00	\$4,080.00	\$3,060.00	\$3,403.31	\$343.31	11.22%
8151	Computer Equipment	\$11,545.00	\$11,545.00	\$8,658.75	\$5,516.31	-\$3,142.44	-36.29%
8152	Lease Expense / Parking Fees	\$13,370.00	\$13,370.00	\$10,027.50	\$8,524.75	-\$1,502.75	-14.99%
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$750.00	\$276.57	-\$473.43	-63.12%
8154	Software	\$0.00	\$0.00	\$0.00	\$1,061.64	\$1,061.64	0.00%
8155	Postage	\$0.00	\$0.00	\$0.00	\$953.76	\$953.76	0.00%
8156	Furniture and Fixtures	\$0.00	\$2,000.00	\$1,500.00	\$0.00	-\$1,500.00	-100.00%
8157	Training & Prof. Dev.	\$0.00	\$2,000.00	\$1,500.00	\$348.00	-\$1,152.00	-76.80%
8158	Subscriptions	\$0.00	\$1,000.00	\$750.00	\$219.97	-\$530.03	-70.67%
9005	Loss on Investments	\$0.00	\$0.00	\$0.00	\$708,052.74	\$708,052.74	
9060	Other Expenses / Supplies	\$12,595.00	\$7,595.00	\$5,696.25	\$779.65	-\$4,916.60	-86.31%
Total Expenses		\$60,792,011.28	\$61,143,723.29	\$45,815,664.07	\$44,268,286.01	-\$1,547,378.06	-3.38%

2022 Expense Budget vs Actual Results (09/30/2022)

	Budget	Revised Budget	Year-to-Date	Actual		
Paid Claims	\$57,505,859.98	\$57,537,419.99	\$43,103,639.99	\$41,167,675.44	-\$1,935,964.55	-4.49%
Claims Admin. Fees	\$1,728,582.03	\$1,729,249.74	\$1,296,937.31	\$1,365,727.79	\$68,790.49	5.30%
Stop-Loss	\$313,950.00	\$723,382.00	\$542,536.50	\$222,100.40	-\$320,436.10	-59.06%
Taxes and Fees	\$410,869.27	\$337,946.56	\$258,181.52	\$294,244.97	\$36,063.45	13.97%
Professional Services	\$268,365.00	\$248,365.00	\$188,848.75	\$131,321.47	-\$57,527.28	-30.46%
Insurance/Internal Fees/Investment Losses (\$708,052.74)	\$564,385.00	\$567,360.00	\$425,520.00	\$1,087,215.94	\$661,695.94	155.50%
Total Expenses	\$60,792,011.28	\$61,143,723.29	\$45,815,664.07	\$44,268,286.01	-\$1,547,378.06	-3.38%
Net Income	\$6,092.82	-\$2,160,747.66	-\$1,828,432.35	-\$1,398,341.61	\$430,090.74	

The above provides an “easier to read” summary version of the expense data for the Consortium through September 30, 2022. As you will note, the paid claims which collectively include medical, prescription drug, CanaRx, Flu Clinic and any pre-paid claims account for 93.00% of the total expenses through September 2022. Overall paid claims are 4.49% (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 \$708,052.74 in losses, offset by \$131,196.02 in gains as of September 30, 2022. (YTD net loss = \$576,856.72)

2022 Expense Budget vs Actual Results (09/30/2022)

Key Facts:

1. We continue to work with the Consortium's Executive Director and Financial Team to allocate budgeted funds into their correct expense line-item based on their code. This was done to provide a more detailed and accurate summary of the internal and external professional support costs. In addition, we updated some of the budget numbers based on the addition of new members and changes in enrollment by existing members.
2. As of September, the Consortium is tracking slightly ahead of 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 3rd 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.

2022 Expense Budget vs Actual Results (09/30/2022)

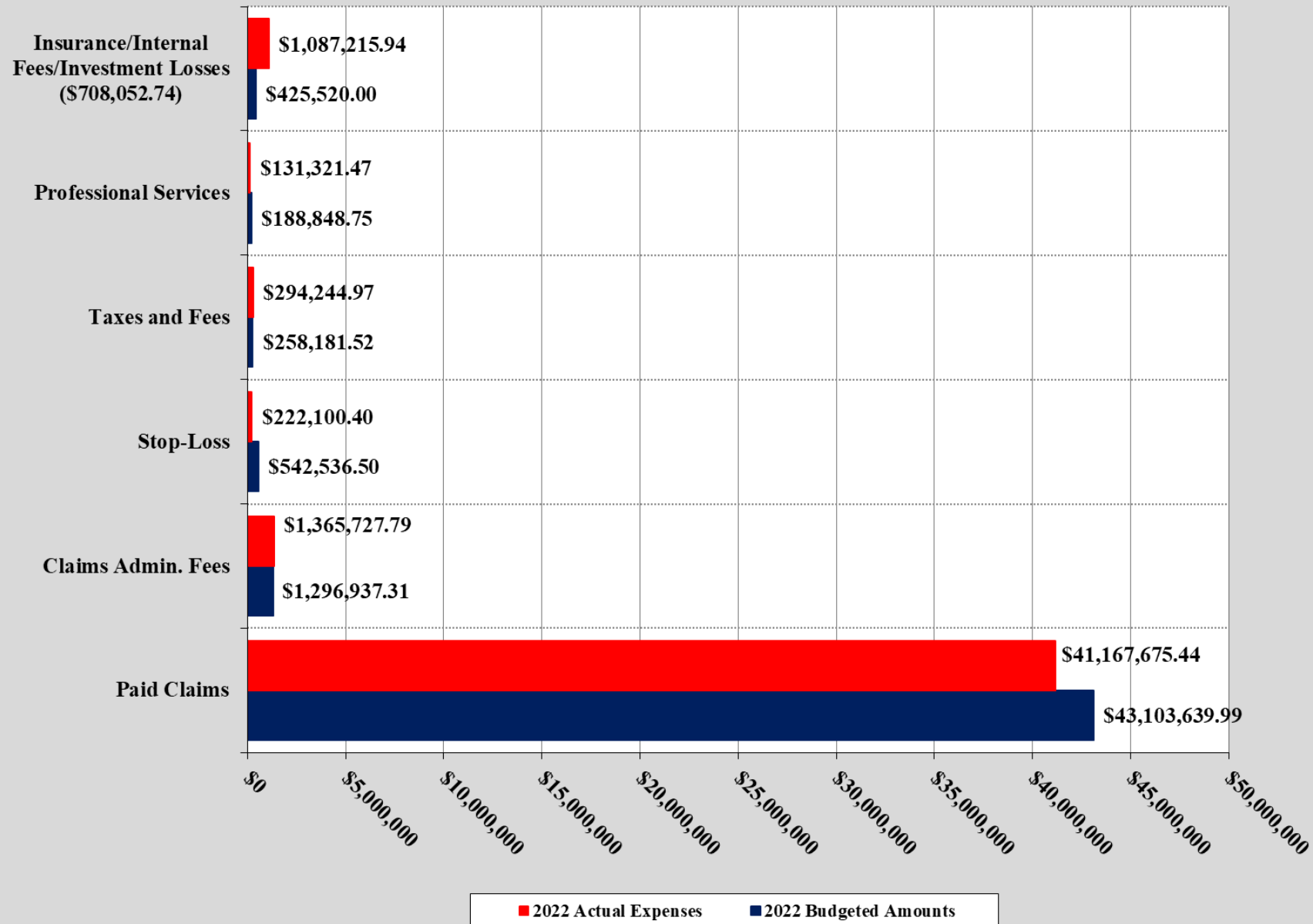
Key Facts:

4. Medical Paid Claims in the first 9-months were **6.65% below the amended budget** for the Fiscal Year to Date. This is the result of:
 - a) An increase in the covered lives ($\uparrow 1.60\%$) and in the number of contracts ($\uparrow 2.81\%$) 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 0.86% over budget for the first 9-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

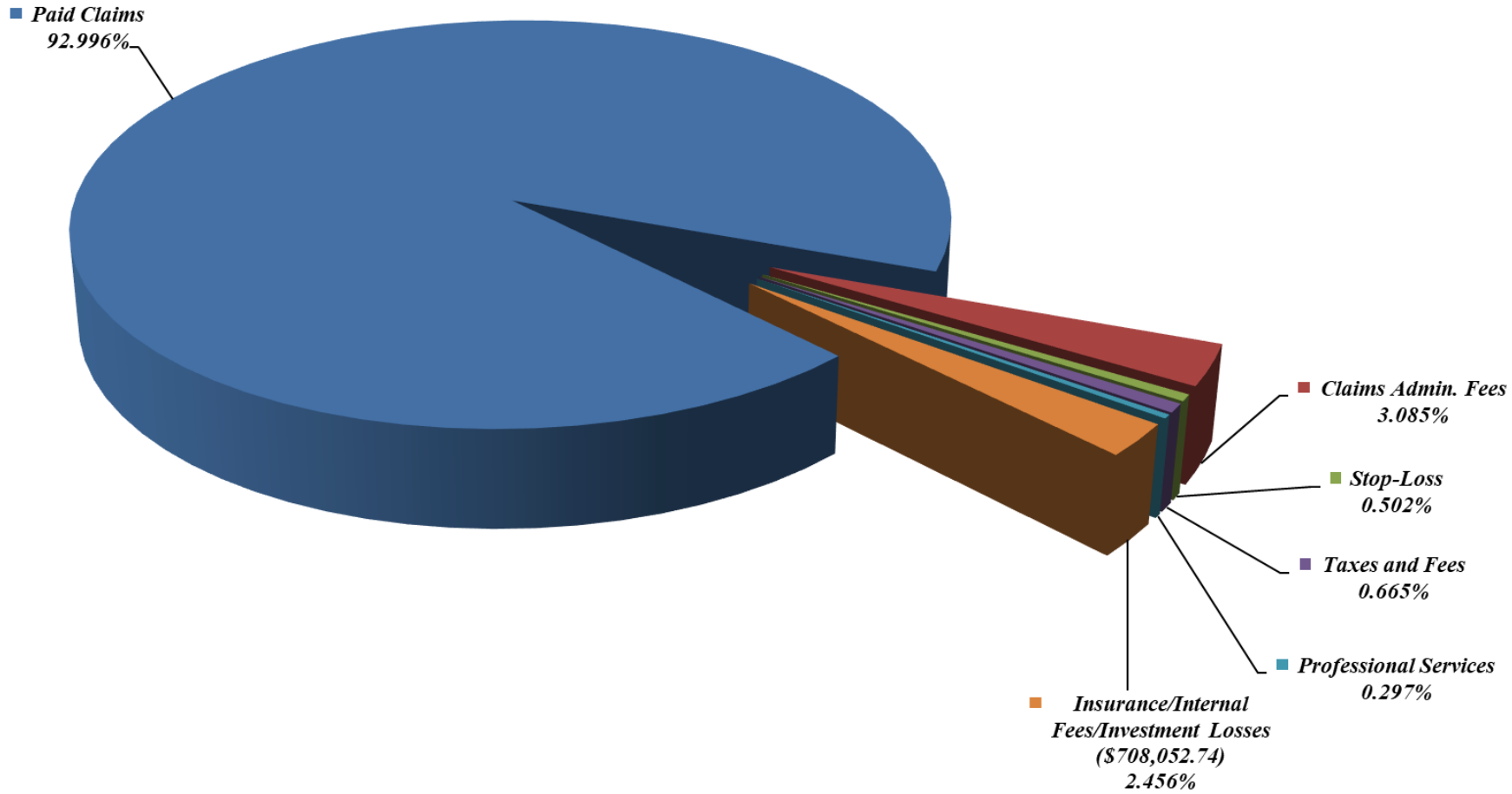
January 1, 2022 to September 30, 2022



Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution

January 1, 2022 to September 30, 2022



■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees/Investment Losses (\$708,052.74)

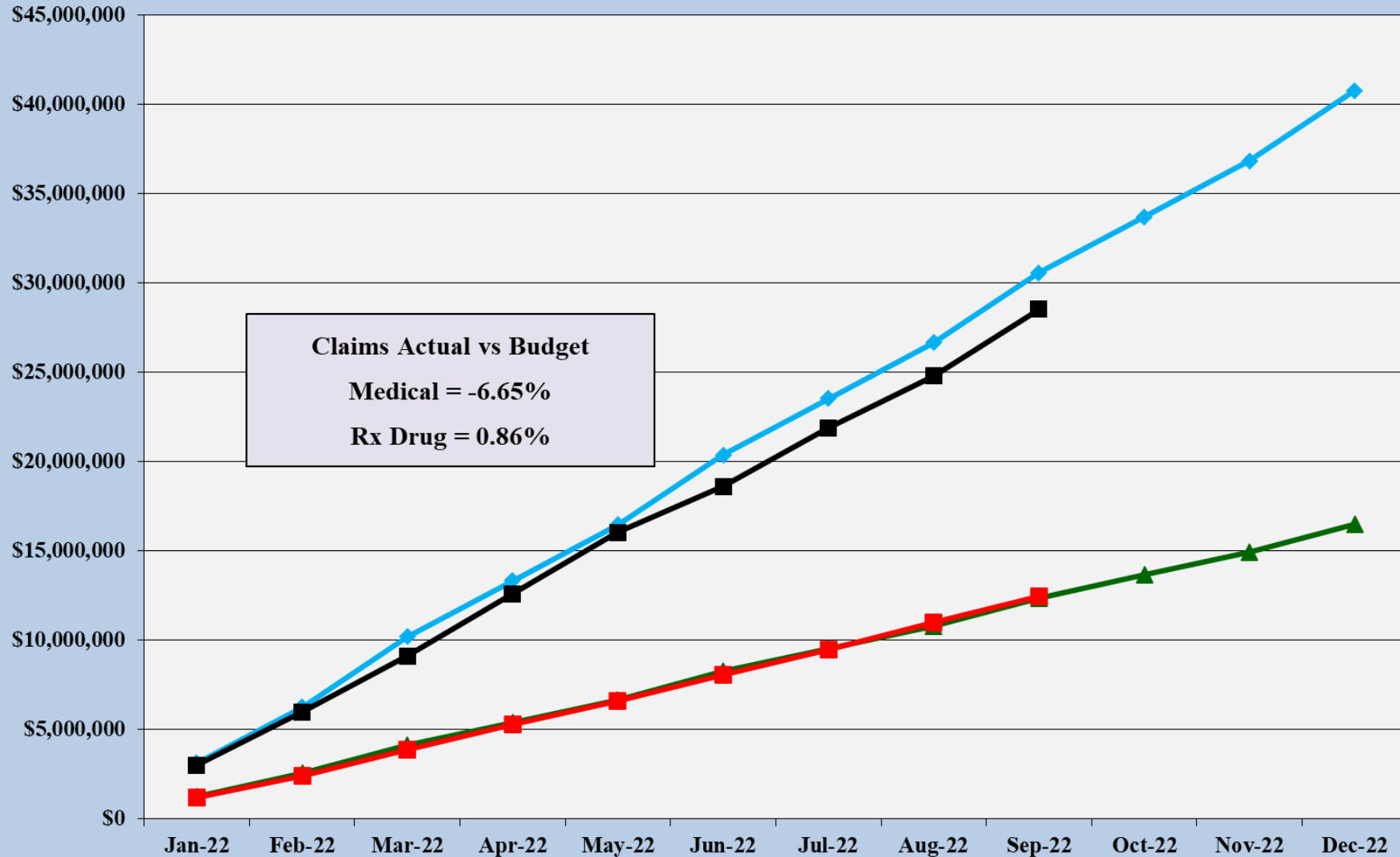


Section 3

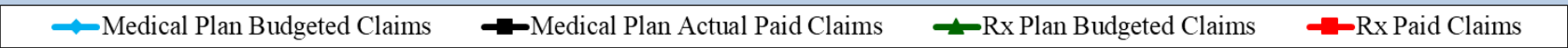
2022 Fiscal Year-to-Date
Paid Claims Budget vs Actual Results

Greater Tompkins County Municipal Health Insurance Consortium

2022 Cumulative Paid Claims and Budgeted Claims by Month

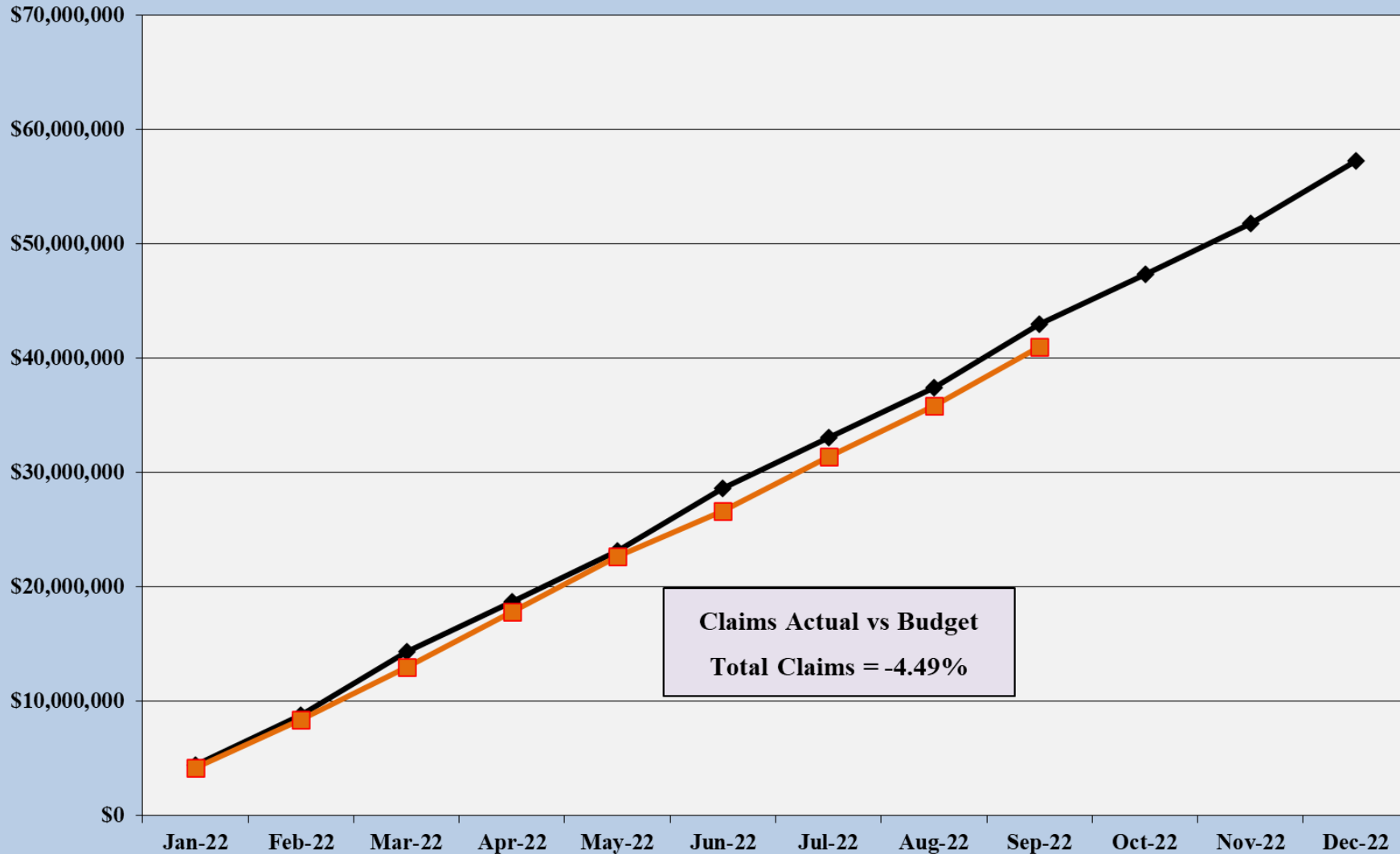


Claims Actual vs Budget
Medical = -6.65%
Rx Drug = 0.86%



Greater Tompkins County Municipal Health Insurance Consortium

