



2022 Fiscal Year
Preliminary Budget Presentation
August 26, 2021

Locey & Cahill, LLC
250 South Clinton Street, Suite 340
Syracuse, NY 13202
Tel (315) 425-1424
Fax (315) 425-1394
E-mail: slocey@loceycahill.com



Section 1

2021 Fiscal Year-to-Date Budget vs Actual Results

2021 Income Budget vs Actual (07/31/2021)

Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC)

2021 Budget Performance Analysis

Results as of: 7/31/2021

of Months: 7

Includes Income Codes 6000 & 6010

Includes Expense Codes 8081, 8082, & 8083

Balance Sheet Item 3500

		2021 Adopted Budget	2021 Revised Budget	2021 Year-to-Date	2021 Actual Results	Variance	% Difference
Income							
	Medical and Rx Plan Premiums *	\$55,875,290.81	\$55,002,327.38	\$32,084,690.97	\$31,328,076.90	-\$756,614.07	-2.36%
9020	Interest	\$45,534.44	\$45,534.44	\$26,561.76	\$27,660.79	\$1,099.03	4.14%
9010	Rx Rebates	\$1,400,000.00	\$1,700,000.00	\$850,000.00	\$1,115,281.75	\$265,281.75	31.21%
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00		
9035	Finance Charge Income	\$0.00	\$5,463.46	\$3,187.02	\$0.00	-\$3,187.02	n/a
9030	Other	\$5,463.64	\$0.00	\$0.00	\$0.00		
Total Income		\$57,326,288.89	\$56,753,325.28	\$32,964,439.75	\$32,471,019.44	-\$493,420.31	-1.50%

Key Facts:

1. Premium Income is 2.36% below budget based on the first 7-months of 2021. This was the result of the following factors:
 - a. There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan. This movement results in a lower overall premium base, but also lowers claims costs.
 - b. The County of Tompkins moved all Medicare-aged retirees into the Consortium's Medicare Supplement Plan (MS4)

2021 Income Budget vs Actual (07/31/2021)

Key Facts (continued):

2. Interest Income to date is approximately 4.1% above budget. However, it should be noted that the estimated budget was significantly modified from pre-COVID levels. We recommend that this adjustment remain in place for 2022, as interest rates have yet to show signs of recovery.
3. The pharmaceutical manufacturer rebate payments received from ProAct, Inc. for the 1st half of the 2021 Fiscal Year were above the budgeted amount. We anticipate this trend to continue, and that total Rx Rebates will exceed the amount budgeted for 2021, with payments estimated to exceed \$2 million.
4. To date, the Consortium has not received any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1,000,000 in 2021. As of July 31, 2021, there have been no claims in excess of \$1,000,000, resulting in the Consortium not receiving any funds from Excellus BCBS related to the 2021 Policy.
5. There is no “Other” income as of July 31, 2021. Even when the Consortium does register some miscellaneous income, the impact is negligible at best and typically will have little to no impact on the overall financial position of the Consortium.



Section 2

2021 Fiscal Year-to-Date
Expense Budget vs Actual Results

2021 Expense Budget vs Actual Results (07/31/2021)

Includes Expense Codes 8081, 8082, & 8083 Balance Sheet Item 3500		2021 Adopted Budget	2021 Revised Budget	2021 Year-to-Date	2021 Actual Results	Variance	% Difference
Expenses							
8090	Medical Paid Claims	\$39,058,334.44	\$38,838,424.24	\$22,655,747.47	\$21,924,334.21	-\$731,413.26	-3.23%
	Advance Deposit / Pre-Paid Claims	\$109,150.71	\$109,150.71	\$0.00	\$0.00		
8120	Rx Paid Claims - ProAct	\$15,355,131.00	\$15,355,131.00	\$8,957,159.75	\$9,219,048.25	\$261,888.50	2.92%
8121	Rx Paid Claims - CanaRx	\$150,108.45	\$150,108.45	\$87,563.26	\$81,647.60	-\$5,915.66	-6.76%
8084	Flu Clinic Fees	\$15,000.00	\$15,000.00	\$8,750.00	\$10,976.00	\$2,226.00	25.44%
8050	Medical Admin Fees	\$1,440,535.40	\$1,477,304.64	\$861,761.04	\$850,804.05	-\$10,956.99	-1.27%
	Rx Admin Fees	\$200,930.34	\$200,930.34	\$117,209.37	\$124,712.67	\$7,503.31	6.40%
8091	NYS Covered Lives Assessment	\$373,317.01	\$373,317.01	\$217,768.26	\$202,426.93	-\$15,341.33	-7.04%
9060	ACA PCORI Fee	\$17,987.06	\$17,987.06	\$0.00	\$16,691.50		
8110	Specific Stop-Loss Insurance (Actual)	\$302,450.00	\$273,000.00	\$159,250.00	\$155,794.89	-\$3,455.11	-2.17%
8000	Accounting Fees	\$25,750.00	\$25,750.00	\$15,020.83	\$12,800.00	-\$2,220.83	-14.79%
8010	Actuarial Fees	\$53,045.00	\$15,000.00	\$8,750.00	\$8,500.00	-\$250.00	-2.86%
8020	Audit Fees (Financial)	\$13,390.00	\$13,390.00	\$13,390.00	\$14,000.00	\$610.00	4.56%
8021	Audit Fees (Claims)	\$41,200.00	\$41,200.00	\$24,033.33	\$20,750.00	-\$3,283.33	-13.66%
8055	Consultant Fees (Barber)	\$25,000.00	\$20,000.00	\$11,666.67	\$6,350.00	-\$5,316.67	-45.57%
8030	Consultant Fees (L&C)	\$90,176.50	\$90,176.50	\$52,602.96	\$51,905.00	-\$697.96	-1.33%
8070	Legal Fees	\$12,360.00	\$12,360.00	\$7,210.00	\$1,320.00	-\$5,890.00	-81.69%
8065	Wellness Program Costs	\$25,000.00	\$25,000.00	\$14,583.33	\$1,077.89	-\$13,505.44	-92.61%
66001	Executive Director (Salary)	\$94,760.00	\$93,636.00	\$54,621.00	\$54,020.70	-\$600.30	-1.10%
66002	Fringe Benefits	\$67,980.00	\$110,374.87	\$64,385.34	\$30,313.61	-\$34,071.73	-52.92%
66003	Clerk of the Board (Salary)	\$37,080.00	\$72,134.40	\$42,078.40	\$41,364.57	-\$713.83	-1.70%
66004	Admin/Comp Asst (Salary)	\$52,530.00	\$0.00	\$0.00	\$0.00		
66005	Benefits Specialist (Salary)	\$41,250.00	\$43,680.00	\$25,480.00	\$3,150.00	-\$22,330.00	n/a
66006	Finance Manager (Salary)	\$0.00	\$73,000.00	\$42,583.33	\$21,538.40	-\$21,044.93	-49.42%
8060	Insurances (D&O / Prof. Liability)	\$48,070.00	\$50,850.00	\$29,662.50	\$29,509.63	-\$152.87	-0.52%
8041	Internal Coordination (Finance)	\$80,000.00	\$68,660.00	\$40,051.67	\$41,227.63	\$1,175.96	2.94%
8042	Internal Coordination (Support)	\$0.00	\$0.00	\$0.00	\$0.00		
8040	Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00		
8045	Internal Coordination (Town of Ithaca)	\$7,210.00	\$7,210.00	\$4,205.83	\$3,500.00	-\$705.83	-16.78%
8044	Internal Coordination (IT Support)	\$11,845.00	\$11,845.00	\$6,909.58	\$6,295.00	-\$614.58	-8.89%
9065	Marketing Expenses	\$2,500.00	\$2,500.00	\$1,458.33	\$319.48	-\$1,138.85	-78.09%
9055	Investment Management Services	\$26,780.00	\$14,000.00	\$8,166.67	\$9,481.09	\$1,314.42	16.09%
8150	Supplies Expense	\$2,500.00	\$2,500.00	\$1,458.33	\$879.75	-\$578.58	-39.67%
8151	Computer Equipment	\$5,150.00	\$5,150.00	\$3,004.17	\$2,422.78	-\$581.39	-19.35%
8152	Lease Expense / Parking Fees	\$9,500.00	\$9,500.00	\$5,541.67	\$5,929.70	\$388.03	7.00%
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$583.33	\$0.00	-\$583.33	-100.00%
9060	Other Expenses / Supplies	\$10,927.27	\$10,927.27	\$6,374.24	\$4,013.22	-\$2,361.02	-37.04%
Total Expenses		\$57,807,948.19	\$57,630,197.49	\$33,549,030.67	\$32,957,104.55	-\$591,926.12	-1.76%

2021 Expense Budget vs Actual Results (07/31/2021)

Key Facts:

1. We continue to work with the Consortium's Executive Director and Financial Team to monitor budgeted funds to assure that they are accounted for under the proper line-item based on their code. This was done to provide a more detailed summary of the internal and external professional support costs for the Board of Directors of the Consortium.
2. Due to the early reporting period in the fiscal year, many of the expense items are well below budget as some items have not been provided or billed to the Consortium. These items will be more in line with the budget as the year goes on.
3. Paid claims (benefits) accounted for 94.778% of the total expenses for the GTCMHIC through July 31, 2021. This means that a modest 5.222% was used to pay for all the other operating expenses of the Consortium, including stop-loss insurance which has accounted for 0.473% of the spending to date.

2021 Expense Budget vs Actual Results (07/31/2021)

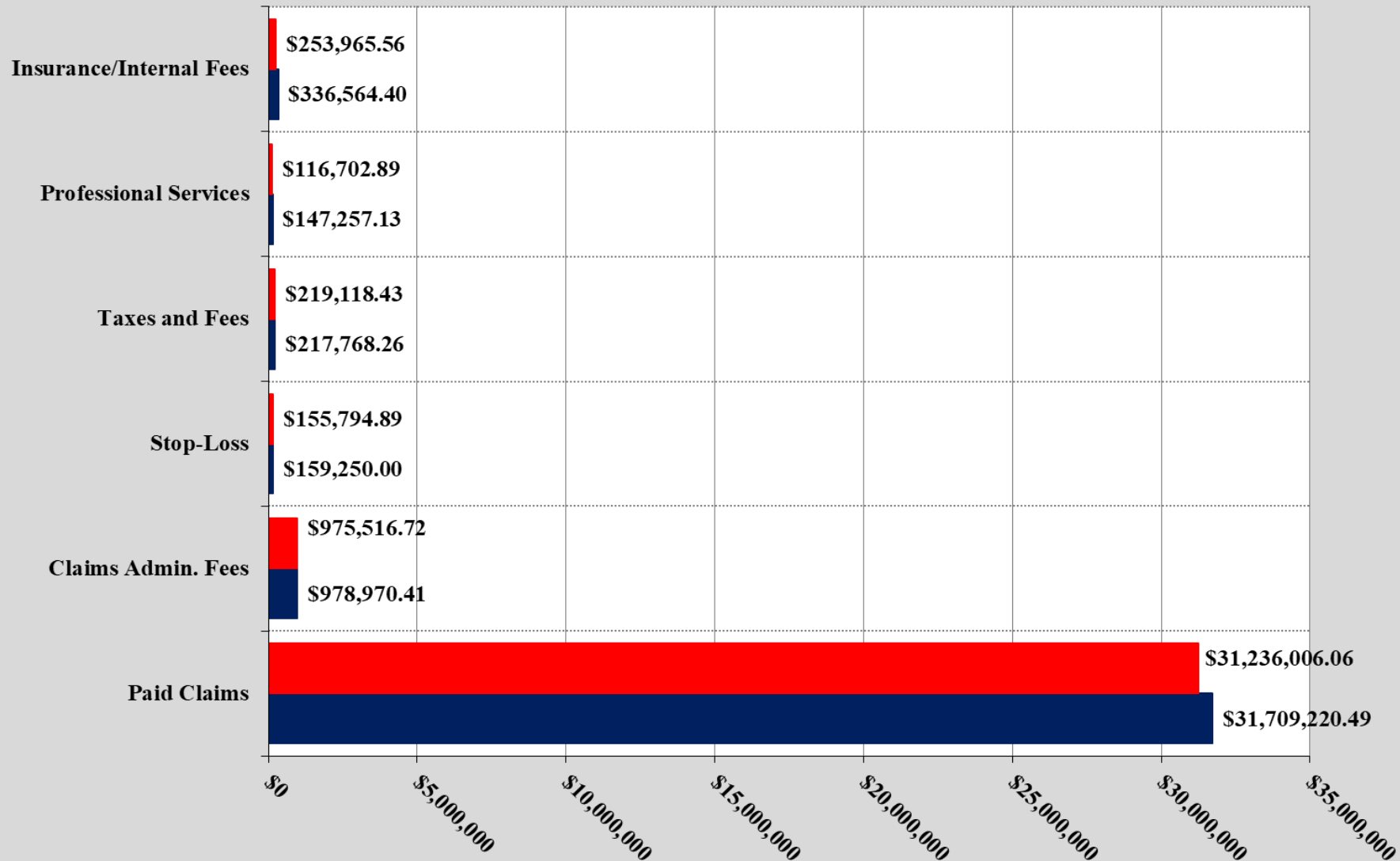
Key Facts:

5. Medical Paid Claims are currently 3.23% below the projected budget for the year and this is the result of:
 - a) An increase in the covered lives ($\uparrow 0.83\%$) and in the number of contracts ($\uparrow 3.42\%$) has had an impact on the 2021 medical paid claims paid to date due to the “run-in lag”.
 - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan by several employer groups.
 - c) A decrease in elective and/or minor medical procedures being performed as a result of the impact of the COVID-19 pandemic on the medical community continues to impact total claims paid.
 - d) The number of large loss claimants and a decrease in the severity of the cases reported to date, continues to be a positive trend.
6. Rx Paid Claims are currently 2.92% above budget, with four consecutive months being above budget. We hope to change this trend with the PBM RFP. We believe that the Consortium will experience a positive impact from the RFP process in the overall cost of claims and Rx Rebates.

Greater Tompkins County Municipal Health Ins. Consortium

2021 Expense Distribution

January 1, 2021 to July 31, 2021

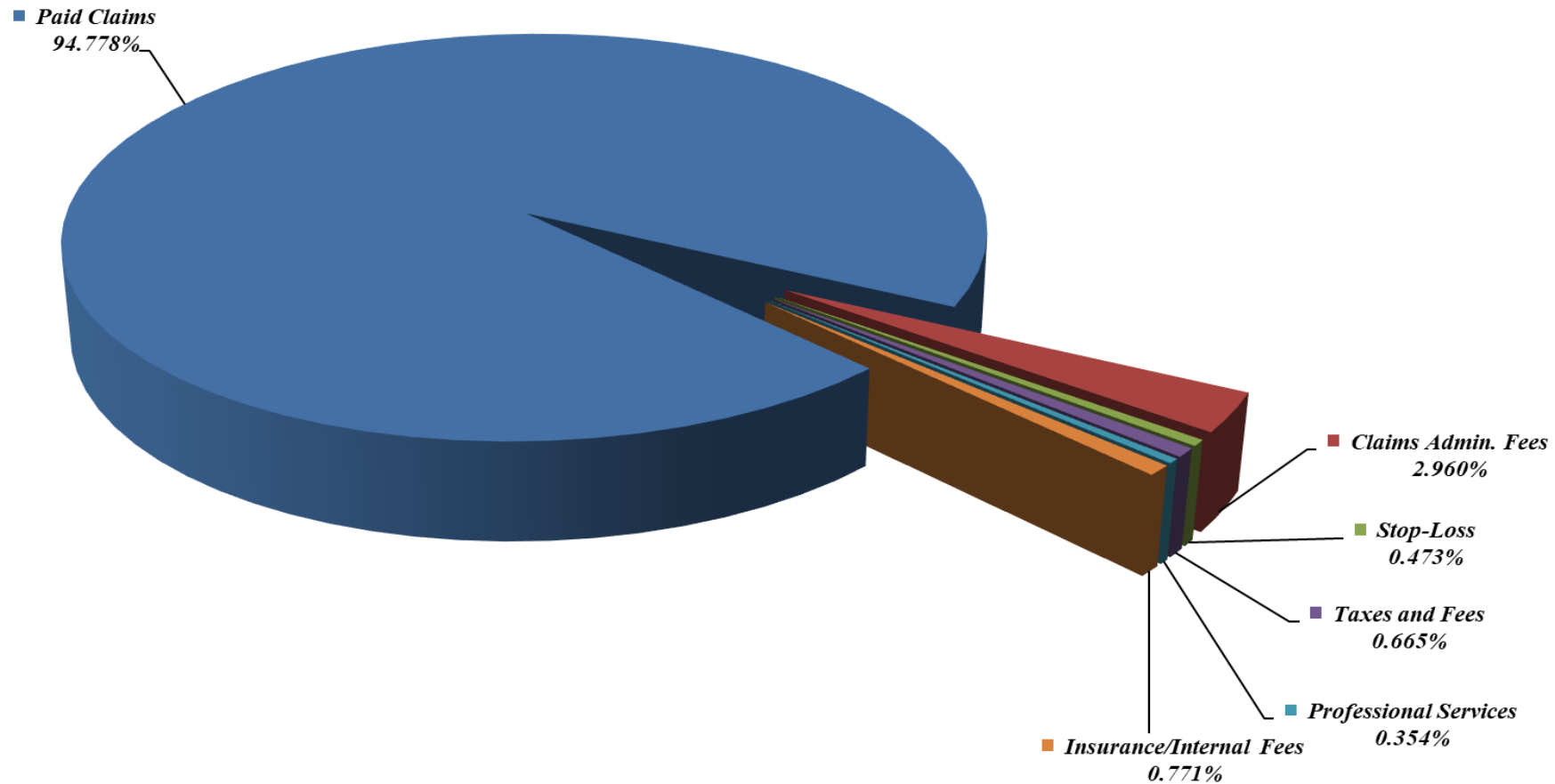


■ 2021 Actual Expenses

■ 2021 Budgeted Amounts

Greater Tompkins County Municipal Health Ins. Consortium

2021 Expense Distribution
January 1, 2021 to July 31, 2021

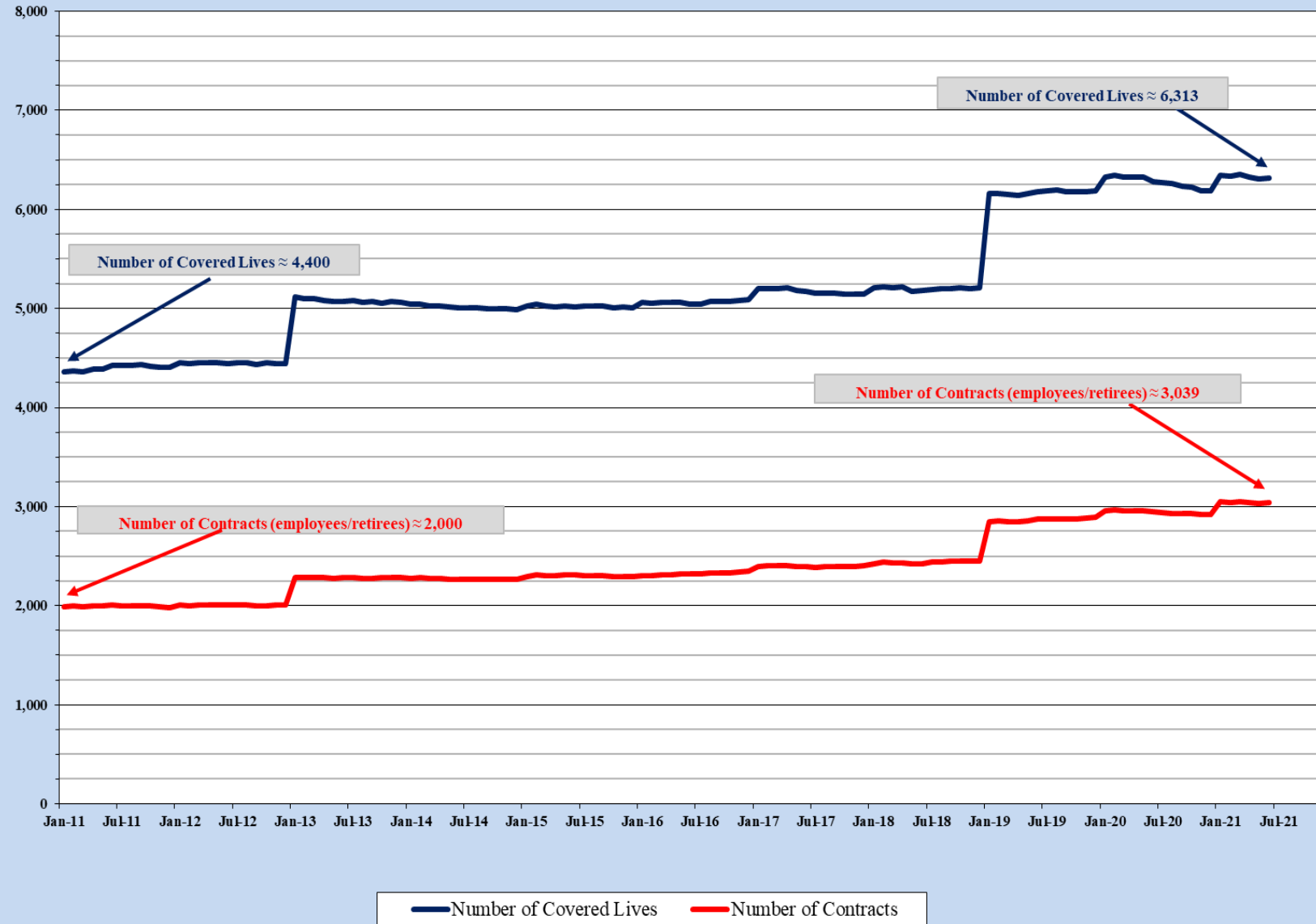


■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees

Greater Tompkins County Municipal Health Ins Consortium

2011-2021 Monthly Covered Lives and Contracts

January 1, 2011 to July 31, 2021



