

Audit and Finance Committee
Minutes – Approved
May 28, 2019
Old Jail Conference Room

Present: Mack Cook, Rordan Hart (excused at 5:15 p.m.), Bud Shattuck, Steve Thayer, Laura Shawley
Excused: Chuck Rankin, Ann Rider, Olivia Hersey
Guests: Rick Snyder, Treasurer, Tompkins County Deputy Finance Director; Don Barber, Consultant; Elin Dowd, Executive Director

Call to Order

Mr. Cook, Chair, called the meeting to order at 3:30 p.m.

Changes to the Agenda

A resolution entitled Authorizing contract for Prescription Drug Claims Audit – 2018 and 2018 Claims was added to the agenda.

Approval of Minutes of April 23, 2019

It was MOVED by Mr. Thayer, seconded by Mr. Shattuck, unanimously adopted by voice vote by members present, to approve the minutes of April 23, 2019 as presented. MINUTES APPROVED.

Executive Director's Report

Ms. Dowd provided an update on communications with the Department of Financial Services and said responses were provided to two inquiries.

Reports from other Committees

Ms. Dowd reported one area of focus for the Committee is the renewal of the Wellness Consultant contract and said they are looking at establishing goals and objectives specific for the Consultant that will have some expected outcomes. The Governance Structure Committee has been looking at draft bylaws and received good input from John Powers, the Consortiums Attorney, that have been incorporated. The Board will be receiving an update at its next meeting. The Joint Committee on Plan Structure and Design was presented with the Excellus Utilization Report for 2018 and will receive the ProAct Utilization Report at its next meeting. She reminded members the Annual Educational Retreat will be held on May 30th and will focus on controlling health care costs and what the Consortium's partners are doing to help with this.

**RESOLUTION NO. - AUTHORIZING CONTRACT FOR PRESCRIPTION DRUG CLAIMS
AUDIT – 2017 and 2018 CLAIMS**

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

WHEREAS, the Consortium has determined there is value in conducting periodic medical and prescription drug claims audits, and

WHEREAS, the Consortium's has developed a pattern of conducting these claims audits on alternate years for medical one year and then pharmaceutical claims the next and

WHEREAS, the Consortium 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 for the years 2017 and 2018, and

WHEREAS, in anticipation of initiating a prescription drug claims audit the Audit and Finance Committee has negotiated a contract proposal with BMI Audit Services, now therefore be it

RESOLVED, That the Audit and Finance Committee recommends That the Board of Directors authorize the Consortium to engage the firm of BMI to perform an audit of the Consortium's prescription drug claims for an amount not to exceed \$35,000.

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Staffing and Consultant Contract Update

Ms. Dowd said a look at the Consortium's staffing needs going forward includes the hiring of an administrative position which will not only alleviate some of the work Ms. Cocco's work load but will be able to assist her and take on administrative tasks associated with the Wellness Consultant that will allow Ms. Berry to focus on more strategic work. Details as to the position's grade level and advertising are still being worked out in conjunction with the County's Human Resources Department. In response to questions from Mr. Shattuck relating to Ms. Cocco's position with the Consortium, Ms. Dowd and Ms. Drake reassured him that in conjunction with creating a full-time administrative position they are also making efforts to move her position from Locey and Cahill to the Consortium.

Ms. Dowd said work is being done to go to market for a Medicare Advantage Plan. An RFP (Request for Proposals) is currently being developed and should be released soon. Mr. Barber reviewed the RFP and said the intent is to develop a Medicare Advantage Plan that closely mimics the Consortium's other plans that can be made available to retirees that are in the Consortium and covered under a third party Medicare Advantage Plan. At the next meeting the Committee will need to appoint a subcommittee to work with Locey and Cahill to review responses and make a recommendation for the August Board meeting.

Mr. Salton asked if it would be styled as an ancillary benefit and if it would help the Consortium for administrative clarity to have a different nomenclature for this since it's a pass-through. Mr. Barber said this is a good suggestion that can be considered.

Mr. Barber commented that most of the Consortium's current members are not married to what they have now and thinks this is a real opportunity for them as well as new members coming into the Consortium.

Invoices

The following invoices were presented for information only:

- Wellness Consultant – April 2019
- Insero Co. – April 2019
- Hancock Estabrook – May 2019

It was MOVED by Mr. Shattuck, seconded by Mr. Salton, and unanimously adopted by voice vote by members present to approve the final invoice from Segal Consulting dated April 25, 2019 for the Operations Audit.

A question was raised as to whether the Audit has been distributed to the Board and it had not. There was consensus that the report should be included in the Board of Directors agenda

packet; Ms. Dowd will review the report to confirm it does not contain confidential information prior to distribution.

Financial Update

Mr. Spenard distributed and reviewed an updated financial report through April 30th. With regard to income, Mr. Snyder noted interest in the amount of \$8,000 from Tompkins Trust was not received in time to be included on the report. This brings April interest to approximately \$44,000 which is similar to the March amount. He said premium income was slightly below budget; this could be due to members changing plans and the additional municipalities that came into the Consortium in 2019; prescription rebates were slightly above budget. Mr. Spenard noted the large increase in interest income and said net income for the month was \$20,500. On the expense side, both medical claims and prescription drug claims were below budget. He said the Consortium was in good shape at the end of the month; total net income as of April 30th was \$1.7 million with 93% of the budget being used to pay claims.

Mr. Cook said the Consortium is receiving premium income but has not yet seen the full impact of the new participants as all claims have not matured. Mr. Barber commented first quarter results should always be good for that reason but also because subscribers are paying deductibles at this time.

Mr. Barber commented that he doesn't believe the medical plan premium percentage figure on the Income Distribution graph on page 4 of the packet is correct and requested Mr. Spenard to look into this.

Mr. Snyder said going forward he will be reporting the current year's reserves on the JURAT filings with the Department of Financial Services instead of waiting until the end of the year to show the reserve balance. This will result in that filing and the financial report prepared by Locey and Cahill to show the same information. Mr. Snyder also commented that if the Consortium hadn't moved forward with investing funds it would have experienced a net loss in income this year.

High Cost Claims

Mr. Spenard reported as of March 1st there was one claim that exceeded \$100,000.

Mr. Cook said Tompkins Cortland Community College is a large receivable for the Consortium and asked if there is has been any improvement in the timeliness of payments being made. Mr. Snyder responded that there has been no change; however, there is restructuring taking place at the College and both sponsoring counties are aware of the College's financial situation and have been asked for an increase in its sponsor share.

Plan Underwriting Review Update

This item was deferred to the next agenda. Mr. Barber said the Consortium will begin looking at its 2020 budget in the next couple of months and asked that the underwriting of plans be done as soon as possible as the information is going to be needed to inform that process.

BMI Medical Claims Audit Findings

Ms. Dowd reported since the last meeting of this Committee Locey and Cahill have consolidated and analyzed information from the medical claims audit and identified which claims need to go back to Excellus in which there is disagreement over their analysis. Mr. Spenard said Mr. Locey is working on this. Ms. Dowd explained that BMI provides a 90-day period to work with them on outstanding issues and she would like to make sure this opportunity is taken advantage

of to resolve as many of those issues as possible. Mr. Barber said at the present time there are several areas that need clarification from Excellus but there will likely be a few items that will require action by the Board of Directors. Those items will be brought back to the next agenda.

Discussion of Insero & Co. Proposals

This item was deferred to the next agenda.

RESOLUTION NO. - RESOLUTION OF THE BOARD OF DIRECTORS OF THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM TO CONSIDER MEMBER-SHIP BY THE CHEMUNG COUNTY SOIL AND WATER CONSERVATION DISTRICT

Mr. Barber called attention to the items contained in the Resolved, noting this requests more information than what is asked of taxing authorities. This is the first time that a non-taxing entity will be entering the Consortium. He said they have approximately eight employees and if approved they will be saving a significant amount of money.

Mr. Cook expressed concern that the workload would fall on Mr. Thayer and Mr. Snyder and asked if they had comments. Mr. Snyder said this would be a lot of work and suggested dividing the work by having a group look at it. He also suggested creating an online application in which applicants have to submit information and said by doing this all of the information would be in one place and viewable by anyone who has access to it. There was consensus that it would be good for the Consortium to have a standard electronic process for this. Mr. Hart suggested there also be an application fee.

Following discussion it was MOVED by Mr. Shattuck, seconded by Mr. Salton, and unanimously adopted by voice vote by members present, to approve the resolution. MOTION CARRIED.

WHEREAS, the *Chemung County Soil and Water Conservation District* (the "Chemung County SWCD") has expressed interest in joining the *Greater Tompkins County Municipal Health Insurance Consortium* (the "Consortium") as a new participating municipality, and

WHEREAS, the Chemung County SWCD is eligible under § 4702(f) of the New York Insurance Law to apply for membership as a participant in the Consortium subject to the Board's unlimited discretion; and

WHEREAS, the Chemung County SWCD satisfies the geographic membership requirements set forth in Section A.2 of the currently-operative Municipal Cooperative Agreement ("MCA"); and

WHEREAS, the MCA requires that any new applicant to provide "satisfactory proof of its financial responsibility" to ensure that its added membership will not negatively impact or threaten the fiscal integrity of the Consortium; and

WHEREAS, the Board wishes to fully and diligently consider the financial health, security, and responsibility of the Chemung County SWCD prior to voting on its candidacy, now therefore be it

RESOLVED, That the Audit and Finance Committee recommends that the Board direct the Audit and Finance Committee to:

1. Be responsible for fully investigating and providing the Board with an evaluation and recommendation of the financial health, security, and responsibility of the Chemung County SWCD.
2. Request such information from the Chemung County SWCD as is necessary to fully investigate and evaluate this issue, including but not limited to:
 - a. SWCD internal governance documents and/or rules such as by-laws;
 - b. at least five years of annual financial statements;
 - c. confirmation of funding sources, funding mechanisms, account balances, assets, and investments;
 - d. the existence of all other contractual obligations;
 - e. the existence of any debts, contingent liabilities, or lawsuits;
 - f. the number of eligible employees, family members, and retirees; and
 - g. The County resolution creating the SWCD.
3. Make a written recommendation to the Board and Executive Committee within 60 days as to whether the Chemung County SWCD possesses sufficient indicia of financial responsibility to become a participating member of the Consortium without unduly or unnecessarily threatening its fiscal integrity. The recommendation *may* also include recommendations regarding the provision of additional security by the applicant, if that is deemed to be necessary and advisable.

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**RESOLUTION NO. – BOARD POLICY REGARDING COMPLIANCE WITH SECTION A.3
OF MCA**

MOVED by Mr. Shattuck, seconded by Mrs. Shawley.

Mr. Barber said this resolution requires all groups to adopt a resolution stating that within three years they will bring all of their municipal employees in or will cease being a member. This policy would apply to everyone and not only new partners and effects one municipality, the Village of Cayuga Heights.

Ms. Drake spoke of contract periods and suggested the date be based on the calendar year. In response to Mr. Hart, Mr. Barber said the Village of Cayuga Heights had a contract with the Teamsters when they joined the Consortium and have since renegotiated the contract.

Mr. Hart said when the original MCA was ratified by all of the municipalities and questioned if that constituted approval of that one municipality not having all of its actives in. He then spoke of the loyalty of the original municipalities that formed the Consortium and said they took some risk by joining when others did not. He said if the Village of Cayuga Heights is the only municipality and the contract pre-existed the Consortium itself, the formation of the Consortium may be considered approval of that municipality to continue doing what it was doing. He agrees with the proposed clause that no new group should be able to bring in any actives who are not part of the Consortium. Mr. Barber explained that the Consortium has been taking steps to remove any barriers to groups bringing in all of their employees and referenced the Medicare Supplement Plan that was created and the current proposal to offer a Medicare Advantage Plan. Mr. Hart asked that the Consortium's attorney clarify if the Board accepts a municipality with a group outside whether that constitutes Board approval of keeping the group outside.

It was MOVED by Mr. Hart, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members present, to Table the resolution to the next meeting for the purpose of allowing time for the Consortium's attorney to provide a response to Mr. Hart's question. MOTION TO TABLE CARRIED.

RESOLUTION NO. – AMENDMENT TO RESOLUTION NOS. 2 OF 2015 AND 7 OF 2018 – APPLICATION MATERIALS MUNICIPALITIES MUST PRESENT FOR APPLICATION TO JOIN THE CONSORTIUM AND RECOMMENDED MUNICIPAL RESOLUTION LANGUAGE

Mr. Barber explained the purpose of this resolution and said it is an attempt to address the issues that occurred during last year's start-up. Ms. Drake questioned some of the dates in the resolution being out of order; this will be corrected to show all steps in chronological order. Mr. Shattuck suggested a template be created for as many steps in the process as possible. Ms. Drake said she would like the resolution template to indicate what plan an entity will be participating in. The resolution was deferred to the next meeting to allow the Committee to consider a corrected version of the resolution.

Mr. Hart was excused at this time.

Next Agenda Items

The following items will be included on the next agenda:

- Continued Discussion of Internal Captive;
- Plan Underwriting Review Update;
- Update on BMI Medical Claims Audit;
- Resolution – Board Policy Regarding Compliance with Section A.3 of MCA
- Resolution – Amendment to Resolution Nos. 2 of 2015 and 7 of 2018 – Application Materials Municipalities Must Present for Application to Join the Consortium and Recommended Municipal Resolution Language;
- Proposals from Insero & Co.; and
- Policy to Determine a Departing Municipality's Pro Rata Share.

Adjournment

The meeting adjourned at 5:20 p.m.