

**Audit and Finance Committee
August 22, 2017 – 3:30 p.m. - Approved
Old Jail Conference Room**

Present: Steve Thayer, Bud Shattuck, Mack Cook, Chuck Rankin, Rordan Hart, Peter Salton, Olivia Hersey, Laura Shawley (arrived at 3:31 p.m.)

Guests: Judy Drake, Board of Directors Chair; Don Barber, Executive Director; Beth Miller, Excellus; Rick Snyder, Treasurer

Call to Order

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

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of July 25, 2017

It was MOVED by Mr. Thayer, seconded by Mr. Hart, and unanimously adopted by voice vote by members present with Mr. Salton abstaining, to approve the minutes of July 25, 2017. MINUTES APPROVED.

Executive Director's Report

CanaRX

Mr. Barber reported there were three subscribers who signed up in June and four in July.

Mrs. Shawley arrived at this time.

DFS Communications

Mr. Barber said there has been no communication with the Department of Financial Services since the last meeting.

Potential New Members

Mr. Barber reported the Committee will consider a resolution to recommend the Town of Newfield as a Consortium Participant in 2018. The Town of Homer is in the process of applying for membership and expects the Committee to consider a resolution at its next meeting. The Town of Owasco has also expressed a strong interest in joining. He said the City of Auburn and Cayuga County have entered into a five-year 5G minimum premium arrangement that does not include any opportunity for an Article 47. He and Mr. Locey met with Cortland County but he has not heard anything since that meeting.

Joint Committee on Plan Structure and Design

Mr. Barber reported the Committee has been discussing Telemedicine and is not being recommended at this time as the process needs to be developed further and more buy-in. The Committee also recommended a deductible change to the Gold Metal Level Plan that will be considered later in the meeting.

Owning Your Own Health Committee

Mr. Barber reported the Committee has been working on scheduling flu clinics. The Committee will meet tomorrow and to refine information that will be provided to benefit clerks to circulate to employees in September. The Committee has also been discussing creating

instructional videos that would go on the Consortium's website and is in the beginning stages of talking about a Consortium-wide wellness program.

Governance Structure Committee

Mr. Barber reported the Committee received 23 responses to a survey of Directors. The Board will be presented with a report based on the responses and will be given an opportunity to provide feedback and further direction.

Website Committee

Mr. Barber reported the Committee is developing a Scope of Work and is also looking to create a new domain name to use.

Newsletter, RFP for External Auditing Services, and RX Claims Audit

Mr. Barber provided updates on these items as follows:

The Newsletter is in the process of being edited;
Collaboration and progress continues with Mr. Snyder's office on a request for proposals for external auditing services; and
ProAct has signed a confidentiality form for the prescription drug claims audit and BMI is reviewing data.

Financial Update

Stop Loss

Mr. Locey distributed a spreadsheet showing a claims and premium history of the Consortium's Stop Loss insurance. The Consortium currently has a \$450,000 deductible for specific Stop Loss and its overall Stop Loss premium for 2017 will be approximately \$659,000. On the Aggregate side, the Consortium currently has protection starting at 125% of expected claims costs and covers up to \$1 million; the Consortium's expected claims costs for this year is \$38.7 million and the attachment point would be \$48.4 million. He said the budget for the year was \$39.3 million in total claims expense. He said it is extremely unlikely that the Consortium would ever reach \$48.4 million and has communicated with Highmark that it will not be paying \$70,000 for this coverage. He stated that since the Consortium began it has paid almost \$400,000 for Aggregate Stop Loss coverage it will never use. Mr. Locey noted that thru July 31st the Consortium has had no claims in excess of \$200,000. He will provide an update on this at the next meeting.

Mr. Locey distributed and reviewed results contained in the Treasurer's report through July 31, 2017. He noted revenue is 5.6% above budget and expenses are over 9% below budget to date for 2017 (medical claims are 9.4% below budget and prescription drug claims are 8.4% below budget). A deficit of \$900,000 was projected for this point of the year; however, there is a net income of \$2.75 million.

Mr. Locey distributed a fiscal year budget versus actual paid claims for each year for both medical and drug expenses showing the variance from budget. He said the variance for medical claims has been 5.73% below the amount budgeted over the years and the variance for prescription drug claims has been 2.53% over budget. Mr. Locey distributed and reviewed paid claims information and said the overall paid claims trend at this time is at 8.6%. He said he projects the Consortium to meet its budget for 2017 but will end the year having spent more than it did the year prior. He will e-mail information to the Committee that has been updated.

Mr. Locey distributed and reviewed Hospital, Medical, and Surgical Paid claims and related expenses showing the amount paid by Consortium and members. He said in aggregate, 95.3% was paid out by the Plan for medical and members paid out 4.7%. There was a similar result on the prescription drug side with the Plan paying out 94.2% and members paying 5.8%. Mr. Locey said in 2016 there was an average of 5,000 covered lives and the average member paid out \$317 for the overall cost of care, the average contract holder paid out slightly under \$700, the plan payment on a covered life basis was approximately \$7,000, and the Consortium paid out \$15,350 on average per contract. He said as the number of contracts in the Metal Level Plans increases he will segregate the data between those plans and the older plans.

2018 Budget

Mr. Locey said the latest financial data received did not change recommendations he presented at the last meeting with the recommended premium rate increase for 2018 being 5%. He called attention to the paid claims trend and said they are using the total aggregate trend of 8.11% (medical – 7.5%, prescription drug – 9.5%). Any excess can be used to mitigate rate increases; however, he noted a 5% rate increase cannot be sustained if claims continue to trend at the current level.

Healthcare Reform Act Surcharge

In response to Mr. Cook, Mr. Locey said the State is not reimbursing Healthcare Reform Act Surcharge funds back to hospitals. Mr. Locey explained that previously when someone showed up to a hospital seeking care but did not have insurance coverage and didn't qualify for Medicaid the hospital was required to treat them. The hospital would then seek reimbursement through the State from a charity pool. Mr. Mack suggested looking into where these funds are and how they are being used. Mr. Locey will look into this and will bring information back to the next meeting.

RESOLUTION NO. - 2017 – APPROVAL OF ADJUSTMENT TO THE GOLD METAL LEVEL PLAN MINIMUM DEDUCTIBLE AMOUNTS

MOVED by Ms. Hersey, seconded by Mr. Salton. Ms. Hersey said this will adjust the deductible to allow the Gold Metal Level Plan to remain a high deductible health plan which would allow it to continue to be eligible for a Health Savings Account (HSA). There are two employers in the Consortium that would like the plan to continue to be a high deductible health plan and remain eligible for an HSA. Mr. Locey explained the intent has been for the Gold, Silver, and Bronze Metal Level Plans to be HSA eligible because the out-of-pocket cost to the member is so high that a regular flex account with a \$250 cap would not be sufficient. A voice vote resulted as follows: Ayes – 8, Noes – 0. MOTION CARRIED.

WHEREAS, the Internal Revenue Service recently issued new limits for 2018 for high deductible plans for Health Savings Accounts (HSAs) for maximum out-of-pocket expenses, and

WHEREAS, in order to now qualify for a high-deductible health plan Gold Metal Level Plan, the minimum deductible for single coverage must be increased from \$1,300 to \$1,350 and from \$2,600 to \$2,700 for family, and

WHEREAS, the two Participating Consortium employers enrolled in the Gold Metal Level Plan wish to continue to offer the option of a Health Savings Account to their employees and retirees,

WHEREAS, data entered into the federal actuarial calculator indicates the proposed deductible will change from 79.72% to 79.44%. In keeping with past Consortium policy the premium rate will be 0.26% lower than all other premium rates,

WHEREAS, the Joint Committee on Plan Structure and Design has reviewed this benefit plan change and recommends approval, now therefore be it

RESOLVED, the Audit and Finance Committee recommends that the Board of Directors authorizes a benefit plan adjustment to the Consortium's Gold Plan to increase the deductible for single coverage from \$1,300 to \$1,350 and to increase the minimum deductible from \$2,600 to \$2,700 for family coverage, effective January 1, 2018.

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Excellus Contract

Ms. Miller said Excellus has begun to update benefit grids to accommodate for the BMI audit and she will be requesting the 2018 renewal with the Gold Plan and plans for the new participants. She reported on the online enrollment and said a training will be held prior to the next meeting of the Joint Committee on Plan Structure and Design.

RESOLUTION NO. - AUTHORIZATION TO EXTEND CONTRACT FOR PRESCRIPTION BENEFIT SERVICES FOR 2018 - PROACT

MOVED BY Mr. Salton, seconded by Mr. Thayer, and unanimously adopted by voice vote.

WHEREAS, Board of Directors by Resolution No. 028-2016 awarded a one-year contract with ProAct for Prescription Benefits Manager services with the Consortium having the option to extend the contract annually for each of the next two years, and

WHEREAS, the Audit and Finance Committee has discussed and desires to extend the Prescription Benefits Manager services with ProAct for another year, 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 for the period January 1, 2018 through December 31, 2018.

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RESOLUTION NO. - 2017 - ACCEPTANCE OF APPLICATION BY THE TOWN OF NEWFIELD TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MOVED BY Mr. Thayer, seconded by Ms. Hersey, and unanimously adopted by voice vote.

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Newfield has submitted an official resolution authorizing the Town of Montezuma to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Newfield has complied with membership process outlined in Resolution No. 005 of 2012 and amended by Resolution No. 027 of 2014 and has submitted copies

of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, That the Greater Tompkins County Municipal Health Insurance Consortium, accepts and welcomes the Town of Newfield as the 29th municipal participant, with health insurance coverage beginning January 1, 2018,

RESOLVED, further, That the Board of Directors waives the requirement of payment of 5% of premium to the Surplus Reserve Account as requested by the Town of Newfield,

RESOLVED, further, That the Board of Directors determines that the terms of assessing the pro rata share of any surplus or deficit to the applicant shall at the time the applicant leaves the Consortium or upon dissolution of the Consortium shall be based on their share of any deficit or being paid their share of any surplus that was generated during their years of participation. The Board of Directors would identify the surplus or deficit which exists on the date of entry and again on the date of withdrawal or dissolution and bill or pay the applicant accordingly,

Resolved, further, That the Administrative Clerk shall forward to the New York State Department of Financial Services a certified copy of the resolution authorizing the Town of Newfield to become a participant in the Consortium and a certified resolution adopted by the GTCMHIC accepting the Town of Newfield as a Participant in the Consortium.

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Next Agenda Items

The following items will be included on the next agenda:

- Resolution to recommend a 2018 Budget and Premium Equivalent Rates;
- Resolution to Accept the Town of Homer's application to become a Participant in the Consortium;
- Resolution to approve a contract with Excellus for medical claims administration;
- Stop Loss insurance update; and
- Update on Healthcare Reform Act Surcharge fees

Invoices

Paid invoices for Armory Associates and Hancock Estabrook for August, 2017 were presented for information only. There were no questions.

Adjournment

The meeting adjourned a 4:39 p.m.