

**Audit and Finance Committee
Minutes – Approved
October 22, 2019 – 3:30 p.m.
Ithaca Town Hall**

Present: Mack Cook, Steve Thayer, Rordan Hart, Bud Shattuck, Ann Rider, Chuck Rankin, Laura Shawley, Olivia Hersey (arrived at 3:37 p.m.), Peter Salton (arrived at 3:43 p.m.)

Guests: Elin Dowd, Executive Director; Don Barber, Consultant; Rick Snyder, Treasurer; Steve Locey, 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 3:30 p.m.

Changes to the Agenda

Invoices from Hancock Estabrook and the Town of Ithaca were added to the agenda for information only.

Approval of Minutes of September 11, 2019

It was MOVED by Ms. Rider, seconded by Mr. Thayer, and unanimously adopted by voice vote by members present, to approve the minutes of September 11, 2019 as submitted. MINUTES APPROVED.

Executive Director's Report

Ms. Dowd reported on additional items that were not included in her written report provided to the Committee. She said she met with Mr. Snyder and will be bringing forward a revised Invoice Payment procedure to the Operations Committee in an attempt to streamline the current process. Once that Committee makes a recommendation it will be presented to this Committee for approval. Ms. Dowd said a Benefit Clerk training has been scheduled for November 7th at the Health Department; Beth Miller, Corey Prashaw, and Jessica Hobart will be presenting information at that training. She reported she, Mr. Locey, and Mr. Spenard met with Excellus representatives to discuss the renewal for 2020 and as a result of that meeting Excellus will be going back to revise the proposal. She noted, however, to correct a billing issue, included in the rate for 2020 will be the addition of the carve-out for the pharmaceutical program that they are paid in addition to their Admin. Fee.

Ms. Hersey arrived at this time.

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, Bonadio, BOCES, and Hancock Estabrook.

Financial Update

Mr. Locey distributed a spreadsheet showing the history of large losses and an updated document showing financial results through September 30th. On the higher end there were three

individuals with claims exceeding \$300,000, two individuals with claims at the \$400,000 level, and one who went slightly over the \$600,000 level. Cumulatively, the Consortium has paid out \$5.265 million in total claims for a total of 28 individuals and has received nothing back for these as nothing has exceeded the deductible. The lasered individual was the one at the \$600,000 level.

Mr. Locey called attention to the Stop Loss report from Excellus through September 30th and said the individual with the \$1.2 million laser does not show up on the \$100,000 report. Year-to-date claims for that individual are slightly over \$25,000 and Excellus has indicated the individual is not expected to exceed \$50,000 in claims next year. The second person on list is no longer on the plan. He said this is good news from a large case perspective and that the Consortium may not have any catastrophic claims that exceed the deductible level this year.

Mr. Salton arrived at this time.

Mr. Barber said the Consortium had updated the Catastrophic Claims Reserve from \$2 million to \$2.8 million because of the lasered individual and now there is a lasered individual who has crossed over the \$600,000 threshold. He questioned whether the Committee wanted to take money from that Reserve or leave it there. Ms. Hersey said it would be reasonable to leave the money there unless it is needed; she doesn't think it makes sense to take it out just because the threshold was reached. Mr. Shattuck said there is a different perspective in the way Directors look at having excess funds versus how a municipality looks at it. Mr. Locey said when there is discussion of what model will be used for Stop Loss for 2020 this will be part of that discussion. He agreed that the money was placed in the Reserve to protect against catastrophic losses that exceeded what would be considered normal. There is a lasered individual at a \$1 million dollar level and the deductible is set at \$600,000. He said this is a good point to raise and warrants further discussion.

Mr. Locey presented third quarter budgeted versus actual results and noted the following:

- Medical plan premium was 1.9% below the budgeted amount. This is due to a large number of people moving from larger-style indemnity and PPO plans into a Platinum Plan which has a much lower associated premium. Also, initial estimates used for Seneca County members was based on the average premium cost per covered life. The County ultimately enrolled members in the Platinum Plan which is a lower-cost plan on an average per covered life basis. This should lead to lower paid claims and this appears to be the case.
- Medical paid claims (-10.4%) and prescription paid claims (-8.58%) were well-below budget in September.
- Paid claims account for 93.39% of total expenses.
- Total paid claims are 9.89% below budget to date; with the exception of May, expenses were below budget each month. Financial indicators are pointing toward a positive fiscal year, resulting in a substantial net income which will be used to bolster reserves and Fund Balance.
- The fiscal results as of September 30, 2018 support the Board of Director's decision to increase premium rates by a modest 5% for the 2020 Fiscal Year. Any additional funds set aside from this year will provide the opportunity to continue to keep premium increases at a very modest level for the next several fiscal periods.

Plan Underwriting

Mr. Locey reported work is being on done on plan and premium underwriting. This will be taken to the December 3rd Executive Committee meeting with a report on the status at the next meeting of this Committee.

Accounts Receivable

Mr. Locey reported the latest report was good and was one of the few reports where TC3 has had a small dollar amount due and with all entities on the report being less than 30 days late.

**RESOLUTION NO. - 2019 – APPROVAL OF CONTRACT FOR INVESTMENT
MANAGEMENT SERVICES – WILMINGTON TRUST –
2020**

MOVED by Ms. Hersey, seconded by Mr. Thayer.

Mr. Snyder said he is satisfied with the service and interest rates the Consortium is receiving through its contract with Wilmington Trust. He supports approving this resolution; however, he would not be opposed to issuing an RFP (Request for Proposals) for Investment Management Services at some point in 2020.

Mr. Barber said last year the Consortium had three firms that were interested in this contract. He said although he is comfortable with Mr. Snyder's support for renewing this contract for 2020 he thinks opportunities are being lost and there could be better service provided. He circulated and reviewed an example of information from another investment management firm to demonstrate what types of information the Consortium could be receiving.

At the direction of the Committee, Ms. Dowd will have a conversation with Wilmington Trust to communicate concerns that were expressed and will request that they become more active in their review and investment strategy.

A voice vote on the resolution resulted as follows: Ayes – 9, Noes – 0. MOTION CARRIED.

WHEREAS, the Consortium by Resolution No. 032 of 2018 entered into a one-year contract for with Wilmington Trust for investment management services for 2019, and

WHEREAS, Wilmington Trust has satisfactorily honored the terms of its contract including the delivery of reporting as requested, completion of Schedule B of the Consortium's JURAT financial filings with DFS (Department of Financial Services), and

WHEREAS, the Consortium is pleased with the service provided by Wilmington Trust and wishes to extend its contractual relationship for 2020, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors authorizes the Consortium to enter into a contract extension with Wilmington Trust for investment management services for a one-year term period January 1, 2020 through December 31, 2021,

RESOLVED, further, That the Chair of the Board of Directors is hereby authorized to execute said contract on behalf of the Consortium.

**RESOLUTION NO. - 2019 – AUTHORIZING INFORMATION TECHNOLOGY SERVICES
AGREEMENT WITH TOMPKINS COUNTY – JANUARY 1,
2019 THRU DECEMBER 31, 2020**

MOVED by Ms. Rider, seconded by Mr. Rankin, and unanimously adopted by voice vote. In response to Ms. Rider, Ms. Dowd said Tompkins County ITS has been very responsive to the Consortium's needs.

WHEREAS, the Consortium has received technical assistance at no charge from the Tompkins County Information Technology Services Department (ITS) since beginning operations in 2011, and

WHEREAS, technical support has included website hosting and assistance, e-mail account technical support, audio and visual assistance, development of a secure online enrollment program, and general computer support, and

WHEREAS, the frequency of requests and time involved has increased as the Consortium has grown, and

WHEREAS, the Executive Committee has recommended that the Consortium provide compensation for work done by the Department on behalf of the Consortium,

WHEREAS, the Audit and Finance Committee review the Memorandum of Understanding (MOU) for Information Technology Services and has recommend that the Board of Directors authorize the Board Chairperson to sign this MOU, and

WHEREAS, since initially approved by the Audit and Finance Committee, the need was identified for additional Information Technology Services to be added to the MOU for assistance with the Consortium's compliance with NYCRR 500 Cybersecurity requirements, now therefore be it

RESOLVED, on recommendation of the Audit and Finance and Executive Committees, That the Board of Directors approves an agreement with Tompkins County Information Technology Services for 2020 based on a rate for an average of seven (7) hours per month at \$60 per hour for ITS support provided to the Consortium from January 1, 2020 thru December 31, 2020 for a total of \$5,040,

RESOLVED, that the amount of \$5,040 will be submitted as a single invoice by ITS in January, 2020, and

RESOLVED, that ITS will invoice annually for the direct cost of the assigned Consortium Microsoft Office 365 licenses as procured under the Tompkins County Microsoft Office 365 tenant, and

RESOLVED, further, That this rate and hours associated with ITS support shall be reviewed annually to ensure that as the Consortium grows that it supports the assistance provided by the Department,

RESOLVED, further, That the Chair of the Board is hereby authorized to execute this contract on behalf of the Consortium,

RESOLVED, further, that the TC Information Technology Services Agreement will be kept on file in the Consortium's records.

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RESOLUTION NO. - 2019 – AUTHORIZING FINANCIAL SERVICES AGREEMENT WITH TOMPKINS COUNTY – JANUARY 1, 2019 THRU DECEMBER 31, 2020

MOVED by Mr. Thayer, seconded by Mrs. Shawley, and unanimously adopted by voice vote.

WHEREAS, the Consortium initially formalized a contract with the Office of the Tompkins County Finance Director for the performing Consortium Treasurer functions on July 27, 2018, and

WHEREAS, the Consortium wishes to continue this contract arrangement, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby authorizes the Chair of the Board to sign the Financial Services Agreement with Tompkins County for a term commencing January 1, 2020 through December 31, 2020,

RESOLVED, further, that the Financial Services Agreement will be kept on file in the Consortium's records.

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RESOLUTION NO. - 2019 – EXTENSION OF CONTRACT FOR PLAN CONSULTANT – LOCEY & CAHILL, LLC – 2020

MOVED by Mr. Salton, seconded by Mr. Hart, and unanimously adopted by voice vote.

WHEREAS, the Consortium requires ongoing Plan consulting services to continue its operations, and

WHEREAS, the Plan consulting services needed include: strategic planning, financial analysis, recommending a budget, producing and filing benefit plan documents, calculating premium equivalents, preparing a variety of internal reports and requests for proposals, attending Board and Committee meetings, claims trends and large loss analysis, assisting municipal partner with benefit and premium questions, and interfacing with third party administrators and ancillary benefit providers, and

WHEREAS, the Consortium issued a Request for Proposals and by Resolution adopted on October 28, 2010, selected Locey & Cahill, LLC of Syracuse to provide consulting services for the Consortium, and

WHEREAS, the Executive Committee has discussed the need and scope of Benefit Plan Consultant Services and recommends that the Consortium continue to retain Locey and Cahill, LLC for those services, and

WHEREAS, the Audit and Finance Committee has reviewed and discussed the terms of the Consortium's contract with Locey and Cahill, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby extends its contract with Locey & Cahill, LLC for an additional one-year term for the period January 1, 2020 through December 31, 2020.

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Next Meeting Agenda Items

Resolutions will be included on the next agenda pertaining to Stop Loss renewal, Excellus contract renewal, and approval to purchase insurance policies. There will also be continued discussion of the Catastrophic Claims Reserve, an updated financial report, discussion of actuarial fees for GASB reports, and an update on the status of plan underwriting from the Executive Committee.

The next meeting will be December 10th at 3:30 p.m.

Adjournment

The meeting adjourned at 4:27 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the GTCMHIC Board