



Municipalities building a
stable insurance future.

125 East Court Street
Ithaca, NY 14850
607-274-5590
INFO: consortium@twcny.rr.com
www.tompkins-co.org/healthconsortium

**Board of Directors
November 19, 2015
5:30 p.m.**

Approved 01/28/2016

Scott Heyman Conference Room

Municipal Representatives: 10

Judy Drake, Town of Ithaca; Steve Thayer, City of Ithaca; Mack Cook, City of Cortland; John Fracchia, Town of Caroline; Charles Rankin, Village of Groton; Peter Salton, Village of Cayuga Heights; Amy Guereri, Tompkins County; Alvin Doty, Town of Willet; Don Scheffler, Town of Groton; Laura Shawley, Town of Danby (arrived at 5:45 p.m.)

Labor Representatives: 1

Olivia Hersey, 3rd Labor Representative

Excused: 5

Rordan Hart, Village of Trumansburg; Scott Weatherby, 1st Labor representative (Chair, Joint Committee on Plan Structure and Design); Phil Vanwormer, 3rd Labor representative; Nancy Zahler, Town of Ulysses; Kathy Miller, Town of Lansing

Absent: 4

Herb Masser, Town of Enfield; Michael Murphy, Village of Dryden; Mary Ann Sumner, Town of Dryden; Genevieve A. Suits, Village of Homer

Others in attendance:

Don Barber, Executive Director; Steve Locey, Locey & Cahill; Ashley Masucci, ProAct; Rick Snyder, Treasurer; Sharon Dovi, Tompkins Cortland Community College; Eric Snow, Town of Virgil; Tom Brown, Town of Truxton, Thomas Adams, Town of Marathon; Michele Robison, Jim Stoddard, Steve DeRegis, Haylor Freyer and Coon

Call to Order

Ms. Drake, Chair, called the meeting to order at 5:38 p.m.

Changes to the Agenda

A resolution was added to the agenda entitled Conditional Acceptance of Application by the Town of Marathon to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium.

Chair's Report

Ms. Drake announced there is not a need for the Board to meet in December; the next meeting will be in January. She reported there are two members who have terms expiring at year-end on the Audit and Finance Committee and there will be one additional vacancy on January 1, 2016. She reminded municipalities as changes are made to municipal board membership that boards should appoint new Directors and alternates by resolution and forward a copy to the Administrative Clerk.

Due to there not being quorum at this time Ms. Drake deferred the remainder of her report to after Approval of Minutes.

Executive Director's Report

Mr. Barber said members received a draft mission and vision statement in their agenda packets. The document was prepared by an ad hoc group that met but still has additional work to do and asked if any Board members would be interested in participating. Mr. Fracchia offered to join the group and other members were invited to engage in the process as well.

Mrs. Shawley arrived at this time.

Mr. Barber reported on additional interest expressed by municipalities to join the Consortium and said in addition to those in attendance this evening he has heard from the Town of Preble, Town of Homer, and Cayuga County in the last month. All are interested in joining but are unable to complete the necessary application to join by the first of the year. The Town of Cortlandville is also interested in joining next year. He said he spoke to the New York State Conference of Mayors and many of its members are wanting to join the Consortium and he advised they needed to start their own. The Association is trying very hard to start a process so that others throughout the State can be part of a similar consortium.

Mr. Barber reported on communications with the New York State Department of Financial Services and said work is being done to meet the State's requirements for the filing of plan documents. Mr. Locey said he received a communication back from the State on the Medicare Supplement document and a response will be submitted back to the State tomorrow. He has not received any feedback on documents that were submitted for other plans. Mr. Barber said the memorandums of understanding for Claim Appeals with Excellus and ProAct have been submitted and the final request of the Consortium to submit two final certified resolutions for the Municipal Cooperative Agreement has been responded to which should complete that item. He and Mr. Locey have been communicating with the State on the Aggregate Stop Loss waiver. Submission of the claims audit by BML is the final outstanding item from the audit.

