

**Board of Directors**  
**May 26, 2016**  
**5:30 p.m.**

Approved 07/28/2016

**Scott Heyman Conference Room**

***Municipal Representatives: 14***

Judy Drake, Town of Ithaca; Steve Thayer, City of Ithaca (arrived at 5:32 pm.); Mack Cook, City of Cortland; Rordan Hart, Village of Trumansburg; Betty Conger, Village of Groton; Amy Guerri, Tom-pkins County; Don Scheffler, Town of Groton; Nancy Zahler, Town of Ulysses; Dale Taylor, Town of Virgil; Deborah Cipolla-Dennis, Town of Dryden (excused at 6:45 p.m.); Tom Brown, Town of Truxton (arrived at 5:52 p.m.); Charmagne Rungay, Town of Lansing; John Fracchia, Town of Caroline; Ann Rider, Town of Enfield

***Labor Representatives: 2***

Phil VanWormer, 1<sup>st</sup> Labor representative (Chair, Joint Committee on Plan Structure and Design); Olivia Hersey, 3<sup>rd</sup> Labor Representative

***Excused: 3***

Peter Salton, Village of Cayuga Heights; Michael Murphy, Village of Dryden; Jim Bower, 2<sup>nd</sup> Labor Representative

***Absent: 4***

Laura Shawley, Town of Danby; Genevieve A. Suits, Village of Homer; Tom Adams, Town of Marathon; Alvin Doty, Town of Willet

***Others in attendance:***

Don Barber, Executive Director; Meghan Feeley, Kayleigh Rascoe, ProAct; Rick Snyder, Treasurer; Matthew Losty, Beth Miller, Rich Lockwood, Excellus; Mimi Theusen, Jerry Mickelson, Insero & Co.; Ted Schiele, Owing Your Own Health Committee Chair

**Call to Order**

Ms. Drake, Chair, called the meeting to order at 5:32 p.m.

**Approval of Minutes of March 24, 2016**

It was MOVED by Ms. Hersey, seconded by Mr. Fracchia, and unanimously adopted by voice vote by members present with Mr. Fracchia abstaining, to approve the minutes of March 24, 2016 as corrected. MINUTES APPROVED.

**Changes to the Agenda**

There were no changes to the agenda.

**Chair's Report**

Ms. Drake did not have a report. She announced Mr. Hart has offered to serve on the Audit and Finance Committee.

**MOTION NO. 001-2016 – APPOINTMENT TO AUDIT AND FINANCE COMMITTEE**

It was MOVED by Ms. Drake, seconded by Ms. Hersey, and unanimously adopted by voice vote by members present, to appoint Rordan Hart to the Audit and Finance Committee for a term expiring December 31, 2017. MOTION CARRIED.

**Presentation of 2015 External Audit Report for the Year**

Jerry Mikelson and Mimi Theusen presented the results of the 2015 audit report and an unmodified opinion that the Consortium's financial statements presented fairly. Last year \$37.6 million was received in premiums and claims expenses were \$28,750,000, down from \$29,755,000 the prior year. Administrative fees and other expenses were relatively the same and \$6,645,000 was produced in excess of operating expenses, resulting in a net increase of \$6.6 million. He said a new statement was added to the report because of activity that has taken place relative to the reserve accounts. He reviewed the financial results and said the Consortium ended 2015 with a total net position of \$17,827,965 compared to \$10,900,699 in 2015. Mr. Mickelson said the audit results were very positive and there are no ongoing management comments. He said along with the fiscal progress that has been made the administrative progress that has taken place since the inception of the Consortium is also to be credited for the positive report.

Ms. Theusen spoke of how smoothly the process went and expressed her appreciation to the Consortium and particularly to Mr. Snyder and his staff.

Ms. Zahler referred to the Consortium's cash position and asked if those funds are earning interest. Mr. Thayer said local government is restricted on what it can invest funds in and interest rates are extremely low. Mr. Barber commented that he met this week with Marty Cahill and discussed ways that this Consortium and the BOCES health insurance consortium could come together to generate more interest from its funds.

**RESOLUTION NO. 010- 2010 - ACCEPTANCE OF EXTERNAL AUDIT REPORT PERFORMED BY INSERO & CO. (CDLM)**

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

WHEREAS, the Board of Directors entered into a contract for auditing services with Insero & Co. (CDLM), for the purpose of conducting an external audit of the Consortium's financial records for fiscal year 2015, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the 2015 external audit report prepared and presented to the Board of Directors by Insero & Co. (CDLM) is hereby accepted.

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**Presentation of ProAct Utilization Report**

Ms. Feeley said in 2015 there was total paid pharmaceutical claims in the amount of \$8.5 million which was a 10% increase but this was much lower than increases seen by other ProAct clients. She spoke of the steep increase in specialty drugs and said there was a 17% increase from 2014. For 2015 the total plan-spend for specialty drugs was 28% and accounted for only one percent of the total prescriptions. The full utilization report is available on the Consortium's website under the Resources tab.

Mr. Brown arrived at this time.

Ms. Feeley reported on how the Consortium is doing in comparison to other ProAct clients and said many are experiencing increases way above 10% and many are seeing increases above 20% for specialty drugs. She said she could run a report on what costs could potentially be with new drugs coming on the market. Mr. Barber noted the percentage of generic drug utilization has gone up by 2% which has been very helpful.

### **Presentation of Excellus Utilization Report**

Mr. Losty distributed and reviewed points contained in a summary of 2015 highlights from the full utilization report:

#### **Financial Measures**

- The plan experienced a slight increase in membership from 2014 to 2015 (less than 1%). Approximately 50 members were added in 2016.
- Plan cost in 2015 was \$20,975,637 (decrease of 4% compared to 2014).
- Plan cost per member per month was \$348 (decrease of 4% from 2014).
- The plan cost per contract per year was 11% higher than the municipality comparison population. This was 30% in 2012, so the gap is narrowing. Higher average age and lower member cost share are two differences between the Consortium and the 120,000 member comparison.
- Over the past five years, medical plan cost per member increased by less than 2% per year, well below healthcare trends of 7%-9% annually.

#### **Plan Cost Distribution and High Cost Claimants**

- 89% of the membership accessed care in 2015, versus the comparison of 83% (same as 2014).
- 80% of the plan cost was driven by 18% of the membership (members with claims greater than \$5,000).
- There were 17 claimants over \$100,000 in 2015, compared to 16 claimants in 2014, however, the average plan cost per claimant over \$100,000 was 13% less than in 2014.
- The number of claimants over \$150,000 decreased from 10 in 2014 to 6 in 2015. Four out of six are forecast to be ongoing.

#### **Utilization**

- Inpatient admissions and claims continue to decrease, as more services move to Outpatient Facilities.
- Outpatient claims also decreased, but they represent 43% of overall costs. Outpatient Surgeries, Radiology and Emergency Room visits were the top Outpatient services in 2015.
- Average length of hospital stay increased from 4.8 to 6.1 days; driven by mental health and substance abuse related services. This has been very common in recent years.
- Neoplasm (cancer cases), Musculoskeletal, and Circulatory system claims were the cost-drivers in 2015.
- Emergency Room visits decreased by 5%, and potentially avoidable visits decreased by 15%. Urgent Care visits have increased by 8%, with an increasing number of visits at Cayuga Medical Center and Five Star Urgent Care. Member cost share is much lower than the comparison (4% vs. comparison of 7%). Increased member cost share, such as the Metal-Level plans, will reduce future plan costs.

Mr. Barber referred to the bullet stating “over the past five years, medical plan cost per member increased by less than 2% per year, well below healthcare trends of 7%-9% annually”, and asked if Mr. Losty knew why the Consortium is running at 2% when the industry is running much higher. Mr. Losty said there is no definitive reason but adding new members and having less emergency room usage helps as well as there being fewer high-cost claimants. He added that having members utilize preventive services can also lead to lower costs. Ms. Miller commented that while it was a great year for the Consortium things can change quickly from a financial perspective with high cost claimants.

Rich Lockwood, Chief Medical Officer at Excellus, provided a brief overview of Telemedicine, a new technology that the State is encouraging use of that will lower costs for health plans. The average cost of using an emergency room is \$1,500, urgent care is \$250, an office visit is \$150, and Telemedicine is \$40. He said Excellus is working with a major vendor in the country and in 2017 will offer the MD Live program. The program will allow members to register online and choose a physician that is available and have a visit in ten minutes for routine conditions. It will be a great opportunity for members because of the convenience and the ability to choose a physician. It has been rolled out at Excellus and to date there are 1,700 employees enrolled in the program and there have been 55 episodes of care with no complaints. The MD Live Program is a quality program that has a script that is followed in providing consistent care. Mr. Lockwood said the program has real potential for producing savings and decreasing emergency room utilization. The physicians are New York State licensed physicians who can write non-controlled substances.

Mr. Fracchia asked if there is data to show if Excellus has saved money by using the program and was told it is too early to generate that data. It has shown to save costs and decrease utilization in other areas the program is operating. Mr. Fracchia said as this moves forward he would like to see data to show savings that is being experienced. Mr. Losty said information from this program can be incorporated into the utilization report.

