Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590
www.healthconsortium.net • consortium@tompkins-co.org

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

Greater Tompkins County Municipal Health Insurance Consortium

Audit and Finance Committee

Agenda

April 23, 2019 – 3:30 p.m.

Old Jail Conference Room

1. Call to Order (3:30) — M. Cook
2. Changes to Agenda (3:30)
3. Approve Minutes of March 26, 2019 (3:32)
4. Presentation of 2018 Audit Report (3:35) — M. Theusen
   a. **Resolution**: Accept 2018 Financial Audit
5. Executive Director's Report (3:55) — Dowd/Barber
   a. DFS Communications
   b. Reports from Other Committees
   c. Prescription Drug Audit- Process to initiate
   d. Invoices:
      1. Info. only: Armory Associates – March 31, 2019; Wellness Consultant – March 2019; Insero & Co. – March 29, 2019; Hancock Estabrook – April 18, 2019; Bonadio – March 18, 2019
      2. Approval Reg'd: BMI Audit Final Invoice – April 10 2019
6. JURAT Filing (4:05) — R. Snyder
7. Financial Update (4:15) — S. Locey
8. **Resolution:** City of Ithaca Rx Plan ($5/15/30 Retail $10/30/60 Mail Retail 90 for 1 copay) Premium change (4:20) E. Dowd
9. Discussion of Resolution of Board Policy Regarding Compliance with Section A.3. of MCA (4:40) D. Barber
10. Discussion of Amending New Mmember Application Process (4:55) — D. Barber
    a. Chemung County SWCD
11. Summary of BMI Medical Claims Audit Findings (5:10) — Dowd/Locey
12. Next Agenda Items (5:20)
    a. Internal Captive
    b. Policy to Determine Departing Municipality's Pro Rata Share of Assets
    c. Consortium Staffing Costs
    d. Medicare Advantage RFP
13. Adjourn (5:30)

Next Meeting: May 28, 2019

Audit and Finance Committee
Minutes - Draft
March 26, 2019
Old Jail Conference Room

Present: Mack Cook, Rordan Hart, Bud Shattuck, Olivia Hersey, Steve Thayer, Peter Salton, Laura Shawley (arrived at 3:35 p.m.), Ann Rider (arrived at 3:37 p.m.)
Guests: Rick Snyder, Treasurer; Andrew Braman, Tompkins County Deputy Finance Director; Steve Locey, Robert Spenard, Locey and Cahill; Greg Potter, Tompkins County Information Technology Services Director

Call to Order

Mr. Cook, Chair, called the meeting to order at 3:30 p.m.

Changes to the Agenda

Mr. Cook announced an executive session will be held at the end of the meeting.

Approval of Minutes of March 26, 2019

It was MOVED by Mr. Salton, seconded by Mr. Hart, and unanimously adopted by voice vote by members present, to approve the minutes of February 26, 2019 as presented. MINUTES APPROVED.

Executive Director's Report

Mr. Barber said members received a communication from the Department of Financial Services regarding suggested changes to Article 47 and a response is being developed.

Reports from other Committees

He reported the Governance Structure Committee is developing a recommendation to present to the Board. At this time the Committee is focusing on a model similar to SWSCHPS that would include an annual meeting of the Board and appointing an Executive Committee that would handle operations during the year.

The Owning Your Own Health Committee has been working with the Wellness Consultant and doing a lot of work on the Blue4U program and is talking about ways to raise awareness at the management level about the importance of preventative health.

Mrs. Shawley arrived at this time.

The Joint Committee on Plan Structure and Design is working on possible amendments to the Metal Level plans. Mr. Locey said the Consortium's Metal Level Plans are modeled after the Affordable Care Act with actuarial values of 90%, 80%, 70%, and 60% with a plus or minus two percent deviation. After doing the draft actuarial value calculation for 2020 a couple of the plans went slightly over the value which raised the issue of whether those calculations would be rounded up or down. The Committee will be discussing this at its next meeting.

Ms. Rider arrived at this time.

The Executive Director Employment Committee has completed the interview process and is unanimously recommending the Board of Directors appoint Elin Dowd to the position of Executive Director.

Mr. Barber reported that with the Committee's approval, the City of Ithaca is planning to open up the Platinum Plan to its employees on July 1st. He noted they are aware the out-of-pocket maximum runs through the calendar year.

There was no objection to allowing the City of Ithaca to proceed with this plan. Mr. Thayer said employees who move to the Platinum Plan will not be permitted to switch to a different plan for 18 months.

BMI Audit Update

Mr. Barber said Excellus will be finishing its responses to the audit this week and will then forward to BMI. The Consortium should receive a report in early April. Mr. Locey noted if BMI is going to do the prescription drug audit that they should do that by the end of the year. These items will be included on the next agenda.

CanaRX

Mr. Barber briefly explained the letter from the FDA (Food and Drug Administration) citing CanaRX for violating Federal Law and a response to each point by the attorney for CanaRX. He said CanaRX made one change as a result of the letter but stated they are always trying to live within the law. There was speculation that the initial letter may have been politically motivated.

Invoices

The following invoices were presented for information only:

Hancock Estabrook – March 15, 2019
Armory Associates – February 28, 2019
BOCES (Newsletter printing) – March 2019

Treasurer's Report

Mr. Snyder reported work is being done to prepare the year-end JURAT and the external audit of the Consortium's 2018 financial records is underway. A presentation on the audit will be given at the next meeting. He reported nothing has changed with the cash flow; $8 million is being retained with the Tompkins County Trust Company for operations of which $6 million is earning a good amount of interest and the remainder is in a checking account. $18.5 million is fully invested with Wilmington Trust in treasury bills; the amount of investment income that has for the year so far is $26,842 more than reported on Mr. Locey's report. This is more interest earnings than the Consortium has had in any full year. Mr. Barber commented that at the end of operating for one year without Aggregate Stop Loss the Consortium has to submit a three-year financial proforma for 2019-2021 along with the annual financial filing.

Financial Update

Mr. Locey distributed and reviewed the financial report through the end of February. He said claims are far below budget because of the number of additional municipalities that joined this year. As those claims mature the numbers will move closer in line with the budget. Mr. Locey also distributed and reviewed the Actuarial Report prepared by Armory Associates and reviewed the Summary of Findings. Mr. Locey noted that the Department of Financial Services approved the Consortium to use a factor of 12% for the Incurred But Not Reported Claims Liability; the Consortium's total liability as a percentage of incurred claims was 6.76% which is more than sufficient.

RESOLUTION NO. - 2019 – ADOPTION OF CYBER SECURITY POLICY

Mr. Barber said work has been done over the last few months to comply with Cyber Security policies of the Department of Financial Services. In addition to applying for an exemption from some portions of the regulations there are some policies the Consortium is required to adopt; once approved, arrangements will need to be made for a risk assessment to be done by September of this year. The Consortium also has to have third party administrators verify they are protecting for Cyber Security a well. Mr. Potter said with Mr. Barber's assistance he drafted a policy to address the requirements for each of the required sections. He briefly explained the assessments and said they will take what has been used at the County to document any breach and use that to submit through a breach process that is documented as it is responded to. The Tompkins County Information Technology Services Department will take responsibility for overseeing the response and the documentation and will point people to using that form online.

It was noted that retention timeframes included in the policy can be adjusted and are set as minimum requirements. In response to a question from Ms. Hersey, Mr. Potter said there can be a conversation about holding a training session for the Board to define what a breach looks like and how to respond to it. Ms. Hersey suggested a training begin with Consortium employees to have further discussion of how to expand that out.

The resolution was MOVED by Mr. Rankin, seconded by Ms. Rider, and unanimously adopted by voice vote. MOTION CARRIED.

WHEREAS, the Department of Financial Services (DFS) has promulgated Part 500 of Title 23 of the Official Compilation of Codes, Rules, and Regulations (NYCRR) of the State of New York, and requires Article 47 Municipal Cooperative Health Benefit Plans to comply, and

WHEREAS, Part 500 Cyber Security allows for agencies to seek exemption from some portions of this Part, and

WHEREAS, the Executive Director has filed and received exemption under the conditions of: 1) fewer than 10 employees, and 2) does not control any information systems, and

WHEREAS, these exemptions still require the Consortium to comply with sections 500.09 Risk Assessment, 500.11 Third Party Service Provider Security Policy, 500.13 Limitations on Data Retention, and sections 500.17 through 500.23, with only sections 9,11, and 13 requiring action by the Consortium's Board of Directors to establish a policy and perform risk assessments, and

WHEREAS, the Consortium has entered into a contract with the Tompkins County Information Technology Services Department for developing such policy and to perform the stated risk assessment thereafter, and

WHEREAS, the Tompkins County Information Technology Services Department has developed the attached policy proposal, now therefore be it

RESOLVED, That the Audit and Finance Committee has reviewed the proposed Cyber Security policy from the Tompkins County Information Technology Services Department and deems it to be in compliance with NYCRR Part 500 sections 09,11, and 13 and recommends its adoption.

****

Retiree Drug Subsidy – Locey and Cahill Proposal

Mr. Barber said in response to discussion that took place at the last meeting members were provided with a draft contract prepared by Locey and Cahill. There were several questions raised at that time as to whether the Consortium would pay the cost or be a conduit for municipalities that are eligible to go through the process. Mr. Cook said the City of Cortland benefits from the program and would like the Consortium to consider paying for the services due to the value the of having Medicare-eligible employees in the Consortium. He noted that many of the small municipalities do not have enough retirees to be eligible for this, therefore, it would apply only to the larger municipalities.

Ms. Drake asked how municipalities would know this would be available. Mr. Locey said he would reach out any municipality that has not already started the application process. He explained the contract would include all of the steps in the application process and work associated with the calendar year, including the application, actuarial attestation, filing of the necessary reports, and the reconciliation. The subsidy funds would go directly back to the employer; the intent is for the funds to be used to offset their costs for health insurance.

There was discussion of whether this is a service the Consortium should provide to municipalities although it was noted that not all are eligible. Mr. Shattuck said as a municipal official he would support having municipalities pay for the service and get the money back; however, as a Consortium Board member he could support the Consortium providing this service until it addresses how to deal with municipalities coming into the Consortium with retirees.

Mr. Barber spoke to statements in support of the Consortium paying this cost and disagreed with comments that municipalities with retirees in the system are subsidizing others in the Consortium. He stated that although there may be some subsidization on the medical expense side, that savings is offset by the expense on the prescription side.

Mr. Snyder noted that the Consortium would be providing a benefit to eligible municipalities simply by offering the program through the Consortium as they would be paying less for the service based on economy of scale and Locey and Cahill's low-cost proposal.

RESOLUTION NO. 007 - 2019 – AUTHORIZING ENTERING INTO AN AGREEMENT WITH LOCEY AND CAHILL LLC FOR ASSISTING CONSORTIUM EMPLOYERS WITH THE CENTERS FOR MEDICARE & MEDICAID SERVICES (CMS) RETIREE DRUG SUBSIDY (RDS) PROGRAM APPLICATION, COST REPORTING, AND RECONCILIATION PROCESS

MOVED by Ms. Hersey, seconded by Mrs. Shawley, and unanimously adopted by voice vote.

WHEREAS, the Centers of Medicare and Medicaid Services (CMS) Retiree Drug Subsidy (RDS) Program was authorized by enactment of the Medicare Prescription Drug Improvement and Modernization Act of 2003, and

WHEREAS, employers which provide prescription drug coverage to Medicare-eligible retirees which is at least equivalent to the Medicare Part D prescription drug program may be eligible to participate in the CMS-RDS Program, and

WHEREAS, the CMS-RDS Program application requires among other information, an actuarial attestation, and

WHEREAS, Locey & Cahill, in partnership with the Consortium's current actuary, Armory Associates, has presented a Consultant Services Agreement for assisting Consortium

employers seeking to apply for funds from the CMS-RDS Program and that Agreement has been reviewed by the Audit and Finance Committee, and

WHEREAS, by entering into this agreement, the Consortium will be providing to its municipal partners a very competitive fee for CMS-RDS Program assistance which includes, but may not be limited to, the Application and Reconciliation processes and said fee will be a pass-through charge to the municipal partner seeking such services, now therefore be it

RESOLVED, That the Audit and Finance Committee recommends That the Board of Directors authorizes the Board Chair to execute the Consultant Services Agreement for the service associated with the CMS-RDS Program with Locey and Cahill, LLC,

RESOLVED, further, That the Executive Director shall communicate this Consortium service to all current and future municipal partners.

*** * * * * * * * * * ***

Board Policy Regarding Compliance with Section A.3. of the MCA

Mr. Barber said Mr. Locey has prepared information that was included in the agenda packet. He summarized the situation and said there currently are some municipal partners that are currently not bringing all of their active employees into the Consortium. He said the Consortium has a requirement that new partners who aren't bringing in all employees adopt a resolution stating they will bring them in within three years. The Town of Niles falls in that category and will be bringing the remainder of its employees into a Consortium Plan in the required timeframe. The Village of Cayuga Heights has actives who are not on a Consortium plan. Mr. Salton noted that the Village of Cayuga Heights is now in negotiations and he will share information with Mr. Locey for the purpose of getting input on comparison information. Members did not have a copy of the resolution and action on both resolutions was deferred to the next meeting.

Mr. Barber said the reason why municipalities are not coming to the Consortium or bringing their retirees in is because they can get a Medicare Advantage plan and suggested the Consortium offer a Medicare Advantage plan. Mr. Locey said Article 47 says the Consortium cannot develop a Medicare Advantage Program within the Consortium. However, Mr. Barber said the Consortium could purchase a policy and provide it to municipalities as a pass-through. He said the Consortium could get a Medicare Advantage Plan through an RFP that is a wrap-around and that essentially has the same benefits as the Metal Plans and this would make it easier for partners to move retirees into the Consortium. He asked the Committee to authorize he and Mr. Locey pursue a Request for Proposals as this would give the Consortium a plan that could compete with the private sector. It was also stated that the Affordable Care Act has different rates by County and the Consortium could have the same plan but with different rates by County. Also, the Consortium could charge an administrative fee for running the pass-through.

It was MOVED by Mr. Cook, seconded by Mrs. Shawley, and unanimously adopted by voice vote, to authorize Mr. Barber to pursue a Request for Proposals for this purpose.

RESOLUTION NO. - 2019 – 2019 BUDGET AMENDMENT – CONSORTIUM EMPLOYEE EXPENSES

It was MOVED by Mr. Cook, seconded by Mr. Shattuck, and unanimously adopted by voice vote.

WHEREAS, the position of Executive Director has expenses associated with the position not anticipated in the adopted 2019 Consortium budget, and

WHEREAS, the Consortium will be entering into a lease with the Town of Ithaca for office space and will be acquiring additional equipment for its staff, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the following budget amendment be hereby approved by the Board of Directors:

FROM:	Executive Director Fees		$130,566
TO:	Account No.		Amount
	66002	Fringes	$20,333
	66001	Executive Director Salary	$90,000
	8805	Executive Director Fees	(to remain open for Consultant charges)
	8151	Computer Equipment	$5,602
	8152	Lease Expense/Parking	$4,500 ($900 parking + $3,600 lease)
	8044	Compensation – County ITS Support	$10,131

****

Executive Session

It was MOVED by Mr. Cook, seconded by Mr. Thayer, and unanimously adopted by voice vote, to enter into executive session at 5:10 p.m. to discuss a personnel matter concerning a particular person. It was MOVED BY Mr. Cook, seconded by Mr. Salton, and unanimously adopted by voice vote, to exit executive session at 5:20 p.m.

Next Agenda Items

The following items will be included on the next and future agendas:

- Presentation of External Audit
- Report on BMI Medical Claims Audit
- City of Ithaca Plan Change
- Staffing costs
- New member application process
- Departing Municipality's Pro Rata Share
- Resolution: Board Policy Regarding Compliance with Section A.3. of the MCA – Active Employees
- Resolution: Board Policy Regarding Compliance with Section A.3. of the MCA – Retirees
- Formal resolution adopting an application fee that (5% of Capital Reserve that can be credited against a municipality's premium bill once a member);
- Departing Municipality's Pro Rata Share; and
- Continued Discussion of Internal Captive

Adjournment

The meeting adjourned at 5:12 p.m.

Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590
www.healthconsortium.net • consortium@tompkins-co.org

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

RESOLUTION NO. - 2019 – ACCEPTANCE OF 2018 EXTERNAL AUDIT REPORT PERFORMED BY INSERO & CO.

WHEREAS, the Board of Directors entered into a contract for auditing services with Insero & Co. (CDLM), for the purpose of conducting an external audit of the Consortium's financial records for fiscal year 2018, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the 2018 external audit report prepared and presented to the Audit and Finance Committee by Insero & Co. (CDLM) is hereby accepted.

*** * * * * * * * * ***

STATEMENT AS OF | December 31, 2018 (Year Ending) | OF THE | Greater Tompkins County Municipal Health Insurance Consortium (Name)

REPORT #1 — PART A: ASSETS

	Current Year	Previous Year *
	1 Total	2 Total
1. Bonds (Schedule B line 0199999)	-	-
2. Stocks:		
2.1 Preferred stocks (Schedule B line 0299999)	-	-
2.2 Common stocks (Schedule B line 0399999)	-	-
3. Real estate (Schedule J line 0199999)	-	-
4.1 Cash (Schedule A Line 0399999)	25,795,711	25,125,286
4.2 Cash equivalents (Schedule A Line 0499999)	-	-
4.3 Total Cash and Cash equivalents (Schedule A Line 0599999)	25,795,711	25,125,286
5. Premiums receivable (Schedule C, NY 10)	178,141	472,607
6. Other invested assets	-	-
7. Receivable for securities	-	-
8. Aggregate write-in for invested assets	-	-
9. Subtotal cash and invested assets (Lines 1 to 8)	25,973,852	25,597,893
10. Investment income due and accrued		-
11. Reinsurance:		
11.1 Amounts recoverable from reinsurers	11,625	-
11.2 Funds held by or deposited with reinsured companies	-	-
11.3 Other amounts receivable under reinsurance contracts	-	-
12.1 Current federal income tax recoverable and interest thereon	-	-
12.2 Net deferred tax asset	-	-
13. Electronic data processing equipment and software	-	-
14. Furniture and equipment, including health care delivery assets	-	-
15. Health care and other amounts receivable	430,722	406,929
16. Aggregate write-in for other than invested assets	647,700	526,300
17. Total Assets(Lines 9 to 16)	27,063,899	26,531,122
DETAILS OF WRITE-INS AGGREGATED AT ITEM 8 FOR INVESTED ASSETS		
0801.		
0802.		
0802.		
0804.		
0805.		
0898. Summary of remaining write-ins for Item 8 from overflow page	-	-
0899. TOTALS (Items 0801 thru 0805 plus 0898) (Page 2, item 8)	-	-
DETAILS OF WRITE-INS AGGREGATED AT ITEM 16 FOR OTHER THAN INVESTED ASSETS		
1601. Excellus BCBS Prepaid Claims (Advanced Deposit)	647,700	526,300
1602.		
1603.		
1604.		
1605.		
1698. Summary of remaining write-ins for Item 16 from overflow page	-	-
1699. TOTALS (Items 1601 thru 1605 plus 1698) (Page 2, item 16)	647,700	526,300

* As reported on Prior Year End filed Annual Statement.

STATEMENT AS OF December 31, 2018 (Year Ending) OF THE Greater Tompkins County Municipal Health Insurance Consortium (Name)

REPORT #1 — PART B: LIABILITIES AND SURPLUS

	Current Year 1 Total	Previous Year * 2 Total
1.1 Unpaid claims (Schedule F, NY11)	2,623,635	2,796,811
1.2 Additional amount required by Section 4706(a)(1)	2,308,212	1,743,843
1.3 Total claims payable	4,931,847	4,540,654
2. Premiums received in advance	20	162,917
3. General expenses due or accrued		-
4.1 Current federal income tax payable and interest thereon		-
4.2 Net deferred tax liability		-
5. Ceded reinsurance premiums payable		-
6. Amounts withheld or retained for the account of others		-
7. Borrowed money and interest thereon		-
8. Payable for securities		-
9. Funds held under reinsurance treaties		-
10. Aggregate write-ins for other liabilities	-	8,603
11. Accounts payable (Schedule G, NY12)	488,269	494,991
12. Claim stabilization reserve		-
13. Unearned premiums		-
14. Loans and notes payable		-
15. Aggregate write-ins for current liabilities	-	-
16. Total liabilities (Lines 1 to 16)	5,420,136	5,207,165
17. Aggregate write-ins for special surplus funds	4,100,000	3,218,819
18. Gross paid-in and contributed surplus		-
19. Unassigned funds (surplus)	15,423,677	16,066,413
20. Surplus notes		-
21. Surplus per Section 4706(a)(5) **	2,120,085	2,038,725
22. Total capital and surplus (Lines 17 to 21)	21,643,762	21,323,957
23. Total liabilities, capital, and surplus (Lines 16 + 22)	27,063,899	26,531,122
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER LIABILITIES		
1001. Prepaid Ancillary Benefits Premium	-	8,603
1002.		
1003.		
1004.		
1005.		
1098. Summary of remaining write-ins for Item 10 from overflow page	-	-
1099. TOTALS (Items 1001 thru 1005 plus 1098) (Page NY3, item 10)	-	8,603
DETAILS OF WRITE-INS AGGREGATED AT ITEM 15 FOR CURRENT LIABILITIES		
1501.		
1502.		
1503.		
1504.		
1505.		
1598. Summary of remaining write-ins for Item 15 from overflow page	-	-
1599. TOTALS (Items 1501 thru 1505 plus 1598) (Page NY3, item 15)	-	-
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR SPECIAL SURPLUS FUNDS		
1701. Assigned for Catastrophic Claims	2,000,000	1,350,000
1702. Rate Stabilization Reserve	2,100,000	1,868,819
1703.		
1704.		
1705.		
1798. Summary of remaining write-ins for Item 17 from overflow page	-	-
1799. TOTALS (Items 1701 thru 1705 plus 1798) (Page NY3, item 17)	4,100,000	3,218,819

* As reported on Prior Year End filed Annual Statement.

** Calculation of current year reserves shown on NY16 (Schedule K).

STATEMENT AS OF December 31, 2018 (Year Ending) OF THE Greater Tompkins County Municipal Health Insurance Consortium (Name)

REPORT #2 STATEMENT OF REVENUE, EXPENSES AND SURPLUS

	Current Year 1 Total	Previous Year * 2 Total	Current Year 3 PMPM	Previous Year * 4 PMPM
1. Member Months	62,435	62,060	XXX	XXX
2. Net premium income:				
2.1 Basic	33,049,620	31,700,590	529.34	510.81
2.2 Drugs	9,352,085	9,073,902	149.79	146.21
2.3 Total	42,401,705	40,774,492	679.13	657.02
3. Change in unearned premium reserves and reserve for rate credits:				
3.1 Basic	-	-	-	-
3.2 Drugs	-	-	-	-
3.3 Total	-	-	-	-
4. Aggregate write-ins for other health care related revenues	-	-	-	-
5. Non-health revenues	150,959	145,643	XXX	XXX
6. Total revenues (Items 2 to 5)	42,552,664	40,920,135	681.55	659.36
Hospital and Medical:				
7. Hospital/medical benefits	29,703,464	26,296,546	475.75	423.73
8. Other professional services	-	-	-	-
9. Outside referrals	-	-	-	-
10. Emergency room and out-of-area	-	-	-	-
11. Prescription drugs	9,288,531	9,532,066	148.77	153.59
12. Aggregate write-ins for other hospital and medical	-	-	-	-
13. Incentive pool, withhold adjustments and bonus amounts	-	-	-	-
14. Aggregate write-ins for other expenses	257,036	266,760	4.12	4.30
15. Subtotal (Lines 7 to 14)	39,249,031	36,095,372	628.64	581.62
Less:				
16. Net reinsurance recoveries	458,516	431	7.34	0.01
17. Total hospital and medical (Lines 15-16)	38,790,515	36,094,941	621.29	581.61
18. Claims adjustment expenses, including cost containment expenses	-	-	-	-
19. General administrative expenses	-	-	-	-
19.1 Compensation	150,409	92,389	2.41	1.49
19.2 Interest expense	-	-	-	-
19.3 Occupancy, depreciation, and amortization	-	-	-	-
19.4 Marketing	2,508	-	0.04	-
19.5 Professional Fees	90,799	128,879	1.45	2.08
19.6 Administration Fees	1,161,955	1,099,114	18.61	17.71
19.7 Consulting Fees	63,700	56,700	1.02	0.91
19.8 Aggregate write-ins for other administrative expenses	475,325	771,958	7.61	12.44
19.9 Total administrative expenses	1,944,696	2,149,040	31.15	34.63
20. Increase in reserves for A&H contracts	-	-	-	-
21. Total underwriting deductions (Lines 17 to 20)	40,735,211	38,243,981	652.44	616.24
22. Net underwriting gain or (loss) (Lines 6 - 21)	1,817,453	2,676,154	29.11	43.12
23. Net investment income earned	-	-	-	-
24. Net realized capital gains or (losses) less capital gains taxes	-	-	-	-
25. Net investment gains or (losses) (Lines 23 + 24)	-	-	-	-
26. Aggregate write-ins for other income or expenses	(461,091)	(15,587)	(7.39)	(0.25)
27. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 22 + 25 + 26)	1,356,362	2,660,567	21.72	42.87
28. Federal income taxes incurred	-	-	-	-
29. Net income (loss) (Lines 27 - 28)	1,356,362	2,660,567	21.72	42.87
DETAILS OF WRITE-INS AGGREGATED AT ITEM 4 FOR OTHER HEALTH CARE RELATED REVENUES				
0401.			-	-
0402.			-	-
0403.			-	-
0404.			-	-
0405.			-	-
0498. Summary of remaining write-ins for Item 4 from overflow page	-	-	-	-
0499. TOTALS (Items 0401 thru 0405 plus 0498) (Page NY4, Item 4)	-	-	-	-
DETAILS OF WRITE-INS AGGREGATED AT ITEM 12 FOR OTHER HOSPITAL AND MEDICAL				
1201.			-	-
1202.			-	-
1203.			-	-
1204.			-	-
1205.			-	-
1298. Summary of remaining write-ins for Item 12 from overflow page	-	-	-	-
1299. TOTALS (Items 1201 thru 1205 plus 1298) (Page NY4, item 12)	-	-	-	-
DETAILS OF WRITE-INS AGGREGATED AT ITEM 14 FOR OTHER EXPENSES				
1401. NYS Graduate Medical Education Tax	237,400	248,694	3.80	4.01
1402. Flu Clinics	600	6,480	0.01	0.10
1403. Patient Care Outcomes Research Institution Fee (PCORI)	12,361	11,442	0.20	0.18
1404. ITS Supplemental Amount	6,675	144	0.11	0.00
1405.	-	-	-	-
1498. Summary of remaining write-ins for Item 14 from overflow page	-	-	-	-
1499. TOTALS (Items 1401 thru 1405 plus 1498) (Page NY4, item 14)	257,036	266,760	4	4
DETAILS OF WRITE-INS AGGREGATED AT ITEM 19.8 FOR OTHER ADMINISTRATIVE EXPENSES				
19.801. Insurance (Directors & Officers, Professional Liability)	33,139	33,139	0.53	0.53
19.802. Stop Loss Premiums	442,186	738,819	7.08	11.90
19.803.	-	-	-	-
19.804.	-	-	-	-
19.805.	-	-	-	-
19.898. Summary of remaining write-ins for Item 19.8 from overflow page	-	-	-	-
19.899. TOTALS (Items 19.801 thru 19.805 plus 19.898) (Page NY4, item 19.8)	475,325	771,958	8	12
DETAILS OF WRITE-INS AGGREGATED AT ITEM 26 FOR OTHER INCOME OR EXPENSES				
2601. Miscellaneous Expenses	(6,068)	(7,651)	(0.10)	(0.12)
2602. Insured Ancillary Benefits Expense	(149,173)	(146,050)	(2.39)	(2.35)
2603. Other Income	5,400	280	0.09	0.00
2604. Interest Income	21,938	17,702	0.35	0.29
2605. Total Additional amt. required by Section 4706(a)(1)	(564,369)	9,809	(9.04)	0.16
2698. Summary of remaining write-ins for Item 26 from overflow page	231,181	110,323	4	2
2699. TOTALS (Items 2601 thru 2605 plus 2698) (Page NY4, item 26)	(461,091)	(15,587)	(7)	(0)

* As reported on Prior Year End filed Annual Statement.

STATEMENT AS OF December 31, 2018 (Year Ending) **OF THE** Greater Tompkins County Municipal Health Insurance Consortium (Name)

REPORT #2 STATEMENT OF REVENUE, EXPENSES AND SURPLUS (Continued)

CAPITAL & SURPLUS ACCOUNT	Current Year 1 Total	Previous Year * 2 Total
30. Capital and surplus prior reporting year	21,323,957	19,001,285
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
31. Net income or (loss) from Line 29	1,356,362	2,660,567
32. Change in valuation basis of aggregate policy and claim reserve	-	-
33. Change in net unrealized capital gains and losses less capital gains tax	-	-
34. Change in net deferred income tax	-	-
35. Change in nonadmitted assets	-	-
36. Change in unauthorized reinsurance	-	-
37. Change in surplus notes	-	-
38. Cumulative effect of changes in accounting principles	-	-
39. Capital Changes		
39.1 Paid in	-	-
39.2 Transferred to surplus	-	-
40. Surplus adjustments:		
40.1 Paid in	-	-
40.2 Transferred from capital	-	-
41. Dividends to participating municipal corporations (or school districts)	-	-
42. Change in surplus per Section 4706(a)(5)	81,360	112,727
43. Change in retained earnings/fund balance	(1,686,557)	(637,895)
44. Interest on surplus notes	-	-
45. Aggregate write-ins for changes in other net worth items	650,000	300,000
46. Aggregate write-ins for gains or (losses) in surplus	(81,360)	(112,727)
47. Net change in capital and surplus (Lines 31 to 46)	319,805	2,322,672
48. Capital and surplus end of reporting year (Line 30 + 47)**	21,643,762	21,323,957
DETAILS OF WRITE-INS AGGREGATED AT ITEM 45 FOR CHANGES IN OTHER NET WORTH ITEMS		
4501. Addition in Catastrophic Reserve	$ 650,000	$ 300,000
4502.		
4503.		
4504.		
4505.		
4598. Summary of remaining write-ins for Item 46 from overflow page	-	-
4599. TOTALS (Items 4501 thru 4505 plus 4598) (Page NY5, item 45)	650,000	300,000
DETAILS OF WRITE-INS AGGREGATED AT ITEM 46 FOR GAINS OR (LOSSES) IN SURPLUS		
4601. Offset to change in 4706(a)(5)	$ (81,360)	$ (112,727)
4602.		
4603.		
4604.		
4605.		
4698. Summary of remaining write-ins for Item 47 from overflow page	-	-
4699. TOTALS (Items 4601 thru 4605 plus 4698) (Page NY5, item 46)	(81,360)	(112,727)

* As reported on Prior Year End filed Annual Statement.
** Must agree with Page NY 3 Line 22

STATEMENT AS OF December 31, 2018 (Year Ending) OF THE Greater Tompkins County Municipal Health Insurance Consortium (Name)

N.Y. SCHEDULE H — FIVE-YEAR HISTORICAL DATA

A	B Current Year 2018	C 2017	D 2016	E 2015	F 2014
BALANCE SHEET ITEMS (Page NY2, NY3)					
1. Total Assets	27,063,899	26,531,122	24,290,895	22,153,922	15,443,004
2. Total Liabilities	5,420,136	5,207,165	5,289,611	4,325,957	4,542,305
3. Total Capital and Surplus	21,643,762	21,323,957	19,001,286	17,827,966	10,900,699
4. Contingency Reserve	2,120,085	2,038,725	1,925,998	1,879,368	1,803,165
5. Total Net Worth	21,643,762	21,323,957	19,001,286	17,827,966	10,900,699
INCOME STATEMENT ITEMS (Page NY4)					
6. Net Premium Income	42,401,705	40,774,492	38,519,955	37,587,353	36,063,291
7. Total Revenues	42,552,664	40,920,135	38,651,929	37,715,876	36,210,591
8. Total Hospital and Medical expenses	38,790,515	36,094,941	35,169,116	29,040,409	30,131,675
9. Total Administration expenses	1,944,696	2,149,040	2,092,998	1,900,872	1,883,458
10. Net Income	1,356,362	2,660,567	989,221	6,658,425	4,066,450
11. Member Months	62,435	62,060	60,768	60,335	60,188
12. Net Premium Income (PMPM)	679.13	657.02	633.89	622.98	599.18
13. Total Revenues(PMPM)	681.55	659.36	636.06	625.11	601.62
14. Total Hospital And Medical Expenses (PMPM)	621.29	581.61	578.74	481.32	500.63
15. Total Administration Expenses (PMPM)	31.15	34.63	34.44	31.51	31.29
16. Net Income (PMPM)	21.72	42.87	16.28	110.36	67.56
FORMULAS					
17. Other Invested Assets/Total Assets	0.00	0.00	0.00	0.00	0.00
18. Total Hospital and Medical Expenses / Net Premium IncomePremium	0.91	0.89	0.92	0.78	0.84
19. Total Administration Expenses / Total Revenues	0.05	0.05	0.05	0.05	0.05
UNPAID CLAIMS ANALYSIS					
20. Total Claims Paid During the Year etc. (From Schedule F, Section III, Col. F, Line 4)	2,409,120	1,666,715	2,631,887	1,651,071	2,027,960
21. Estimated Liability of Unpaid Claims— Previous Year	2,796,811	2,677,080	2,406,559	2,761,159	2,749,847

Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590
www.healthconsortium.net • consortium@tompkins-co.org

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

RESOLUTION NO. - 2019 – RECOMMEND ADJUSTMENTS TO THE PREMIUM EQUIVALENT RATES FOR THE CITY OF ITHACA PROFESSIONAL FIRE-FIGHTERS UNIT

WHEREAS, by Arbitration Ruling the City of Ithaca Professional Fire Fighters unit were able to remove the step-therapy, prior authorization, and quantity limit edits from their prescription drug plans resulting in a 12.5% increase on the pharmacy portions of the premium equivalent rates, and

WHEREAS, changes to the pharmacy rates result in an overall premium rate increase of 3.4%, now therefore be it

RESOLVED, That the Audit and Finance Committee recommends that the Board of Directors approves an adjustment to the City of Ithaca Professional Fire Fighters Unit to increase individual monthly premium equivalent rates by 3.4% to $1058.15 for individual coverage and $2292.59 for family coverage effective January 1,2019.

****

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM

WHEREAS, Section A.3. of the Greater Tompkins County Municipal Health Insurance Consortium's (the "Consortium") current Municipal Cooperative Agreement (MCA) states:

"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. Further, after obtaining approval, any Participant which negotiates an alternative health insurance plan offering other than the plan offerings of the Consortium with a collective bargaining unit or employee group may be subject to a risk charge as determined by the Board.", and

WHEREAS, two of our current municipal Participants do not have all of their active subscribers enrolled in the Consortium Plan and one of them has, by municipal resolution, agreed to bring those subscribers into the Consortium within 3 years; and

WHEREAS, except for one instance, the non-participation of these employee groups has not been ratified by Board approval; and

WHEREAS, the Consortium wishes to otherwise bring all Participants into compliance with Section A.3 of the MCA with respect to their active enrollees;

NOW, THEREFORE, be it

RESOLVED, that the Audit and Finance Committee recommends the Board adopt the following policy:

1. that municipal Participants with *active employees* not enrolled in Consortium benefit plan options, must, within 3 years of the date of this resolution, fully enroll all of their active employees on Consortium plan options or otherwise seek Board Approval as required by Section A.3, or they will be subject to termination of their further participation in the Consortium

PASSED by vote on ___ day of _____, 2019.

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM

WHEREAS, the *Chemung County Soil and Water Conservation District* (the "Chemung County SWCD") has expressed interest in joining the *Greater Tompkins County Municipal Health Insurance Consortium* (the "Consortium") as a new participating municipality; and

WHEREAS, the Chemung County SWCD is eligible under § 4702(f) of the New York Insurance Law to apply for membership as a participant in the Consortium subject to the Board's unlimited discretion; and

WHEREAS, the Chemung County SWCD satisfies the geographic membership requirements set forth in Section A.2 of the currently-operative Municipal Cooperative Agreement ("MCA"); and

WHEREAS, the MCA requires that any new applicant to provide "satisfactory proof of its financial responsibility" to ensure that its added membership will not negatively impact or threaten the fiscal integrity of the Consortium; and

WHEREAS, the Board wishes to fully and diligently consider the financial health, security, and responsibility of the Chemung County SWCD prior to voting on its candidacy;

NOW, THEREFORE, be it

RESOLVED, that the Audit and Finance Committee recommends that the Board directs the Audit and Finance Committee to:

1. Be responsible for fully investigating and providing the Board with an evaluation and recommendation of the financial health, security, and responsibility of the Chemung County SWCD.
2. Request such information from the Chemung County SWCD as is necessary to fully investigate and evaluate this issue, including but not limited to:
    a. SWCD internal governance documents and/or rules such as by-laws;
    b. at least five years of annual financial statements;
    c. confirmation of funding sources, funding mechanisms, account balances, assets, and investments;
    d. the existence of all other contractual obligations;
    e. the existence of any debts, contingent liabilities, or lawsuits;
    f. the number of covered employees, family members, and retirees; and
    g. The County resolution creating the SWCD.

Health Care Claims Audit Report

Client: Greater Tompkins County Municipal Health Insurance Consortium

Administrator: Excellus BlueCross BlueShield

Audit Period: 1/1/2016 – 12/31/2017

April 2019

Introduction and Executive Summary

This report presents the key findings of the comprehensive audit performed by BMI Audit Services (BMI) relative to Excellus BlueCross BlueShield's (Excellus) claim administration of the group health benefits plan sponsored by Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) for the period 1/1/2016 – 12/31/2017. It is intended for the use of GTCMHIC, Excellus, and BMI in their efforts to serve the interests of the participants of the Plan. This report is based on data and information provided to BMI by Excellus and GTCMHIC. Our audit findings rely upon the accuracy and completeness of that information.

BMI specializes in the auditing of health and welfare plan claims administration. Accordingly, the opinions we express relate narrowly and specifically to the overall efficacy of Excellus's claims administration policies, procedures, and controls; and to the accuracy and validation of paid claims. We are not a Certified Public Accounting firm and, as such, this audit is not designed to support the accuracy of GTCMHIC's financial statements.

Based on the procedures we performed, it is our opinion that Excellus is performing its contracted duties in an overall efficient and accurate manner. While claims errors and other administrative issues were identified as a result of the audit, we find these errors to be within industry standard tolerance. In this report we have identified certain remedial steps and other recommended actions, and will discuss these next steps with GTCMHIC as part of the post-audit closing activities.

It is also our opinion that GTCMHIC can achieve plan savings by addressing (with Excellus) various issues detailed in this report. Included in our services are certain post-audit activities that will commence upon GTCMHIC's approval to proceed. We are confident that these post-audit discussions and activities will result in corrective action to eliminate or minimize errors going forward and to optimize administrative effectiveness.

Summary of Audit Procedures

Using our proprietary electronic auditing tool (Audit iQ), we examined 100% of all paid claims records for the audit period. Based on reports created during our forensic analysis, our auditors used their experience and judgment to select audit samples across a comprehensive base of benefit and administrative categories. Since the scope of our audit was to use our judgment to choose samples rather than choosing claim samples randomly, the results are not stated in statistical terms and cannot be statistically extrapolated over the entire claims population.

It should be noted that samples were selected from categories that included much more than plan design compliance. All category reports were evaluated for potential sample selection to test administrative effectiveness across all administrative obligations including plan design, Coordination of Benefits (COB), end-stage renal identification for possible Medicare coverage, duplicate claims, large claim case management, timely filing, unbundling, upcoding, etc.

A total of 200 claims were examined against claim documentation. If, during the manual review, the sample claim was questioned by our auditor as to appropriateness of benefits paid or administrative practices used by Excellus, we noted the issue/finding in a spreadsheet along with any potential financial consequence related to the questioned issue. Excellus was provided a copy of the audit spreadsheet to assist them in their reply to potential issues/findings.

Some of the administrative issues we identified during our manual review have been confirmed by Excellus to be administrative errors. We asserted additional potential findings during the audit with which Excellus does not agree. These administrative issues should be addressed to ensure that Excellus's systems, training, investigative techniques, and documentation practices are consistent with GTCMHIC's intent going forward.

Specific Audit Steps Taken

In preparation for and during the audit, we followed a number of specific steps that are outlined in detail below:

- GTCMHIC provided Excellus with proper notification of the audit. BMI received all relevant SPD's and amendments that correspond to the audit period.

- We exchanged communication with Excellus to obtain a full and complete understanding of all policies and external audit requirements and to establish project milestones. We provided GTCMHIC and Excellus with a Claims Audit Manual that included data file layouts, audit scope, etc. We also corresponded with Excellus to review audit process and data needs. Excellus provided the claims data file with paid claims for the agreed to audit period. A utilization review of this claims file can be found in the report's exhibits section.

- We utilized our medical audit tools to analyze 100% of GTCMHIC claims administered by Excellus during the audit period. Numerous categories yielded potential errors. BMI auditors reviewed patient histories for each potential error flagged and we validated our findings in order to choose a more practical sample for further review. We selected 200 audit samples from the exception reports for further review. Our manual review eliminated all claims from a number of categories, based on the existence of appropriate modifiers, secondary diagnoses, subsequent care, etc.

- BMI's audit team performed an audit of the selected claims. Each audited claim was thoroughly reviewed and our findings were recorded into a spreadsheet. Excellus was provided an electronic copy of our findings and asked to reply expeditiously. Excellus's responses are provided in the exhibits section of this report.

- Testing for each sample included verification of the electronic data we received from Excellus as well as the eligibility information relative to effective dates, termination dates, birthdate, relationship, and overage dependent status of the claimants. Excellus responded in writing with its comments and either agreed with the audit findings or stated its support for payment of the claim(s) in question. Our audit report is divided into several categories of findings. These findings are based on our analysis of Excellus's administration, responses, SPD language, etc. We provide specific dollar amounts for each claim reviewed primarily to help quantify the importance of GTCMHIC stating its intent with regards to benefit issues, language interpretation and administrator policies.

Claims Categories / Selections by Grouping

During the audit process, we break our findings into several groupings to help identify broader issues that should be addressed. Our auditors select and review claims from specific categories (cosmetic, duplicate, etc.) and these categories fall into larger "Groups" as described below:

- **Eligibility Issues –** ERISA requires that benefits under a group health plan may be provided only to eligible beneficiaries / plan participants. To test compliance with this requirement, we compare eligibility records provided to us against claims data provided for the same period.
- **Financial Impact -** Self-funded groups are assuming financial risk when claims administrators pay claims on their members' behalf. Claims payment errors occur and most result from human error when manually inputting data or from a lack of coding specificity. Reimbursement errors, if overlooked, could turn into a costly financial loss for a self-funded plan. Claims in this testing category require visual examination to confirm correct payment was made.
- **Fraud, Waste and Abuse** - BMI tests claims that could possibly be misrepresenting a service, gaining a financial benefit or expending resources carelessly. These incorrect payments result in an unnecessary cost to health programs, or in reimbursement for services that are not medically necessary or fail to meet professionally recognized standards.
- **Other Party Liability** - BMI runs category reports to flag claims that could potentially have another party that is responsible for the claim payment. Our auditors make selections and review claim related documentation onsite (eligibility dates, coordination of benefit documentation, accident details, etc.) to determine if another party is responsible for claim payment.
- **Plan Design (SPD Driven Issues)** - A plan sponsor has a fiduciary responsibility to regularly and proactively monitor the performance of its claims administrator to verify its plans are being properly administered. The SPD document is provided to plan participants to explain the plan's benefits, plan limitations, member's financial liabilities and plan exclusions.
- **Standard Industry Practices** - Providers are responsible for accurate and complete coding and for documenting all services performed. The billing office is expected to submit claims for services rendered using valid codes. TPAs/Carriers have a fiscal responsibility to determine that claims are coded and reimbursed appropriately according to industry standard coding guidelines. During our audit process we review claims for proper coding, adjudication and reimbursement.

On the following page is a listing of many of the categories we review during the selection process, sorted by the groupings described above:

Eligibility	Plan Design- SPD driven		Standard Industry Practices
Dependent Eligibility	Abortion	Obesity	Add- On Codes
Paid after Termination	Acupuncture	Occupational Therapy- Maintenance	Age Indicator
	Allergy testing	Occupational Therapy- Visit	Ambulatory Surgery Center
	Ambulance	Orthognathic Surgery	Antepartum Care
	Behavior Disorder	Orthopedic Shoes	Assistant Surgeon- Not allowed
Financial Impact	Biofeedback	Orthotics	B12 injections
Large claims	Birth Control	Ostomy Supplies	Bilateral 2
Medical Necessity	Cardiac Rehab	Out of Pocket Maximum	Bilateral Procedures
Over payment	Chiropractic (Maintenance & Visits)	Over the counter	Co-Surgeon Not Warranted
Price Outliers	Copay	Penile Prosthesis	Duplicate OB Services
Provider Discounts	Cosmetic	Personal Convenience Items	Gender Indicator
Transplants	Custom Search	Physical Therapy- Maintenance	Global Days
	Deductible	Physical Therapy- Visit	Global OB
	Dental	Prosthesis	Incident To Codes billed in Facility
	Dependent Pregnancy	Radial Keratotomy	injectable Medications
Fraud, Waste and Abuse	Diagnostic Scans	Routine Care	Invalid codes
Ambulance - No destination	Durable Medical Equipment	Sex Change	Maternity Indicator
Duplicate	Emergency Services	Sexual Dysfunction	Modifier Not Covered
Upcoding	Enteral & Parenteral Therapy	Short Term Therapy- Maintenance	MUE Indicator 1
Upcoding Chiro	Family Counseling	Short Term Therapy- Visit	MUE Indicator 2
Upcoding Eye Refractions	Foot Care	Skilled Nursing Facility	Multiple Procedures
	Genetic Testing	Sleep Studies	New Patient codes (Established Patient)
	Hair Prosthesis	Smoking Cessation	Panel Unbundling
	Hearing	Speech Therapy- Maintenance	PC/TC indicator 3 & 9
Other Party Liability	Hearing Aids	Speech Therapy- Visit	Per Diem
Coordination of Benefits	Home Health Care	Standby Physician	Post- Op Maternity Care
End Stage Renal Disease	Hypnosis	Sterilization	Same Day
Potential Other Party Liability	Infertility	Sterilization Reversal	Status Code B
	Learning Disorder	Substance Abuse	Status Code M
	Marriage Counseling	Telephone Consults	Supply Reimbursement
	Massage Therapy	Timely Filing	Team Surgeons Not Warranted
	Maternity Ultrasounds	TMJ	Unbundling (numerous)
	Mental Health	Travel Immunizations	
	Nutritional Counseling	Vision / Vision Therapy	

Summary of Audit Findings

Errors discovered during the manual review phase of the audit could be reimbursed to GTCMHIC to the extent that the plan wishes. Employers are sometimes reluctant to pursue recoveries if such actions will result in those amounts being collected from plan participants. Trends we uncovered which could be detrimental to the long-term effectiveness of Excellus's administration of GTCMHIC's plan are outlined in the following pages. Specific audit sample findings can be found in the Exhibits section of this report.

It is also important to note that "related" claim payments are actual claim payments reported in the data we received, and are additional payments for the same patient for the same type of error as the claim for which a payment error was made.

Finding Characterization	Total $ Amount (Including Related)	BMI Comments
Agreed to Findings	$2,741.57	Error findings that BMI and Excellus agree to. Excellus agreed to 11 payment errors (with 0 related claim lines).
Disputed Findings	$88,146.64	These are claims in which BMI and Excellus disagree as to the appropriateness of payment. BMI and Excellus disagree as to the appropriateness of payment on 56 audit samples (with 553 related claim lines). BMI asserts that these disputed findings indicate either corrective action or GTCMHIC clarification may be needed to satisfy the intent of the plan.
No Error Findings	-	There were 134 audit samples reviewed that BMI and Excellus agreed were paid correctly.

Audit Findings (Sorted and Calculated by Grouping)

Grouping	Agreed To Findings	Disputed Findings	General Comments
Eligibility	$35.00	$214.24	Audit samples represent claims that paid after termination. Excellus agreed to one sample and disputed two others siting internal policies. GTCMHIC should review and discuss with Excellus.
Financial Impact	$0.00	$1,960.00	Excellus should be able to confirm that it has effective systems in place to document and confirm medical necessity regarding unlisted procedures, benefits not covered by the medical plan, experimental procedures, etc.
Fraud, Waste & Abuse	$44.79	$7,720.15	1] Excellus agreed to duplicate payments and should confirm actions to adjust payments, where applicable. 2] We reviewed claims in which it appears upcoding (the provider billed for a higher level of service than is supported by the diagnoses submitted) is taking place. Excellus should confirm it has effective systems in place to prevent this.
Other Party Liability	$0.00	$0.00	There are no issues to discuss.
Plan Design (SPD Driven)	$1,645.57	$53,427.67	Issues that should be addressed in post audit discussions: 1] Plan exclusionary language for acupuncture – Excellus agreed. 2] The effectiveness of Excellus' systems to flag claims for documentation of cosmetic services. 3] Appropriate application of deductibles. 4] Appropriate benefit payment for dental services. 5] Appropriate benefit payment for DME. 6] Plan exclusionary language regarding hearing and hearing aids. 7] Appropriate benefit payment for infertility. 8 Appropriate benefit payment for orthotics. 9] Allowance of over the counter items,
Standard Industry Practices	$1,016.21	$24,824.58	We reviewed numerous claims for proper coding, adjudication and reimbursement and found inconsistencies in Excellus's administration vs what are considered industry standards.
Totals:	**$2,741.57**	**$88,146.64**	

Operational Review

BMI's operational review covered a number of areas that contribute to the successful administration of the plan's medical claims. The categories reviewed were:

- Claims System
- Case Management
- Claims Control
- Claims Processing
- Coordination of Benefits
- Customer Service
- Data Storage / Security
- Eligibility
- Provider Information
- Quality Audits
- Subrogation

Excellus provided responses to questions asked by BMI and we have provided these responses in a report exhibit. GTCMHIC and Excellus should continue to monitor mutual internal control objectives relative to operational standards. Based on our observations of actual operations, including system security and related controls, we were not alerted to any issue or concern as to Excellus's ability to comply with various controls and quality assurance policies.

See the **Operational Exhibit** for specific findings.

Auditor Recommendations and Next Steps

GTCMHIC should use the findings of this audit as a means of reducing its exposure to benefits being paid that either conflict with specific plan exclusions or do not meet the plan's intent. Excellus has made business decisions in some cases that may not reflect GTCMHIC's preferred approach and these issues should be discussed and agreed upon:

- GTCMHIC personnel should thoroughly review the report and work with Excellus and BMI post-audit to ensure that identified errors are reimbursed and/or corrected.

- A discussion should take place between GTCMHIC, Excellus and BMI to review specific areas where plan language limitations and/or exclusions may have not have been effectively followed. Clarifications of the plan's intent should be included in future Summary Plan Descriptions.

- Excellus should share with GTCMHIC the results of any financial impact reports run across GTCMHIC's claim population, based on the audit findings found in this audit report.

- GTCMHIC should review BMI's Plan Design Analysis and consider making changes to its plan language to consistently reflect intent and to limit plan exposure for services in which current plan language allows unlimited coverage or is silent on intent. This analysis is not intended to question the accuracy of Excellus's administration on the issues raised. We are, however, providing examples of potential savings if plan language for certain services is modified to match that of companies of similar size and health care spending levels. It should be used as another tool for controlling health care costs.