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Board of Directors

July 23, 2015

5:30 p.m.

Scott Heyman Conference Room

Approved 9/24/2015

Municipal Representatives: 13

Judy Drake, Town of Ithaca; Kathy Miller, Town of Lansing; Phil Vanwormer, 2nd Labor representative; Scott Weatherby, 1st Labor representative (Chair, Joint Committee on Plan Structure and Design); Nancy Zahler, Town of Ulysses; Mack Cook, City of Cortland; Michael Murphy, Village of Dryden (excused at 6:30 p.m.); John Fracchia, Town of Caroline; Charles Rankin, Village of Groton; Peter Salton, Village of Cayuga Heights (arrived at 5:41 p.m.); Brooke Jobin, Tompkins County; Herb Masser, Town of Enfield (excused at 6:42 p.m.); Don Scheffler, Town of Groton

Excused: 6

Steve Thayer, City of Ithaca; Alvin Doty, Town of Willet; Laura Shawley, Town of Danby; Genevieve A. Suits, Village of Homer; Olivia Hersey, 3rd Labor Representative; Rordan Hart, Village of Trumansburg

Absent: 1

Mary Ann Sumner, Town of Dryden

Others in attendance:

Don Barber, Executive Director; Steve Locey, Locey & Cahill; Beth Miller, Excellus; Ashley Mascucci, ProAct

Call to Order

Ms. Drake, Chair, called the meeting to order at 5:30 p.m.

Approval of Minutes – May 28, 2015

It was MOVED by Mr. Vanwormer, seconded by Mr. Cook and unanimously adopted by voice vote by members present, to approve the minutes of May 28, 2015 as submitted. MINUTES APPROVED.

Changes to the Agenda

The agenda was amended to include a presentation by Beth Miller on the Blue4U Program and the resolution entitled Code of Ethics - Third Party Review was withdrawn.

Chair's Report

Appointment – Motion No. 007-2015

It was MOVED by Ms. Drake, seconded by Mr. Cook, and unanimously adopted by voice vote by members present, to approve the appointment of Phil Vanwormer to replace Scott Weatherby on the Audit and Finance Committee for a term expiring December 31, 2015.

Ms. Drake thanked Mr. Barber for his service of Executive Director over the last year. She said she has relied on his help during her term as Chair and that the Consortium made a good decision creating the Executive Director position.

Executive Director's Report

DFS Relationships

Mr. Barber distributed copies of his third quarter goals and said he meets with the Executive Committee quarterly to review and modify those goals. He spoke of the Consortium's relationship with the Department of Financial Services and said after the Board adopted the Municipal Cooperative Agreement at the last meeting he received comments after the date he had requested and this precipitated the need for the Board to conduct an electronic vote. Since that time he has made contact with Dan Sheridan at DFS who he has been able to communicate with by phone and e-mail and Mr. Barber said he has found this to be very helpful. Mr. Barber said the Consortium received notice from DFS that they found nothing in the revised MCA to be objectionable. Resolutions approving the amended MCA are now being received from municipalities.

Mr. Barber said a request was made of DFS last year to waive the requirement to purchase aggregate Stop Loss and at that time they asked that the Consortium wait until the 2014 year-end JURAT was filed to make the request. He said that year-end report has been filed along with a letter requesting the waiver.

Mr. Barber also reported after the last Board meeting a letter was received stating there are three unresolved issues relating to the State Audit: the benefit plan approval process, a response to the medical claims audit, and the Consortium conducting a prescription drug claims audit. All of these issues are being worked on and he will continue to keep the Board updated. He reported Beth Miller has been working with the legal department from Excellus on the Memorandum of Understanding concerning appeals and a draft has been submitted to DFS for review.

Process Proposal for Mission and Vision Statement

Mr. Barber said at the last meeting there was discussion of creating a mission and vision statement for the Consortium and a proposal has been received from the Community Dispute Resolution Center (CDRC). He briefly explained the proposed process, stating the Board would approve the process, followed by a questionnaire being sent to Board and Committee members asking them to make suggestions on what they feel should be included in a mission and vision statement. Anyone who would like to be involved in the process would then meet to go through the suggestions and develop a draft mission and vision statement that would be brought forward to the Board for consideration. The total cost for services of CDRC would be \$450.

It was the consensus of those present to direct Mr. Barber to work with the Community Dispute Resolution Center in developing the survey and distributing to Board members.

Wellness and Retreat Surveys

Mr. Barber said he distributed a wellness survey to benefit clerks to circulate to employees and responses are starting to come back. He spoke of planning for the next educational retreat and asked for suggestions on topics to cover. He said he received good feedback on the June 12th retreat and believes those who attended found it to be very informative.

Worksite Wellness Coalition September Roll-out

Mr. Barber reported on the Worksite Wellness Coalition and said it consists of 12 different employers and will open up to employers of five people or more in September. The Coalition is being staffed by the Tompkins County Health Department and in September there will be a “Put Fruit to Work” initiative; he will be providing Consortium employers with more information.

Consultant’s Report

Mr. Locey distributed copies of the 2015 Treasurer’s report dated June 30, 2015 and said it provides good information as to where the Consortium is through half of the year and in planning the 2016 budget. He called attention to two areas that have to be manipulated in the way information is presented to DFS. With regard to income, prescription drug rebates historically come through as a check but DFS wants to see it recorded as a credit on claims and not as income; however, the impact of this has to be shown for budget purposes. This means it will have to be an adjustment to paid claims and to rebates. The other area is Stop Loss insurance under the expense category; the way DFS wants the Consortium to show Stop Loss payments is as net reimbursements although he believes from a budgetary perspective it fits better under Stop Loss reimbursements. He will work with the Finance Office to show what came in as income versus the expense to be able to identify what the true paid claims trend is and then what is anticipated from the prescription drug rebate. He will do the same with the Stop Loss.

Mr. Locey reviewed budgeted versus actual numbers and stated total income is 1% below what was projected for this time and premium is down by .75%; however, some of that has to do with plan design and shifts in census. With regard to expenses, medical claims are well below budget (15.6%) and prescription drug claims were 2.15% over budget. Net income is at \$3.22 million and only \$1.2 million was budgeted. Mr. Locey reviewed administrative expenses and said \$.94 of every dollar is going out to pay for benefits; this demonstrates the Consortium is operating very efficiently. He said cumulatively the Consortium’s claims experience, from the beginning to now, is 2.64% below what was anticipated and this has led to the gain in fund balance. The Audit and Finance Committee will review additional information that becomes available at its upcoming meetings and will make a recommendation on the 2016 budget that will be presented to the Board at its September meeting.

Medical Claims Audit Action Plan

Mr. Locey said a list of 60 items was commented on by BMI during the medical claims audit. Some items require changes to be made in plan documents, some require follow-up with Excellus in terms of reporting, and some require follow-up with regard to benefit plan design system changes and operational procedures at Excellus. He said the items are being worked on and a full report should be available at the next Board meeting.

Status of DFS Plan Review

Mr. Locey reported they are working through each of the sections on the DFS template for plan documents and will be submitting sections for review by DFS as they are complete. He noted the Medicare Supplement plan document was submitted to DFS over two months ago and there has been no progress made on its approval to date. At the request of Mr. Barber they will be tracking on a spreadsheet when items are submitted to DFS, what questions are asked, and the timeframe for responses. All of the plan documents are being resubmitted to DFS to ensure they meet State requirements.

Process for Making Actuarial Value Required Changes to Metal Level Plans

Mr. Barber said the resolution that adopted the Platinum and Bronze metal level plans stated that each year the plans would be assessed to see they stay within the required actuarial value. There is a federal calculator that Mr. Locey will use in consultation with Excellus for the Consortium's metal level plans. He said there are some things that can be adjusted, such as out-of-pocket maximums, co-pays, and deductibles, and there needs to be a conversation about what levers the Consortium wants to change when needed. If changes are needed they will be reviewed by the Joint Committee on Plan Structure and Design and the Board will take action at its September meeting.

Mr. Locey reviewed a draft process for making changes to the actuarial value of plans. By April 30, 2016 Locey and Cahill will evaluate the actuarial value of Consortium's metal level plans. They will work with Excellus and ProAct to develop a recommendation that works with the systems that will bring the value back into line with the metal level plan and will present those plans to committees using the calculator in July and August (Executive, Joint Committee on Plan Structure and Design, and Audit and Finance). They would then be presented to the Board of Directors in September.

Ms. Zahler said labor groups have been petitioning to have the Cadillac Tax repealed from the Affordable Care Act and asked if there has been any discussion by this Board or any of the Consortium's committees about going on record to take a position on the Cadillac Tax. Mr. Barber said this has not been discussed by the Board or any of the Consortium's committees.

Presentation of Resolution(s) by the Executive Committee

RESOLUTION NO. 009 – DEFINING REPRESENTATION QUALIFIED TO PARTICIPATE ON THE JOINT COMMITTEE ON PLAN STRUCTURE AND DESIGN AND BOARD OF DIRECTORS

Ms. Drake said a question arose by a municipality that had changed a collective bargaining group and whether they would be able to have a member on the Joint Committee on Plan Structure and Design. The issue was presented to the Consortium's legal counsel who drafted this resolution for consideration by the Board.

Moved by Ms. Drake, seconded by Mr. Salton, and unanimously adopted by voice vote by members present.

WHEREAS, New York State Insurance Law § 4705(8) requires that the Municipal Cooperative Agreement of the Greater Tompkins County Municipal Health Insurance Consortium ("GTCMHIC") provide representation on its governing board to "*unions which are the exclusive collective bargaining representatives of employees*" who are covered by the health benefit plan offered by the GTCMHIC, and

WHEREAS, Sections C (11) and K of the currently operative Municipal Cooperative Agreement for the GTCMHIC provide for representation from "*each collective bargaining unit that is the exclusive collective bargaining representative of any Enrollee or group of Enrollees covered*" by the health benefit plan offered by the GTCMHIC; said representation occurring on the Joint Committee on Plan Structure and Design, whose Chair and At-Large Labor Representative, and any additional representatives as outlined in the MCA "Addendum B – Illustration of At-Large Labor Representative Calculation" serve as Directors on the governing board, and

WHEREAS, the Board deems it necessary to define the types of employee organizations qualified to participate on the Joint Committee on Plan Structure and Design under Sections C (11) and K of the currently operative Municipal Cooperative Agreement, now therefore be it

RESOLVED, on recommendation of the Executive Committee, That participation on the Joint Committee on Plan Structure and Design under Section K and on the Board of Directors pursuant to Section C (11) is limited to employee organizations that are:

1. Certified by the Public Employment Relations Board (“PERB”) as the exclusive representative, for the purposes of Article 14 of the New York Civil Service Law, of any group of employees that are covered by the health benefit plan offered by the GTCMHIC, or
2. Formally recognized by the legislative body, or a delegate of the legislative body having the express authority to provide such recognition, of a participating municipality of the GTCMHIC to be the exclusive representative, for the purposes of Article 14 of the New York Civil Service Law, of any group of employees that are covered by the health benefit plan offered by the GTCMHIC.

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RESOLUTION NO. 010-2015 - ESTABLISHING ANNUAL MEETING DATE

Ms. Drake said there is a section of the Municipal Cooperative Agreement that states an annual meeting will be held between October 1 - October 15. The Board changed its meeting schedule this year and will adopt a budget in September; therefore, there is no reason to meet in October.

MOVED by Ms. Drake, seconded by Ms. Miller, and unanimously adopted by voice vote by members present.

WHEREAS, the Municipal Cooperative Agreement states that the Board of Directors shall hold an Annual Meeting between October 3rd and October 15th of each Plan Year, and

WHEREAS, the Board of Directors is scheduled to hold a regular meeting on September 24, 2015, and

WHEREAS, there is no need to schedule an additional meeting as all information that would be presented at the Annual Meeting will be available for the September 24, 2015 meeting, including approval of the annual budget for the Consortium and determining the annual premium equivalent rates, now therefore be it

RESOLVED, on recommendation of the Executive Committee, That the Board of Directors shall hold its 2015 Annual Meeting on September 24, 2015.

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Presentation of Resolution(s) by the Audit and Finance Committee

RESOLUTION NO. 011-2015 - AMENDMENT OF CONSORTIUM BUDGET TO CREATE EXPENSE CATEGORY FOR PRESCRIPTION DRUG CLAIMS AUDIT AND SELECTION OF FIRM TO PERFORM AUDIT

MOVED by Mr. Rankin, seconded by Mr. Cook, and unanimously adopted by voice vote by members present.