2022 Cumulative Paid Claims and Budgeted Claims by Month

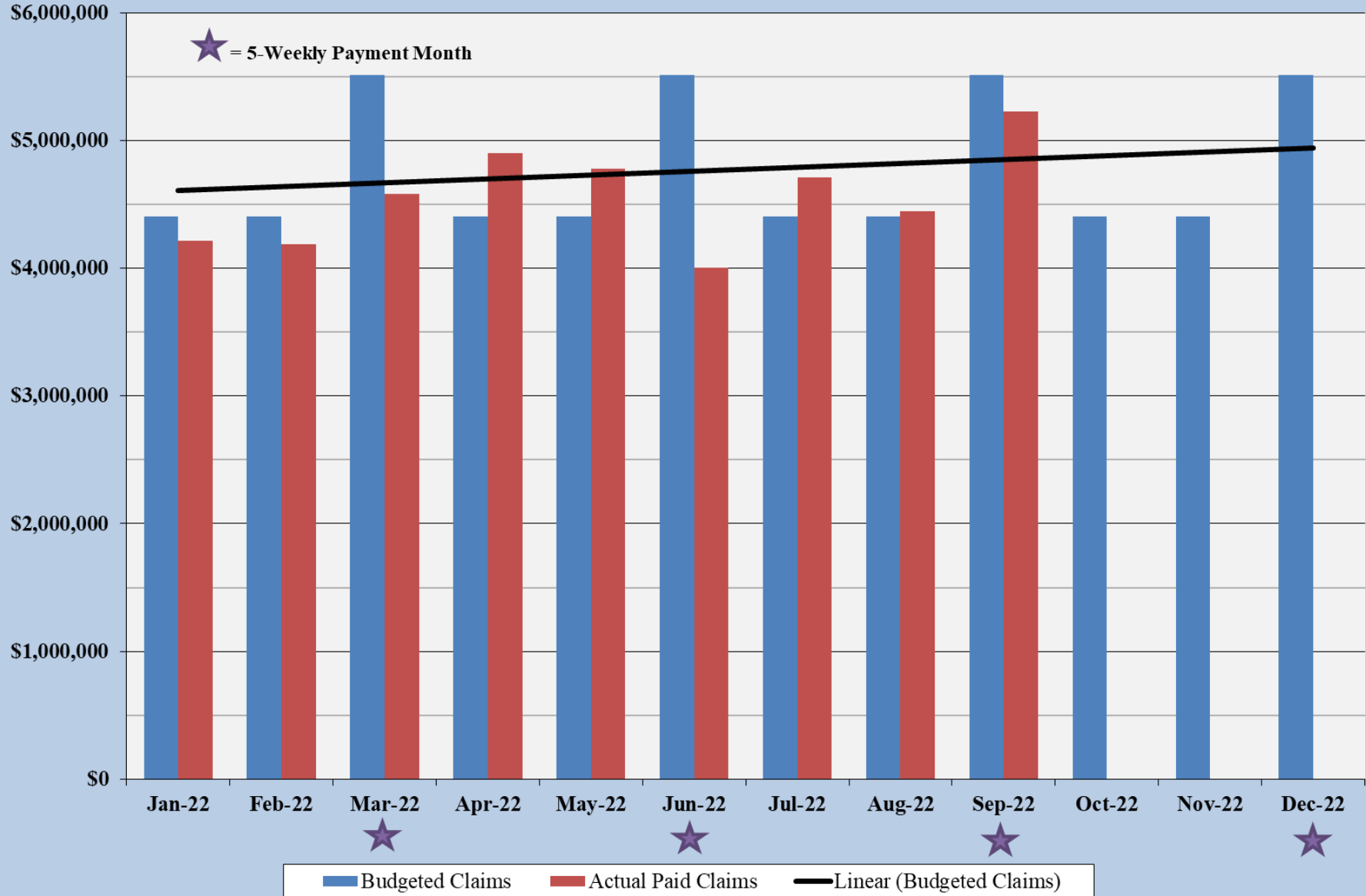


Claims Actual vs Budget
Total Claims = -4.49%

◆ Budgeted Claims ■ Actual Paid Claims

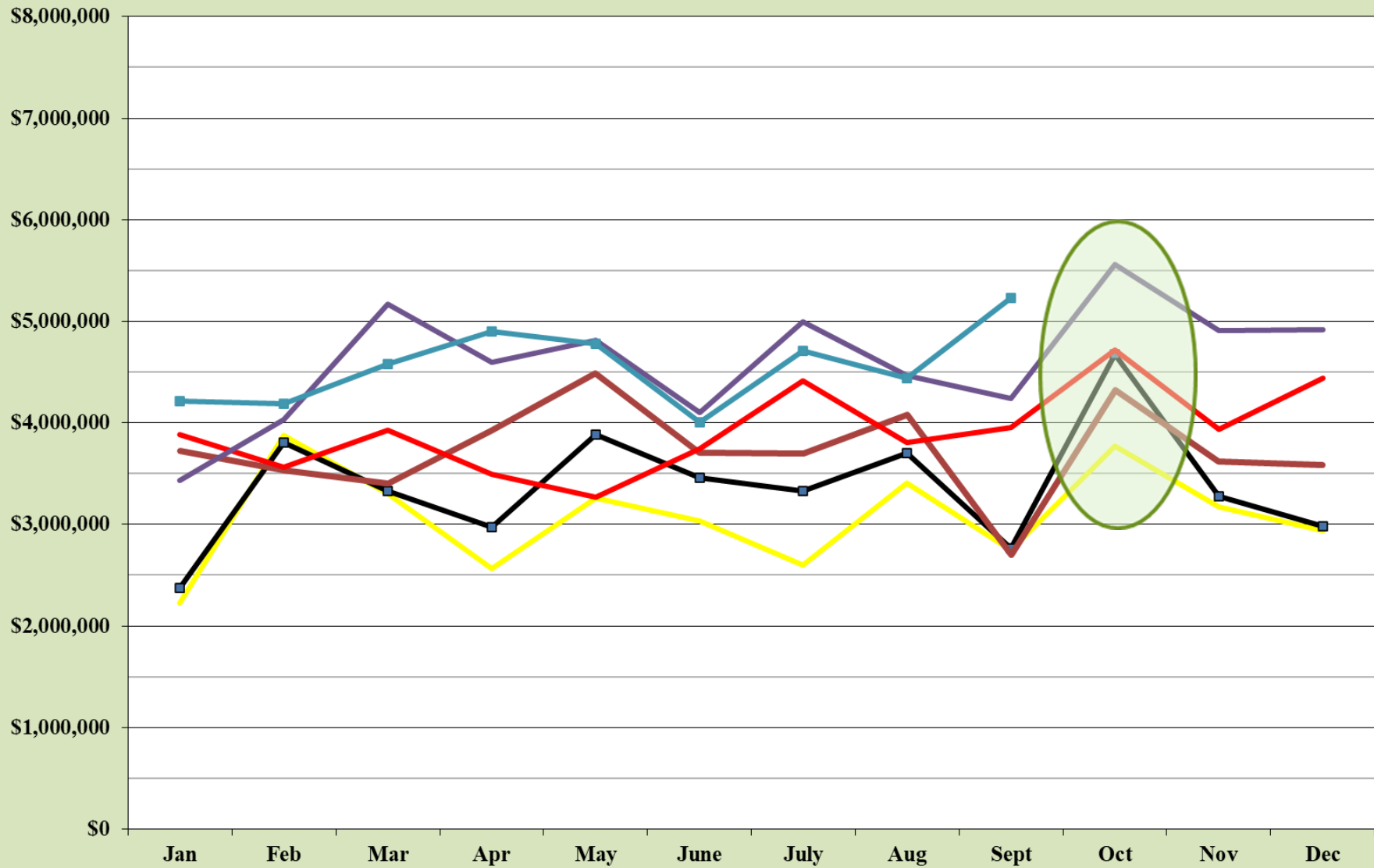
Greater Tompkins County Municipal Health Insurance Consortium

