

**Audit and Finance Committee
Minutes - DRAFT
September 13, 2022
Town of Ithaca Aurora Room/Remote Zoom**

Present: Steve Thayer; Eric Snow; Rordan Hart;
Amanda Anderson; Peter Salton; Bud Shattuck
Excused: Lorie Corsette
Absent: Laura Shawley
Staff/Guests: Elin Dowd, Executive Director; Lynne Sheldon, Clerk of the Board; Steve Locey, Paul Pelton, Rob Spenard, Locey and Cahill; Judy Drake, Board Chair; Teri Apalovich, Finance Manager; Kylie Rodriguez, Benefits Specialist; Rick Snyder, Tompkins County Finance

Call to Order

Mr. Thayer, Chair, called the meeting to order at 3:01 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of August 23, 2022

It was MOVED by Mr. Thayer, seconded by Mr. Hart, and unanimously adopted by voice vote of members present via remotely, to approve the minutes of August 23, 2022, as submitted. MINUTES APPROVED.

Executive Director Report

Ms. Dowd announced the Consortium team has been getting ready for the yearly Board meeting, preparing the budget, and finalizing documents to go to new members when they are officially approved. She respectfully asked committee member's if their municipalities are making any plan changes, including retirees, to please let the Consortium to know by October 15. She also announced the Consortium will be holding a Benefit Clerk training on September 27, 2022, and October 6, 2022.

Ms. Dowd added the Consortium is continuing to explore Medicare Advantage Plans. The Executive Committee met earlier in the week. She and Locey & Cahill have already met regarding action items resulting from that meeting. She also announced that after board meeting, the Consortium is starting to look at a request for proposal (RFP) regarding claims audit. She mentioned the Consortium is continuing to make progress on certain Medicare Advantage Plans but will not have a vote as of yet.

Ms. Dowd announced that it's the time of the year to look at administrative agreements. A requirement of the Municipal Cooperative Agreement (MCA) is the entire board approves third-party benefit administrators. Presented to the committee were two resolutions for ProAct and Excellus BlueCross BlueShield. These resolutions have already been reviewed by the Executive Committee; however, tradition is for Audit and Finance to review as well due to financial ramifications and then be advanced to the Board of Directors.

Excellus BlueCross BlueShield:

Ms. Dowd explained the resolution to be a three-year agreement 2023-2025, with a sliding scale in place. If all the proposed new members join the Consortium, this will allow the Consortium to have a lower administrative rate, less than 2.95%, of which 3% was budgeted for.

**RESOLUTION NO. - 2022 - AUTHORIZING HEALTHCARE BENEFITS RENEWAL
(ADMINISTRATIVE SERVICES AGREEMENT) WITH
THIRD PARTY ADMINISTRATOR - EXCELLUS
BLUECROSS BLUESHIELD**

MOVED by Mr. Thayer, seconded by Mr. Hart, and unanimously adopted by voice vote by members visibly seen remotely, to approve the following resolution to submit to the Board of Directors for approval.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) is a self-insured municipal cooperative health benefit plan 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 current GTCMHIC Municipal Cooperative Agreement defines the actions to be taken by the GTCMHIC Board of Directors to include the approval of contracts with third parties for the furnishing of goods and services, and

WHEREAS, the Audit and Finance Committee has determined that it is in the Consortium's best interest to continue its relationship with Excellus BlueCross BlueShield for the administration of the Consortium's medical claims, and

WHEREAS, Excellus BlueCross BlueShield charges the Consortium an additional integration fee for the carve out pharmacy services which include enrollment file transfer and accumulator integration, and

WHEREAS, Excellus BlueCross BlueShield has agreed to give consideration in future years for Administration Rates to vary based on growth in enrollment numbers and has set discounts at four different contract band levels, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee That the Executive Committee, on behalf of the Board of Directors hereby approves the 2023 Healthcare Benefits Renewal with Excellus BlueCross BlueShield under the proposed fee structure presented to the Board of Directors for 2023, 2024, and 2025,

RESOLVED, further, That the Chair of the Board be authorized to execute the 2023 contract on behalf of the Consortium.

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ProAct:

Ms. Dowd indicated ProAct's contract is a continuation of last year. Last year, the Consortium went out for RFP for a new RX Claims Administrator. The Operations Committee suggested that the Consortium remain with ProAct, their three-year pricing commitment, but continue to review the contract on a year-to-year basis. This resolution approval is solely for 2023.

Mr. Salton questioned as to when the Consortium will take a deeper dive into reviewing the concerns of ProAct and discuss other Prescription Benefit Manager options. Ms. Dowd said Locey & Cahill recently discussed RX Rebates with ProAct. She mentioned at the last Operations Committee meeting, there was discussion of all the specifics requested from ProAct and ProAct was preparing an update.

Mr. Salton asked about Siegel's previous findings of ProAct's contract. He questioned if the findings are now of less importance due to the changes in RX Rebates. Ms. Dowd responded that the single study completed 2018/2019 indicated pricing, discounting, and wholesale discount pricing, of which was advised should be more transparent in the contract. She said other findings have been utilized for the renewals and the RFP. Mr. Salton expressed that if some of Siegel's conclusions aren't as relevant now, should the Consortium undertake another study. He also expressed the Audit & Finance committee should respectfully be more involved in the financial decisions of these contracts. Ms. Dowd said that the Operations Committee has been spending more time on the administrative specifics than the Audit and Finance Committee, however, the ProAct contract this year did not contain any new changes, the financial commitments reviewed by the Audit and Finance Committee last year remain in place.

Ms. Drake voiced the Operations Committee still had some concerns with ProAct's performance of which the Committee is seeing these issues are addressed. Ms. Dowd agreed and said some of the issues are related the Consortium's and subscriber's access to the ProAct system. Ms. Rodrigues follows up on a weekly basis.

**RESOLUTION NO. - 2022 - AUTHORIZE EXTENSION OF CONTRACT FOR
PRESCRIPTION DRUG CLAIMS ADMINISTRATOR FOR
2023 – PROACT**

MOVED by Mr. Thayer, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members visibly seen via remotely, to approve the following resolution to submit to the Board of Directors for approval.

WHEREAS, the Board of Directors by Resolution No. 029-2018 authorized a two-year extension of the Consortium's contract with ProAct for Prescription Benefits Manager services, and

WHEREAS, the Audit and Finance Committee has discussed and desires to extend the Prescription Benefits Manager services with ProAct for an additional year pursuant to the Contract Addendum proposed September 9, 2021, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the contract with ProAct for Prescription Benefits Manager services be extended per the terms outlined in the Addendum for the period January 1, 2023 through December 31, 2023,

RESOLVED, further, That Chair of the Board of the Greater Tompkins County Municipal Health Insurance Consortium is hereby authorized to execute said contract with ProAct, Inc.

Medicare Advantage Plan Options

Ms. Dowd reported that the Consortium is continuing to make progress on the Medicare Advantage Plan. The Executive Committee held a discussion the previous week, but no formal report is available at this time.

Resolution: Adoption of Budget, Premium Rates, and Reserve Amounts for 2023

Mr. Locey and Mr. Pelton covered the [Budget Performance Report](#) along with the 2023 Budget Report. Mr. Locey referred to the Final Budget Presentation and announced in terms of income, the Consortium is about 2.5% below budgeted income due to medical and prescription drug premiums and prescription drug rebates are a little below budget. He said that there were some modeling changes in terms of the agreement with ProAct's last contract. The new contract has minimum guarantees that are paid on a quarterly basis, with a reconciliation at the end. This was the same for 2021 and the Consortium is expecting a significant reconciliation payment this year, in addition to the normal quarterly rebate payments for 2022. This sets the Consortium under budget right now by almost four hundred thousand dollars but will be well over Budget once the 2021 reconciliation rebate is received.

Ms. Drake questioned the RX Rebates shown on the presentation decreasing from 3 million to 2.9 million. Mr. Pelton indicated that those numbers are very conservative and making sure the Consortium doesn't shortfall. He recommends the 2.9 million is in a safe budget zone, as the RX Rebate reconciliation next year won't be as large.

Mr. Locey said going forward annually, the Consortium will be receiving the reconciliation sooner per the ProAct Finance Team. They also indicated that the Consortium's quarterly payments going forward should be in the \$800,000 range.

Mr. Pelton presented the 2023 Budget Presentation and expressed the projected budget for premium increases is still at 6.5% based on current trending and performance. Moving forward premium increase recommendations for the next four years will remain at 7.0%, keeping in mind the budget target and annual goals. [Budget Presentation](#)

RESOLUTION NO. - 2022 – ADOPTION OF BUDGET, PREMIUM RATES, AND RESERVE AMOUNTS FOR 2023

MOVED by Mr. Salton, seconded by Mr. Snow, and unanimously adopted by voice vote by members visibly seen via remotely, to approve the following resolution to submit to the Board of Directors for approval.

WHEREAS, the Audit and Finance and Executive Committees have had detailed discussions and have considered the Consortium's 2023 budget and premium rates, and

WHEREAS, the Board of Directors has adopted a policy that provides guidance on targets for net income, fund balance, and both statutory and

discretionary reserve levels, in addition to creating a mechanism by which excess net income/fund balance can be returned to members, and

WHEREAS, the 2023 proposed budget reflects the adopted budget guidelines (Resolution No. 015-2020) as follows:

- Maintain Incurred But Not Reported Claims Reserve at 12% of total claims;
- 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 7.5% of expected paid claims;
- Maintain Catastrophic Claims Reserve at \$4,500,000 with additional interest and premium savings included;
- Maintain an unencumbered fund balance not less than 12% of expected premium through at least year four of the annual proforma calculation;
- Set the annual budget to accomplish a zero to two percent (2%) net income level; and
- Increase Premium Revenue by 6.5% in 2023 across all benefit plans, except for the Silver Plan which will be a Premium Revenue Increase of 5.42%; now therefore be it

RESOLVED, on recommendation of the Audit and Finance and Executive Committees, That the Consortium's attached 2023 budget 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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Resolution: Approval of New Member Resolutions (Including DeRuyter)

Ms. Dowd announced that last month the Consortium approved seven municipalities and has one additional application from the Town of DeRuyter. The Town of Cuyler recommended to the Town of DeRuyter to consider the Consortium for their health insurance needs. The Town of DeRuyter has since submitted their application. Ms. Apalovich has already completed a financial analysis and they are at good financial standing for an acceptance of their application of 4 members.

This additional municipality totals 8 municipalities, 300 subscribers for 2023. Ms. Dowd is also working with potential members for the year of 2024.

RESOLUTION NO. - 2022 - ACCEPTANCE OF APPLICATION BY THE TOWN OF DERUYTER, TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM EFFECTIVE JANUARY 1, 2023

MOVED by Mr. Thayer, seconded by Mr. Salton, and unanimously adopted by voice vote by members visibly seen via remotely, to approve the following resolution to submit to the Board of Directors for approval.

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 DeRuyter, has submitted an official application authorizing the joining of Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, this applicant has complied with membership process and has submitted copies of financial reports which have been evaluated by the Finance Manager, Consortium's Treasurer, and/or the Chief Financial Officer, 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 DeRuyter, as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2023, pending receipt, additional analysis, and approval of all required documentation.

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Financial Update

Ms. Dowd stated the because the Audit and Finance committee had met only two weeks ago for the previous meeting that Ms. Apalovich put together a shortened abstract for approval.

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

Ms. Dowd asked Mr. Spenard if he has anything to report for stop-loss since the previous meeting two weeks ago. Mr. Spenard did report that last week one claim came through in the amount of \$167,000. This individual hasn't shown up previously on the reports and Locey & Cahill will keep a close eye on this individual.

Next Meeting Agenda Topics

Medicare Advantage Plan Options
Stop-Loss Information
Look at Resolutions regarding Open-Meeting Law

Adjournment

The meeting adjourned at 4:08 p.m.

Next Meeting October 25, 2022

Respectfully submitted by Lynne Sheldon, Clerk of the Board