GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

Municipalities building a stable insurance future.

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MINUTES
Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
June 2, 2016 – 1:30 p.m.
Rice Conference Room, Health Department

Approved

Present:
Municipal Representatives: 8 members
Judy Drake, Town of Ithaca and Board of Directors Chair; Schelley Michell Nunn, City of Ithaca (excused at 3:01 p.m.); Brooke Jobin, Tompkins County; Eric Snow, Town of Virgil; Laura Shawley, (Vice Chair) Town of Danby; Charmagne Rumgay, Town of Lansing; Jennifer Case, Town of Dryden; Joan Mangione, Village of Cayuga Heights

Municipal Representative via Proxy: 4
Betty Conger, Village of Groton (Proxy – Charmagne Rumgay); Tom Brown, Town of Truxton (Proxy – Judy Drake); Carissa Parlato, Town of Ulysses (Proxy – Joan Mangione); Mack Cook (Proxy – Laura Shawley)

Union Representatives: 6 members
Olivia Hersey, TC3 Professional Admin. Assoc. Unit; Jeanne Grace, City of Ithaca Exec. Assoc. Tim Farrell, City of Ithaca DPW; Teresa Viza, TC Library Staff Unit; Tim Arnold, Town of Dryden DPW; Kate DeVoe, TC Library Professional Staff Unit

Union Representatives via Proxy: 3
Phil VanWormer, City of Ithaca Admin. Unit (Proxy – Jeanne Grace); James Bower, Bolton Point-UAW Local 2300 (Proxy – Olivia Hersey); Doug Perine, Tompkins County CSEA White Collar President (Proxy – Jeanne Grace)

Others in attendance:
Don Barber, Executive Director; Steve Locey, Locey & Cahill; Meghan Feeley, ProAct; Ted Schiele, Chair, Owning Your Own Health Committee

Call to Order

Mrs. Shawley, Vice Chair, called the meeting to order at 1:36 p.m. and said the main purpose of today's meeting is to gather information as actuarial values are looked at. As Mr. Barber explained in a communication to members yesterday, the Consortium's metal level plans must maintain their actuarial values and because of changes that occur there will need to be adjustments made to benefit to get the actuarial values into the range where they need to be.

Approval of Minutes Of May 5, 2016

It was MOVED by Ms. Hersey, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to approve the minutes of May 5, 2016 as submitted. MINUTES APPROVED.

Chair's Report

Mrs. Shawley said Mr. VanWormer, Chair, extended his apologies for not being able to attend today's meeting.

Board of Director's Report

. Drake, Chair, reported the Board of Directors met on May 26th and adopted several resolutions, appointed Rordan Hart to the Audit and Finance Committee, accepted the external audit for 2015, and approved a renewal of Mr. Barber's contract. She reported the Board adopted the resolution that was discussed at the last meeting by concerning establishing guidelines for members changing plans and establishing the open enrollment period, awarded a contract for medical claims auditing, and approved the issuing of a request for proposals for the prescription drug manager.

Executive Director Report

Mr. Barber reported the educational retreat was held on May 10th; a copy of the presentation and a video of the retreat is available on the Consortium's website. He announced the process to verify eligible dependents has been completed and thanked everyone for their cooperation through that process. The second issue of the newsletter has been finished and is currently at the printer. An electronic copy has been distributed and posted on the website.

Premium Rate Discussion

Mr. Locey presented information on how premium rates are developed and the process that must be undertaken by Consortium to keep metal level plans within the actuarial values established by the Affordable Care Act. He explained how different items can have a different weight and how they can impact the actuarial value with the most meaningful things being deductibles. Out-of-pocket maximums can have a big impact; however, once they reach a high-enough level it diminishes quickly because most people don't achieve those levels at higher numbers.

The following are items that can have an impact on rates:

- Overall Plan Style vs Line Item Changes
- How Many People are Affected;
- How Many Services or Items are Affected;
- Does the Change Alter Buying Patterns;
- Cost Variance for Different Service Levels;
- Utilization or Case Management Oversight; and
- Short-Term vs Long-Term Impact

He walked the Committee through a sample benefit change of increasing an emergency room copayment from being paid in full to a $100 copayment and said not only would the plan receive the $100 copayment for each time a person visited an emergency room, there would be a bigger change realized due to those who chose to visit an urgent care center or their primary care physician instead. He noted that it is not being suggested that people should not go to the emergency room if it is a true emergency but to encourage different behaviors in non-emergency cases and where services could be delivered by an urgent care center or primary care physician.

The total cost reduction by instituting this change would be approximately $231,000. When this amount is applied to the overall medical claims cost of $27,304,445 (.732 of the total claims cost of $37,301,154) it equates to a .846% premium reduction. Mr. Locey said the other thing that happens with flat dollar amount changes is that they do not keep pace with the time value of money the way percentages do. One of the challenges that exist with the metal level plans that were developed for the Consortium is that the process was started in 2014 and it is now four years later which will make changes seem more substantial than they will be in the future. Mr. Locey reviewed a sample prescription drug benefit change by increasing generic and brand name copayments, noting that changes these copayments also impact utilization.

In response to a question by Mr. Schiele of what the impact of changes would be to the average member Mr. Locey explained the difficulty in determining that because of the wide variance in each member's circumstances.

Mr. Locey spoke of the various laws, regulations, and mandates that have come out over the years and said most health insurance plans today are very similar in terms of what is covered; what differs is what is paid out of pocket for services. Because New York State has always had a lot of regulations in place there wasn't a tremendous amount of change seen with the Affordable Care Act. From 1993 to the present there were 84 federal and state mandates added to health insurance that were made outside of the collective bargaining environment; therefore, did not need labor or management consideration or agreement. He gave an example of the mandate to provide coverage to dependents after age 19 and stated this resulted in an overall plan increase of 2%-4%. He also reviewed the things that can be excluded from coverage and said predominantly what is seen are things that are experimental or investigational, or things considered not to be medically necessary. Under New York State Insurance Law anyone being denied coverage under one of these categories has the right to appeal to the State. These appeals go to an independent review organization and the decision is binding on both the plan and member.

The actuarial value is the average of a person's medical care costs that will be covered by a health care plan (Platinum Plan Models – 90% actuarial value; Gold Plan Models – 80% actuarial value; Silver Plan Models – 70% actuarial value; and Bronze Plan Models – 60% actuarial value). In terms of the employer's shared responsibility mandate under the Affordable Care Act employers have to provide full-time employees with at least a Bronze level of coverage. The actuarial value calculator has a standard deviation built in of + or – 2%. One of the first items that needs to be looked at is what the target for 2017 should be for the Consortium's metal level plans.

Mr. Locey said the average covered life in the Consortium spends approximately $6,000 a year in medical care costs, the average contract is slightly over $12,000. The things that need to be considered in weighing actuarial values are annual deductibles, coinsurance amounts, medical copay amounts, prescription drug copay amounts, out-of-pocket maximums, out-of-network provider balance bills, and non-covered products or services. Changes made would go into effect on January 1st, changes would be made no more frequently than once per year, and Board approval is needed prior to November 1 to allow time to notify members of changes.

Locey and Cahill is working with Excellus to verify the actuarial value for the Platinum Plan which is currently at 92.6%. Based on this figure the actuarial value for 2017 the Platinum Plan has to be adjusted by .6% to achieve a value of 92% and 4.6% to achieve a value of 88% to be within the acceptable range.

Mr. Locey presented and reviewed a sample of Excellus plan models and a number of benefit option changes that could impact the actuarial value. Discussion followed concerning the frequency changes should be made in making plans. There were some members who felt smaller, more frequent changes would be easier for members to accept while others felt it would

be difficult for people to adjust to changes being made every year and frequent changes could place a strain on benefit clerks having to explain plan changes to members. Mr. Locey said one of the fears with the Silver and Bronze plans is changing the costs could drive members away from receiving care which is a consequence no one wants to see happen.

Ms. Drake suggested starting with the Platinum Plan because it impacts the most municipalities. Mr. Barber said the Platinum Plan has the biggest number of Consortium members. While this could be a starting point he noted the other plans cannot be looked over as other municipalities that are looking at joining the Consortium are looking at other plans. Ms. Drake thought it would be reasonable to look at options 2 and 4 and to bring the actuarial value down to the 90% range. She expressed resistance to changing the copay amount as this was just explained to employees and thought it would be easier to change the out-of-pocket maximum and the diagnostic lab copay. Mr. Locey said it is important to keep in mind that whatever the actuarial value is reduced by will also diminish the rate increase by.

Mrs. Shawley decreasing the Platinum and the Gold Metal Plans by 3% would put the levels at 91% for the Platinum and 81% for the Gold and by getting to those targets another change wouldn't be needed for two years. If the Silver Metal Plan was changed by 7% it would bring it to 71% and changing the Bronze Metal Plan by 5% would bring it to 61% those would need to be revisited each year.

Mr. Barber said there presently are no Consortium members enrolled in the Silver or Gold Metal Plans; this would be a marketing tool for municipalities looking at the Consortium who may have those plans.

For the next meeting Mr. Locey was asked to prepare benefit options for the Gold, Silver, and Bronze Plans along for target percentages as he did for the Platinum Plan. It was requested that information be provided to members two weeks in advance of the meeting.

Ms. Michel Nunn was excused at 3:01 p.m.

Mr. Barber spoke of the process going forward and said at the next meeting this Committee needs to make a strong recommendation to the Audit and Finance Committee so that a decision can be made by the Board of Directors at the end of July.

Next Meeting

At the next meeting the Committee will continue discussing the actuarial values with a goal to make a recommendation on a target. Decisions on the actual changes within plans can be made at a subsequent meeting.

Adjournment

The meeting adjourned at 3:07 p.m.