

Audit and Finance Committee

Minutes - APPROVED

December 6, 2022

Town of Ithaca Aurora Room

**Satellite Locations: Town of Danby Highway Department, 93 Hornbrook Road, Danby NY (D)
Village of Fayetteville Office, 425 E. Genesee Street, Fayetteville NY (F)**

Present: Eric Snow*; Kate DeVoe; Amanda Anderson; Bud Shattuck*; Laura Shawley (D); Lorie Corsette (F)
Excused: Steve Thayer; Rordan Hart; Peter Salton
Staff/Guests: Elin Dowd*, Executive Director; Lynne Sheldon, Clerk of the Board; Steve Locey, Paul Pelton, Rob Spenard, Locey and Cahill; Judy Drake, Board Chair; Teri Apalovich, Finance Manager; Patrick Jordan, Insero & Co., CPAs, LLP

*Remote due to extraordinary circumstances

Call to Order

Due to Mr. Thayer being excused, Ms. Drake, Chair of the Executive Committee, called the meeting to order at 3:02 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of October 25, 2022

It was MOVED by Mr. Snow, seconded by Ms. DeVoe, and unanimously adopted by voice vote of members present via remotely, to approve the minutes of October 25, 2022, as submitted. MINUTES APPROVED.

Reporting of Investment Earnings/Losses w/ Insero & Co, CPAs, LLP

The Consortium invited Mr. Jordan for a Q&A session to answer questions regarding the new reporting details of investment earnings and loss entries on the Consortium's financial reports. Mr. Jordan displayed the Holdings Detail and clarified that the entries in question are temporary based on how the investments are valued on the day of the report and will be at full value upon maturity. He also noted that the way the entry is recorded as it is to meet the requirements set by the Department of Financial Services (DFS) for Jurat preparation. Mr. Pelton and Ms. Dowd suggested a "below the line entry" would help clean up confusion, and Mr. Pelton will prepare a report for future use for the committee's review.

Executive Director

Ms. Dowd reported the DFS audit is due to commence January 3, 2023. All requested information from 2016-2021 will be submitted to DFS by December 31, 2022. Staff will be working on compiling this information through the month of December.

Four requests for proposal (RFP) responses have been received from vendors to provide claims audit for the Consortium's Excellus claims from 2020 and 2021. A meeting is scheduled with Claims & Appeals to decide what vendor will best serve the Consortium.

Ms. Dowd expressed the Consortium initiated a group restructure to add retiree codes to existing plans and cleanup with Excellus and Proact. This restructure led to some issues regarding faulty ID cards issued, benefit cancellation, incorrect benefit information. These issues have now been resolved.

Ms. Dowd announced Town of Onondaga has rescinded their MCA resolution to join the Consortium. However, Ms. Dowd states they are still interested, but were unable to make the move from their current vendor to start this January. The Consortium will be moving forward to start 2023 with seven new members of whom will be receiving initiation letters and ID cards in the next few weeks.

Ms. Dowd added the premium equivalent study has commenced, and historical claims have been shared with Segal. The Consortium is hoping that the results from that analysis will be coming out soon.

Ms. Dowd stated the Consortium agreed to two Medicare plans with Aetna. Due to lower enrollment than anticipated, Aetna sent a price modification. Two municipalities answered the November deadline to explore this plan option for 2023, however one was a small municipality and without more interest from larger groups will be unable to select this coverage. The Consortium currently has two plans to offer, however, as of this date there are no enrollees for 2023.

Resolution: Authorize Purchase of Stop Loss Insurance for 2023

Mr. Spenard reported Locey & Cahill reached out to four Stop Loss Insurance companies. Two vendors responded with quotes: Excellus and Highmark. Excellus, who is the Consortium's current Stop Loss provider, submitted a quote 1.64 below current rates at the \$1M deductible per covered member. Highmark provided a quote 1.0 percent below current rates at the \$1M deductible per covered member.

Mr. Spenard also expressed that Excellus does charge a surcharge if we select another carrier. There was a \$13,000 difference with the surcharge, based on premium rate. Mr. Spenard expressed that Highmark to be a better strategy for the Consortium to utilize an outside Stop Loss vendor separate from the claims process provider the even with the slight financial difference

Ms. Drake questioned if a laser was added within the quotes. Mr. Locey responded that the laser was only applicable with Excellus if the Consortium opted to choose a lower deductible. Highmark chose not to laser, as they only quoted the million-dollar deductible.

Mr. Shattuck expressed concerns with Highmark's reporting in the Consortium's past relationship and the importance of new members being informed of those issues. Mr. Locey stated he didn't remember issues regarding claims but does recalls the amount of premium paid versus what they paid out in claims. He felt both vendors responded well to claims based on his recollection.

There was positive support from other members present of Locey & Cahill's suggestion of securing Highmark to separate the stop loss vendor from the claim's vendor.

RESOLUTION NO. XXX-2022 - AUTHORIZE PURCHASE OF STOP LOSS INSURANCE FOR 2023

MOVED by Mr. Snow, seconded by Ms. DeVoe. The resolution was unanimously adopted by voice vote of members present, visibly seen members via remote Satellite locations, and locations due to extraordinary circumstances to approve the following resolution to submit to the Executive Committee.

WHEREAS, the Consortium must purchase stop loss insurance, as required by Section 4707 of New York State Insurance Law, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors authorizes the purchase of the Stop Loss insurance policy with a deductible of \$1 million for the policy period January 1, 2023 to December 31, 2023 with Highmark to include claims incurred from January 1, 2023 thru December 31, 2023 and paid during the period of January 1, 2023 thru March 31, 2024.

RESOLVED, further, That the Plan Consultant is directed to provide the Executive Director with a copy of said policy.

Resolution: Contract for Actuarial Services – Armory Associates – FY 2022

Ms. Dowd reported that there is currently a three-year contract for 2020-2022. Previous resolutions were for 2020 and 2021, however, the Consortium does not have an approved resolution for 2022. This resolution is for continuation into the 2022 year.

RESOLUTION XXX-2022- EXTENDING CONTRACT FOR ACTUARIAL SERVICES – ARMORY ASSOCIATES- FISCAL YEAR 2022

MOVED by Ms. Shawley seconded by Ms. DeVoe.

WHEREAS, the Greater Tompkins County Health Insurance Consortium issued a Request for Proposals for Actuarial Services on January 4, 2016 and awarded a contract to Armory Associates of Syracuse, and

WHEREAS, in 2019 Armory Associates presented a three-year proposal for fiscal years 2020, 2021, and 2022, and

WHEREAS, the Consortium wishes to continue its relationship with Armory Associates under the terms outlined in the revised agreement for actuarial services, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Executive Committee, on behalf of the Board of Directors hereby extends its contract with Armory Associates for the third year of the current agreement, and

RESOLVED, further, That the Executive Director is hereby authorized to execute this contract on behalf of the Consortium.

Ms. Drake asked if the Consortium will be doing an RFP for 2023. Ms. Dowd responded this hasn't been discussed yet but can be added to future agenda items.

The resolution was unanimously adopted by voice vote of members present, visibly seen members via remote Satellite locations, and locations due to extraordinary circumstances to approve the following resolution to submit to the Executive Committee

Resolution: Approval of New Contract for Plan Consultant – Locey & Cahill, LLC

Ms. Dowd mentioned the current contract for Locey & Cahill, LLC expires the end of 2022 and a new contract has been composed through 2026. The contract hasn't changed much, however there is a shift mentioned in the operational aspects of the contract moving some responsibilities to Consortium staff, to include less work on the financial everyday options. Technical areas were also added for Locey & Cahill along with the addition of 2023 annual objectives, such as Medicare Advantage Plans, waiver plans, proposing risk assessment fees, plan consolidation, regional pricing, trend analysis.

**RESOLUTION NO. XXX-2022 – APPROVAL OF NEW CONTRACT FOR PLAN CONSULTANT –
LOCEY & CAHILL, LLC – JANUARY 1, 2023 – DECEMBER 31,
2026**

MOVED by Ms. DeVoe, seconded by Ms. Shawley. The resolution was unanimously adopted by voice vote of members present, visibly seen members via remote Satellite locations, and locations due to extraordinary circumstances to approve the following resolution to submit to the Executive Committee.

WHEREAS, the Consortium requires ongoing Plan consulting services to continue its operations, and

WHEREAS, the Executive Committee has discussed the need and scope of Benefit Plan Consultant Services and recommends that the Consortium continue to retain Locey & Cahill, LLC for those services, and

WHEREAS, the Audit and Finance Committee has reviewed and discussed the terms of the Consortium's contract with Locey and Cahill, LLC, and

WHEREAS, Locey & Cahill, LLC presented an agreement that shall become effective of January 1, 2023 and remain in effect through December 31, 2023. Thereafter, the Consortium has the option to extend this contract in one-year increments through December 31, 2026.

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby approves its contract with Locey & Cahill, LLC of the agreement contract for the period January 1, 2023 through December 31, 2023.

Resolution: Extension of Contract for Investment Management Services – Wilmington Trust Advisors, Inc.

Ms. Dowd stated that the Investment Committee composed a new investment policy statement. It was agreed to give Wilmington Trust a longer period to respond to that statement. Because of this, the Consortium did not prepare an RFP in 2022. Ms. Dowd asked that the committee extend their contract into 2023 so that the Consortium has time to review those services in 2023.

RESOLUTION NO. XXX-2022– EXTENSION OF CONTRACT FOR INVESTMENT MANAGEMENT SERVICES – WILMINGTON TRUST ADVISORS, INC.

MOVED by Ms. Anderson, seconded by Mr. Snow. The resolution was unanimously adopted by voice vote of members present, visibly seen members via remote Satellite locations, and locations due to extraordinary circumstances to approve the following resolution to submit to the Executive Committee

WHEREAS, the Consortium secures services from Wilmington Trust Advisors, Inc. for investment management services as it pertains to our Investment Management Policy pursuant to Resolution No. 16 of 2020 and wishes to extend its contractual relationship into 2023, and

WHEREAS, the Consortium directed the Finance Manager to commence an Investment Management Request for Proposal (RFP) in 2023 to determine options available to assist in managing our reserves and unencumbered fund balance, and

WHEREAS, the Board of Directors approved a new Investment Policy Statement (Resolution No. 017-2022) in September 2022 and postponed the RFP until 2023 to allow Wilmington Trust to garner any new investment options available under the policy, therefore now be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Executive Committee, on behalf of the Board of Directors, authorizes the Consortium to extend its contract with Wilmington Trust Advisors, Inc. (WTIA) for investment management services beginning January 1, 2023 through the conclusion of the RFP process and/or selection of a new Investment Manager.

Resolution: Authorization to Purchase Insurance Policies: Errors and Omissions, Directors and Officers, and Directors and Officers Liability, Employment Coverage, and a Fidelity Bond

**RESOLUTION NO. XXX-2022 - AUTHORIZATION TO PURCHASE INSURANCE POLICIES:
ERRORS AND OMISSIONS, DIRECTORS AND
OFFICERS LIABILITY, EMPLOYMENT PROTECTION
COVERAGE, AND A FIDELITY BOND**

Ms. Dowd explained the Consortium is waiting on additional information from Taylor, Fryer, and Coon, however the Consortium does need to approve and secure insurance for the CFO, Finance Manager, and Executive Director. The Errors and Omissions came in already with a 3% increase with the Travelers as the provider. Ms. Dowd asked for approval to sign to obtain coverage that the Consortium needs for 2023 considering the policy amounts fall within budget guidelines.

MOVED by Mr. Shattuck, seconded by Ms. Shawley. The resolution was unanimously adopted

by voice vote of members present, visibly seen members via remote Satellite locations, and locations due to extraordinary circumstances to approve the following resolution to submit to the Executive Committee

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, on recommendation of the Audit and Finance Committee, That the Consortium shall purchase coverage for these policies from the following for the period January 1, 2023 thru December 31, 2023:

- Errors and Omissions Insurance at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon);
- Directors and Officers Liability Insurance at \$1,000,000 limit with \$25,000 retention and Employment Protection Liability at \$1,000,000 limit (placed by insurance agent Haylor, Freyer and Coon); and
- A Fidelity Bond

RESOLVED, further, That the Executive Director is authorized to execute the renewal documents for the policies listed above.

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Resolution: Authorization Information Technology Services Agreement with Tompkins County – January 1, 2023 thru December 31, 2023

Ms. Dowd explained that the Information Technology agreement with Tompkins County is comparable to last year's agreement and would like continuation approval. Tompkins County continues to provide services to the Consortium along with various platforms and email, trouble shooting, and help-desk services

RESOLUTION NO. XXX-2022 – AUTHORIZING INFORMATION TECHNOLOGY SERVICES AGREEMENT WITH TOMPKINS COUNTY – JANUARY 1, 2023 THRU DECEMBER 31, 2023

MOVED by Ms. Anderson, seconded by Ms. Snow. The resolution was unanimously adopted by voice vote of members present, visibly seen members via remote Satellite locations, and locations due to extraordinary circumstances to approve the following resolution to submit to the Executive Committee

WHEREAS, the Tompkins County Information Technology Services Department (ITS) has provided technical support to the Consortium since it began operations in 2011, and

WHEREAS, the Consortium wishes to continue its contract arrangement with the Tompkins County Information Technology Services Department that was formalized in 2020, and

WHEREAS, the 2023 Memorandum of Agreement, between the Greater Tompkins County Municipal Health Insurance Consortium and the Tompkins County Information Technology Services

Department (ITS) for the provision of technology services provided to the Consortium, including support in compliance with 23 NYCRR 500, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors approves an agreement with Tompkins County Information Technology Services for 2023 for ITS support provided to the Consortium from January 1, 2023 thru December 31, 2023, and

RESOLVED, further, That the Executive Director is hereby authorized to execute this contract on behalf of the Consortium.

Finance Manager Update

Ms. Apalovich reported all new members have been billed for their January premiums. She also noted that the abstract is higher this month due to the committee meeting earlier last month.

Abstract Approval

Ms. Apalovich presented and reviewed the November monthly financial abstract; there were no questions or concerns. It was MOVED by Mr. Shattuck, seconded by Ms. Shawley, and unanimously adopted by voice vote by members present, to approve the November 2022 monthly abstract. MOTION CARRIED.

Budget Performance Report

Mr. Pelton referred to the monthly Budget Performance Report as of October 31, 2022. Revenue is 2.55% under amended budget, with premium income 2.16% below the amended budget for the first 10-months of the fiscal year. The expected second RX rebate for the second quarter and reconciliation payments both arrived, which falls in above budget.

Mr. Pelton showed the Medical Paid Claims were 6.83% below the amended budget through the first 10-months Fiscal Year to Date. RX Paid Claims were 2.71% over budget for the first 10-months of the Fiscal Year. Locey & Cahill was keeping a close eye on the pharmacy paid claims trends which led to adjustments to trend models during the budget development process for the 2023 Fiscal Year.

It was also noted based on the recommendation of the Consortiums Auditor, Investment gains & losses are now recorded in accounts 9005 (Insurance and Internal Fees Above)

Mr. Pelton stated overall, the Consortium is performing better than projected against the amended budget with two months remaining in the 2022 Fiscal Year. They will continue to monitor overall claim trends, especially as the Consortium adds new municipalities and amends the 2023 budget.

Ms. Drake mentioned the RX paid claims have been trending higher, and wonders if this should be bumped up for 2023 based on the RFP. Mr. Pelton agreed that they will review. She also noted that CanaRX paid claims being down, not much utilization was also shown during the earlier Joint

Committee meeting. Ms. Apalovich noted that there is no consistency with the weekly amounts of CanaRX.

Report on Large Loss Claim Activity

Mr. Spenard reported through October 2022 there are 53 members above \$100,000 including medical and RX totaling approximately \$10 million in paid claims. He stated in the last few years at this time frame, the Consortium was 45 members above \$100,000 at \$9.4 million in 2021 and 39 members, totaling \$7.4 million in 2020. He also mentioned the Consortium has seen an increase in covered lives contracts, which may result in more catastrophic claims or higher claims.

Locey & Cahill will continue to keep a close eye on some large losses as they have been seeing a lot more increase in the drug claims or large losses above \$100,000 year after year.

Next Meeting Agenda Topics

Year-end budget performance
Regional pricing with Locey & Cahill

Adjournment

The meeting adjourned at 4:15 p.m.

Next Meeting February 28, 2023

Respectfully submitted by Lynne Sheldon, Clerk of the Board