

Audit and Finance Committee – APPROVED
August 23, 2016 – 3:30 p.m.
Old Jail Conference Room

Present: Steve Thayer, Laura Shawley, Rordan Hart, Phil VanWormer
Excused: Peter Salton, Chuck Ranking
Absent: Mack Cook
Guests: Don Barber, Steve Locey, Rick Snyder, Judy Drake

Call to Order

Mr. Thayer, Chair, called the meeting to order at 3:30 p.m.

Approval of Minutes of July 26, 2016

It was MOVED by Mr. Hart, seconded by Mr. Salton, and unanimously adopted by voice vote by members present, to approve the minutes of July 26, 2016 as presented. MINUTES APPROVED.

Mr. Rankin arrived at this time.

Executive Director's Report

New York State DFS Audit

Mr. Barber reported the Department of Financial Services is on-site at the Ithaca Town Hall to work on the audit. Yesterday a conference call was held to speak with representatives of the Department about the audit and during that call he said he asked the Department to do its best to complete the last audit. He also raised his previous request to meet with the Department about the Stop Loss waiver and was told by Mr. McLoughlin of DFS that he would work on that.

Municipal Interest in the Consortium

Mr. Barber reported at this time there are four municipalities that have passed resolutions: the Towns of Springport, Scipio, and Preble, and the Village of Union Springs. The Towns of Moravia, Aurelius, and Cincinnatis have also expressed interest.

Logo

Mr. Barber displayed the final design of the logo that will be presented to the Board of Directors for approval.

Authorization to Sign Engagement Letter with Insero & Co.

Mr. Barber said the Board of Directors approved a contract for Insero & Co. to perform the external audit of the Consortium's financial records for 2016 and requested that the Committee authorize the Chair of the Board to sign the Engagement Letter for that process.

It was MOVED by Mr. Thayer, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present, to authorize the Ms. Drake, Chair of the Board of Directors, to sign the Engagement Letter with Insero & Co. to perform services related to the 2016 financial audit of the Consortium.

Medical Claims Audit Process Update

Mr. Barber reported all agreements have been signed between Excellus and the Consortium to allow BMI to move forward with the claims audit.

It was MOVED by Mr. Hart, seconded by Mr. VanWormer, and unanimously adopted by voice vote by members present, to authorize payment of an initial invoice in the amount of \$18,630 from BMI for payment of services rendered as outlined in the Audit Services Agreement. MOTION CARRIED.

Request by Member for Quantity Limit Waiver

Mr. Locey said he received a request from ProAct for authorization to override a quantity limit on a drug for someone who was traveling out of the country. After looking into this he learned of details that he felt warranted further input from this Committee. He said the individual is a transplant recipient who will be leaving the country in late September for ten months and has requested a supply of the medication for that period. Mr. Locey said the medication cannot be shipped by ProAct internationally and recommended authorizing a 90-day override and at that point a family member could make arrangements to have the medication shipped to the individual. There were concerns related to whether the medication would still be valid after this length of time and also about traveling abroad with this amount of medication. After discussion the Committee agreed with Mr. Locey's recommendation.

CanaRx

Mr. Barber reported the Owning Your Own Health Committee has been looking at CanaRx for members to use for supplying maintenance medications. He explained CanaRx is a Canadian pharmacy that provides mail order brand name medications. ProAct has reported that in 2015 there were 5,300 claims that would have qualified for this program and would have resulted in \$1.6 million in claims savings. At the present time the County and TC3 offer its employees to use CanaRx although there is very limited usage of it. He noted those costs are not paid by the Consortium; they are directly paid by the County and TC3; however, that would change and the costs would come to the Consortium if a decision was made by the Consortium to use CanaRx. He also said there are a couple of specialty drugs included on the CanaRx formulary.

Mr. Barber said CanaRx has not been formally endorsed by the Department of Financial Services or the FDA but there also have been no legal barriers for municipalities who are using it. He explained how the program works and said there would be a contract between the member and CanaRx and not with the Consortium. There is a zero cost to the member for the medication and the Consortium would receive a reduced rate for the medication. There has been some concern expressed as to whether someone using a generic drug that has a minimal copay may move to a brand name drug to receive the medication at no copay; however, there is a quarterly review done by ProAct to ensure that doesn't happen. Next month ProAct will be in attendance to provide additional information. The Owning Your Own Health Committee will also be sharing information with the Joint Committee.

2016 Financial Update

Mr. Locey reported on financial results as of July 31, 2016 and said revenue is within .85% of where it was expected to be; on the expense side medical claims came down and are slightly under budget (.83% of budget). Prescription drug expenses, although less than last month in terms of the overage, is still significantly over budget. Claims are at \$6.25 million compared to the budgeted amount of \$5.3 million. The amount of \$6.25 million is slightly below the updated budget projections that were shared with the Committee last month. Support services are all under budget at this point and overall the Consortium is 2.8% over budget for the year with the sole reason being prescription drug expenses. He said instead of having a net gain of \$1.27 million as projected there is a net gain of \$483,000. He said 93.64% being used to pay claims shows the Consortium is running very efficiently. Mr. Locey reviewed paid claims

trend information on a monthly basis and said overall the trend is slightly over 9% since the Consortium began operating. He said the Committee will conduct face-to-face interviews with all three firms on September 7th and will bring a recommendation to the next meeting of this Committee.

HighMark Suggestions for Managing Risk

Mr. Locey did not have any new information on this item. Mr. Barber commented that the met with Excellus and discussed there not being a dialysis clinic in Tompkins County that is in-network. Mr. Locey said a conference call is scheduled next week with Excellus and HighMark to discuss this.

Next Meeting Agenda Items

The following items were suggested for inclusion in the September meeting agenda:

- Resolutions accepting new municipalities;
- Continued discussion of CanaRx;
- 2017 Budget: adopting premium rate increase, approval of metal plans, including options for premium rate increases, using the Rate Stabilization Reserve; and Stop Loss insurance and large loss claims history
- Selection of Prescription Drug Manager

Adjournment

The meeting adjourned at 4:45 p.m.