

**Executive Committee
Minutes – APPROVED
May 5, 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
Excused: Jim Bower, Joint Committee on Plan Structure and Design Chair
Guests: Steve Locey, Rob Spenard, Locey & Cahill; Don Barber, Consultant; Rick Snyder,
Treasurer; Directors: Donna Dawson, Village of Horseheads; Corey Prashaw, ProAct
Staff: Elin Dowd, Executive Director; Michelle Cocco, Clerk of the Board; Teri Apalovich,
Finance Manager

Call to Order

Ms. Drake, 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 March 3, 2021

It was MOVED by Mr. Wagner, seconded by Mr. Fairbrother, and unanimously adopted by voice vote by members present, to approve the minutes of March 3, 2021 as corrected. MINUTES APPROVED.

Chair's Report

Ms. Drake reported efforts are underway to fill a vacancy on the Audit and Finance Committee that is a result of Jason Molino leaving his position with Tompkins County. She thanked Ms. Holmes for continuing in her role with the Consortium.

Ms. Drake stated she would like to move forward with a strategic planning process and to begin by working on the Consortium's Vision as that is the aspect that tells the future of the Consortium, what we want to create, and what we are aspiring to be. This will help the Executive Director with her goals and objectives and also should tell the Board operationally how the Consortium will get there. She said it is difficult for the Executive Director to know where to go without having a good vision of what the Board wants. Another reason it is helpful to have a strategic plan is that it keeps the Board from becoming too involved in the operations. Ms. Drake acknowledged the challenges that exist while meetings are not taking place in-person; however, she and Ms. Dowd would like to get input from members of Consortium committees and will begin a process of getting feedback from committee members.

Ms. Dowd said other tools and resources are going to be used to gather information about what the Consortium can do as an organization, what it does well, what it can do better, and setting a vision for the future. Also, rather than looking at claims trending and trend analysis, a look will be taken at risk analysis, demographics, and how the Plan has been paying. The purpose of this is to look at what areas should be given thought to in general about how health coverage and the health plan should look in the future. This also includes looking at providers and the provider network to make sure the Consortium is continuing to meet the needs of its members and whether any changes should be made to the Plan.

Ms. Dowd provided an example of how this work is strategic planning. If it was found that there was a large diabetic population and a determination made that the Consortium's plans were not meeting the needs of its population it would likely want to look at how the plans could better meet members' needs in the future. Ms. Dowd said this information and strategy would also go towards planning for the Consortium's growth and recruitment of new members. Mr. Cook expressed support for this work and spoke of a consortium he was previously involved in that didn't do this type of strategic planning and said that consortium ultimately failed.

In response to a question by Ms. Drake as to whether Locey and Cahill is aware of other consortiums doing strategic planning, Mr. Locey said other consortiums they work with haven't done this type of planning. However, they are facing common issues and challenges, such as dealing with the Medicare population and he thinks doing this type of strategic planning is a sound practice and will recommend other groups undertake a process to do this as well.

Mr. Shattuck spoke of how the Consortium will communicate after the pandemic and with a larger geographic region. Mr. Hart commented that there is nothing that would prohibit members to meet in person to work on this type of thing and doing a hybrid model of an in-person/virtual meeting is an option. He further commented that the Tompkins County Council of Governments is working on a request to the State Legislature to amend Open Meetings Law to allow for hybrid-type meetings.

Members were supportive of gathering ideas with Mr. Salton stating he prefers that the majority of this work be done in-person.

Ms. Dowd responded to a question from Ms. Holmes and said while it will be looked at, it is too early in the process to look at working with an outside consultant. She encouraged members to submit suggestions and information on consulting resources that can be used going forward. Mr. Salton said he thinks it will be very hard to know where to go in the future without knowing where the Consortium has been. He believes there are many committee members who are not familiar with where the Consortium has been and how it started and thinks it will be important to know that context and apply it going forward. Ms. Dowd clarified that the Consortium's existing consultants will be involved and part of the strategic planning process.

Executive Director Report

Ms. Dowd reported on items that were not specifically contained within the written report submitted to the Committee, noting the draft Premium Payment Policy will not be discussed at this meeting as the new Finance Manager has only been on-board for a short time and there are questions that need to be resolved before moving forward. She reported the annual financial audit and the annual financial filing (Jurat) are both complete and have been filed with the Department of Financial Services (DFS). The first quarter 2021 filing will be complete and submitted next week. Ms. Dowd reported she will be preparing an annual report that will be complete and distributed by June 1.

Ms. Dowd reported she has been working on new member presentations and has received some preliminary interest. She will be reaching out to some of the personal connections she has been provided and encouraged members to provide her with additional contacts. With regard to the Certificate of Authority request that was submitted six months ago to DFS to allow the Consortium to operate in the 16-County region, she recently received acknowledgement of the request and a response that DFS is continuing to consider it. She is making connections with various government representatives to try to expedite approval by DFS as she has already received inquiries from municipalities within the expanded region and would like to move those forward.

Ms. Dowd reported on feedback received on her goals and objectives and will to continue to update members on the status of those. She provided an update on the Request for Proposals for Prescription Benefits Manager and said the RFP closed on April 9th and there were several organizations that submitted a proposal. The Operations Committee will begin reviewing responses at its meeting on May 24th with a goal of having a contract in place on January 1, 2022.

Staffing Update

Ms. Dowd introduced Teri Apalovich, Finance Manager, and said she has been working with Tompkins County Finance on a process to slowly take over financial responsibilities.

RESOLUTION NO. 004 - 2021 – RATIFICATION OF PROVISIONAL APPOINTMENT OF FINANCE MANAGER – TERI APALOVICH

MOVED by Mr. Wagner, seconded by Mr. Mutchler, and unanimously adopted by voice vote by members present.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) created the Finance Manager position by Resolution No. 035 on December 17, 2020, and

WHEREAS, the Selection Committee has determined that Teri Apalovich possesses the necessary knowledge and skills to satisfactorily perform the duties of the Finance Manager position, and

WHEREAS, Teri Apalovich has been provisionally appointed by the GTCMHIC's Executive Director based on a full-time schedule of 40 hours per week, at an annual salary of \$70,000 effective March 29, 2021 with full time benefits, now therefore be it

RESOLVED, That the Executive Committee hereby ratifies the Executive Director's provisional appointment of Teri Apalovich as Finance Manager, effective March 29, 2021, pending results of the Civil Service exam for said position.

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Budget Approval Process

Ms. Dowd reported on the 2022 budget process, stating the Board is expected to adopt the Budget at its September 23 meeting following a review of the initial draft on August 26th. In June and July the Audit and Finance Committee will work on the draft budget with a report back to this Committee at its next meeting in July.

Mr. Shattuck asked if it is known when Excellus might provide information on when numbers may go up as a result of the pandemic. Ms. Dowd responded that Cayuga Medical Center has contracts in place with Excellus for a ten-year period; therefore, in general, the Consortium will not price gouging. She thinks where increases will be seen is from areas where care has been put off and for things that should have been diagnosed and cared for at an early stage; noting where conditions are being diagnosed and cared for at a later stage is usually more expensive. Mr. Locey agreed and said two areas the Consortium may see some cost increase and compression is in hospital and out-patient facilities operating on a more extended schedule and catching up on procedures that may have been put off during the pandemic. He agreed with Ms. Dowd's comments about increased costs as a result of delayed care. He said Locey and Cahill has seen some claims expenses increase in April and will be keeping a close eye on May and June.

Report from the Audit and Finance Committee

Mr. Cook, Chair, reported the Committee met in April and accepted the 2020 audited financial statements from Insero & Co. The result was a reasonable growth in the fund balance, slightly in excess of \$800,000 which is net of the one-month premium holiday. He reported the Jurat was once again filed in a timely manner and expressed his appreciation to Mr. Snyder for his work on this. The Committee will be looking at the compression and what the impact will be of an uptick of elective surgeries, coupled with the overlap of the pandemic continuing on. He said work has been done to isolate the impact of Covid-related expenses on premiums and said it has been significant. He and Mr. Locey have been looking at the impact Covid has had on premiums and whether his would be eligible as a qualified reimbursement or use of Covid relief money. Mr. Cook said he is expecting the Consortium will see a continued increase in prescription drug costs to the plan.

Report from the Operations Committee

Ms. Holmes, Chair, reported the Committee last met on March 22nd and received a lot of updates from Ms. Dowd, including the status of the RFP for Pharmacy Benefits Manager. The Committee will begin the review process at its May 24th meeting. The Committee also received a staffing update and reviewed policies that have recently been considered.

Report from the Joint Committee on Plan Structure and Design

Ms. Dowd reported on behalf of Mr. Bower and said at the last meeting the Committee spent time going over the ProAct Utilization Report.

She referenced Mr. Cook's comments as to where prescription drug costs are heading and said the Consortium is specifically seeing higher costs with Specialty drugs. Mr. Prashaw said he expects this to continue to be an issue and although there are programs in place that are designed to offset the cost of these drugs, there are limitations New York State has put into place. Mr. Locey commented that in 2020 there was a 6% decrease in the total number of drugs utilized by the plan; however, the total cost went up by 24% and the cost per prescription went up by approximately 32%.

Ms. Dowd reported the Joint Committee continues to work on supporting the Consortium's wellness program; the focus this month will be on mental health as it is National Mental Health Awareness Month. The Committee reappointed Mr. Bower as Chair and elected Ian Tompkins to fill a vacant Labor seat on the Board of Directors.

Report from the Nominations and Engagement Committee

Mr. Fairbrother, Chair, reported the Committee had a great meeting with input from Ms. Dowd and Mr. Barber relative to work going forward.

Ms. Dowd reported the Committee is looking at how we might want to engage the Board during in different agenda items and will be soliciting feedback. In addition, the Committee continues to talk about how to engage other members who aren't on Consortium committees and whether there should be term limits. She said although this is being discussed, the Committee has not yet made a recommendation on this.

Report from the Claims and Appeals Committee

Mr. Shattuck, Chair, reported the Committee will hold an organizational meeting on May 10th and will talk about process and making it easier on members and staff.

Financial Update

Mr. Locey provided an update on financial results and reported income is 1% over budget through March 31st; no prescription drug rebates have been received for 2021. As the Consortium starts to expand into a larger geographic area Locey and Cahill will be making sure there is a good understanding what medical costs are in other region as it will be important to not get into a position of bringing in others that will alter current members' costs. Mr. Locey said on the budget side the biggest expense is medical claims; these were 18.78% below budget and prescription drug costs were 1.18% below. Overall, claims are 13.8% (\$1.9 million) below budget. In terms of expense distribution, \$.94 of each dollar is going towards the payment of claims.

Large Loss Report

Mr. Locey reported the Consortium had no claimants pierce the \$1 million deductible level in 2020 and no one went over the \$.5 million range that wasn't a lasered deductible. The result was that the Consortium did not pay anything out of the Catastrophic Claims Reserve. He spoke of the loss ratio relative to stop loss insurance and said the Consortium is only at a 46% loss ratio which is very low. He called attention to Covid-related expenses as mentioned earlier by Mr. Cook and said the amount through February 2 was \$2.1 million; this will continue to be updated and presented to the Committee. Mr. Locey noted that any diagnosis information has been truncated from the report.

Ms. Drake called attention to a high cost claimant report stating that one claimant had minimal medical expenses; however, had a prescription drug expense total of close to \$5 million. Mr. Locey said while he hopes the medications are effectively treating illness or injury, the cost of prescription drugs for six claimants represented approximately \$1 million in expense.

Aging Summary

Mr. Locey reviewed the premium receivables and said there is a very low dollar amount outstanding in comparison to previous reports.

Jurat Review

Mr. Snyder reviewed the process for making Jurat entries and how input reconciles with the audited financial report, noting there are multiple players in the process, including the Actuary, Bonadio & Co., Locey and Cahill, Insero & Co., and the Tompkins County Finance Office.

Next Meeting Agenda

The following items will be included on the next agenda:

- Update on Executive Director Goals and Objectives
- Preliminary 2022 Budget Discussion
- Update on Prescription Drug Management Request for Proposals
- Strategic Planning for Executive Committee/Board of Directors
- Premium Payment Policy (likely moved to September meeting)

Executive Director Comment

Ms. Dowd reported there have been a lot of new laws coming in to play about sharing information and additional information on what the cost of specific procedure should cost. Some of these changes are slated for the future, but changes to what is required on ID cards is immediate. Information will be going out to benefit clerks, including information that goes on identification cards with the first cards going out on June 1st. The Village of Cayuga Heights will be adding a new group and will now have full participation from all collective bargaining units in the Village. As a result of

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this change, they will get their cards first. Any new hires will also get the new identification cards and the remainder of members will get new cards in January 1, 2022. Proact is continuing to discuss whether they will be issuing new cards.

Adjournment

The meeting adjourned at 5:08 p.m.