2022 Budgeted vs Actual Paid Claims by Month



Greater Tompkins County Municipal Health Ins Consortium

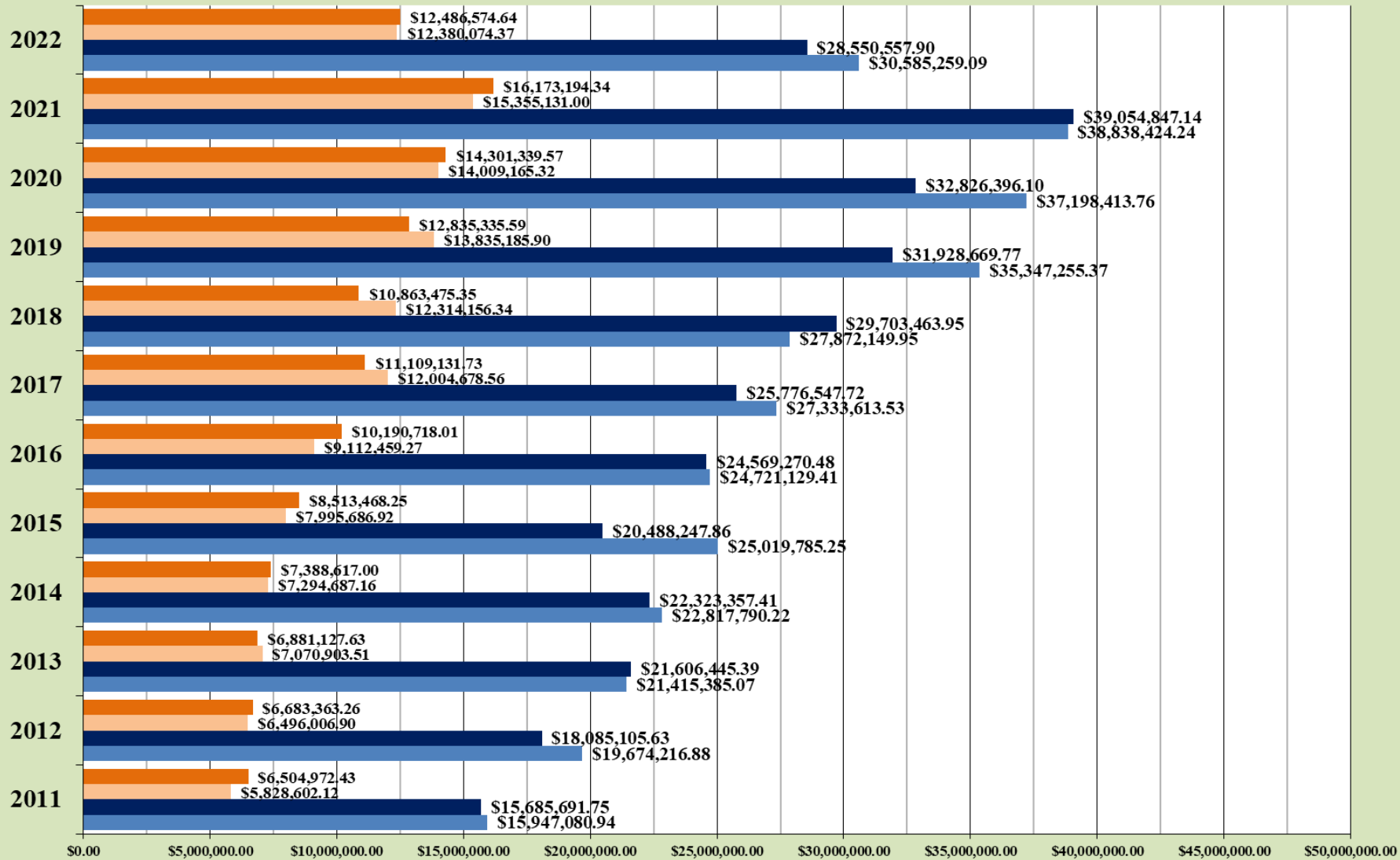
2017-2022 Monthly Paid Claims by Fiscal Year



2017 2018 2019 2020 2021 2022

Greater Tompkins County Municipal Health Ins Consortium

2011-2022 (as of 09/30/2022) Annual Paid Claims v Budgeted Claims

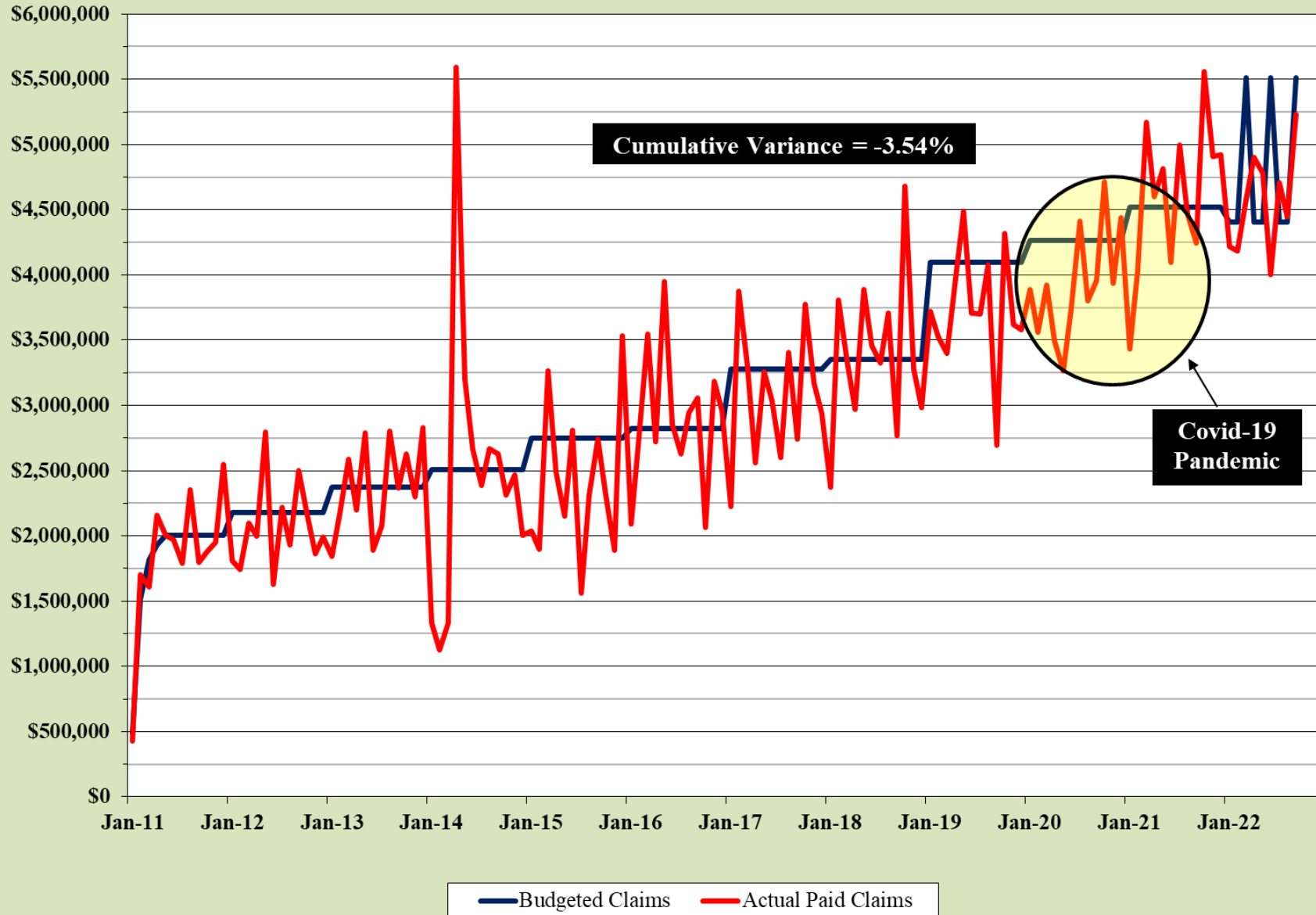


■ Actual Rx Claims
 ■ Budgeted Rx Claims
 ■ Actual Medical Claims
 ■ Budgeted Medical Claims