Mr. Locey said this will be an audit of five prescription drug rebates and will review all ProAct claims for the three years of claims they have processed. The quote originally included

going back to Medco/Express Scripts but it was decided there will be little value doing that. BMI has been asked if they would be willing to lower the fee but a response has not yet been received. He said it is anticipated that the medical and prescription drug claims audits would be done biannually. Funds would be built into the Consortium's budget each year to allow for one of those audits to be done every year.

WHEREAS, the New York State Department of Financial Services, during its most recent audit recommended that the Consortium conduct periodic medical and prescription drug claims audits, and

WHEREAS, the Board of Directors at its May 28, 2015 meeting accepted a final report on the Consortium's first medical claims audit and is now prepared to undertake a prescription drug claims audit as part of its fiduciary responsibility to ensure claims paid by ProAct are in accordance with the benefit plan documents, Federal and State Laws, Rules, and Regulations, and industry standard practices, and

WHEREAS, in anticipation of initiating a prescription drug claims audit the responses to the 2013 Request for Proposals have been updated and reviewed by the Consultant and the Audit and Finance Committee, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That an expense line is hereby created for Prescription Drug Claims Auditing Services,

RESOLVED, further, That the Consortium hereby engages the firm of BMI to perform an audit of the Consortium's prescription drug claims,

RESOLVED, further, That subject to the recommendation of the Consortium's attorney, the Chair of the Board of Directors is authorized to sign a contract with BMI for these services for an amount not to exceed \$38,000.

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Mr. Rankin said the Committee will have further information at the next meeting on the Code of Ethics.

Mr. Murphy was excused at this time.

Municipal Cooperative Agreement Review Committee

Mr. Fracchia, Chair, said the Department of Financial Services had some initial objections to the Municipal Cooperative Agreement that was approved on May 28th by the Board. Changes were made to the document and a vote was conducted electronically by Board members; the purpose of this motion is to affirm that electronic vote as required by the MCA.

MOTION NO. 008-2015 – Affirming Electronic Vote by Board of Directors on Changes to Municipal Cooperative Agreement

The results of the electronic vote were as follows: Ayes – 18, Noes – 0, No response – 2 (Town of Dryden and Tompkins County).

MOVED by Mr. Fracchia, seconded by Mr. Vanwormer. A vote on the motion resulted as follows: Ayes - 11, Noes - 0, Excused - 8 (Murphy, Thayer, Salton, Doty, Shawley, Hart, Suits, Hersey); Absent - 1 (Sumner).

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Ms. Drake asked that members see that resolutions are acted upon by municipalities and forwarded to the Administrative Clerk.

Presentation of Resolution(s) by the Owing Your Own Health Committee

RESOLUTION NO. 012-2015 - AUTHORIZATION TO SPONSOR AND FUND FLU CLINICS FOR 2015 AND ADD PHARMACY BENEFIT TO COVER FLU VACCINATION

Mr. Cook said last year the Consortium sponsored flu shot clinics for members at no charge to members and the vaccinations were processed as medical claims. This resolution seeks to do this again in 2015 and also includes a component to add a pharmacy benefit. Ms. Masucci said this will be an enhanced pharmacy benefit that will allow members to use ProAct processing information on their identification card if they receive a flu shot at a pharmacy. The same benefit is currently available through the medical plan; this would provide an additional convenience to members by allowing them to receive a flu shot at any pharmacy.

Ms. Masucci reviewed the proposed plan for how flu clinics will operate this year. She said improvements have been made to streamline the process and to make a more efficient schedule. There are three days proposed for clinics where ProAct would administer vaccines. There would be two clinics per day at different locations and is based on the 347 flu shots that were administered in 2014. ProAct will handle scheduling appointments for the clinics and a member can attend any of the locations to receive a flu shot. Once a finalized summary sheet is ready it will be provided to members and posted on the Consortium's website.

Mr. Masser was excused at this time.

Mr. Fracchia expressed support for this and asked if there has been any data received as a result of the previous clinic showing that claims related to the flu went down. Mr. Cook said the Consortium does not have access to the employer's costs for absenteeism and productivity and when you look at the payback for a return on investment on any wellness program that is a component that is in the economic model. He said existing models show there are savings. Mr. Fracchia said if at some point the Consortium could establish a correlation it may encourage people to get the flu shot.

In response to a question by Ms. Zahler of how these clinics would fit into the County's Health Department flu clinics for employees Ms. Jobin said the Health Department has shifted over the years from offering clinics to employees to being more at a community level. The County no longer subsidizes the cost of the flu shot for employees; the claims run through as a medical claim.

MOVED by Mr. Cook, seconded by Ms. Miller, and unanimously adopted by voice vote by members present.

WHEREAS, the Owing Your Own Health Committee has discussed the results and feedback from the first Consortium-sponsored flu clinics that were held in 2014 and believes the Consortium should continue to provide the opportunity for all eligible employees and retirees, spouses and dependents over the age of 19 to participate in flu shot clinics again in 2015, and

WHEREAS, the Committee has reviewed a proposal presented by ProAct streamline the scheduling of flu clinics and to offer flu clinics to groups of 40 or more individuals at various locations, and

WHEREAS, when administered outside of a flu clinic a member is able to receive a vaccine with no co-pay or member cost through a medical provider as the cost is billed as a medical claim through Excellus, and

WHEREAS, the Committee was presented with an option to recommend that a ProAct pharmacy benefit be added to allow members to receive a vaccine at a pharmacy with no co-pay or cost to the member, now therefore be it

RESOLVED, on recommendation of the Owning Your Own Health Committee, That the Board of Directors authorizes the Consortium to sponsor and fund flu clinics in 2015 for its members and authorizes ProAct, at the direction of each Consortium member, to develop and administer the clinics, and to submit a claim for payment by the Consortium for each shot provided to an eligible recipient at a cost not to exceed \$25 per shot,

RESOLVED, further, That ProAct is hereby directed to add a pharmacy benefit to all Consortium members' coverage to allow members to receive a vaccine at any pharmacy with no co-pay or cost to the member.

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Overview of Blue4U Program

Ms. Miller distributed information on the Blue4U program and explained it is a voluntary program that clients can purchase separately or integrate into metal level plans and is designed to help people learn more about their current health status and how to make improvements to their health and wellness. The program includes a blood draw with biometric testing to check cholesterol, glucose, triglycerides, and blood pressure. She said she inquired at the request of the Owning Your Own Health Committee if a finger stick could be used instead of a blood draw and was told that would not be recommended. Blue Cross Blue Shield has had this program for several years and has tied it to an incentive program.

Ms. Miller said the Village of Homer and the Town of Willet currently have the Consortium's metal level plans and if the Board were to make a decision to integrate this program into those plans she would coordinate with the provider, Integrated Health Solutions. She explained the process that takes place from initially scheduling an appointment for a blood draw, performing a risk assessment, and the results being sent to the employee.

Mr. Cook said the Owning Your Own Health Committee has been discussing this and he expects a recommendation to be brought to the September Board meeting. There is an annual cost of \$150 which is absorbed through the medical claims budget. The total cost if all members of those municipalities were to participate would be less than \$5,000.

Ms. Jobin asked what is the percentage of members that receive annual physicals and stated there is no charge to the participants for those exams. She also questioned why this wouldn't be presented as encouraging members to get an annual physical and lab work done. Mr. Salton said that is not the care protocol; physicians do not routinely draw and test blood every year. He said there is a standard of care for that and it is usually beyond every 12 months. Ms. Drake said the purpose of this is to encourage people to be tested and follow-up with their physician. Ms. Zahler said she would be interested in knowing how many people are receiving an annual physical. Ms. Drake noted this discussion pertains only to the metal level plans at this time. Ms. Miller said this kind of program could reach people who do not normally go to a doctor. Mr. Cook said a pilot program was done a couple of years ago and the Blue4U program was rated very high on many different levels.

Board of Directors
July 23, 2015

Report from the Joint Committee on Plan Structure and Design

Mr. Weatherby, Chair, reported the Committee did not meet in July. At the next meeting on August 6th the Committee will be discussing the metal plans and their actuarial value.

Adjournment

On motion the meeting adjourned at 7:02 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk