



Greater Tompkins County Municipal Health Insurance Consortium

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"Individually and collectively we invest in realizing high quality, affordable, dependable health insurance."

Executive Committee Minutes – APPROVED January 12, 2022 – 3:30 p.m. Town of Ithaca/Zoom

Present: Steve Thayer, Bud Shattuck, Peter Salton, Judy Drake, Ed Fairbrother (excused at 4:23 p.m.), Rordan Hart, Gary Mutchler, Lisa Holmes, Jim Bower
Vacancy: Two seats
Guests: Steve Locey, Rob Spenard, Locey & Cahill
Staff: Elin Dowd, Executive Director; Michelle Cocco, Clerk of the Board; Teri Apalovich, Finance Manager; Kylie Rodrigues, Benefits Specialist

Call to Order

Ms. Drake, Chair, called the meeting to order at 3:31 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of December 15, 2021

It was MOVED by Mr. Mutchler, seconded by Mr. Fairbrother, and unanimously adopted by voice vote by members present, to approve the minutes of December 15, 2021 as corrected. MINUTES APPROVED.

Chair's Report

Ms. Drake had no report.

Executive Director Report

Ms. Dowd reported a mandate was recently issued for coverage of at-home Covid tests with five days to plan for implementation. Both ProAct and Excellus are working on this in addition to a few other Affordable Care Act items that were included in that legislation. She will keep the Committee informed as this develops.

Ms. Dowd reported on the upcoming review of the Municipal Cooperative Agreement. In the past a special committee reviewed proposed changes; however, she proposed the next review that will include looking at Department of Financial Services requirements, be undertaken by the Operations Committee. There was no objection to moving this responsibility to the Operations Committee.

Ms. Dowd reported that due to a number of changes as a result of elections, retirements, and resignations, the Nominations and Engagement Committee met this week to approve a revised slate of members for Committees. She reviewed changes reflected in the following resolution.

**RESOLUTION NO. 001-2022 – AMENDMENT TO RESOLUTION NO. 014-2021 - CREATION OF
2022 COMMITTEE STRUCTURE AND APPOINTMENTS OF
MEMBERS**

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

WHEREAS, the Board of Directors at its Annual Meeting established a Committee structure and appointed members to the Consortium’s standing committees, and

WHEREAS, the Consortium needs to address vacancies that will impact committee membership in 2022 due to resignations, retirements, and election results, now therefore be it

RESOLVED, upon recommendation of the Consortium’s Nominations and Engagement Committee, That the Executive Committee, on behalf of the Board of Directors, hereby appointments the following amended membership to committees effective immediately:

Executive Committee

To be elected at annual meeting along with Chairs of standing committees

MEMBERSHIP: Seats to be filled by Directors; 11-15 Members; one-year terms

MEETINGS (subject to change): Bimonthly beginning in January on 1st Wednesday

- | | |
|--|---|
| 1. Board Chair, Chair (Drake) | 7. Operations Chair (Holmes) |
| 2. Board Vice Chair, Vice Chair (Hart) | 8. Nominations and Engagement Chair (Fairbrother) |
| 3. Chief Fiscal Officer (Thayer) | 9. Claims and Appeals Chair (Shattuck) |
| 4. Secretary (Salton) | 10. At-large (Snow) |
| 5. JCPSD Chair (Bower) | 11. At-large (Mutchler) |
| 6. AFC Chair/At-large (Ray Bunce) | |

**STANDING COMMITTEES:
Audit and Finance Committee**

Terms expire 12/31/23

1. Steve Thayer, Chair (CFO, no set term)
2. Tim Arnold, Labor
3. Rordan Hart, Vice Chair
4. Amanda Anderson
5. Lorie Corsette

Terms expire 12/31/22

6. Laura Shawley
7. Eric Snow
8. Bud Shattuck
9. Peter Salton

Operations Committee

Terms Expiring 12/31/22

1. Lisa Holmes, Chair
2. Laura Granger
3. Schelley Michell-Nunn
4. Janine Bond (add'l seat)

Terms Expiring 12/31/23

5. Ed Fairbrother
6. Nancy Webster, Vice Chair
7. Sunday Earle

Terms Expiring 12/31/23

8. LuAnn King
9. Mark Emerson

Nominations and Engagement Committee

Terms expire 12/31/23

1. Ed Fairbrother, Chair
2. Vacancy
3. Jim Bower, Labor

Terms expire 12/31/2022

4. Gary Mutchler, Vice Chair
5. Terrance Baxter

Claims and Appeals Committee

Terms expire 12/31/23

1. Bud Shattuck, Chair
2. Donna Dawson
3. Tom Brown

Terms expire 12/31/2022

4. Don Fischer, Vice Chair
5. Tanya DiGennaro

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Long-Term Planning Discussion

Ms. Drake said the outline presented was prepared by Ms. Dowd in response to comments submitted by members. The initial goal is to review the outline and ensure all of the key topics are included.

Members were satisfied with the five major topics presented in the Outline: Governance, Financial, Benefits, Operations, and Marketing.

Ms. Dowd explained how the document was put together and said Steve Locey provided an organized list of these topics and as members submitted comments they were incorporated into the second document provided. Items added to the outline are reflected in the list below.

Mr. Salton said the list presented is a good start and suggested prioritizing the items as the process moves forward.

1) Governance

- a) Municipal Cooperative Agreement
- b) Representation (Board of Directors)
- c) Labor Involvement
- d) Committee Structure and Function
- e) Rules of Participation
- f) Entry/Exit Procedures
- g) Geographical Footprint
- h) Responsibilities of Municipal Partners
- i) Dispute Resolution
- j) Compliance with Open Meetings Laws and remote/satellite locations

2) Financial

- a) Ongoing Risk Assessment
- b) Growth/Expansion Expectations
- c) Premium Rating
 - i) Regional Rating
 - ii) Plan of Benefit Rates
 - iii) Membership plan enrollment actuarial assessment
 - iv) Premium structure with individual and family versus tier structure
- d) Targets for Reserves and Surplus Funds
- e) Investment Management Philosophy

3) Benefits

- a) Medical Plans Offered
 - i) Metal Level Plans
 - ii) Medicare/Retiree Plans
 - iii) Other Plans
 - iv) Reduction of old-style plans; what plans will continue to be offered
- b) Rx Plans Offered

- c) Ancillary Benefits Offered
 - i) Dental
 - ii) Vision
 - iii) Life Insurance
 - iv) Accidental Death & Dismemberment Insurance
 - v) Legal Services
- d) Wellness Program

4) Operations

- a) Role, Size, and Expectations of Staff and Services
- b) Internal Operations
 - i) Administrative
 - ii) Supervisory
 - iii) Marketing
 - iv) Financial
 - v) Compliance regulations, policy development and compliance
- c) Committee Structure and Function
- d) Municipal Contracted Services
 - i) Computer / Information Technology Services
 - ii) Finance
 - iii) Facilities and Offices
 - iv) HR/Payroll/Benefits Administration
- e) Outside Contracted Services
 - i) Actuarial
 - ii) Accounting
 - iii) Auditing
 - iv) Consulting
 - v) Investment Management
 - vi) Legal
 - vii) Wellness
- f) Succession Planning
 - i) Internal Support Staff
 - ii) Consortium Leadership
- g) Services Offered
 - i) GASB 75 Actuarial
 - ii) COBRA Administration and Billing
 - iii) FSA/HRA Administration
 - iv) Retiree Premium Billing
 - v) Membership for Small Employers

5) Marketing

- a) Current Participating Municipality Retention, outreach and communication
- b) Recruiting Marketing Strategies and Approval Process
- c) New Municipality Marketing Program
 - i) Large Municipal Partner Growth
 - ii) Small/Medium Municipal Partner Growth
- d) Marketing Materials
 - i) Services and Products Offered
- e) Conference Attendance
 - i) GFOA
 - ii) NYS Assoc of Counties

- iii) Local Governments Conference, Association of Towns, Conference of Mayors, and others

Review of Outline with Comments

Ms. Drake said growth is a major factor and is tied to all of the identified areas. At this time the Committee reviewed comments included with the topic areas in the outline.

Governance

Ms. Drake commented: managing meetings will be important as the Consortium grows, continuing to be the kind of organization that the Consortium started out as, and how to integrate diversity into the organization will also be important.

Ms. Dowd said the Consortium has successfully transitioned to a new governance model with an Executive Committee making decisions and advancing objectives throughout the year. As discussion continues throughout the year there will continue to be discussions that will include what role staff versus the Board plays in that.

Mr. Hart said although there are efforts underway at the State Legislature to allow for remote meetings to continue in some form, the existing order is set to expire shortly and this causes concern about how to get participants in a room in the next week for a meeting. Ms. Drake said this is something that will need to be kept in mind, particularly as the Consortium grows and members have to travel a greater distance to attend in-person meetings. She also spoke about the difficulty in running a meeting and getting engagement when members are attending remotely. Mr. Salton suggested looking at having fewer but longer meetings.

Ms. Dowd said the Consortium is planning to go back to the satellite model whereby those who have agreed to host a satellite will have the location publicly posted on the Consortium's website.

Mr. Bower said depending on how many attend a satellite location, this may help with establishing a personal connection between members. Ms. Drake said in 2022 efforts have been made to decrease the number of meetings and this will be evaluated as the year proceeds to ensure there is efficiency in completing work. She also commented that there have been advantages in meeting remotely as it has provided a convenient option for members, particularly those from other counties, to attend meetings. She said while more work needs to be done to build relationships with labor, it has been helpful to cap the number of Directors on the Board representing labor at ten. There are currently nine Director seats allocated to labor.

Mr. Fairbrother was excused at this time.

Financial

Ms. Dowd explained a "black swan" event is an event that is significant and out of the ordinary. She also said conversations have reflected a common concern of how can the Consortium grow and measure risk in a fiscally prudent way, and how big should the Consortium grow.

Review of Risk and Large Loss Presentation

Mr. Locey said during discussion over the last couple of years about stop loss and the catastrophic claims reserve/pool a comment keeps coming up as to how the Consortium can predict where it will be from a large loss perspective and what types of tools can be used to try

to come up with predictive modeling. He said it is difficult to predict when and how many large losses there will be in general, regardless of the size of the organization. He said in looking across their book of business there is a large mix of large loss experiences as they can be random and very unpredictable.

Mr. Locey said he reviewed the Consortium's history and loss levels compared to similar groups and the predictability for the Consortium going forward is fairly low which is why stop loss insurance is needed. He reported on a data set provided by stop loss carriers, including Highmark and Excellus, on the number of claims they have had each year per 100,000 employees. He also provided a historical look at the different stop loss levels, the number of covered lives, and the losses at various levels from \$100,000 and above that the Consortium has had dating back to 2011. He said although last year was slightly higher in terms of incidents and was the highest year, historically the Consortium has only ever averaged one loss greater than \$500,000 per year.

Mr. Locey said what can be seen from the data is the growth when looking at the total dollar amount of large losses paid. Although some of it can be attributed to the growth of the Consortium in terms of municipal members and covered lives, the large losses are putting more pressure on the budget. From a percentage basis, there has been a steady increase with the average now being between 23-24% of claims being large losses.

Mr. Locey responded to a question by Mr. Salton as to what he is seeing with other clients and said the results are similar but there are some anomalies. He thinks the Consortium is average to below average in terms of large loss activity in recent years. In the beginning there were some significant stop loss hits so there has been some historical activity but not recently. It is very difficult to predict who will have large losses and when. He said Locey and Cahill can do some long-term predictions using this data set. He noted it will be important that when there are anomalies that resources are set aside to handle those losses if they do occur so there isn't an impact on the premium rate

Mr. Salton asked if it makes sense to talk about how many large losses the Consortium has in the bank. Mr. Locey said yes and that is why efforts have been made over the years to increase the reserves. He noted that the group has taken on a lot more risk than it did initially and there needs to be a cushion to handle and guard against unforeseen and catastrophic things that can happen. Mr. Salton said he thinks this is the most important thing we can do to self-administer and self-govern based on the structure that is in place.

Study Fund Balance Use

Mr. Locey said determining fund balance levels is often subjective; however, there are quantitative analysis that can be done of some levels such as the IBNR (Incurred But Not Reported). In terms of long-term planning, the pandemic could have had an opposite impact on health plans although in this case it didn't hurt the plan and actually provided some relief. He said it will be up to the Board to ultimately decide what it feels comfortable with as to having enough reserves and fund balance and what can be built into year-to-year rate increases for planning.

Mr. Hart said he submitted the comments relating to the stress test growth and the black swan event and said he found Mr. Locey's presentation earlier in the meeting to be very helpful. He said those questions come from the perspective that unless an organization is large enough to have data to be statistically meaningful then you have to plan for the potential outliers where sooner or later there could be a situation with multiple very large claims. He said it actually

bolsters the argument that the Consortium's reserves are not nearly large enough for the risk we are taking on. He said when someone claims the Consortium has too much money in its reserves there is a good argument and data to explain why it is not too much and plans need to be made for those potential outlier events which could place the Consortium at risk of shutting down. Ms. Drake emphasized the need for education, particularly with elected officials.

Benefits

Ms. Drake called attention to her comments relating to eliminating old-style plans, promotion and education of municipalities and participants on different plans, keeping an eye on future plans and benefits, and promoting CanaRx and different drug tiers. She would also like to continue to pursue wellness options and explore whether wellness can be incorporated into Consortium health plans.

Operations

Mr. Locey suggested including under g) Services Offered: "an analysis or discussion of a third party HSA Partner". Ms. Drake commented that there should also be a discussion of what municipalities are expecting when they come to the Consortium, including what the Consortium can and cannot offer. She also feels it would be important to look at what flex spending arrangements could be pooled together.

Marketing

No comments.

Next Steps

Discussion will continue at the next meeting to be scheduled in March. Ms. Holmes suggested selecting one topic to discuss at a time, noting growth seems to be the area where there have been the most comments. Ms. Dowd will work with Locey and Cahill to gather information in preparation of the next meeting; members were asked to reach out if they would like additional information.

In response to Mr. Hart as to how many potential municipalities could join the Consortium, Ms. Apalovich said she is working on a breakout of municipal sizes but at this time there are approximately 398 municipalities that could potentially join the Consortium which could bring the total to over 500.

Next Meeting

The next regular meeting of the Committee will be February 2nd. Additional meetings will be scheduled to continue discussion on long-term planning.

Adjournment

The meeting adjourned at 4:48 p.m.