Greater Tompkins County Municipal Health Ins Consortium

2011-2022 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to September 30, 2022



APPROVED
**MEDICAL
CLAIM**



Section 4

High-Cost Claimants
Catastrophic Self-Insurance Pool

Large Loss and Catastrophic Claims History

Greater Tompkins County Municipal Health Insurance Consortium

Large Loss and Catastrophic Claims History (as of August 31, 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	Notes
2011	\$250,000.00	4,400	13	3	1	0	0	\$2,357,898.22	\$146,063.45	\$384,392.52	Medical Claims Only
2012	\$275,000.00	4,448	16	6	3	2	1	\$3,904,221.28	\$1,136,196.38	\$361,366.41	Medical Claims Only
2013	\$300,000.00	5,077	22	7	4	1	0	\$4,079,308.91	\$292,967.64	\$592,381.65	Medical Claims Only
2014	\$300,000.00	5,012	18	6	1	1	0	\$3,494,872.81	\$184,734.14	\$720,784.39	Laser of \$1,000,000 on Unique ID 000010930774
2015	\$400,000.00	5,021	23	2	1	1	1	\$3,722,006.77	\$125,880.36	\$642,080.30	Includes ProAct Rx Claims
2016	\$400,000.00	5,063	39	4	1	1	1	\$6,070,055.86	\$242,433.49	\$766,281.18	Laser of \$1,000,000 on Unique ID 000001179452
2017	\$450,000.00	5,172	24	12	1	1	0	\$3,057,208.40	\$8,294.21	\$738,819.42	Laser of \$1,000,000 on Unique ID 000001179452
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	Laser of \$1,000,000 on Unique ID 000001179452 Laser of \$1,200,000 on Unique ID 000010930774
2020	\$1,000,000.00	6,277	60	18	5	3	1	\$11,290,214.72	\$0.00	\$264,390.72	Laser of \$1,200,000 on Unique ID 000010930774 if transplant performed
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	6,410	39	8	4	2	1	\$6,910,602.49	\$0.00	\$197,601.20	
Totals		64,558	411	113	36	23	14	\$76,770,467.67	\$2,619,537.80	\$6,073,944.83	Loss Ratio = 43.13% as of 08/31/2022
Averages	\$547,916.67	5,380	34.250	9.417	3.000	1.917	1.167	\$6,397,538.97	\$218,294.82	\$506,162.07	

Overall Stop-Loss Insurance Loss Ratio (Paid Claims ÷ Premium) = 43.13%

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	6,410	39	0.61%	\$197,601.20	\$10.28	\$6,910,602.49	\$35,921,118.21	19.24%	\$4,642,294.20
Totals		64,558	411	0.64%	\$6,073,944.83	\$7.84	\$76,770,467.67	\$429,332,446.82	17.88%	
Averages (2011-2022)		5,380	34	0.64%	\$506,162.07	\$8.73	\$6,397,538.97	\$35,777,703.90	17.88%	

On Average 0.64% of the Covered Lives Account for 17.88% of Paid Claims

Catastrophic Claims Self-Insurance Pool Activity

		<i>Actual</i>	<i>Actual</i>	<i>8/31/2022</i>
		2020 Fiscal Year	2021 Fiscal Year	2022 Fiscal Year
Budgeted Premium	\$600,000 Deductible	\$762,505.96	\$876,881.85	\$723,382.00
Actual Premium Paid	\$1,000,000 Deductible	\$264,390.72	\$270,471.20	\$197,601.20
Premium Savings		\$498,115.23	\$606,410.65	\$525,780.80
Member # 000001179452	Deductible (Laser Applied)	\$1,000,000.00	\$1,000,000.00	\$700,000.00
	Actual Claims Paid	\$798,499.59	\$712,297.59	\$510,746.85
	Catastrophic Claims Pool	\$0.00	\$0.00	\$0.00
Member # 000014335319	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$686,798.19	\$419.30
	Catastrophic Claims Pool	\$0.00	\$186,798.19	\$0.00
Member # 000014235037	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$633,727.34	\$422,021.38
	Catastrophic Claims Pool	\$0.00	\$133,727.34	\$0.00
Member # 000012168307	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$836,622.21	\$0.00
	Catastrophic Claims Pool	\$0.00	\$336,622.21	\$0.00
Member # 000001551134	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$648,218.91	\$0.00
	Catastrophic Claims Pool	\$0.00	\$148,218.91	\$0.00
Catastrophic Claims Self-Insurance Pool Claims		\$0.00	\$805,366.65	\$0.00
Net Impact on Fund Balance		\$498,115.23	-\$198,956.00	\$525,780.80
Interest Earnings on Reserve		\$1,670.36		\$5,896.91
Total Savings to Consortium				\$832,507.30

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*



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
Income						
Total Income	\$60,798,104.10	\$58,982,975.63	\$43,987,231.72	\$42,869,944.40	-\$1,117,287.32	-2.54%
Expenses						
Total Expenses	\$60,792,011.28	\$61,143,723.29	\$45,815,664.07	\$44,268,286.01	-\$1,547,378.06	-3.38%
Net Income	\$6,092.82	-\$2,160,747.66	-\$1,828,432.35	-\$1,398,341.61	\$430,090.74	
Ending Balance						
	\$29,123,540.98	\$27,745,000.50	\$27,289,015.81	\$28,507,406.55	\$1,218,390.74	4.46%
Liabilities and Reserves						
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
Total Liabilities and Reserves		\$17,884,167.36	\$18,397,169.21	\$18,970,797.92	\$18,970,797.92	
Unencumbered Fund Balance		\$11,239,373.62	\$9,347,831.29	\$8,318,217.89	\$9,536,608.63	

The net cash assets (unencumbered fund balance) is currently at 17.05% 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 31st there are going to be covered medical services received by covered members on or before December 31st which will not be paid until sometime after December 31st. 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

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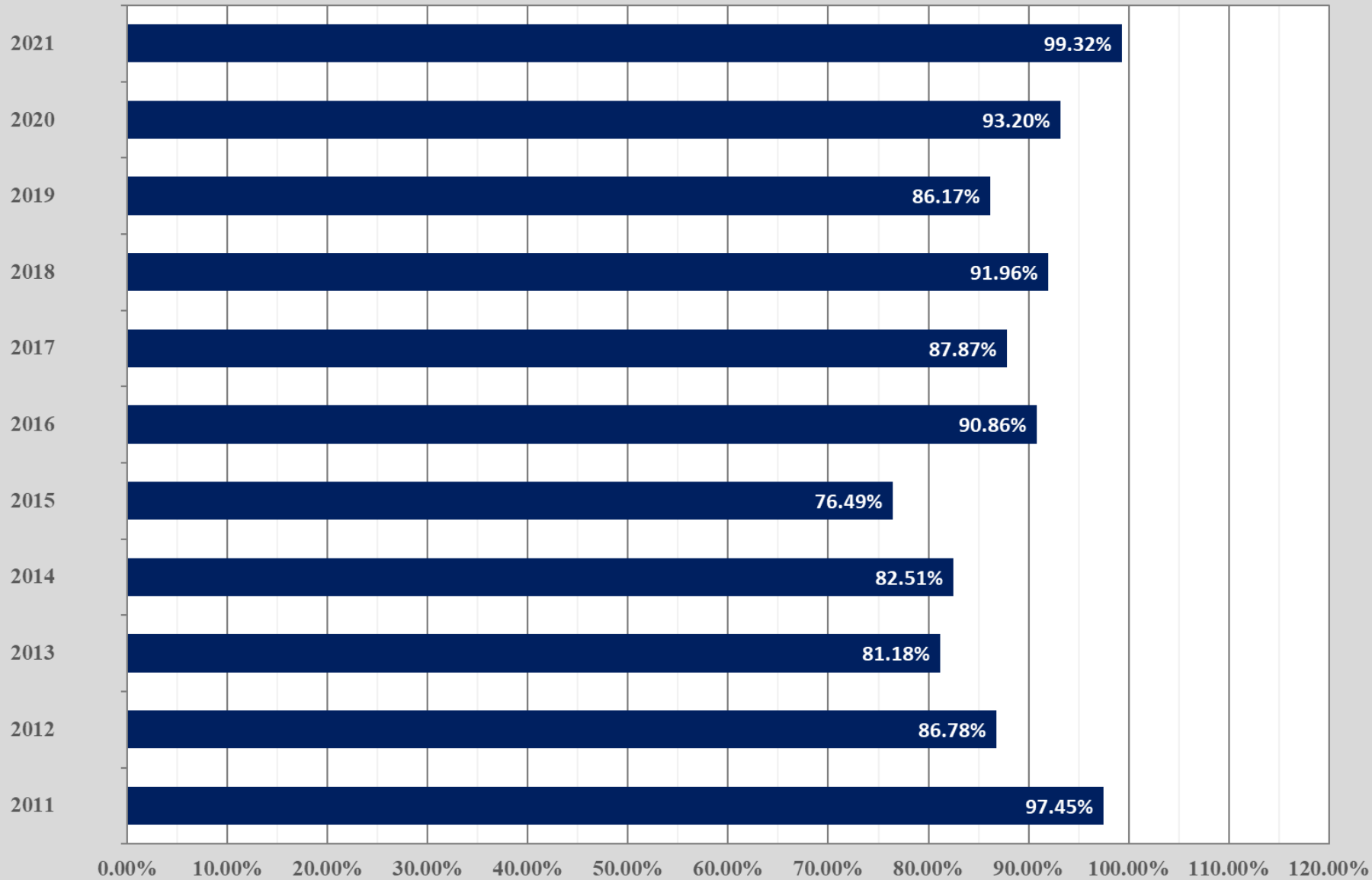
2022 Fiscal Year-to-Date Summary & Observations

1. The overall revenue of the Consortium is 2.54% below budget as of September 30, 2022. We are analyzing the Rx Rebates, as they have fallen short of projections. Based on recent information, the Consortium should receive a large reconciliation payment related to the 2021 fiscal year, which should bolster the revenue outlook significantly. Unfortunately, even with the increased management of the cash assets by the Consortium's Financial Team, in collaboration with Wilmington Trust, interest income and the net gain/loss on investments are still a challenge.
2. The combined **Medical and Rx Paid Claims were 4.49% below budget** through the first 9-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 nine months into the 2022 Fiscal Year. We will need to continue to monitor overall claim trends, especially as we add new municipalities and amend 2023 budget. We are hopeful that the positive claims trend will continue and allow the Consortium to maintain modest premium increases for future budget years, providing stability to municipalities budgets.
4. The results experienced by the Consortium as of September 30, 2022 support the Board of Director's decision to increase premium rates, by a modest 5%, for the 2022 Fiscal Year. With careful planning and monitoring, it may allow for some additional premium relief to assist the Participating Municipalities during potential difficult financial times as COVID relief monies dry up.
5. It is important to monitor the impact of the new accounting for gains and losses on investments, and how that reporting impacts the actual vs. budget comparisons. The current impact of these transactions as of September 30, 2022 is a net loss of \$576,856.72.

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



■ Medical Loss Ratio