

**Minutes - Approved
Audit and Finance Committee
December 22, 2015
2:30 p.m.
Old Jail Conference Room**

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

Call to Order

Mr. Thayer called the meeting to order at 2:34 p.m.

Approval of Minutes of October 27, 2015

It was MOVED by Mrs. Shawley, seconded by Mr. Thayer, and unanimously adopted by voice vote by members present, to approve the minutes of October 27, 2015 as submitted. MINUTES APPROVED.

Executive Director's Report

Mr. Barber reported the Department of Financial Services responded to the request for a waiver on Aggregate Stop Loss. Although the Department said it would grant a waiver it said that in order to do that the Consortium would have to increase its IBNR (Incurred But Not Reported) from 12% to 18% which equates to approximately \$2 million. They also want the surplus increased from 5% to 7.5% which equates to another \$1 million. This requirement to increase reserves by \$3 million to save \$65,000 for a coverage that provides a maximum of \$1 million makes it unlikely the Consortium will move forward.

Mr. Barber reported members have received a copy of the latest draft Mission and Vision statement and encouraged members to submit comments as it is still being refined until approved by the Board of Directors.

He provided an update on the Recertification process and said he has asked the three entities that are still working on this (Tompkins County, City of Ithaca, and TC3) for a status update and heard back only from the City that it is making progress.

Lastly, he reported on the Prescription Drug Audit and said BMI is still gathering information from ProAct and running tests on that data. They are supposed to be submitting a report to ProAct next week and will give them an opportunity to respond.

Financial Update

Mr. Locey provided a financial update through November 30, 2015. He said revenues are in line with the budget with the exception of interest income and prescription drug rebates being up slightly. Overall, the Consortium is above budget for revenues by .7%. On the expense side the Consortium continues to track well-below budget on medical claims and is 22.8% below budget (\$5.1 million). Prescription drug claims are up slightly (4.28% above budget) and this is predominantly due to specialty drug claims. This is something that will need to be monitored moving forward.

Mr. Locey said the Consortium spent \$6,075 on the flu clinics; a budget line will be added in 2016. One area he will be meeting with Finance Department staff about is the internal coordination fees and suggested combining those into one category. He said the Consortium overall is 15.67% below budget on expenses, leaving a net income of \$7.5 million for the year; this brings the Consortium's ending balance to over \$22 million and unencumbered balance to over \$13.5 million year-to-date. He also noted that paid claims represent over 92% of the Consortium's overall budget which means that all of the remaining items account for less than 8%.

Mr. Locey spoke to drug expenses being higher than anticipated and said ProAct will be asked to provide some year-end reports that are specific to specialty medications to show what impact those drugs are having on the budget.

With regard to Stop Loss he said he was able to get Highmark to reduce its quote for Aggregate Stop Loss to what the Consortium paid last year (\$67,000) with the retention still at \$400,000 with the one individual laser. This brings the total Stop Loss premium for the year to \$765,000.

Mr. Barber asked if Highmark would be willing to meet with the Consortium to talk about how premiums are established; Mr. Locey said he will look into setting up a meeting with them.

Request for Proposals – Actuarial Services

Mr. Barber reviewed the draft Request for Proposals for Actuarial Services. Members were asked to submit additional comments prior to the release date of January 4th. A review committee will tentatively meet an hour prior to the next meeting. Mr. Snyder suggested notifying municipalities to let them know the Consortium is doing this.

2016 Meeting Schedule

The Committee agreed to continue meeting on the fourth Tuesday of each month but at 2:00 p.m. pending a conflict being worked out that Mr. Snyder may have with a Legislative meeting he needs to attend.

Medical Claims Audit

Mr. Locey reported he and Mr. Barber met with Judy Taber to review the outstanding items from the medical claims audit and grouped things into three categories. There were errors found where Excellus was supposed to be taking some corrective actions with regard to claims and was also supposed to be providing some reporting that needed to be followed up on. The second group were items where BMI identified things that were done incorrectly; the Consortium agrees with BMI and is asking Excellus to make some correction actions in its system. The third grouping includes errors that were identified by BMI that the Consortium doesn't necessarily think that changes should be required by Excellus and those are being communicated with BMI.

Mr. Locey provided an initial draft resolution to deal with those items where BMI feels there was an error, the Blues have responded that they don't feel there was an error and it was done the way they do things, and the Consortium is siding with BMI and stating Excellus should be following normal protocol. No action was taken on the resolution; it will be included on the next agenda for action prior to being presented to the Board of Directors.

Mr. Barber spoke of the issues relating to emergency dental services and this not being a covered benefit. He asked whether this should be included; Mr. Locey said since it is not a covered benefit there needs to be communication with Excellus so they can correct this. He will take care of this.

Mr. Thayer suggested a date be included in the resolution for changes to be made; Mr. Locey said he would think about whether it would be a good idea to include a date and if so what a reasonable time would be.

Mr. Barber said an item the Consortium has not established a policy on its payback determination and this is something that should be in place. Mr. Locey said there should also be a policy on retroactive terminations.

Interfacing Premium Invoice Data Between Excellus and Treasurer

Mr. Locey said at this time there are 20 entities in the Consortium with a total of 160 subgroups throughout the Consortium and keeping track of all of these groups and changes that are being made has been extremely difficult. After discussing this with Ms. Miller and Ms. Masucci, it is being recommended that whenever a change is proposed the group should reach out to the Executive Director, ProAct, Excellus, Lisa Christian, the Administrative Clerk, and Mr. Locey. Ms. Miller will go through a confirmation worksheet, make the change, and send it back to the employer to sign off on. It will then be distributed to all parties in an attempt to get a better handle on plan changes.

Mr. Barber spoke of difficulty Ms. Christian is having when she is not made aware of changes employers are making in contracts such as when a plan changes from family to single. Mr. Snyder said it would be very helpful if municipalities could copy Ms. Christian on changes that are being made to contracts so she can follow-up on them if questions arise or to catch cases in which the changes are not being made.

Concerns were raised about billing issues that are taking place with Excellus. Ms. Drake said she has also had problems because she is not able to see who is in the ProAct system. Mr. Barber will ask benefit clerks to provide a list of issues they have incurred this year; he and Mr. Locey will then set up a meeting to talk about this with Ms. Miller and Ms. Masucci. Mr. Barber asked Mrs. Shawley to copy him on correspondence that relate to a billing issue she has had with Excellus.

Next Agenda

The following suggestions were made for future agenda items:

- Medical Claims Audit Resolution;
- Policy on Retroactive Claim Payments and Determination and how far back retroactive payments can be made;
- Termination Policy;
- Code of Ethics;
- Resolution to Issue Contract for Actuarial Services;
- Review of Year-end Financial Information;
- Medicare Advantage Plan and Risk Assessment; and
- Guidelines on Members Changing Plans

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Hancock Estabrook Invoice

The Committee reviewed an invoice dated September 30, 2015 and no objection was raised to processing payment.

Adjournment

The meeting adjourned at 3:46 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk