Audit and Finance Committee
Minutes – Approved
September 11, 2019 – 3:30 p.m.
Ithaca Town Hall

Present: Mack Cook, Steve Thayer, Rordan Hart, Bud Shattuck, Peter Salton
Excused: Ann Rider, Chuck Rankin
Phone: Laura Shawley, Olivia Hersey
Guests: Elin Dowd, Executive Director; Don Barber, Consultant; Rick Snyder, Treasurer; Steve Locey, Robert Spenard, Locey and Cahill; Judy Drake, Board Chair; Brittni Griep, Administrative Assistant; Michelle Cocco, Clerk of the Board

Call to Order

Mr. Cook called the meeting to order at 3:31 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of August 13, 2019

It was MOVED by Mr. Thayer, seconded by Mr. Hart, and unanimously adopted by voice vote by members present, to approve the minutes of August 13, 2019 as submitted. MINUTES APPROVED.

Executive Director's Report

Ms. Dowd reported on the Medicare Advantage Plan that was discussed at the last meeting. The Executive Committee has decided not to move forward at this time with the resolution presented at the last meeting. She and Mr. Locey will be working on this and it will be discussed again at the December Executive Committee meeting. She reported on the Excellus renewal proposal and said further discussions will take place before bringing it back to this Committee.

RESOLUTION NO. - MEDICAL CLAIMS AUDIT ACTION ITEMS FOR EXCELLUS BLUECROSS BLUESHIELD

MOVED by Mr. Shattuck, seconded by Mr. Thayer.

In response to Mr. Barber, Ms. Dowd said discussions have taken place with Excellus and they are aware of these items. Mr. Barber suggested getting documentation from Excellus stating that they agree to these items and to ensure there is follow-up to see the items are resolved. Mr. Locey will make sure BMI receives a copy of the information.

The resolution was unanimously approved by voice vote by members present.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) is a self-insured municipal cooperative health benefit plan organized pursuant to Article 5-G of the New York State General Municipal Law, and

WHEREAS the GTCMHIC is operating pursuant to a Certificate of Authority issued by the New York State Department of Financial Services pursuant to Article 47 of the New York State Insurance Law, and

WHEREAS, the Consortium contracts with a licensed New York State Article 43 Not-For-Profit Insurance Company, Excellus BlueCross BlueShield, for the administration of the various hospital, medical, and surgical plans offered to the participating municipal employers in the Consortium, and

WHEREAS, the Consortium's Board of Directors contracted with BMI Audit Services, LLC to conduct an audit of the claims adjudication processes at Excellus BlueCross BlueShield to include claims paid between January 1, 2017 and December 31, 2018, and

WHEREAS, the Consortium's Executive Director, Executive Committee, Audit & Finance Committee, and the Consortium's Plan Consultant, Locey & Cahill, LLL, have reviewed the audit findings in substantial detail and recommended actions for each substantive finding previously reported to the Board of Directors, now therefore be it

RESOLVED, That the Audit and Finance Committee hereby recommends That the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors approve the following actions to "close-out" this medical claims audit:

1. **Deductibles-Diagnostic Laboratory Tests**
    a. Preventative Services as deemed appropriate by the United States Preventative Services Task Force (USPSTF) are to be covered with no patient cost-sharing when they are performed as part of a routine medical care visit.
    b. Additional preventive care services are to be paid with no patient cost sharing when said services are required to be paid pursuant to guidance provided by the Federal Government, such as the guidance provided by IRS Notice 2019-45.
    c. The Consortium hereby agrees that Excellus may pay other similar services with no patient cost share when it is demonstrated to the Consortium's satisfaction that doing so is the most cost-effective way to adjudicate said diagnostic laboratory tests.
    d. In all other cases, if a diagnostic laboratory service or other diagnostic test is performed as part of a "sick visit", these services should be paid subject to the cost sharing (deductible, coinsurance, and/or copayment requirements of the plan.

    Excellus BlueCross BlueShield is hereby directed to provide the Consortium with information demonstrating that Excellus' administrative process and practice of considering lab tests as a covered in full benefit when they are not related to a preventative or routine level of care is in the financial best interest of the Consortium.

2. **Proper Coding**
    Excellus has set a precedent allowing claims adjudicators the latitude to modify procedure codes and manually reprice claims when providers bill with unlisted codes. Excellus BlueCross BlueShield is hereby directed to provide the Consortium with information demonstrating that Excellus' administrative process and practice of modifying procedure codes and manually repricing claims when providers bill with unlisted codes is in the financial best interest of the Consortium. The Consortium further requests that Excellus put in place an administrative process by which it will notify providers who bill with unlisted codes advising them that such practice is not allowed and that all future claims must be billed properly, or they could be denied and returned to the provider for proper coding.

3. Over the Counter Items

Excellus is hereby directed to ensure its systems are duly noted for the Consortium indicating that the Consortium plans cover medical supplies that are required for the treatment of a disease or injury. The files should also be noted that the Consortium also covers maintenance supplies (e.g., ostomy supplies) for conditions covered under its filed and approved Certificates. All such items must be in the appropriate amount for the treatment or maintenance program in progress. The Consortium does not cover over the counter medical supplies. The Plan document of the Consortium specifically outline coverage for diabetic supply coverage and specifically exclude over the counter items. Excellus is directed to adhere to the language in the plan documents and deny over the counter items accordingly.

4. Add-on Codes

Add on codes are always performed with a primary procedure or service and are not supposed to be reported as a stand-alone code. Although Excellus relies on the National Coding Guidelines in conjunction with their Utilization Management Programs, it is the Consortiums contention that Excellus should not override the system and Excellus should discontinue paying add on codes as stand-alone services unless it can demonstrate to the Consortium's satisfaction that doing so is in the financial best interest of the Consortium. Excellus BlueCross BlueShield is hereby directed to provide the Consortium with information demonstrating that Excellus' administrative process and practice of paying stand—alone claims submitted with an add-on code is in the financial best interest of the Consortium. Failure to provide said satisfactory proof as requested will result in the Consortium directing Excellus to adhere to the national coding standard for physician and other health care services and procedures and discontinue the practice of paying add on codes as stand-alone codes which has been identified as an incorrect practice in past audits.

5. Maximum Number of Units Allowed

Claims submitted with a total number of units above the maximum allowed units should be denied and not paid as a percent of charges. Excellus is directed to adhere to service limits associated with certain procedure codes and that language in provider contracts should not allow for services to be billed in excess of these limits. Furthermore, Excellus is directed to perform an audit of claims paid above the maximum service limits and report back to the Consortium on to the extent the Consortium's funds have been paid in error.

B – Codes

BMI noted that a status B code (99050) was billed with no indication that it was a "bundled" service. As a result, the procedure should have been considered a component of, or incident to, the overall service provided, and separate reimbursement should not have been issued. It was further identified that Excellus utilizes ClaimsXten edits, which align with Centers for Medicare and Medicaid Services (CMS) payment rules and as such the claims for 99050 were paid in error. Excellus is instructed to follow CMS and deny these services accordingly.

6. Unbundling

National Correct Coding Initiative Program (NCCI) edits do not allow codes 98940 and 98941 to be billed together by the same provider for the same date of service, especially when Medicare is primary and NCCI is not applicable on secondary to Medicare claims for EHP. As a result, the Consortium hereby requests Excellus to

implement the necessary software edits to prevent this type of overpayment from occurring in the future.

7. **Foot Care Benefits**
As indicated in the Consortium's plan document which was written utilizing New York State Department of Financial Services Model Language, routine footcare is excluded unless the member has a specific medical condition or disease resulting in circulatory deficits or areas of decreased sensation in the legs or feet. Excellus is hereby directed to exclude those American Medical Association (AMA) Current Procedure Terminology (CPT) Codes for all items classified as "foot inserts" from coverage under the Consortium's hospital, medical, and surgical contracts.

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RESOLUTION NO. – APPROVAL OF ADJUSTMENT TO THE GOLD METAL LEVEL PLAN MINIMUM DEDUCTIBLE AMOUNTS

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

WHEREAS, the Internal Revenue Service recently issued new limits for 2020 for high deductible plans for Health Savings Accounts (HSAs) for maximum out-of-pocket expenses, and

WHEREAS, in order to now qualify for a high-deductible health plan Gold Metal Level Plan, the minimum deductible for single coverage must be increased from $1,350 to $1,400 and from $2,700 to $2,800 for family, and

WHEREAS, the Participating Consortium employers enrolled in the Gold Metal Level Plan wish to continue to offer the option of a Health Savings Account to their employees and retirees,

WHEREAS, data entered into the federal actuarial calculator indicates the proposed deductible will change from 80.80% to 80.28%. In keeping with past Consortium policy the premium rate increase for the Gold Plan will be 0.52% lower than all other premium rates for the 2020 Fiscal Year,

RESOLVED, on recommendation of the Joint Committee on Plan Structure and Design, That the Audit and Finance Committee hereby recommends That effective January 1, 2020 a benefit plan adjustment be made to the Consortium's Gold Plan to increase the deductible for single coverage from $1,350 to $1,400 and to increase the minimum deductible for family coverage from $2,700 to $2,800.

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RESOLUTION NO. - ACCEPTANCE OF APPLICATION BY THE VILLAGE OF WATKINS GLEN TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MOVED by Mr. Shattuck, seconded by Mr. Thayer.

Ms. Dowd said the Village is coming into the Consortium with 21 subscribers in the Gold Plan. Any Participant coming in with an established HRA or HSA plan it would have it automatically rolled over. Mr. Cook questioned how many members are in the Teamsters and would not be coming in at this time. Mr. Barber did not have a number but stated that the Village

is aware that all members must come in by December 31, 2022. At that time the Village would need to comply with Section A3 of the Municipal Cooperative Agreement or request a waiver.

The resolution was unanimously approved by members present.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Village of Watkins Glen has submitted an official resolution authorizing the Village of Watkins Glen to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Village of Watkins Glen has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, and

WHEREAS, it is recognized that this municipality is not bringing all of the active employees into the Consortium as required by Section A.3 of the 2015 MCA due to Teamster contract conditions at this time, now therefore be it

RESOLVED, That the Audit and Finance Committee hereby recommends that the Board of Directors accept and welcome the Village of Watkins Glen as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2020.

RESOLVED, further, That the Consortium grant the municipality a three-year release from compliance with section A.3. of the MCA for its Teamster unit through December 31, 2022.

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RESOLUTION NO. - ACCEPTANCE OF APPLICATION BY THE TOWN OF HORSEHEADS TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MOVED by Mr. Hart, seconded by Mr. Shattuck. The Town is bringing 10 subscribers into the Platinum, 8 in Gold, and 1 in Bronze Metal Level Plans. In response to Ms. Drake as to whether new Participants would be limited in the number of plans that could be offered, Mr. Barber said it was discussed but a policy was not adopted.

The resolution was unanimously approved by voice vote by members present.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Horseheads has submitted an official resolution authorizing the Town of Horseheads to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Horseheads has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, and

WHEREAS, it is recognized that this municipality is not bringing all of the active employees into the Consortium as required by Section A.3 of the MCA due to Teamster contract conditions at this time, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby accepts and welcomes the Town of Horseheads as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2020,

RESOLVED, further, That the Consortium hereby grants the municipality a three-year release from compliance with section A.3. of the 2015 MCA for its Teamster unit through December 31, 2022.

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RESOLUTION NO. - ACCEPTANCE OF APPLICATION BY THE LANSING COMMUNITY LIBRARY TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MOVED by Mr. Shattuck, seconded by Mr. Salton. Ms. Dowd said John Powers, Legal Counsel for the Consortium, provided an opinion that the Library meets the legal definition required to join. Although it was a different review, the Library meets the financial criteria necessary to join. Ms. Dowd said the Library will be bringing one employee into the Platinum Plan.

The resolution was unanimously approved by voice vote by members present.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Lansing Community Library has submitted an official resolution authorizing the Lansing Community Library to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Lansing Community Library has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, That the Audit and Finance recommends the Board of Directors accept and welcomes the Lansing Community Library as a Participant in the Consortium, with health insurance coverage beginning January 1, 2020.

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RESOLUTION NO. - ACCEPTANCE OF APPLICATION BY THE TOWN OF SPENCER TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MOVED by Mr. Thayer, seconded by Mr. Hart. Ms. Dowd said the Town will be bringing seven subscribers into the Consortium with the Platinum Plan.

The resolution was unanimously approved by voice vote by members present.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Spencer has submitted an official resolution authorizing the Town of Spencer to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Spencer has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, on recommendation of the Audit and Finance, That the Board of Directors hereby accepts and welcomes the Town of Spencer as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2020.

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Invoices

There were no questions or concerns related to the August invoices included in the agenda packet for information only for the Town of Ithaca and Hancock Estabrook.

Financial Update

Mr. Locey reviewed August financial data received from both ProAct and Excellus and said the Consortium ended August with $2.475 million in medical paid claims which was a similar result to July and with $1.1 million in prescription drug claims, also similar to July results.

He called attention to the HCRA (Health Care Reform Act) surcharge and said it accounts for 2.5% of total claims expense which is equal to 2% of total premium for the year. This is something he would like to have a conversation with the New York State Legislature about and would like to advocate for some change in legislation as well as on the small group legislation. Mr. Cook offered to help in any way he could. Mr. Locey said he thinks Legislators have been receptive up to this point and he will keep the Committee informed.

Mr. Locey said claims are fully mature for the additional groups that came into the Consortium this year and he remains comfortable with the budget recommendations presented.

Mr. Locey reviewed budgeted versus actual claims and highlighted August claims, stating on the medical side $2.945 million was budgeted and $2.472 was spent in August; this increased the amount the Consortium is underbudget by 8.24% compared the prior month being 7% underbudget. Year-to-date, the Consortium $1.94 million under budget on the medical side and $780,000 (8.3%) under budget on the prescription drug side. In aggregate, the Consortium is $2.7 million under budget on claims expense year-to-date. Based on information received he does not anticipate any major change in Locey & Cahill's budget recommendation.

Actuarial Fees

Mr. Locey explained that over the last few years the role of Armory Associates was expanded to provide GASB75 services to any municipality in the Consortium that needed the service. It has been billed through the Consortium with the Consortium paying the expense. He said a question was raised as to whether the Consortium should be paying this expense or if it should be a pass-through back to the municipality.

Mr. Shattuck noted the increased cost that the Consortium has incurred since this practice first began. Ms. Drake said she has questioned why each of the employees who pay a percentage of the premium should be paying for something that a municipality is supposed to pay for and has paid for in years past. Mr. Locey said he works with groups that handle it both ways.

Ms. Hersey spoke from a labor perspective and said prior to the Consortium she would not have paid any share of that cost and does not think employees should share in paying that cost if it is not a direct cost of health insurance that they would have paid prior to being in the Consortium. Questions arose relating to what subsidization members are receiving from retirees; how much this expense could potentially grow, and what communication has been done to inform municipalities that this benefit exists.

No action was taken; Mr. Cook said any member wishing to change the current policy could bring a resolution forward at the next meeting.

Large Loss Claimant Report

Mr. Locey said to year-to-date there has been only one claim that has exceeded $400,000 and is currently at $583,000 at the end of July ($523,000 in medical and $80,000 for prescription drug). The deductible is $600,000; however, this is the individual who is lasered and has a $1 million deductible. The second highest case was at $470,000 through the end of August but have been termed and is no longer receiving coverage. The third individual who is lasered does not appear to be incurring significant claims and is not forecasted to exceed $50,000 in claims this year.

Accounts Receivables

Mr. Locey had nothing new to report.

Plan Underwriting Review

Mr. Locey said they have requested data from Excellus and Armory and are trying to isolate the benefit differences between plans and come up with benefit variables for rates and once 2020 rates are complete they will be able to report on benefit plans and whether they feel they are still commensurate with the level of benefit currently being provided. He said there will need to be a thorough discussion on what it means to change any rate. Ms. Drake said this discussion should first take place at the Executive Committee; the next meeting will be December 3rd.

RESOLUTION NO. – ADOPTION OF BUDGET, PREMIUM RATES, AND RESERVE AMOUNTS FOR 2020

MOVED by Mr. Shattuck, seconded by Mr. Thayer.

Mr. Hart said this is a good opportunity to increase discretionary reserve accounts. Ms. Drake suggested bringing this up in December when it is known where the Consortium ended up; Mr. Cook suggested taking this up in March.

Mr. Hart said the end goal result should be rate stability and the ultimate rate stability would come through control of health care costs but that is something that cannot be controlled. As long as the consumer wants the latest treatment there is a demand structure built in that will always make costs go up. As the provider of insurance the Consortium has to always expect costs to go up, the question is by how much. The Consortium has been fortunate through some good luck and skill to be able to have its costs go up at a lower rate than everyone else's. He questioned if that is sustainable and said while the Consortium's funds are increasing this would be the time to bank as much money as possible to smooth out future increases. He believes the Consortium is missing an opportunity if it doesn't do this at a time when rates are increasing at a reasonable rate while still providing an opportunity to do that.

Mr. Snyder commented that regardless of what interest rates are, having more money to invest offers more opportunity to earn interest income.

Mr. Locey said the directive of this group was that the targeted unencumbered balance needs to be 18%; therefore, anything above that could be moved into discretionary reserves. There was consensus to revisit this when reviewing the year-end fund balance statement.

The resolution was unanimously adopted by voice vote by members present.

WHEREAS, the Audit and Finance Committee has had detailed discussions and has given great consideration to the Consortium's 2020 budget and premium rates, and

WHEREAS, our Benefit Plan Consultant has modified the claims trend based on Consortium data and that of similar groups they have researched, and

WHEREAS, notable items included in the proposed budget are the following:

- Premium increase of 5% over 2019 rates, except for the Gold Metal Level Plan which will experience reductions in actuarial value and have a rate increase of 4.48%;
- 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;
- Maintain the Rate Stabilization Reserve in an amount equal to 5% of expected paid claims;
- Maintain Incurred But Not Reported Claims Reserve at 12% of total claims;
- Maintain Catastrophic Claims Reserve at $2,800,000; and
- Includes option to review fund balance levels after year-end financial information becomes available

now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Consortium's 2020 budget as attached, including premium equivalent rates and reserve amounts are hereby adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors.

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Pro Rata Share

Mr. Salton said the Board of Directors passed a resolution on what happens when a municipality decides to leave the Consortium. He thinks additional language is needed in the resolution to clarify the purpose. He will draft a revised resolution and present it to the Committee at a future meeting for consideration.

Stop Loss Update

Mr. Locey reported he just put together quotes asking for 2020 and are asking for four levels of deductibles-- $500,000, $600,000, $750,000, and $1 million. The goal is to identify the breakage in premium with the intent to use reserves and taking the difference in premium and paying that into the reserve. The reserve would be used to pay the claim if needed. He described this as a form of a self-insured stop loss model.

Date of Next Meeting

The November and December meeting dates were combined to December 10th at 3:30 p.m.

Adjournment

The meeting adjourned at 5:48 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the GTCMHIC Board