



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."

AGENDA
Operations Committee
April 27, 2020 – 1:00 P.M.
Zoom Conference Call - 1 (646) 558 8656
Meeting ID: 996 3803 5101
Password: 786629

<https://zoom.us/j/99638035101?pwd=dEdMbjJ4dVFibVpJMzdYYUFOc2ZJUT09>

1. Call to Order and Introductions (1:00) Holmes
2. Changes to the Agenda
3. Approval of January 27, 2020 Minutes (1:05)
4. Executive Director Report (1:10) Dowd
 - Executive Director Report
 - Business Continuity Policy
 - Mid-Year Plan Changes
 - MCA Updates
5. Future Discussion Topics: (1:50)
6. Adjournment (2:00)

Next Meeting: May 25, 2020 – 1 p.m.

All meetings of the Consortium are open to the public. Members of Committees and the Board of Directors shall be provided with an option to call in to meetings when attendance in person is not possible; however, a member may not vote or be counted for purposes of quorum where participation is by phone. New York State Open Meetings Law permits attendance and participation by videoconferencing.

**Operations Committee
Minutes – Draft
January 27, 2020 – 1:00 p.m.
Ithaca Town Hall**

Present: Lisa Holmes, Judy Drake; Doug Perine; Mike Catalano; Gary Mutchler; Greg Pellicano
Via Phone: Sunday Earle, Luann King, Ed Fairbrother
Staff: Elin Dowd, Executive Director; Greg Potter, Tompkins County ITS; Drew Braman, Deputy Director of Finance; Brittini Griep, Administrative Assistant
Excused: Kevin Williams, Schelley Michell-Nunn, Mark Emerson

Call to Order

Ms. Holmes, Chair, called the meeting to order at 1:05 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of December 23, 2019

It was MOVED by Ms. Drake, seconded by Mr. Perine, and unanimously adopted by voice vote by members present, to approve the minutes of December 23, 2019 as corrected. MINUTES APPROVED.

Cyber Security Audit

Ms. Dowd discussed the Cyber Security Audit that Mr. Potter had presented at the last meeting. Mr. Potter discussed, in detail, the six items that were identified for improvement in the upcoming year and recommended posting a statement for municipalities/clients to see for them to know that the Consortium is in compliance with required Cyber Security policies.

Ms. Dowd requested the Committee approve the resolution that will allow her to file the audit request with the Department of Financial Services by the deadline of February 15, 2020 so that the Consortium remains in compliance.

RESOLUTION NO. - 2020 - ADOPTION OF CYBER SECURITY AUDIT

MOVED by Mr. Mutchler, seconded by Mr. Perine, and unanimously approved by voice vote by members present.

WHEREAS, the Board of Directors adopted a Cyber Security Policy to adhere with NYS Department of Financial Services rules and Regulations requiring Article 47 Municipal Cooperative Health Benefits to comply with Part 500 of Title 23 of the Official Compilation of Codes, Rules, and Regulations (NYCRR) of the State of New York, and

WHEREAS, through its contract with the Consortium, the Tompkins County Department of Information Technology Services has guided the Consortium in the development of a Cyber Security Program including Policy and Procedures, and

WHEREAS, the Tompkins County Department of Information Technology Services has

also undertaken a Cyber Security Risk Assessment on behalf of the Consortium and presented and reviewed the results of the Assessment with the Operations Committee, now therefore be it

RESOLVED, That the Operations Committee hereby recommends the Consortium accept the results of the Cyber Security Risk Assessment,

RESOLVED, further, That the Operations Committee directs the Executive Director to file a Certificate of Compliance with the New York State Department of Financial Services by February 15, 2020.

* * * * *

Executive Director's Report

Ms. Dowd discussed with the Committee the issue of how to increase participation at different events. For example, the Consortium held a Benefit Clerk's Training event in November 2019 and many benefit clerks did not attend because it was called training and many thought they didn't have to come because they knew their roles and felt they didn't need further training. This "training" included a lot of information for 2020 that needed to be shared and those who did attend stated that they learned a lot from the event.

One particular event that the Consortium has held for at least the last six years is the Educational Retreat that has been hosted in May. The focus of this Retreat has changed over the years but it has been poorly attended in recent past years, with as many presenters as attendees at a recent retreat. Ms. Dowd stated that she wants to make sure that these types of meetings are scheduled at the appropriate time and communicated well in order to have as many attend as possible. Ms. Dowd asked for feedback regarding this topic.

Mr. Pellicano suggested that there may be difficulty for people having to travel and suggested having it be an all-day event, possibly in conjunction with the annual meeting. Mr. Mutchler seconded this sentiment. Ms. Holmes stated that the first retreat she attended left her feeling a bit lost and stated she feels as though she, and maybe others, could benefit from a "Consortium 101" type of informational retreat. Mr. Mutchler discussed the possibility of having certain committees meet every other month for a longer meeting to maximize everyone's time due to distances to travel and Ms. Dowd stated that this is something she is looking at going forward.

Ms. Drake provided insight regarding this, stating that the meeting is best held in the Spring, prior to starting the next year's budget process. Additionally, she stated that as the Consortium grows there will be new faces added and an educational update will be necessary.

Ms. Dowd asked about providing the Committees with financial information and how they feel about the information that is given. Ms. Earle stated that she feels less is more in terms of the financials. Mr. Braman suggested possibly having break-out sections for the different topics that may arise at the educational retreat and to take a look at who are the people that this is being marketed toward. Ms. King suggested utilizing the newsletter to get this type of information out to the members of the Consortium.

Ms. Dowd asked the Committee for suggestions on topics of what they would like to hear about at the Educational Retreat. Mr. Pellicano suggested discussing the different committees, their structures, and their duties. He thinks this may create interest from other members for future seats on committees. Ms. Drake stated that part of this discussion has to be focused on who is being targeted for the Educational Retreat or others like it.

Ms. Drake posed the question of possibly taking a break from the Educational Retreat in 2020 since there is so much changing this year with the MCA and Bylaws of the Executive Committee. She suggested waiting until 2021 for another Educational Retreat and using this as a pre-budget discussion.

Ms. Dowd updated the Committee regarding the MCA updates and changes. There is a Governance Structure Committee meeting next week. All changes and updates have been submitted to the Governance Structure Committee and are now in the hands of the Consortium's attorney. Thereafter, Ms. Dowd will send it out to Directors and the Consortium's municipalities for their final review and final input. The Directors will need to sign the MCA signature page if they approve. Ms. Dowd is planning on going out to locations to meet with and discuss the MCA with them.

Discussion of Proposed Amendment to Resolution No. 01-2014, Adoption of Code of Ethics

Ms. Dowd discussed the current Code of Ethics and the recommended change included within the meeting packet. The recommended change would be included before #14 in the Code of Ethics. This change came about as a result of the discussion regarding the Open Meetings Law. Ms. Dowd stated that there were recently had some abstentions from voting and it was posed to the possibility of whether or not we could ask why they were abstaining from the vote. It was determined that if the participant had asked an additional question to glean more information they could have voted. She said it cannot be asked as to why a Director is abstaining from voting; however, if someone has a conflict of interest in regard to a particular vote, that conflict should be made known to the Committee and/or the Board, preferably before the vote. This change in wording was recommended by the Consortium's attorney, Mr. Powers.

It was MOVED by Mr. Pellicano, seconded by Mr. Catalano, and unanimously adopted by voice vote by members present, to approve an amendment to Resolution No. 1 of 2014 – Adoption of Code of Ethics to clarify the Consortium's rules relating to abstaining from voting.

Executive Director Performance Review Process

Ms. Drake provided the Committee with an update stating that Ms. Dowd has passed her probationary period and she has completed the performance review as the Chair of the Board of Directors. The process that was approved by this Committee will be used going forward and will be reviewed again by the Executive Committee going forward.

RFP (Request for Proposals) Process

Ms. Dowd stated that this topic came up at the December 2019 Board Meeting. It was asked when the Consortium should or would go out for the RFP process. Ms. Dowd stated that most of the RFPs that have gone out have gone out through Mr. Locey or through the Tompkins County BidNet to the general public. The contracts that are currently up for discussion to go out for RFP are those regarding our auditors and our actuary. She asked if there is a process that should be put in place regarding when to go out for RFPs and whether the Consortium should go out to bid for every contract or whether there are certain contracts the Consortium should only issue an RFP for. It was suggested to adopt a procurement policy for the Consortium regarding the RFP process.

