

**Executive Committee  
Minutes – APPROVED  
March 3, 2021 – 3:30 p.m.  
Via Zoom**

Members: Judy Drake, Peter Salton, Steve Thayer, Rordan Hart, Lisa Holmes, Ed Fairbrother; Gary Mutchler, Chris Wagner, Bud Shattuck, Mack Cook; Jim Bower, Joint Committee on Plan Structure and Design Chair

Guests: Steve Locey, Rob Spenard, Locey & Cahill; Don Barber, Consultant; Rick Snyder, Treasurer; Directors: Don Fischer, Amanda Anderson, Stephanie Redmond; Miles McCarty

Staff: Elin Dowd, Executive Director; Michelle Cocco, Clerk of the Board

**Call to Order**

Ms. Drake, Chair, called the meeting to order at 3:33 p.m.

**Changes to the Agenda**

There were no changes to the agenda.

**Approval of Minutes of January 13, 2021**

It was MOVED by Ms. Holmes, seconded by Mr. Mutchler, and unanimously adopted by voice vote by members present, to approve the minutes of January 13, 2021 as submitted. MINUTES APPROVED.

**Chair's Report**

Ms. Drake thanked staff and Mr. Barber for their work in transitioning new members into the Consortium in 2021 and said work continues each year to make the process run smoother. She reported at this time there are only four Directors who have not returned the Code of Ethics acknowledgment due to a new process that was put into place. She encouraged members to visit the website and noted that resolutions approved by the Executive Committee can be found on actions sections of the Board of Directors webpage.

**Executive Director Report**

Ms. Dowd provided a written report in advance but called attention to an observation made by Mr. Locey at the Audit and Finance Committee about trending, particularly in relation to the movement of contracts by Tompkins County subscribers to the Medicare Supplement as those contracts had to be split because there can't be a Medicare Supplement family plan. She said this is something we should be looking at to understand how demographics are trending.

She said the Audit and Finance Committee has asked that a discussion of revisions to the Premium Payment Policy be brought to this Committee and asked that discussion of the one member that has been delinquent be separate from discussion of the policy. She also suggested deferring discussion of the one member until the next Committee meeting when more information will be known about the State Budget and whether there will be any impacts on the member from that.

Ms. Dowd reported on the status of the Request for Proposals for the Prescription Benefit Manager and said there has been a slight delay as the Consortium is establishing its own Bidnet account and training is being scheduled.

Mr. Snyder spoke of the double copay issue Ms. Dowd referenced in her written report and asked for guidance on this. Ms. Dowd said she is working on this with Excellus and commented that there have been situations that have been incorrectly billed in the past; however, there are situations where there are double copays and will continue to be so. She stated that it will be up to Cayuga Medical Center to rectify certain situations and provide remediation; however, Excellus can be asked to follow-up on individual situations. She asked Mr. Snyder to send specific information on a matter he referenced.

Mr. Snyder spoke of TC3 and said they will be providing Tompkins County's Budget, Capital, and Personnel Committee with a financial update on March 8<sup>th</sup>.

Staffing Update

Ms. Dowd reported on the process for recruitment and hiring for the position of Finance Manager and she is hopeful an offer will be made shortly. There will be a very long transition process and will work closely with Tompkins County Finance. Ms. Drake said Ms. Dowd will make the appointment and this Committee will ratify the appointment at the next meeting.

**RESOLUTION NO. 002 - 2021 – AUTHORIZING EXTENSION OF OFFICE SPACE LEASE AGREEMENT WITH THE TOWN OF ITHACA**

MOVED by Mr. Wagner, seconded by Ms. Holmes, and unanimously adopted by voice vote. It was noted that this lease includes additional space to accommodate the increase in Consortium staff.

WHEREAS, in 2019 the Executive Committee negotiated a lease agreement with The Town of Ithaca for office space, and

WHEREAS, the Consortium's legal counsel reviewed and approved the language contained in the lease agreement, and

WHEREAS, the lease agreement includes additional space to accommodate the Consortium's additional personnel needs, and

WHEREAS, the term of the lease is for one year with the ability to extend annually with all utilities being the responsibility of the landlord, now therefore be it

RESOLVED, on recommendation of the Operations Committee, That the Executive Committee authorizes the Executive Director to sign said lease agreement dated March 4, 2021 with the Town of Ithaca for office space for the period April 1, 2021 thru March 31, 2022.

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**RESOLUTION NO. 003- 2021 – ADOPTION OF CONSORTIUM BUDGET AMENDMENT POLICY**

MOVED by Mr. Fairbrother, seconded by Mr. Thayer, and unanimously adopted by voice vote. Ms. Dowd said this resolution reflects input received following discussion that took place at the Audit and Finance Committee meeting.

WHEREAS, in accordance with Resolution No. 15 of 2020 – Adoption of Budget Guidelines and the Executive Committee Bylaws, the Executive Director creates a preliminary budget for presentation and approval at the Board of Directors Annual Meeting, and

WHEREAS, each year additional budget information becomes available after the budget has been adopted at the Annual Meeting and before the new fiscal year begins that may reflect changes in projected claims, fees and taxes, funding of services provided by contractors and third-party administrators, maintenance of all reserves, including those required by statute, purchase and maintenance of stop-loss insurance, and changes in projected revenue which are of such importance to merit amending the adopted budget, and

WHEREAS, an Amended Budget will be created early in the new fiscal year to reflect these changes and will be prepared monthly for performance against the Adopted budget, and

WHEREAS, other organizational and purchasing decisions made during a fiscal year, in accordance with the adopted Procurement Policy, may affect budgeted expenses or revenues in such a manner to require amending the operating budget throughout the year, and

WHEREAS, other reclassifications or intra-fund transfers may be needed to budgeted line items throughout the fiscal year, now therefore be it

RESOLVED, on recommendation of the Operations and Audit and Finance Committees, That the following Budget Amendment Process be adopted by the Executive Committee:

- A. **End of previous year or subsequent year budget changes** resulting from the addition of projected claims, fees and taxes, funding of services provided by contractors and third-party administrators, maintenance of all reserves, including those required by statute, purchase and maintenance of stop-loss insurance, and changes in projected revenue shall be presented and recommended by the Audit and Finance Committee and approved by and Executive Committee as the Amended Budget.
- B. **Midyear budget adjustments, for extra budgetary** expenditures for discretionary expenses or unexpected expenses not accounted for in the Adopted or Amended budget resulting from organizational decisions may be made during the fiscal year in accordance with established policies.
- C. **Reclassification or Intra-Fund Transfers may happen throughout the fiscal year when the Executive Director** determines that all of the funds in one budget line will not be spent as previously approved or allocated during the current fiscal year and the funds may be transferred to another budget line resulting in no net change in expense or revenue. Should this transfer not trigger the approval process of the Consortium's policies established, these changes can be made independently and reported out to the Audit and Finance Committee at its next meeting.

Should the approvals from Audit and Finance Committee and/or Executive Committee be required under the Consortium's current policies, these reclassifications or intra-fund transfers will be noted in the approval resolution and, if approved, be documented in the Amended budget, and

RESOLVED, further, That the Amended Budget will be prepared monthly along with a comparison against the Adopted budget and when any changes are approved by the Executive Committee they shall be circulated to the entire Board of Directors.

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### **Discussion of Premium Payment Policy**

Ms. Dowd said there currently is a practice whereby when a participant is late paying its premium payment that a one percent charge is added each month they are in arrears; this is outlined in the Consortium's Municipal Cooperative Agreement (MCA). The MCA also outlines a process for expulsion of a participant and this has now been included in the Premium Payment Policy. She said a suggestion was offered that the Consortium look at the late fee and rather than charging just a one percent fee, that it be increased by up to three percent in the third month with consideration of whether to compound that interest. The Audit and Finance Committee is continuing to look at that and if recommended it would require a change to the MCA. Ms. Dowd said questions have also been raised as to what the consequences there would be for a member that continued to be in arrears, noting that one of the areas that is not clearly defined is "someone that threatens the financial well-being or the legal validity of the Consortium".

Ms. Dowd the Audit and Finance Committee did not take action and is seeking feedback from the Executive Committee as this policy is considered. Mr. Salton said in general he believes there needs to be an aging and accounts receivable policy in place.

### **Report from the Audit and Finance Committee**

Mr. Cook, Chair, reported the Committee has been working on an premium payment policy and said he will provide the Committee with an example of compounding versus not compounding interest. Mr. Snyder said at this time the Consortium charges a one percent interest fee each month and it is not compounded; he offered to work with Mr. Cook to provide examples to the Committee.

### **Report from the Operations Committee**

Ms. Holmes, Chair, reported the Committee last met on January 25<sup>th</sup> and the main action at that meeting was the adoption of the Cyber Security audit that was conducted by Tompkins County Information Technology Services. Also, the Committee will be the ad hoc committee that will be undertaking the review of the Prescription Benefit Manager Request for Proposal responses.

### **Report from the Joint Committee on Plan Structure and Design**

Mr. Bower, Chair, reported the Committee heard a report at its last meeting about a diabetes pilot program with Cayuga Medical Center and said there was also discussion of possible future programs such as nutrition. The Committee also received an overview of information related to the ProAct Formulary. Mr. Bower said Laura Shawley was re-elected for another term as Vice Chair and at the next meeting in April there the Committee will vote on the election of a Chair for 2021. He reported Ian Tompkins will be replacing Tim Farrell on the Committee as the City of Ithaca's Blue Collar representative; Mr. Tompkins has also expressed interest in replacing Mr. Farrell as a labor representative on the Board of Directors. Mr. Bower said the Committee will be considering a revision to its bylaws at the next meeting to align them with the new governance structure of the Consortium.

Ms. Dowd spoke of information the Committee was provided information related to the ProAct Formulary and clarified that no changes to the Formulary are being recommended at this time. The purpose of having discussion at the Committee to ensure there is a good understanding as to why there would be consideration of changes to a formulary. She said it is likely that through the PBM (Prescriptions Benefit Manager) RFP process it will be brought up that savings can be achieved by switching the formulary so she would like there to be a good understanding of the impact would be of changing the formulary. She also noted that any changes would have to be collectively bargained.

### **Report from the Nominations and Engagement Committee**

Mr. Fairbrother, Chair, reported the Committee is in the process of planning for its first meeting of the year.

### **Report from the Claims and Appeals Committee**

Mr. Shattuck, Chair, reported the Committee will hold an organizational meeting on April 26<sup>th</sup>.

### **Financial Update**

Mr. Locey they are working on closing out 2020, finalizing annual statements, and getting information to the auditors. He reviewed financial results ending January 31, 2021 and said a few adjustments need to be made relative to premium and paid claims based on movement of contracts and benefit plans, as well as the additional covered lives that were brought in. He reported premium revenue is 2% below budget for 2021 due to movement of plans and changes in demographics; noting that the movement of members into Metal Level Plans from the traditional Indemnity and PPO plans continues to slightly lower premium revenue.

As also mentioned earlier in the meeting, Mr. Locey called attention to a slight disparity in the number of contracts versus covered lives as a result of the Medicare Supplement being an individual-based contract system. What has been seen to date in 2021 is that the contract count increased by 3.85%; however, the number of covered lives only grew by 1.26%. The issue with this is not necessarily that it impacts the Consortium's finances but those things that are being paid on a per contract per month basis such as the Excellus Admin. Fees and Stop Loss insurance increase. This is something that will need to be monitored to make sure third-party administrators are not getting an artificial raise when they are processing the same claims for the same people.

#### **Large Loss Report**

Mr. Locey referenced large loss information and noted for the last two years there has not been any claims that have been paid by Stop Loss; therefore, the decision made to build the Catastrophic Claims Reserve and move to the \$1 million policy was wise. He reviewed a self-insurance pool report that will be included in the information presented to the Committee going forward.

The accounts receivable and accounts payable reports were provided to the Committee; it was noted that no participant was beyond 30 days in arrears.

Mr. Snyder said he and his staff are working on the year end JURAT and expects work to be completed soon and provided to Bonadio shortly. The Insero field audit will begin on March 15<sup>th</sup>.

### **Next Meeting Agenda**

The following items will be included on the next agenda:

- Ratify appointment of Finance Manager
- Update on Prescription Drug Management Request for Proposals
- Premium Payment Policy
- Strategic Planning for Executive Committee/Board of Directors

Executive Committee  
March 3, 2021

**Executive Session**

It was MOVED by Mr. Salton, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members present, to enter into executive session at 4:38 p.m. to discuss a personnel matter concerning a particular person. The meeting returned to open session at 5:28 p.m.

**Adjournment**

The meeting adjourned at 5:28 p.m.