Mr. Barber reported on the Recertification process and said the Consortium has approximately 1,200 contracts that have dependents on them and of those 57 had dependents removed for the period November 2014 to November 2015 which amounts to approximately \$280,000 per year in claim reduction. The bulk of the Recertification process is complete; there are about 60 outstanding at this time.

As a reminder, he distributed a document explaining the employer's responsibility at the end of 2015 to upload covered employee information to the federal government to ensure compliance with the Affordable Care Act. This applies to large employers with over 100 full-time employees. He asked members to take the information back to their municipality to make sure this is being worked on. Employers with 50-100 employees do not have to do this until next year. Mr. Locey said there is information the Plan will have to submit as well and he is working with Excellus to gather the information.

Approval of Minutes – September 24, 2015

It was MOVED by Ms. Hersey, seconded by Ms. Guererri, and unanimously adopted by voice vote by members present, to approve the minutes of September 24, 2015 as submitted. MINUTES APPROVED.

Chair's Report (continued)

MOTION NO. 010-2015 - Establish Meeting Schedule - 2016

MOVED by Ms. Hersey, seconded by Mr. Fracchia, and unanimously adopted by voice vote by members present.

January 28
March 24
May 26
July 28
September 22 – Annual Meeting (set rates)
November 17 (3rd Thursday)
December 15 (3rd Thursday; if needed)

Meeting time: 5:30 p.m. to 7:30 p.m.
Scott Heyman Conference Room
125 E. Court Street
Ithaca, New York 14850

Ms. Drake said as the Consortium is growing alternative meeting location options are being explored that include the Public Library and the Rice Conference Room at the Health Department.

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MOTION NO. 011-2015 – Appointments to Audit and Finance Committee

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

Appointment of the following members to the Audit and Finance Committee with terms expiring December 31, 2017:

Phil Vanwormer
Chuck Rankin
* * * * *

Presentation on Directors and Officer's Coverage – Haylor, Freyor and Coon

Mr. Stoddard distributed information outlining how the Board of Directors are protected under the Directors and Officer's policy which is essential to provide financial resources for defense costs and any possible settlement thereby protecting personal assets. He said one of the highest exposures someone can have is serving on a board because members can be held personally liable. If something did happen and a member acted outside the bylaws the policy would go into effect and provide up to \$1 million of coverage for that exposure. Mr. Stoddard confirmed that the underwriter understands that Board members are from individual municipalities and if there was a lawsuit as a result of a member's work on this Board not only does the policy provide the individual with protection but it also provides protection for the Director's work on the Board if their individual municipality was named as well.

Mr. Stoddard said there was a question about a potential suit among members as a result of a previous situation and stated the policy has an insured versus insurer exclusion on them which is very typical in the industry on a liability-type of policy. He clarified that if there was an allegation of an ethics violation or someone acted outside their bounds and came from a third party that is when the coverage would kick in. There would no coverage for a member

versus another member and this is a standard exclusion. Mr. Salton said this is a hybrid organization and people are coming from different places. Mr. Stoddard said the reason for everyone to be here is a common one and the policy covers the operations of the body. Mr. Salton asked if a member could purchase an individual policy that would provide an umbrella of protection and Mr. Stoddard responded that there is a possibility that members could have additional coverage through their homeowner's policy.

Ms. Hersey said she sits on this Board as a labor representative from a collection of labor representatives. Although the rules are clear if someone represents a municipality, as a representative of a group of labor representatives she questioned whether the labor representatives should be names personally in the policy. Mr. Locey said the unions are not participants in the Consortium but Article 47 requires labor representatives to be included on the Board. Mr. Stoddard said he will look into this and provide a response back to the Board.

Consultant's Report

Mr. Locey reviewed a financial update through the first three quarters of 2015 and said he will provide an update to members in the next week of results through October 31, 2015. He reviewed budgeted versus actual results and said **premium** revenues were .73% below budget and noted there was \$112,000 in Stop Loss insurance recoveries through the first three quarters of the year. Overall, ~~the budget~~ **income** is .23% above budget on revenue. He said although there have been some large losses reimbursed through Stop Loss insurance the Consortium's medical claims were 19.63% below budget for the first three quarters of the year. This equates to almost \$3.7 million. Prescription drug claims were slightly above budget at 3.06%. Mr. Locey said the Consortium ended the 3rd quarter with \$22.8 million in expense; \$26.6 million had been budgeted. The budgeted ~~for~~ net income was \$2 million for this point of the year and actual results are \$5.8 million. He commented that he has been in communication with Excellus and was reassured there are no outstanding claims that would account for the low claims expense.

Mr. Locey spoke of the variance in claims expense since the Consortium began and said results are better than had been expected with claims being 3.7% below the overall budget for all years.

Update on Medical Claims and Prescription Drug Claims Audit

Mr. Locey reported he has been in communication with BMI with regard to the medical claims audit. They are following up with Excellus on several items including add-on codes, age indicators, coordination of benefits, durable medical equipment, medical necessity for dental procedures, orthoptics and vision care. There were a number of areas that called for changes to be made to plan documents and this is being done. He also reported the prescription drug audit will be done remotely by BMI and he expects this to be done quickly as it is much more straight-forward.

Mr. Fracchia asked if the Consortium has any provision that would allow a rebate to be given to municipalities. Mr. Barber said since the premium is collected from municipalities and employees, the extra funds are returned through lower premiums. Mr. Fracchia spoke of the intense budget pressure the Town of Caroline, like other municipalities, is under and questioned if there is any mechanism to provide relief back to communities in some way. Mr. Cook spoke of the Rate Stabilization Reserve and said it can be expected that the positive trend in claims will reverse at some point in the future. He said through this reserve the Consortium will be able to maintain a rate that is lower than the market and said this can be viewed as a service the Consortium is providing to municipalities. Mr. Locey spoke of the difficulty in accounting for rebating funds back to municipalities and said it is very complex because of the different

sources of funds, timing of when funds were put in, and involvement of the various collective bargaining units.

Mr. Locey reported on the Aggregate Stop Loss waiver and a question from the State as to why the Consortium was showing a negative net income and using some of the fund balance. He said the State views this as something that is negative to do because typically insurance companies are encouraged to have more in a fund balance. He continues to work on this and to explain to the State why the Consortium should not carry more funds than are necessary.

Update on JURAT (3rd Quarter Financial Filing)

Mr. Snyder reported the process for preparing the 3rd quarter financial filing went smoothly and it was submitted to the State in the required format. The report is available for review on the Consortium's website.

Report from the Executive Committee

Ms. Drake, Chair, reported the Committee met and discussed the request to include municipalities that are outside the geographic boundaries established in the Municipal Cooperative Agreement. After discussion the Committee felt the number of potential municipalities that are eligible to join the Consortium is more than what the Consortium could handle and decided not to support expanding the boundaries at this time. Mr. Barber said he has been speaking with the Association of Counties and the Conference of Mayors about helping other areas create their own Article 47. There are currently 133 municipalities that could be members of the Consortium based on the current boundaries.

Ms. Drake said the Committee also discussed the Director's and Officer's insurance and the process for changing metal level plans and this was followed up by a meeting of large employers.

Report and Presentation of Resolutions by the Audit and Finance Committee

RESOLUTION NO. 019-2015 - ACCEPTANCE OF APPLICATION BY THE TOWN OF TRUXTON TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

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

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Truxton has submitted an official resolution authorizing the Town of Truxton to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Truxton has complied with membership process outlined in Resolution No. 005 of 2012 and amended by Resolution No. 027 of 2014 and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, That the Greater Tompkins County Municipal Health Insurance Consortium, accepts and welcomes the Town of Truxton as the 19th municipal participant, with health insurance coverage beginning January 1, 2016,

RESOLVED, further, That the Board of Directors waives the requirement of payment of 5% of premium to the Surplus Reserve Account,

RESOLVED, further, That the Board of Directors determines that the terms of assessing the prorata share of any surplus or deficit to the applicant shall at the time the applicant leaves the Consortium or upon dissolution of the Consortium shall be based on their share of any deficit or being paid their share of any surplus that was generated during their years of participation. The Board of Directors would identify the surplus or deficit which exists on the date of entry and again on the date of withdrawal or dissolution and bill or pay the applicant accordingly.

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RESOLUTION NO. 020-2015 – AUTHORIZATION TO ENTER INTO AGREEMENT WITH BONADIO & CO. LLP - FINANCIAL REPORTING FOR 2016

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

WHEREAS, the Consortium entered into a contract with Bonadio & Co. LLP for financial reporting services in 2013-2015, and

WHEREAS, the Consortium wishes to continue the current arrangement for an additional year, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors authorizes the Chair to sign a letter of engagement with Bonadio & Co. LLP for a one-year contract expiring December 31, 2016.

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RESOLUTION NO. 021- 2015 - AUTHORIZATION TO EXTEND CONTRACT WITH CIASCHI, DIETERSHAGEN, LITTLE AND MIKELSON FOR THE PROVISION OF AUDITING SERVICES – 2016-2017

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

WHEREAS, in 2009 the Consortium authorized the execution of a contract for the provision of auditing services with Ciaschi, Dietershagen, Little and Mikelson (CDLM), and

WHEREAS, the Consortium by Resolution No. 31 of 2014 was to seek proposals for auditing services for the period 2016-2018, and

WHEREAS, after discussion with Consortium Treasurer it is recommended that process be delayed for two additional years, and

WHEREAS, the Consortium wishes to extend the contract for an additional two-year period through fiscal year ending December 31, 2017 and the Consortium will seek proposals in 2017 for the purpose of executing a three-year contract for an external audit of the Consortium's financial records for fiscal years 2018, 2019, and 2020, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Chair of the Board of Directors is hereby authorized to sign a contract with CDLM to perform auditing services, which include certification that the officers have implemented Board adopted procedures for the Consortium for the 2016 and 2017 fiscal years,

RESOLVED, further, That the Executive Director is directed to establish a process in mid-2017 to seek proposals for this service.

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RESOLUTION NO. 022-2015 – EXTENSION OF CONTRACT FOR PLAN CONSULTANT – LOCEY AND CAHILL, LLC - 2016

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

Mr. Locey thanked the Board for extending the contract with Locey and Cahill. He said they have been with the Consortium since it began and it means a lot to them to stay with the Consortium and see its success. Mr. Salton responded that the Consortium is fortunate to have Locey and Cahill.

WHEREAS, the Consortium requires ongoing Plan consulting services to continue its operations, and

WHEREAS, the Plan consulting services needed include: strategic planning, establishing a budget, filing periodic reports, calculating premium equivalents, preparing a variety of internal reports and requests for proposals, and interfacing with third party administrators and ancillary benefit providers, and

WHEREAS, the Consortium by Resolution No. 17 of 2013 awarded a contract for Plan consultant services on December 19, 2013 to Locey and Cahill, LLC of Syracuse for the period January 1, 2014 through December 31, 2015 with the option to renew for three additional one-year terms, now therefore be it

RESOLVED, that the contract with Locey and Cahill, LLC be extended for the period January 1, 2016 through December 31, 2016, with the option to renew for two additional one-year terms.

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RESOLUTION NO. 023- 2015 - AUTHORIZATION TO PURCHASE INSURANCE POLICIES: STOP LOSS, ERRORS AND OMISSIONS, AND DIRECTORS AND OFFICERS LIABILITY COVERAGE

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

Mr. Locey distributed information containing quotes for Stop Loss insurance. He said additional information is needed to determine the deductible level and whether a laser is needed. He said they will also need to renegotiate the aggregate stop loss because the proposed amount is unacceptable. Following a brief discussion the Board agreed to approve the resolution and include language allowing the Audit and Finance Committee to make this determination.

