



Greater Tompkins County Municipal Health Insurance Consortium

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www.healthconsortium.net • consortium@tompkins-co.org

"Individually and collectively we invest in realizing high quality, affordable, dependable health insurance."

Audit and Finance Committee

Agenda – June 28, 2022

3:00 PM

Town of Ithaca/Remote Satellites by Zoom

Satellite Locations to be posted at healthconsortium.net

(Contact consortium@tompkins-co.org for information to join meeting)

1. Call to Order (3:00)S. Thayer
2. Changes to Agenda
3. Approve Minutes – May 24, 2022
4. Executive Director (3:05)E. Dowd
 - a. Report
 - b. Introduction of Kate DeVoe as prospective Audit and Finance Labor Representative
 - c. NYS Department of Financial Services Audit
5. Investment Management Committee Report (3:15)
 - a. Resolution: Adoption of Amended Investment Management Policy
 - b. Presentation from Wilmington Trust on Performance and Suggested Portfolio Changes
6. Medicare Advantage Plan Options (3:45)
 - a. Resolution: Clarification regarding participant Medicare-aged retirees in relation to Municipal Cooperative Agreement (MCA) Requirement
7. Financial Update (4:00)
 - a. Finance Manager UpdateT. Apalovich
 - b. Abstract Approval
 - c. Budget Performance ReportS. Locey
 - d. Report on large loss claim activity
8. Next meeting Agenda Topics (4:25)
 - Initial Budget Review
 - Update DFS Audit
9. Adjourn (4:30)

**Audit and Finance Committee
Minutes - DRAFT
May 24, 2022
Remote by Zoom**

Present: Eric Snow; Bud Shattuck; Steve Thayer; Amanda Anderson; Judy Drake,
Temporary Member
Excused: Rordan Hart, Laura Shawley, Peter Salton, Lorie Corsette
Absent: Tim Arnold
Staff/Guests: Elin Dowd, Executive Director; Michelle Cocco, Clerk of the Board; Rob Spenard,
Paul Pelton, Locey and Cahill; Judy Drake, Board Chair; Teri Apalovich, Finance
Manager; Kylie Rodrigues, Benefits Specialist;

Call to Order

Mr. Thayer, Chair, called the meeting to order at 3:04 p.m.

Changes to the Agenda

There were no changes to the agenda.

Executive Director Report

Ms. Dowd reported Lynn Sheldon has accepted an offer for the position of Clerk of the Board and will be introduced at next week's Executive Committee meeting.

The 2021 medical and prescription drug utilization reviews were presented at the last meeting of the Joint Committee on Plan Structure and Design and will be available on the Consortium's website. The number one chronic condition for Consortium subscribers was depression and anxiety, followed by hypertension, cholesterol disorders, and diabetes. Ms. Dowd said good news presented was that only 3.2% of total dollars are being spent with non-participating providers. One of the reasons the Consortium contracts with Excellus is due to their robust network and the utilization review shows that members continue to seek the most cost-effective care by utilizing that network.

With regard to the prescription drug utilization, the use of generic drugs was up to 85.5%; therefore, steering members to less-expensive options is happening and with the switch in tier levels and the formulary, the Consortium is moving members to the most cost effective options. Control of diabetes continues to be the Consortium's highest cost, followed by skin conditions and inflammation, and cancer treatment. Ms. Dowd spoke of marketing that is done for drugs to treat skin conditions and inflammation and said some of the most expensive drugs are used to treat those conditions. Ms. Dowd said a lot of information is contained in those reports and encouraged members to review them.

Ms. Dowd reported the Claims and Appeals Committee will be reporting on the claims audit that was recently completed. She said a special long-term planning meeting scheduled for earlier in the month was canceled due to poor attendance. To keep these efforts moving forward, work groups will be convening to continue long-term planning and individuals will be invited to attend and speak about specific issues that will eventually be presented to the Executive Committee.

Ms. Dowd said staff has been doing a lot of work with new member plan comparisons and pricing as well as working with Locey and Cahill on existing members moving subscribers to different, more cost-effective plans.

The Annual Jurat has been filed with DFS along with the independent audit. A year-to-date annual summary, along with audit information was distributed to all Directors. Ms. Dowd said as a result of decisions made regarding the Investment Policy a meeting was held with Wilmington Trust about proposed changes. They were asked to make a presentation to this Committee about how they might utilize new options that may be available to them and to also give a report about their optimism for the Feds increasing rates in the remainder of the year. The presentation will include what that means to the Consortium's current portfolio and how treasury notes that are coming due will be reinvested.

Update on Prescription Drug Claims Audit

Mr. Shattuck, Chair of the Nominations and Engagement Committee, reported BMI has completed the audit of prescription drug claims for the years 2020 and 2021. He spoke of how the process has improved over time and said he believes it has been an effective audit. BMI sampled \$144,000 in claims and found \$2,900+ in error that were agreed to by ProAct. Ms. Dowd and Locey and Cahill reviewed the audit results and presented the findings to the Claims and Appeals Committee. Mr. Shattuck said BMI remains concerned that the Consortium doesn't see everything in the rebates that come back to the Consortium; Ms. Dowd and Mr. Locey will be reviewing discussing rebates with ProAct to make sure all are received. Lastly, he reported that although the Consortium has been satisfied with the pricing and service of BMI, it was the consensus of the Committee to issue an RFP for auditing services as BMI has held the contract for a number of years.

Ms. Dowd commented that a meeting was held today with ProAct and they have committed to making any changes that are necessary. Work continues on investigating rebates and the rebate system. ProAct is in the middle of their audit with Optum and closing out that relationship; they will keep the Consortium updated on that audit.

Financial Report

Budget Performance Report

Mr. Pelton reviewed financial results through April 30, 2022 and stated revenues were approximately 3.09% under budget; however, he noted the way the enhanced prescription drug rebates were budgeted likely have skewed the budget numbers at this time. He reviewed contracts and covered lives, noting an increase in covered lives by 122 and contracts up by 85. To date, the Consortium has not received any Stop Loss reimbursement. He spoke of the mark to market reporting, noting increased earnings are now being booked (\$3,000 under budget).

Mr. Pelton reported cumulatively, medical and prescription drug rebates are approximately \$850,000 below budget. There has been an increase in RX Admin. fees which is being driven by prior authorizations. A discussion was held with ProAct about how changes in the Formulary are contributing to that; it is hoped that will drop off in the remainder of the year. Paid claims and Stop Loss, excluding investment losses, represents approximately 95% of total expenditures. This demonstrates the Consortium is a very efficient model that is running very effectively.

Mr. Spenard reported on high cost claims and noted when comparing claims through April 2022 against claims through the same period in 2021 there was an increase in the number of claimants above \$100,000 with there being five last year and eight to date this year. He noted, that last year individuals may not have been going to the doctor and catching health concerns due to the pandemic. He reviewed a history of large losses and said historically the Stop Loss paid claim ratio is about 44%; on average .59% of covered lives account for 17.28% of overall paid claims.

Mr. Spenard reviewed the Catastrophic Claims Self Insurance Reserve Pool and noted last year a particular member had a \$1 million laser applied to them; this year Excellus only applied a \$700,000 laser to that member.

At this time Ms. Drake appointed herself as a Temporary Member of the Committee for quorum purposes.

Approval of Minutes of April 26, 2022

It was MOVED by Mr. Shattuck, seconded by Mr. Thayer, and unanimously adopted by voice vote by members present, to approve the minutes of April 26, 2022 as submitted. MINUTES APPROVED.

RESOLUTION NO. – 2022 – AUTHORIZATION TO PARTICIPATE IN NYCLASS

It was MOVED by Mr. Thayer, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members present, to approve the following resolution and submit to the Executive Committee. MINUTES APPROVED.

WHEREAS, New York General Municipal Law, Article 5-G, Section 119-o (Section 119-o) empowers municipal corporations [defined in Article 5-G, Section 119-n to include school districts, boards of cooperative educational services, counties, cities, towns and villages, and districts] to enter into, amend, cancel, and terminate agreements for the performance among themselves (or one for the other) of their respective functions, powers, and duties on a cooperative or contract basis, and

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium wishes to invest portions of its available funds in cooperation with other corporations and/or districts pursuant to the NYCLASS (New York Cooperative Liquid Assets Securities System) Municipal Cooperation Agreement Amended and Restated as of March 28, 2019, and

WHEREAS, wishes to satisfy the safety and liquidity needs of their funds, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Executive Committee on behalf of the Board of Directors, hereby authorizes Elin R. Dowd, Executive Director, on behalf of the Greater Tompkins County Municipal Health Insurance Consortium, to participate in the NYCLASS Program under the terms of the NYCLASS Municipal Cooperation Agreement Amended and Restated as of March 28, 2019.

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Abstract Approval

Ms. Apalovich presented and reviewed the April monthly financial abstract; there were no questions or concerns. It was MOVED by Mr. Thayer, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to approve the May 2022 monthly abstract. MOTION CARRIED.

Invoice Approval

It was MOVED by Mr. Thayer, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to approve a final audit invoice from Insero and Co. LLP, in the amount of \$4,500. MOTION CARRIED.

Next Agenda Topics

The following items will be included on the next agenda:

- Continued discussion of Catastrophic Claims Self-Insurance Pool

Adjournment

The meeting adjourned at 3:45 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the Board

Executive Director Report June 2022

When the Consortium started, we were fortunate to garner the support of Michelle Cocco as our Clerk of the Board. Michelle's role has changed over the years, but her commitment to advancing our mission has always remained steadfast. Although I am thrilled that Michelle is now at a stage in life where she can celebrate retirement both from the County as well as the Consortium, I am saddened that she has put in her final notice for June 17th. We will recognize Michelle at the June Executive Committee meeting for her years of service and dedication to the Consortium.

Lynn Lacko-Sheldon will start as our new Clerk of the Board on June 6th and work closely with Michelle before she completely retires. Lynn has been working at TC3 in the Continuing Education Department as an Administrative Assistant. Lynn's previous work includes working with School Treasurers as part of the Syracuse City School District staff, other accounting roles, and has significant experience with supporting programs and departments with strong administrative and organizational skills. In addition, Lynn has had experience working with municipalities in various rolls and we know she will make a great addition to our team.

Executive Committee

The Executive Committee continues to address issues related to advancing our mission through long-term business planning meetings. Currently, the Committee is reviewing Section A 5. of the Municipal Cooperative Agreement and analyzing the risks associated with changing our policy on full participation for all employee groups.

Audit and Finance Committee

At the April meeting the Audit and Finance Committee met with our external auditors to review the 2021 annual audit. The full report is available on our website and a copy of the report with notes from the Executive Director as the Annual Report was sent in early May to all Directors. The report was accepted thus allowing Finance Manager, Teri Apalovich, to submit the 2021 annual JURAT to the NYS Department of Financial Services.

The new sub-committee working on the Investment Manager's RFP (Request for Proposals) has had discussions with the Audit and Finance Committee on our current Investment Policy Statement and our appetite for any additional risk we may wish to include in our Policy going forward. An amended Policy was approved by the Committee and additional investment vehicles were added. The new Policy will be put before the Board in September. In anticipation of the changes, Wilmington Trust was contacted to ask them to prepare a presentation to the Committee in June regarding their willingness to manage under the new policy and present how they would change our portfolio with these revisions. Their response is below.

"We are very excited to work with Greater Tompkins County Municipal HIC (GTCMHIC) as the investment parameters are expanded to allow for the complete sector allocation of the NY GML. We also look forward to providing our investment management services in the manner consistent with our discretionary investment management relationships.

Once we review the revised Investment Policy Statement (IPS), we will be in touch with any comments or questions. We will ensure that we have a complete understanding of the GTCMHIC objectives including liquidity needs, risk tolerance and statutory constraints. As a discretionary investment manager, we will set the investment strategy within the guidelines of the IPS and our discussions and we will execute. We do not discuss on a trade-by-trade basis, but rather make investment decisions based on the goals and objectives of GTCMHIC as stated in the IPS and market conditions. Our goal is to maximize the yield of the portfolio within the guidelines provided.

Per our discussion today, we will work to model a portfolio reinvesting those securities that will mature prior to September and taking advantage of the sectors where we see value. In today's rising rate environment where the Fed, in an effort to control inflation, is signaling an aggressive rate rise campaign we expect we will keep the portfolio short. The strategy allows us to evaluate the data regarding inflation and interpret what the Fed has planned going forward. This also allows us to redeploy the maturing funds at higher prevailing rates if they hike

Executive Director Report
June 2022

as expected. Our current expectation is that we will keep the portfolio short until such time as we believe the market and interest rates have stabilized.

Operations Committee

The Operations Committee met in April and is continuing to review policies that will help us work more efficiently. A new policy was reviewed to remain compliant with changes to the NYS Open Meetings Law. The draft of the new policy will be advanced for approval at the June Executive Committee meeting. In addition, the Committee is reviewing the performance of our Pharmacy Benefit Manager under the new contract which went into effect on January 1, 2022.

Nominations and Engagement Committee

The Nominations and Engagement Committee met in April to secure candidates to fill vacancies created due to resignations. Discussions have also started on topics for our Board retreat in August and the Annual September Board meeting. One of the goals for this Committee remains how to keep people engaged in the organization as we continue to grow.

Claims and Appeals Committee

The Executive Director, along with Locey and Cahill, met with BMI to review the Executive Summary for our Prescription Drug Audit. The Executive Director recently followed up with ProAct to discuss the audit and any concerns that surfaced as part of the audit. Making sure we receive all manufacturer's rebates in a timely fashion remains an ongoing concern for us and continued discussions will transpire with ProAct regarding this topic. An RFP will commence to review all options available to us towards securing a firm to continue auditing our third-party claims administrators.

The Joint Committee on Plan Structure and Design

New Bylaws have been reviewed and approved. Continued concern remains for how to keep labor representatives involved in our organization, especially to reach quorum for the Joint Committee, but also to fill labor seats on our Board of Directors. The May meeting was jam-packed with information on the performance of our plan including presentations by both Excellus and ProAct on the 2021 Utilization Review. Both reports can be found on our website <http://www.healthconsortium.net/governance/financials>

Our 2022 Blue4U Biometric screenings had a record-breaking year of participation with close to 700 subscribers participating.

Our Benefit Specialist, Kylie Rodrigues, hosted a Wellness seminar on April 28th on advanced care planning. The Webinar was well received, and many participants asked for additional information relative to the topic. Thank you to Karen McMullen, Esq. from Levene Gouldin & Thompson, LLP, for volunteering your time to increase our awareness of important information relative to effective planning.
[Link to Facebook page](#)

The June Newsletter will be available shortly. Please check your mailbox and our website for more information.
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Respectfully submitted by Elin R. Dowd, Executive Director, May 27, 2022.



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RESOLUTION NO. – 2022 – APPROVAL OF AMENDMENT TO THE INVESTMENT MANAGEMENT POLICY

WHEREAS, the Consortium's Investment Management Policy currently restricts the Consortium from investing in additional investment vehicles that are authorized under General Municipal Law (GML), and

WHEREAS, upon discussion by the Investment Management Subcommittee, there is interest in allowing the Consortium's Investment Manager to have the ability to invest and capitalize on other investments that are permitted under GML and structure a portfolio based on the Consortium's cash flow needs, utilizing instruments that would produce the best return, now therefore be it

RESOLVED, on recommendation of the Investment Management, Audit and Finance, and Executive Committees, That the Board of Directors hereby approves the Consortium's amended Investment Management Policy.

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EXHIBIT "A"

INVESTMENT POLICY

FOR

GREATER TOMPKINS COUNTY MUNICIPAL INSURANCE CONSORTIUM

Article I

Purpose and Objectives

A. The purpose of this Investment Policy (the "**Policy**") is to set forth the parameters within which the funds of the Greater Tompkins County Municipal Health Insurance Consortium (the "**Consortium**") are to be managed. In methods, procedures, and practices, the Policy formalizes the framework for the Consortium's investment activities that must be exercised to ensure effective and judicious management of its funds.

B. This Policy applies to all moneys and other financial resources of the Consortium with regard to depositing and investing its assets, and the Policy shall represent the investment constraints of all invested assets.

C. The primary objectives for implementation of the Policy, in priority order, are: (1) to conform with all applicable federal, state and other legal requirements; (2) to adequately safeguard principal; (3) to provide sufficient liquidity to meet all operating requirements of the Consortium; and (4) to obtain a reasonable rate of return.

Article II

Delegation of Authority

A. Pursuant to Section J(5) of the Municipal Cooperation Agreement of the Consortium,¹ the Board of Directors of the Consortium (the "**Board**") may delegate certain responsibilities set forth herein to the Chief Fiscal Officer of the Consortium (the "**CFO**").

B. As set forth in Article II, Section (A) above, the Board hereby delegates to the CFO, the authority to administer the Consortium's investment program (the "**Investment Program**"), and to establish written procedures for the operation of the Investment Program consistent with this Policy, and all applicable federal and state laws². However, any such written procedures shall become effective only upon approval by the Board.

Article III

Standards of Care

A. Prudence.

1. Each person responsible for managing and investing the Consortium's financial assets shall act in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances. When making investment and management decisions, the primary objectives for implementation of the Policy set forth in Article I, Section (C) above shall be considered.

¹ See Section J(5) of the 2014 Amendment to the Municipal Cooperation Agreement.

² See Section 10 and 11 of the New York State (the "**State**") General Municipal Law, and Section 4706(b) of the State Insurance Law.

2. In making decisions regarding management and investment of the Consortium's financial assets, the following non-exclusive factors shall be considered, if relevant:

- i. general economic conditions;
- ii. the possible effect of inflation or deflation;
- iii. the role that each investment or course of action plays within the overall investment portfolio of the Consortium;
- iv. the expected total return from income and the appreciation of its investments;
- v. other resources of the Consortium;
- vi. the needs of the Consortium and the specific funds to make distributions and to preserve capital; and
- vii. an asset's special relationship or special value, if any, to the purposes of the Consortium.

B. Ethics and Conflicts of Interest. Officers, members, and employees of the Consortium involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the Investment Program, or that could impair their ability to make impartial investment decisions. Officers, members, and employees involved in the investment process shall disclose to the Consortium's Executive Director and the Board any material financial interests they have in financial institutions that conduct business with the Consortium and shall further disclose any personal financial/investment positions that could be related to the performance of the Consortium's investment portfolio. Officers, members, and employees involved in the Investment Program shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Consortium; and shall be bound by the Consortium's Code of Ethics Policy.

Article IV **Suitable and Authorized Investments**

A. The following investments are permitted by the Policy:

1. U.S. Treasury & Government Guaranteed. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided that the Full Faith and Credit of the United States of America must be pledged to any such direct obligation or guarantee ("**Direct Obligations**").

2. US Government Agencies

3. Municipals. Obligations issued or guaranteed by any of the following:

- i. Obligations of **New York** State; or
- ii. With the approval of the State Comptroller, obligations issued pursuant to Section 24.00 or 25.00 of the State Local Finance Law (i.e. Tax Anticipation Notes and Revenue Anticipation Notes), by any municipality, school district or district corporation in the State, other than the Consortium.

4. Time Deposits. Special time deposit accounts, or non-negotiable certificates of deposit ("CD") in a State "banking institution"³ or federally chartered banks, savings and loans or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with State Law.

5. Obligations of other (non-NY) US states, or their political subdivisions, having the power to levy taxes that are backed by the full faith and credit of such state or political subdivision and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

6. Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization

7. Obligations of domestic corporations rated in one of the four highest rating categories by at least one nationally recognized statistical rating organization

8. Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by federal bank regulatory agencies.

9. Commercial paper and bankers' acceptances issued by a bank (other than the bank with which the money is being deposited or invested) rated in the highest short-term category by one nationally recognized statistical rating organization and having maturities of no longer than sixty days from the date they are pledged.

Article V **Investment Parameters**

A. Diversification. Investments of funds of the Consortium shall be diversified to limit the risk of loss resulting from the concentration of assets in a specific type of investment, specific maturity, specific issuer or specific sector. The diversification strategy shall be reviewed as frequently as circumstances require, but at least annually.

The following diversification parameters have been established:

Sector Type	Sector Max (%)	Issuer Max (%)	Ratings Requirement ¹	Max Maturity
US Treasury and Government Guaranteed	100%	N/A	N/A	10 Years ²
Municipals	30%	5%	Top Three Ratings Categories	10 Years
Time Deposits and Certificates of Deposit	50%	FDIC Limit	N/A, so long as FDIC-guaranteed	5 Years
Non New York State Municipals	10%	N/A	Top Three Ratings Categories	10 Years
Puerto Rico	10%	N/A	Top Three Ratings Categories	10 Years
Domestic Corporations	10%	N/A	Top Four Ratings Categories	10 Years
Mortgage Related Securities	10%	N/A		10 Years
Commercial Paper	10%	N/A	Highest short-term category	60 days

¹ By a Nationally Recognized Statistical Ratings Organization ("NRSRO")

² Government guaranteed mortgage-backed securities shall have a maximum weighted average life of 10 years

B. **Subsequent Credit Downgrades.** In the event of a downgrade of a security below the minimum credit standards for a new investment of that security, the CFO shall evaluate the downgrade on a case-by-case basis, and promptly notify the Board and recommend a course of action. If the CFO and/or the Board has retained a professional investment advisor, the investment advisor shall promptly notify the CFO of any downgrade below the minimum credit standards and recommend a course of action.

Article VI

Investment Institutions

A. All financial institutions and dealers with which the Consortium transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size and other factors that make the financial institution or the dealer capable and qualified to transact business with the Consortium.

B. The CFO shall evaluate the financial position of all financial institutions and dealers with which the Consortium transacts business, and maintain a listing of proposed depositories, trading partners, and custodians. Recent Reports of Condition and Income (i.e. call reports) shall be obtained for proposed banks, and security dealers that are not affiliated with a bank, shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as "primary dealers."

Article VII

³ As such term is defined in Section 9-r of the State Banking Law.

Qualifications of Broker-Dealers

A. The Consortium shall maintain a list of approved security broker-dealers selected by a process of due diligence, which process shall require all broker-dealer candidates to supply the following:

1. Audited financial statements demonstrating compliance with State and federal capital adequacy guidelines;
2. Proof of certification from the Financial Industry Regulatory Authority;
3. Proof of State Registration required by the State General Municipal Law;
4. Evidence of adequate insurance coverage; and
5. Certification and acknowledgement of having read, understood and agreeing to comply with this Policy.

B. Approved security broker-dealers may include primary dealers or regional dealers registered with the Securities Exchange Commission ("**SEC**") that comply with SEC net capital standards under Section 15c3-1 of the Securities Exchange act of 1934 (the "**Exchange Act**").

C. The Consortium is authorized to employ an external investment advisor that shall maintain its own list of approved and qualified security broker-dealers, subject to the same process of due diligence set forth in Article VII, Section (A) above.

Article VIII

Competitive Transactions

A. To ensure that transactions meet best execution requirements, the Consortium has established the following procedures:

1. The CFO or the investment advisor, to the extent applicable, shall seek to obtain at least three (3) competitive bids or offers on any necessary contract related to the purchase and sale of investments; and
2. The CFO or the investment advisor, to the extent applicable, shall document any competitive bids, offers, or quotations received in reliance on this Article.

B. If the Consortium hires an external investment advisor as permitted by Article VII, Section C of this Policy, the advisor must retain documentation demonstrating compliance with this Article, to the extent it is applicable, and provide such documentation to the Consortium upon request.

Article IX

Securing Deposits and Investments

A. All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively, the "**Deposits**") made by officers of the Consortium that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, including pursuant to a Deposit Placement Program in accordance with applicable law, shall be secured by the following vehicles listed below: **Although allowed by State General Municipal Law, the CFO, after consultation with the Investment Advisor, may limit the selection of eligible securities from the list for collateralizing deposits.**

1. A pledge of "**eligible securities**"⁴ with an aggregate market value that is at least equal to the aggregate amount of the Deposits;
2. A pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of the Deposits;
3. An "**eligible surety bond**"⁵ payable to the government for an amount at least equal to one hundred percent (100%) of the aggregate amount of the Deposits and the agreed-upon interest, if any, executed by an insurance company authorized to do business in the State, whose claims-paying ability is rated in the highest rating category by at least two (2) nationally recognized statistical rating organizations;
4. An "**eligible letter of credit**,"⁶ payable to the Consortium as security for the payment of one hundred forty percent (140%) of the aggregate amount of the Deposits and the agreed-upon interest, if any. An "eligible letter of credit" shall be an irrevocable letter of credit issued in favor of the Consortium for a term not to exceed ninety (90) days, by a qualified bank (other than the bank where the secured money is deposited). A qualified bank is either one whose commercial paper and other unsecured short-term debt obligations (or, in the case of a bank which is the principal subsidiary of a holding company, whose holding company's commercial paper and other unsecured short-term debt obligations) are rated in one (1) of the three (3) highest rating categories by at least one (1) nationally recognized statistical rating organization, or one that is in compliance with applicable federal minimum risk-based capital requirements; and/or
5. An irrevocable letter of credit issued in favor of the Consortium by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one (1) nationally recognized statistical rating organization, as security for the payment of one hundred percent (100%) of the aggregate amount of the Deposits, and the agreed-upon interest, if any.

Article X

Safekeeping and Custody

A. **Third-Party Safekeeping.** All investment securities purchased for or held as collateral on deposits or investments shall be held by an independent third-party safekeeping institution, such as a bank, trust company, or third-party custodial agent who may not otherwise be a counter-party to an investment transaction, selected by the Consortium (the "**Independent Safekeeping Institution**"), and subject to security and custodial agreements as follows:

1. Consistent with Section 10(3)(a) of the State General Municipal Law, the security agreement shall provide that eligible securities are being pledged to secure the Deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of the Deposits

upon a default. It shall also provide the conditions under which the securities held may be sold, presented for payment, substituted or released and the events of default which will enable the local government⁷ to exercise its rights against the pledged securities. Such agreement shall include all provisions deemed necessary and sufficient to secure in a satisfactory manner the local government's interest in the collateral.

2. The custodial agreement shall provide that the pledged securities will be held by the Independent Safekeeping Institution as agent of, and custodian for, a local government, and will be kept separate and apart from the general assets of the Independent Safekeeping Institution, and it shall also provide for the manner in which the Independent Safekeeping Institution shall confirm the receipt, substitution or release of the collateral. Such agreement shall further provide for the frequency of revaluation of collateral by the Independent Safekeeping Institution, and the substitution of collateral when a change in the rating of a security causes ineligibility pursuant to the State General Municipal Law.⁸

3. The security and custodial agreements shall also include all other provisions necessary to provide the Consortium with a perfected security interest in the eligible securities and to otherwise secure the local government's interest in the collateral, and may contain other provisions that the Board deems necessary.

⁴ As defined in Section 10(1)(f) of the State General Municipal Law

⁵ See State General Municipal Law Section 11(1)(g).

⁶ See State General Municipal Law Section 11(1)(h).

⁷ As such term is defined in Section 10(1)(a) of the State General Municipal Law.

B. Internal Controls. The CFO shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be designed to prevent the loss of funds arising from fraud, employee error, and misrepresentation by third-parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Consortium. The system of internal controls shall further provide a satisfactory level of accountability based upon records incorporating the description and amounts of investments, the fund(s) for which they are held, the place(s) where such funds are kept, and other relevant information, including dates of sale or other dispositions and amounts realized. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the Investment Program.

Article XI

Performance Standards/Evaluation

A. Assets will be managed in accordance with the parameters specified within this Policy. Performance should be compared to a relevant benchmark or benchmark(s), at regular intervals, but at least on a quarterly basis.

B. Prior to any reporting period, a performance benchmark or benchmarks will be established by the Board. The benchmark(s) shall be reflective of the actual securities being managed and risks undertaken; and the benchmark(s) shall have a similar weighted average maturity and credit profile as the portfolio.

Article XII

Reporting/Disclosure

A. The CFO shall prepare or have prepared an investment report each quarter, including a summary that provides an analysis of current investments (the "**Investment Report**"). The Investment Report shall be prepared in a manner that will allow the Board to ascertain whether investment activities during the reporting period have conformed to the Policy.

B. The Investment Report shall include, at a minimum, the following:

1. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate;
2. Average maturity and duration of investments;
3. Maturity distribution; and
4. Average portfolio credit quality.

⁸ See Section 10(3)(a) of the State General Municipal Law.

Article XIII **Review of Policy**

The Board shall review the Policy at least annually, within one hundred twenty (120) days of the end of the fiscal year, to reflect developments affecting the Consortium's finances and activities, and to ensure its consistency with the primary objectives set forth in Article I, Section (C) herein.

Article XIV **Policy Adoption**

This Policy is adopted by the Board this 22nd day of March, 2018.



Greater Tompkins County Municipal Health Insurance Consortium

P.O. Box 7 • Ithaca, New York 14851 • (607) 274-5590

Headquarters: 215 N. Tioga Street, Ithaca, NY 14850

www.healthconsortium.net • consortium@tompkins-co.org

"Individually and collectively we invest in realizing high quality, affordable, dependable health insurance."

RESOLUTION NO. – 2022 – CLARIFICATION REGARDING PARTICIPANT MEDICARE-AGED RETIREES IN RELATION TO MUNICIPAL COOPERATIVE AGREEMENT (MCA) REQUIREMENT

WHEREAS, Section A (5.) of the 2022 Amendment to the Municipal Cooperative Agreement states that " Participation in the Medical Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant shall not be permitted without a Board approved waiver", and

WHEREAS, the Consortium continues to support having all collective bargaining units or employee groups in the Consortium risk pool to maintain stabilized premium rates and prevent adverse risk selection, and

WHEREAS, the Consortium's has deemed the term "employee groups" to include active employees, COBRA continuation of coverage members, non-Medicare-aged retirees, and Medicare-aged retirees, and

WHEREAS, there have been some exceptions made, upon entrance, to allow Medicare-aged retirees of new Participants with fully-insured Medicare Advantage Plans to remain with said coverage, and

WHEREAS, the Consortium does not currently offer a Medicare Advantage Plan or Plans, and

WHEREAS, several Participants are reviewing cost-effective options for their Medicare-aged retiree population, including moving from current Consortium coverage to fully insured Medicare Advantage plans with other carriers, and

WHEREAS, the Consortium believes that offering a Medicare Supplement Plan is an excellent option for Medicare eligible retirees; however, due to federal subsidies currently available to fully-insured plans the Consortium's Medicare Supplement Plan is unable to compete with the lower costs of some Medicare Advantage Plans, and

WHEREAS, although the Consortium cannot set up a Medicare Advantage program within the fund, the Consortium can provide a convenient, pass-through option as is done with other ancillary benefits offered through the Consortium, now therefore be it

RESOLVED, That the Consortium, on behalf of the Board of Directors, will hereby enforce That Section A (5) "Participation in the Medical Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant shall not be permitted without a Board approved waiver" will remain in force for all active and retired employee groups of each Participant,

RESOLVED, further, That any Participant selecting to withdraw an employee group shall request such waiver prior to September 1st of each year for consideration by September 30th or for new Participants as part of the application process.

**RESOLUTION NO. – 2022 –CLARIFICATION REGARDING PARTICIPANT MEDICARE-
AGED RETIREES IN RELATION TO MUNICIPAL
COOPERATIVE AGREEMENT (MCA) REQUIREMENT**

RESOLVED, further, That the Consortium will secure an approved vendor by October 31, 2022 to provide a fully insured Medicare Advantage product to act as a pass through as a Medicare-aged retiree plan option commencing January 1, 2023 for Participants of the Consortium,

RESOLVED, further, That the Consortium will review annually charging a risk assessment fee to any Participant using a fully insured Medicare Advantage Plan product purchased from a source other than the Consortium.

RESOLVED, further, That any Participant currently enrolled in a fully insured Medicare Advantage Plan, not offered through the Consortium, at the time when this resolution is approved, will be grandfathered in as a Board approved waiver effective July 1, 2022, provided the Consortium has secured a similar product to offer to all Participants effective on January 1, 2023, this waiver will expire on December 31, 2024 and the Participant will be required to move to the Consortium Medicare Advantage Plan on a pass-through basis or be subjected to a risk assessment fee.

RESOLVED, further, That all Participants requesting a waiver to provide a fully insured Medicare Advantage Plan to their eligible employee groups on/or after January 1, 2023 will be required to use the Consortium secured Medicare Advantage Plan product.

* * * * *

Greater Tompkins County Municipal Hlth Insurance Consortium

MONTHLY ABSTRACT - JUNE 2022

Type	Date	Pymt Num	Invoice #	Name	Memo	Amount	
Check	05/20/2022	A3629733		EXCELLUS HEALTH PLAN - CLAIMS	05112022-05172022	\$ 771,302.20	
Check	05/20/2022	A3629733		EXCELLUS HEALTH PLAN - CL	04302022 Covered Lives	\$ 30,915.35	
Check	05/27/2022	A3651997		EXCELLUS HEALTH PLAN - CLAIMS	05182022-05242022	\$ 748,514.28	
Check	06/02/2022	A3675916		EXCELLUS HEALTH PLAN - CLAIMS	05252022-05312022	\$ 898,684.67	
Check	06/10/2022	A3702230		EXCELLUS HEALTH PLAN - CLAIMS	06012022-06072022	\$ 722,632.64	
Check	05/24/2022	A3630967		EXCELLUS HEALTH PLAN - GROUP	June 2022 Admin Fees	\$ 153,026.43	
Check	05/20/2022	A3630888		PROACT, INC.	05/01/2022-05/15/2022	\$ 599,311.40	
Check	06/07/2022	A3686635		PROACT, INC.	05/16/2022-05/31/2022	\$ 742,957.00	
Bill	04/30/2022	5138 127278		INSERO & CO	Final Audit 2021	\$ 4,500.00	Approved 5/26 AFC meeting
Bill	05/11/2022	5137 471176		Hancock Estabrook LLP	Legal Services through 04/30/2022	\$ 110.00	
Bill	05/31/2022	5144 06072022		CHASE	Credit Card	\$ 245.62	
Bill	05/27/2002	3969		Tompkins Cortland Community Collage	T Apalovich - Advanced Excel	\$ 149.00	
Bill	05/31/2022	2022-05		TOWN OF ITHACA NY	Payroll	\$ 26,014.75	
Bill	05/01/2022	June 2022 Rent		TOWN OF ITHACA NY	June 2022 Rent	\$ 800.00	
Bill	05/31/2022	33967		CANARX	5/16/2022-5/31/2022	\$ 14,823.30	
Bill	06/01/2022	17297		Locey & Cahill	June Invoice	\$ 7,425.00	
Bill	06/10/2022	May Phones		Tompkins County	May Phone Charges	\$ 18.51	
Bill	06/30/2022	2nd Qtr Finance		Tompkins County	2nd Qtr Finance contract	\$ 5,000.00	
Bill	06/07/2022	74692		Ithaca College	Newsletter	\$ 840.59	
Bill	06/01/2022	BN306987		Bonadio & Co. LLP	2022 1st Qtr Jurat Review	\$ 3,200.00	
Bill	06/08/2022	472331		Hancock Estabrook LLP	Legal Sevices through 05/31/2022	\$ 4,015.00	
						\$ 4,734,485.74	



2022 Fiscal Year Budget Performance Report As of May 31, 2022

Locey & Cahill, LLC
250 South Clinton Street, Suite 340
Syracuse, NY 13202
Tel (315) 425-1424
Fax (315) 425-1394
E-mail: slocey@loceycahill.com



Section 1

2022 Fiscal Year-to-Date Income Budget vs Actual Results

2022 Income Budget vs Actual (05/31/2022)

Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC)

2022 Budget Performance Analysis

Results as of: 5/31/2022

of Months: 5

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Income							
	Medical and Rx Plan Premiums *	\$57,752,443.75	\$55,937,315.28	\$23,307,214.70	\$22,913,929.80	-\$393,284.90	-1.69%
9005	Gain on Investments	\$0.00	\$0.00	\$0.00	\$86,198.14	\$86,198.14	
9020	Interest	\$45,660.35	\$45,660.35	\$19,025.15	\$15,171.59	-\$3,853.56	-20.26%
9010	Rx Rebates	\$3,000,000.00	\$3,000,000.00	\$500,000.00	\$437,789.74	-\$62,210.26	-12.44%
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9035	Finance Charge Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Income		\$60,798,104.10	\$58,982,975.63	\$23,826,239.85	\$23,453,089.27	-\$373,150.58	-1.57%

Key Facts:

1. Total Income was 1.57% below the amended budget, with premium income being 1.69% below the amended budget for the first 5-months of the fiscal year. The amended budget reflects the changes in plan designs and demographics of the participants as detailed below:
 - a. There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan.
 - b. Changes in covered lives and contract counts.
 - c. Enhanced Rx Rebates will be in effect following the June 2022 payment.

2022 Income Budget vs Actual (05/31/2022)

Key Facts (continued):

- c. The number of contracts insured by the Consortium increased by 2.84% and the number of covered lives grew by only 1.90%. The disparity in this number is primarily due to the County's move to the Consortium's Medicare Supplement Plan for their Medicare-aged retirees and their spouses.

Monthly Average Covered Lives by Fiscal Year

<i>Year</i>	<i>Member</i>	<i>Spouse</i>	<i>Dependent</i>	<i>Total lives</i>
2011	1,995	1,056	1,348	4,401
2012	2,004	1,058	1,386	4,448
2013	2,281	1,228	1,567	5,077
2014	2,269	1,188	1,556	5,012
2015	2,301	1,173	1,546	5,021
2016	2,322	1,186	1,555	5,063
2017	2,397	1,208	1,567	5,172
2018	2,439	1,216	1,546	5,201
2019	2,867	1,436	1,867	6,170
2020	2,942	1,454	1,876	6,271
2021	3,035	1,406	1,862	6,303
2022	3,120	1,417	1,885	6,422

* Member = Employee, Retiree, or COBRA Contract Holder

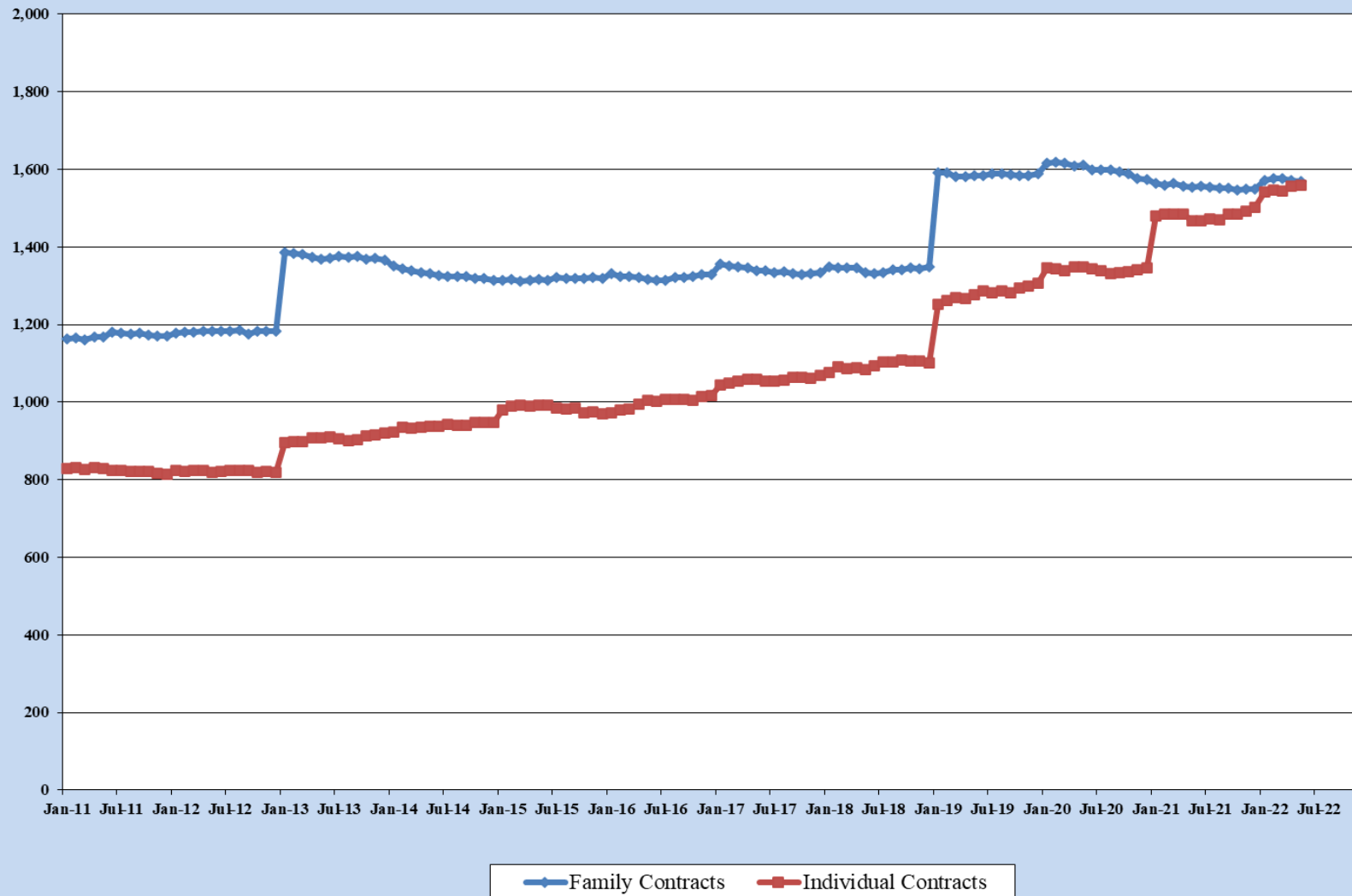
Monthly Average Contract Count by Fiscal Year

<i>Year</i>	<i>Family Contracts</i>	<i>Individual Contracts</i>	<i>Total Contracts</i>	<i>Avg. # of Lives Per Contract</i>	<i>Avg. # of Lives Per Family</i>
2011	1,172	824	1,995	2.205	3.053
2012	1,182	822	2,004	2.220	3.068
2013	1,375	907	2,281	2.225	3.033
2014	1,329	939	2,269	2.209	3.064
2015	1,317	984	2,301	2.182	3.065
2016	1,322	999	2,322	2.181	3.073
2017	1,340	1,058	2,397	2.157	3.071
2018	1,343	1,096	2,439	2.133	3.057
2019	1,586	1,281	2,867	2.152	3.082
2020	1,600	1,342	2,942	2.132	3.081
2021	1,555	1,481	3,036	2.076	3.101
2022	1,573	1,550	3,122	2.057	3.098

Greater Tompkins County Municipal Health Insurance Consortium

Monthly Contract Count by Plan Type

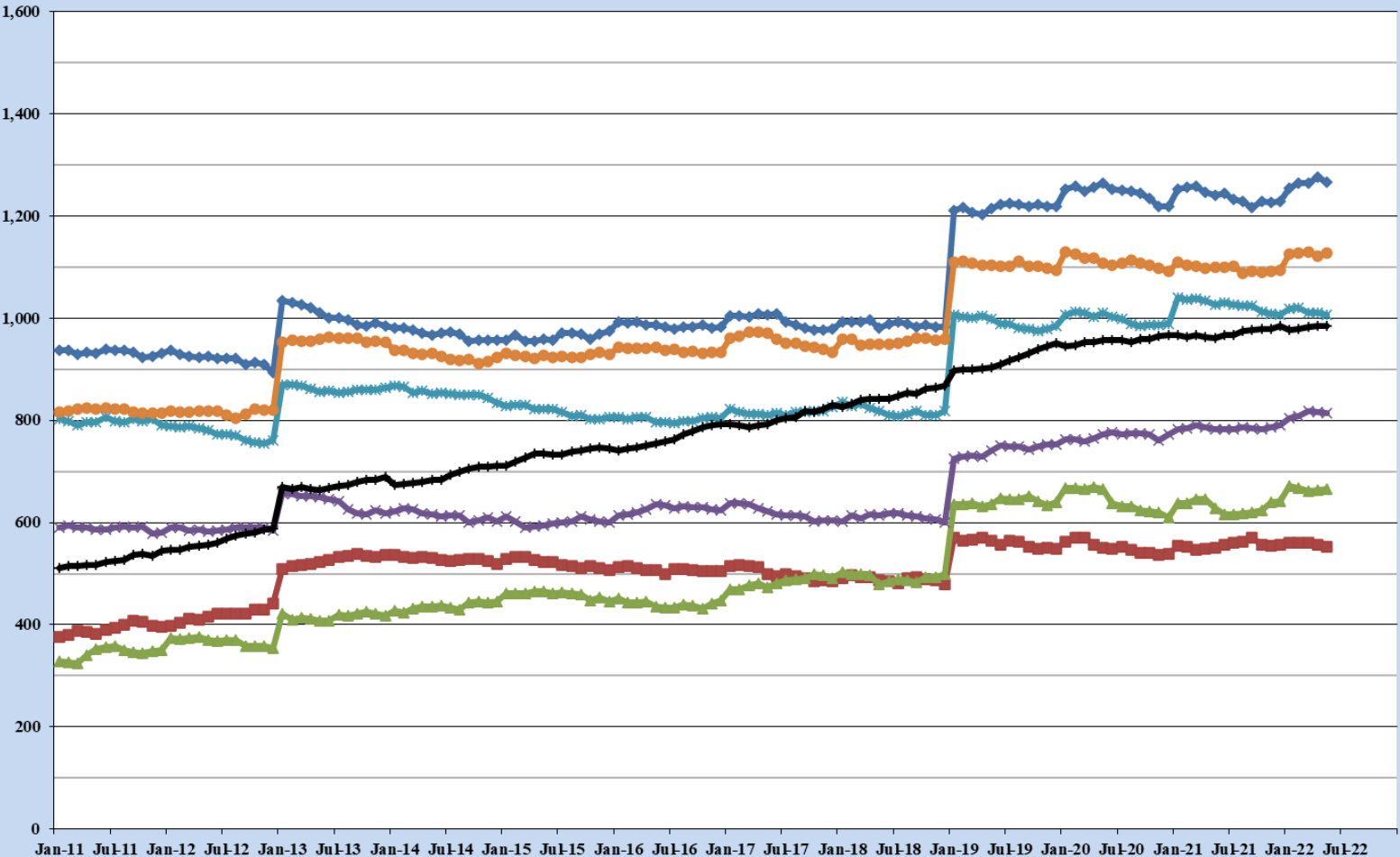
January 1, 2011 to May 31, 2022



Greater Tompkins County Municipal Health Insurance Consortium

Monthly Covered Lives by Age Band

January 1, 2011 to May 31, 2022



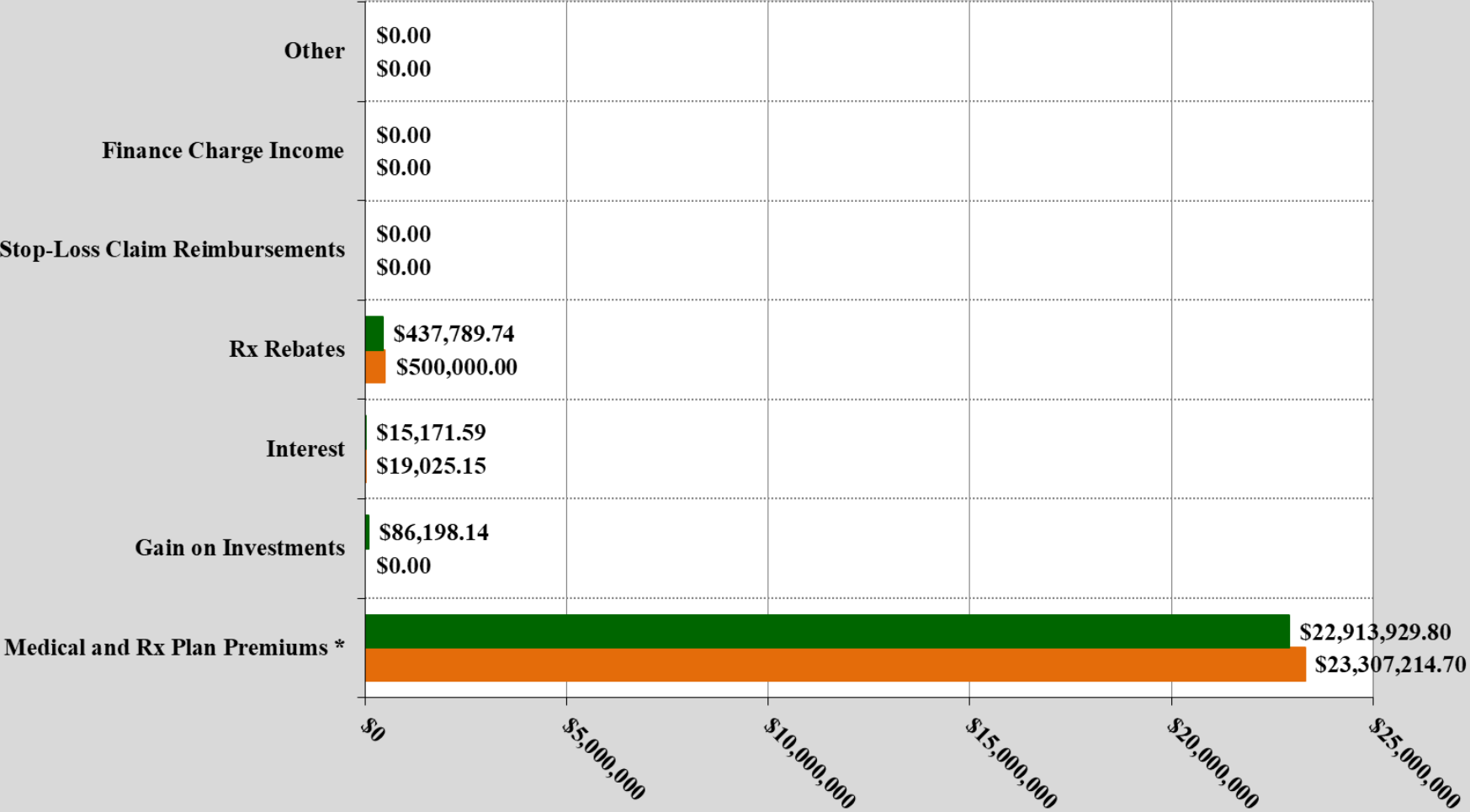
00-18 19-24 25-34 35-44 45-54 55-64 65+

2022 Income Budget vs Actual (05/31/2022)

Key Facts (continued):

2. The Consortium invests in notes/bonds which are held to maturity but records gains and/or losses on a monthly basis (“mark to market”). Gains on investments are booked as revenues, while losses on investments are recorded as expenditures. The COVID-19 pandemic, greatly reduced the Consortium’s interest earnings potential.
3. There has been one pharmaceutical manufacturer rebate payment received from ProAct, Inc. for the 2022 Fiscal Year as of this report. The Consortium received a payment totaling approximately \$438,000 in early April which represents the 3rd Quarter Rebate Payment for the 2021 Plan Year which should have been received in March, so this payment was booked in the 1st quarter by the Consortium.
4. The Consortium did not receive any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1 million. To date, there have been no claims in excess of \$1,000,000 for this year or the previous year.
5. There was nothing recorded in Finance Charge Income and there were no receipts recorded in the “Other” income category as of May 31st. Even when the Consortium does register some miscellaneous income, the impact is negligible at best and has very little effect on the overall net position of the Consortium.

Greater Tompkins County Municipal Health Ins. Consortium
2022 Income Distribution
January 1, 2022 to May 31, 2022

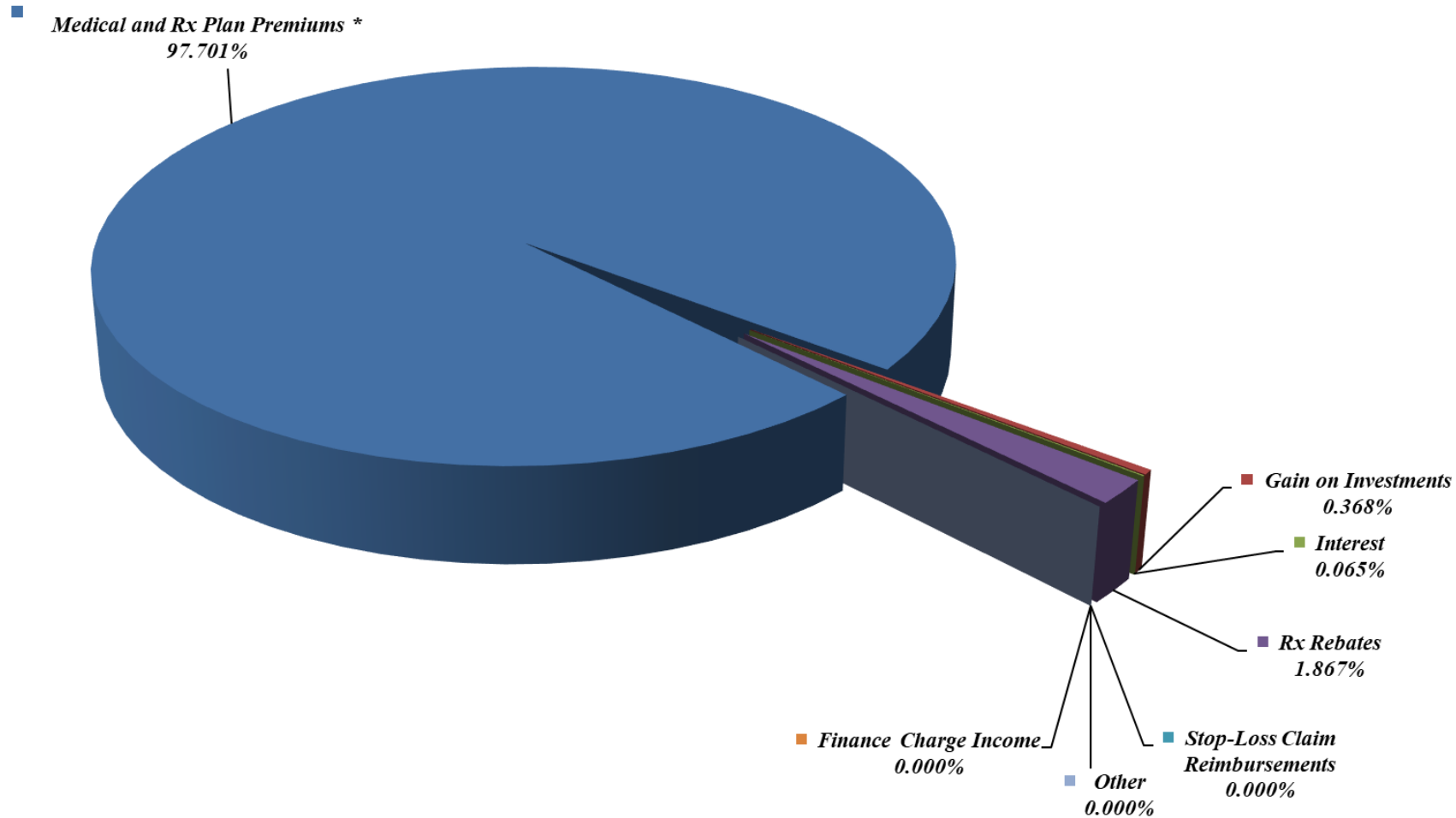


■ 2022 Actual Income ■ 2022 Budgeted Amounts

Greater Tompkins County Municipal Health Ins. Consortium

2022 Income Distribution

January 1, 2022 to May 31, 2022





Section 2

2022 Fiscal Year-to-Date Expense Budget vs Actual Results

2022 Expense Budget vs Actual Results (05/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Expenses							
8090	Medical Paid Claims	\$40,780,345.45	\$40,780,345.45	\$16,403,085.66	\$15,981,471.59	-\$421,614.07	-2.57%
	Advance Deposit / Pre-Paid Claims	\$37,344.64	\$65,900.00	\$65,900.00	\$65,900.00	\$0.00	0.00%
8120	Rx Paid Claims - ProAct	\$16,506,765.82	\$16,506,765.82	\$6,666,193.89	\$6,609,018.81	-\$57,175.08	-0.86%
8121	Rx Paid Claims - CanaRx	\$161,366.59	\$161,366.59	\$67,236.08	\$68,027.90	\$791.82	1.18%
8084	Flu Clinic Fees	\$20,037.48	\$23,042.13	\$9,600.89	\$0.00	-\$9,600.89	-100.00%
8050	Medical Admin Fees	\$1,521,623.78	\$1,502,656.92	\$626,107.05	\$652,929.30	\$26,822.25	4.28%
	Rx Admin Fees	\$206,958.25	\$226,592.82	\$94,413.68	\$112,480.99	\$18,067.32	19.14%
8091	NYS Covered Lives Assessment	\$391,982.86	\$319,060.15	\$132,941.73	\$154,199.25	\$21,257.52	15.99%
9060	ACA PCORI Fee	\$18,886.41	\$18,886.41	\$18,886.41	\$0.00	-\$18,886.41	-100.00%
8110	Specific Stop-Loss Insurance (Actual)	\$313,950.00	\$723,382.00	\$301,409.17	\$124,051.83	-\$177,357.34	-58.84%
8000	Accounting Fees	\$19,000.00	\$19,000.00	\$7,916.67	\$9,000.00	\$1,083.33	13.68%
8010	Actuarial Fees	\$10,000.00	\$10,000.00	\$4,166.67	\$7,200.00	\$3,033.33	72.80%
8020	Audit Fees (Financial)	\$14,420.00	\$14,420.00	\$13,390.00	\$14,500.00	\$1,110.00	8.29%
8021	Audit Fees (Claims)	\$51,295.00	\$51,295.00	\$21,372.92	\$19,875.00	-\$1,497.92	-7.01%
8055	Consultant Fees (Barber & Strat Plan)	\$45,000.00	\$25,000.00	\$10,416.67	\$0.00	-\$10,416.67	
8030	Consultant Fees (L&C)	\$91,650.00	\$91,650.00	\$38,187.50	\$38,125.00	-\$62.50	-0.16%
8070	Legal Fees	\$12,000.00	\$12,000.00	\$5,000.00	\$1,100.00	-\$3,900.00	-78.00%
8065	Wellness Program Costs	\$25,000.00	\$25,000.00	\$10,416.67	\$50.00	-\$10,366.67	-99.52%
66001	Executive Director (Salary)	\$96,450.00	\$96,450.00	\$40,187.50	\$40,803.62	\$616.12	1.53%
66002	Fringe Benefits	\$119,635.00	\$119,635.00	\$49,847.92	\$30,260.47	-\$19,587.45	-39.29%

2022 Expense Budget vs Actual Results (05/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Expenses							
66003	Clerk of the Board (Salary)	\$74,300.00	\$74,300.00	\$30,958.33	\$20,348.61	-\$10,609.72	-34.27%
66004	Admin/Comp Asst (Salary)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
66005	Benefits Specialist (Salary)	\$56,240.00	\$56,240.00	\$23,433.33	\$23,793.00	\$359.67	1.53%
66006	Finance Manager (Salary)	\$72,100.00	\$72,100.00	\$30,041.67	\$30,503.88	\$462.21	1.54%
8060	Insurances (D&O / Prof. Liability)	\$55,650.00	\$53,004.00	\$22,085.00	\$24,277.50	\$2,192.50	9.93%
8041	Internal Coordination (Finance)	\$20,000.00	\$20,000.00	\$8,333.33	\$8,333.34	\$0.01	0.00%
8042	Internal Coordination (Support)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8040	Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$2,500.00	\$2,500.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$6,485.00	\$6,681.00	\$2,783.75	\$2,783.75	\$0.00	0.00%
9065	Marketing Expenses	\$2,575.00	\$8,000.00	\$3,333.33	\$763.49	-\$2,569.84	-77.10%
9055	Investment Management Services	\$12,360.00	\$12,360.00	\$5,150.00	\$3,006.80	-\$2,143.20	-41.62%
8150	Supplies Expense	\$4,080.00	\$4,080.00	\$1,700.00	\$1,194.06	-\$505.94	-29.76%
8151	Computer Equipment	\$11,545.00	\$11,545.00	\$4,810.42	\$5,455.81	\$645.39	13.42%
8152	Lease Expense / Parking Fees	\$13,370.00	\$13,370.00	\$5,570.83	\$4,000.00	-\$1,570.83	-28.20%
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$416.67	\$0.00	-\$416.67	-100.00%
8154	Software	\$0.00	\$0.00	\$0.00	\$589.80	\$589.80	0.00%
8155	Postage	\$0.00	\$0.00	\$0.00	\$557.71	\$557.71	0.00%
8156	Furniture and Fixtures	\$0.00	\$2,000.00	\$0.00	\$0.00	\$0.00	0.00%
8157	Training & Prof. Dev.	\$0.00	\$2,000.00	\$0.00	\$348.00	\$348.00	0.00%
8158	Subscriptions	\$0.00	\$1,000.00	\$0.00	\$219.97	\$219.97	0.00%
9005	Loss on Investments	\$0.00	\$0.00	\$0.00	\$450,175.89	\$450,175.89	
9060	Other Expenses / Supplies	\$12,595.00	\$7,595.00	\$3,164.58	\$359.51	-\$2,805.07	-88.64%
Total Expenses		\$60,792,011.28	\$61,143,723.29	\$24,730,958.30	\$24,508,204.88	-\$222,753.42	-0.90%
Net Income		\$6,092.82	-\$2,160,747.66	-\$904,718.45	-\$1,055,115.61	-\$150,397.16	

2022 Expense Budget vs Actual Results (05/31/2022)

	Budget	Revised Budget	Year-to-Date	Actual		
Paid Claims	\$57,505,859.98	\$57,537,419.99	\$23,212,016.52	\$22,724,418.30	-\$487,598.22	-2.10%
Claims Admin. Fees	\$1,728,582.03	\$1,729,249.74	\$720,520.73	\$765,410.29	\$44,889.57	6.23%
Stop-Loss	\$313,950.00	\$723,382.00	\$301,409.17	\$124,051.83	-\$177,357.34	-58.84%
Taxes and Fees	\$410,869.27	\$337,946.56	\$151,828.14	\$154,199.25	\$2,371.11	1.56%
Professional Services	\$268,365.00	\$248,365.00	\$110,867.08	\$89,850.00	-\$21,017.08	-18.96%
Insurance/Internal Fees/Investment Losses	\$564,385.00	\$567,360.00	\$234,316.67	\$650,275.21	\$415,958.54	177.52%
Total Expenses	\$60,792,011.28	\$61,143,723.29	\$24,730,958.30	\$24,508,204.88	-\$222,753.42	-0.90%
Net Income	\$6,092.82	-\$2,160,747.66	-\$904,718.45	-\$1,055,115.61	-\$150,397.16	

The above provides an “easier to read” summary version of the expense data for the Consortium through May 31, 2022. As you will note, the paid claims which collectively include medical, prescription drug, CanaRx, Flu Clinic and any pre-paid claims account for 92.72% of the total expenses through May 2022. Overall paid claims are 2.10% (including the advanced deposit for prepayment of claims) below budget to date, based on the amended budget. It should be noted that based on the recommendation of the Consortiums Auditor, investment gains & losses are now recorded in accounts 9005 (Insurance and Internal Fees Above) and amounted to \$450,175.89 in losses, offset by \$86,198.14 in gains as of May 31, 2022. (YTD net loss = \$363,977.75)

2022 Expense Budget vs Actual Results (05/30/2022)

Key Facts:

1. We continue to work with the Consortium's Executive Director and Financial Team to allocate budgeted funds into their correct expense line-item based on their code. This was done to provide a more detailed and accurate summary of the internal and external professional support costs. In addition, we updated some of the budget numbers based on the addition of new members and changes in enrollment by existing members.
2. Nearing the mid-point of the fiscal year, the Consortium is tracking very close to budget projections, especially when considering the impact of the gains and losses on investments. many of the expense items are below budget. As more annual expense items, that have not been billed to the Consortium, we anticipate those items to be more in line with the budget as the Consortium works its way through the fiscal year.
3. For new members added to the Consortium, we do not anticipate their paid claims being mature until the 3rd month or so as the "run-out" claims (claims incurred on or before December 31, 2021) are the responsibility of their prior insurance carrier.

2022 Expense Budget vs Actual Results (04/30/2022)

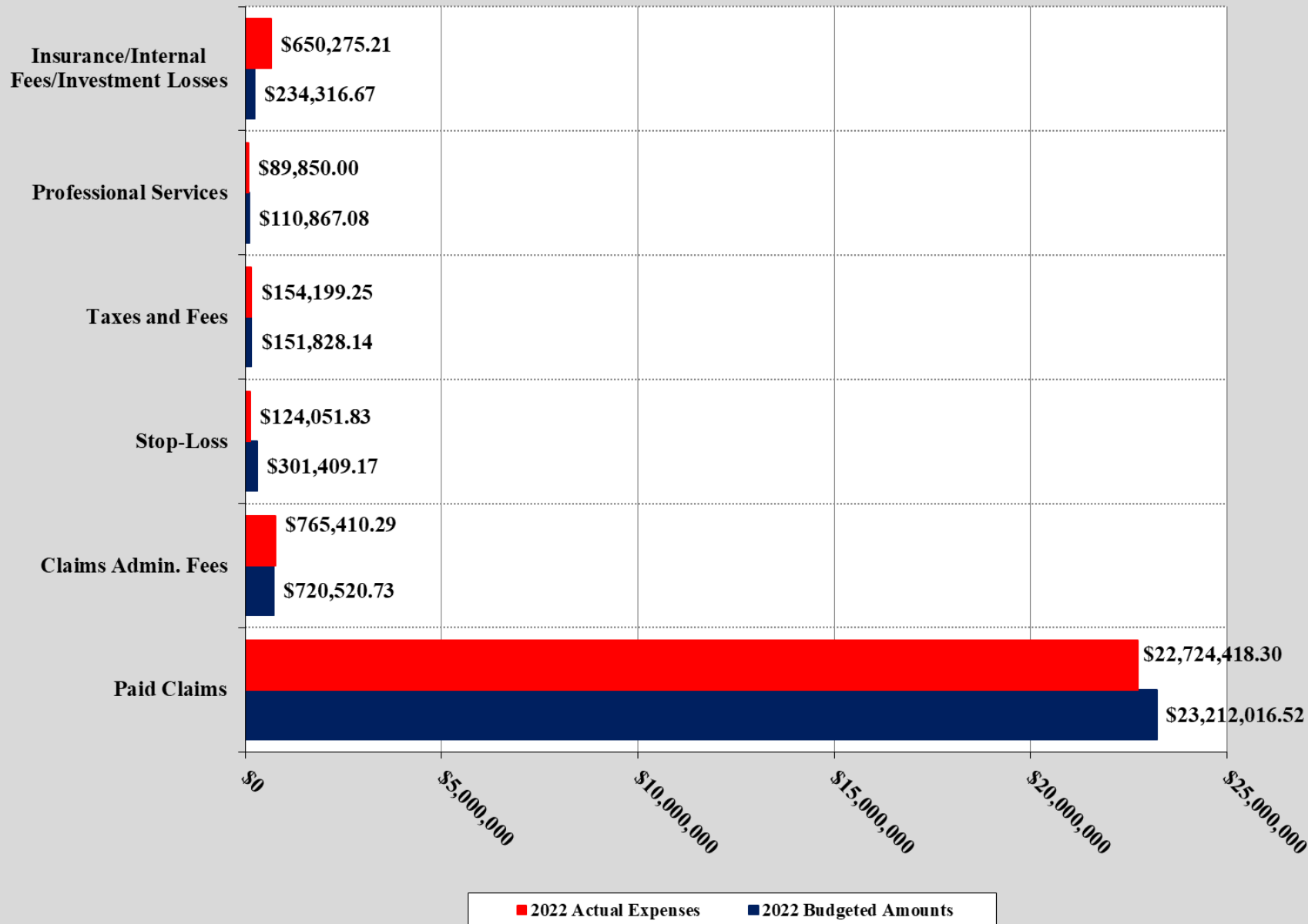
Key Facts:

4. Medical Paid Claims in the first 5-months were **2.56% below the amended budget** for the year and this is the result of:
 - a) An increase in the covered lives ($\uparrow 1.90\%$) and in the number of contracts ($\uparrow 2.84\%$) skews the early 2022 medical paid claims due to the “run-in lag”.
 - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan and the Medicare Supplement Plan by several employer groups.
 - c) A substantial decrease in elective and/or minor medical procedures being performed as a result of the impact of the COVID-19 pandemic on the medical community.
5. Rx Paid Claims were **0.86% below budget** for the first 5-months of the 2022 Fiscal Year. As we stated last year, we were keeping a close eye on the pharmacy paid claims trend which led to adjustments to our trend models during the budget development process for the 2022 Fiscal Year. It should be noted that based on our analysis, the recent pandemic did not substantively change the cost of pharmaceutical claims and therefore we do not believe any prior deviation from the trend was related to COVID-19.

Greater Tompkins County Municipal Health Ins. Consortium

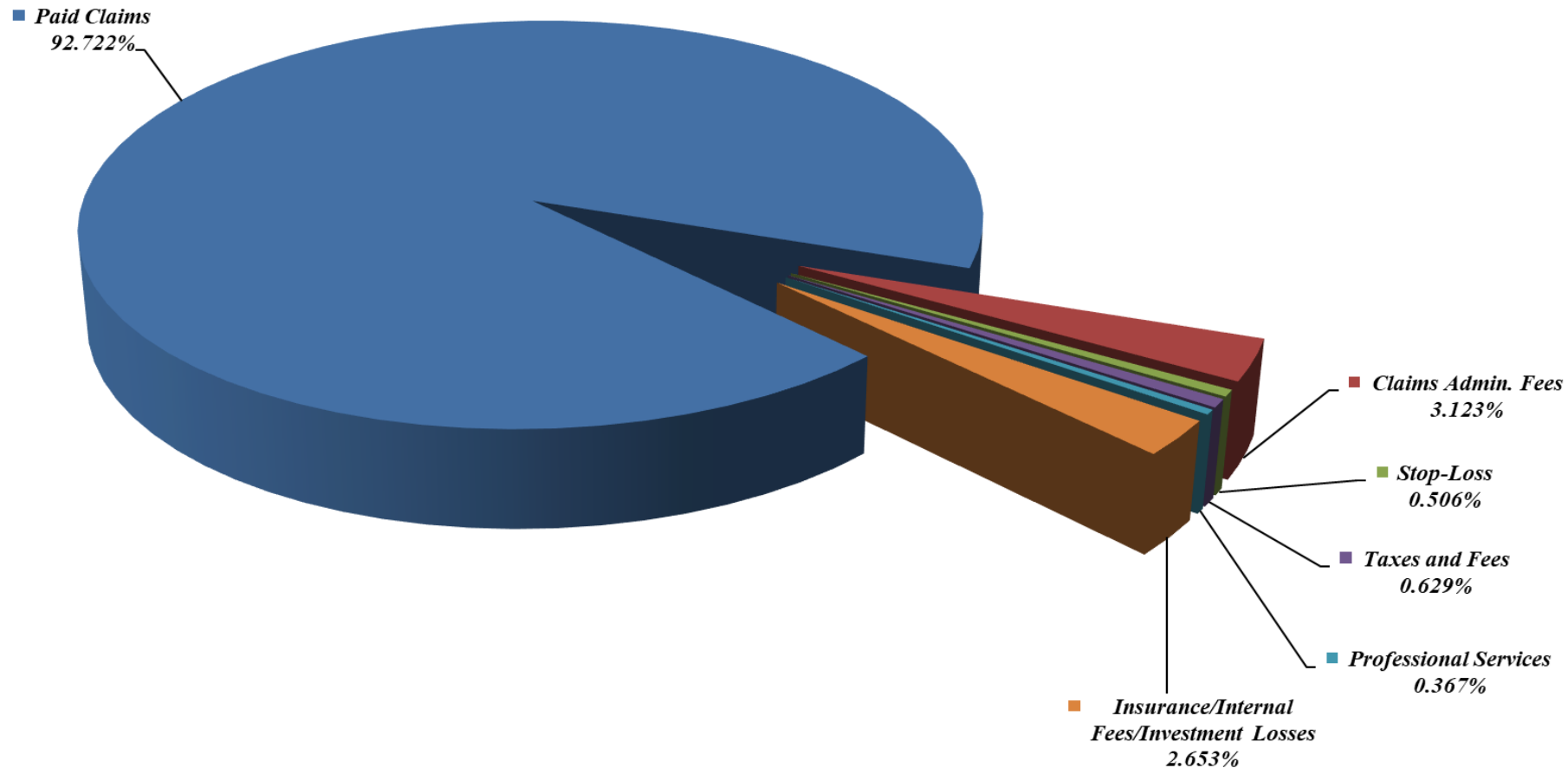
2022 Expense Distribution

January 1, 2022 to May 31, 2022



Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution
January 1, 2022 to May 31, 2022



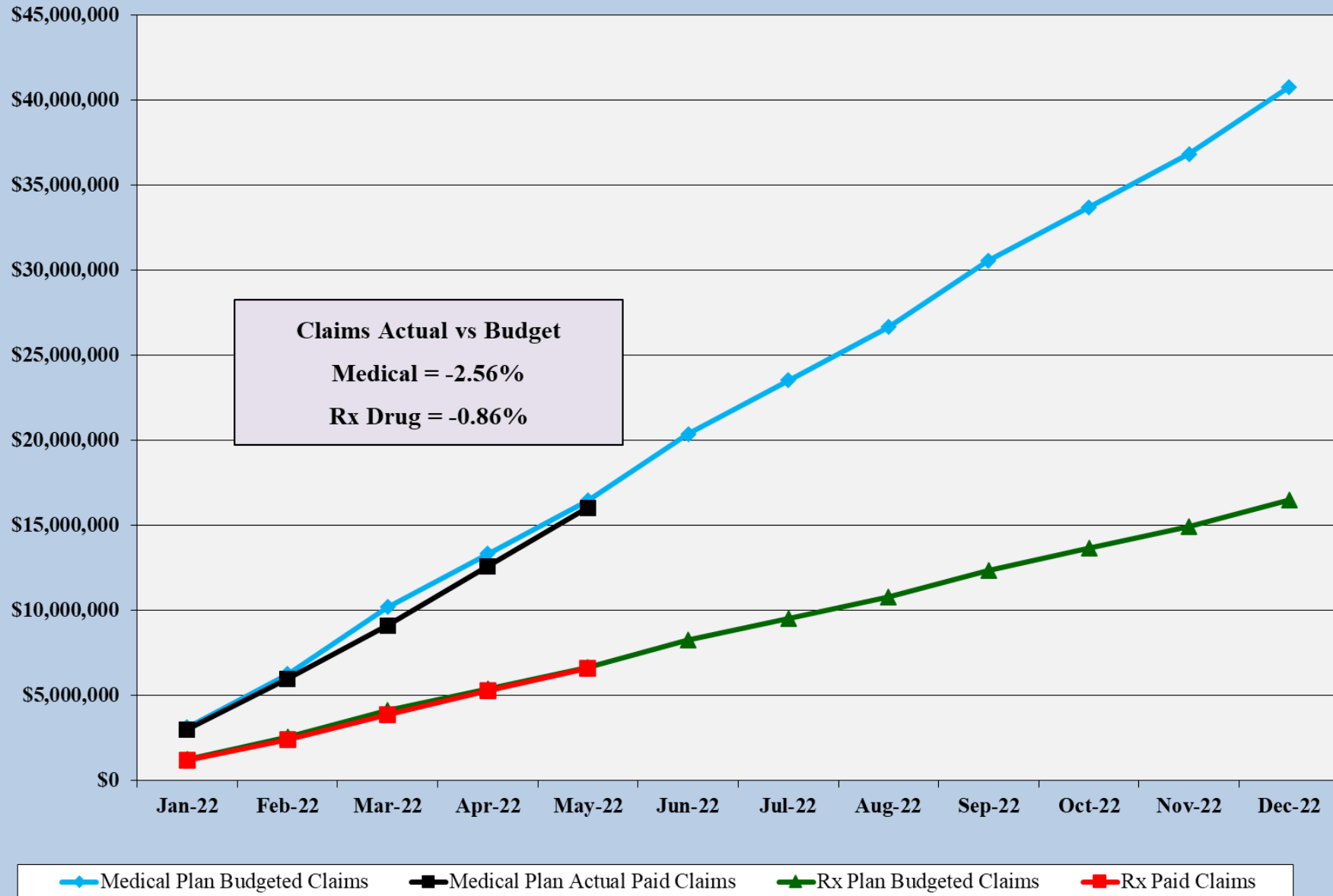


Section 3

2022 Fiscal Year-to-Date Paid Claims Budget vs Actual Results

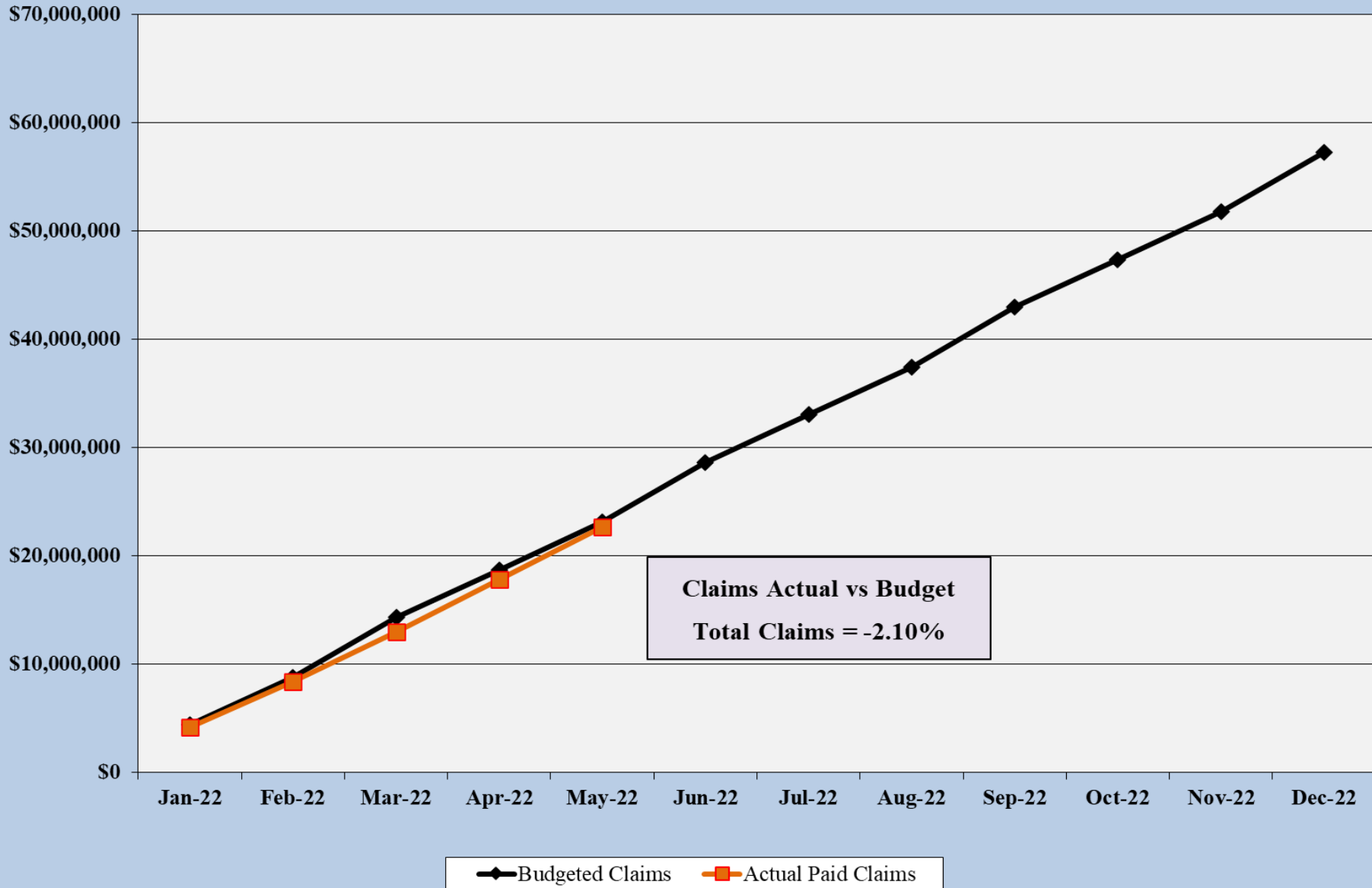
Greater Tompkins County Municipal Health Insurance Consortium

2022 Cumulative Paid Claims and Budgeted Claims by Month



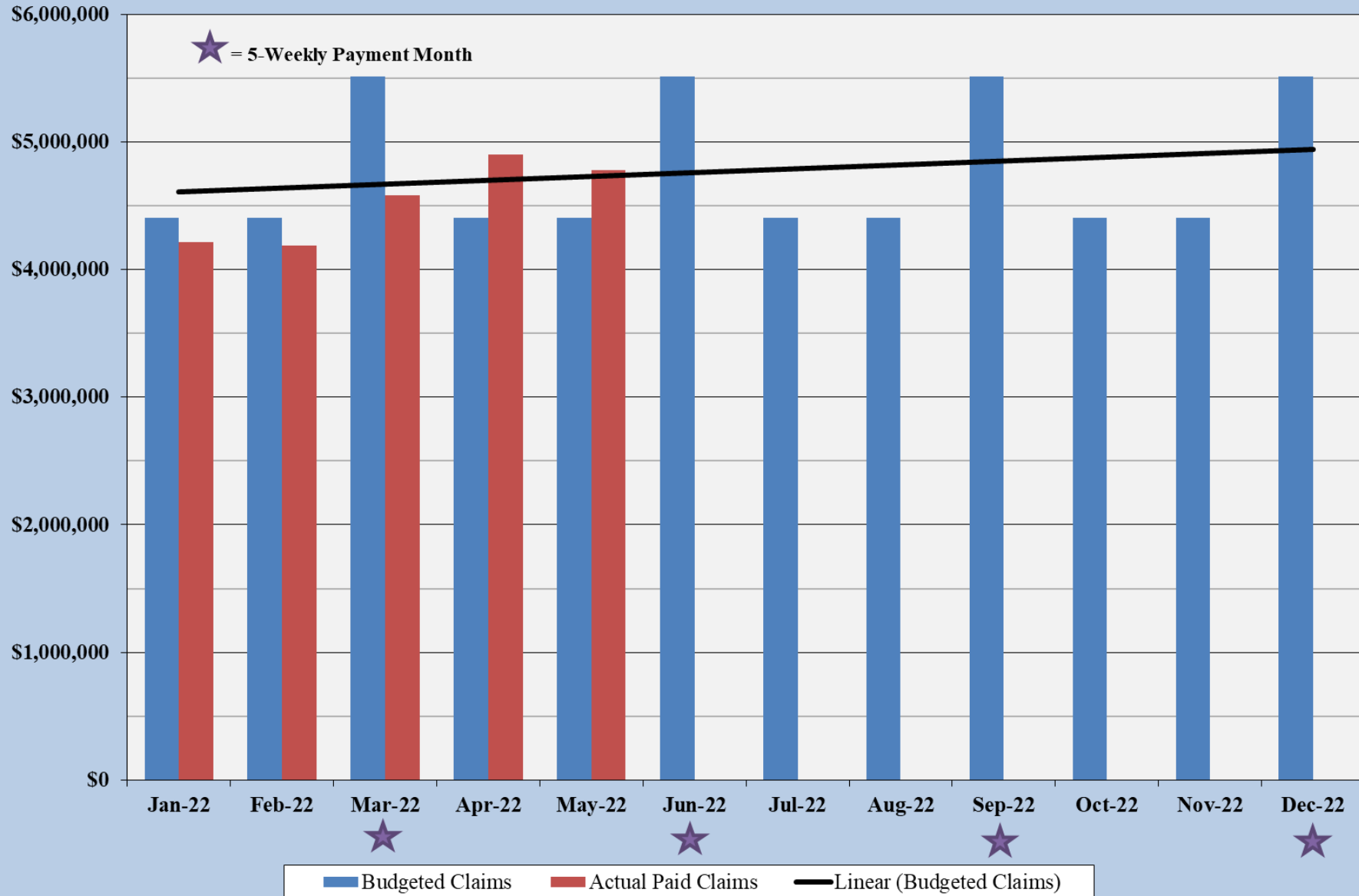
Greater Tompkins County Municipal Health Insurance Consortium

2022 Cumulative Paid Claims and Budgeted Claims by Month



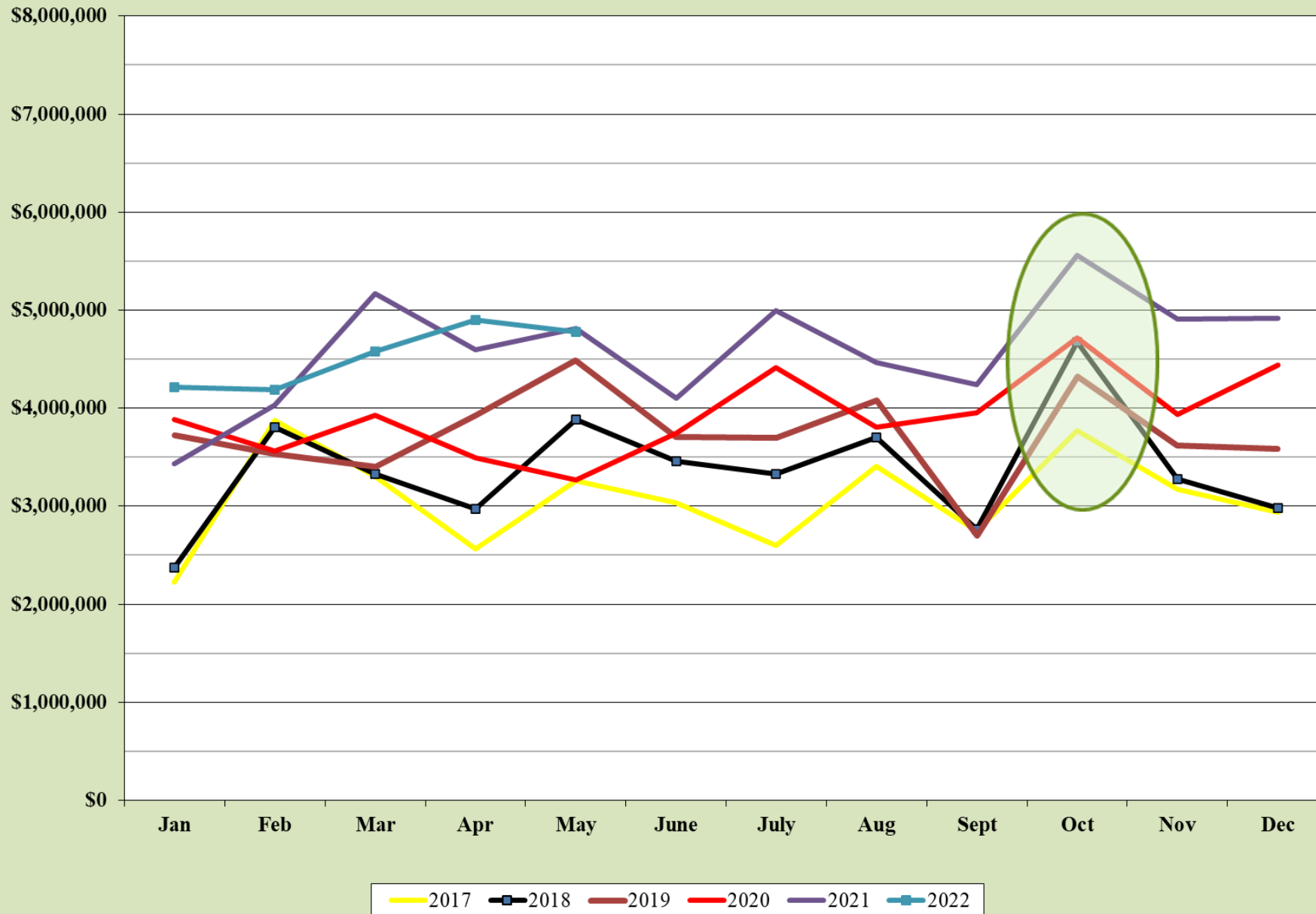
Greater Tompkins County Municipal Health Insurance Consortium

2022 Budgeted vs Actual Paid Claims by Month



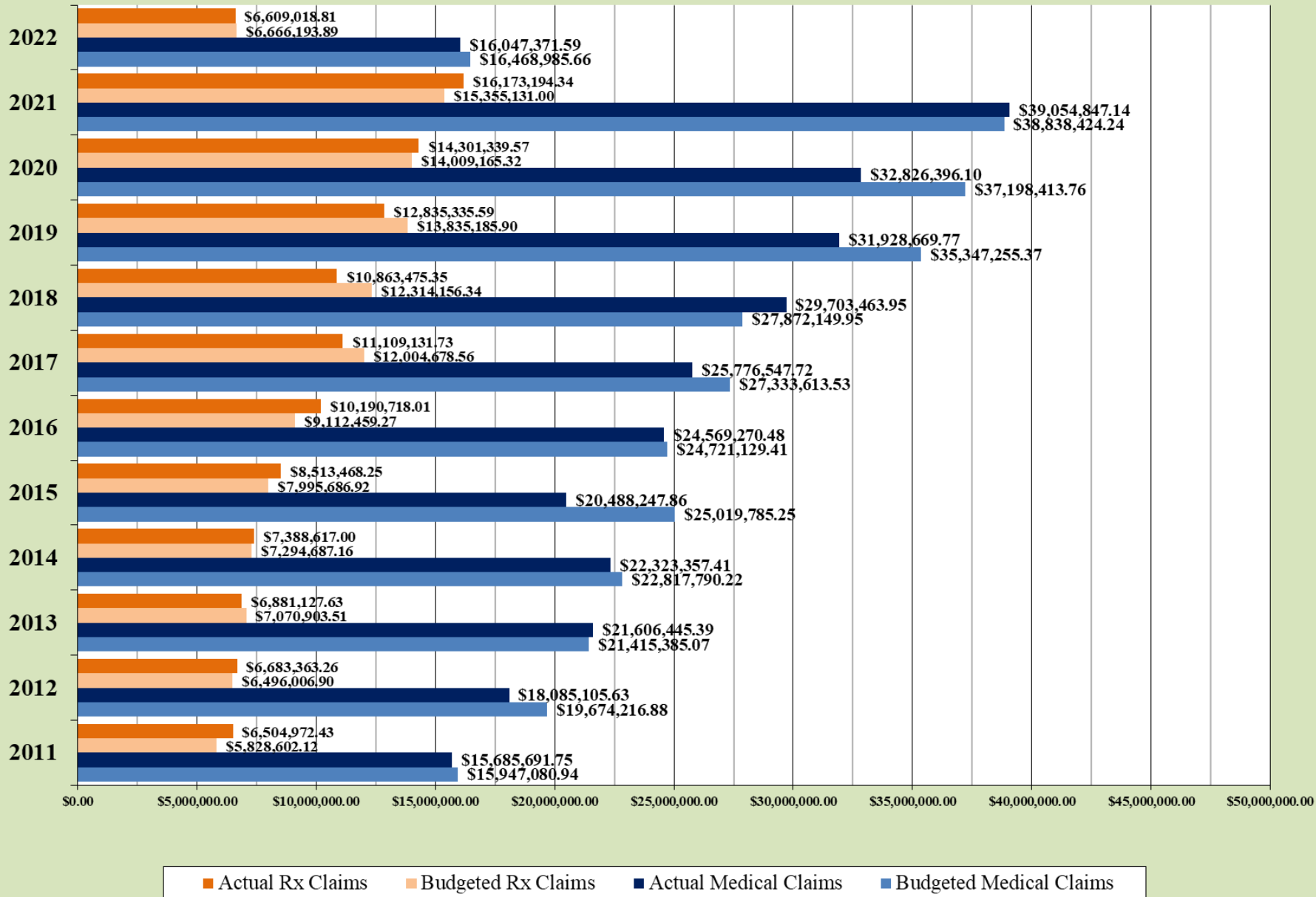
Greater Tompkins County Municipal Health Ins Consortium

2017-2022 Monthly Paid Claims by Fiscal Year



Greater Tompkins County Municipal Health Ins Consortium

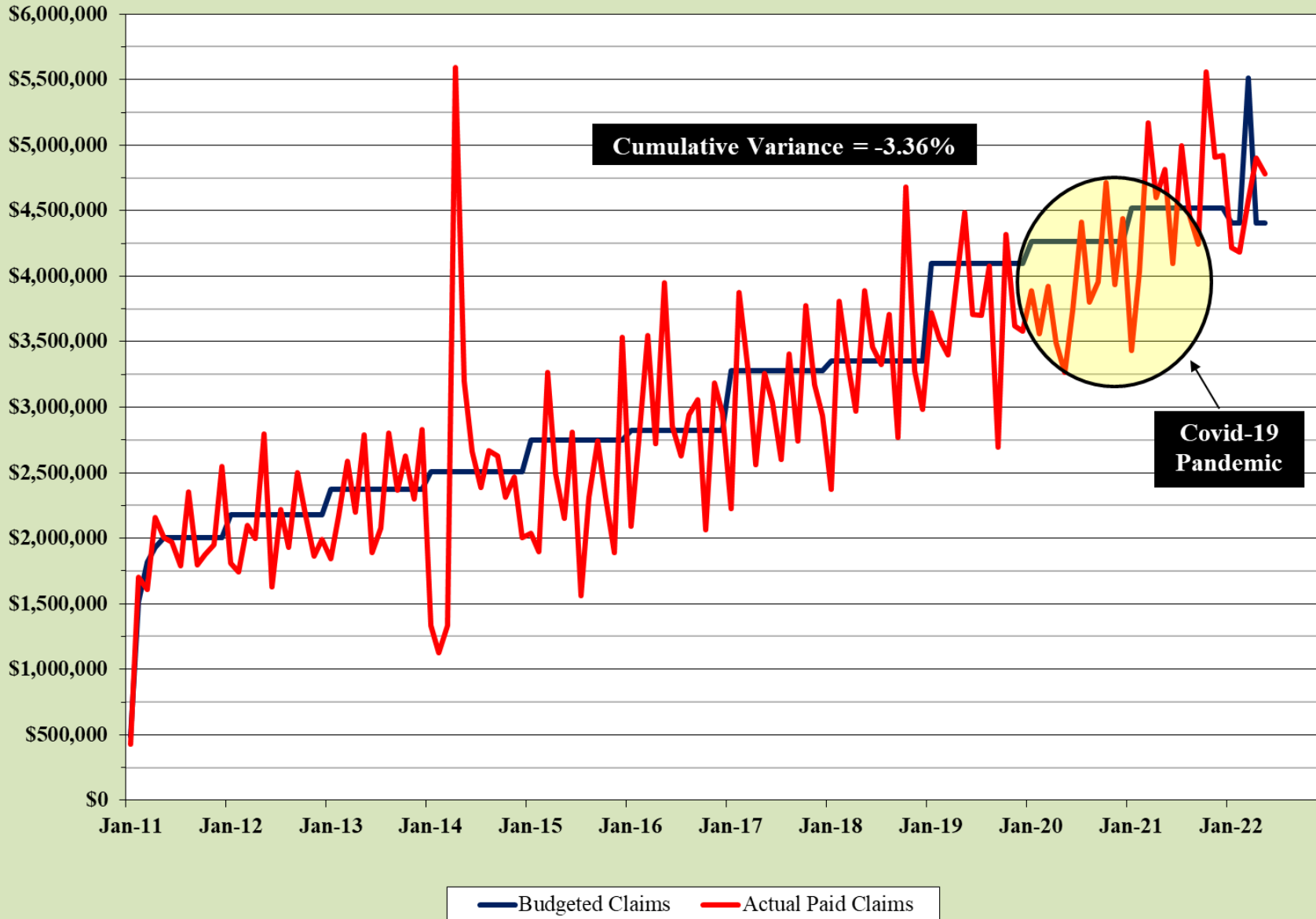
2011-2022 (as of 05/31/2022) Annual Paid Claims v Budgeted Claims



Greater Tompkins County Municipal Health Ins Consortium

2011-2022 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to May 31, 2022



APPROVED
**MEDICAL
CLAIM**



Section 4

High-Cost Claimants
Catastrophic Self-Insurance Pool



Large Loss and Catastrophic Claims History

Large Loss and Catastrophic Claims History (as of May 31, 2022)

Fiscal Year	Specific Stop-Loss Deductible	Number of Covered Lives	# of Claimants with Claims >\$100,000	# of Claimants with Claims >\$200,000	# of Claimants with Claims >\$300,000	# of Claimants with Claims >\$400,000	# of Claimants with Claims >\$500,000	Total Large Loss Claims Paid	Claim Dollars in Excess of Deductible	Stop-Loss Insurance Premium Paid
2011	\$250,000.00	4,400	13	3	1	0	0	\$2,357,898.22	\$146,063.45	\$384,392.52
2012	\$275,000.00	4,448	16	6	3	2	1	\$3,904,221.28	\$1,136,196.38	\$361,366.41
2013	\$300,000.00	5,077	22	7	4	1	0	\$4,079,308.91	\$292,967.64	\$592,381.65
2014	\$300,000.00	5,012	18	6	1	1	0	\$3,494,872.81	\$184,734.14	\$720,784.39
2015	\$400,000.00	5,021	23	2	1	1	1	\$3,722,006.77	\$125,880.36	\$642,080.30
2016	\$400,000.00	5,063	39	4	1	1	1	\$6,070,055.86	\$242,433.49	\$766,281.18
2017	\$450,000.00	5,172	24	12	1	1	0	\$3,057,208.40	\$8,294.21	\$738,819.42
2018	\$600,000.00	5,201	45	10	4	3	3	\$8,913,105.20	\$453,672.85	\$442,185.54
2019	\$600,000.00	6,174	46	14	3	2	1	\$8,874,919.83	\$29,295.28	\$693,190.30
2020	\$1,000,000.00	6,277	60	18	5	3	1	\$11,290,214.72	\$0.00	\$264,390.72
2021	\$1,000,000.00	6,303	66	23	8	6	5	\$14,096,053.18	\$0.00	\$270,471.20
2022	\$1,000,000.00	6,422	14	5	1	0	0	\$2,431,220.53	\$0.00	\$124,051.83
Totals		64,570	386	110	33	21	13	\$72,291,085.71	\$2,619,537.80	\$6,000,395.46
Averages	\$547,916.67	5,381	32.167	9.167	2.750	1.750	1.083	\$6,024,257.14	\$218,294.82	\$500,032.96

Overall Stop-Loss Insurance Loss Ratio (Paid Claims ÷ Premium) = 43.66%

Large Loss and Catastrophic Claims History

Fiscal Year	Specific Stop-Loss Deductible	Number of Covered Lives	Number of Large Loss Claimants	Large Loss Claimants % of Covered Lives	Stop-Loss Insurance Premium Paid	Stop-Loss Insurance Premium PMPM	Total Large Loss Claims Paid	Annual Paid Claims Total	Large Loss Claims % of Total Claims	Catastrophic Claims Reserve
2011	\$250,000.00	4,400	13	0.30%	\$384,392.52	\$7.28	\$2,357,898.22	\$22,190,664.18	10.63%	n/a
2012	\$275,000.00	4,448	16	0.36%	\$361,366.41	\$6.77	\$3,904,221.28	\$24,768,468.89	15.76%	n/a
2013	\$300,000.00	5,077	22	0.43%	\$592,381.65	\$9.72	\$4,079,308.91	\$28,487,573.02	14.32%	n/a
2014	\$300,000.00	5,012	18	0.36%	\$720,784.39	\$11.98	\$3,494,872.81	\$29,711,974.41	11.76%	\$600,000.00
2015	\$400,000.00	5,021	23	0.46%	\$642,080.30	\$10.66	\$3,722,006.77	\$29,001,716.11	12.83%	\$1,050,000.00
2016	\$400,000.00	5,063	39	0.77%	\$766,281.18	\$12.61	\$6,070,055.86	\$34,338,926.47	17.68%	\$1,050,000.00
2017	\$450,000.00	5,172	24	0.46%	\$738,819.42	\$11.90	\$3,057,208.40	\$36,885,679.45	8.29%	\$1,350,000.00
2018	\$600,000.00	5,201	45	0.87%	\$442,185.54	\$7.08	\$8,913,105.20	\$40,566,939.30	21.97%	\$2,000,000.00
2019	\$600,000.00	6,174	46	0.75%	\$693,190.30	\$9.36	\$8,874,919.83	\$44,764,005.36	19.83%	\$2,800,000.00
2020	\$1,000,000.00	6,277	60	0.96%	\$264,390.72	\$3.51	\$11,290,214.72	\$47,284,890.14	23.88%	\$5,032,220.00
2021	\$1,000,000.00	6,303	66	1.05%	\$270,471.20	\$3.58	\$14,096,053.18	\$55,410,491.28	25.44%	\$4,986,101.85
2022	\$1,000,000.00	6,422	14	0.22%	\$124,051.83	\$6.44	\$2,431,220.53	\$22,724,418.30	10.70%	\$4,642,294.20
Totals		64,570	386	0.60%	\$6,000,395.46	\$7.74	\$72,291,085.71	\$416,135,746.91	17.37%	
Averages (2011-2022)		5,381	32	0.60%	\$500,032.96	\$8.41	\$6,024,257.14	\$34,677,978.91	17.37%	

On Average 0.60% of the Covered Lives Account for 17.37% of Paid Claims

Catastrophic Claims Self-Insurance Pool Activity

Greater Tompkins County Municipal Health Insurance Consortium Catastrophic Claims Self-Insurance Pool Activity Report

		Actual 2020 Fiscal Year	Actual 2021 Fiscal Year	5/31/2022 2022 Fiscal Year
Budgeted Premium	\$600,000 Deductible	\$762,505.96	\$876,881.85	\$301,409.17
Actual Premium Paid	\$1,000,000 Deductible	\$264,390.72	\$270,471.20	\$124,051.83
Premium Savings		\$498,115.23	\$606,410.65	\$177,357.34
Member # 000001179452	Deductible (Laser Applied)	\$1,000,000.00	\$1,000,000.00	\$700,000.00
	Actual Claims Paid	\$798,499.59	\$712,297.59	\$224,502.60
	Catastrophic Claims Pool	\$0.00	\$0.00	\$0.00
Member # 000014335319	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$686,798.19	\$419.30
	Catastrophic Claims Pool	\$0.00	\$186,798.19	\$0.00
Member # 000014235037	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$633,727.34	\$210,911.33
	Catastrophic Claims Pool	\$0.00	\$133,727.34	\$0.00
Member # 000012168307	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$836,622.21	\$0.00
	Catastrophic Claims Pool	\$0.00	\$336,622.21	\$0.00
Member # 000001551134	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$648,218.91	\$0.00
	Catastrophic Claims Pool	\$0.00	\$148,218.91	\$0.00
Catastrophic Claims Self-Insurance Pool Claims		\$0.00	\$805,366.65	\$0.00
Net Impact on Fund Balance		\$498,115.23	-\$198,956.00	\$177,357.34

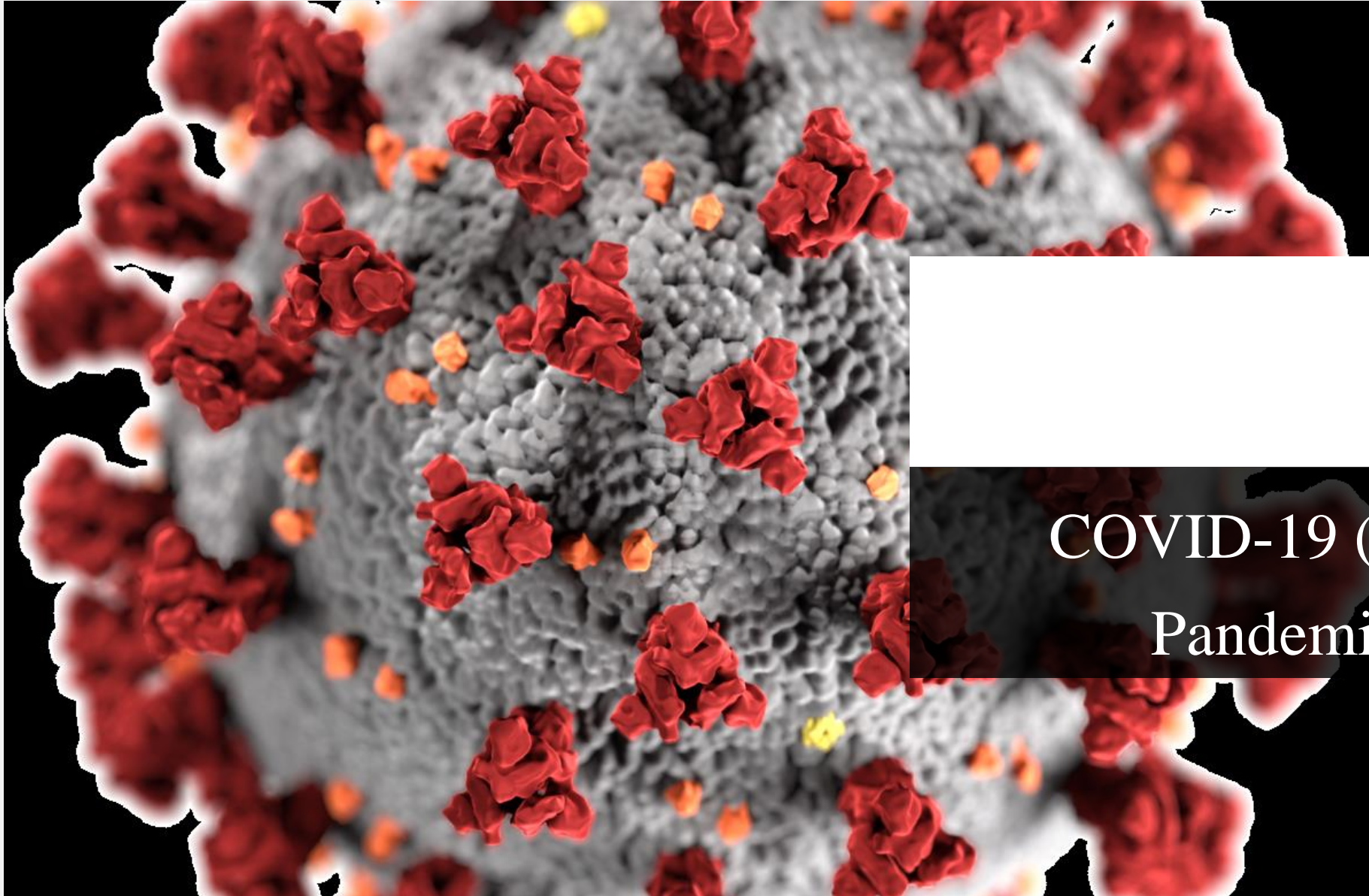
The “Catastrophic Claims Self-Insurance Pool” was established by the Consortium’s Board of Directors prior to the start of the 2020 Fiscal Year to allow the Consortium to lower the cost of stop-loss insurance by raising the specific deductible and ultimately assuming more risk on an annual basis. To cover this risk, the Catastrophic Claims Reserve totaling \$4.5 million was converted to this “Pool”. In addition, each year the estimated premium variance between a \$600,000 specific deductible stop-loss insurance plan and a \$1 million specific deductible stop-loss insurance plan will be ceded into the “Pool”. Lastly, any interest earned on this “Pool” will be credited to the “Pool” to help replenish funds when/if catastrophic claims are paid out of the “Pool”.

* Budgeted Premium is defined as the premium amount the Consortium would have paid if they continued with the previous stop-loss insurance policy of a \$600,000 Deductible
* Actual Premium Paid is defined as the actual premium amount paid by the Consortium for the current stop-loss insurance policy of a \$1,000,000 Deductible
* Laser Applied is defined as the laser deductible the stop-loss insurance company would have applied to the specific individual if a \$600,000 Deductible stop-loss insurance policy was selected

Catastrophic Claims Self-Insurance Pool Activity

	<i>Actual</i>	<i>Actual</i>	<i>as of 5/31/2022</i>
Catastrophic Claims Self-Insurance Pool	2020 Fiscal Year	2021 Fiscal Year	2022 Fiscal Year
Beginning Balance	\$4,500,000	\$5,032,220	\$4,642,294
Interest Income	\$34,105	(\$19,009)	\$ 2,853
Premium Savings	\$498,115	\$434,450	\$177,357
(Catastrophic Claims)	\$0	(\$805,367)	\$0
Ending Balance	\$5,032,220	\$4,642,294	\$4,822,505

As of May 31, 2022, the Consortium has lowered its specific stop-loss insurance premium by approximately \$1,281,883.22, and it has incurred large loss claims between \$500 thousand and \$1 million totaling \$805,366.65. This is a net gain for the Consortium of \$476,516.57. This figure does not take into consideration that the pool is also picking up an extra \$100,000 in risk per member annually.



Section 5

COVID-19 (coronavirus) Pandemic Impact

2020-2022 COVID-19 Pandemic Impact

Tompkins County Key Facts:

1. Tompkins County has approximately 103,000 residents.
2. According to the New York State Department of Health web-site, as of June 12th
 - a) There have been approximately 3,021,139 tests conducted of people in Tompkins County for the presence of COVID-19 (coronavirus).
 - b) There have been 22,324 Tompkins County residents who have tested positive for coronavirus which is 0.739% of the tested population and approximately 21.67% of the County's total population with no reported deaths amongst county residents.
3. The other Counties in the Consortium have the following results:

a) Cayuga	366,795 Tests Conducted	17,729 Positive Results (4.83%)
b) Cortland	289,124 Tests Conducted	11,619 Positive Results (4.01%)
c) Seneca	128,727 Tests Conducted	6,553 Positive Results (5.09%)
d) Tioga	215,628 Tests Conducted	12,102 Positive Results (5.56%)

2020-2022 COVID-19 Pandemic Impact

Impact on the Greater Tompkins County Municipal Health Insurance Consortium

- Initially, paid claims were below budget. The first five months have shown claims that were trending at a pre-covid level. We will continue to monitor this closely throughout the year and as we begin 2023 budget development.

Date	Per Excellus BCBS Reports		Per ProAct, Inc. Reports			
	Medical Claims		Rx Claims		Combined Paid Claims	
	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount
Jan-21	\$2,839,595.60	\$98,932.82	\$1,248,569.04	\$83,001.85	\$4,088,164.64	\$181,934.67
Feb-21	\$2,289,069.96	\$110,494.29	\$1,174,685.51	\$75,743.36	\$3,463,755.47	\$186,237.65
Mar-21	\$2,675,627.93	\$107,491.17	\$1,369,738.41	\$89,412.10	\$4,045,366.34	\$196,903.27
Apr-21	\$2,810,948.88	\$129,816.25	\$1,315,680.71	\$76,476.00	\$4,126,629.59	\$206,292.25
May-21	\$2,919,393.05	\$98,910.49	\$1,350,738.38	\$71,267.17	\$4,270,131.43	\$170,177.66
Jun-21	\$2,225,447.79	\$90,369.48	\$1,368,008.21	\$76,190.10	\$3,593,456.00	\$166,559.58
Jul-21	\$2,939,073.55	\$104,367.51	\$1,391,231.89	\$70,344.97	\$4,330,305.44	\$174,712.48
Aug-21	\$2,445,790.17	\$84,249.79	\$1,413,203.61	\$71,440.93	\$3,858,993.78	\$155,690.72
Sep-21	\$2,165,302.31	\$74,853.70	\$1,326,045.62	\$66,343.27	\$3,491,347.93	\$141,196.97
Oct-21	\$3,318,384.27	\$84,534.66	\$1,438,407.36	\$68,773.90	\$4,756,791.63	\$153,308.56
Nov-21	\$2,485,674.77	\$72,775.62	\$1,352,074.71	\$70,272.02	\$3,837,749.48	\$143,047.64
Dec-21	\$2,900,092.94	\$75,817.13	\$1,424,414.79	\$66,626.52	\$4,324,507.73	\$142,443.65
Totals	\$32,014,401.22	\$1,132,612.91	\$16,172,798.24	\$885,892.19	\$48,187,199.46	\$2,018,505.10
	96.58%	3.42%	94.81%	5.19%	95.98%	4.02%

Date	Medical Claims		Rx Claims		Combined Paid Claims	
	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount
Jan-22	\$2,426,933.11	\$134,155.07	\$1,203,450.31	\$98,207.62	\$3,630,383.42	\$232,362.69
Feb-22	\$2,309,898.10	\$129,751.42	\$1,205,280.98	\$84,099.74	\$3,515,179.08	\$213,851.16
Mar-22	\$2,449,232.07	\$139,029.83	\$1,464,645.06	\$97,869.59	\$3,913,877.13	\$236,899.42
Apr-22	\$2,736,466.11	\$150,673.36	\$1,470,594.04	\$83,843.78	\$4,207,060.15	\$234,517.14
May-22	\$2,805,237.09	\$109,059.38	\$1,319,556.86	\$81,209.79	\$4,124,793.95	\$190,269.17

2019 Average Monthly Medical Claims = **\$2,373,649.24**

2020 First 3-Months Avg. Monthly Medical Claims
\$2,411,071.18

2020 Last 9-Months (4/20-12/20) Medical Claims
\$2,187,388.11

2021 Average Monthly Medical Claims = **\$2,667,866.77**

2022 1st 5-months of Medical Claims = **\$2,545,553.30**

2020-2022 COVID-19 Pandemic Impact

Impact on the Greater Tompkins County Municipal Health Insurance Consortium (continued)

2. The Excellus data shows the medical paid claims for 2020-2022 Fiscal Years as of May 31, 2022 were collectively more than \$4.8 million below the budgeted amount for the time period.
3. Each year, since 2017, the month of October showed a spike in claims.
4. As COVID evolves, we continue to monitor the impact to the Consortium from a paid claim's perspective as:
 - a) The hospitals and doctors can only perform so many procedures in a day which we believe means that there will not be any major compression when they start performing services on a more regular schedule.
 - b) Most of the severe cases have involved older members who are on Original Medicare Parts A and B which limits the claims exposure to the Consortium to some extent.
 - c) There will likely be some hesitation in patients seeking care due to concerns that they may expose themselves to the coronavirus or other illness.

2020-2022 COVID-19 Pandemic Impact

Impact on the Greater Tompkins County Municipal Health Insurance Consortium (continued)

5. The pandemic has “forced” covered members to embrace telehealth and telemedicine approaches to medical care as covered members have not been able to see their primary care physicians for minor or routine services in recent months.
 - a) During the 2020 & 2021 Fiscal Years, the Consortium paid for 11,867 & 13,636 telehealth visits; for 6,282 & 6,814 covered members; at a total cost of \$1,185,518.42 & \$1,374,179.10 respectively. (YTD 5/2022 = 5,117 visits; 2,607 members; \$472,596.09)
 - b) To put this in perspective, in 2019 there were a total of 40 telehealth visits associated with Consortium covered members for a total cost of \$996.98 for the entire year.
 - c) According to Excellus’ reports, the Consortium had a total of 90 covered members registered for telemedicine services as of January 2020.
 - d) Per Excellus as of May 2022, the number of covered members registered for the telemedicine program modestly increased to 172, a decrease of 3 from April.



Section 6

2021 Fiscal Year-End
Net Income, Liabilities, and Reserves

2022 Net Income, Liabilities & Reserves

	2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Income						
Total Income	\$60,798,104.10	\$58,982,975.63	\$23,826,239.85	\$23,453,089.27	-\$373,150.58	-1.57%
Expenses						
Total Expenses	\$60,792,011.28	\$61,143,723.29	\$24,730,958.30	\$24,508,204.88	-\$222,753.42	-0.90%
Net Income	\$6,092.82	-\$2,160,747.66	-\$904,718.45	-\$1,055,115.61	-\$150,397.16	
Ending Balance						
	\$29,123,540.98	\$27,745,000.50	\$28,212,729.71	\$28,850,632.55	\$637,902.84	2.26%
Liabilities and Reserves						
4010	IBNR Claims Liability Per §4706(a)(1)	\$6,144,909.49	\$6,144,909.49	\$6,866,608.00	\$6,866,608.00	12.0% of Incurred Claims
5010	Surplus Account Per §4706(a)(5)	\$2,637,289.44	\$2,637,289.44	\$2,669,495.09	\$2,669,495.09	5.0% of Premium Income
5014	Rate Stabilization Reserve	\$3,840,568.43	\$3,840,568.43	\$4,004,100.63	\$4,004,100.63	7.5% of Paid Claims
5012	Catastrophic Claims Reserve	\$4,500,000.00	\$4,986,101.85	\$4,642,294.20	\$4,642,294.20	Calculation Per Resolution
3500	Excellus BCBS Advance Deposit	\$761,400.00	\$788,300.00	\$788,300.00	\$788,300.00	Increased by \$65,900 2/17/22
Total Liabilities and Reserves	\$17,884,167.36	\$18,397,169.21	\$18,970,797.92	\$18,970,797.92		
Unencumbered Fund Balance						
	\$11,239,373.62	\$9,347,831.29	\$9,241,931.79	\$9,879,834.63		

The net cash assets (unencumbered fund balance) is currently at 17.66% of budgeted premium revenues. This result was achieved while still funding the Rate Stabilization Reserve at 7.5% of Expected Paid Claims and adjusting the Catastrophic Claims Reserve to \$4.64 million. Also, fund balance was reduced in 2020 by the “premium holiday” that was authorized for all municipalities.

Liabilities and Reserves - Defined

LIABILITIES

- The liabilities associated with the Consortium's operations are directly related to covered medical benefits that are incurred by Consortium Members which have yet to be received or paid by the insurance company or plan administrator. For example, if the Consortium were to end its operations on any given December 31st there are going to be covered medical services received by covered members on or before December 31st which will not be paid until sometime after December 31st. This is commonly referred to in the industry as an Incurred but Not Reported (IBNR) and Incurred but Not Paid (IBNP) Claims Liabilities.
- In recent years with the increases in technology associated with the billing and payment of medical benefit claims and with the increase in the volume of prescription drug claims which are inherently electronic in nature, the overall value of this liability has decreased as a percentage of expected/paid claims. In fact, twenty years ago, this liability equaled approximately the value of three (3) months (24%) of annual expected/paid claims. Today, this value is closer to one (1) month (8%) of expected incurred claims and the New York State Department of Financial Services has set this liability for the 2022 Fiscal Year to equal 12.00% of the expected incurred claims estimate for the year.

Liabilities and Reserves - Defined

RESERVES

- The reserves held by the Consortium are the cash assets which have been assigned to cover a direct liability or to assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. These cash assets have also been a source of revenue through the interest earned to the Consortium which has allowed the Consortium to hold premium increases down in previous years.
- The Consortium has historically maintained the following reserves:
 - Incurred But Not Report (IBNR) Claims Liability Reserve (statutory reserve)
 - Surplus Account (statutory reserve)
 - Catastrophic Claims Reserve (discretionary reserve)
 - Rate Stabilization Reserve (discretionary reserve)
- Please refer to the following slides for a detailed description of each reserve classification.

Liabilities and Reserves - Defined

INCURRED BUT NOT REPORTED (IBNR) CLAIMS LIABILITY RESERVE

- The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims. We believe this is a conservative estimate of the liability, but we understand the Department has always acted based on their philosophy to maintain this level of reserve as they want the Consortium Member Claims to be fully-funded at all times.
- Maintaining this reserve at an insufficient amount to cover the liability could result in a Municipal Corporation owing a significant amount of money if they chose to leave the Consortium. A Municipal Corporation's decision to leave or stay in the Consortium should not be affected by the Consortium's lack of adequate reserves and this is a philosophy we feel the Consortium should embrace, even during tougher economic times.
- The 2022 Fiscal Year budget forecasted this reserve to equal \$6,874,453.35 (12.0% of projected hospital, medical, surgical, and prescription drug incurred claims). It should be noted that Excellus BlueCross BlueShield does provide an estimate of this liability in their annual renewal documents. For the 2022 Fiscal Year, Excellus' estimate of this liability was \$4,713,900 which is approximately 8% of the expected claims cost for the year.

Liabilities and Reserves - Defined

SURPLUS ACCOUNT

- The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.
- Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.
- The Amended 2022 Fiscal Year budget forecasts this reserve to equal \$2,796,865.76 (5.0% of projected premium income of \$55,937,315.28). In years where the Consortium approves premium holidays, the Consortium would calculate the Surplus Account reserve requirement based on the full expected premium, versus the artificially reduced premium collected.

Liabilities and Reserves - Defined

CATASTROPHIC CLAIMS RESERVE

- This reserve was established by the Consortium's Board of Directors to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce expenses. It was agreed that the Consortium's risk pool is so substantial in size that it can absorb a significant number of large losses without damaging the financial integrity of the Consortium.
- It was our professional opinion and the opinion of the Board of Directors that there was an acceptable reward versus risk ratio between the reduction of this significant expense, the exposure of large losses, and the cash asset position of the Consortium. This conclusion led the Board of Directors to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000 for the 2020. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors made the approved a resolution to document the funding method of this reserve fund. Based on that resolution, the Catastrophic Claims Reserve Fund was funded at \$4,642,294.20 as of December 31, 2021.

Liabilities and Reserves - Defined

RATE STABILIZATION RESERVE

- When the Consortium's cash assets were at a sufficient level, the Board of Directors made the decision to establish the Rate Stabilization Reserve at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.
- It is our goal to work with the Consortium to ensure future fiscal year budgets are developed with this reserve being maintained.
- These funds would be used to “bridge the gap” during an associated hyper-inflationary period relative to paid claims allowing the Board of Directors to establish a multiple year plan to adjust revenue (premiums) and prevent a significant increase in premium rates during a single fiscal period.



Section 7

2022 Fiscal Year-to-Date Summary & Observations

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30	31					

2022 Fiscal Year-to-Date Summary & Observations

1. The overall revenue of the Consortium is a slightly below budget as of May 31, 2022. We believe that as the Consortium moves through the year, this result will gradually change as enhanced pharmaceutical manufacturer rebates received from ProAct, Inc. increase in the second half of the year. Unfortunately, even with the increased management of the cash assets by the Consortium's Financial Team, in collaboration with Wilmington Trust, interest income continues to struggle.
2. The combined **Medical and Rx Paid Claims were 2.10% below budget** through the first 5-months of the 2022 Fiscal Year. We are keeping a close eye on the paid claims and how they evolve with the changes in the COVID pandemic. Historically, the claims paid during the latter part of the Calendar Year tend to be a bit higher as annual deductibles and out-of-pocket maximums are met in the early months.

2022 Fiscal Year-to-Date Summary & Observations

3. Overall, the Greater Tompkins County Municipal Health Insurance Consortium is performing on par with the amended budget through the first 5-months of the 2022 Fiscal Year. We will need to continue to monitor the “post-COVID” claims trends, especially as we head into the 2023 budget cycle. We are hopeful that the early positive claims trends will continue and allow the Consortium to maintain modest premium increases for 2023 and in the future, providing stability to municipalities budgets.
4. The results experienced by the Consortium as of May 31, 2022 support the Board of Director’s decision to increase premium rates, by a modest 5%, for the 2022 Fiscal Year. With careful planning and monitoring, it may allow for some additional premium relief to assist the Participating Municipalities during potential difficult financial times as COVID relief monies dry up.
5. It is important to monitor the impact of the new accounting for gains and losses on investments, and how that reporting impacts the actual vs. budget comparisons. The current impact of these transactions for 2022 are a net loss of \$363,977.75 as of May 31, 2022.

Greater Tompkins County Municipal Health Insurance Consortium

Medical Loss Ratio (Paid Claims ÷ Premium)

