

**Audit and Finance Committee  
November 14, 2017 – 3:30 p.m. - Approved  
Old Jail Conference Room**

Present: Steve Thayer, Chuck Rankin, Bud Shattuck, Mack Cook, Rordan Hart, Peter Salton, Olivia Hersey, Laura Shawley

Guests: Rick Snyder, Treasurer; Via conference call: Judy Drake, Board of Directors Chair; Don Barber, Executive Director; Judy Taber, Locey and Cahill; Beth Miller

**Call to Order**

Mr. Thayer, Chair, called the meeting to order at 3:38 p.m.

**Changes to the Agenda**

The resolution entitled Authorization to Develop Request for Proposals – Medical Claims Administrator, was withdrawn from the agenda.

**Approval of Minutes of October 24, 2017**

It was MOVED by Ms. Hersey, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present, to approve the minutes of October 24, 2017. MINUTES APPROVED.

**Report from the Executive Director**

Report on Meeting with Senator Seward

Mr. Rankin said the meeting went well. He felt Senator Seward was surprised by some of the things brought up during the meeting, particularly with regard to communications with the Department of Financial Services. Mr. Cook said another item discussed was legislative changes in the upcoming session. He followed up with the Senator after the meeting and was advised he will sponsor legislation exempting only the Consortium from the Health Care Reform Tax. Mr. Cook will be speaking with Assemblywoman Lifton to see if she will co-sponsor legislation in the Assembly. Mr. Salton said the Senator was going to try to interface the Consortium with specific individuals at the Department of Financial Services which may help the Consortium to have a communication link with DFS. Ms. Drake commented that she sat on a Panel today with Troy Oeschner of DFS. She met with him briefly afterwards; he is expecting to receive the information that was presented to the Senator and will follow-up after Thanksgiving.

RX Claims Audit

A timeline for the prescription drug claims audit was provided to members.

Other Committee Activity

Mr. Barber reported the Joint Committee will resume meeting in January and will receive a presentation on the opioid crisis and how this is being addressed by Excellus, ProAct, and Cayuga Area Physicians. The Owing Your Own Health Committee has been reviewing data that shows 90% of the Consortium's subscribers had claims last year, 70% had some form of preventive health care, and 80% had a primary care physician. In spite of this good news and these numbers being higher than Excellus' book of business, only 27% of subscribers had free annual physicals in 2016. The Committee will be discussing this and recommending a strategy to the Board to increase awareness and engaging subscribers in having an annual physical.

Committee Reappointments

Mr. Barber said Mr. Hart, Mr. Rankin, and Ms. Hersey's terms will expire at the end of the year. All indicated a willingness to be reappointed; this will be presented to the Board at its next meeting.

**RESOLUTION NO. 026- 2017 - AUTHORIZATION TO CONTRACT WITH INSERO & CO.  
FOR THE PROVISION OF FINANCIAL AUDITING  
SERVICES – FISCAL YEARS 2017, 2018, AND 2019**

Mr. Snyder provided a pricing summary and reviewed the process that was undertaken for evaluating pricing and qualifications of responses to the request for proposals. Of the five bids received for the County's auditing services three submitted proposals for the Consortium's financial auditing services. Mr. Snyder said the Committee has recommended Insero & Co. LLP which submitted a proposal at a significantly lower amount than the other responders.

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

WHEREAS, by Resolution No. 21 of 2015 directed the Consortium's Executive Director to establish a process in 2017 to seek proposals for external auditing services for the fiscal years ending December 31, 2017, 2018, and 2019, and

WHEREAS, upon recommendation of the Executive Director and Consortium Treasurer, the Audit and Finance Committee authorized the inclusion of auditing the Consortium's financial records as a separate component in the County's Request for Proposals for financial auditing services, and

WHEREAS, responses to the Request for Proposals relating to the auditing of financial records for the Consortium were evaluated by the Executive Director and Consortium Treasurer and results presented to the Audit and Finance Committee, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Chair of the Board of Directors is hereby authorized to sign a contract with Insero & Co to perform financial auditing services, which include certification that the officers have implemented Board adopted procedures for the Consortium, for the fiscal years ending December 31, 2017, 2018, and 2019, with an option to extend the contract for 2 additional years.

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**RESOLUTION NO. 027-2017 – AUTHORIZING CONTRACT EXTENSION FOR ACTUARIAL  
SERVICES - ARMORY ASSOCIATES – 2019**

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

WHEREAS, the Greater Tompkins County Health Insurance Consortium issued a Request for Proposals for Actuarial Services on January 4 2016, and

WHEREAS, by Resolution Nos. 004 and 009 of 2016 approved an option to extend the contract with Armory Associates for the years 2017, 2018, and 2019, and

WHEREAS, Resolution No. 11 of 2017 authorized an extension of the contract for only the years 2017 and 2018, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That an extension of the contract with Amory Associates by amended to include 2019.

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**RESOLUTION NO. 028-2017 - AUTHORIZATION TO PURCHASE INSURANCE POLICIES:  
STOP LOSS INSURANCE**

Mr. Barber said he and Mr. Locey have been working to gather information; however, there is still outstanding information from Highmark and additional time needed for further discussion of deductible levels, the lasering of an individual, and Aggregate Stop Loss. At the Board meeting this week he will update the Board and ask for support of the resolution that will allow for the Committee to take action in December. He believes it is very possible to stay within the budget that has been adopted in the amount of \$880,633.

Mr. Barber said there were two issues that arose during discussion of the protected cell that are still being worked on: 1) how the Consortium fits into the management of the protected cell, and 2) whether the Department of Financial Services would allow the Consortium to join the protected cell. He noted that if the Consortium went with Berkley for Stop Loss it can move into the protected cell mid-year in 2018; if the Consortium went with Excellus or Highmark it would have to wait until 2019.

MOVED by Mr. Shattuck, seconded by Mr. Hart, and unanimously adopted by voice vote.

WHEREAS, the Consortium must select Stop Loss insurance, as required by Article 47 of New York State Insurance Law, and

WHEREAS, the Consortium has received quotations to provide Specific and Aggregate Stop-Loss Insurance for 2018, and

WHEREAS, the quotes were not received in sufficient time for the Consortium's Consultant and Executive Director to analyze the differences between the three products and conduct follow-up conversations with the applicants for such items as aggregate Stop-Loss quoted premium vs risk, options available for lasered High Cost Claimant, "follow form" experience with Excellus, etc., now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Audit and Finance Committee directs the Plan Consultant, Locey & Cahill, LLC and the Executive Director to develop comparison data for these Stop-Loss carriers: Highmark, Excellus, and Berkley,

RESOLVED, further, That the Plan Consultant, Locey & Cahill, LLC and the Executive Director report the status of their findings to the Board of Directors at the November 16, 2017 meeting,

RESOLVED, further, That in the event that the Board of Directors determines that it does not have enough information to make a decision on Stop-Loss carrier for 2018 at this meeting, then the Audit and Finance Committee recommends the Board of Directors authorizes the

Chairperson, Executive Director, and Audit & Finance Committee to finalize the negotiations relative to the underlying terms, conditions, and costs of the policy within the requirements of Section 4707 of the New York State Insurance Laws and the cost must be no greater than what was included on the 2018 GTCMHIC Budget adopted by the Board of Directors at their September meeting,

RESOLVED, further, That should the negotiated policy terms produce the condition that changes be made to Consortium Reserves, then those reserve changes would be made by the Board of Directors at a subsequent meeting,

RESOLVED, further, That the Plan Consultant is directed to provide the Administrative Clerk of the Consortium with a copy of the policy.

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**RESOLUTION NO. 029-2017 - AUTHORIZATION TO CONTRACT WITH THIRD PARTY  
ADMINISTRATOR - EXCELLUS BLUE CROSS BLUE  
SHIELD**

Mr. Thayer said at the last meeting several concerns regarding the proposed Excellus contract were mentioned; Discussions have taken place resulting in a proposed Memorandum of Understanding and new language being added to Section 6.7 of the Administrative Services Agreement. He further stated, regarding Section 6.7 that Excellus will be updating the Consortium annually on their Quality Assurance goals and what is happening with the provider network. Regarding the online enrollment process, the Committee was provided with a copy of a Memorandum of Understanding that addresses the concerns. The third issue related to the administrative fees; Mr. Barber said given the increase in Consortium participants, the hard work Excellus has done with the provider network (which benefits the Consortium) to keep costs in-line, and comparison of fees paid by other groups, he and Mr. Locey feel the administrative fees being proposed are appropriate. Ms. Drake commented that she read the MOU and found it acceptable.

In response to Mr. Salton about the status of an online enrollment program. Ms. Miller explained difficulties Excellus has had with an outside software vendor. She shared the Consortium's concerns and said this will move forward once a decision is made by Excellus upper management on whether this will be handled in-house or outsourced.

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

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, Section E Paragraph 11 of 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, following a collaborative negotiation process and discussions within the Audit and Finance Committee, it has been determined to be in the Consortium's best interest to continue its relationship with Excellus Blue Cross Blue Shield for the administration of the Consortium's medical claims, and

WHEREAS, Excellus has agreed to add the attached Memorandum of Understanding to the 2017 Amendment of our 2013 Administrative Service Agreement (ASC) to provide agreed actions going forward for online enrollment that provide timely feedback to those Consortium employers submitting online applications, and

WHEREAS, Excellus has agreed to amend Section 6.7 of the 2017 Amendment of our 2013 Administrative Service Agreement (ASC) as follows:

*Excellus BCBS may, from time to time, enter into arrangements with its Participating Providers that are designed to drive improvements in the cost and quality of health care delivery within its service area. Such arrangements may include risk-sharing programs whereby Participating Providers are paid compensation and other remuneration for achieving certain performance targets, as well as other programs that may result in associated vendor fees and providers receiving compensation for implementing quality infrastructure or meeting certain quality, performance or operational goals. The payments described in this section may be included as a claims expense or as a separate amount charged by Excellus BCBS to Employer. Excellus BlueCross BlueShield will provide Employer with an explanation of the basis on which such fees and charges were allocated to Employer. In the event these payments exceed actual program costs, Excellus BCBS may credit such excess funds to Employer or, if funds are not credited, then Excellus BlueCross BlueShield will apply such excess funds to quality improvement programs that benefit Employer's Members.*

and

WHEREAS, Excellus has provided assurances that it will provide the Consortium annual updates on the above referenced Provider Performance Improvement Programs, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby accepts the amendment to Section 6.7 of the ASC,

RESOLVED, upon the recommendation of the Audit and Finance Committee, the Board of Directors hereby accepts the attached Memorandum of Understanding regarding Online Enrollment, and further,

RESOLVED, the Board of Directors authorizes the Chairperson to sign a three (3) year renewal Administrative Services Contract with Excellus BlueCross BlueShield for Medical Claims Administration with fees of \$35.63 PMPM for 2018 (3%), \$36.87 PMPM for 2019 (3.5%), and \$38.17 PMPM for 2020 (3.5%).

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**RESOLUTION NO. 030-2017 - AUTHORIZATION TO PURCHASE INSURANCE POLICIES:  
ERRORS AND OMISSIONS, AND DIRECTORS AND  
OFFICERS LIABILITY COVERAGE**

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

WHEREAS, it is the desire of the Board of Directors to ensure liability coverage for the Consortium, the Board of Directors personally and professionally, and the participating municipalities, now therefore be it

RESOLVED, upon recommendation of the Plan Consultant, Locey & Cahill, LLC, the Tompkins County Risk Manager and the Audit and Finance Committee, That the Consortium shall purchase coverage for these policies from the following for the period January 1, 2018 thru December 31, 2018:

- Errors and Omissions Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon);
- Directors and Officers Liability Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon)

RESOLVED, further, That the Plan Consultant is directed to provide the Administrative Clerk of the Consortium with a copy of each policy.

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Mr. Thayer, Chair, said the Committee's December agenda will include Stop Loss and an update on the prescription drug claims audit update.

**Meeting Scheduled – 2018**

The Committee agreed to continue meeting on the 4<sup>th</sup> Tuesday of each month at 3:30 p.m.

**Next Agenda Items**

The primary item to be included on the December meeting agenda will be Stop Loss. The January agenda will include:

- Investment Policy;
- Committee membership;
- New member application – claims data if available; and
- 2017 drug rebate report

**Invoice**

A paid invoice dated November 13, 2017 for Hancock Estabrook was presented for information only.

**Adjournment**

The meeting adjourned a 4:23 p.m.