### **Report from the Executive Committee**

#### **RESOLUTION NO. 011-2016 – EXTENSION OF CONTRACT FOR EXECUTIVE DIRECTOR SERVICES – DONALD L. BARBER**

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

Ms. Drake said she receives a report every month from Mr. Barber and has an opportunity to review his hours and work performed. The Executive Committee is very pleased with Mr. Barber’s work and is in full support of extending the contract. In response to a question concerning compensation it was stated that the contract makes no provision for an annual increase in pay and that the total paid to Mr. Barber was well below the maximum amount set by the Board. Mr. Fracchia said the Consortium has experienced excellent results from Mr. Barber as Executive Director and it would be appropriate to allow for an increase in compensation; there was agreement by members present. It was agreed that an increase could be worked out at a later time as members did not want to delay approving the extension of Mr. Barber’s contract.

WHEREAS, it was determined in 2013 that based on the increased responsibilities placed on the Consortium by the State and Federal governments, the Affordable Care Act, and the managing of an increased number of contracts it was in the Consortium’s best interest to contract for services of an Executive Director, and

WHEREAS, following the issuance of a request for proposals in 2014 seeking contractors who could fulfil the responsibilities of Executive Director a contract was entered into with Donald L. Barber, and

WHEREAS, the contract will expire on June 30, 2016, and

WHEREAS, the Consortium's Executive Committee which meets with Mr. Barber quarterly to review a work plan and the Consortium's operations believes the Executive Director services provided to the Consortium by Mr. Barber are valuable and important for the Consortium's stability, and has recommended the contract be continued for a two-year period, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That the contract for Executive Director Services with Donald Barber be extended through June 30, 2018 under the terms and conditions contained in the original contract.

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**RESOLUTION NO. 012-2016 – AUTHORIZATION TO CONTRACT WITH AN INDEPENDENT CONTRACTOR FOR CONSORTIUM NEWSLETTER EDITING SERVICES AND EXPENSES**

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

Mr. Barber stated that when the newsletter initiative began he worked with a student at the Park School of Communications who is no longer available. Ms. Jensen has experience putting newsletters together and is interested and willing to take on this work. He doesn't expect the newsletter expense will approach the limit set by the resolution and there may be an opportunity for her to help with the logo as well.

Mr. Fracchia suggested Ms. Jensen look into whether the Adobe Cloud is available and may cost less than the InDesign program she intends to use.

WHEREAS, it has been determined that continued production of the Consortium's newsletter requires editing and layout expertise and knowledge that is currently not available within the Consortium's resources, and

WHEREAS, Jennifer Jensen, has agreed to produce four quarterly issues of the newsletter at an annual cost of \$5,000 if provided with necessary software, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That the Consortium enter into a one-year contract through April 30, 2017 with Jennifer Jensen to provide services related to the production of the Consortium's newsletter at total annual cost not to exceed \$5000,

RESOLVED, further, That the amount of \$240/year is hereby approved to cover costs associated with the purchase of software needed to produce the newsletter.

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**Report from the Audit and Finance Committee**

**RESOLUTION NO. 013-2016 – APPROVAL OF GUIDELINES FOR MEMBERS CHANGING PLANS**

MOVED by Mr. Thayer, seconded by Mr. Hart.

Mr. Thayer said this resolution was tabled at the March 24 meeting and referred to the Joint Committee on Plan Structure and Design for discussion. Mr. VanWormer said there was a spirited discussion at the Joint Committee with members trying to weigh the benefits to the Consortium versus potential hindrances to individuals.

Mr. Barber explained that Mr. Locey has worked with a number of other groups that have a full range of metal level plans. Locey and Cahill has found within their book of business that people are moving from one plan to another plan based on their personal circumstances and this has resulted in adverse risk selection. The intent of this resolution is to make participants aware that the Consortium is affected when people jump between plans because the Consortium has to earn enough money to pay claims. There has been a lot of discussion of the time period and it was noted that the three-year timeframe is a recommendation and is being made at a time when employers are considering adding new plans.

Ms. Hersey said she spoke against this resolution at the Joint Committee meeting. She said for a lot of people when an opportunity presents itself to go to a lower plan they may not have any other option available to them that is affordable. Her vote in opposition to this resolution was to recognize those people who have a very low income and for whom a medical bill for \$3,000 could be catastrophic.

Ms. Guereri said when medical care becomes unaffordable costs tend to go up because people avoid getting care they need.

Ms. Drake noted the resolution also recommends parameters for when open enrollment takes place. It will be up to each municipality to approve rules for these things, the resolution only recommends guidelines.

Mr. Taylor provided a scenario in which a municipality does not adopt this and has a number of employees jumping around between plans and causes additional expenses for the Consortium. He asked what would happen if this resulted in the municipality costing much more than the premium it pays into the Consortium. Mr. Barber said the Consortium cannot dictate to municipalities how they will operate, it can only adjust the premium. If a municipality is not paying enough premium on average to pay claims it will see an increase in premium.

A voice vote on the resolution resulted as follows: Ayes - 14, Noes – 2 (Fracchia and Hersey); Excused – 3 (Salton, Murphy, and Bower); Absent – 4 (Shawley, Suits, Adams, and Doty). RESOLUTION ADOPTED.

WHEREAS, the Consortium has over 100 plan combination options that any of our partners can by resolution add to their list of plans available to their employees, and

WHEREAS, the recently adopted “metal level” plans (platinum, Gold, silver, and bronze) as well as Medicare Supplement have different actuarial conditions for setting premiums than the other Consortium plan offerings, and

WHEREAS, employees frequently changing between these five plans or between any of these five plans and another Consortium plan can have adverse consequences with not enough premium being raised to cover claims, and

WHEREAS, employees staying with their selection of one of these five plans for a period of at least three years will allow for adequate capture of premium for claims, and

WHEREAS, the Consortium does not want to interfere with municipal partners offerings and employees ability to choose, and

WHEREAS, the qualifying events that allow changes in benefit plans at the time of the event are: marriage, divorce, legal separation, annulment, birth, change in legal custody status, dependent ages off, adoption, death, start of or loss of employment, start of or loss of eligibility for Medicare or Medicaid coverage, change in residency, and

WHEREAS, the Consortium Benefit Plans are administered on a calendar year basis, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors recommends to our municipal partners that they each adopt a policy that will restrict individuals changing from the platinum, gold, silver, bronze, and medicare supplement plans to another plan for three years after coverage begins,

RESOLVED, further, That the Audit and Finance Committee recommends that the Board of Directors adopts the policy that all non-qualifying event benefit changes are submitted to the medical plan administrator by December 1 for implementation on January 1.

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**RESOLUTION NO. 014–2016 – AUTHORIZE CONTRACT FOR MEDICAL CLAIMS  
AUDITING SERVICES**

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

Mr. Barber briefly summarized the responses and the reasons he and the Mr. Locey recommend the contract be awarded to BMI. Ms. Hersey asked that every effort possible be made to protect personal information of members during the audits.

WHEREAS, The Greater Tompkins County Municipal Health Insurance Consortium (“Consortium”) is a self-insured municipal cooperative health benefits plan operating pursuant to a Certificate of Authority issued in accordance with Article 47 of the New York State Health Insurance Law, and

WHEREAS, being a self-insured medical plan the Consortium is responsible for the payment of claims as adjudicated by the Third Party Administrator, currently Excellus Blue Cross Blue Shield, and

WHEREAS the Board of Directors believes that it is part of their fiduciary responsibility to conduct periodic medical claims audits to ensure the medical claims are paid by Excellus are in accordance with the benefit plan documents, Federal and State Laws, Rules, and Regulations, and industry standard practices, and

WHEREAS, a Request for Proposals for Medical Claims Auditing Services was issued on May 6, 2016 and four responses were received, and

WHEREAS, at the direction of the Audit and Finance Committee, the Executive Director, has worked with the Consultant to provide a recommendation on a qualified professional medical claims audit firm to provide services to the Consortium, now therefore be it

RESOLVED, on recommendation of the Executive Director and Consortium Consultant, That a contract for medical claims auditing services be awarded to BMI Auditing Services to perform medical claims auditing services for the Consortium for the 2016 Fiscal Year,

RESOLVED, further, That upon satisfactory completion of the terms of this contract, a contract may be extended for the 2018 Fiscal Year.

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**MOTION NO. 003-2016 - APPROVE ISSUANCE OF REQUESTS FOR PROPOSALS FOR PRESCRIPTION DRUG MANAGER AND CREATE RFP REVIEW COMMITTEE**

Mr. Thayer summarized the process, stating the RFP would be released in late June with activity to take place throughout the summer. Responses would be reviewed and candidates interviewed in time for a decision to be made for inclusion in the 2017 budget. The contract would be for 2017-2018 with an option to renew for two additional years. Mr. Barber said the Audit and Finance Committee reviewed the RFP criteria and made adjustments to the weights.

It was MOVED by Ms. Hersey, seconded by Mr. Brown, and unanimously adopted by voice vote by members present, to approve the issuance of Requests for Proposals for Prescription Drug Manager and Create an RFP Review Committee with the following members:

- Judy Drake
- Peter Salton
- Jackie Kippola
- Brooke Jobin
- Jim Bower
- Steve Locey

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Ms. Cipolla-Dennis was excused at this time.

Report on Year-end Jurat (Annual Financial Filing)

Mr. Snyder presented the 2015 year-end financial report that must be filed with the Department of Financial Services and noted most of the information is reflected in the external audit report that was presented earlier in the meeting. He said the Consortium's assets were \$22.1 million which is up from the prior year amount of \$15.4 million (44% increase). The total liabilities were \$4.3 million, down from \$4.5 million in 2014 (4.8%). Total capital surplus is \$17,827,966 (total net position). The total liabilities, capital, and surplus was \$22.1 million which equals the total assets.

Mr. Snyder called attention to new reserves being reported. The amount assigned for Catastrophic Claims was \$1,050,000 and the Rate Stabilization Reserve was \$1,513,287. Total revenues were \$37.7 million which is up from the prior year by \$1.5 million (4.2%). The total hospital and medical amount was \$29 million which is down by \$1,091,000 from the prior year (3.6%). Total administrative expenses remained relatively the same at \$1.9 million and the net income was \$6,658,000 (increase of \$2,591,974 (63.7%). Lastly, Mr. Snyder reviewed a comparison of financial results since the Consortium began operations in 2011.



Mr. Barber commented that a representative from the Consortium's Stop Loss carrier, HighMark, attended the Audit and Finance Committee meeting and provided some valuable information to the Committee. He encouraged Directors to read information from that presentation that is included in the minutes posted on the website.

### **Report from the Executive Director**

Mr. Barber circulated copies of the draft June newsletter and asked Directors to submit comments and suggestions to him on the current draft or for future issues. He reported on submissions for the Consortium's logo concept and said those in attendance at the recent retreat voted on their preferred design.

### **MOTION NO. 004-2016 – AWARD PRIZE FOR LOGO DESIGN**

It was MOVED by Ms. Drake, seconded by Ms. Hersey, and unanimously adopted by voice vote by members present, to award a prize in the amount of \$100 to Tamara Beardsley for the winning logo design concept.

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Ms. Drake asked that Consortium Committees suggest ideas for a final logo design to the Executive Committee.

Mr. Barber reported on the educational retreat that was held on May 10<sup>th</sup>. He said Mr. Locey spent a lot of time preparing for the retreat and did a great job presenting information. He reported the recertification process is complete and thanked the City of Ithaca, Tompkins County, and TC3 for finding a way to finish the process. He also reported on the appeal that was granted by the Consortium and said a letter to Excellus concerning the appeal that was filed is still being reviewed. Lastly, he said the claims audit reports have been filed with the Department of Financial Services. A request was made of the Department to have a conversation with the Consortium about the Aggregate Stop Loss waiver request but has not heard back from the Department. He said there are still two outstanding issues relating to the State Audit that need to be resolved.

### **Financial Report**

In Mr. Locey's absence Mr. Barber reported the Consortium is on target with the budget for premium income for the first quarter of 2016. With regard to claims, the Consortium is slightly under budget on medical claims and slightly over budget for pharmaceutical claims. The Audit and Finance Committee will be discussing the model being used to budget for pharmaceutical claims because claims have been over budget for several months.

### **Report from the Joint Committee on Plan Structure and Design**

Mr. VanWormer, Chair, reported the Committee met and spent a great deal of time discussing the resolution recommending guidelines for members changing plans that was adopted earlier in the meeting. At the next meeting the Committee will continue discussion of actuarial values and will be moving towards making a recommendation to the Board in July on keeping metal level plans within the prescribed actuarial values.

### **Report from Owning Your Own Health Committee**

Mr. Schiele, Chair, reported he is the newly-elected Committee Chair. He reported the Committee met yesterday and discussed the CanaRx prescription program. A couple of municipalities have been using the program to get prescriptions from Canada at a great savings.

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Another topic the Committee has been discussing is the Blue4U program which is the wellness component for the metal level plans but available to only a small number of members. He said issues related to the lack of a place in Tompkins County for members to have a blood draw have been resolved and the Committee is now discussing how the program could be introduced or rolled out in other Consortium health plans. Mr. Schiele spoke of an article that a member of the Committee provided entitled "How to Design a Wellness Program that Works" that is very simple and straightforward. The Committee will be using this as a resource for developing a broader concept of wellness for the Consortium and a plan for how to roll a wellness plan out to municipalities.

**Adjournment**

On motion the meeting adjourned at 7:10 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk