



Greater Tompkins County Municipal Health Insurance Consortium

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

Audit and Finance Committee

August 13, 2019 – 3:30 p.m.

Legislature Chambers

1. Call to Order (3:30) M. Cook

2. Changes to Agenda (3:30)

3. Approve Minutes of July 23, 2019 (3:32)

4. Cyber Security Risk Analysis Review (3:35) G. Potter

5. Financial Update (3:50) S. Locey
 - a. Fiscal Year Results to Date and Discussion of Preliminary 2020 Budget
 - b. Plan Underwriting Review Update

6. Executive Director's Report (4:30) E. Dowd
 - a. Reports from Other Committees
 - b. Consortium Staffing Update
 - c. **Resolution:** BMI Medical Claims Audit Action Items (available 8-9-2019)
 - d. Invoices (info. only): July: Tompkins County ITS, Armory Associates

7. **Resolution:** Authorization to Contract with Excellus for Medicare Advantage Plan for 2020 E. Dowd

8. Next meeting Agenda Topics (5:25)

9. Adjourn (5:30)

Next Meeting: September 24, 2019

**Audit and Finance Committee
Minutes - Draft
July 23, 2019 - DRAFT
Old Jail Conference Room**

Present: Mack Cook, Bud Shattuck, Rordan Hart, Ann Rider Olivia Hersey (arrived at 3:34 p.m.), Peter Salton, Chuck Rankin, Laura Shawley (arrived at 3:34 p.m.)

Excused: Steve Thayer

Guests: Judy Drake, Board of Directors Chair; Elin Dowd, Executive Director; Don Barber, Consultant (via conference call); Rick Snyder, Treasurer; Steve Locey, Robert Spenard, Locey and Cahill; Sarah Thomas, Tompkins County Human Resources; Mary Alice Avery, Zia Quasim, Wilmington Trust

Call to Order

Mr. Cook, Chair, called the meeting to order at 3:35 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of June 25, 2019

It was MOVED by Mr. Shattuck, seconded by Ms. Rider, and unanimously adopted by voice vote by members present, to approve the minutes of June 25, 2019 as submitted MINUTES APPROVED.

Mrs. Shawley and Ms. Hersey arrived at this time.

Presentation on the Consortium's Investment Portfolio

Mary Alice Avery, Vice President of Institutional Client Development, and Zia Quasim, Fixed-Asset Portfolio Manager for Wilmington Trust, thanked the Consortium for the opportunity to provide a report and said it is important to maintain an open relationship with the Consortium. Mr. Quasim walked the Committee through things that have been happening lately with the market and commented that it was reported at a Federal Reserve meeting that a cut in interest rates is expected, although the level of the cut is still unknown. He said risks to the economy are increasing and investors are preparing to respond to those cuts.

Mr. Quasim provided an overview of the Consortium's portfolio activity. Mr. Snyder spoke concerning 2020 budget preparation and commented that he will be transferring an additional \$1 million into the portfolio and that will help mitigate some of the impact due to the decrease in interest rates.

Mr. Snyder spoke of the JURAT filing and said Wilmington Trust has done a tremendous job providing information; their service has been exemplary and have "gone the extra mile" in working with the Consortium.

Discussion Regarding a Unified Narrative Supporting Existing Fund Balance Level

Mr. Cook said he thinks there needs to be discussion of ways to be proactive to defend the Consortium's fund balance as the 2020 budget process approaches. He spoke of the need to be sensitive to towns and villages due to the change in AIM (Aid and Incentives to Municipalities) funding that was part of the Governor's budget. He would like there to be discussion of how the Consortium will justify a rate increase at five percent or above with the

increase in its fund balance. He suggested taking a proactive approach and providing Directors with as much information as soon as possible in advance of the budget process. Mr. Shattuck said if the rate were to increase at a level of seven percent, for example, there likely would be more questions raised about the fund balance level. This could also increase the risk of municipalities withdrawing from the Consortium.

Mr. Locey said if something were done to artificially hold down the premium rate at a level that is less than expenses it would be creating a deficit budget. If this were done there would be more of an increase in the following year to make up that difference. He said the premium is supposed to drive and pay for the expenses of the Consortium. The fund balance is a separate item and there are different ways to address that. It can be dealt with by deficit budgeting, hiatus of premium, or by premium refund. Premium is a shared expense that includes portions from an employee, employer, and retiree and he would not recommend artificially holding it down by a substantial amount because of the problems that it could create going forward. He also noted that two of the reserves are statutory.

Mr. Snyder suggested the Consortium develop an official fund balance policy. Mr. Locey said what needs to be part of the discussion is that if not for interest income and prescription drug rebates the rates would be higher than they are. Because there is a fund balance there is income being generated which is helping to hold down rate increases. Mr. Locey said the initial goal when the Consortium was established was to have modest, steady, reasonable growth in rate over a long period of time. Mr. Locey said the Consortium's rates are extremely competitive in comparison to the open market and its rates of increase are lower than what the average has been.

Ms. Dowd said information can be compiled in advance of the Board meeting to share concepts that have been discussed and to help educate members on what the goal has been.

Mrs. Shawley spoke in support of Mr. Snyder's suggestion to create a fund balance policy.

Financial Update

Mr. Locey distributed a memo concerning outstanding items from the BMI audit of medical claims. He reviewed action items along with BMI's and Excellus' responses to each item along with comments by Locey & Cahill on the status and/or further actions needed to close the items out.

Mr. Locey reviewed financial results through June 2019 and said the Consortium is showing almost \$1.8 million in net income for the first six months. He referred to budget versus actual results and said it appears estimates for premium were overestimated and he predicts claims will be lower than expected by close to the same amount. He called attention to interest income having exceeded the total goal for the year and said the Consortium made a wise decision with regard to its investment strategy. Overall revenue is approximately \$.5 million below budget; medical claims are 6% below budget and prescription drug claims are 10% below budget. Most other items are close to budget and there will be a further breakout of other expense items. In summary, Mr. Locey said for the first six months of 2019 the Consortium has a net income of \$1.77 million, \$27 million in cash assets, and overall claims are 7.43% below budget.

Mr. Salton raised the issue of forecasting drug costs and what may be coming up. Mr. Locey said the next time the PBM contract goes out to bid the evaluation could include not only what their reimbursements are for the drugs but what types of rebates are they driving.

Ms. Drake asked that the Committee revisit the decision to pay GASB fees for municipalities. She also suggested changing the line entitled "Admin. Fees" on the Expense Distribution Chart to "TPA/PBM Fees".

Large Loss Report

Mr. Spenard distributed a large loss claim report and said the Consortium is in good shape at this point with only 4 claimants with claims greater than \$200,000. There are no claimants with claim exceeding \$300,000. He referenced the one individual with a \$1 million laser and said to date this claimant has \$180,000 in claims. Mr. Locey noted the other lasered claimant has not shown up in any report for 2019.

Executive Director's Report

Ms. Dowd provided the Committee with a written report that was included in the agenda packet and offered additional comments during the meeting as topics arose for discussion. She provided an update on Consortium staffing and said by mid-August the Consortium will have three positions on its payroll. In addition to the Executive Director, the Clerk of the Board has transitioned from Locey and Cahill to the Consortium, and an Administrative/Computer Assistant has been hired. She said over the next six months she will be looking at what Wellness resources are already available and a decision on next steps for the Wellness Consultant will be decided after that time.

Ms. Dowd said the Consortium received only one response to its Request for Proposals for a Medicare Advantage Plan and that was from Excellus . The Plan is basically the same as what municipalities within the Consortium already have with Excellus. There was discussion at the Executive Committee of looking into securing resources of outside consultants, including Segal, to look at managing the Consortium's retirees. She said the plan is to proceed with offering the Excellus plan for 2020 as a pass through and she will spend the next year looking into the other suggestion to secure an outside consultant.

Ms. Drake spoke of the plan underwriting review and the 2020 budget and said more information should be available to present to the Committee in the next couple of weeks. She suggested the Committee consider holding a special meeting to look at plan underwriting and to discuss the 2020 budget and noted the next Committee meeting falls only two days prior to the Board meeting. The Committee agreed with this suggestion and rescheduled the August 27th meeting to August 13th at 3:30 p.m.

The following invoices for June 2019 were presented for information only with no questions: Invoice for laptops, Armory Associates, American Dining (TC3), and Hancock Estabrook.

Self-Funded Stop Loss Update

Ms. Dowd reported Mr. Locey is working with Armory Associates on coming up with a model to bring back to the Committee what it would look like if the Consortium were to move to a self-funded Stop Loss program.

Adoption of Policy for Determining Departing Municipality's Pro Rata Share of Assets

Ms. Dowd said the proposal as it currently stands is that the Consortium would be populating on an annual basis what the change for that year would be in unrestricted funds as well as any changes in the Surplus and Rate Stabilization Reserves.

Mr. Hart said the Surplus Reserve is statutory and the Rate Stabilization Reserve was established for the best interests of the members of the Consortium who stay. He identified two reasons why a municipality might withdraw – they might find a better rate elsewhere or for political reason. Under both of those situations he thinks it would be in the Consortium's best interests for the remaining members to have these reserves in place and questioned why they would be included in the calculation of pro rata share of assets for a withdrawing member.

Ms. Dowd said the initial thinking was that they bought into the Consortium and that would represent the share they brought in and should receive that share upon existing. It was designed to not be a punitive system. Mr. Barber explained the reasons for including these and noted the Catastrophic Claims Reserve and the IBNR would not be part of the calculation.

Mr. Locey spoke of another consortium he works with in which an entity pulled out and in that case the Board determined the withdrawing member should receive everything except the IBNR. At the end of the process the entity wanted the difference back between what the IBNR was and the amount of actual paid claims. He said the New York State Office of General Counsel has said nothing has to be given back but he thinks there is some validity in only holding back the IBNR and the Catastrophic Claims Reserve. Other reserves are not tied to liabilities and he thinks it would be difficult to justify holding back those funds. Following the discussion Mr. Hart said he would still hold back the Rate Stabilization Reserve because as it grows and interest earnings are greater it will help to offset future premium increases.

Mr. Locey said he thinks the proposed resolution is fair and it is good that it is being taken up now and not at a time when there is a participant considering withdrawal.

RESOLUTION NO. — 2019 - ADOPTION OF POLICY FOR DETERMINING DEPARTING MUNICIPALITY'S PRO RATA SHARE OF ASSETS

MOVED by Mr. Rankin, seconded by Ms. Rider, and unanimously adopted by voice vote by members present.

WHEREAS, Section P.4.of the MCA provides guidance for determining member equity where it states:

"The surplus or deficit shall include recognition and offset of any claims, expenses, assets and/or penalties incurred at the time of withdrawal, but not yet paid. Such pro rata share shall be based on the Participant's relative premium contribution to the Consortium as a percentage of the aggregate premium contributions to the Consortium during the period of participation. This percentage amount may then be applied to the surplus or deficit which existed on the date of the Participant's withdrawal from the Consortium. Any pro rata surplus amount due the Participant shall be paid to the Participant one year after the effective date of the withdrawal. Any pro rata deficit amount shall be billed to the Participant by the Consortium one year after the effective date of the withdrawal and shall be due and payable within thirty (30) days after the date of such bill.", and

WHEREAS, the policy for which assets to include in calculating a member's equity or deficit has not been established and the Audit and Finance Committee has deliberated on this policy, and

WHEREAS, the Audit and Finance Committee has found that the Unrestricted Funds should be included in the members equity calculation; and that "Change in Unrestricted Funds" are tracked annually and allocated by the member's aggregate premium contribution for that

year; and the annual allocation of that year's Unrestricted Fund equity is added to all previous year's total (note this may not always be a positive number annually or tenure total), and

WHEREAS, the Audit and Finance Committee has found that the member's portion of the Surplus Reserve, which is also based on the member's aggregate premium contribution for that year should be included in the members equity calculation (note this will always be a positive number), and

WHEREAS, the Audit and Finance Committee has found that the Catastrophic Claims Reserve should not be included in the members equity calculation, because this reserve has been used to offset premiums which was a financial benefit to all members premium calculation, and

WHEREAS, the Audit and Finance Committee has found that the Rate Stabilization Reserve should be included in the members equity calculation, Changes in the Rate Stabilization Reserve are tracked annually allocated by the member's aggregate premium contribution for that year; and the annual allocation of that year's Rate Stabilization Reserve is added to all previous year's total (note this may not always be a positive number annually or tenure total), and

WHEREAS, the Audit and Finance Committee has found that the Incurred But Not Reported Reserve should not be included in the members equity calculation, because the departing member's portion of this IBNR Reserve will be applied toward that member's subscriber's tail of claims expense, now therefore be it

RESOLVED, That the Audit and Finance Committee recommends the Board of Directors adopt the following policy for calculating a departing member's equity:

Determination of a departing Member's equity shall include the following:

1. Unrestricted Funds: "Change in Unrestricted Funds" are tracked annually allocated by the member's aggregate premium contribution for that year; and the annual allocation of Unrestricted Fund equity is added to all previous year's total (note this may not always be a positive number annually or tenure total)
2. Surplus Reserve: at the time of departure, that year's Surplus Reserve is apportioned base on the member's aggregate premium contribution for that year (note this will always be a positive number)
3. Rate Stabilization Reserve: Changes in Rate Stabilization Reserve are tracked annually allocated by the member's aggregate premium contribution for that year; and the annual allocation of change in the Rate Stabilization Reserve is added to all previous year's total (note this may not always be a positive number annually or tenure total)

Resolution No. 015-2019 – Board Policy Regarding Compliance with Section A.3 of the Municipal Cooperative Agreement

Mr. Cook said this items was defeated at the last Board of Directors meeting due to lack of quorum. Mr. Salton reiterated his opinion that he doesn't think this resolution is necessary as the Board can request the municipality to submit a waiver request.

It was MOVED by Ms. Hersey, seconded by Ms. Rider, to recommend the Board reconsider and adopt Resolution No. 015-2019 – Board Policy Regarding Compliance with Section A.3 of the Municipal Cooperative Agreement. A voice vote resulted as follows: Ayes –

6, Noes – 0, Excused – 1 (Thayer), Temporarily Out of Room – 1 (Shattuck); Abstentions – 1 (Salton). MOTION CARRIED.

Next Agenda Items

The following items will be included on the next agenda:

- Revisit GASBE 75 (October meeting)
- Resolution Approving Medicare Advantage Plan
- 2020 Budget Review
- Plan Underwriting Review
- BMI Medical Claims Audit Action Items

Adjournment

The meeting adjourned at 5:13 p.m.



Greater Tompkins County Health Insurance Consortium 2020 Budget Presentation

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Section 1

2019 Fiscal Year-to-Date Results

2019 Income Budget vs Actual

		<i>2019 Adopted Budget</i>	<i>2019 Year-to-Date</i>	<i>2019 Actual Results</i>	<i>Variance</i>	<i>% Difference</i>
Income						
	Medical Plan Premiums	\$51,260,787.35	\$25,630,393.67	\$25,099,031.55	-\$531,362.12	-2.07%
9000	Ancillary Benefit Plan Premiums	\$164,340.00	\$82,170.00	\$73,760.02	-\$8,409.98	-10.23%
	Interest	\$200,000.00	\$100,000.00	\$214,493.04	\$114,493.04	114.49%
9010	Rx Rebates	\$1,747,886.24	\$873,943.12	\$809,146.43	-\$64,796.69	-7.41%
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	n/a
9030	Other	\$5,150.00	\$2,575.00	\$1,384.22	-\$1,190.78	-46.24%
Total Income		\$53,378,163.59	\$26,689,081.79	\$26,197,815.26	-\$491,266.53	-1.84%

Key Facts:

1. Premium Income is lower than budgeted primarily due to more members participating in lower cost benefit packages, like the Platinum Plan.
 - a. The County of Tompkins had more than 100 employees move from higher cost Indemnity and PPO Plans into the lower cost Platinum PPO Plan.
 - b. The initial estimates used for the County of Seneca members was based on the average premium cost per covered life for the Consortium as a whole. The County ultimately enrolled their members in the Platinum PPO Plan which is a lower cost plan on an average per covered life cost basis.

2019 Income Budget vs Actual

Key Facts (continued):

2. The ancillary benefits are more than 10% below budget due to less enrollment in these benefit options. Since this is a “pass-through” cost, it does not negatively impact the net position of the Consortium on an annual basis.
3. Interest Income is significantly above the budgeted amount as a direct result of interest rates increasing and the improved investment management strategies initiated by the Consortium’s financial management team.
4. Rx Rebates are a bit below budget as a direct result of pharmaceutical claims being more than 10% below the expected level for the first 6-months of 2019.
5. To date, the Consortium has not had any claims which have exceeded the Specific Stop-Loss Insurance \$600,000 Deductible. As a result, the Consortium has not received any funds from Excellus BCBS related to this coverage.
6. “Other” Revenue is down a bit from the budgeted projection. However the impact of this line-item is negligible at best and has very little impact on the overall net position of the Consortium.

2019 Expenses Budget vs Actual

		2019 Adopted Budget	2019 Year-to-Date	2019 Actual Results	Variance	% Difference
Expenses						
8090	Medical Paid Claims	\$35,347,255.37	\$17,673,627.69	\$16,553,364.94	-\$1,120,262.75	-6.34%
8120	Rx Paid Claims - ProAct	\$13,835,185.90	\$6,917,592.95	\$6,210,899.17	-\$706,693.78	-10.22%
8121	Rx Paid Claims - CanaRx	\$184,321.52	\$92,160.76	\$87,907.70	-\$4,253.06	-4.61%
8050	Medical Admin Fees	\$1,274,977.75	\$637,488.88	\$640,891.93	\$3,403.05	0.53%
	Rx Admin Fees	\$172,020.23	\$86,010.12	\$73,823.75	-\$12,186.37	-14.17%
8084	Flu Clinic Fees	\$11,489.24	\$11,489.24	\$10,420.00	-\$1,069.24	-9.31%
8091	NYS Graduate Medical Exp.	\$289,528.82	\$144,764.41	\$165,504.93	\$20,740.52	14.33%
9060	ACA PCORI Fee	\$14,912.04	\$0.00	\$0.00	\$0.00	n/a
8115	ACA Transitional Reins. Program Fees	\$0.00	\$0.00	\$0.00	n/a	n/a
8110	Stop-Loss Aggregate and Specific	\$609,679.40	\$304,839.70	\$317,293.08	\$12,453.38	4.09%
	Advance Deposit / Pre-Paid Claims	\$32,054.91	\$32,054.91	\$0.00	-\$32,054.91	-100.00%
8070	Legal Fees	\$10,927.27	\$5,463.64	\$7,091.67	\$1,628.04	29.80%
	Executive Director (Salary & Fringes)	\$95,500.00	\$47,750.00	\$24,682.47	-\$23,067.53	-48.31%
8055	Consultant Fees (Barber)	\$54,500.00	\$27,250.00	\$23,920.26	-\$3,329.74	-12.22%
8030	Consultant Fees (L&C)	\$85,000.00	\$42,500.00	\$54,076.25	\$11,576.25	27.24%
8000	Accounting Fees	\$31,827.00	\$15,913.50	\$14,035.00	-\$1,878.50	-11.80%
8010	Actuarial Fees	\$20,600.00	\$20,600.00	\$40,100.00	\$19,500.00	94.66%
8020	Audit Fees	\$93,420.00	\$46,710.00	\$36,300.00	-\$10,410.00	-22.29%
8043	Wellness Coordinator Fees	\$48,000.00	\$24,000.00	\$20,076.25	-\$3,923.75	-16.35%
8060	Insurances (D&O / Prof. Liability)	\$36,453.02	\$18,226.51	\$20,056.81	\$1,830.30	10.04%
8041	Internal Coordination (Finance)	\$67,362.00	\$33,681.00	\$30,730.78	-\$2,950.22	-8.76%
8042	Internal Coordination (Support)	\$22,145.00	\$11,072.50	\$12,307.40	\$1,234.90	11.15%
8045	Internal Coordination (Town of Ithaca)	\$3,600.00	\$1,800.00	\$2,200.00	\$400.00	22.22%
8044	Internal Coordination (IT Support)		\$0.00	\$0.00	\$0.00	n/a
9065	Marketing Expenses		\$0.00	\$0.00	\$0.00	n/a
9055	Investment Management Services		\$0.00	\$0.00	\$0.00	n/a
9050	Ancillary Benefit Premiums	\$164,340.00	\$82,170.00	\$75,584.55	-\$6,585.45	-8.01%
	Other Expenses / Supplies	\$10,300.00	\$5,150.00	\$7,137.33	\$1,987.33	38.59%
Total Expenses		\$52,515,399.48	\$26,282,315.80	\$24,428,404.27	-\$1,853,911.53	-7.05%

2019 Expenses Budget vs Actual

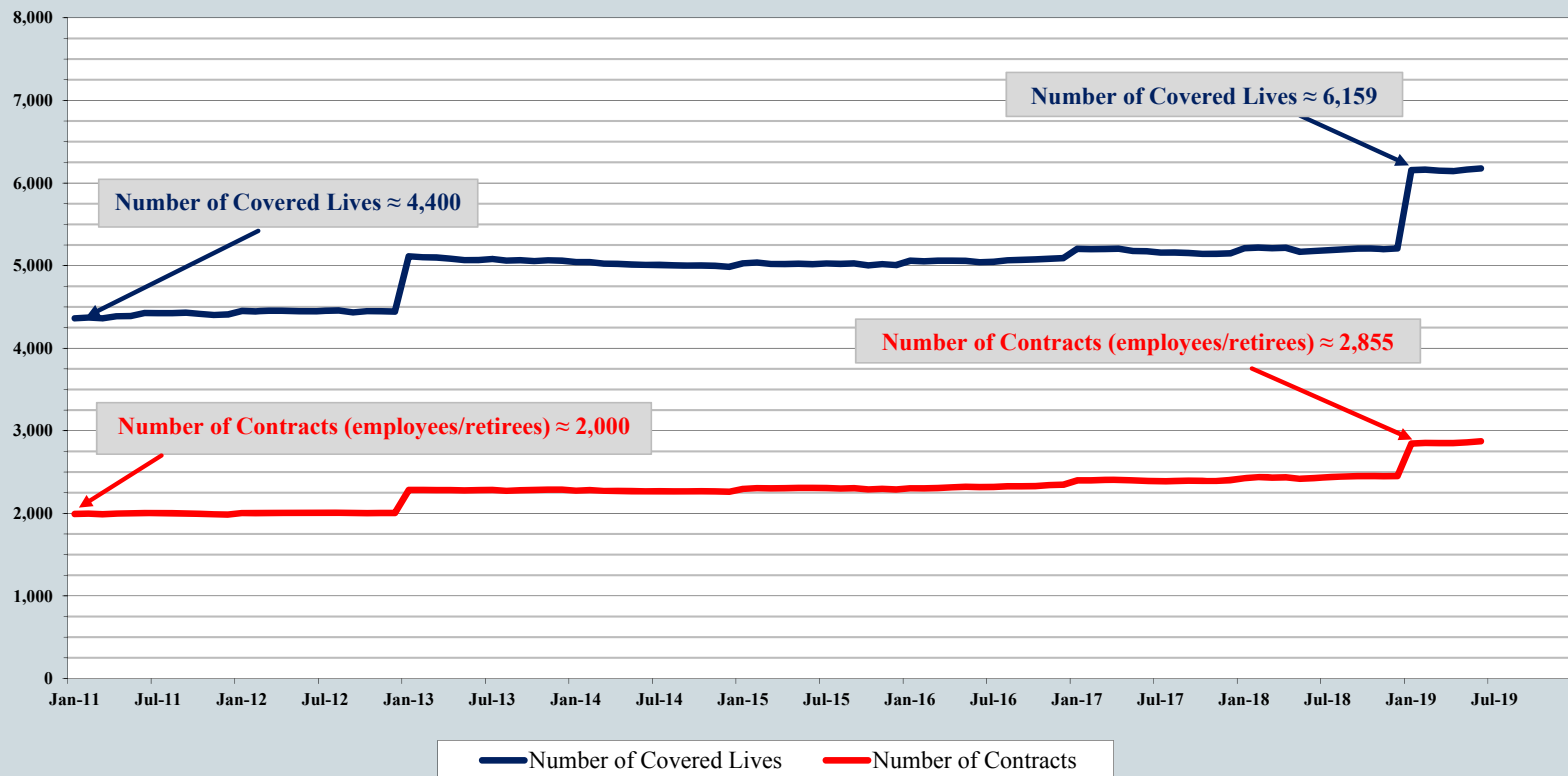
Key Facts:

1. Paid claims account for 93.59% of the total expenses for the GTCMHIC.
2. Medical Paid Claims are currently 6.34% below the projected budget for the year and this is the result of:
 - a) Significant increase in the covered lives ($\uparrow 18.43\%$) and in the number of contracts ($\uparrow 17.09\%$) skews the early 2019 medical paid claims due to the “run-in lag”.
 - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan at the Counties of Seneca and Tompkins
 - c) Lower frequency of large dollar claimants through the first 6-months of 2019
3. Rx Paid Claims are currently 10.22% below budget and this continues a trend in the past couple of years where the pharmacy claims have been consistently below budget. Unlike medical paid claims, there is almost no impact associated with “run-in lag” that impacts the pharmacy paid claims.

Greater Tompkins County Municipal Health Ins Consortium

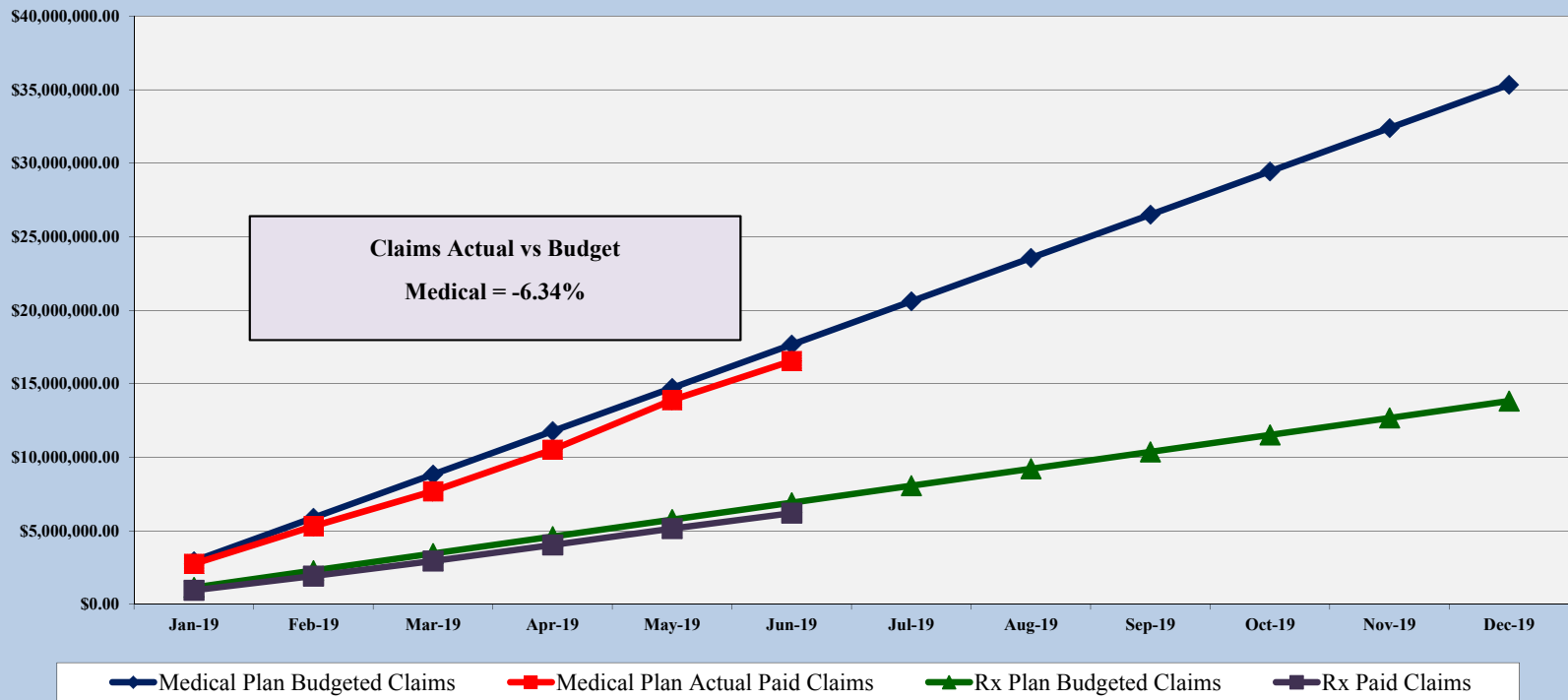
2011-2019 Monthly Covered Lives and Contracts

January 1, 2011 to June 30, 2019

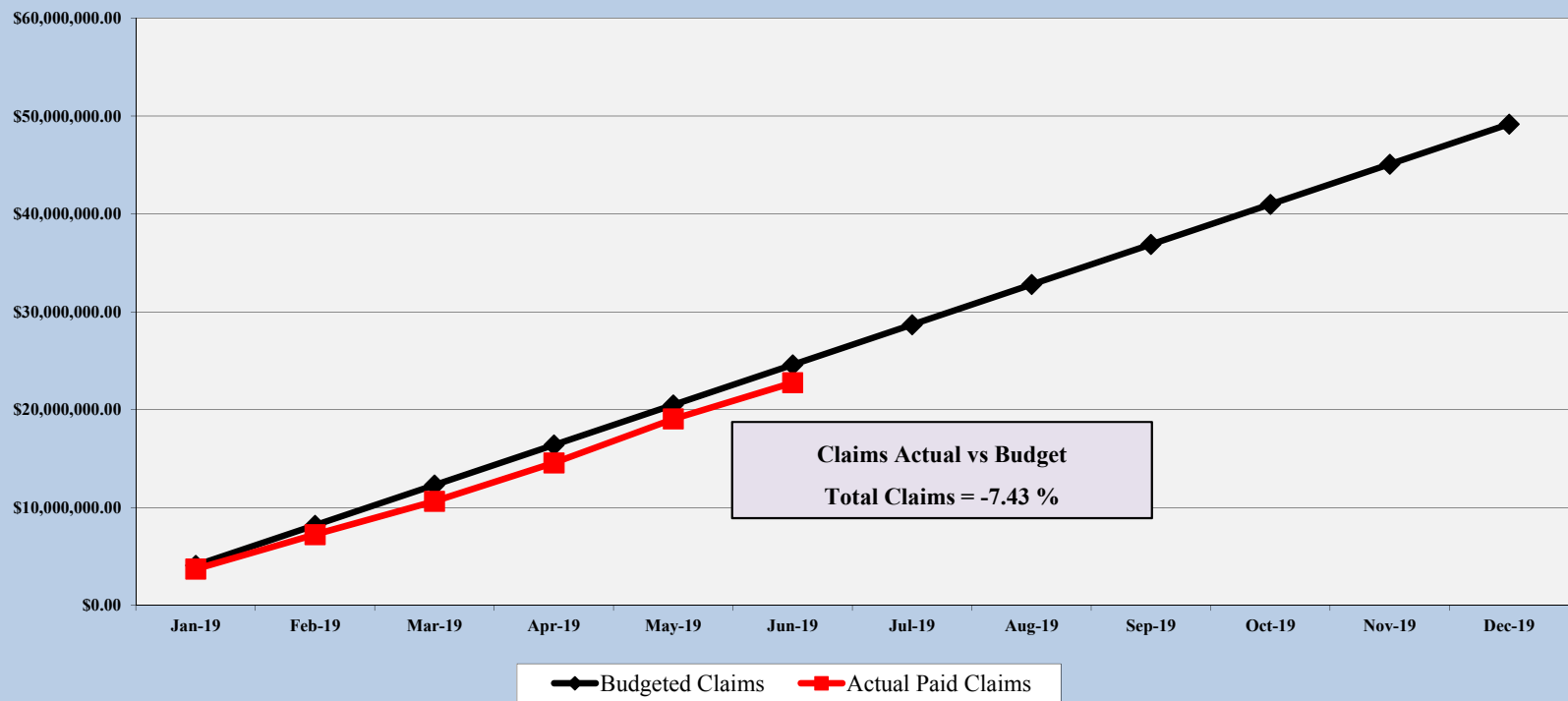


Greater Tompkins County Municipal Health Insurance Consortium

2019 Cumulative Paid Claims and Budgeted Claims by Month



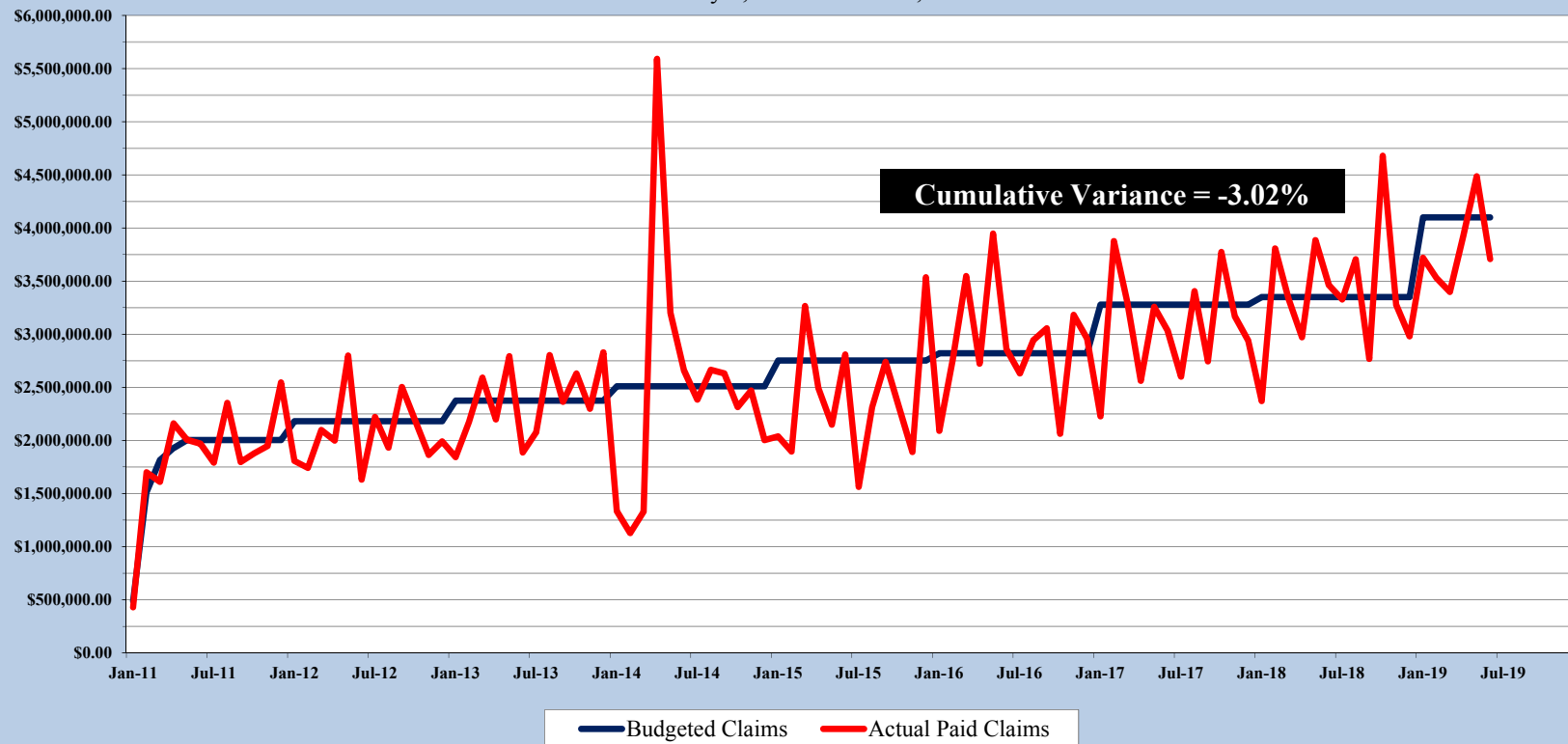
**Greater Tompkins County Municipal
Health Insurance Consortium**
2019 Cumulative Paid Claims and Budgeted Claims by Month



Greater Tompkins County Municipal Health Ins Consortium

2011-2019 Monthly Paid Claims v Budgeted Claims

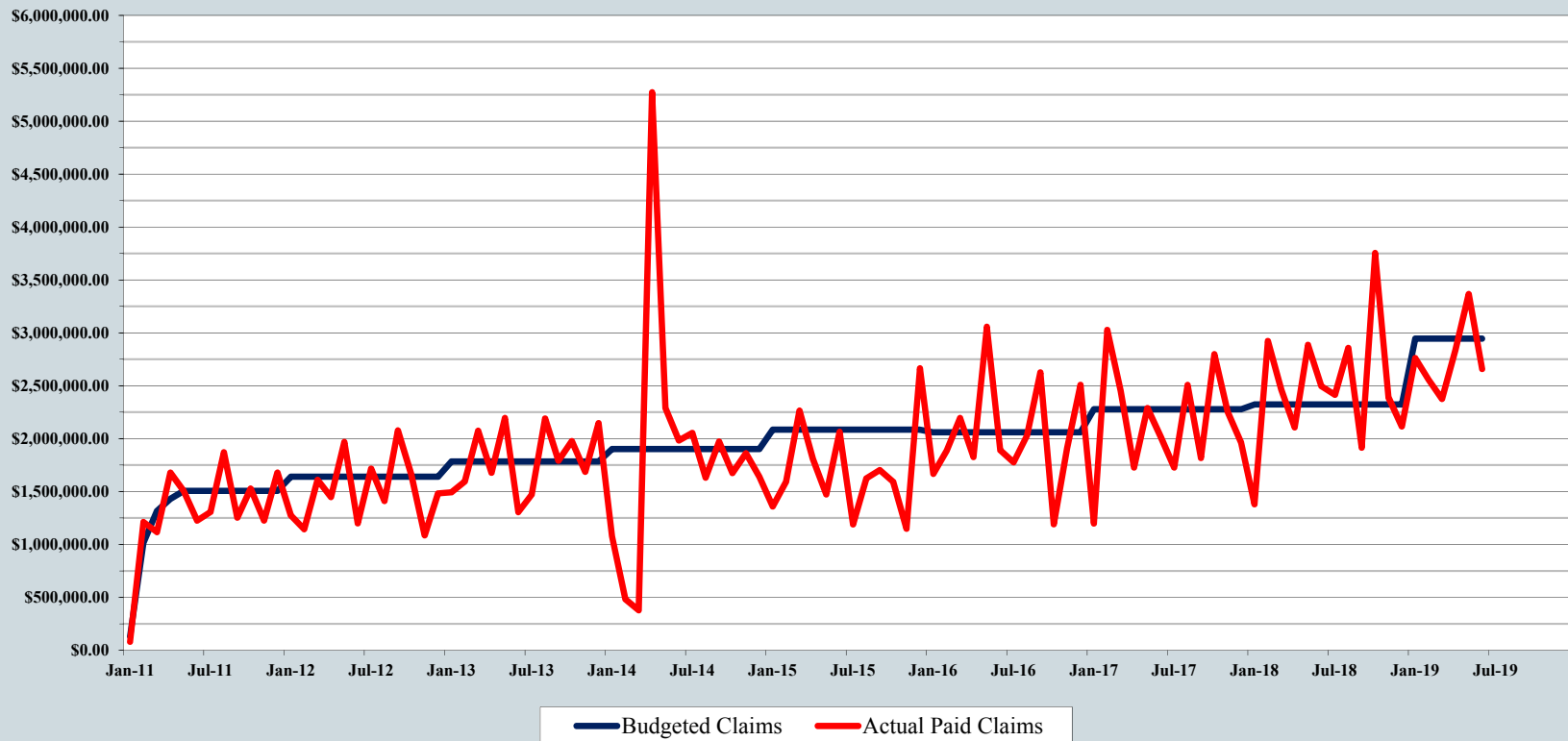
January 1, 2011 to June 30, 2019



Greater Tompkins County Municipal Health Ins Consortium

2011-2019 Monthly Medical Paid Claims v Budgeted Medical Claims

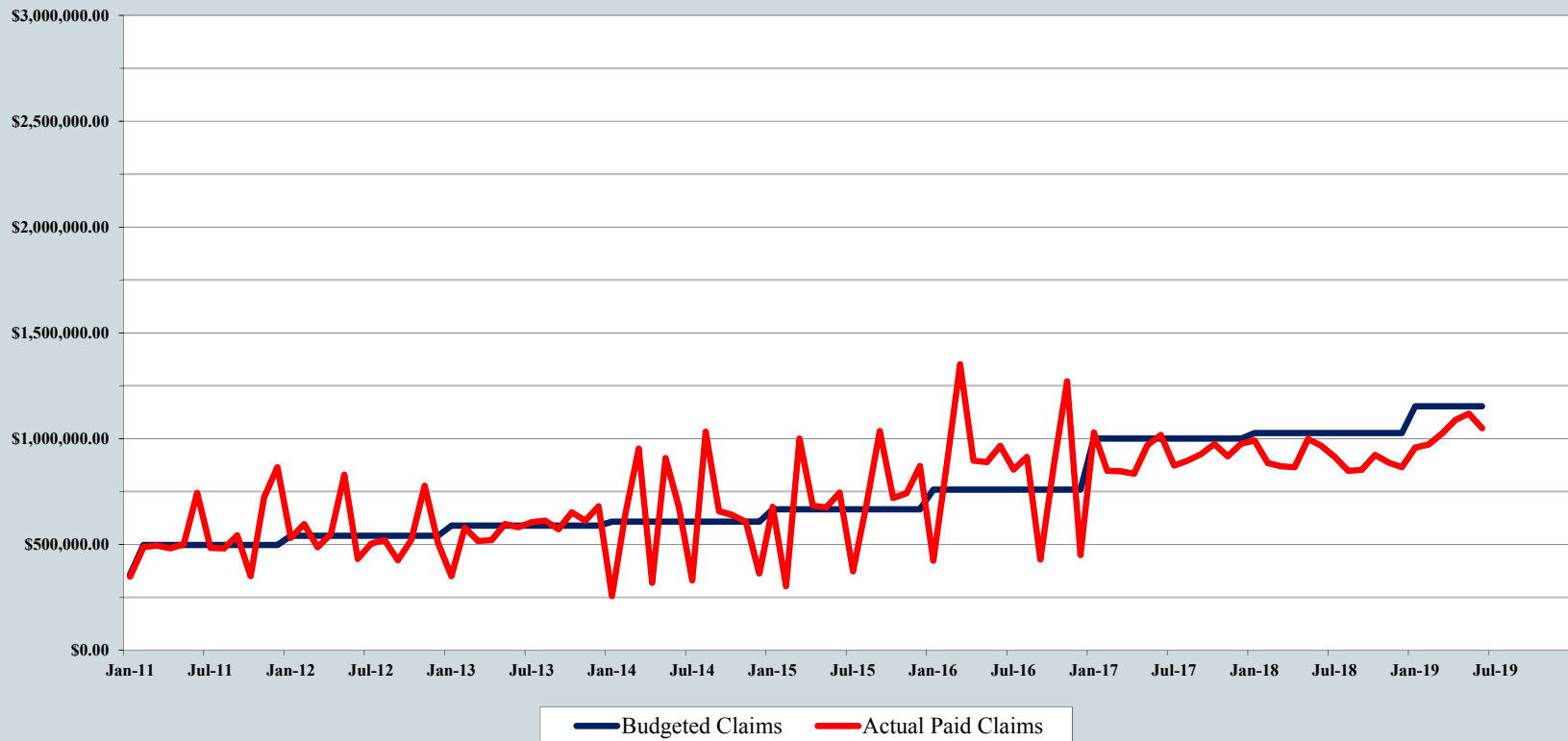
January 1, 2011 to June 30, 2019



Greater Tompkins County Municipal Health Ins Consortium

2011-2019 Monthly Rx Paid Claims v Budgeted Rx Claims

January 1, 2011 to June 30, 2019





Section 2

2020 GTCMHIC Budget Overview – Assets

2020 GTCMHIC Budget - Assets

Major Asset Categories:

- 1. *IBNR Claims Liability Reserve*** – §4706(a)(1) of the New York State Insurance Law requires the Consortium to establish “a reserve for payment of claims and expenses thereon reported but not yet paid, and claims and expenses thereon incurred but not yet reported which shall not be less than an amount equal to twenty-five percent of expected incurred claims and expenses thereon for the current plan year, unless a qualified actuary has demonstrated to the superintendent’s satisfaction that a lesser amount will be adequate”.

As part of the Consortium’s initial application process approval and as verified in subsequent audits conducted by the New York State Department of Financial Services, the Consortium has been granted the authority to establish the IBNR Claims Liability Reserve at twelve percent (12%) of expected incurred claims.

It should be noted that the Consortium’s Actuaries, Armory Associates, LLC, have determined the IBNR Liability to equal less than 8% for the fiscal years of 2015, 2016, 2017, and 2018. This gives us the comfort in knowing the 12% required IBNR Claims Liability Reserve is a conservative amount.

2020 GTCMHIC Budget - Assets

Major Asset Categories:

2. ***Surplus Account*** – §4706(a)(5) of the New York State Insurance Law requires the Consortium to fund a “surplus account” for the “sole purpose of satisfying unexpected obligations of the municipal cooperative health benefit plan in the event of termination or abandonment of the plan, which shall not be less than:
 - a. five percent of the annualized earned premium equivalents during the current fiscal year of a municipal cooperative health benefit plan which consists of five or more participating municipal corporations and covers two thousand or more employees and retirees;”

3. ***Catastrophic Claims Reserve*** - This reserve was recommended by Locey & Cahill, LLC and established by the Consortium’s Board of Directors to continue to protect the financial integrity of the Consortium as decisions were made to increase the Specific Stop-Loss Insurance Deductible to keep the insurance affordable. Currently, the Deductible is set at \$600,000 per covered member with “laser” deductibles of \$1.0 million and \$1.2 million, respectively. This presents a sizeable exposure to the Plan which is being addressed through this reserve fund.

2020 GTCMHIC Budget - Assets

Major Asset Categories:

4. ***Claims/Rate Stabilization Reserve***– This reserve was established at an amount equal to five percent (5%) of the expected premium income by the Board of Directors upon the recommendation of Locey & Cahill, LLC in an effort to provide the Consortium with additional assets to be used when claim projections are substantially exceeded. 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.

5. ***Unencumbered Fund Balance*** - This is the amount of the net cash asset balance after all liabilities and reserves have been accounted for by the Consortium. In the GTCMHIC’s Audited Financial Report this is referred to as the Net Cash Assets. The Consortium’s Audit & Finance Committee has established 18% of expected annual premium as the target for these funds. As of the close of the 2018 Fiscal Year, the Consortium maintained a Net Cash Asset position of approximately \$15.9 million which represented 37.53% of the premium income for the year.

2018 Ending Balance

		<i>Actual Results 2018 Fiscal Year</i>
<i>Ending Balance</i>		<i>\$27,063,899.02</i>
<i>Liabilities and Reserves</i>		
	IBNR Reserve	\$4,931,847.00
	Surplus Account	\$2,120,085.28
	Claims / Rate Stabilization Reserve	\$2,100,000.00
	Catastrophic Claims Reserve	\$2,000,000.00
	Total Liabilities and Reserves	\$11,151,932.28
<i>Unencumbered Fund Balance</i>		<i>\$15,911,966.74</i>
		<i>37.53%</i>

2019 Beginning Balance

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 15,934,310	\$ 18,905,139
Accounts Receivable - Stop Loss and Drug Rebates	442,347	406,929
Premiums Receivable	178,141	472,607
Total Current Assets	<u>16,554,798</u>	<u>19,784,675</u>
OTHER ASSETS		
Noncurrent Assets		
Premium Claims Deposit	647,700	526,300
Restricted Cash and Cash Equivalents	9,861,401	6,220,147
Total Noncurrent Assets	<u>10,509,101</u>	<u>6,746,447</u>
Total Assets	<u>27,063,899</u>	<u>26,531,122</u>



Section 3

2020 GTCMHIC Budget Overview – Income

2020 GTCMHIC Budget - Income

Major Income Sources:

- 1. *Medical Plan Premiums*** – this is the income derived from the health insurance premium payments made by each Participating Municipality in the Consortium. These dollars include any premium contributions made by employers, employees, COBRA members, and retirees.
- 2. *Ancillary Benefit Premiums*** – this revenue source is associated with the Consortium’s fully-insured dental, vision, disability, accidental death & dismemberment, legal aid, and life insurance policies. These premiums are considered a “pass-through”.
- 3. *Interest Earnings*** – this income line-item shows the return on investments associated with the Consortium’s cash assets which are deposited and invested based on the Consortium’s investment policy with the assistance of Wilmington Trust. Currently, the return on these investments is lowering the average annual premium increase by between 0.75% and 1.00%.

2020 GTCMHIC Budget - Income

Major Income Sources (continued):

4. **Rx Rebates** – this represents the amount of income paid to the GTCMHIC from ProAct, Inc. associated with the pharmaceutical rebates ProAct, Inc. receives for purchases made by Consortium members.
5. **Stop-Loss Claim Reimbursements** – this income source is the result of members exceeding the specific stop-loss insurance deductible for the fiscal year. Monies received in stop-loss claim reimbursements are used to off-set the paid claims costs associated with high dollar claimants. Currently, the Consortium’s specific stop-loss deductible is \$600,000 with a couple of individuals who have “laser” deductibles of a \$1 million or more.
6. **Other Income** – this small revenue item is associated with any miscellaneous funds which may be received as refunds, credits, or some other kind of financial settlement. Since 2014 this revenue source has averaged less than \$6,000 per annum.

2020 Projected Income

		<i>as of June 30, 2019</i>			
		<i>Actual Results</i> <i>2018 Fiscal Year</i>	<i>Projected Budget</i> <i>2019 Fiscal Year</i>	<i>Updated Budget</i> <i>2019 Fiscal Year</i>	<i>Projected Budget</i> <i>2020 Fiscal Year</i>
Average Covered Lives		5,201	6,159	6,159	6,159
Beginning Balance		\$27,367,672.04	\$27,063,899.00	\$27,063,899.00	\$27,909,646.36
Income					
	Medical Plan Premiums	\$42,401,705.53	\$51,260,787.35	\$50,198,063.10	\$52,707,966.26
9000	Ancillary Benefit Plan Premiums	\$150,959.06	\$164,340.00	\$152,000.00	\$167,200.00
	Interest	\$21,937.59	\$200,000.00	\$430,000.00	\$446,554.34
9010	Rx Rebates	\$1,308,285.17	\$1,747,886.24	\$1,618,292.86	\$1,600,000.00
9040	Stop-Loss Claim Reimbursements	\$446,891.08	\$0.00	\$0.00	\$0.00
9030	Other	\$5,400.26	\$5,150.00	\$4,000.00	\$5,304.50
	Capitalization Investment	\$0.00	\$0.00	\$0.00	\$0.00
Total Income		\$44,335,178.69	\$53,378,163.59	\$52,402,355.96	\$54,927,025.10

2021-2024 Projected Income

		<i>Projected Budget 2021 Fiscal Year</i>	<i>Projected Budget 2022 Fiscal Year</i>	<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>
Average Covered Lives		6,159	6,159	6,159	6,159
Beginning Balance		\$27,830,224.53	\$27,458,360.21	\$26,634,896.38	\$25,288,880.76
Income					
	Medical Plan Premiums	\$55,343,364.57	\$58,110,532.80	\$61,016,059.44	\$64,677,023.00
9000	Ancillary Benefit Plan Premiums	\$183,920.00	\$202,312.00	\$222,543.20	\$244,797.52
	Interest	\$445,283.59	\$439,333.76	\$426,158.34	\$404,622.09
9010	Rx Rebates	\$1,600,000.00	\$1,600,000.00	\$1,600,000.00	\$1,600,000.00
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00
9030	Other	\$5,463.64	\$5,627.54	\$5,796.37	\$5,970.26
	Capitalization Investment	\$0.00	\$0.00	\$0.00	\$0.00
Total Income		\$57,578,031.80	\$60,357,806.10	\$63,270,557.35	\$66,932,412.88

2020-2024 Projected Income

Important Notes and Assumptions:

1. Premium Income includes a 5.00% increase in the premium equivalent rates for the 2020 Fiscal Year through the 2023 Fiscal Year. The 2024 Fiscal Year includes a premium increase of 6.0%. Please be aware, the premium income is based on the current population being enrolled in their current health insurance plans.
2. Ancillary Benefit Plan Premiums are a “pass-through” premium based on current insured populations in each program which have been trended by an aggregate 10% for the 2020 Fiscal Year through the 2024 Fiscal Year.
3. Interest Income has been calculated at 1.6% of Consortium Assets and is based on the most recent rates of return experienced by the Consortium.
4. Rx Rebates are the pharmaceutical rebates earned by the Consortium and the \$1.6 million is based on estimates as provided by ProAct, Inc. for the 2020 Fiscal Year.
5. “Other” Income is any miscellaneous revenue received by the Consortium and we utilized the most recent experience of the Consortium and applied that average going forward from the 2020 Fiscal Year through the 2024 Fiscal Year.



Section 4

2020 GTCMHIC Budget Overview – Expenses

2020 Projected Expenses

Major Expense Categories:

- 1. *Paid Claims*** – this is a combination of hospital, medical, surgical, and pharmacy paid claims billed by the three (3) claims administrators; Excellus BlueCross BlueShield (hospital, medical, and surgical), ProAct, Inc. (domestic pharmaceuticals), and CanaRx (international pharmaceuticals). This category also includes any expenses associated with the flu clinics organized by the Consortium and any adjustments needed to the Cash Advance (1-week of expected paid claims) held by Excellus BCBS.
- 2. *Claims Admin. (Administration) Fees*** – this is a combination of the monthly costs associated with the hospital, medical, surgical third-party administration services and the prescription benefit management services billed by Excellus BCBS and ProAct, Inc., respectively.
- 3. *Taxes and Fees*** – this category of expenses includes any taxes and fees paid to either the Federal or State Government. Currently, this includes the New York State Covered Lives Assessment, and the Federal Patient Protection and Affordable Care Act (ACA) fees.

2020 Projected Expenses

Major Expense Categories (continued):

4. ***Stop-Loss*** – this represents the premiums paid for specific stop-loss insurance. In prior years, this category also included the premium paid for aggregate stop-loss insurance. However, the Consortium was granted a waiver by the New York State Department of Financial Services for the requirement of purchasing aggregate stop-loss insurance.
5. ***Professional Services*** – this is a combination of the monthly costs associated with the outside professional support the Consortium hires on an annual basis. Currently, this expense category includes fees associated with accounting, actuarial, auditing, consulting, investment management, legal, and wellness coordination services.
6. ***Insurance/Internal Fees*** – the money associated with this expense category includes the salary, fringe benefit, support, and insurance costs incurred by the Consortium or by a Participating Municipal Partner. These fees currently include the Consortium’s Executive Director, financial support staff, administrative support staff, IT support staff, marketing costs, and professional liability insurance costs.

2020 Projected Expenses

Major Expense Categories (continued):

7. ***Ancillary Benefits*** – this last expense category is associated with the “pass-through” premium costs associated with the Consortium’s ancillary benefits which currently include the following:
 - a) Dental and Vision Insurance provided by the CSEA Employee Benefit Fund to include the Dutchess Dental Plan and the Platinum 12 Vision Plan.
 - b) Life Insurance, Short-Term Disability Insurance, and Voluntary Life Insurance policies offered and administered by the Lincoln Financial Group.
 - c) Legal Benefit Plan provided by the Upstate Union Health and Welfare Fund.

It should be noted that these ancillary benefits are available to any Participating Municipality in the Consortium separately or as a “package”. The costs associated with the program are the premiums charged by each company. The Consortium merely operates as a billing conduit for the services and all premium dollars collected by the Consortium are “passed-through” to the company for each benefit plan offered.

2020 Projected Expenses

			<i>as of June 30, 2019</i>	
Expenses	<i>Actual Results 2018 Fiscal Year</i>	<i>Projected Budget 2019 Fiscal Year</i>	<i>Updated Budget 2019 Fiscal Year</i>	<i>Projected Budget 2020 Fiscal Year</i>
Medical and Rx Paid Claims	\$40,731,602.60	\$49,427,323.68	\$47,235,202.44	\$51,448,392.26
Claims Administration Fees	\$1,168,636.25	\$1,446,997.99	\$1,429,431.36	\$1,478,723.22
Taxes and Fees	\$249,914.53	\$304,440.86	\$345,921.90	\$347,560.35
Stop-Loss Insurance	\$442,185.54	\$609,679.40	\$634,586.16	\$761,503.39
Professional Services	\$227,796.40	\$344,274.27	\$373,920.00	\$407,163.94
Insurance/Internal Fees	\$107,144.72	\$225,060.02	\$279,366.36	\$385,294.77
Ancillary Benefits	\$149,173.19	\$164,340.00	\$152,000.00	\$167,200.00
Other/Miscellaneous Fees	\$20,937.11	\$10,300.00	\$10,300.00	\$10,609.00
Total Expenses	\$43,097,390.34	\$52,532,416.23	\$50,460,728.22	\$55,006,446.93

2021-2024 Projected Expenses

Expenses	<i>Projected Budget 2021 Fiscal Year</i>	<i>Projected Budget 2022 Fiscal Year</i>	<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>
Medical and Rx Paid Claims	\$54,213,096.82	\$57,153,665.40	\$60,256,399.17	\$63,530,402.52
Claims Administration Fees	\$1,523,084.92	\$1,568,777.46	\$1,615,840.79	\$1,664,316.01
Taxes and Fees	\$364,938.37	\$383,185.29	\$402,344.55	\$422,461.78
Stop-Loss Insurance	\$913,804.07	\$1,096,564.88	\$1,315,877.86	\$1,579,053.43
Professional Services	\$340,378.86	\$350,590.22	\$361,107.93	\$371,941.17
Insurance/Internal Fees	\$399,745.80	\$414,919.59	\$430,866.73	\$447,642.24
Ancillary Benefits	\$183,920.00	\$202,312.00	\$222,543.20	\$244,797.52
Other/Miscellaneous Fees	\$10,927.27	\$11,255.09	\$11,592.74	\$11,940.52
Total Expenses	\$57,949,896.11	\$61,181,269.93	\$64,616,572.98	\$68,272,555.19

2020-2024 Projected Expenses

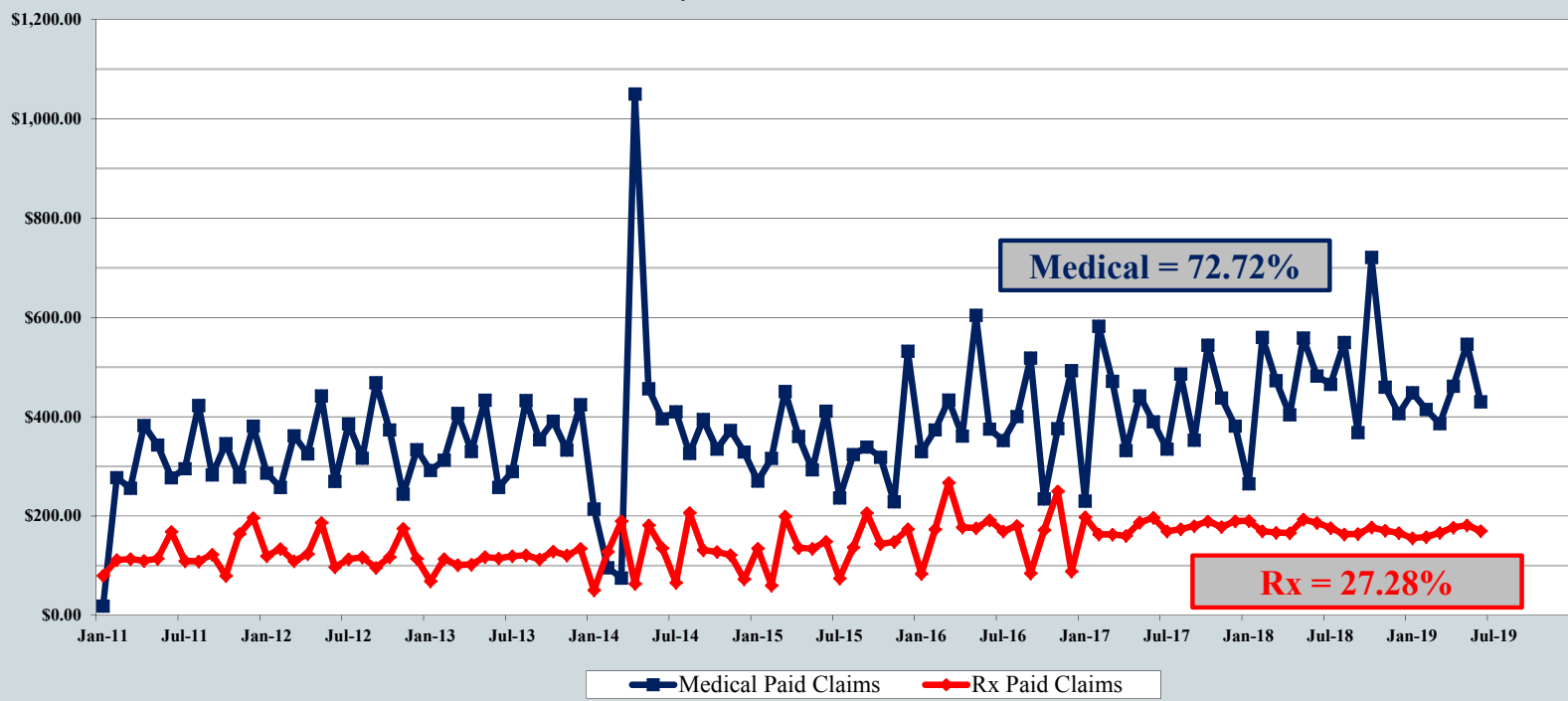
Important Notes and Assumptions:

1. The medical and pharmacy paid claims trends for the GTCMHIC from April 1, 2011 to June 30, 2019 has equaled 4.745% and 5.056%, respectively.
 - a) The Locey & Cahill, LLC Municipal Cooperative Health Benefit Plan Client paid claim trends models for medical and pharmacy claims produce an average annual cost increase of 3.321% and 6.378%, respectively.
 - b) The paid claims trends we utilized are based on a number of factors, including the trends noted above and Locey & Cahill, LLC's 24+ years of experience working with Municipal Cooperative Health Benefit Plans like the GTCMHIC.
 - c) The 2020 Paid Claims trends utilized for the budget projections were 5.00% for medical claims and 6.50% for prescription drug claims.
 - d) The following charts provide some background and detail regarding the paid claims trend information and data used by Locey & Cahill, LLC in the development of this budget report.

Greater Tompkins County Municipal Health Insurance Consortium

Monthly Paid Claims Per Covered Life

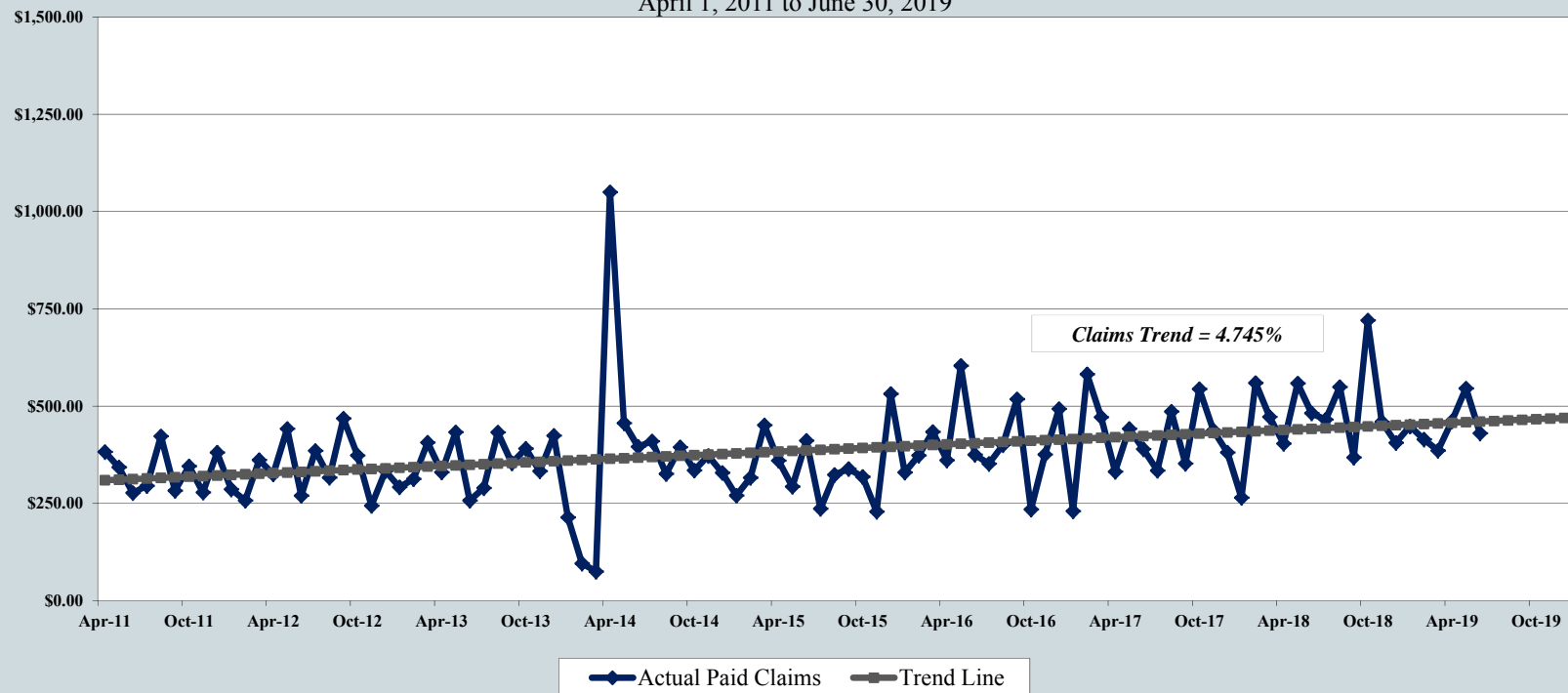
January 1, 2011 to June 30, 2019



Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month **Medical** Paid Claims Trend

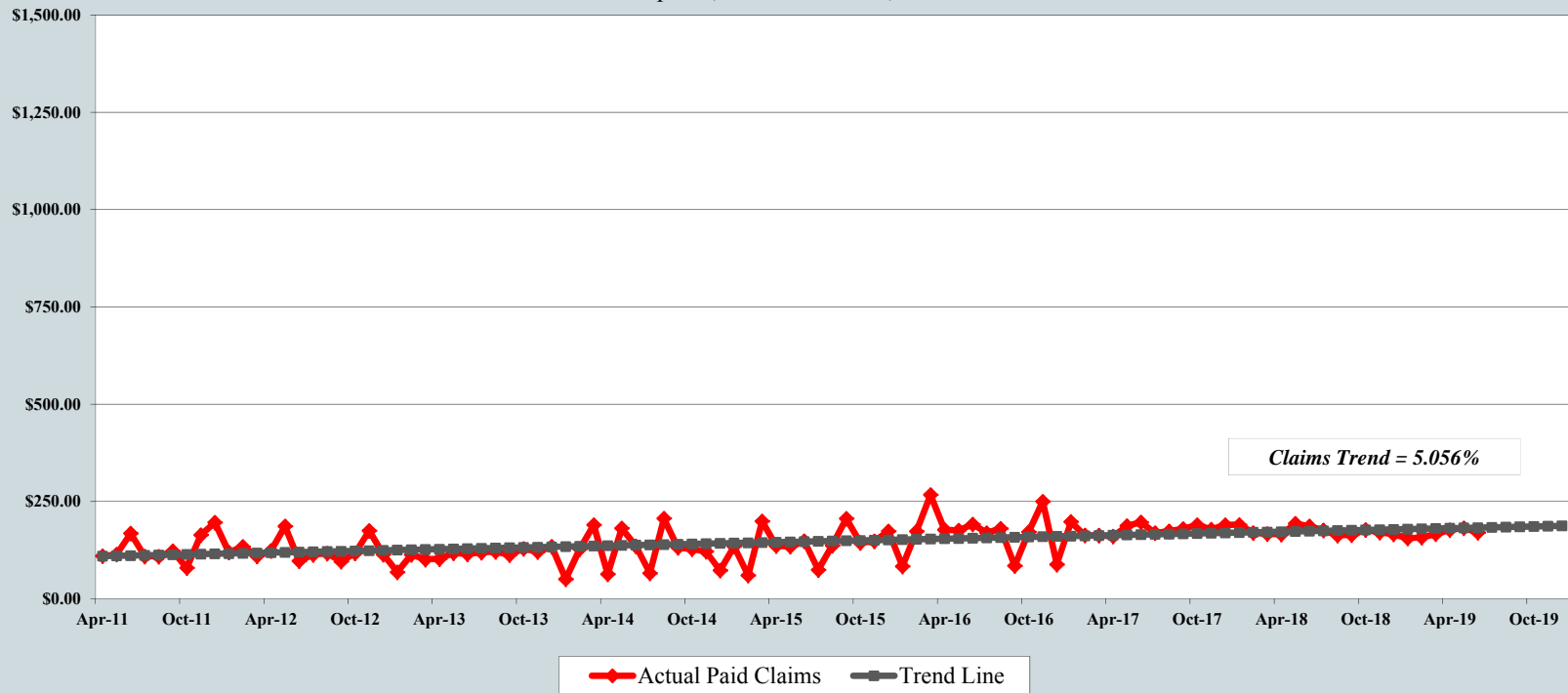
April 1, 2011 to June 30, 2019



Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month Prescription Drug Paid Claims Trend

April 1, 2011 to June 30, 2019

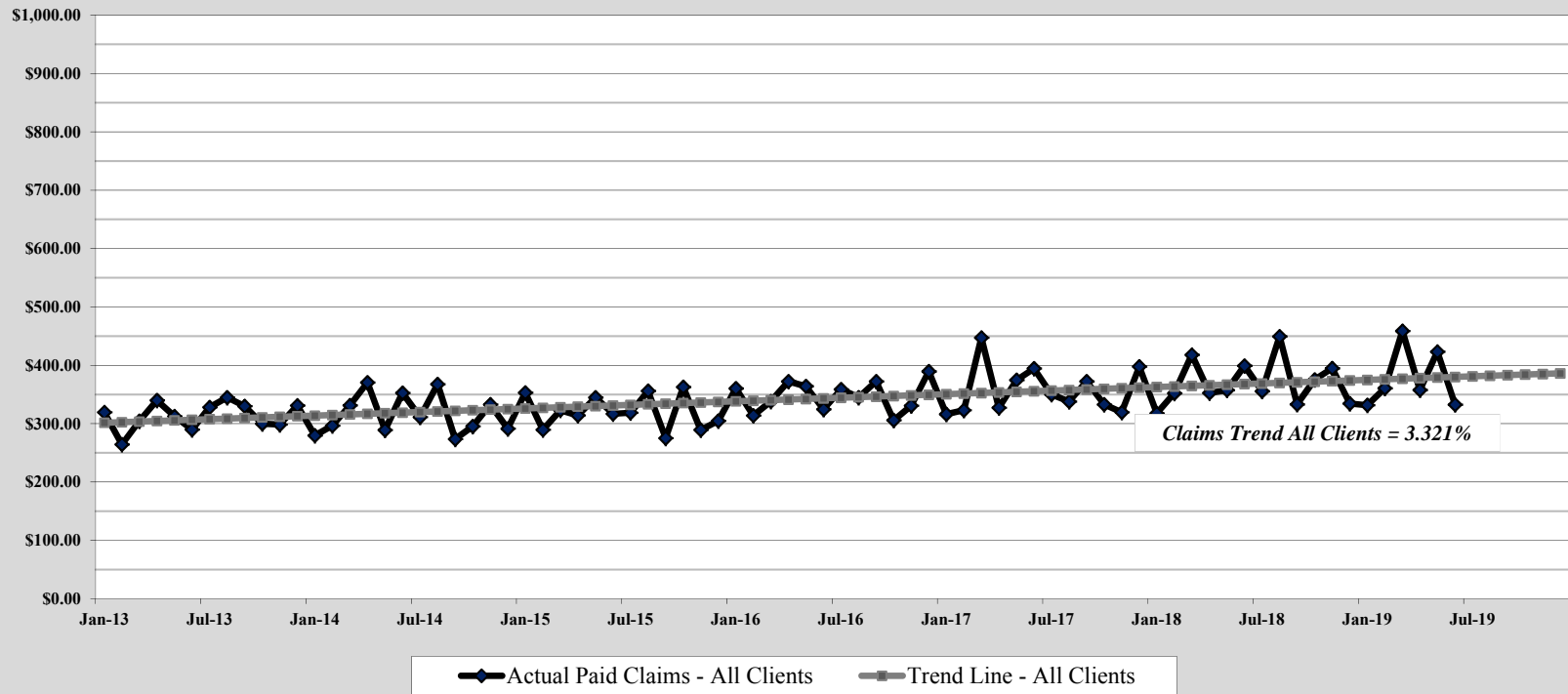


Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Medical Paid Claims Trend

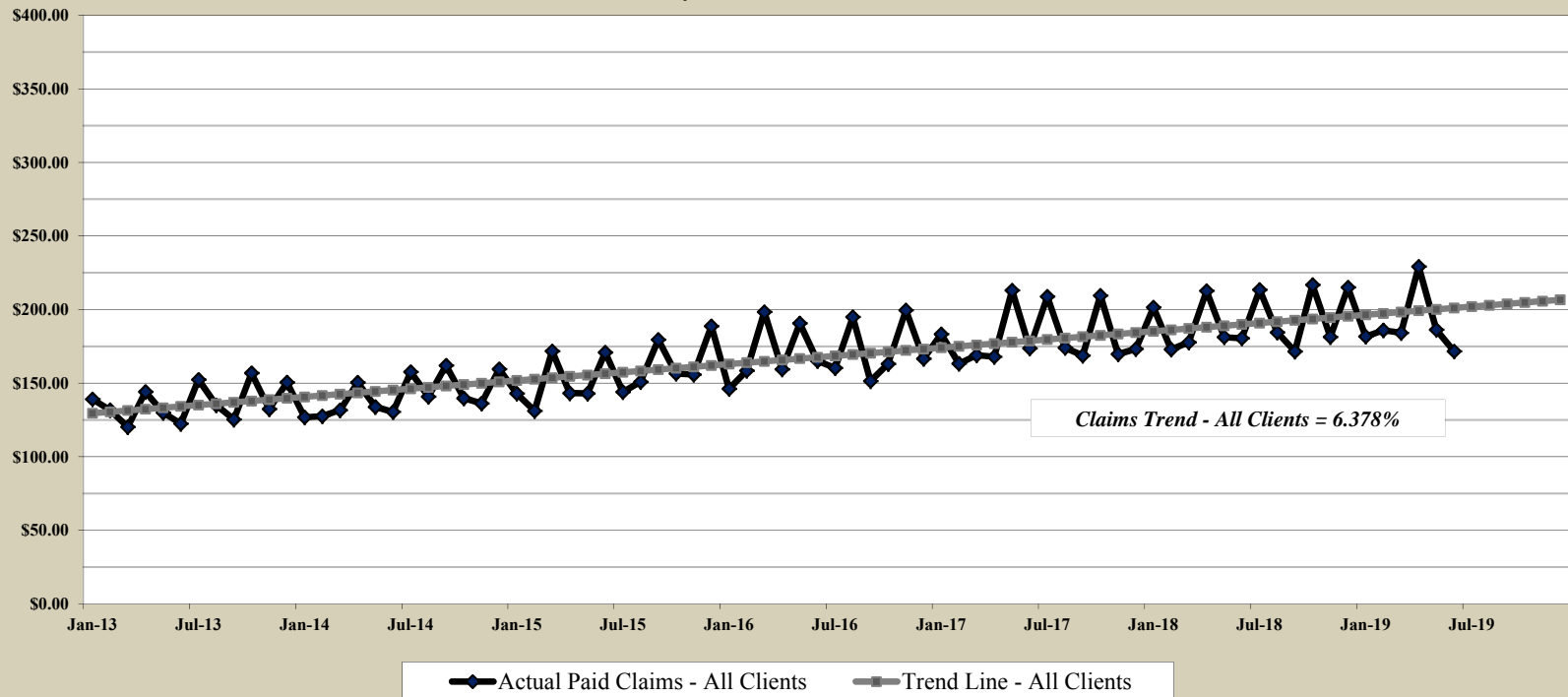
January 1, 2013 to June 30, 2019



Locey & Cahill, LLC Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Rx Paid Claims Trend

January 1, 2013 to June 30, 2019



2020-2024 Projected Expenses

Important Notes and Assumptions (continued):

2. The Excellus BlueCross BlueShield claims administrative fees are increased by 3.5% for the 2020 Fiscal Year and then are trended by 3.0% for each of the 2021 to 2024 Fiscal Years. The ProAct, Inc. claims administrative fees are increased by 3.0% per annum for the 2020 through 2024 Fiscal Years.
3. The Taxes and Fees include the New York State Covered Lives Assessment (Graduate Medical Expense) which is a per contract per month fee that has been forecasted to increase by 5% per annum. The Patient Protection and Affordable Care Act (ACA) Patient Centered Outcomes Research Institute (PCORI) fee is set to sunset in 2019. We have removed this expense from the 2020 through 2024 Fiscal Years.
4. The specific stop-loss insurance premiums have been forecasted to increase at a rate of 15% per annum based on our experience with this market in recent years. This sector of the insurance marketplace has been hit hard over recent years with significant increases in large dollar claimants resulting in escalating premiums. This is an area of operations which is being closely scrutinized to ensure the Consortium is protected at a reasonable cost going forward.

2020-2024 Projected Expenses

Important Notes and Assumptions (continued):

5. We have updated the 2020 Fiscal Year expected costs associated with all professional services provided to the Consortium based on information from the Consortium's Executive Director and Treasurer. These fees have been trended at an annual rate of 3% for the 2021 through 2024 Fiscal Years.
6. As with the professional services, the internal coordination fees and insurance costs have been updated based on information from the Consortium's Executive Director and Treasurer. These fees have been trended at an annual rate of 3% for the 2021 through 2024 Fiscal Years.
7. The ancillary benefits have been trended at a combined premium rate increase to match the premium income for the fully-insured dental, vision, short-term disability, life insurance, voluntary life insurance, and legal aid benefit plan.
8. The last major expense category is the "other" expenses which is for miscellaneous costs that do not fit in one of the other line-items cleanly. This is an extremely nominal expense item which has little impact on the overall budget. We trended this at 3% from the current cost projections.



Recommendations

Section 5

Locey & Cahill, LLC's

2020 GTCMHIC Budget Recommendations

2020 Budget Recommendations

1. Maintain the Surplus Account at 5% of the annual premium of the Consortium in compliance with §4706(a)(5) of the New York State Insurance Law. The value of this reserve, as projected for the 2020 Fiscal Year, is \$2,653,398.31 This will satisfy and Article 47 statutory reserve requirement.
2. Maintain the IBNR Claims Liability Reserve as required by §4706(a)(1) of the New York State Insurance Law at a value in line with the expected cost of “run-out” claims. We are recommending that this reserve continue to be funded at 12.0% of expected incurred claims consistent with the direction received by the Consortium from the New York State Department of Financial Services. Based on our projections, this reserve would equal approximately \$6,142,548.13 for the 2020 Fiscal Year.

2020 Budget Recommendations

1. Maintain the Surplus Account at 5% of the annual premium of the Consortium in compliance with §4706(a)(5) of the New York State Insurance Law. The value of this reserve, as projected for the 2020 Fiscal Year, is \$2,653,398.31 This will satisfy and Article 47 statutory reserve requirement.
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2020 Budget Recommendations (Continued)

3. Continue to evaluate the specific stop-loss insurance policy which recently increased the deductible to \$600,000 for the 2019 Fiscal Year and maintain the Catastrophic Claims Reserve at an amount equal to \$2,800,000.00 for the 2020 Fiscal Year. This reserve is specifically designed to protect the cash flow of the Consortium from the effects of a significant increase in the number of individual high dollar claimants.
4. Maintain the Claims/Rate Stabilization Reserve in an amount equal to 5% of expected paid claims (\$2,559,395.05). These funds could be used in future years to mitigate premium rate increases and to “soften the blow” from a period of hyper-inflation in the overall paid claims.
5. Continue to negotiate reasonable increases to the administrative fees paid to Excellus BlueCross BlueShield and ProAct, Inc. as part of the annual renewal process.

2020 Budget Recommendations (Continued)

6. Monitor and update the investment strategies of the Consortium to continue to maximize the interest earnings associated with the reserve and surplus funds while maintaining the flexibility needed in cash flow to prudently manage the Consortium's finances.
7. In consideration of the overall financial position of the Greater Tompkins County Municipal Health Insurance Consortium and its goals and objectives, Locey & Cahill, LLC is recommending that the Board of Directors approve a 5.0% increase in premiums for the 2019 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$502,000 for the 2020 Fiscal Year.

2020 Budget Recommendations (Continued)

8. In addition to the overall budget increase, Locey & Cahill, LLC is recommending an increase in the Gold Plan deductible to ensure the plan continues to meet the definition of a High Deductible Health Plan (HDHP). The deductible will need to increase to \$1,400 for individuals and \$2,800 for families. This change in benefit equaled a 0.52% differential in the plan's Actuarial Value (AV). As a result, this recommendation would include a premium rate increase for the Gold Plan of 4.48% for the 2020 Fiscal Year.

In conclusion, the final thought that we offer to the Board of Directors of the Consortium at this time is to consider the views, opinions, and recommendations expressed above and to consider approving the recommended budget with a 5% increase in overall premium revenue. Our goal is to have modest, steady premium growth over the next several fiscal periods while using a modest amount of fund balance each year.

2011-2024 GTCMHIC Premium Increases

<i>Fiscal Year</i>	<i>Budget Income % Increase</i>
2011	9.50%
2012	9.50%
2013	9.00%
2014	8.00%
2015	5.00%
2016	4.00%
2017	5.00%
2018	4.00%
2019	5.00%
2020	5.00%
2021	5.00%
2022	5.00%
2023	5.00%
2024	6.00%
<i>Average Increase</i>	6.56%
<i>5-Year Avg. Increase</i>	4.60%

Historical Average Premium Rate Increases

2011-2019 Avg. Rate Increase = 6.56%

2015-2019 5-Year Avg. Rate Increase = 4.60%

Projected Average Premium Rate Increases

2011-2024 Avg. Rate Increase = 6.07%

2020-2024 5-Year Avg. Rate Increase = 5.20%



Greater Tompkins County Municipal Health Insurance Consortium

Participant Premiums Paid by Fiscal Year (Accrual Basis Per Inverso & Co., CPAs)

Municipality Name	Effective Date	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals
City of Cortland	1/1/2013				\$3,487,883.85	\$3,575,596.26	\$3,842,318.91	\$3,920,954.78	\$4,151,672.49	\$4,270,947.24		\$18,978,426.29
City of Ithaca	1/1/2011		\$9,369,241.38	\$10,011,055.80	\$10,543,079.70	\$11,055,129.70	\$11,520,382.61	\$11,862,094.00	\$12,322,003.77	\$12,892,743.86		\$76,682,986.96
County of Seneca	1/1/2019											
County of Tompkins	1/1/2011		\$14,405,211.01	\$15,983,305.88	\$16,516,306.41	\$17,511,729.28	\$18,041,189.12	\$18,261,714.79	\$19,280,193.85	\$19,562,435.52		\$119,999,650.34
Town of Aurelius	1/1/2017								\$59,080.92	\$61,290.48		\$59,080.92
Town of Big Flats	1/1/2019											
Town of Caroline	1/1/2011	\$10,853.04	\$81,074.03	\$139,327.48	\$169,457.87	\$164,555.40	\$161,531.72	\$158,974.36	\$173,223.64	\$236,466.46		\$1,058,997.54
Town of Cincinnatus	1/1/2017								\$19,807.12	\$11,925.98		\$19,807.12
Town of Danby	1/1/2011	\$7,484.06	\$76,428.00	\$109,048.86	\$162,704.43	\$186,478.17	\$228,831.64	\$154,589.58	\$178,225.56	\$208,019.84		\$1,103,790.30
Town of Dryden	1/1/2011	\$53,673.31	\$221,406.56	\$305,615.55	\$746,087.80	\$642,258.53	\$658,320.77	\$659,746.27	\$669,932.67	\$678,411.05		\$3,957,041.46
Town of Enfield	1/1/2011	\$4,416.80	\$57,482.67	\$63,243.73	\$77,572.71	\$76,860.36	\$80,704.08	\$83,125.44	\$79,199.68	\$93,197.40		\$522,605.47
Town of Groton	1/1/2011	\$8,642.06	\$93,990.54	\$91,296.72	\$99,513.36	\$120,909.51	\$125,182.83	\$125,379.48	\$139,495.62	\$156,892.10		\$804,410.12
Town of Homer	1/1/2018									\$103,664.38		
Town of Ithaca	1/1/2011	\$81,709.20	\$920,299.89	\$1,091,089.35	\$1,242,854.37	\$1,274,174.96	\$1,269,156.77	\$1,335,878.88	\$1,402,472.45	\$1,478,473.08		\$8,617,635.87
Town of Lansing	1/1/2013				\$402,336.65	\$389,703.31	\$398,112.10	\$445,549.12	\$495,744.87	\$482,680.69		\$2,131,446.05
Town of Marathon	1/1/2016							\$24,061.20	\$42,670.80	\$34,902.54		\$66,732.00
Town of Mentz	1/1/2019											
Town of Montezuma	1/1/2017								\$31,138.02	\$47,902.20		\$31,138.02
Town of Moravia	1/1/2017								\$75,423.78	\$57,091.44		\$75,423.78
Town of Newfield	1/1/2018									\$159,880.02		
Town of Niles	1/1/2019											
Town of Owasco	1/1/2018									\$153,883.02		
Town of Preble	1/1/2017								\$14,434.56	\$15,012.00		\$14,434.56
Town of Scipio	1/1/2017								\$49,244.49	\$62,779.35		\$49,244.49
Town of Sennett	1/1/2019											
Town of Springport	1/1/2017								\$31,830.12	\$33,103.44		\$31,830.12
Town of Truxton	1/1/2016							\$53,580.81	\$53,973.00	\$56,131.92		\$107,553.81
Town of Ulysses	1/1/2011	\$11,504.65	\$102,089.89	\$151,648.55	\$191,092.76	\$199,661.52	\$217,127.17	\$215,566.71	\$138,851.17	\$117,786.16		\$1,227,542.42
Town of Virgil	1/1/2016							\$73,970.22	\$69,399.97	\$113,131.24		\$143,370.19
Town of Willet	1/1/2015						\$22,495.20	\$49,236.42	\$53,973.00	\$56,131.92		\$125,704.62
Village of Cayuga Heights	1/1/2011	\$7,670.97	\$139,223.85	\$224,264.94	\$389,716.55	\$369,642.85	\$352,273.96	\$369,483.80	\$399,273.66	\$410,778.17		\$2,251,550.58
Village of Dryden	1/1/2011	\$11,165.28	\$116,098.75	\$115,544.24	\$106,082.29	\$155,997.66	\$164,713.16	\$167,840.24	\$130,318.40	\$141,396.40		\$967,760.02
Village of Freeville	1/1/2019											
Village of Groton	1/1/2011	\$11,414.90	\$115,780.46	\$161,484.64	\$194,522.38	\$153,806.36	\$157,100.75	\$221,515.39	\$246,872.21	\$263,262.85		\$1,262,497.09
Village of Homer	1/1/2015						\$141,568.35	\$107,495.61	\$104,024.58	\$91,094.43		\$353,088.54
Village of Horseheads	1/1/2019											
Village of Lansing	1/1/2019											
Village of Trumansburg	1/1/2011	\$8,828.16	\$96,734.44	\$130,634.87	\$176,627.00	\$189,876.49	\$206,343.60	\$229,198.32	\$295,293.24	\$276,566.11		\$1,333,536.12
Village of Union Springs	1/1/2017								\$66,718.72	\$73,724.24		\$66,718.72
Ancillary Benefits and Miscellaneous Adjustments			-\$144.87	-\$2,030.00	\$1,832.00	-\$3,089.00						-\$3,431.87
GTCMHIC Totals		\$217,362.43	\$25,794,916.60	\$28,575,530.61	\$34,507,670.13	\$36,063,291.36	\$37,587,352.74	\$38,519,955.42	\$40,774,492.36	\$42,401,705.53		\$242,040,571.65

Greater Tompkins County Municipal Health Insurance Consortium

Participant Premiums Paid by Fiscal Year (Cash Basis Per Inverso & Co., CPAs)

Municipality Name	Effective Date	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals
City of Cortland	1/1/2013				\$3,487,883.85	\$3,575,596.26	\$3,842,318.91	\$3,920,954.78	\$4,151,672.49	\$4,270,947.24		\$23,249,373.53
City of Ithaca	1/1/2011		\$9,369,241.38	\$10,011,055.80	\$10,543,079.70	\$11,055,129.70	\$11,520,382.61	\$11,862,094.00	\$12,322,003.77	\$12,892,743.86		\$89,575,730.82
County of Seneca	1/1/2019											\$0.00
County of Tompkins	1/1/2011		\$14,405,211.01	\$15,983,305.88	\$16,238,894.11	\$17,539,423.28	\$18,055,370.78	\$18,247,811.52	\$18,854,212.76	\$19,845,327.17		\$139,169,556.51
Town of Aurelius	1/1/2017								\$59,080.92	\$61,290.48		\$120,371.40
Town of Big Flats	1/1/2019											\$0.00
Town of Caroline	1/1/2011	\$10,853.04	\$81,074.03	\$139,327.48	\$183,032.45	\$176,071.72	\$165,054.92	\$143,934.84	\$173,223.64	\$236,466.46		\$1,309,038.58
Town of Cincinnatus	1/1/2017							\$2,084.96	\$19,806.16	\$9,841.98		\$31,733.10
Town of Danby	1/1/2011	\$7,484.06	\$76,428.00	\$109,048.86	\$176,138.82	\$203,718.91	\$191,215.48	\$158,821.40	\$194,369.16	\$208,019.84		\$1,325,244.53
Town of Dryden	1/1/2011	\$53,673.31	\$244,495.56	\$282,526.55	\$799,400.88	\$717,872.95	\$660,061.95	\$658,264.19	\$672,849.27	\$613,977.01		\$4,703,121.67
Town of Enfield	1/1/2011	\$4,416.80	\$57,482.67	\$63,243.73	\$83,977.74	\$83,585.70	\$80,905.86	\$83,471.76	\$59,803.84	\$105,319.80		\$622,207.90
Town of Groton	1/1/2011	\$8,642.06	\$93,990.54	\$91,296.72	\$99,513.36	\$130,313.55	\$126,959.59	\$125,028.15	\$128,666.15	\$156,892.10		\$961,302.22
Town of Homer	1/1/2018									\$103,664.38		\$103,664.38
Town of Ithaca	1/1/2011	\$81,709.20	\$920,299.89	\$1,091,089.35	\$1,242,854.37	\$1,381,124.57	\$1,162,207.16	\$1,455,695.76	\$1,282,655.57	\$1,478,473.08		\$10,096,108.95
Town of Lansing	1/1/2013				\$434,763.45	\$427,363.31	\$393,830.40	\$453,862.08	\$454,053.60	\$482,680.69		\$2,646,553.53
Town of Marathon	1/1/2016							\$26,137.08	\$40,594.92	\$34,902.54		\$101,634.54
Town of Mentz	1/1/2019											\$0.00
Town of Montezuma	1/1/2017							\$2,883.15	\$23,641.83	\$52,515.24		\$79,040.22
Town of Moravia	1/1/2017							\$7,496.25	\$67,927.53	\$57,091.44		\$132,515.22
Town of Newfield	1/1/2018									\$159,880.02		\$159,880.02
Town of Niles	1/1/2019											\$0.00
Town of Owasco	1/1/2018								\$14,512.74	\$139,370.28		\$153,883.02
Town of Preble	1/1/2017								\$15,685.56	\$13,761.00		\$29,446.56
Town of Scipio	1/1/2017							\$4,728.39	\$44,516.10	\$62,779.35		\$112,023.84
Town of Sennett	1/1/2019											\$0.00
Town of Springport	1/1/2017							\$2,652.51	\$31,936.23	\$27,585.82		\$62,174.56
Town of Truxton	1/1/2016							\$58,078.56	\$49,475.25	\$56,131.92		\$163,685.73
Town of Ulysses	1/1/2011	\$11,504.65	\$102,089.89	\$151,648.55	\$206,884.16	\$216,947.94	\$218,403.91	\$208,448.92	\$139,497.12	\$105,694.84		\$1,361,119.98
Town of Virgil	1/1/2016						\$5,065.56	\$75,033.82	\$63,270.81	\$113,131.24		\$256,501.43
Town of Willet	1/1/2015						\$25,391.46	\$50,837.91	\$54,152.91	\$51,454.26		\$181,836.54
Village of Cayuga Heights	1/1/2011	\$7,670.97	\$139,223.85	\$224,264.94	\$420,112.54	\$402,179.33	\$352,006.47	\$373,476.90	\$400,174.55	\$373,615.19		\$2,692,724.74
Village of Dryden	1/1/2011	\$11,165.28	\$116,098.75	\$115,544.24	\$106,082.29	\$170,353.74	\$164,365.18	\$153,832.14	\$130,318.40	\$141,396.40		\$1,109,156.42
Village of Freeville	1/1/2019											\$0.00
Village of Groton	1/1/2011	\$11,414.90	\$115,780.46	\$161,484.64	\$210,168.90	\$166,312.04	\$161,388.12	\$227,735.39	\$243,488.75	\$243,633.26		\$1,541,406.46
Village of Homer	1/1/2015					\$10,815.00	\$142,783.95	\$103,768.53	\$107,830.41	\$78,985.08		\$444,182.97
Village of Horseheads	1/1/2019											\$0.00
Village of Lansing	1/1/2019											\$0.00
Village of Trumansburg	1/1/2011	\$8,828.16	\$96,734.44	\$130,634.87	\$192,034.90	\$206,802.15	\$206,851.42	\$211,764.84	\$295,293.24	\$276,566.11		\$1,625,510.13
Village of Union Springs	1/1/2017							\$4,169.92	\$62,548.80	\$71,556.24		\$138,274.96
Ancillary Benefits and Miscellaneous Adjustments			-\$144.87	-\$5,587.00	\$1,832.00	-\$502.00		\$7,019.00		-\$1,022.79		\$1,594.34
GTCMHIC Totals		\$217,362.43	\$25,818,005.60	\$28,548,884.61	\$34,426,653.52	\$36,463,108.15	\$37,474,563.73	\$38,630,086.75	\$40,157,262.48	\$42,524,671.53		\$284,260,598.80

Greater Tompkins County Municipal Health Insurance Consortium

Total Covered Lives by Fiscal Year

Municipality Name	Effective Date	2011	2012	2013	2014	2015	2016	2017	2018	2019
City of Cortland	1/1/2013	0	0	6,326	6,051	6,170	6,084	6,178	6,108	
City of Ithaca	1/1/2011	17,551	17,428	17,078	16,794	16,686	16,754	16,864	17,148	
County of Seneca	1/1/2019	0	0	0	0	0	0	0	0	
County of Tompkins	1/1/2011	30,045	30,424	30,047	29,901	29,939	29,640	29,958	29,464	
Town of Aurelius	1/1/2017	0	0	0	0	0	0	144	144	
Town of Big Flats	1/1/2019	0	0	0	0	0	0	0	0	
Town of Caroline	1/1/2011	177	262	264	268	264	269	288	339	
Town of Cincinnatus	1/1/2017	0	0	0	0	0	0	54	33	
Town of Danby	1/1/2011	241	269	316	382	371	369	322	334	
Town of Dryden	1/1/2011	530	565	1,200	1,096	1,061	1,083	1,035	972	
Town of Enfield	1/1/2011	111	104	108	108	108	108	100	108	
Town of Groton	1/1/2011	227	204	204	248	212	207	222	252	
Town of Homer	1/1/2018	0	0	0	0	0	0	0	242	
Town of Ithaca	1/1/2011	2,276	2,310	2,388	2,319	2,251	2,421	2,460	2,456	
Town of Lansing	1/1/2013	0	0	842	816	777	856	913	863	
Town of Marathon	1/1/2016	0	0	0	0	0	38	74	63	
Town of Mentz	1/1/2019	0	0	0	0	0	0	0	0	
Town of Montezuma	1/1/2017	0	0	0	0	0	0	54	96	
Town of Moravia	1/1/2017	0	0	0	0	0	0	136	88	
Town of Newfield	1/1/2018	0	0	0	0	0	0	0	332	
Town of Niles	1/1/2019	0	0	0	0	0	0	0	0	
Town of Owasco	1/1/2018	0	0	0	0	0	0	0	300	
Town of Preble	1/1/2017	0	0	0	0	0	0	36	36	
Town of Scipio	1/1/2017	0	0	0	0	0	0	109	118	
Town of Sennett	1/1/2019	0	0	0	0	0	0	0	0	
Town of Springport	1/1/2017	0	0	0	0	0	0	48	45	
Town of Truxton	1/1/2016	0	0	0	0	0	111	108	107	
Town of Ulysses	1/1/2011	318	380	405	418	356	324	288	234	
Town of Virgil	1/1/2016	0	0	0	0	0	306	262	201	
Town of Willet	1/1/2015	0	0	0	0	48	105	99	90	
Village of Cayuga Heights	1/1/2011	337	462	741	723	648	652	690	683	
Village of Dryden	1/1/2011	339	253	219	301	302	299	213	222	
Village of Freeville	1/1/2019	0	0	0	0	0	0	0	0	
Village of Groton	1/1/2011	326	372	379	295	314	409	431	464	
Village of Homer	1/1/2015	0	0	0	0	282	213	224	181	
Village of Horseheads	1/1/2019	0	0	0	0	0	0	0	0	
Village of Lansing	1/1/2019	0	0	0	0	0	0	0	0	
Village of Trumansburg	1/1/2011	322	346	398	425	458	498	541	503	
Village of Union Springs	1/1/2017	0	0	0	0	0	0	200	196	
GTCMHIC Totals		52,800	53,379	60,915	60,145	60,247	60,746	62,051	62,422	
		n/a	1.10%	14.12%	-1.26%	0.17%	0.83%	2.15%	0.60%	
Participating Employer Count		13	13	15	15	17	20	28	31	

Greater Tompkins County Municipal Health Insurance Consortium

2018 Financial Results by Participant

Retained Earnings/Fund Balance \$1,237,788.35

Accrual

Municipality Name	Effective Date	Prior Year's Equity	Number of Covered Lives	2018 % of Premiums Paid	2018 % of Covered Lives	2018 Net Equity Share	2018 Net Equity Payments	Estimated Total Net Equity
City of Cortland	1/1/2013	\$1,652,225.75	6,108	10.07%	9.79%	\$121,117.73	\$0.00	\$1,773,343.48
City of Ithaca	1/1/2011	\$6,672,880.81	17,148	30.41%	27.47%	\$340,033.88	\$0.00	\$7,012,914.69
County of Seneca	1/1/2019	\$0.00	0	0.00%	0.00%	\$0.00	\$0.00	\$0.00
County of Tompkins	1/1/2011	\$10,638,088.17	29,464	46.14%	47.20%	\$584,252.28	\$0.00	\$11,222,340.45
Town of Aurelius	1/1/2017	\$5,390.16	144	0.14%	0.23%	\$2,855.43	\$0.00	\$8,245.59
Town of Big Flats	1/1/2019	\$0.00	0	0.00%	0.00%	\$0.00	\$0.00	\$0.00
Town of Caroline	1/1/2011	\$95,018.20	339	0.56%	0.54%	\$6,722.15	\$0.00	\$101,740.35
Town of Cincinnatus	1/1/2017	\$2,021.31	33	0.03%	0.05%	\$654.37	\$0.00	\$2,675.68
Town of Danby	1/1/2011	\$105,509.20	334	0.49%	0.54%	\$6,623.01	\$0.00	\$112,132.21
Town of Dryden	1/1/2011	\$352,247.26	972	1.60%	1.56%	\$19,274.14	\$0.00	\$371,521.40
Town of Enfield	1/1/2011	\$45,381.84	108	0.22%	0.17%	\$2,141.57	\$0.00	\$47,523.41
Town of Groton	1/1/2011	\$70,585.86	252	0.37%	0.40%	\$4,997.00	\$0.00	\$75,582.86
Town of Homer	1/1/2018	\$0.00	242	0.24%	0.39%	\$4,798.71	\$0.00	\$4,798.71
Town of Ithaca	1/1/2011	\$761,860.00	2,456	3.49%	3.93%	\$48,700.91	\$0.00	\$810,560.91
Town of Lansing	1/1/2013	\$188,608.10	863	1.14%	1.38%	\$17,112.74	\$0.00	\$205,720.84
Town of Marathon	1/1/2016	\$3,502.85	63	0.08%	0.10%	\$1,249.25	\$0.00	\$4,752.10
Town of Mentz	1/1/2019	\$0.00	0	0.00%	0.00%	\$0.00	\$0.00	\$0.00
Town of Montezuma	1/1/2017	\$2,021.31	96	0.11%	0.15%	\$1,903.62	\$0.00	\$3,924.93
Town of Moravia	1/1/2017	\$5,090.71	88	0.13%	0.14%	\$1,744.98	\$0.00	\$6,835.69
Town of Newfield	1/1/2018	\$0.00	332	0.38%	0.53%	\$6,583.35	\$0.00	\$6,583.35
Town of Niles	1/1/2019	\$0.00	0	0.00%	0.00%	\$0.00	\$0.00	\$0.00
Town of Owasco	1/1/2018	\$0.00	300	0.36%	0.48%	\$5,948.81	\$0.00	\$5,948.81
Town of Preble	1/1/2017	\$1,347.54	36	0.04%	0.06%	\$713.86	\$0.00	\$2,061.40
Town of Scipio	1/1/2017	\$4,080.05	118	0.15%	0.19%	\$2,339.86	\$0.00	\$6,419.92
Town of Sennett	1/1/2019	\$0.00	0	0.00%	0.00%	\$0.00	\$0.00	\$0.00
Town of Springport	1/1/2017	\$1,796.72	45	0.08%	0.07%	\$892.32	\$0.00	\$2,689.04
Town of Truxton	1/1/2016	\$5,674.69	107	0.13%	0.17%	\$2,121.74	\$0.00	\$7,796.44
Town of Ulysses	1/1/2011	\$118,187.28	234	0.28%	0.37%	\$4,640.07	\$0.00	\$122,827.35
Town of Virgil	1/1/2016	\$12,060.23	201	0.27%	0.32%	\$3,985.70	\$0.00	\$16,045.93
Town of Willet	1/1/2015	\$9,351.29	90	0.13%	0.14%	\$1,784.64	\$0.00	\$11,135.94
Village of Cayuga Heights	1/1/2011	\$209,617.69	683	0.97%	1.09%	\$13,543.45	\$0.00	\$223,161.14
Village of Dryden	1/1/2011	\$87,482.66	222	0.33%	0.36%	\$4,402.12	\$0.00	\$91,884.77
Village of Freeville	1/1/2019	\$0.00	0	0.00%	0.00%	\$0.00	\$0.00	\$0.00
Village of Groton	1/1/2011	\$107,040.76	464	0.62%	0.74%	\$9,200.82	\$0.00	\$116,241.58
Village of Homer	1/1/2015	\$37,749.75	181	0.21%	0.29%	\$3,589.11	\$0.00	\$41,338.86
Village of Horseheads	1/1/2019	\$0.00	0	0.00%	0.00%	\$0.00	\$0.00	\$0.00
Village of Lansing	1/1/2019	\$0.00	0	0.00%	0.00%	\$0.00	\$0.00	\$0.00
Village of Trumansburg	1/1/2011	\$121,650.49	503	0.65%	0.81%	\$9,974.17	\$0.00	\$131,624.66
Village of Union Springs	1/1/2017	\$7,486.33	196	0.17%	0.31%	\$3,886.55	\$0.00	\$11,372.89
GTCMHIC Totals		\$21,323,957.00	62,422	100.00%	100.00%	\$1,237,788.35	\$0.00	\$22,561,745.35
			5,202					



**STATE OF NEW YORK
INSURANCE DEPARTMENT**
25 BEAVER STREET
NEW YORK, NEW YORK 10004

George E. Pataki
Governor

Gregory V. Serio
Superintendent

The Office of General Counsel issued the following opinion on April 21, 2004, representing the position of the New York State Insurance Department.

Re: Municipal Cooperative Health Benefit Plans, Withdrawal of Participant

Issue

May a Municipal Cooperative Health Benefit Plan (Muni-Coop), after a participant withdraws from the Muni-Coop, retain funds paid in by the participant?

Conclusion

If the Municipal Cooperation Agreement entered into by the participant so permits, the Muni-Coop may retain such funds.

Facts

On or about November 1, 1981, the inquirer's client, a Central School District, joined the Area Schools Employees' Benefit Plan (Plan). The Plan was, as required by applicable Opinions of the State Comptroller (Comptroller), on a "pay as you go" basis. The inquirer's client, as well as other participating school districts, was obligated to pay an assessment based upon the census of employees. The 1981 Agreement was silent as to any financial rights and obligations of a participating school district upon withdrawal.

After the enactment, in 1994, of New York Insurance Law Article 47 (McKinney 2000 and 2004 Supplement), the Plan secured a Certificate of Authority from the Department as a Muni-Coop on June 1, 2001. Prior to the granting of the Certificate of Authority, on June 22, 1996, the inquirer's client executed a Municipal Cooperation Agreement in accordance with New York Insurance Law § 4705 (McKinney 2000 and 2004 Supplement), that provided, inter alia:

The [Governing] Board shall be authorized to establish a joint fund or funds to finance all Plan expenditures, including claims, reserves, surplus, administration, stop-loss insurance and other expenses.

...

The Board shall be authorized to refund amounts in excess of reserves and surplus required by §4706 of the Insurance Law and anticipated expenses or to retain such excess amounts (or portion thereof) and apply such amounts in preparing the Plan's budget for the following year.

...

Should Participants choose to withdraw, written notice shall be sent . . . prior to March 31 in any year prior to the next ensuing fiscal year [July 1 to June 30] membership. The

exiting Participant is not entitled to any part of the accumulated reserves. The Plan will disperse no funds to the clients of the exiting Participant after June 30 of that year. It is incumbent upon the exiting district to obtain at their expense, some type of interim coverage between the termination of our claims payment and the commencement of their new plan.

The inquirer's client gave notice of its intention to withdraw from the Plan, as of June 30, 2004, and estimates that the Plan will be retaining approximately \$300,000 in reserves attributable to the inquirer's client's contribution. The inquirer has referenced several Opinions of the State Comptroller to the effect that the use of one municipality's funds to pay the claims of another municipality is improper (although such funds could be used to pay administrative expenses of a joint self-insurance fund) and question whether it is equitable to require that the inquirer's client forfeit a substantial sum of money in order to administer the Plan during a substantial period of time for the benefit of the remaining participants.

Analysis

Background

It has long been the position of the State Comptroller that, given the general authorization of New York General Municipal Law § 92-a (McKinney 1978) and the specific authorization of New York Education Law § 1709(34-a) (McKinney 1978) (dealing with Union Free School District and made applicable to Central School Districts by New York Educational Law § 1804(1) (McKinney 1978), for the purchase by municipalities of health insurance for the benefit of their employees, that the power to insure necessarily implied the power to self-insure and that two municipalities could join together in a joint venture.

In response to a query by a legislator inquiring about a program in his district, the Comptroller indicated, *inter alia*, Opinion 78-405 (October 3, 1978), that there was no statutory authorization for either reserve funds or the moneys of one municipality being used to pay the claims of another municipality. The Opinion continued:

Because existing statutory law does not specifically authorize either a joint reserve fund or use of moneys contributed by one municipality to pay claims arising in another municipality, the advantage of a joint self-insurance plan appears to be mainly administrative in nature. It appears that, apart from the pooling of administrative resources, each participating municipality could accomplish the same objectives by establishing its own self-insurance plan.

That same day, in Opinion 78-636, addressed to a City Corporation Counsel who had inquired about a joint insurance agreement for liability risk drafted under Florida law, the Comptroller indicated that such joint agreements were allowable, subject to a number of restrictions. In conclusion, the Opinion stated:

We note that, in our opinion, moneys contributed by one municipality could not be used to pay claims against another participating municipality, although joint funds may be used to pay for administrative costs.

The impediment to self-insurance caused by a lack of statutory authorization for a reserve fund was removed by the enactment, 1979 N.Y. Laws 684, of New York General Municipal Law § 6-n (McKinney 1979). That statute has, however, since its first enactment excluded health insurance equivalents from the objects of such a reserve fund.

The prohibition on utilization of one municipality's funds for the claims of another municipality in the context of self-insurance of employee benefits was again considered by the Comptroller in Opinion 82-197 (July 26, 1982), addressed to a County Attorney. In that Opinion, the Comptroller cited New York

Constitution Art. VIII, § 1 (McKinney 1982, which provided a exception to the general prohibition on a municipality giving its credit to another for joint undertakings, and New York General Municipal Law §

119-o(2)(a) (McKinney 1982), which allowed an agreement for joint services to equitably allocate resources and revenue, and concluded that the portion of Opinion 78-405 dealing with use of one municipality's funds being used for another municipality's claims was superseded. The 1982 Opinion stated, *inter alia*:

The risk of contributing more to a joint fund than one gets in return is similar to an insurance contract. If a rational contribution policy is adopted, then the participating municipalities should receive approximately equal benefits in the long run. Of course, since a reserve fund is not permissible and contributions are based on yearly estimates, the cooperative agreement may provide for yearly adjustment of the contribution formula, or may even call for a settling of accounts among participants based on the previous year's experience. The content of the agreement is up to the participants themselves.

Notwithstanding the inability to have a reserve fund, several municipal cooperative agreements to self-fund employee benefits were entered into, including the one the inquirer's client initially joined. In 1994, by 1994 N.Y. Laws 689, the Legislature enacted New York Insurance Law Article 49 in an effort to regularize municipal cooperation agreements.

New York Insurance Law Article 47

New York Insurance Law § 4705(f) (McKinney 2000 and 2004 Supplement), regulating municipal cooperation agreements, provides:

The municipal cooperation agreement shall specify the rights and obligations of a municipal corporation withdrawing from a municipal cooperative health benefit plan to any contribution (or premium equivalent) refund or reserve fund or for any contingent assessment liability or other obligation.

The existence of a reserve fund for municipal employee health benefits, previously held to be ultra vires, is specifically required by New York Insurance Law § 4706 (McKinney 2000). New York Insurance Law § 4706(g) provides:

If a municipal corporation withdraws from a municipal cooperative health benefit plan operating under a certificate of authority, the governing board shall, in accordance with the municipal cooperation agreement, determine the amount, if any, of the plan's reserve funds attributable to such municipal corporation, after considering all plan liabilities, and dispose of such amount in the manner provided in the municipal cooperation agreement

In accordance with the agreement entered into by the inquirer's client in accordance with New York Insurance Law § 4705, an exiting municipal corporation is not entitled to any part of the accumulated reserves. Similarly, had the inquirer's client joined the health insurance plan established pursuant to New York Civil Service Law Article 11 (McKinney 1999 and 2004 Supplement), which joinder is permitted by New York Civil Service Law § 163(4) (McKinney 1999), and had its experience been better than other participating employers, it would not have been able to withdraw any reserve funds attributable to its contributions.

Accordingly, based upon the provisions of New York Insurance Law Article 47 and the Plan's Municipal Cooperation Agreement and consistent with those Opinions of the State Comptroller that have not been supplanted by New York Insurance Law Article 47, the inquirer's client is not entitled to any refund.

For further information one may contact Principal Attorney Alan Rachlin at the New York City Office.



Greater Tompkins County Municipal Health Insurance Consortium

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

RESOLUTION NO. – 2019 - RESOLUTION TO ADD MEDICARE ADVANTAGE AS A PASS-THROUGH ACCOUNT TO THE CONSORTIUM OFFERINGS

WHEREAS, the GTCMHIC Municipal Cooperative Agreement (MCA) provides that participation in the Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant is not encouraged and shall not be permitted absent prior Board approval, and

WHEREAS, any Participant that negotiates with a collective bargaining unit or employee group an alternative health insurance plan offering other than the plan offerings of the Consortium may be subject to a risk charge as determined by the Board, and

WHEREAS, several Participants of the Consortium do not have full participation by their members because at time of enrollment the Consortium did not offer a comparable plan to those new Participants entering with a Medicare Advantage plan for their retirees at age 65 and older, and

WHEREAS, the Consortium issued a Request for Proposals (RFP) for a Medicare Advantage Plan in May 2019 to review Medicare Advantage options, and

WHEREAS, Excellus BlueCross BlueShield (BCBS) was the only responder to the RFP with comparable benefits and pricing to plans utilized by current members, now therefore be it

RESOLVED, That the Audit and Finance Committee, effective January 1, 2020, recommends the Consortium provide the Excellus Medicare Advantage Plan as an ancillary benefit and pass-through as one of its offerings, to those Participants who are not in compliance due to keeping a Medicare Advantage plan in absence of this benefit provided by the Consortium.

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