

**Audit and Finance Committee
Minutes - Approved
March 21, 2017
Old Jail Conference Room**

Present: Steve Thayer, Chuck Rankin, Mack Cook, Rordan Hart, Laura Shawley (arrived at 3:37 p.m.), Bud Shattuck

Absent: Phil VanWormer, Genevieve Suits, Peter Salton

Guests: Judy Drake, Board of Directors Chair; Don Barber, Executive Director; Rick Snyder, Treasurer; Steve Locey, Consultant; Ann Rider, Town of Enfield, Beth Miller, Excellus (via conference call)

Call to Order

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

Changes to the Agenda

Authorization for Ms. Drake to sign an engagement letter for 2017 with Insero & Co. was added to the agenda.

Approval of February 28, 2017 Minutes

It was MOVED by Mr. Rankin, seconded by Mr. Thayer, and unanimously adopted by voice vote by members present, to approve the minutes of February 28, 2017 as submitted. MINUTES APPROVED.

Mrs. Shawley arrived at this time.

Executive Director's Report

Mr. Barber said at the last meeting he spoke of the possibility of adding fourth prescription drug tier with a specialty drug co-pay and since that time he has received information that the copays would have to matchup with tier 3 copays. Therefore, the original plan is does not appear it will work and further research on this will be needed. He announced Phil VanWormer will be stepping down from his position as Chair of the Joint Committee on Plan Structure and Design; he has been a good leader and will be difficult to replace. Mr. Barber reported on a communication received from the Department of Financial Services relating to cybersecurity and requirements to develop a policy and protocol. He has asked the County's Information Technology Services to look into this and they have advised there are certain aspects of the requirement where the Consortium may be able to apply for a waiver.

Mr. Locey spoke to the cybersecurity requirements and said the Consortium is clearly a covered entity. There is a question about information systems but the Consortium does not keep any identifiable personal information. The municipalities have information would be considered protected health information and should probably have some form of policy in place. He said since all the Consortium's information is being run through the County's systems and the County has a cybersecurity policy, a response could be submitted with a statement that the Consortium is in compliance because the County's system is the Consortium's system. Mr. Barber commented that all the information coming from the Third-party Administrators is coming through a secure system. Mr. Barber will continue to look at this, including appeals that come through the Consortium and will keep the Committee updated as this is worked through.

NYSDFS Audit

Mr. Barber said the Depart of Financial Services requested additional information from Excellus a few weeks ago but said he has not heard anything further about the audit.

Financial Update

Mr. Locey distributed the Treasurer's Report through the end of February 2017. Currently the Consortium is slightly above budget on revenue (2%) of which most is related to premium income. Claims are slightly below budget on medical (-6%) and below budget on prescription drug claims (-7%). This results in the Consortium being approximately \$700,000 above where it was expected to be at this time; however, it is still very early in the year. He reviewed expenses and called attention to Stop Loss being close to 2% of total expenses; this is something that will need to be monitored and discussed further. *Mr. Barber asked Mr. Locey to contact Highmark Insurance Co. to discuss aggregate Stop Loss.*

Update on Year-End Financial Report (JURAT)

Mr. Snyder reported his staff has been working over the last three weeks on the JURAT and is currently on the third revision. He spoke of the difficulty they have experienced with reporting of the IBNR (Incurred But Not Reported) due to getting different information from Excellus than from the financial system (Quickbooks). He said one issue they have encountered is due to the report tying the actuarial report which has never agreed with the number that comes from the financial system. However, this year he thinks the problem, which is partly due to the State consistently changing the form, has been reconciled. The information will be transferred to the auditors which is now beginning the audit. He expects Insero and Co. to attend the next meeting and provide a report on the audit.

Mr. Locey reported on the Actuarial Report and said the actuary calculated the IBNR claims to be approximately \$2.7 million and the required amount is \$4.4 million. Over the last couple of years the actual run-out of what was required to be kept in reserve shows a big difference between what was actually paid out and what the Consortium is required by DFS to have.

BMI Medical Audit

The Committee was provided with a document entitled Project Management for Greater Tompkins outlining the issues that were identified by BMI in the medical claims audit. Mr. Locey reviewed the status of each of the outstanding items:

Add-On Codes – Audit Samples 1,2,3, and 4: Mr. Locey suggested a meeting be held with a couple of Board members, BMI, and Excellus because BMI is saying the add-on codes should not be used based national coding guidelines. Excellus says not only are they using the guidelines but are using their enhanced medical policies and feel they are being adjudicated correctly.

Coordination of Benefits – Audit Sample 29

Mr. Locey said the response by Excellus is agreed to and there is nothing further to do.

Dental – Audit Samples 57,59,60,63, and 64

Mr. Locey said there is disagreement with Excellus as these are dental procedures and should not have been paid. Language needs to be developed to inform Excellus that the plan document clearly states these are not covered services.

Foot Care Audit Samples 72,73,74, and 75

Mr. Locey said Excellus should follow medical policies; these services should not have been covered.

Hearing/Hearing Aids – Samples 83,84, 85, and 86

The plan document clearly indicates these are not covered services. Excellus will be informed of this and asked to adhere to the plan document.

Outpatient Mental Health – Audit Samples 4 and 52

Mr. Locey said these benefits should have been paid consistent with the office visit benefit. More research on the State and Federal Mental Health parity laws is needed and followed up with guidance provided to Excellus and BMI on how these claims should be administered.

Over-the-Counter Medications – Audit Sample #120

A follow-up to Excellus needs to be made to ensure this was paid.

Panels Unbundled/Unbundling Robot – Audit Samples 125,126 and 159

A meeting needs to take place with Excellus and BMI to discuss this further.

Potential Other Party Liability – Audit Sample 127

This is complete.

Same Day Visit – Audit Samples 33, 134, 135, 136, 137, and 148

A meeting needs to take place with Excellus and BMI to discuss this further. Excellus medical policy contradicts what BMI is saying the national underwriting guidelines are.

Timely Filing

These items are complete.

Unbundling NCCI Indicator – Audit Sample 154

A meeting needs to take place with Excellus and BMI to discuss this further. Excellus medical policy contradicts what BMI is saying the national underwriting guidelines are.

Global Days – Audit Samples 77, 78, 79, 81, and 82

These items are complete.

Modifiers Not Covered – Audit Sample #108

A meeting needs to take place with Excellus and BMI to discuss this further. Excellus has stated that they are being paid according to medical guidelines and BMI has responded those guidelines are incorrect.

Mr. Locey said if a decision is made to ask Excellus to do something that is outside its normal process he thinks there could be future errors seen and the application of that process being inconsistent. This would be because Excellus would be asked to do something different for Consortium's contracts that they are unlikely doing for the rest of their book of business. He thinks that the majority of the remaining items are fairly small; however, a decision should be made on a couple of items regarding whether the Consortium wants Excellus to re-adjudicate the claims to pay them correctly. He recommended that if the claims are with a non-participating provider, claims should not be re-adjudicated. Instead Excellus should send a letter to the member indicating there was an error found. The Consortium will not request a refund at this time but will seek recovery from Excellus for anything that was paid in error. For a participating provider, they can retract the payment and the member would still be held harmless.

Mr. Locey said the list has now been reduced to a small and manageable number of items and he would recommend closing out the audit and issuing a final payment to BMI.

Ms. Miller said her only concern would relate to asking Excellus to change processes in the future. She said if Excellus were asked to use something outside of the normal coding process she would have to see if this would be possible and what the charge would be for coding differently from Excellus' normal book of business. Mr. Locey said that will be part of the conversation in addition to talking about why the rationale is different between the two entities. Mr. Barber said whatever changes are made should be communicated to BMI to avoid having the same issues in future audits.

Mr. Rankin and Mr. Cook volunteered to join Mr. Barber and Mr. Locey in a meeting with BMI and Excellus to resolve the outstanding items.

RESOLUTION NO. 003- 2017 – ACCEPTANCE OF MEDICAL CLAIMS AUDIT REPORT

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

WHEREAS, the New York State Department of Financial Services during its initial audit recommended that the Consortium conduct periodic medical claims audits, and

WHEREAS, by Resolution No. 014 of 2016 the Board of Directors authorized a contract with BMI Audit Services to perform a medical claims audit to ensure medical claims are paid by Excellus are in accordance with benefit plan documents, Federal and State Laws, Rules, and Regulations, and industry standard practices, and

WHEREAS, BMI has completed the medical claims audit and presented the final report to the Audit and Finance Committee, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors accepts the final audit report presented by BMI on 2016 Medical Claims.

RESOLUTION NO. 004-2017 – ADOPTION OF ADMINISTRATIVE PROCEDURES FOR HANDLING REQUESTS FOR PROPOSALS

MOVED by Mr. Thayer, seconded by Ms. Rider, and unanimously adopted by voice vote by members present.

WHEREAS, a need has been identified to establish administrative procedures relating to the manner by which requests for proposals are handled administratively by the Consortium, and

WHEREAS, this process is intended to ensure continuity in the process used for issuing proposals through to execution of a contract, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the following Administrative Procedures for Handling Requests for Proposals is hereby adopted:

- The Executive Director will monitor expirations dates of contracts and notify the Audit and Finance Committee of upcoming RFP's that need to be issued or the need to issue an RFP for new services (see *Consortium Procurement Policy*).
- The Executive Director will work with the Consultant to develop a draft RFP and present to the appropriate Consortium committee for approval to issue the RFP. The Board of Directors shall approve the issuance of RFPs for Medical Claims Administrator, Pharmacy Drug Manager, Consultant, Executive Director, any other RFP for services being provided for the first-time. RFPs for routine services (auditing, actuary) may be issued upon approval of the appropriate Consortium committee. The committee recommending the issuance of an RFP will consider and make a recommendation on the creation and membership of a special committee to review responses.
- The Administrative Clerk will distribute final RFPs electronically to companies that have responded previously and any others suggested by the Executive Director, Consultant, or Treasurer. The document will be posted on both the Consortium website and the New York State Purchasing website.
- RFP's will be submitted to the attention of the Administrative Clerk.
- As responses are received they will be forwarded by the Administrative Clerk to the Consortium's Executive Director and Consultant.
- Any questions submitted will be forwarded to the Executive Director and Consultant upon receipt. If an addendum is warranted it will be developed as quickly as possible and provided to the Administrative Clerk. The Administrative Clerk will distribute it electronically to the initial distribution list and post on the Consortium and New York State Purchasing websites.
- If an addendum is issued less than four calendar days prior to the due date the response due date shall be extended by four days from the date the addendum was issued.
- If a committee has been established to review responses, the Administrative Clerk will set meetings and provide the membership with all responses.
- The Executive Director and the Consultant will present the Audit and Finance Committee with a report on the responses and a recommendation or the recommendation of the review committee. The Audit and Finance Committee shall make a recommendation to the Board of Directors. *Per the Consortium's Procurement Policy written evaluations of each response must be provided and the Board of Directors shall authorize the award and contract for the requested service(s).*
- Upon approval of a contract the Administrative Clerk will work with the Executive Director to secure a contract. The County's Contracts Coordinator will review contracts prior signing by a Consortium representative.
- The Administrative Clerk will see that a contract is signed by all parties to the agreement, return a copy of the agreement to all parties, and file a copy in the Consortium's records and with the Consortium Treasurer.

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Prescription Drug Claims Audit

Mr. Barber said the prescription drug claims audit of ProAct should begin in July and asked if the Committee wished to continue with BMI which was selected through a request for proposals for the last prescription drug audit or whether members wanted to issue a new request for proposals. Following a brief discussion, the Committee indicated it would like to move forward with BMI for a second prescription drug claims audit. Mr. Barber will draft a communication to BMI stating the Consortium will enter into a contract in 2017 as long as the price is competitive with the cost of the last audit.

CanaRX

RESOLUTION NO. 002- 2017 – IMPLEMENTATION OF A PROCESS TO ALLOW FOR REIMBURSEMENT OF PRESCRIPTION MAINTENANCE MEDICATION PURCHASED VOLUNTARILY AND INDEPENDENTLY BY COVERED INDIVIDUALS THROUGH CANARX

Mr. Barber said after the discussion at the last Board meeting he revised the resolution ~~was revised~~ and he also provided it to the Consortium's attorney, John Powers, for additional edits. Mr. Locey noted that the language added by Mr. Powers is intended to provide protection for the Consortium; he wanted to make sure the Board was not endorsing the program or requiring anyone to participate in the program. Mr. Cook stated that he does not think the Consortium should be proactive in marketing the program; he thinks it is incumbent on CanaRX to conduct the marketing. There was agreement to this; Mr. Barber will work with ProAct on marketing of the program.

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

WHEREAS, CanaRx Services, Inc. ("CanaRx") is a Canadian Corporation, incorporated in 2002 that holds itself as providing safe, affordable brand name maintenance medications at a uniform reduced cost to American residents, and

WHEREAS, CanaRx contracts with government-licensed pharmacies in Canada, the United Kingdom, Australia, and New Zealand to supply government-certified Name Brand 90-day maintenance medications (approximately 300 medications) packaged and sealed by the original manufacturer, for direct delivery to participants, and

WHEREAS, CanaRx purports to be fully HIPAA compliant, fully-licensed, fully-regulated, and compliant with the laws of the dispensing jurisdiction, and

WHEREAS, CanaRx offers the purchase of its medications via voluntary participation for personal use, and CanaRx has represented that its importation of FDA-approved prescription medicine made by FDA-regulated manufacturers, rigorously conforms with the standards set forth by the United States Food and Drug Administration, is fully legal under the laws of the United States, and poses no additional risk the public's health and safety, and

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (the "Consortium") has relied on these representations, warranties, and assurances, and

WHEREAS, the Consortium will not enter into any direct contractual arrangement with CanaRx in order to pay the prescription medication claims incurred by covered individuals within the Consortium who voluntarily and independently choose CanaRx to fill those prescriptions, and

WHEREAS, the Consortium's current health benefit plans offer mail order copays of \$10-\$30 for 2 tier plans, and \$20 to \$140 in 3 tier plans, and

WHEREAS, the CanaRx formulary has a \$0 copay for all medications, which saves members in 3-tier plans between \$80 and \$560 per year, and

WHEREAS, a study by ProAct, Inc. ("ProAct"), of the Consortium's 2015 drug utilization performance predicted that utilization of CanaRx medications would cost on average 65% less than the same medications purchased through ProAct, and using the 2015 drug utilization performance that study further predicted that had all 5,392 claims for medications available from the CanaRx formulary been purchased from CanaRx, the Consortium's medication claim spend would have been decreased by more than \$1.6 million representing a significant reduction of the cost of covered medications, and

WHEREAS, the Owning Your Own Health and Joint Committee on Plan Structure and Design have adopted resolutions urging the Consortium to take advantage of this opportunity for its members, and

WHEREAS, Tompkins County has been permitting its covered employees and retirees to use CanaRx to fill their Brand Name maintenance medications since 2007, now therefore be it

RESOLVED, on recommendation of the Owning Your Own Health Committee, Audit and Finance Committee, and the Joint Committee on Plan Structure and Design, That the GTCMHIC Board of Directors hereby directs the Executive Director to give notice to its current Prescription Benefits Manager, ProAct, to implement a process with CanaRx to allow for reimbursement of the cost of prescription maintenance medication purchased voluntarily and independently by covered individuals through the CanaRx formulary, and

RESOLVED, further, That the GTCMHIC Board of Directors hereby agrees that the Consortium may implement such processes as are necessary to provide for such reimbursement directly to CanaRx on behalf of covered individuals choosing to purchase prescription maintenance medication through the CanaRx formulary, including those employees of Tompkins County with pre-existing CanaRx contracts.

RESOLUTION NO. 005-2017 - AUTHORIZATION FOR CHAIR TO SIGN CONTRACT - CSEA DENTAL/VISION PLAN

MOVED by Ms. Rider, seconded by Mr. Thayer, and unanimously adopted by voice vote by members present. *Ms. Drake questioned if any action needs to be taken for other ancillary services such as legal. Mr. Barber will look into this.*

WHEREAS, members of the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) have access to dental and vision coverage through CSEA, and

WHEREAS, this benefit is not a Consortium product, so the premium costs are a straight pass through with those members protected by this benefit paying all of the premium cost, and

WHEREAS, the members using this benefit from CSEA are very happy with the cost and benefit coverage, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the GTCMHIC Board of Directors authorizes the Chairperson to sign a three-year contract for this

benefit package with CSEA Employee Benefit Fund for the period July 1, 2017 thru June 30, 2020.

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Authorization to for Chair to Sign Engagement Letter with Insero & Co.

It was MOVED by Mr. Hart, seconded by Mr. Rankin, and unanimously adopted by voice vote by members present, to authorize the Chair of the Board of Directors, to sign an engagement letter with Insero & Co. to perform the Consortium 2016 external audit.

Process to Pay Invoices

Mr. Barber asked for comments from the Committee on the draft document that was distributed and noted that Mr. Snyder stated he would like to see the policy formatted in a narrative form similarly to the RFP process that was approved earlier. Mr. Snyder said this would allow his staff to convert the information into the controls narrative for the auditors. Mr. Barber asked members to consider what level of approval it would like the Committee to be involved in. Mr. Snyder explained that up to this point items that were contracted and budgeted have typically been paid without being brought forward to the Committee. However, over the course of the Consortium there have been additional billings that have been received that been brought forward. Mr. Barber said for those invoices the Committee wishes to approve there should be discussion of what would happen in the event a meeting doesn't take place which would lead to a delay in payment being made.

Mr. Hart said he would only like to see invoices for final payment and payments for services not previously approved and other members agreed. *Based on the comments Mr. Barber will revise the proposal and present a revised proposal at the next meeting.*

Announcement

Mr. Barber reported the Prescription Drug Utilization Report will be presented to the Joint Committee on Plan Structure and Design in April and the Medical Utilization Report in May. These are very interesting reports and he encouraged members to attend.

Mr. Barber said the New York Health Insurance Plan will be holding a quarterly meeting next week in Albany to talk about changes in the Affordable Health Care Act and will also be talking about the Rochester area health plan which is doing some innovative things. He invited any member who is interested in joining him to let him know. He will be talking about some things the Consortium is working on such as a fourth prescription drug tier.

Next Agenda Items

The following items will be included on the next agenda:

- Discussion of the number of plans a participant can offer;
- External Audit Report by Insero & Co.;
- Invoice payment process; and
- BMI Audit update

Adjournment

The meeting adjourned at 4:58 p.m.