WHEREAS, the Consortium must select stop loss insurance, as required by Article 47 of New York State Insurance Law, and

WHEREAS, it is the desire of the Board of Directors to ensure liability coverage for the Consortium, the Board of Directors personally and professionally, and the participating municipalities, now therefore be it

RESOLVED, upon recommendation of the Plan Consultant, Locey & Cahill, LLC, the Tompkins County Risk Manager and the Audit and Finance Committee, That the Consortium shall purchase coverage for these policies from the following for the period January 1, 2016 thru December 31, 2016:

- Stop Loss Insurance with a determination made by the Audit and Finance Committee on the approximate deductible level and whatever laser is needed that will stay within the dollar value authorized in the budget;
- Errors and Omissions Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon);
- Directors and Officers Liability Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon)

Resolved, further, That the Plan Consultant is directed to provide the Administrative Clerk of the Consortium with a copy of each policy.

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RESOLUTION NO. 024-2015 – CONDITIONAL ACCEPTANCE OF APPLICATION BY THE TOWN OF MARATHON TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

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

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Marathon has submitted an official resolution authorizing the Town of Marathon to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Marathon has complied with membership process outlined in Resolution No. 005 of 2012 and amended by Resolution No. 027 of 2014 and has submitted copies of financial reports which were received on November 17, 2015 and have not been reviewed by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, That the Greater Tompkins County Municipal Health Insurance Consortium, conditionally accepts the Town of Marathon as the 20th municipal participant, with health insurance coverage beginning January 1, 2016 pending confirmation that the financial reports submitted by the Town of Marathon are deemed acceptable for membership to the Consortium by the Consortium's Treasurer and Chief Financial Officer, and

RESOLVED, further, That the Board of Directors waives the requirement of payment of 5% of premium to the Surplus Reserve Account,

RESOLVED, further, That the Board of Directors determines that the terms of assessing the prorata share of any surplus or deficit to the applicant shall at the time the applicant leaves the Consortium or upon dissolution of the Consortium shall be based on their share of any deficit or being paid their share of any surplus that was generated during their years of participation. The Board of Directors would identify the surplus or deficit which exists on the date of entry and again on the date of withdrawal or dissolution and bill or pay the applicant accordingly.

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Report from Nominating Committee

Mrs. Shawley reported the 2015 slate of officers have agreed to continue to serve in those positions in 2016. She said the Committee discussed circulating a questionnaire to survey Board members to see if there is interest in taking on a leadership role in 2017.

RESOLUTION NO. 025-2015 - ELECTION OF OFFICERS FOR 2016

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

WHEREAS, the Nominating Committee has proposed a slate of Officers to the Board of Directors at the November 19, 2015 meeting, now therefore be it

RESOLVED, That the Board of Directors elects the following individuals to serve from January 1, 2016 through December 31, 2016 in the roles as follows:

- Chairperson - Judith Drake
- Vice Chairperson – Rordan Hart
- Chief Fiscal Officer - Steve Thayer
- Secretary – Chuck Rankin

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Report from the Owing Your Own Health Committee

Mr. Cook, Chair, said the Committee accomplished its agenda for 2015 and will be putting together a work plan for 2016. The Committee appreciates the Board's support and invites others to join. Ms. Masucci reported on the flu clinics and said over 300 vaccines were administered within the different flu clinics; the walk-ins amounted to an increase in 30% over the number anticipated which was good news.

Report from the Joint Committee on Plan Structure and Design

Mrs. Shawley, Vice Chair, reported the Committee had a lengthy discussion of Medicare programs at the last meeting and particularly the issue of retirees being able to sign up for a lower cost Medicare Advantage plan. Mr. Locey said there are a lot of subsidies available to a Medicare Advantage Plan that the Consortium cannot access and this provides an imbalance in retiree options for the Consortium. He will provide a more detailed report at a future meeting.

Board of Directors
November 19, 2015

Adjournment

On motion the meeting adjourned at 7:15 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk