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**Board of Directors
Minutes
April 28, 2011 – 5:30 p.m.
Old Jail Conference Room**

Approved

Present:

Municipal Representatives:

Steve Thayer, City of Ithaca; Anita Fitzpatrick, Tompkins County; Don Barber (Chair), Town of Caroline; Laura Shawley, Town of Danby; Mary Ann Sumner and Brian McIlroy, Town of Dryden; Herb Masser, Town of Enfield; Judith Drake, Town of Ithaca; Lucia Tyler, Town of Ulysses; Charles Becker, Village of Dryden; Charles Rankin, Village of Groton; Rordan Hart, Village of Trumansburg; Kate Supron, Village of Cayuga Heights

Voting Union Representatives:

Chantalise DeMarco, CSEA President, Joint Committee Chair; George Apgar II, Ithaca Professional Fire Fighters Association; President, 2nd Labor Representative

Absent:

Glenn Morey, Town of Groton

Others in attendance:

Steve Locey, Locey & Cahill; David Squires, Tompkins County Director of Finance; Chuck Guild, CSEA Region 5 Senior Benefits Specialist

Call to Order

Mr. Barber called the meeting to order at 5:30 p.m. Mr. Barber introduced Michelle Pottorff, Administrative Clerk.

Approval of Minutes – February 24, 2011

It was MOVED by Ms. Sumner, seconded by Mr. Becker, and unanimously adopted by voice vote by members present, to approve the minutes of February 24, 2011 as corrected. MINUTES APPROVED.

Update on Communications with New York State Insurance Department

Mr. Locey reported the 2010 year-end statement was filed with the NYSID. The statement shows the investment that was made by all parties to the Reserve Fund in the amount of \$1.223 million plus whatever premiums were collected in advance of 2011. The first quarter of 2011 has ended and the Consortium must submit the 1st quarter financial report to NYSID within thirty days. A copy of the report will be provided to all members and made available on the website. Mr. Locey announced Lou Siminetti, who the Consortium has worked with at the NYSID has retired and the new contact person is Charles Lovejoy.

Consortium Members:

County of Tompkins ~ City of Ithaca ~ Town of Caroline ~
Town of Danby ~ Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

Mr. Locey reported Medco has come out with a new Apple iPhone application that will allow members to access drug information. Work continues with Excellus on a few items from a claims and benefits perspective, such as out-of-network chiropractic, a zero-copay for the prescriptions through Medco, and a zero-copay for certain entities for sick visits for kids under 19. There are some primary care physicians; however, that are still requiring full payment at the visit. Mr. Locey will be doing outreach to physicians to let them know the benefit pays in full.

Report on Meetings with Excellus

Mr. Locey reported productive meetings have been held with upper management from Excellus where concern was expressed with regard to the Consortium's frustration over the transitional process. Although they were the insurance company for all of the entities, identification cards were sent late, membership information did not transfer over properly, and other actions did not occur that should have easily taken place in the transition. Mr. Barber and Mr. Mareane, County Administrator, advised Excellus representatives that the Consortium has the option to change to different Third Party Administrator and that their performance would be reviewed.

Out-Patient Psychiatric Nurse Practitioner Position – Mental Health

Ms. DeMarco asked if a response had been received with regard to the Outpatient Mental Health Psychiatric Nurse Practitioner position that was covered previously. *Mr. Locey will look into this.*

Review of Financial Statements

Mr. Squires explained that premiums are paid monthly. The Consortium is billed weekly by Excellus and bi-weekly by Medco. The Medco payments have been extremely stable, running about \$250,000 every two weeks. Excellus bills have been bumping up every other billing by \$100,000; Mr. Locey now has access to all of the data and is looking at this.

Mr. Barber reported as of June 1 all of the Town of Caroline employees will be moved over to the Consortium.

Mr. Locey summarized the financial statements. He said there was some activity in 2010 with the capitalization investment of \$1.22 million, \$217,000 in premiums received, interest income, and banking expenses. At the end of 2010 and at the beginning of the Consortium there was a \$1.44 million Fund Balance. Since January 1, the Consortium has collected a monthly average of approximately \$2 million in premiums and is at \$6.4 million. Going forward there will be additional revenues including prescription rebates. An ERRP (Early Retiree Re-Insurance Program) application was recently filed. Under this program, for retirees over the age of 55 who are not yet eligible for Medicare, \$.80 of each dollar that is spent above \$15,000, not to exceed \$90,000 in a given year would be paid to the Consortium. This program is only available until January 2014, or until funds run out. Mr. Locey anticipates funds will not be available much after 2011. An answer on the Consortium's application should be received in the next couple of weeks.

Mr. Locey reviewed the expenses and claims portion of the financial statement, including taxes that are built into a health insurance program. He provided a document and explained the New York State Council on Graduate Medical Education (NYS COGME) is a tax that is paid on a per contract per month basis. The tax is paid into a fund that is used to offset education expenses for medical students to try to encourage specialists in New York State. The rate for payment in the Central New York region is \$49.97 annually for an individual contract; \$164.90 per family contract. The actual tax is referred to as the Covered Lives Assessment. The rate is typically higher if there is a teaching hospital in the region. Ms. DeMarco asked if any information is available on whether the Consortium's rate will go up with Upstate's acquisition of Community. Mr. Locey said he does not know if it is because of that but the rate will go up in 2012.

Mr. Locey distributed a document outlining a tax referred to as the HCRA Pool Charge. This is a tax that goes into a pool of funds that reimburses hospitals for indigent care. The current HCRA pool surcharge is 9.63% for every outpatient or diagnostic claim. This tax is built into the claims expense line item.

A question was raised previously with regard to stop-loss insurance. Mr. Locey said stop-loss insurance in terms of the premium paid is based on the rate per contract per month. This fluctuates from month to month based on changes in the census count.

Mr. Locey noted the first quarter ending balance was \$2.85 million with \$3.83 million in Liabilities and Reserves. He said he will be removing the line item for Advance Deposit/Pre-paid claims and placing it within assets but will have to include all of the claims that were paid by the Blues up until the end of the month.

The next spreadsheet contained information outlining how the Consortium's actual figures compared to the budgeted figures, showing a difference of -3.45%. The 2011 paid claims to date are 2.03% below the budgeted claims. Lastly, Mr. Locey reviewed the capitalization payment schedule which he will provide monthly. This document shows each municipality's initial investment, percent of ownership, amount earned on the investment, and balance due.

Mr. Locey distributed a graph showing the 2011 enrollment by relationship. As of March, 2011 there were 2006 contracts. He noted that once the Consortium became operational the NYSID cannot cancel the program or withdraw the Certificate of Authority based on the contract count as long as the count stays above 1,000. The second page of the document showed the actual claims payments from Excellus broken out by the major claims classifications. The next document provided by Excellus outlines inpatient plan costs and utilization by the top ten facilities by both frequency and cost and high costs claimant costs by member.

Mr. Locey said this data does not show activity any greater than was anticipated and financial data is on track. At the next meeting the Board will begin to look at preliminary budget information for 2012.

Mr. Apgar asked about RX admin fees; Mr. Locey explained this line is a charge that is calculated based on the number of units dispensed. The number has been pretty consistent because many people are on maintenance prescriptions that treat chronic conditions such as high blood pressure or high cholesterol. He said there has been a big escalation in the cost of medications because of the new medications that are on the market, particularly the newer biologic medications. It was noted that 90-day mail order prescriptions offer the best savings for both the Consortium and the subscriber.

Mr. Locey reviewed how the balance on the IBNR Reserve (12%) is calculated, stating these claims are a percentage of expected incurred claims for the year. It is booked as a liability reserve based on premium and the goal is to have it funded by the end of the year.

At the last meeting Mr. Squires was authorized to talk to other banks and was asked if anything came out of those discussions. After discussions with financial institutions, Mr. Squires said interest is being paid at a rate of .45% at HSBC.

Update on Joint Committee on Plan Structure and Design

Ms. DeMarco reported the Committee was structured so that benefit changes need to go through this Committee for review; however, there hasn't been quorum to conduct business but noted participation has been equal by both sides of the membership. Members have been surveyed about times that would work; they will try a new time to see if there is an improvement in attendance. It was stressed that the purpose of the meeting is to review the benefit plans which affect everyone and that someone from each municipality should be attending. Items the Committee will look at include a Medicare supplement and employee

wellness programs. *Mr. Locey will provide data to the Committee for discussion of a Medicare supplement plan.*

Medicare Supplement

There was discussion of taking a specific demographic group that is not currently isolated in the Consortium, pulling them out and giving them their own rate. If that was done it would affect someone else because the intent would not be to alter any of the underlying benefits. As a result, the Consortium would still be insuring the same people with the same expenses but changing how revenue is collected. In using the Medicare supplement as an example by carving out a group of employees over age 65 and giving them a rate specific to the risk of their group, the risk of this group would be different because Medicare is predominantly picking up all of their medical expenses. There would, however, be some offset in this group from prescription expenses. In order to give this group a lower rate, the rate of the active employees would have to be raised to make up the revenue that would be lost. It would be a similar situation using the example of a two-person category. It was stated that from the Consortium's perspective these types of things would be financially neutral, although from an employer, employee, or retiree's perspective there would be an impact. This is one area, among many, that the Joint Committee on Plan Structure and Design will need to evaluate and report back to the Board of Directors.

Ms. Drake said asked if there is a different Medicare supplement plan that could be offered that is not as expensive as what retirees are now paying. Many of the Town of Ithaca's retiree's are on fixed incomes and are dropping their health insurance because of the high expense and are moving to Medigap coverage. *Mr. Locey said that would impact the drug costs but consideration could be given to package prescription drug coverage with a strict Medicare supplement. He will be able to report back in a couple of months once there is more data.*

Update from the Strategic Planning Committee

Mr. Barber announced the Committee will meet on May 10 at 4 p.m. The Committee will be talking about what is coming up through federal programs or other initiatives that are taking place. It will be used as a resource for participants in addition to the Board of Directors members who are elected officials and not involved in the health field. The Board of Directors will be invited to these meetings. At some point Excellus and Medco may be brought in as well. One of the goals is to bring various entities together to brainstorm ways to make a better delivery system for medical care that is cost-wise for health insurance.

CSEA Dental and Vision

Chuck Guild distributed a packet of information on the CSEA Employee Benefit Fund. This is a non-profit trust fund that was set up by CSEA in 1979 to administer dental and vision benefits to public employees. The Fund is currently providing benefits to some municipalities within the Greater Tompkins County Municipal Health Insurance Consortium. The dental plan is a fee-schedule dental plan that has a fixed dollar amount attached to every service covered as opposed to other plans that pay a percentage of service. The plan covers the full cost if the insured visits one of the participating providers. They are trying to entice additional providers to accept their payment in full and have seven to eight plans altogether. For the Consortium they have come up with a letter of intent for providers to sign that states they are willing to accept the Dutchess Plan as payment in full and have heard from Fall Creek Dentistry that they will accept the Plan as payment in full. There are four other possible dentists in the area; Mr. Guild has provided Locey and Cahill with a copy of the cover letter and Letter of Intent and asked that members encourage dentists to participate.

As with the dental plan, the vision plan has no co-pays, no deductibles, and no waiting periods; however, an enrollee should go to one of the participating providers to avoid much higher costs. Empire

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Vision is one of the local participating providers. All employees who enroll in the CSEA employee dental or vision benefit plan receives a workplace security plan. This plan covers employees who are victims of trauma associated with an assault or hostage situation while performing their job duties.

Ms. Sumner was excused at 6:45 p.m.

Mr. Guild said CSEA rates through 2013 have been provided to Mr. *Locey*. *Mr. Locey will provide the Board with a list of dentists that been reached out to and said to let him know if anyone has additional dentists they would like to have information sent to.*

Website Update

It was MOVED by Ms. DeMarco, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to authorize Mr. Barber to sign a contract on behalf of the Consortium to enter into a contract with Susan Moore, to contribute technical expertise to the re-design of the Consortium's website at rate not to exceed \$375.00. Ms. Moore is a County employee who assisted with the Council of Government's website but would not be working on this as part of County business. Ms. Moore would be assisting with the technical aspects of the site while Ms. Pottorff works on organizing data and designing the layout of the site. MOTION CARRIED.

Excellus and Medco Contracts

A question was raised as to what the timing is for the Medco and Excellus contracts moving forward and what the timing would be at looking at other providers. *Mr. Locey will bring a draft RFP (Request for Proposals) to the next meeting.*

Adjournment

The meeting adjourned at 6:55 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk

Next meeting: Thursday, June 23, 2011