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Approved

MINUTES
Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
December 5, 2013 – Noon
Old Jail Conference Room

Present:
Municipal Representatives: 7 members
Judy Drake, Town of Ithaca; Joan Mangione, Village of Cayuga Heights; Michael Murphy, Village of Dryden; Brooke Jobin, Tompkins County; Ruth Hopkins, Town of Lansing; Schelley Michell Nunn, City of Ithaca; Laura Shawley, Town of Danby

Municipal Representative via Proxy: 4
Betty Conger, Village of Groton; Jennifer Case, Town of Dryden; Mary Bouchard, Town of Ulysses; Don Barber, Town of Caroline

Union Representatives: 4 members
Scott Weatherby, TC3 Staff Unit CSEA Vice President; John Licitra, Town of Ithaca, DPW – Teamsters; Olivia Hersey, TC3 PAA; Phil Van Wormer, TC3 CSEA Admin Unit #8901-01

Union Representative via Proxy: 1
James Bower, IUOE Local 158, District 832 Bolton Point

Others in attendance:
Steve Locey, Locey & Cahill; Ashley Amadipour, ProAct, Sharon Dovi, TC3

Call to Order

Mr. Weatherby, Chair, called the meeting to order at 12:08 p.m. He reported on November 21st he was unanimously elected to Chair this Committee. He provided an overview of his background as an electrician at TC3 and his experience with CSEA and said he is currently the Tompkins County Local CSEA 855 President, TC3 CSEA Vice President, and is on the CSEA Board of Directors. He spoke of the importance of health insurance and stated it is the single most important benefit employees have and the most costly one. Mr. Weatherby and the Committee commended Chantalise DeMarco for her outstanding work in Chairing this Committee.

Approval of Minutes – November 7, 2013

Approval of the minutes of November 7, 2013 meeting was deferred due to lack of quorum.

Consultant Updates

With regard to Flex Spending Accounts and an Employee Assistance Program, Mr. Locey reported work is being done on finalizing the resolutions that will come before the Board of Directors on December 19th. The contracts will be made available to members so members can take advantage of with the most affordable pricing through the Consortium.

Medicare Survey

Mr. Locey circulated responses that were received to the recent survey. His initial opinion of the responses is that it appears most are interested in offering a low-cost option medical supplement-type program. He believes it would look similar to Plan F on the open market and would not include any drug coverage. A drug option could be added and they will begin to look at prices for that as well. He said there are a couple of employers that are offering a supplement outside the Consortium and that will need to be resolved.

Ms. Drake said it does not make sense to her to offer a supplement that does not include drug coverage. Ms. Hersey said she had not responded to the survey because she did not have information on what the dollar impact would be.

Mr. Locey said the most expensive populations that the plan insures are the older employees and younger retirees (before Medicare-age). Another very expensive group is age 0-1. When Medicare kicks in the costs come down on the medical side; however, the Consortium still picks up 100% on the drug side. He said typically what they see is that the over 65 population on average per covered life cost-wise is very similar to the entire population in aggregate drug and medical although the distribution is very different. He said when calculating rates for a supplement the medical rate will be vastly lower than the medical rate everyone else is being charged but the drug rate will be a lot higher than the active people are being charged. One of the reasons insurance companies band everyone together is to push everyone to the middle and make it affordable for everyone. Once there are discussions about carving out a population you need to make sure that the benefits are commensurate with that population. He stressed that if a change is made in premium that doesn't affect expense, other adjustments must be made to make up any difference.

Mr. Locey explained the Retire Drug Subsidy and said it was created by the Federal government. The program pays a percentage of total claims paid out for an individual back to the employer as an incentive to continue drug coverage for retirees.

Mrs. Shawley asked if Mr. Locey feels the Consortium is in a position to build a Medicare supplement plan. Mr. Locey said in building a plan the rate would have to be commensurate with the expenses associated with it so there should be no significant gain or loss. He doesn't see building a plan to be difficult; however, there would need to be issues resolved such as how it would be offered. One of the decisions employers need to make is whether a lot of people would be brought back as that would impact an employer's cost if they are contributing to the premium. One of the other difficulties is that Consortium employers are all at different places with retiree coverage.

At the next meeting the final survey responses will be circulated and he will provide information relative to the age bands and he will show what the supplement would look like with a rate. He will also show what a drug rate would look like.

Mr. Weatherby asked if there has been any success in improving the utilization of things such as generic drug fills and CanaRx. Mr. Locey said Excellus and ProAct are providing information to members about generic alternatives. From the Consortium standpoint there has not been a lot done on this and this is something that should begin to be discussed. Ms. Nunn said another component that that needs to be worked on a Consortium–wide basis is wellness. Mr. Locey explained that the State needs to approve any new plans. Although there have been no plans approved by the State that include a premium differential for wellness he believes that will be coming in the near future.

Rate Development

Mr. Locey distributed information concerning the methodology of setting the premium equivalent rates. He said for a self-insured group like the Consortium, everything that is done from a financial standpoint starts with the budget. The expense side of the budget tells how much revenue has to be generated each year to cover expenses, build reserves, and meet liabilities.

Mr. Locey reviewed the various expenses associated with the Consortium. In 2014 the Consortium needs to generate $34.5 million to cover expenses. In 2014 the Consortium is looking to build a net income of $3.3 million. There are two reserve categories that are mandated by the State: Incurred But Not Reported (IBNR) Claims (enough money to cover all of the services that have been incurred up to today and will be paid after today). The State dictates how much this reserve must be and it is 12% ($3.6 million). The surplus account is for other purposes such as if claims exceed what is expected. In addition, in 2014 a reserve was added for catastrophic claims. As the Consortium moves forward the goal is to have modest increases in premium to avoid big spikes and valleys in premium. Once they figure out where the Consortium needs to be with expenses, liabilities, and reserves that is then translated into premium. For 2014 premium revenue was increased by 8%. When the pro forma was originally created for the Consortium it was anticipated there would be 9½% increases for each of the first five years. He thinks in 2015 it will be able to be brought down even further.

Mr. Locey stated that all expenses, including Affordable Care Act fees, are built into the budget. He reported the Transitional Re-insurance fee will not have to be paid by self-insured entities in the second and third years.

He reviewed the following:

Premium Budget for 2014: $37,422,000
Number of employees/retirees: 2,293
Medical paid claims: 73%
Prescription drug paid claims: 27%
Average medical plan rate: $584
Average prescription drug plan rate: $216
Average total monthly premium: $800.01

Average monthly individual premium: $800
    Number of contracts: 907; Annual Premium: $8,707,255.84
Family Plan Rate Factor: 2.16
Average monthly family premium: $1,728,01
    Number of contracts: 1,386; Annual Premium: $28,740,280.32
Total number of contracts: 2,293
Total Premium: $37,447,536.16

He said they begin with a baseline premium for everyone in the population and if benefits are a lot better than the average the rates go up a little and if they are worse than the average with members paying more out of pocket the rate goes down a little. He said there is not a significant difference in plan rates. One of the things that was discussed at the last meeting was developing a new plans and rates that are similar to what the federal government is offering and this will be taking place over the next couple of months.

Discussion of Meeting Schedule

Mr. Weatherby said he would like to work on improving attendance at these meetings particularly on the labor side and suggested consideration be given to different times or meeting locations. Following a brief discussion it was agreed the Committee would try to meet at 3 p.m. in January and will have further discussion at that time. It was also suggested that employer be asked to allow employees to attend during work time. The location will remain the same at this time.

New Business

Mr. Weatherby said he would like to discuss amending the bylaws to incorporate the process for selection of the Chair.

Old Business

There was no old business.

Adjournment

The meeting adjourned at 1:35 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk