

**Executive Committee
Minutes – APPROVED
August 3, 2022 – 3:30 p.m.
Town of Ithaca/Remote via Zoom**

Present: Steve Thayer; Peter Salton; Judy Drake (Chair); Rordan Hart; Gary Mutchler; Lisa Holmes; Eric Snow; Bud Shattuck; Ray Bunce (arrival 3:42p)

Excused: Ed Fairbrother; Jim Bower

Guests: Scott Steve, Cortland City Mayor; Mary Ellen Albrecht; Town of Lansing; Mark Emerson, Town of Mentz; Steve Locey, Locey & Cahill; Rick Snyder, Tompkins County Finance

Staff: Elin Dowd, Executive Director; Lynne Sheldon, Clerk of the Board; Teri Apalovich, Finance Manager; Kylie Rodrigues; Benefits Specialist

Call to Order

Ms. Drake, Chair, called the meeting to order at 3:32 p.m.

Changes to the Agenda

The original agenda sent to the committee indicates that Ms. Dowd will be discussing 2023 Plan Changes due to Actuarial Value Calculator. Correction: Steve Locey will be covering most of that topic.

Approval of Minutes of June 1, 2022

It was MOVED by Mr. Mutchler, seconded by Mr. Hart, and unanimously adopted by voice vote by members present, to approve the minutes of June 1, 2022, as submitted. MINUTES APPROVED.

Chair's Report

Ms. Drake reported that Jim Bower, Chair of the Joint Committee, will not be continuing to serve next year, so the Consortium will be looking for a new Chair. Ms. Drake expressed concern it hasn't been easy to get Labor individuals to step up, so hopefully the Consortium can find someone in the next few months.

Ms. Drake reminded the Committee we have an upcoming Informational Session Meeting on August 25, 2022. The 2023 budget will be presented, as well as having a guest speaker. This meeting will be held in person and via Zoom at the Tompkins County Public Library. The New York State Executive Order will be at its end soon, so meeting in person will begin again soon, along with the need to have satellite locations. The upcoming September board meeting will be held in-person at Tompkins Cortland Community College.

Executive Director's Report

Ms. Dowd referenced her written Executive Director's Report. Ms. Dowd then covered information of a resolution on plans for retirees. If a decision is made in the direction of a Medicare Advantage Plan, a Request for Proposal (RFP) has already been put together with the help of Locey & Cahill and has been launched by the Consortium's team on BIDNET.

Ms. Dowd mentioned the Consortium is in the process of being audited by the New York State Department of Financial Services (DFS). The IT component has started and DFS is working with the Consortium as well as Excellus and ProAct to review their cyber security process and business continuity plans. The financial piece of the audit will begin in the fall.

Ms. Dowd announced that we will review new member applications at the next Audit and Finance Committee Meeting. There are potentially five new members, we have three applications in with about 150 subscribers in total. We are expecting possibly two more applications with 120 more employees to come. Applications are moved along to our CFO, treasurer, and Locey & Cahill.

Resolution: Clarification Regarding Municipal Retirees in Relation to Municipal Cooperative Agreement (MCA) Requirement

Ms. Dowd stated this resolution was discussed at the last Executive Committee meeting and will also be discussed at the next Audit and Finance Committee meeting. A summary of the resolution passed by the Audit and Finance Committee is:

- a) There's with a desire to advance this resolution forward on clarification regarding municipal retirees and relation to Municipal Cooperative Agreement (MCA) requirements. The Consortium is going to continue to reinforce our MCA that we want all active and retiree groups to be within the Consortium. As of right now, if you don't have them enrolled in the Consortium, you would have to ask for a waiver.
- b) You would continue to ask for a waiver going forward, but the Consortium may be providing some of the opportunities to move to a different type of retiree plan, which would be a Medicare Advantage pass through a fully insured option offered through the Consortium.
- c) The Consortium is looking at adding a risk assessment fee, however, that exact dollar amount has not been placed on the risk assessment if you were to move retirees out of the plan. Currently, in discussion, would be 10% of your premium would be the risk assessment fee if there wasn't an option, and you went outside the Consortium.
- d) For those who came on board with a Medicare Advantage Plan or a plan through another provider, some of our smaller municipalities were given a waiver that they would be grandfathered until the other option was offered, but then we ask everybody to move by January 1, 2024.

Ms. Drake asked for discussion and/or vote of the resolution and reminded members that with the NYS Open Meeting Law in place, and the Consortium's policy, individuals will need to be seen and heard with their cameras and microphones on.

RESOLUTION NO. 013 – 2022 – CLARIFICATION REGARDING PARTICIPANT MEDICARE-AGED RETIREES IN RELATION TO MUNICIPAL COOPERATIVE AGREEMENT (MCA) REQUIREMENT

MOVED by Mr. Hart, seconded by Thayer. The resolution was unanimously adopted by voice vote by members present.

WHEREAS, Section A (5.) of the 2022 Amendment to the Municipal Cooperative Agreement states that "Participation in the Medical Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant shall not be permitted without a Board approved waiver", and

WHEREAS, the Consortium continues to support having all collective bargaining units or employee groups in the Consortium risk pool to maintain stabilized premium rates and prevent adverse risk selection, and

WHEREAS, the Consortium's has deemed the term "employee groups" to include active employees, COBRA continuation of coverage members, non-Medicare-aged retirees, and Medicare-aged retirees, and

WHEREAS, there have been some exceptions made, upon entrance, to allow Medicare- aged retirees of new Participants with fully-insured Medicare Advantage Plans to remain with said coverage, and

WHEREAS, the Consortium does not currently offer a Medicare Advantage Plan or Plans, and

WHEREAS, several Participants are reviewing cost-effective options for their Medicare- aged retiree population, including moving from current Consortium coverage to fully insured Medicare Advantage plans with other carriers, and

WHEREAS, the Consortium believes that offering a Medicare Supplement Plan is an excellent option for Medicare eligible retirees; however, due to federal subsidies currently available to fully-insured plans the Consortium's Medicare Supplement Plan is unable to compete with the lower costs of some Medicare Advantage Plans, and

WHEREAS, although the Consortium cannot set up a Medicare Advantage program within the fund, the Consortium can provide a convenient, pass-through option as is done with other ancillary benefits offered through the Consortium, now therefore be it

RESOLVED, That the Consortium, on behalf of the Board of Directors, will hereby enforce That

Section A (5) "Participation in the Medical Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant shall not be permitted without a Board approved waiver" will remain in force for all active and retired employee groups of each Participant,

RESOLVED, further, That any Participant selecting to withdraw an employee group shall request such waiver prior to September 1st of each year for consideration by September 30th or for new Participants as part of the application process.

Discussion/Resolution:

- **Authorization by Board of Directors to Remove Benefit Plans from the Consortium's Menu of Benefit Plan Offerings and Restricting Plan Enrollment**
- **Rules Regarding Plan Options for Municipal Employers**

Ms. Dowd stressed this is only a discussion and to advise of the progress of these two resolutions. Both the Operations Committee and Audit and Finance Committee have either looked at one or both.

Ms. Dowd added the Consortium had a resolution regarding dropping benefit plans that are no longer being used and migrating to our more contemporary plans. The change includes that once a municipality stops offering and once an individual comes off a plan, that either party will not be able to re-enroll in the plans being phased out.

The Consortium is working on how to phase this in with dates that are useful for those with collective bargaining agreements. The goal is to create a policy to reflect the wishes of the Consortium and the complexities of the implementation at the municipal member level.

Ms. Dowd's discussion indicated that the potential resolution, *Roles Regarding Plan Options for Municipal Employers*, did come before the Audit and Finance committee, however, not much progress was made.

Ms. Dowd added the Consortium is looking at options for small employers and large employers. When it comes to plan selection, however, there was some pushback. The challenge is to draft something all can agree on of what to require, and not require of our municipalities when they become new members or those that are current members. This policy would also include more verbiage about risk assessment fees.

Ms. Dowd stated she hopes the direction is to intertwine plan participation, plan selection, and cost of plans, to be all in one policy.

Discussion/Resolution: 2023 Plan Changes due to Actuarial Value Calculator:

Ms. Dowd opened this topic stating that the Joint Committee on Plan Structure and Design meeting is to be held the following day where this resolution is on the agenda for review and action.

Ms. Dowd explained Locey & Cahill have been working on calculations with Excellus regarding the Actuarial Value and where the Consortium's needle falls plus or minus two percent (+2%/-2%) of the Plan's standard deviation requirement.

Mr. Locey presented information on these yearly calculations indicating:

Platinum Plan: This plan passed again - The Platinum Plan has had some inconsistency how Excellus was computing compared to how Locey & Cahill was computing with regards to outpatient services. Mr. Locey added he has been looking back over the last couple years and will remain consistent with how we have been calculating.

This is the sixth year in a row the Platinum Plan passed the test and did not have any changes. However, Locey & Cahill plans to have further discussion with the Center for Medicare and Medicaid Services (CMS) about the rationale in terms of how it should be calculating the Platinum Plan. Therefore, there may be a chance next year the Platinum plan may need some adjustment.

Silver Plan: This plan is the only plan that did not pass the actuarial value test this year. Mr. Locey tested some modeling for the Silver Plan in terms of different deductibles and out of pocket maximum options to remain compliant.

Locey & Cahill also looked at what the Blues are offering in terms of Silver Plans, to show the Consortium where those fell. Using that as a model, the Silver Plan would require an adjustment to either deductible or the out-of-pocket maximum or both to get the actuarial value down under the threshold at the 72.5% with rounding it back down in that range of 68% - 72%.

Mr. Locey stressed that he did not know necessarily where the Joint Committee is going to want to fall on this topic. Normally, the actuarial value calculator is used at the meeting to go through a couple of examples, and he offers recommendations. Ms. Dowd answered that she was hoping to show all the information and support from the Executive Committees and approval by the Joint Committee tomorrow.

Mr. Locey shared some options that mirror what the Blues are offering in terms of Silver Plans. Ms. Dowd added when new members come to the Consortium that are on the Silver Plan, the Consortium recommends the Gold Plan to them. This reasoning would be that of a 70% to 80% shift, or from 80% down to 70% remaining in the Silver Plan is not attractive. Mr. Dowd also added that some have taken the Gold Plan because of that little change. Looking at the Consortium's old plan, the deductible is much lower on the Gold Plan at \$1500 and \$3000 This is why the Gold Plan is a little more expensive because the deductible is lower, but that 80% co-insurance is attractive.

Mr. Shattuck commented that the Silver Plan has changed three times in the past eight years. He recommended selecting an option that would remain in compliance for a longer period.

Mr. Locey also indicated that CMS changed the standard deviation on the Bronze Plan. Everything was plus or minus 2%, for the last 7 years, however, now they have changed the Bronze Plan to be plus 5% minus (-) 2% percent. There is a resolution to be reviewed at the Joint Committee with a change for the Silver Plan, to a 5%+ (plus) and minus the 2%, so its range is going to be a little bit greater than the other three plans.

Mr. Drake asked Mr. Locey what his recommendation may be. Mr. Locey recommends the \$2750 deductible and blend that with 80% co-insurance. He expressed that it would be an attractive point as this will get us down around that 71% level. He also expressed this gives the Consortium a point and a half of variance before having to make a change again.

Ms. Drake stated this topic will certainly be discussed at Joint Committee and will hopefully be putting a recommendation forward at our September Board meeting.

Municipal Cooperative Agreement (MCA) Revisions:

Ms. Dowd stated that a new MCA must be submitted every year as we have new members every year. The Department of Financial Services (DFS) requires everyone to sign it. Since the Consortium must adhere to that requirement, the thought is to do some fine tuning and update sections because of the creation of the Executive Committee and hiring full-time staff members. This has already been discussed at Operations Committee and Ms. Dowd would like to bring this topic back to the Executive Committee next month for action. Ms. Dowd covered the following proposed changes and looked for discussion:

- Add the new municipalities and the date adding them

- Recommending adding Livingston and Monroe Counties and start the process of a new certificate of authority to add these two as they fit nicely with the Blue Cross Blue Shield Central/Twin Tier region
- Ms. Drake added that we would be adding them at this point, but we still need the Certificate of Authority to do so. She also added this will be brought back next month to the Board.
- Ms. Salton asked to confirm the counties and was pleased as Ms. Drake confirmed Livingston and Monroe.
- We annually appoint a treasurer who may or may not be a director and who shall be the treasurer equivalent financial officer for one of the participants. Mr. Thayer has authority to be our Chief Financial Officer, he has been delegating duties to the treasurer as we did not have any in house resources.
- Ms. Dowd has had conversations with the Consortium's attorney, who has expressed we are not required to have a treasurer; however, we are required to have a CFO and to say what municipality that CFO is from. Ms. Dowd explained with the retirement of the Consortium's treasurer and by hiring a full-time finance manager, she is recommending eliminating "Annually Appointing a Treasurer...", that the CFO delegates duties and tasks to the finance manager instead of the treasurer.
- Mr. Thayer commented it makes sense to look at this and make the adjustment as the Consortium has internal staff of Finance Manager and he does not have an issue
- Ms. Dowd suggests removing the responsibilities of the Board regarding hiring a Plan Consultant by October 1st each year. With the establishment of the Executive Committee and their new by-laws, it allows them to act at any time throughout the year and approve this contract

Ms. Drake asked members for questions and indicated that the MCA changes will be going to the full Board of Director's meeting in September.

Draft 2023 Budget:

Ms. Dowd explained that there are some changes to the budget. The most significant is the amount required to have the Department of Financial Services audit the Consortium which is charged hourly. Based on information from other consortium's, such as Rochester's Consortium, they are looking at fees \$30,000 to \$40,000 a month and the audits have taken several months without conclusion.

Ms. Dowd added that there will be a recommendation on establishing a new salary and wage structure from the Operations Committee.

Ms. Dowd also added that the larger budget items are the medical and prescription drug trending, and she turned the discussion to Locey & Cahill

Mr. Pelton presented a budget projections presentation which outlined the following:

- The 2023 budget projection is based off six months of data (being midway through the fiscal year) and projecting what next year will look like. Mr. Pelton asked to keep in mind that their

projections are focused off the current enrollment. Adjustment may be made if the Consortium were to add the five potential municipalities. Mr. Pelton noted this would affect premium numbers to claim numbers, but projected budget numbers are based off current year status to date.

- Mr. Pelton continued that based on data and assumptions, the projected budget is looking at a 6.5 % premium rate increase which brings revenue to about \$58.5M. Based on information that Ms. Apalovich and Ms. Dowd received, they are acting conservative on interest earnings.
- On the revenue side and the expenditure side the gain and loss in investments were kept off the equation.
- Mr. Pelton added an additional conservative area is the RX Rebates. He indicated that when September's numbers come out, this will be reviewed again
- Mr. Locey added that he remains conservative as there is still hesitation post pandemic. It is also possible inflation could hit from a medical. There is also the possibility that new contracts will be renegotiated.

Mr. Salton asked if the costs are contracted, and does the Consortium know when contracts with providers expire as this would be more beneficial to the discussion. Mr. Locey responded contracts are open all the time, the Blues are negotiating deals with the hospitals and physicians, and he was not sure what length of contract, they have with Cayuga Medical Center. Mr. Locey also added knowing the length of contract, there's also inflationary escalators and clauses built in.

Mr. Salton questioned the effect of inflation factors. Mr. Locey responded that it is rare to see a ten-year contract without escalators or parameters for escalators built in.

Mr. Salton also asked about the number of investment growth. Mr. Pelton responded \$305,000 is built in, to be conservative, however, if better investment information came, that would certainly help us scale back on the premium revenue. Mr. Salton thanked them for the answers and expressed how a half of a percentage could make such significant changes.

Mr. Locey and Ms. Drake indicated that this is a preliminary budget and there will be further discussion at ARC and the presentation at the Education session the end of August.

Committee Reports:

Operations Committee:

Resolution: ADOPTION OF AMENDED APPLICATION PROCESS

Ms. Holmes and Ms. Dowd verified the previous revisions to this resolution is specific to eliminating dates on the resolution and just updating the application each year as appropriate.

Ms. Dowd also added that the 5% surplus prepayment fee was also removed.

**RESOLUTION NO. 014 – 2022 – ADOPTION OF AMENDED APPLICATION PROCESS
(AMENDS RESOLUTION NOS. 6 OF 2019, 2 OF 2015, 7 OF
2018, 26 OF 2014, AND 5 OF 2012 – APPLICATION MATERIALS
MUNICIPALITIES MUST PRESENT FOR APPLICATION TO JOIN THE
CONSORTIUM**

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

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (“Consortium”) Board of Directors initially adopted Resolution No. 005 of 2012 to provide guidance to eligible employers to apply for membership in the Consortium, and

WHEREAS, during the Consortium’s growth there have been numerous amendments to the original resolution and application process, and

WHEREAS, it is the recommendation of Consortium staff to replace specific components of the prior resolutions, such as deadlines and information requested of applicants to requirements that are better aligned with current practices and the Consortium’s Municipal Cooperative Agreement, now therefore be it

RESOLVED, on recommendation of the Operations and Audit and Finance Committees, That the Executive Committee on behalf of the Board of Directors, amends the Policy for Municipal Corporations seeking membership in the Consortium and Resolution Nos. 6 of 2019, 7 of 2018, 2 of 2015, 26 of 2014, and 5 of 2012 - Application Materials Municipalities Must Present for Application to Join the Consortium,

RESOLVED, further, that the application process, shall be reviewed annually, if necessary, by the appropriate committee of the Board of Directors.

Policy for Municipal Corporations seeking Membership in the Consortium

Annually a deadline will be posted as part of the application process when each of these documents need to be submitted by prospective new members.

1. Submit application for membership with the Municipal Corporation’s required financial and operational documents, as follows:
 - a. for Municipal Corporations with taxing authority (county, city, town, or village), two years of State Comptroller AUD reports; or
 - b. for Municipal Corporations without taxing authority:
 - i. five years of audited financial statements;
 - ii. internal governance documents and/or rules such as bylaws, resolutions, and/or statutes creating the Municipal Corporation; and
 - iii. financial documents confirming funding sources, funding mechanisms, account balances, assets, investments, contractual obligations, and any debts, contingent liabilities, and/or lawsuits.

2. Submit the Municipal Corporation's most recent monthly premium billing statements from all health insurance carriers providing benefits to all active employees and retirees.

Said premium billing statements should include the name of the Municipal Corporation and the month for the which the billing is related. In addition, said premium bills must include the number of contracts (employee, employee + spouse, employee + child (children), and family) and the monthly premium rate for each plan of benefit.

3. For Municipal Corporations who are currently experience-rated or who operate a self-insured employer-sponsored health insurance plan, they must submit a minimum of three (3) years of monthly paid claims (medical and pharmacy separately) data and monthly covered lives counts.
4. Upon notification that the GTCMHIC Board of Directors has approved the Municipal Corporation's application to become a Participant in the GTCMHIC the prospective member must submit both a signed Municipal Cooperative Agreement (MCA) of the GTCMHIC and a resolution authorizing the Municipal Corporation's Chief Officer to sign the Municipal Cooperative Agreement (MCA) of the GTCMHIC.
5. When appropriate submit a Broker Termination Letter to current insurance carrier.
6. Confirm by November 15th the names of all employees, retirees, and dependents to be covered in the Consortium's health insurance plans.
7. Notify the GTCMHIC of the name and contact information for the person within your organization for benefit administration; and who will attend a new member orientation.
8. Comply with the Consortium's Online Enrollment Policy.
9. Municipal Corporations **without taxing authority**, provide the Consortium with a secure financial instrument equal to the value of 25% of the estimated annual premium as determined by the Consortium as protection against expulsion or cancellation due to a default in premium payment. Said financial instrument may include the following:
 - a. A Secured Bank Account;
 - b. Letter of Credit; or
 - c. Surety Bond

Please note, municipal corporations with taxing authority (county, city, town, or villages) will be exempt from this provision.

10. Submit payment by December 31st to the Consortium for first month premiums, pay as invoiced in November of application year.

11. As soon as practicable upon acceptance, provide written notification to the Consortium of the municipality's appointment of Director and Alternate to the Consortium.

12. As soon as practicable upon acceptance, provide written notification to the Consortium of the municipality's appointment of a representative to the Joint Committee on Plan Structure and Design.

13. Take the necessary steps to comply with the GTCMHIC's dependent verification process.
14. All Municipal Corporations applying for Membership in the GTCMHIC are hereby advised that missing any of these steps by the due date indicated will result in the Municipal Corporation not being accepted into the Consortium for the upcoming year.

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RESOLUTION NO. 015 – 2022 – CREATE JOB CLASSIFICATION SYSTEM AND WAGE SCALE FOR THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

Ms. Holmes noted the need to have a formal system now that the Consortium has staff in place.

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

WHEREAS, The Consortium created the Executive Director position through the Town of Ithaca as the Employer of Record in December 2018; and

WHEREAS, The Consortium currently has four full time positions and there are needs for additional positions being identified through Long-Range Planning process; and

WHEREAS, The Executive Director and Human Resources Manager have created a formal system for classifying positions and establishing a wage scale, which are best practices for ensuring non-discriminatory employment actions; and

WHEREAS, The Operations Committee has reviewed the proposed Job Classification Structure and the 2022 Wage Scale which will be annually modified by a Cost-of-Living adjustment through the budget process; now therefore be it

RESOLVED, on recommendation of the Operations Committee, That the Executive Committee on behalf of the Board of Directors, hereby approves the GTCMHIC Job Classification Structure and Wage Scale; and be it further and,

RESOLVED, the Wage Scale will be annually revised by a Cost-of-Living adjustment established during the budget process.

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Joint Committee:

Ms. Drake announced that Jim Bower was excused from today's meeting, and she invited directors to attend the important Joint Committee meeting that was to be held the following day. Important topics included discussion of the Silver Plan Actuarial Values and Committee member involvement.

Nominations and Engagement:

Ms. Dowd announced the individual who represented Labor on the Audit and Finance Committee resigned mid-year. The Consortium needs a capable representative replacement. Kate DeVoe stepped up to the plate from the Tompkins County Library to fill in. Ms. DeVoe has been attending those meetings already. Ms. Dowd stated the need to advance her recommendation as an official committee member.

RESOLUTION NO. 016– 2022 – AMENDMENT TO RESOLUTION NO. 014-2021 CREATION OF 2022 COMMITTEE STRUCTURE AND APPOINTMENTS OF MEMBERS – APPOINTMENT OF KATE DEVOE TO AUDIT AND FINANCE COMMITTEE

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

WHEREAS, a vacancy on the Audit and Finance Committee exists because of the resignation of member Tim Arnold, and

WHEREAS, it is deemed to be in the best interest of Committee to continue to have a member who will represent the interests of labor on the Committee, now therefore be it

RESOLVED, on recommendation of the Nomination and Engagement Commit, That the Executive Committee, on behalf of the Board of Directors, appoints Kate DeVoe to the Audit and Finance Committee effective immediately with a term expiring December 31, 2023.

2023 Slate of Officers and Committee Members

Ms. Dowd presented a listing marked with highlights of seats in need of filling. There continues to be movement on this, and she is looking forward to recommendations of individuals wanting to volunteer. Ms. Dowd announced that Ms. Drake is stepping down from Board Chair and our Vice Chair is moving up to chair. Lisa Holmes will fill the Vice Chair seat. Jim Bower, the Chair of Joint Committee is stepping down, so that seat will need to be filled.

Claims and Appeals Committee:

Mr. Shattuck mentioned that the Committee had not met recently, and he sent kudos to Ms. Rodriguez for circumventing and helping participants to offset any appeals.

Audit and Finance Committee:

Mr. Thayer explained there was a need to expand the parameters on the investment policy and flexibility. This discussion went through and was approved by the Audit and Finance Committee for an Executive Committee approval and vote.

RESOLUTION NO. 017– 2022 – ADOPTION OF AMENDMENT TO INVESTMENT MANAGEMENT POLICY

MOVED by Mr. Thayer, seconded by Mr. Snow, and unanimously adopted by voice vote by members present.

WHEREAS, the Consortium's Investment Management Policy currently restricts the Consortium from investing in additional investment vehicles that are authorized under General Municipal Law (GML), and

WHEREAS, upon discussion by the Investment Management Subcommittee, there is interest in allowing the Consortium's Investment Manager to have the ability to invest and capitalize on other investments that are permitted under GML and structure a portfolio based on the Consortium's cash flow needs, utilizing instruments that would produce the best return, now therefore be it

RESOLVED, on recommendation of the Investment Management, Audit and Finance, and Executive Committees, That the Board of Directors hereby approves the Consortium's amended Investment Management Policy.

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Mr. Thayer also announced that there would be further discussion of the 2023 Budget at the following meeting.

Financial Update

Mr. Pelton reviewed financial results through June 30, 2022, with key facts consisting of:

Income Budget vs. Actual (June 30, 2022)

Total Income was 1.81% below the amended budget, with premium income being 1.75% below the amended budget for the first half of the fiscal year. The amended budget reflects the changes in plan designs and demographics of the participants as detailed below:

1. There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan.
2. Changes in covered lives and contract counts.
3. Enhanced Rx Rebates will be in effect following the June 2022 payment.
4. The number of contracts insured by the Consortium increased by 2.90% and the number of covered lives grew by only 1.89%. The disparity in this number is primarily due to the County's move to the Consortium's Medicare Supplement Plan for their Medicare-aged retirees and their spouses.
5. The Consortium invests in notes/bonds which are held to maturity, but records gains and/or losses on a monthly basis ("mark to market"). Gains on investments are booked as revenues, while losses on investments are recorded as expenditures. The COVID-19 pandemic greatly reduced the Consortium's interest earnings potential.
6. There have been two pharmaceutical manufacturer rebate payments received from ProAct, Inc. for the 2022 Fiscal Year as of this report. The Consortium should experience enhanced RX Rebates based on the new agreement kicks in for the calendar year 2022. The January –March 2022 payment will be made in July and the April –June 2022 payment will be made in October. As part of the PBM RFP, ProAct, Inc. estimated the new quarterly payments to be approximately \$1m based on prior usage.

7. The Consortium did not receive any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1 million. To date, there have been no claims in excess of \$1,000,000 for this year or the previous year.
8. There was no Finance Charge or Other Income as of June 30st. Even when the Consortium does register some miscellaneous income, the impact is negligible at best and has very little effect on the overall net position of the Consortium.

Expense Budget vs. Actual (June 30, 2022)

1. We continue to work with the Consortium's Executive Director and Financial Team to allocate budgeted funds into their correct expense line-item based on their code. This was done to provide a more detailed and accurate summary of the internal and external professional support costs. In addition, we updated some of the budget numbers based on the addition of new members and changes in enrollment by existing members.
2. Mid way through the fiscal year, the Consortium is tracking very close to budget projections, especially when considering the impact of the gains and losses on investments. Many of the expense items are below budget. As more annual expense items, that have not been billed to the Consortium, we anticipate those items to be more in line with the budget as the Consortium works its way through the fiscal year.
3. It is important to remember that when new members are added to the Consortium, their paid claims typically mature approximately by the 3rd month following the transition to the Consortium. The "run-out" claims (claims incurred on or before December 31steach year) are the responsibility of their prior insurance carrier.
4. Medical Paid Claims in the first 6-months were 8.77% below the amended budget for the Fiscal Year to Date. This is the result of an increase in the covered lives (↑1.89%) and in the number of contracts (↑2.90%) skews the early 2022 medical paid claims due to the "run-in lag".
5. Increased member participation in lower cost health insurance plans, like the Platinum Plan and the Medicare Supplement Plan by several employer groups.
6. A substantial decrease in elective and/or minor medical procedures being performed as a result of the impact of the COVID-19 pandemic on the medical community.
7. Rx Paid Claims were 2.34% below budget for the first 6-months of the 2022 Fiscal Year. As we stated last year, we were keeping a close eye on the pharmacy paid claims trend which led to adjustments to our trend models during the budget development process for the 2022 Fiscal Year. It should be noted that based on our analysis, the recent pandemic did not substantively change the cost of pharmaceutical claims and therefore we do not believe any prior deviation from the trend was related to COVID-19.

Next Meeting

The next agenda will include the MCA and the Budget Resolution that was tabled. Ms. Drake reminded the Committee of several upcoming meetings and the Board of Directors meeting to be held September 22, 2022, at Tompkins Cortland Community College.

Announcement of Retirement and Thank you from Rick Snyder, Treasurer

Mr. Snyder added a thank you to everyone who has been involved in the Consortium. He announced his retirement date is set for November 30th, and he will be available until then. Ms. Drake and the other committee members thanked Mr. Snyder for this service to the Consortium

Adjournment

The meeting adjourned at 5:16 p.m.