Newsletter

Ms. Dowd discussed the current distribution of the newsletter. Mr. Barber is still putting together the newsletter with Ms. Dowd assisting. After that, an electronic version is created and sent out to the majority of the Consortium's members. There are 15 municipalities that still receive hard copies, anywhere from 5 copies to 50 copies each. In addition, the Consortium is sending out hard copies to approximately 500 retirees, with the majority of the retirees coming from Tompkins County. This process has recently come under question with the additional expenses incurred, from administrative time spent on mailings. Ms. Dowd said there has been no feedback on the value of the newsletter from the retirees, therefore, would like to put the responsibility back onto the municipalities for distributing the newsletter to their retirees. Ms. Earle asked for an approximate cost of the distribution of the newsletter. Ms. Griep stated that the majority of the cost is within the postage costs as the Consortium contracts with BOCES for the printing services.

It was suggested that a survey be produced to ask retirees how they prefer to receive the newsletter and that if they do not respond, they would not receive it the next time. Ms. Drake stated that the Consortium is trying to maintain the mailing list and feels it should not be the responsibility of the Consortium to maintain this list. Ms. Holmes feels it is fair to give this responsibility back to the municipalities. It was stated that the newsletter is designed around the participants of the health insurance offered by the Consortium, therefore, the content should reflect that. Ms. Dowd reminded the Committee that staff is always open to topics for the newsletter. It was discussed that there should possibly be an ongoing discussion within the newsletter to help provide an understanding of Medicare and/or understanding health insurance after retirement.

Future Discussion Topics

At the next meeting, this Committee will discuss the MCA and Bylaws and whether or not these changes will change the operation of the organization as a whole. Another topic that will be discussed is the times and dates of the meetings.

Date of Next Meeting

The date of the next meeting was set for February 24th, 2020 at 1 p.m. The possibility of cancelling this meeting was discussed but not decided. Ms. Dowd will review the need for this meeting and the Committee will be notified.

Adjournment

The meeting adjourned at 2:22 p.m.

Respectfully submitted by Brittni Griep, Administrative Assistant of the GTCMHIC

THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

Preparedness Plan for Disruption of Business

Business Continuity

The Health Consortium is a self-insured, self-funded, insurance company authorized under Article 47 of NYS Insurance law jointly owned by its municipal partners. The Consortium mission is to be an efficient inter-municipal cooperative that provides high-quality, cost-stable health insurance for members and their employees and retirees. The Consortium was certified by NYS as an Article 47 in October of 2010.

Consortium membership was initially offered to each municipality within the geographical boundaries of Tompkins County which included the County, City of Ithaca, and thirteen Towns and Villages. This has now expanded to any municipality in Tompkins County and the Counties contiguous to Tompkins County which includes any municipality in Cayuga, Chemung, Cortland, Schuyler, Seneca, and Tioga Counties. The Board of Directors is made up of directors from all municipal members and six labor representatives.

The GTCMHIC receives premiums from our members to create a significant risk pool from which we pay covered health care and prescription drug claims. The plan contracts with:

- Excellus Blue Cross Blue Shield (BCBS) as their third-party administrator for health care claims adjudication and utilization of the BCBS provider network.
- ProAct as the Pharmacy Benefit Manager.
- Tompkins County for Financial and Information Technology Services.
- Other Consultants, Legal Advisors, Actuaries and Auditors

In 2018 The Board of Directors approved the creation of a new full time Executive Director position for the Consortium. After a comprehensive search a new director was secured in April of 2019 and commenced work for the Consortium. Other positions created in 2019 included a full-time administrative assistant position and directly hiring a part time Clerk of the Board who previously served as a consultant. With the additional overhead expense, the Consortium continues to operate at an efficient level with 93.43% of all expenses going directly to cover claims expenses.

As the Consortium grows and responsibilities expand a new committee was established in 2019 to offset the burden of operations put on the Audit and Finance Committee. The new Operations Committee commenced in September of 2019 and continues to review policies and procedures necessary to maintain the efficiencies of a growing organization. Although our Executive Committee, along with the Executive Director and other plan consultants are nimble and able to respond to the pandemic as evidenced below, it is clear that recent events have proven the importance of the Operations Committee to be instrumental in the creation of a Crisis Management Plan, Business Continuity Plan and Disaster Recovery Plan. The Operations Team will work to identify the following for each plan:

- Crisis Management Plan – A plan to manager a wide range of crises, from health and safety incident to business disruptions to reputational damage.

- Business Continuity Plan – As set of plans to resume business processes for each business unit during or after a disaster, including - identifying business processes and dependencies, defining an acceptable recovery timeline based on a business impact analysis and creating a step by step recovery workflow.
- Disaster Recovery Plan – a plan to restore IT application and infrastructure services following a disruption.

A key component of our Business continuity plan is to ensure our critical partners have their own business continuity plans in place. The following includes the action taken to respond to the Coronavirus COVID19 Crisis:

- Identify Chair and Executive Director as the pandemic response team
- Prepare key messages regarding business operations and continuity of business
- Enable work from home tools including communication with Board members and other key partners.
- Communicate with fund managers and other key consultants
- Confirm with partners their Crisis Management, Business Continuity and Disaster Recovery Plans are intact and the ability of the organization to respond during the pandemic.
- Review the financial stability of current members.
- Advise collective bargaining units on continuity of benefits available to subscribers.

Financial Stability

The Consortium continues to remain a financially strong organization with a robust unencumbered fund balance and with four additional reserves. If things proceed in 2020 as initially projected and as projected based on the first two-months of this fiscal period, the Consortium is expected to finish the fiscal year with 30% of the annual premium in Unencumbered Fund Balance (Surplus.) Past practice and financial goals for the Consortium sets the Unencumbered Fund Balance at 18% of the annual premium.

As of the first two-months, the Consortium is well below budget (-12.72%). However, with the coronavirus spreading throughout our communities, the overall paid claims projection is in a bit of flux. As of the moment, we anticipate the paid claims totals to be lower than expected for the next couple of months as the medical community has delayed many elective and non-critical procedures to care for those afflicted with the coronavirus. At some point, when things return to a more normal existence, we expect a spike in paid claims as covered members receive services that were delayed. In addition, we expect some increased costs directly attributable to the coronavirus even though many of the most severe cases will typically be with the Consortium's Medicare-aged population (15% of members age 65+). However, this needs to be weighed carefully with the uncertainty of the current situation and the likelihood that paid claims may ultimately be a little over budget by year-end.

The Consortium operates with four well-funded reserves as follows:

Specific Stop-Loss Insurance and Catastrophic Claims Reserve

The Catastrophic Claims Reserve was initially established during the 2014 Fiscal Year at approximately \$600,000 to create financial resources when the stop-loss risk retention (deductible) was increased from \$250,000 to \$300,000. To manage Stop-Loss premium expense the Consortium Board has steadily and regularly increased the specific deductible and Catastrophic Claims Reserve.

During deliberations of the Audit and Finance Committee regarding stop-loss insurance quotations for 2020, the Consortium was presented with two individuals with separate deductibles of \$1,000,000 and \$1,200,000 respectively. The Committee reviewed the complete history of large loss claims (over \$100,000), determined increasing the deductible to \$1,000,000 was an acceptable risk, and agreed to a separate deductible for only one remaining individual at \$1,200,000. This resulted in lower than budgeted premium expense for 2020, but also greater risk retention. As a result, The Board of Directors agreed with increasing the Catastrophic Claims Reserve for 2020 from \$2,800,000 to \$4,500,000 and raised the Rate Stabilization Reserve from 5% to 7.5%. This is an area which will be reviewed by the Board of Directors on an annual basis to ensure a tolerable balance is achieved between risk and the cost of stop-loss insurance.

Rate Stabilization Reserve

With better than expected paid claims and expense results in the initial years of operation, the Board of Directors decided during the fiscal year 2015, to establish a Claims/Rate Stabilization Reserve to further protect the Consortium's cash flow and provide additional financial stability. The level of this reserve was set at 5% of the expected/paid claims expense for the year. These funds are available to mitigate premium rate increases at budget time. The Consortium's goal is to maintain reasonable, prudent, and modest premium increases for the foreseeable future. This reserve grows each year as the level of claims increases and is at \$2,459,122 at the close of the 2019 Fiscal Year. The rate set for the reserve for 2020 will increase to 7.5% of the expected/paid claims expense for the year.

Incurred But Not Reported (IBNR) Claims Liability Reserve

The Consortium continues to see a decrease in the IBNR calculation as determined by the Consortium's Actuaries, Armory Associates, LLC. At the close of the 2011 Fiscal Year, the Consortium's calculated IBNR was 10.15% of paid claims. The IBNR calculation for 2019 was 5.39%. While this does not directly impact the mandated 12% of actual paid claims reserve required by the NYS Department of Financial Services, it does provide creditable data demonstrating the IBNR Reserve at 12% is very conservative and amply protects the Consortium for its claim's liability.

Surplus Account Reserve

This statutory account is maintained at the 5% of the annual premium in compliance with Article 4706(a)(5) of the New York State Insurance Law. The value of this reserve, as projected for the 2020 Fiscal Year is \$2,653,398. This will satisfy Article 47 Statutory reserve requirements.

Investment of Reserves

During 2018, the Board of Directors adopted their Investment Policy and then interviewed several firms who specialize in Investment Management for the limited investment vehicles available to municipal cooperatives. The decision to contract with Wilmington Trust was made at the end of the 2018 year. Funds were moved to Wilmington Trust in February of 2019 and there was a significant increase in earned income on our U.S. Treasury investments in 2019 for an additional revenue gain of \$431,408. The current economic crisis has us working closely with Wilmington Trust to garner the most we can from the secure limited vehicles available to us.

Ongoing Efforts

The Board of Directors, along with plan consultants, and key staff members will continue to monitor claims experience, fund balances, reserves, and membership financial stability to review the level of risk and challenges needing to be addressed regarding ongoing Consortium operations. As the Consortium continues to grow and hire full time staff, new policies and procedures will be created, especially those shaped as a result of the pandemic of 2020.

Recommendation for Board Policy Regarding Mid-Year Plan Changes

WHEREAS, it has been brought to the attention of the Greater Tompkins County Municipal Health Insurance Consortium (“Consortium”) Board of Directors that the Consortium’s policies require updating regarding mid-year plan changes which are the result of collective bargaining, municipal board policy, personnel policy, or an individual qualifying for a plan change consistent with IRS 26 CFR §1.125-4 – Permitted Election Changes;

WHEREAS, the Consortium offers several health insurance benefit plan options which include various Indemnity Plans, various Preferred Provider Organization (PPO) Plans, a Comprehensive Value Plan, and several High Deductible Health Plans (HDHPs);

WHEREAS, these various health insurance benefit plan choices include a number of different deductible options, out-of-pocket maximum options, and other benefit limit options which are all managed on a calendar year basis,

WHEREAS, allowing mid-year changes to benefit plans by a Participating Municipality for a collective bargaining group, employee group, and/or retiree group could cause administrative and financial issues for the covered member and/or the Consortium; and

WHEREAS, the Consortium needs to establish a policy and procedure to ensure any plan changes occur in a timely fashion with the least amount of administrative and financial disruption to the Consortium and to the covered member as possible; now therefore be it

RESOLVED, a Participating Municipality in the Consortium must notify the Consortium’s Executive Director on or before October 31st each year of any benefit plan changes being made by said Consortium Participant with an effective date of January 1st of the next plan year.

BE IT FURTHER RESOLVED, that GTCMHIC Participants seeking to make mid-year benefit and/or plan changes must provide notice to the Consortium’s Executive Director no later than 90-days preceding the effective date of said change or changes.

BE IT FURTHER RESOLVED, that due to the complexities associated with migrating specific patient information regarding the covered member’s satisfaction of their deductible, out-of-pocket maximum, and/or any specific benefit limitations, the Consortium will not be populating the new benefit plan with any of this data or information.

BE IT FURTHER RESOLVED, that the GTCMHIC Board of Directors strongly discourages Participating Municipalities in the Consortium from making mid-year changes involving a group of employees or retirees who are either already in a High Deductible Health Plan (HDHP) or would be moving into a High Deductible Health Plan (HDHP).