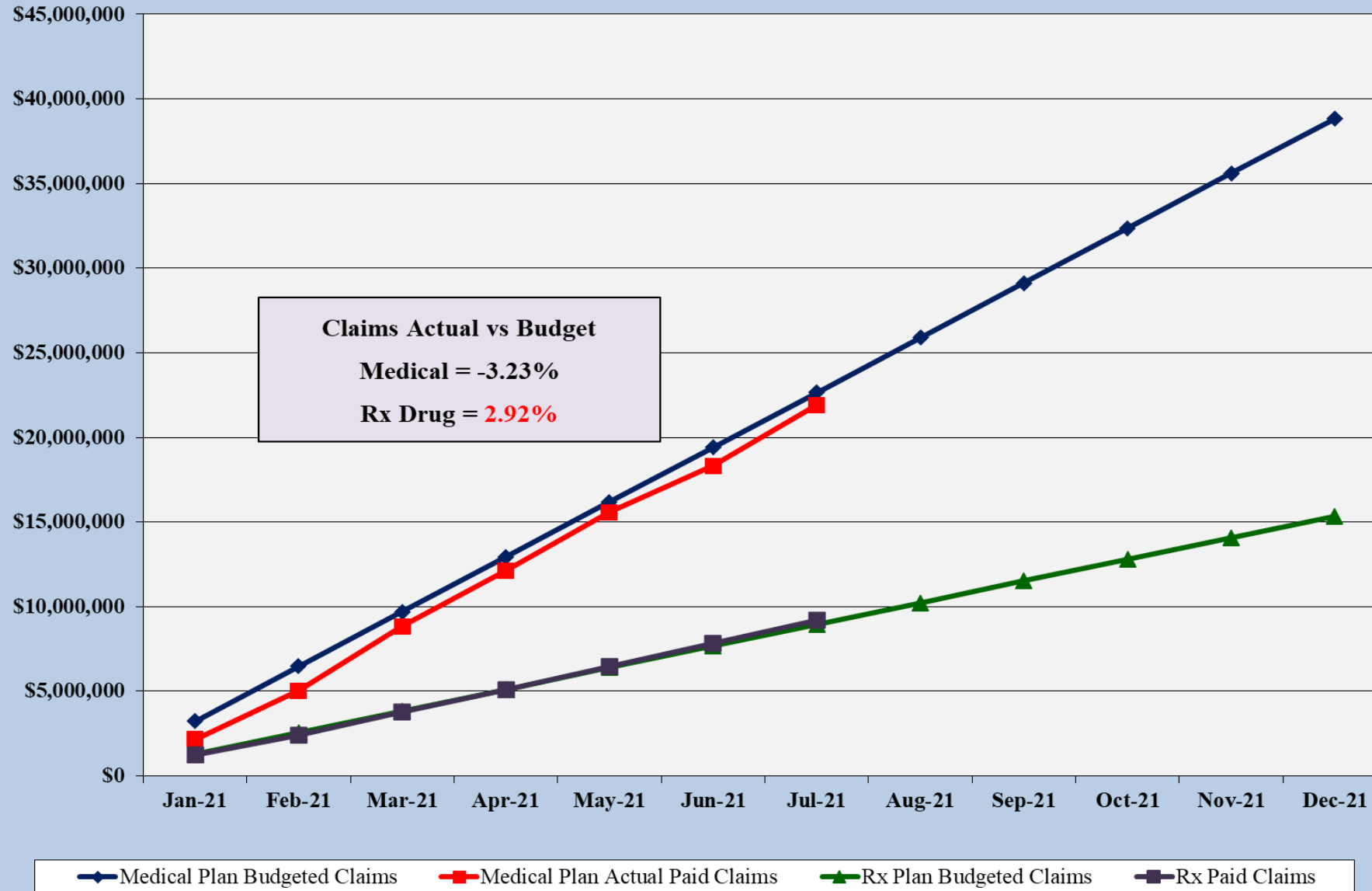


Section 3

2021 Fiscal Year-to-Date
Paid Claims Budget vs Actual Results

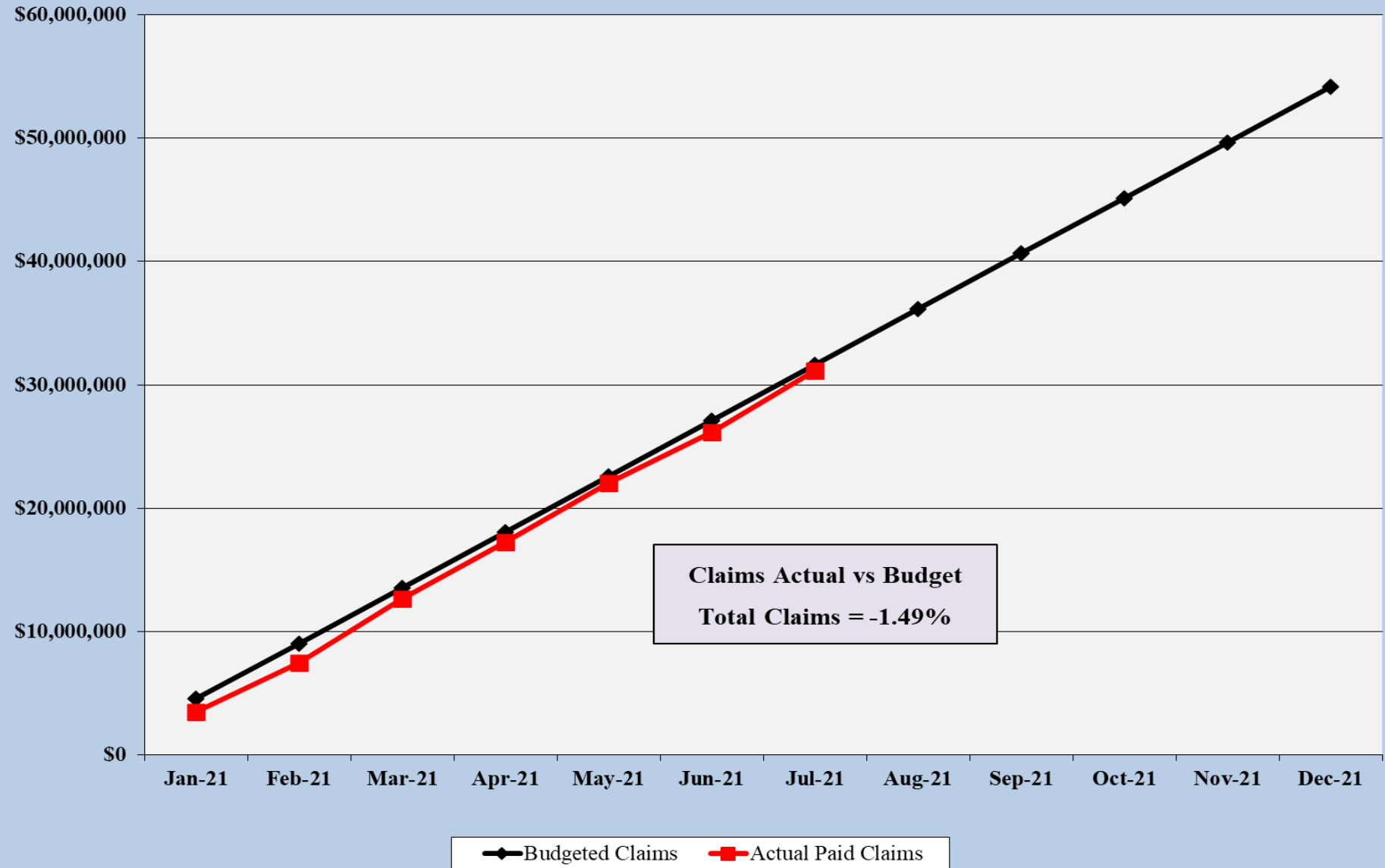
Greater Tompkins County Municipal Health Insurance Consortium

2021 Cumulative Paid Claims and Budgeted Claims by Month



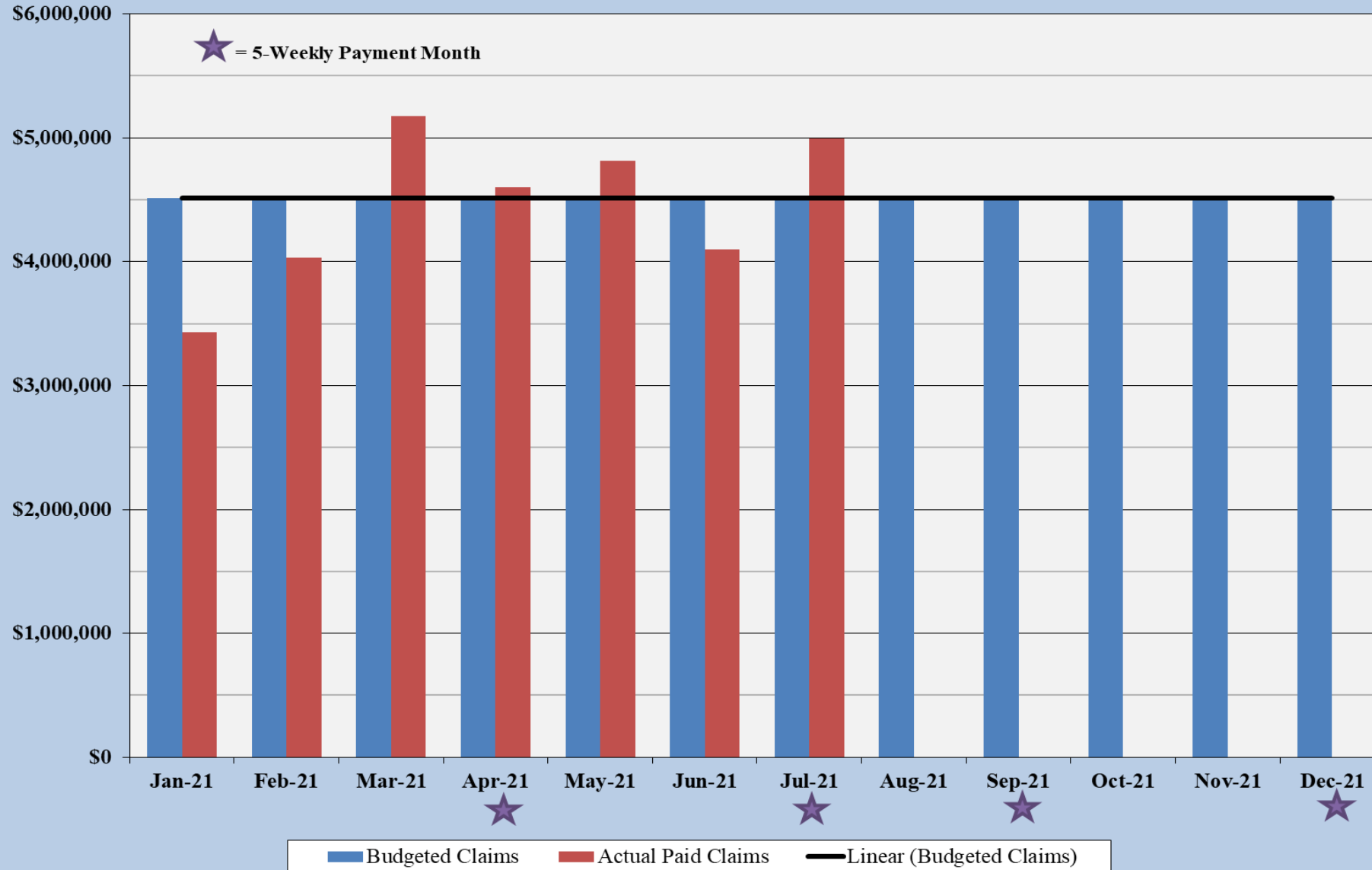
***Greater Tompkins County Municipal
Health Insurance Consortium***

2021 Cumulative Paid Claims and Budgeted Claims by Month



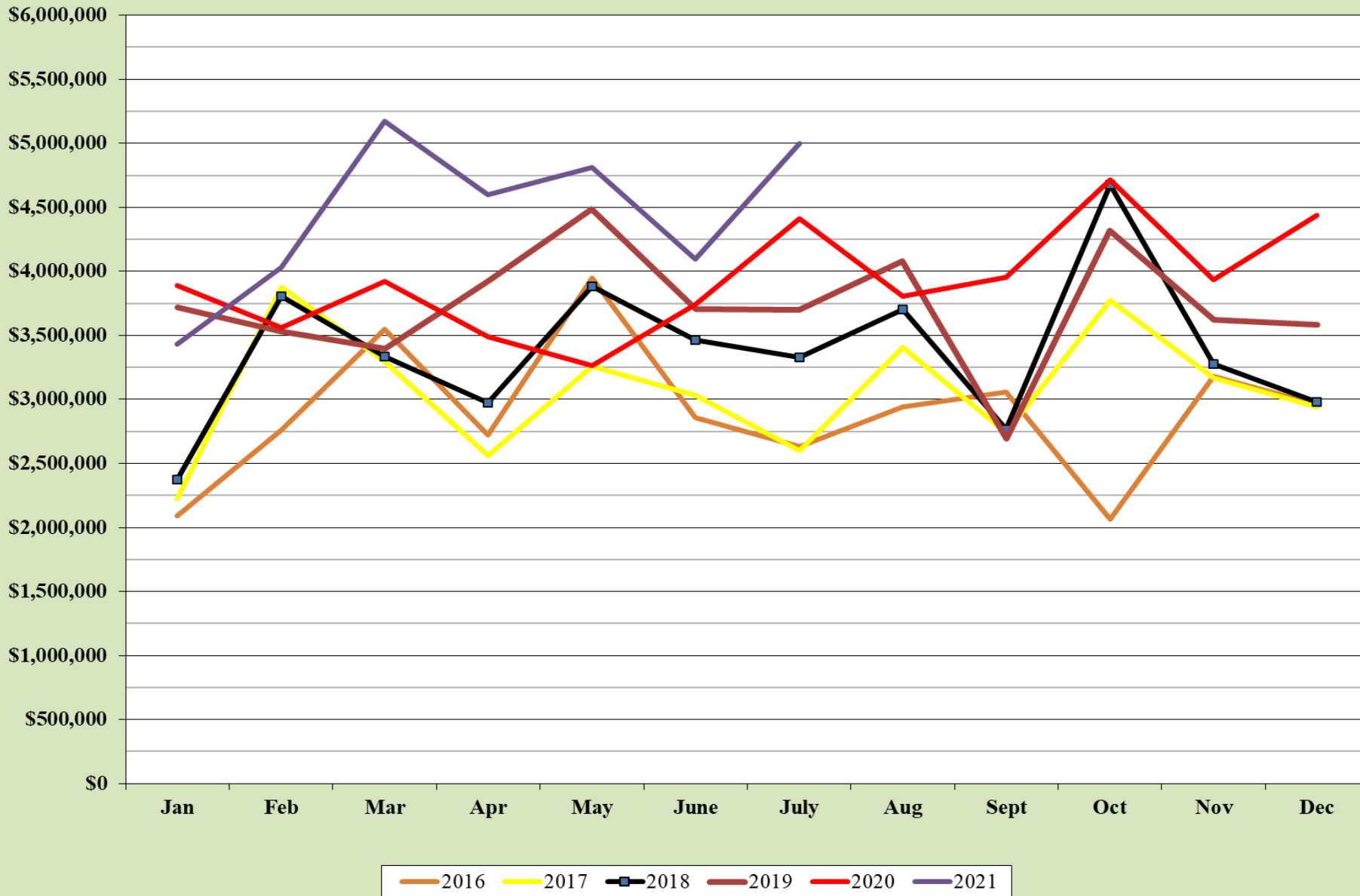
Greater Tompkins County Municipal Health Insurance Consortium

2021 Budgeted vs Actual Paid Claims by Month



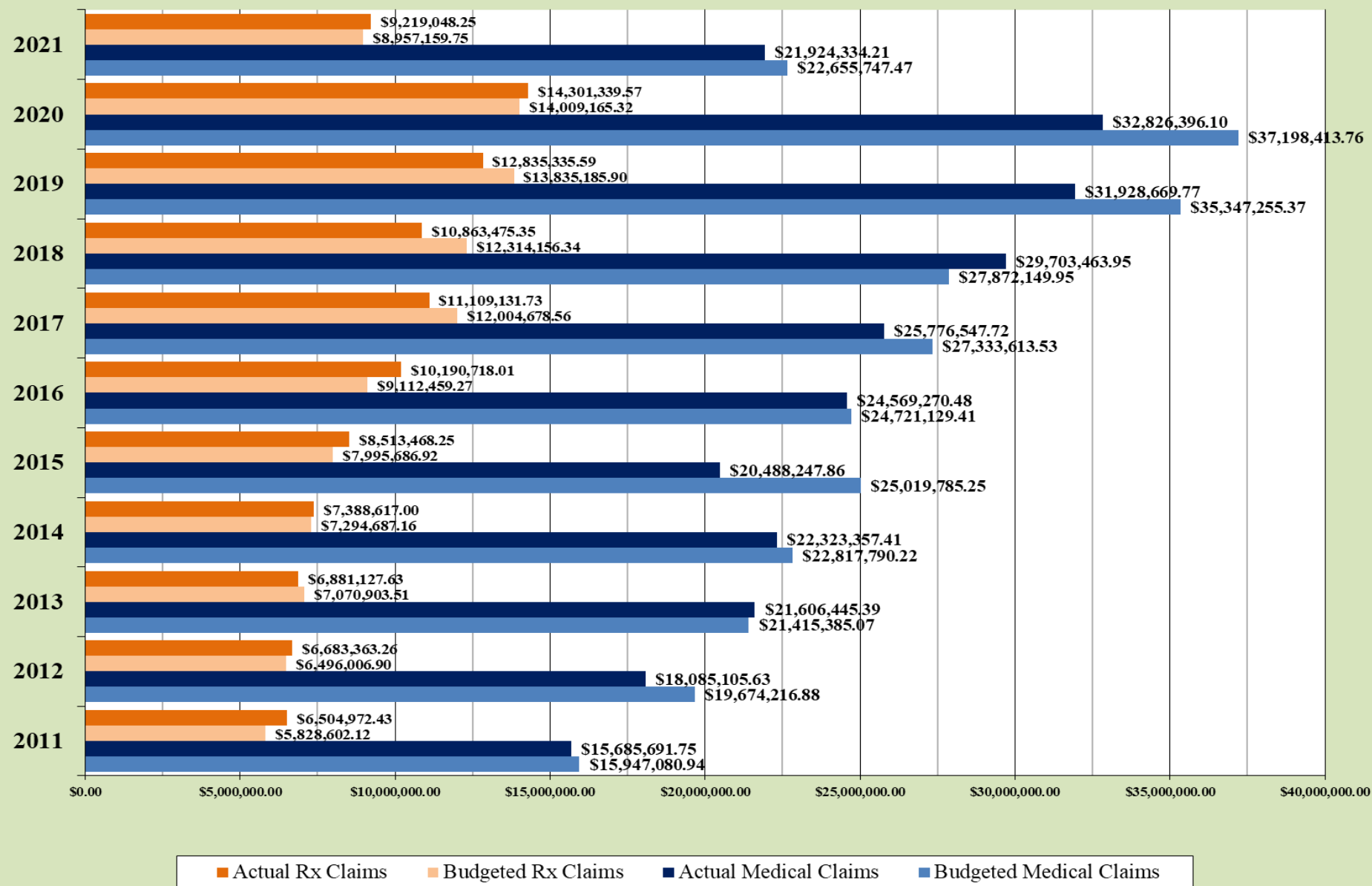
Greater Tompkins County Municipal Health Ins Consortium

2016-2021 Monthly Paid Claims by Fiscal Year



Greater Tompkins County Municipal Health Ins Consortium

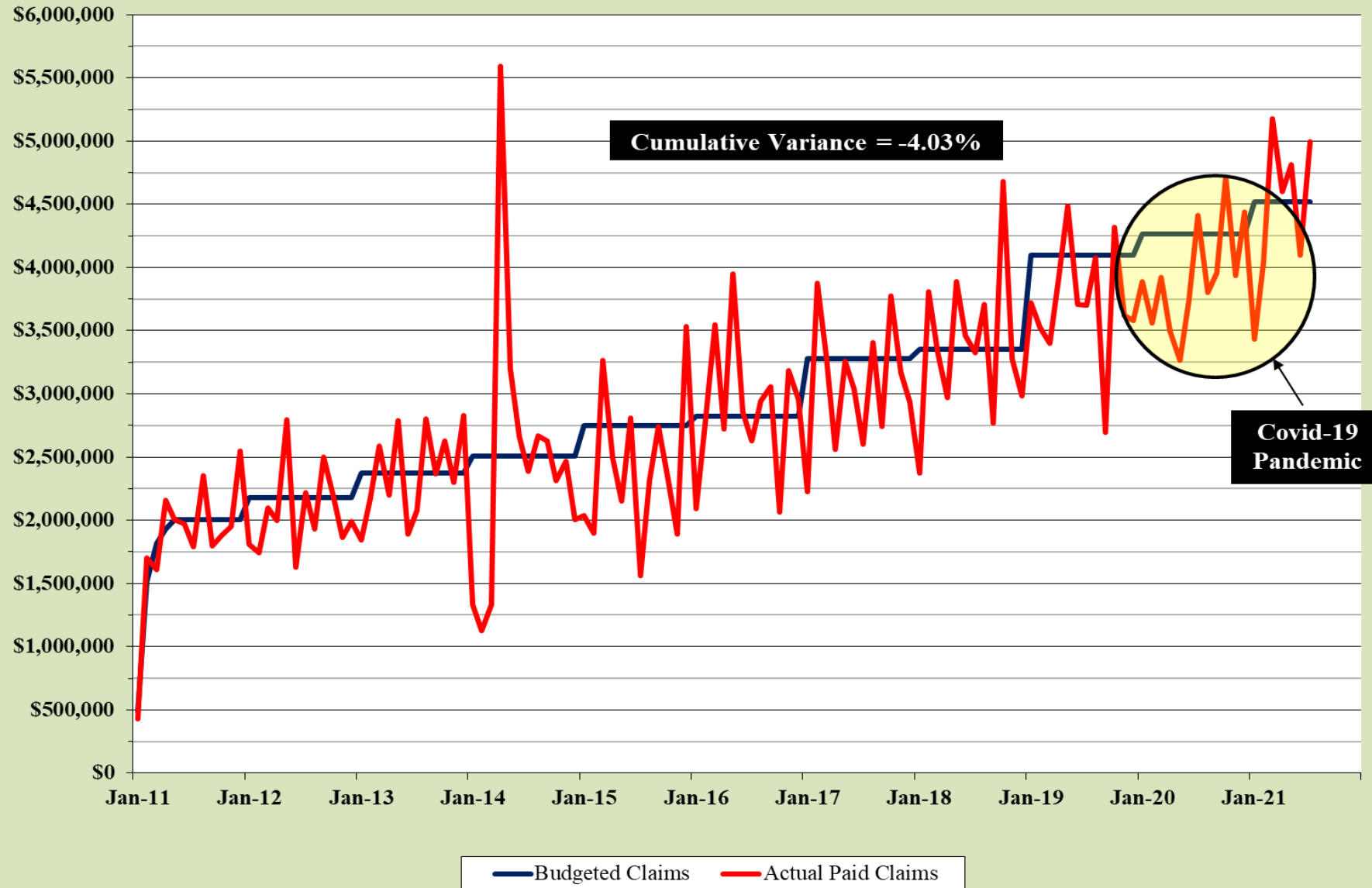
2011-2021 (as of 07/31/2021) Annual Paid Claims v Budgeted Claims

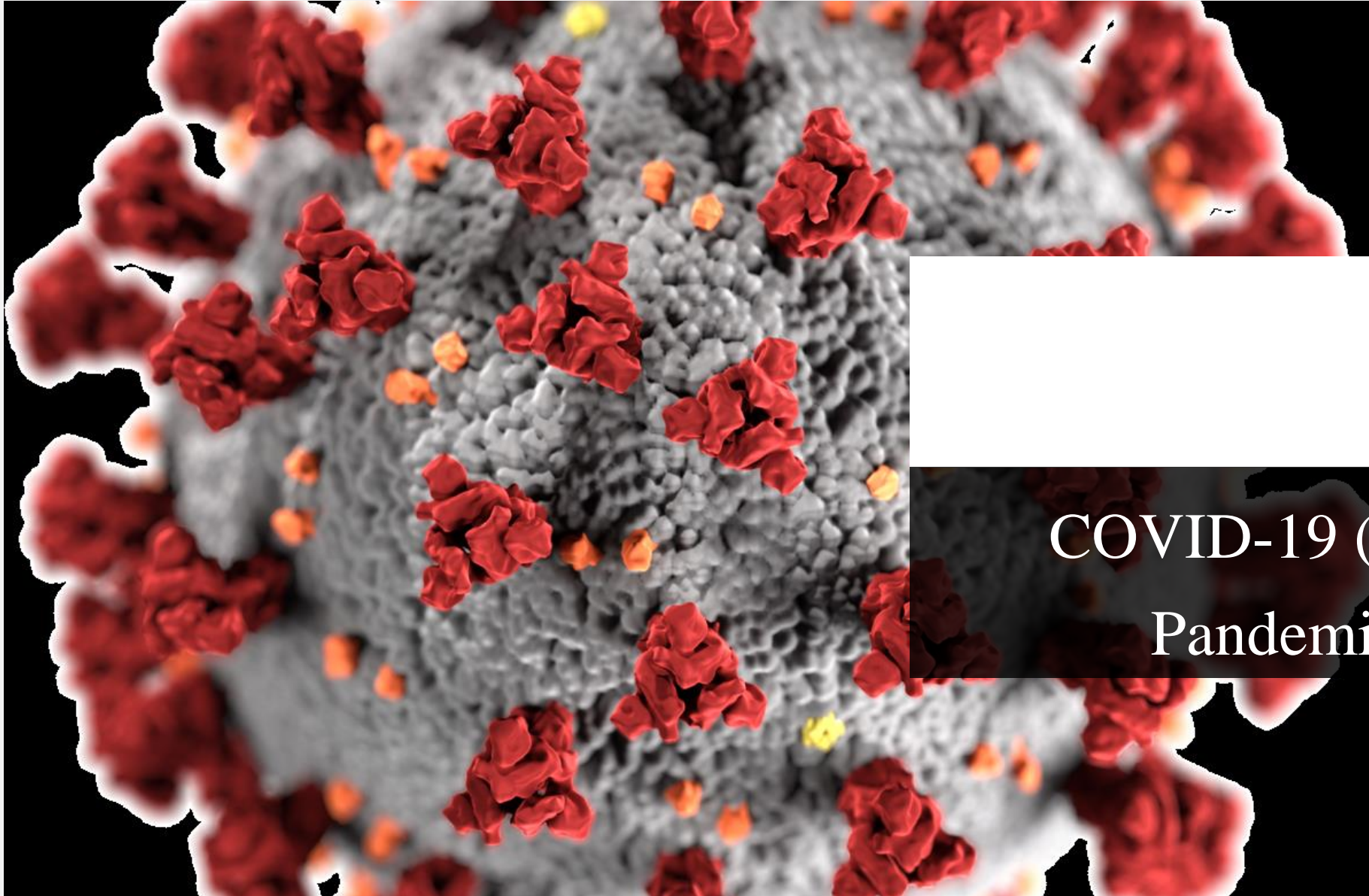


Greater Tompkins County Municipal Health Ins Consortium

2011-2021 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to July 31, 2021





Section 4

COVID-19 (coronavirus) Pandemic Impact

2020/2021 COVID-19 Pandemic Impact

Tompkins County Key Facts:

1. Tompkins County has approximately 103,000 residents.
2. According to the New York State Department of Health web-site, as of August 16th
 - a) There have been approximately 2,417,285 COVID-19 tests administered in Tompkins County.
 - b) There have been approximately 4,661 Tompkins County residents who have tested positive for the coronavirus which is 0.2% of those test resulting in a positive result, or the equivalent of 4.52% of the County's total population. There have been 54 deaths amongst county residents associated with COVID-19.
3. The other Counties in the Consortium have the following results:

a) Cayuga	214,481 Persons Tested	6,711 Positive Results (3.13%)
b) Cortland	188,386 Persons Tested	4,101 Positive Results (2.18%)
c) Seneca	72,817 Persons Tested	2,088 Positive Results (2.87%)
d) Tioga	121,788 Persons Tested	3,981 Positive Results (3.27%)

2020/2021 COVID-19 Pandemic Impact

Impact on the Greater Tompkins County Municipal Health Insurance Consortium

1. Paid claims during COVID-19 were below budget, primarily due to the delay or cancellation of minor and/or elective procedures. As shown below, claims have begun to rise, although still below budget, as the medical community begins to ramp up. This trend must be monitored as COVID-19 continues to evolve.

Date	Per Excellus BCBS Reports		Per ProAct, Inc. Reports		Combined Paid Claims	
	Medical Claims		Rx Claims			
	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount	Group Billed Amount	Member Paid Amount
Jan-21	\$2,839,595.60	\$98,932.82	\$1,248,569.04	\$83,001.85	\$4,088,164.64	\$181,934.67
Feb-21	\$2,289,069.96	\$110,494.29	\$1,174,685.51	\$75,743.36	\$3,463,755.47	\$186,237.65
Mar-21	\$2,675,627.93	\$107,491.17	\$1,369,738.41	\$89,412.10	\$4,045,366.34	\$196,903.27
Apr-21	\$2,810,948.88	\$129,816.25	\$1,315,680.71	\$76,476.00	\$4,126,629.59	\$206,292.25
May-21	\$2,919,393.05	\$98,910.49	\$1,350,738.38	\$71,267.17	\$4,270,131.43	\$170,177.66
Jun-21	\$2,225,447.79	\$90,369.48	\$1,368,008.21	\$76,190.10	\$3,593,456.00	\$166,559.58
Jul-21	\$2,939,073.55	\$104,367.51	\$1,391,231.89	\$70,344.97	\$4,330,305.44	\$174,712.48
Aug-21						
Sep-21						
Oct-21						
Nov-21						
Dec-21						
Totals	\$18,699,156.76	\$740,382.01	\$9,218,652.15	\$542,435.55	\$27,917,808.91	\$1,282,817.56
	96.19%	3.81%	94.44%	5.56%	95.61%	4.39%

2019 Average Monthly Medical Claims
\$2,373,649.24

2020 First 3-Months Avg. Monthly Medical Claims
\$2,411,071.18

2020 Last 9-Months April-December Medical Claims \$2,187,388.11

2021 First 7-Months Medical Claims
\$2,671,308.11

2020/2021 COVID-19 Pandemic Impact

Impact on the Greater Tompkins County Municipal Health Insurance Consortium (continued)

2. The data on the previous pages shows the paid claims for 2020/2021 were collectively about \$3.12 million below the budgeted amount for the time period of April 2020 through July 2021.
3. We expect this trend to continue through the 2021 year as the medical community continues to navigate the ever-changing landscape of COVID-19.
4. We continue to believe that the Consortium is well positioned to remain fiscally stable during this pandemic. We do not see any major negative impacts to the Consortium from a paid claim's perspective as:
 - a) The hospitals and doctors can only perform so many procedures in a day which we believe means that there will not be any major compression when they start performing services on a more regular schedule.
 - b) Most of the severe cases have involved older members who are on Original Medicare Parts A and B which limits the claims exposure to the Consortium to some extent.
 - c) There is still some hesitancy by many who would typically schedule elective procedures had there not been coronavirus or other illness concerns.

2020/2021 COVID-19 Pandemic Impact

Impact on the Greater Tompkins County Municipal Health Insurance Consortium (continued)

5. The pandemic has “forced” covered members to embrace telehealth and telemedicine approaches to medical care as covered members have not been able to see their primary care physicians for minor or routine services in recent months.
 - a) From January 2020 through July 2021, the Consortium has paid for 20,668 telehealth visits a total cost of \$2,106,358.28.
 - b) To put this in perspective, in 2019 there were a total of 40 telehealth visits associated with Consortium covered members for a total cost of \$996.98 for the entire year.
 - c) According to Excellus’ reports, the Consortium had a total of 90 covered members registered for telemedicine services as of January 2020.
 - d) Per Excellus, as of July 2021, the number of covered members registered for the telemedicine program increased to 165. We anticipated this number to be higher due to COVID-19, but growth has slowed, with only one additional member since January 2021.



Section 5

2022 Fiscal Year Budget Overview Consortium Income

2022 GTCMHIC Budget - Income

Major Income Sources:

1. ***Medical Plan Premiums*** – this is the income derived from the health insurance premium payments made by each Participating Municipality in the Consortium. These dollars include any premium contributions made by employers, employees, COBRA members, and retirees.
2. ***Interest Earnings*** – this income line-item shows the return on investments associated with the Consortium's cash assets which are deposited and invested based on the Consortium's investment policy with the assistance of Wilmington Trust. Historically, the return on these investments lowered the annual premium increases by between 0.75% and 1.00% on average.
3. ***Rx Rebates*** – this represents the amount of income paid to the GTCMHIC from ProAct, Inc. associated with the pharmaceutical rebates ProAct, Inc. receives for purchases made by Consortium members.

2022 GTCMHIC Budget - Income

Major Income Sources (continued):

4. ***Stop-Loss Claim Reimbursements*** – this income source is the result of members exceeding the specific stop-loss insurance deductible for the fiscal year. Monies received in stop-loss claim reimbursements are used to off-set the paid claims costs associated with high dollar claimants. Currently, the Consortium’s specific stop-loss deductible is \$1,000,000. This year there are no individuals that have a higher “laser” deductible.
5. ***Other Income*** – this small revenue item is associated with any miscellaneous funds which may be received as refunds, credits, or some other kind of financial settlement. Since 2014 this revenue source has averaged less than \$6,000 per annum.

2022 Projected Income

<i>Greater Tompkins County Municipal Health Insurance Consortium</i>					
2021 - 2026 Fiscal Year Budget Projections (cash basis)			<i>As Revised for New Entrants</i>		5.00%
		<i>Actual Results 2019 Fiscal Year</i>	<i>Actual Results 2020 Fiscal Year</i>	<i>Adopted Budget 2021 Fiscal Year</i>	<i>Projected Budget 2022 Fiscal Year</i>
Average Covered Lives		6,174	6,275	6,330	6,330
Beginning Balance		\$26,575,630.00	\$30,971,196.85	\$31,317,104.64	\$30,440,232.43
Income					
	Medical and Rx Plan Premiums	\$50,296,735.62	\$48,192,484.79	\$55,002,327.38	\$57,752,443.75
9000	Ancillary Benefit Plan Premiums	\$150,527.92	\$0.00		
9020	Interest	\$465,101.14	\$321,110.04	\$45,534.44	\$45,660.35
9010	Rx Rebates	\$1,597,414.28	\$1,975,716.32	\$1,700,000.00	\$3,000,000.00
9040	Stop-Loss Claim Reimbursements	\$3,451.40	\$29,295.28	\$0.00	\$0.00
9035	Finance Charge Income	\$0.00	\$30,072.69	\$5,463.46	\$5,627.36
9030	Other	\$10,640.45	\$0.00	\$0.00	\$0.00
Total Income		\$52,523,870.81	\$50,548,679.12	\$56,753,325.28	\$60,803,731.46

2023-2026 Projected Income

<i>Greater Tompkins County Municipal Health Insurance Consortium</i>					
2021 - 2026 Fiscal Year Budget Projections		6.00%	7.00%	7.00%	7.00%
		<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>
Average Covered Lives		6,330	6,330	6,330	6,330
Beginning Balance		\$30,433,330.08	\$31,110,370.48	\$32,433,433.30	\$34,489,297.38
Income					
	Medical and Rx Plan Premiums	\$61,217,590.37	\$65,502,821.70	\$70,088,019.22	\$74,994,180.56
9000	Ancillary Benefit Plan Premiums				
9020	Interest	\$304,333.30	\$311,103.70	\$324,334.33	\$344,892.97
9010	Rx Rebates	\$3,400,000.00	\$3,400,000.00	\$3,400,000.00	\$3,400,000.00
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00
9035	Finance Charge Income	\$5,796.18	\$5,970.07	\$6,149.17	\$6,333.65
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00
Total Income		\$64,927,719.86	\$69,219,895.48	\$73,818,502.72	\$78,745,407.19

2022-2026 Projected Income

Important Notes and Assumptions:

1. Premium Income includes a 5.00% increase in the premium equivalent rates for the 2022 Fiscal Year. The 2023 through 2026 Fiscal Years include a premium increases of 6.0%, 7.0%, 7.0% and 7.0%, respectively. Please be aware, the premium income is based on the current population being enrolled in their current health insurance plans.
2. Interest Income has been adjusted to a modest level as interest rates are anticipated to be a challenge through 2022. Future interest rate assumptions were set at 1.0% of Consortium Assets for the 2022 through 2026 Fiscal Years at this time.
3. Rx Rebates are the pharmaceutical manufacturer rebates earned by the Consortium. Based on the mid-year performance during 2021, and the current PBM RFP, we are conservatively recommending a budget figure of \$3.0 million for the 2022 Fiscal Year.
4. “Other” Income is any miscellaneous revenue received by the Consortium. Being that this number is negligible, we are recommending to budget a modest number for 2022. We will monitor this and re-evaluate this each year as we moved froward to the 2023-2026 Fiscal Years.



Section 6

2022 Fiscal Year Budget Overview Consortium Expenses

2022 Projected Expenses

Major Expense Categories:

1. ***Paid Claims*** – this is a combination of hospital, medical, surgical, and pharmacy paid claims billed by the three (3) claims administrators; Excellus BlueCross BlueShield (hospital, medical, and surgical), ProAct, Inc. (domestic pharmaceuticals), and CanaRx (international pharmaceuticals). This category also includes any expenses associated with the flu clinics organized by the Consortium and any adjustments needed to the Cash Advance (1-week of expected paid claims) held by Excellus BCBS.
2. ***Claims Admin. (Administration) Fees*** – this is a combination of the monthly costs associated with the hospital, medical, surgical third-party administration services and the prescription benefit management services billed by Excellus BCBS and ProAct, Inc., respectively.
3. ***Taxes and Fees*** – this category of expenses includes any taxes and fees paid to either the Federal or State Government. Currently, this includes the New York State Covered Lives Assessment, and the Federal Patient Protection and Affordable Care Act (ACA) fees.

2022 Projected Expenses

Major Expense Categories (continued):

4. ***Stop-Loss*** – this represents the premiums paid for specific stop-loss insurance. In prior years, this category also included the premium paid for aggregate stop-loss insurance. However, the Consortium was granted a waiver by the New York State Department of Financial Services for the requirement of purchasing aggregate stop-loss insurance.
5. ***Professional Services*** – this is a combination of the monthly costs associated with the outside professional support the Consortium hires on an annual basis. Currently, this expense category includes fees associated with accounting, actuarial, auditing, consulting, investment management, legal, and wellness coordination services.
6. ***Insurance/Internal Fees*** – the money associated with this expense category includes the salary, fringe benefit, support, and insurance costs incurred by the Consortium or by a Participating Municipal Partner. These fees currently include the Consortium's Executive Director, financial support staff, administrative support staff, IT support staff, marketing costs, and professional liability insurance costs.

2022 Projected Expenses

		<i>Actual Results 2020 Fiscal Year</i>	<i>Adopted Budget 2021 Fiscal Year</i>	<i>Projected Budget 2022 Fiscal Year</i>
Expenses				
8090	Medical Paid Claims	\$32,826,396.10	\$38,838,424.24	\$40,780,345.45
	Advance Deposit / Pre-Paid Claims	\$0.00	\$109,150.71	\$37,344.64
8120	Rx Paid Claims - ProAct	\$14,458,494.04	\$15,355,131.00	\$16,506,765.82
8121	Rx Paid Claims - CanaRx	\$131,534.80	\$150,108.45	\$161,366.59
8084	Flu Clinic Fees	\$19,003.86	\$15,000.00	\$20,037.48
8050	Medical Admin Fees	\$1,388,746.82	\$1,477,304.64	\$1,521,623.78
8093	Excellus ITS Fees			
	Rx Admin Fees	\$198,741.50	\$200,930.34	\$206,958.25
8091	NYS Covered Lives Assessment	\$303,866.81	\$373,317.01	\$391,982.86
9060	ACA PCORI Fee	\$15,681.96	\$17,987.06	\$18,886.41
8115	ACA Transitional Reins. Program Fee	\$0.00	\$0.00	\$0.00
8110	Specific Stop-Loss Insurance (Budget)	\$762,505.96	\$876,881.85	\$1,008,414.13
	Specific Stop-Loss Insurance (Actual)	\$264,390.72	\$273,000.00	\$313,950.00
	Aggregate Stop-Loss Insurance			

		<i>Actual Results 2020 Fiscal Year</i>	<i>Adopted Budget 2021 Fiscal Year</i>	<i>Budget 2022 Fiscal Year</i>
Expenses				
8000	Accounting Fees	\$17,400.00	\$25,750.00	\$19,000.00
8010	Actuarial Fees	\$39,850.00	\$15,000.00	\$10,000.00
8020	Audit Fees (Financial)	\$13,000.00	\$13,390.00	\$14,420.00
8021	Audit Fees (Claims)	\$53,875.00	\$41,200.00	\$51,295.00
8055	Consultant Fees (Barber + Others)	\$14,024.26	\$20,000.00	\$20,000.00
8030	Consultant Fees (L&C)	\$86,520.00	\$90,176.50	\$91,650.00
TBD	Consultant Fees (Strat Plan & DEI)	\$0.00	\$0.00	\$25,000.00
8070	Legal Fees	\$5,183.75	\$12,360.00	\$12,000.00
66001	Executive Director Salary	\$91,800.02	\$93,636.00	\$96,450.00
66002	Fringe Benefits	\$45,989.11	\$110,374.87	\$119,635.00
66003	Clerk of the Board Salary	\$30,226.00	\$72,134.40	\$74,300.00
66004	Admin/Comp Asst. Salary	\$40,193.63	\$0.00	\$0.00
66005	Benefits Specialist Salary	\$0.00	\$43,680.00	\$56,240.00
66006	Finance Director Salary	\$0.00	\$73,000.00	\$72,100.00
8060	Insurances (D&O / Prof. Liability)	\$43,612.63	\$50,850.00	\$55,650.00
8041	Internal Coordination (Finance)	\$68,485.54	\$68,660.00	\$20,000.00
8045	Internal Coordination (Town of Ithaca)	\$7,000.00	\$7,210.00	\$6,000.00
8044	Internal Coordination (IT Support)	\$6,489.32	\$11,845.00	\$6,485.00
9065	Marketing Expenses	\$0.00	\$2,500.00	\$2,575.00
8065	Wellness Program Costs	\$0.00	\$25,000.00	\$25,000.00
9055	Investment Management Services	\$18,541.31	\$14,000.00	\$12,360.00
8150	Supplies Expense (Postage/Printing)	\$0.00	\$2,500.00	\$4,080.00
8151	Computer Equipment (Software)	\$0.00	\$5,150.00	\$11,545.00
8152	Lease Expense / Parking Fees	\$6,414.85	\$9,500.00	\$13,370.00
8153	Mileage- Travel Expenses	\$312.23	\$1,000.00	\$1,000.00
9060	Other Expenses	\$6,997.07	\$10,927.27	\$12,595.00
Total Expenses		\$50,202,771.33	\$57,630,197.48	\$60,783,832.66

2023-2026 Projected Expenses

		<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>
Expenses					
8090	Medical Paid Claims	\$42,819,362.72	\$44,960,330.86	\$47,208,347.40	\$49,568,764.77
	Advance Deposit / Pre-Paid Claims	\$39,211.87	\$41,172.46	\$43,231.09	\$45,392.64
8120	Rx Paid Claims - ProAct	\$17,744,773.26	\$19,075,631.26	\$20,506,303.60	\$22,044,276.37
8121	Rx Paid Claims - CanaRx	\$173,469.08	\$186,479.26	\$200,465.21	\$215,500.10
8084	Flu Clinic Fees	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
8050	Medical Admin Fees	\$1,567,272.49	\$1,614,290.67	\$1,662,719.39	\$1,712,600.97
8093	Excellus ITS Fees				
	Rx Admin Fees	\$213,167.00	\$219,562.01	\$226,148.87	\$232,933.33
8091	NYS Covered Lives Assessment	\$411,582.00	\$432,161.10	\$453,769.16	\$476,457.62
9060	ACA PCORI Fee	\$19,830.74	\$20,822.27	\$20,822.27	\$20,822.27
8115	ACA Transitional Reins. Program Fee	\$0.00	\$0.00	\$0.00	\$0.00
8110	Specific Stop-Loss Insurance (Budget)	\$1,159,676.25	\$1,333,627.68	\$1,533,671.84	\$1,763,722.61
	Specific Stop-Loss Insurance (Actual)	\$361,042.50	\$415,198.88	\$477,478.71	\$549,100.51
	Aggregate Stop-Loss Insurance				

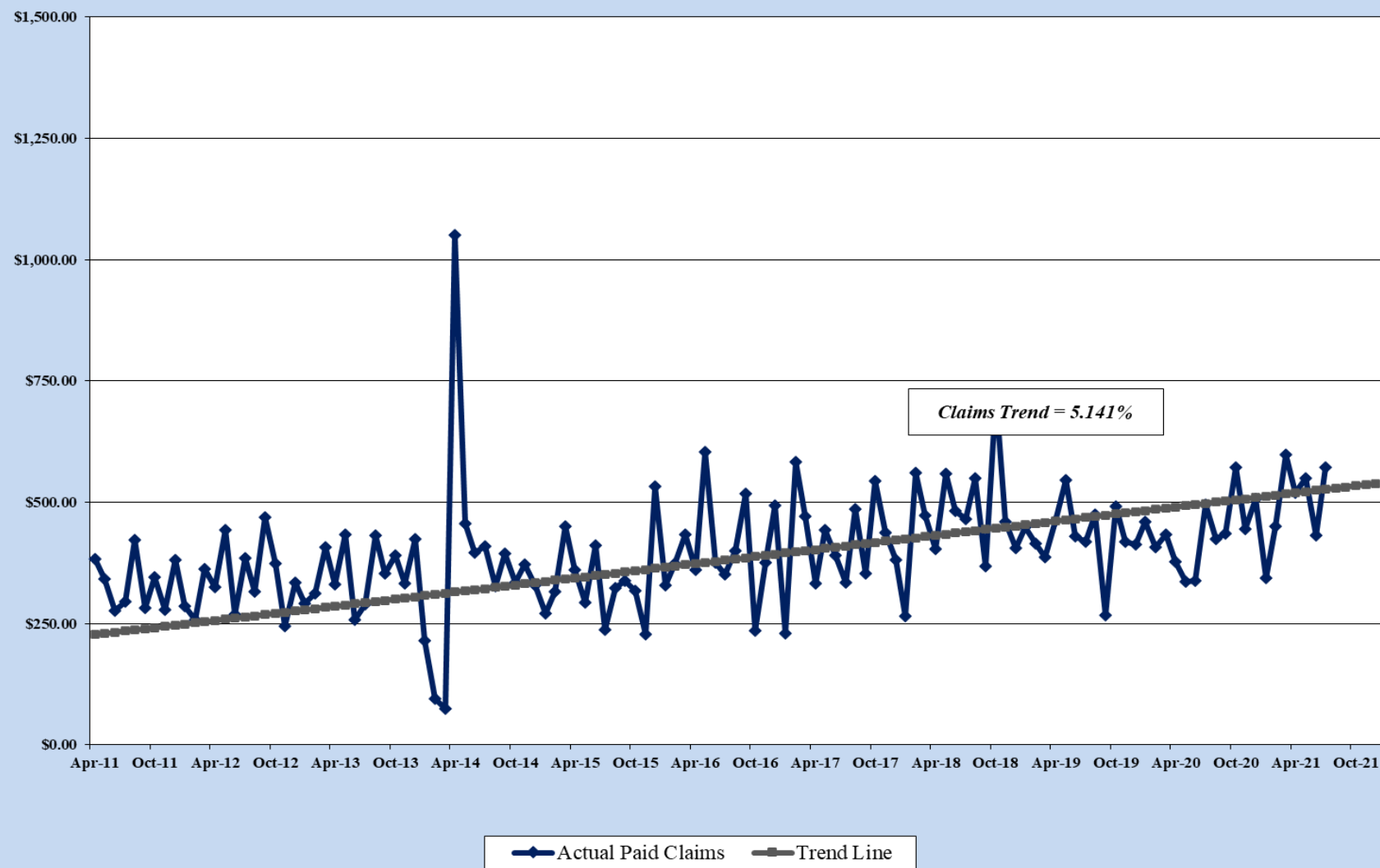
2023-2026 Fiscal Budget Projections		<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>
Expenses					
8000	Accounting Fees	\$19,570.00	\$20,157.10	\$20,761.81	\$21,384.67
8010	Actuarial Fees	\$10,300.00	\$10,609.00	\$10,927.27	\$11,255.09
8020	Audit Fees (Financial)	\$14,852.60	\$15,298.18	\$15,757.12	\$16,229.84
8021	Audit Fees (Claims)	\$52,833.85	\$54,418.87	\$56,051.43	\$57,732.97
8055	Consultant Fees (Barber + Others)	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
8030	Consultant Fees (L&C)	\$94,399.50	\$97,231.49	\$100,148.43	\$103,152.88
TBD	Consultant Fees (Strat Plan & DEI)	\$25,750.00	\$26,522.50	\$27,318.18	\$28,137.72
8070	Legal Fees	\$12,360.00	\$12,730.80	\$13,112.72	\$13,506.11
66001	Executive Director Salary	\$99,343.50	\$102,323.81	\$105,393.52	\$108,555.32
66002	Fringe Benefits	\$123,224.05	\$126,921.83	\$130,729.49	\$134,651.37
66003	Clerk of the Board Salary	\$76,529.00	\$78,824.87	\$81,189.62	\$83,625.30
66005	Benefits Specialist Salary	\$57,927.20	\$59,665.02	\$61,454.97	\$63,298.62
66006	Finance Director Salary	\$74,263.00	\$76,490.89	\$78,785.62	\$81,149.19
8060	Insurances (D&O / Prof. Liability)	\$61,215.00	\$67,336.50	\$74,070.15	\$81,477.17
8041	Internal Coordination (Finance)	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
8044	Internal Coordination (IT Support)	\$6,679.55	\$6,879.94	\$7,086.33	\$7,298.92
9065	Marketing Expenses	\$2,652.25	\$2,731.82	\$2,813.77	\$2,898.19
8065	Wellness Program Costs	\$25,750.00	\$26,522.50	\$27,318.18	\$28,137.72
9055	Investment Management Services	\$12,730.80	\$13,112.72	\$13,506.11	\$13,911.29
8150	Supplies Expense (Postage/Printing)	\$4,202.40	\$4,328.47	\$4,458.33	\$4,592.08
8151	Computer Equipment (Software)	\$8,801.35	\$12,155.39	\$9,065.39	\$12,155.39
8152	Lease Expense / Parking Fees	\$13,482.26	\$13,598.73	\$13,718.69	\$13,842.25
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
8156	Furniture & Fixtures	\$12,822.85	\$13,057.54	\$13,299.26	\$13,548.24
Total Expenses		\$64,187,827.55	\$67,833,652.01	\$71,691,916.47	\$75,790,548.62

2022-2026 Projected Expenses

Important Notes and Assumptions:

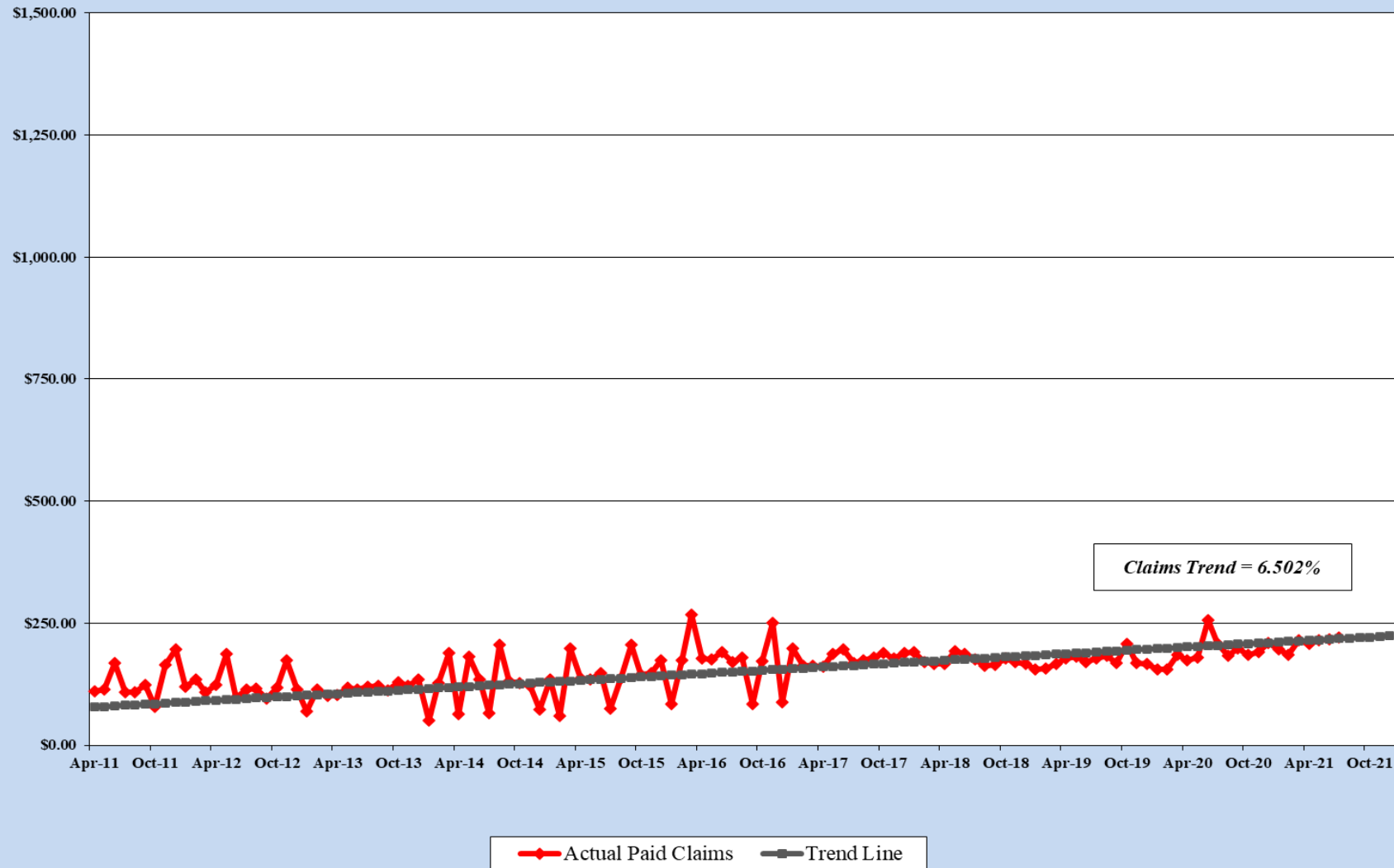
1. The medical and pharmacy paid claim trends for the GTCMHIC from April 1, 2011 to July 31, 2021 has equaled 5.141% and 6.502%, respectively.
 - a) The Locey & Cahill, LLC Municipal Cooperative Health Benefit Plan Client paid claim trends models for medical and pharmacy claims produce an average annual cost increase of 3.479% and 7.275%, respectively.
 - b) The paid claim trends we utilized are based on a number of factors, including the trends noted above and Locey & Cahill, LLC's 25+ years of experience working with Municipal Cooperative Health Benefit Plans like the GTCMHIC.
 - c) The 2022 Paid Claims trends utilized for the budget projections were 5.00% for medical claims and 7.50% for prescription drug claims based on an updated per covered life claims projection which includes data as of July 31, 2021.
 - d) The following charts provide some background and detail regarding the paid claims trend information and data used by Locey & Cahill, LLC in the development of this budget report.

Greater Tompkins County
Municipal Health Insurance Consortium
Per Covered Life Per Month **Medical** Paid Claims Trend
April 1, 2011 to July 31, 2021



Greater Tompkins County Municipal Health Insurance Consortium

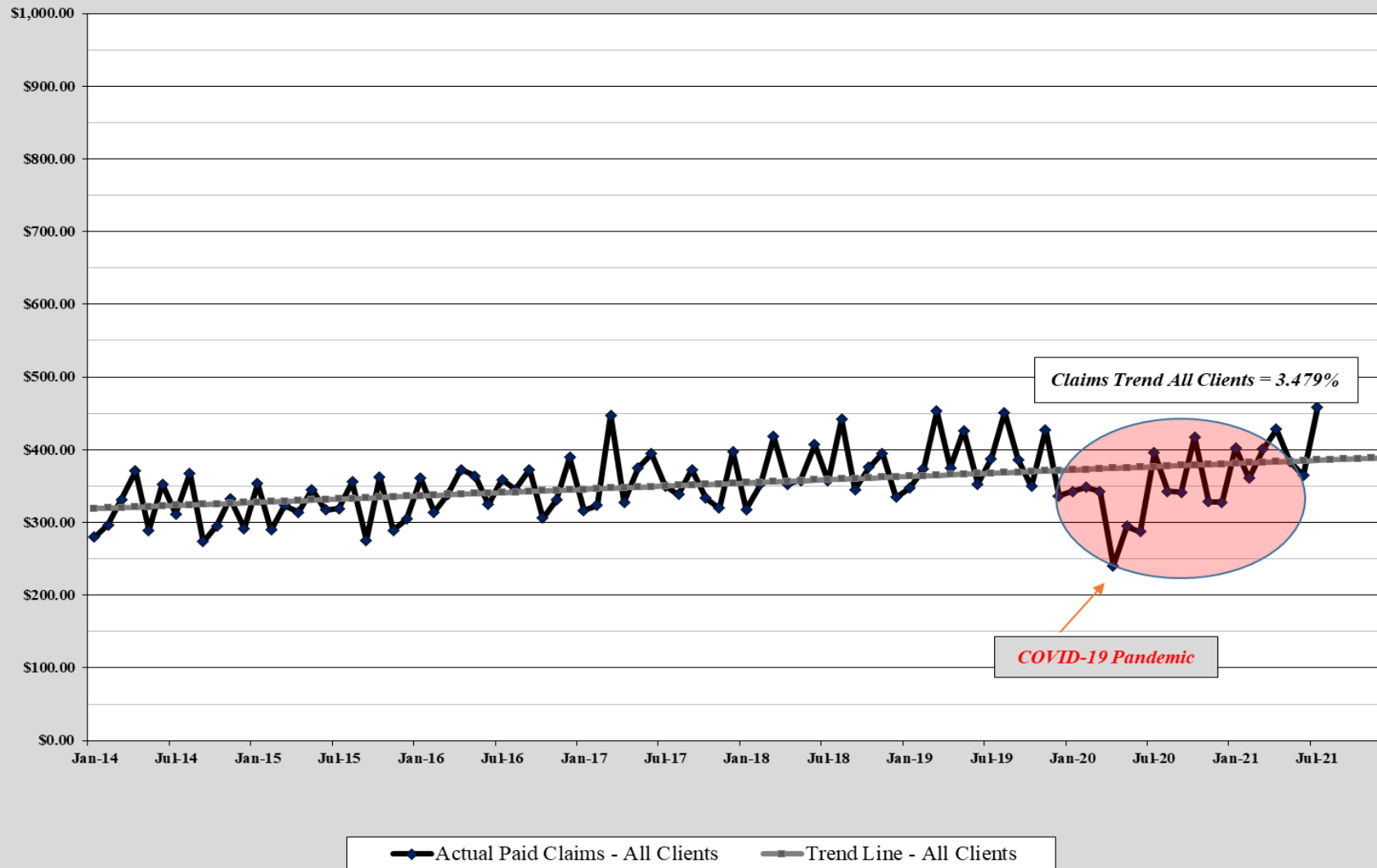
Per Covered Life Per Month **Prescription Drug** Paid Claims Trend
April 1, 2011 to July 31 2021



Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Medical Paid Claims Trend
January 1, 2014 to July 31, 2021

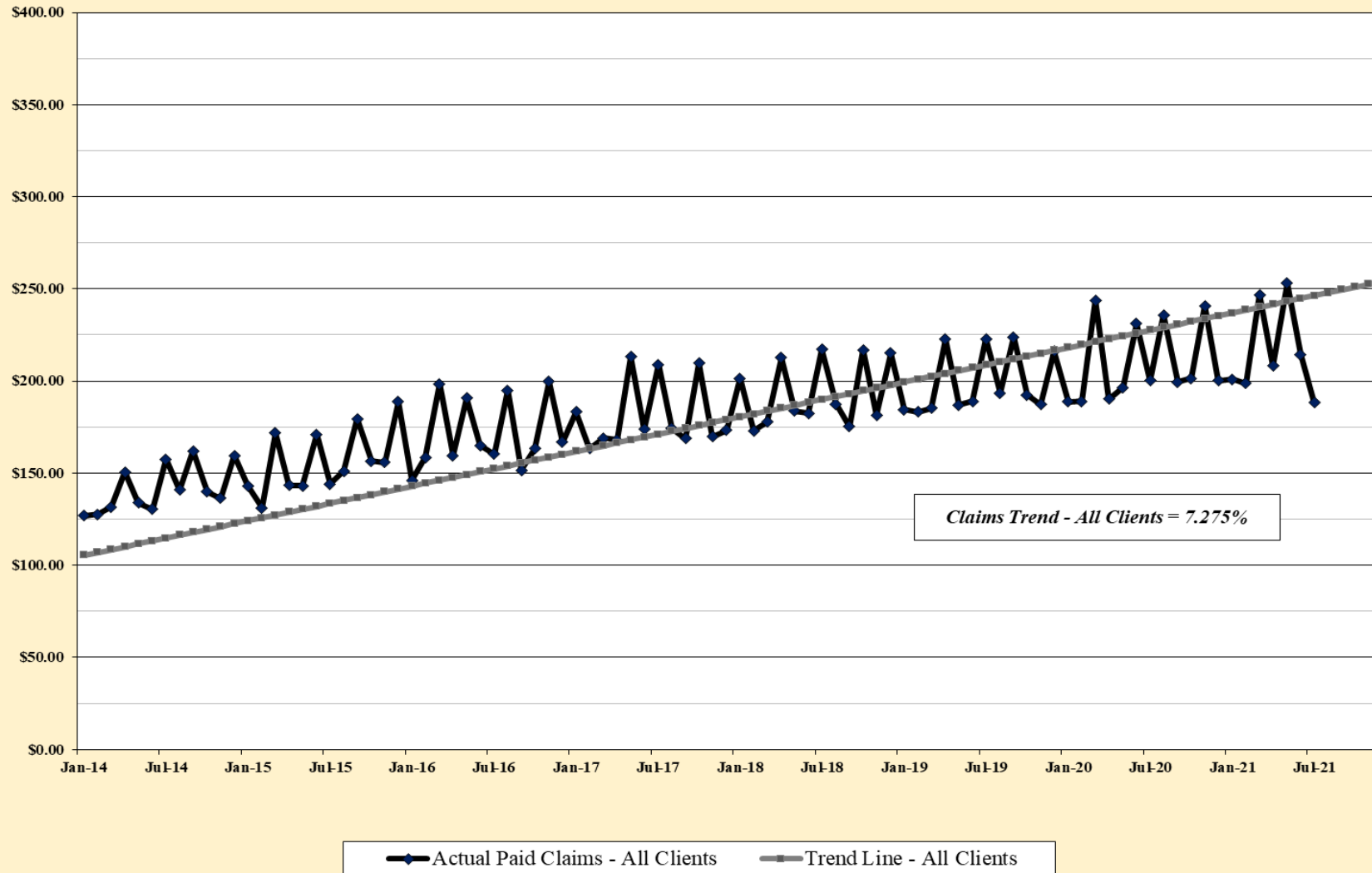


Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Rx Paid Claims Trend

January 1, 2014 to July 31, 2021



2022-2026 Projected Expenses

Important Notes and Assumptions (continued):

2. The Excellus BlueCross BlueShield claims administrative fees are increased by 3.0% for the 2022 through 2026 Fiscal Years. The ProAct, Inc. claims administrative fees are similarly increased by 3.0% per annum for the 2022 through 2026 Fiscal Years. We can review the Rx administrative fees upon awarding of the PBM contract.
3. The Taxes and Fees include the New York State Covered Lives Assessment (Graduate Medical Expense) which is a per contract per month fee that has been forecasted to increase by 5% per annum. The Patient Protection and Affordable Care Act (ACA) Patient Centered Outcomes Research Institute (PCORI) fee is set to sunset in 2029.
4. The specific stop-loss insurance premiums have been forecasted to increase at a rate of 15% per annum based on our experience with this market in recent years. This sector of the insurance marketplace has been hit hard over recent years with significant increases in large dollar claimants resulting in escalating premiums. This is an area of operations which is being closely scrutinized to ensure the Consortium is protected at a reasonable cost going forward.

2022-2026 Projected Expenses

Important Notes and Assumptions (continued):

5. We have updated the 2022 Fiscal Year expected costs associated with all professional services provided to the Consortium based on information from the Consortium's Executive Director and Treasurer. These fees have been trended at an annual rate of 3% for the 2023 through 2026 Fiscal Years.
6. As with the professional services, the internal coordination fees and insurance costs expected for the 2022 Fiscal Year have been updated based on information from the Consortium's Executive Director and Treasurer. These fees have also been trended at an annual rate of 3% for the 2023 through 2026 Fiscal Years.
7. The last major expense category is the "other" expenses which is for miscellaneous costs that do not fit in one of the other line-items cleanly. This is an extremely nominal expense item which has little impact on the overall budget. We trended this at 3% from the current cost projections.



Section 7

2022 Fiscal Year Budget Overview Consortium Assets

Liabilities and Reserves - Defined

LIABILITIES

- The liabilities associated with the Consortium's operations are directly related to covered medical benefits that are incurred by Consortium Members which have yet to be received or paid by the insurance company or plan administrator. For example, if the Consortium were to end its operations on any given December 31st there are going to be covered medical services received by covered members on or before December 31st which will not be paid until sometime after December 31st. This is commonly referred to in the industry as an Incurred but Not Reported (IBNR) and Incurred but Not Paid (IBNP) Claims Liabilities.
- In recent years with the increases in technology associated with the billing and payment of medical benefit claims and with the increase in the volume of prescription drug claims which are inherently electronic in nature, the overall value of this liability has decreased as a percentage of expected/paid claims. In fact, twenty years ago, this liability equaled approximately the value of three (3) months (24%) of annual expected/paid claims. Today, this value is closer to one (1) month (8%) of expected incurred claims and the New York State Department of Financial Services has set this liability for the 2021 Fiscal Year to equal 12.00% of the expected incurred claims estimate for the year.

Liabilities and Reserves - Defined

RESERVES

- The reserves held by the Consortium are the cash assets which have been assigned to cover a direct liability or to assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. These cash assets have also been a source of revenue through the interest earned to the Consortium which has allowed the Consortium to hold premium increases down in previous years.
- The Consortium has historically maintained the following reserves:
 - Incurred But Not Report (IBNR) Claims Liability Reserve (statutory reserve)
 - Surplus Account (statutory reserve)
 - Catastrophic Claims Reserve (discretionary reserve)
 - Rate Stabilization Reserve (discretionary reserve)
- Please refer to the following slides for a detailed description of each reserve classification.

Liabilities and Reserves - Defined

INCURRED BUT NOT REPORTED (IBNR) CLAIMS LIABILITY RESERVE

- The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims. We believe this is a conservative estimate of the liability, but we understand the Department has always acted based on their philosophy to maintain this level of reserve as they want the Consortium Member Claims to be fully-funded at all times.
- Maintaining this reserve at an insufficient amount to cover the liability could result in a Municipal Corporation owing a significant amount of money if they chose to leave the Consortium. A Municipal Corporation's decision to leave or stay in the Consortium should not be affected by the Consortium's lack of adequate reserves and this is a philosophy we feel the Consortium should embrace, even during tougher economic times.
- The 2021 Fiscal Year budget forecasted this reserve to equal \$6,503,226.63 (12.0% of projected hospital, medical, surgical, and prescription drug incurred claims). It should be noted that Excellus BlueCross BlueShield does provide an estimate of this liability in their annual renewal documents. For the 2021 Fiscal Year, Excellus' estimate of this liability was \$4,318,500.00 which is approximately 11% of the expected claims cost for the year.

Liabilities and Reserves - Defined

SURPLUS ACCOUNT

- The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.
- Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.
- The 2021 Fiscal Year budget forecasted this reserve to equal \$2,750,116.37 (5.0% of projected premium income of \$55,002,327.38). It should be noted that the Consortium's premium income is below the budgeted amount through the first 7-months of the fiscal period which may impact this reserve level at the end of the year.

Liabilities and Reserves - Defined

CATASTROPHIC CLAIMS RESERVE

- This reserve was established by the Consortium's Board of Directors to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce expenses. It was agreed that the Consortium's risk pool is so substantial in size that it can absorb a significant number of large losses without damaging the financial integrity of the Consortium.
- It was our professional opinion and the opinion of the Board of Directors that there was an acceptable reward versus risk ratio between the reduction of this significant expense, the exposure of large losses, and the cash asset position of the Consortium. This conclusion led the Board of Directors to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000 for the 2021 Fiscal Year. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors made the decision to fund this reserve at an amount equal to \$4,500,000 for the 2021 Fiscal Year.

Liabilities and Reserves - Defined

RATE STABILIZATION RESERVE

- When the Consortium's cash assets were at a fairly high level, the Board of Directors made the decision to establish the Rate Stabilization Reserve at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.
- It is our goal to work with the Consortium to ensure future fiscal year budgets are developed with this reserve being maintained.
- These funds would be used to “bridge the gap” during an associated hyper-inflationary period relative to paid claims allowing the Board of Directors to establish a multiple year plan to adjust revenue (premiums) and prevent a significant increase in premium rates during a single fiscal period.

2021 Beginning Balance

ASSETS

Current Assets

Cash and Cash Equivalents

Unrestricted Investments

Accrued Interest

Accounts Receivable - Stop Loss and Drug Rebates

Premiums Receivable

Total Current Assets

OTHER ASSETS

Noncurrent Assets

Premium Claims Deposit

Restricted Investments

Total Noncurrent Assets

Total Assets

<u>2020</u>	<u>2019</u>
\$ 8,343,168	\$ 11,304,684
7,686,088	6,340,983
58,725	141,159
-	380,746
-	127,906
<u>16,087,981</u>	<u>18,295,478</u>
761,400	647,700
<u>16,662,408</u>	<u>13,136,929</u>
<u>17,423,808</u>	<u>13,784,629</u>
<u>33,511,789</u>	<u>32,080,107</u>

2021 Net Income, Liabilities & Reserves (07/31/2021)

	<i>2021 Adopted Budget</i>	<i>2021 Revised Budget</i>	<i>2021 Year-to-Date</i>	<i>2021 Actual Results</i>	<i>Variance</i>	<i>% Difference</i>
<i>Net Income</i>	-\$481,659.30	-\$876,872.21	-\$584,590.92	-\$486,085.11	\$98,505.81	

<i>Ending Balance</i>	\$30,835,445.34	\$31,201,632.43	\$30,732,513.71	\$31,592,419.53	\$859,905.81	2.80%
-----------------------	-----------------	-----------------	-----------------	-----------------	--------------	-------

<i>Liabilities and Reserves</i>						
4010	IBNR Claims Liability Per §4706(a)(1)	\$6,144,909.49	\$6,144,909.49	\$6,144,909.49	\$6,144,909.49	12.0% of Incurred Claims
5010	Surplus Account Per §4706(a)(5)	\$2,637,289.44	\$2,637,289.44	\$2,637,289.44	\$2,637,289.44	5.0% of Premium Income
5014	Rate Stabilization Reserve	\$3,840,568.43	\$3,840,568.43	\$3,840,568.43	\$3,840,568.43	7.5% of Paid Claims
5012	Catastrophic Claims Reserve	\$4,500,000.00	\$4,500,000.00	\$4,500,000.00	\$4,500,000.00	Established by Board Policy
3500	Excellus BCBS Advance Deposit	\$761,400.00	\$761,400.00	\$761,400.00	\$761,400.00	
<i>Total Liabilities and Reserves</i>		\$17,884,167.36	\$17,884,167.36	\$17,884,167.36	\$17,884,167.36	

<i>Unencumbered Fund Balance</i>	\$12,951,277.98	\$13,317,465.07	\$12,848,346.36	\$13,708,252.17
----------------------------------	-----------------	-----------------	-----------------	-----------------

The 2021 Fiscal Year is on target to meet the adopted financial plan for the year. This has resulted in the net cash assets (unencumbered fund balance) being in line with the targeted level as set by the Consortium's Audit & Finance Committee. As of July 31, 2021, the unencumbered fund balance equals 24.92% of the expected premium income for the year. This result was achieved while maintaining the Rate Stabilization Reserve at 7.5% of Expected Paid Claims and the Catastrophic Claims Reserve at \$4.5 million.

2022-2026 Net Income, Liabilities & Reserves

			<i>Budget 2022 Fiscal Year</i>	<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>
	<i>Net Income</i>		<i>\$49,064.82</i>	<i>\$840,620.80</i>	<i>\$1,488,851.43</i>	<i>\$2,231,119.78</i>	<i>\$3,061,438.23</i>
	<i>Ending Balance</i>		<i>\$30,489,297.25</i>	<i>\$31,329,918.05</i>	<i>\$32,818,769.48</i>	<i>\$35,049,889.26</i>	<i>\$38,111,327.48</i>
	<i>Liabilities and Reserves</i>						
Statutory Reserves	4010	IBNR Reserve	\$6,896,221.84	\$7,290,989.24	\$7,709,243.90	\$8,152,441.40	\$8,622,131.23
	5010	Surplus Account	\$2,887,622.19	\$3,060,879.52	\$3,275,141.09	\$3,504,400.96	\$3,749,709.03
Discretionary Reserves	5014	Claims / Rate Stabilization Reserve	\$4,310,138.65	\$4,556,868.28	\$4,818,277.44	\$5,095,275.88	\$5,388,832.02
	5012	Catastrophic Claims Reserve	\$5,797,052.67	\$5,797,052.67	\$5,797,052.67	\$5,797,052.67	\$5,797,052.67
		Total Liabilities and Reserves	\$19,891,035.35	\$20,705,789.70	\$21,599,715.09	\$22,549,170.91	\$23,557,724.95
	<i>Unencumbered Fund Balance</i>		<i>\$10,598,261.90</i>	<i>\$10,624,128.34</i>	<i>\$11,219,054.39</i>	<i>\$12,500,718.34</i>	<i>\$14,553,602.53</i>
			<i>18.35%</i>	<i>17.35%</i>	<i>17.13%</i>	<i>17.84%</i>	<i>19.41%</i>



Section 5

2022 Fiscal Year Budget Overview Recommendations



2022 Budget Recommendations

1. Maintain the Surplus Account at 5% of the annual premium of the Consortium in compliance with §4706(a)(5) of the New York State Insurance Law. The value of this reserve, as projected for the 2022 Fiscal Year, is \$2,887,622.19. This will satisfy an Article 47 statutory reserve requirement.
2. Maintain the IBNR Claims Liability Reserve as required by §4706(a)(1) of the New York State Insurance Law at a value in line with the expected cost of “run-out” claims. We are recommending that this reserve continue to be funded at 12.0% of expected incurred claims consistent with the direction received by the Consortium from the New York State Department of Financial Services. Based on our projections, this reserve would equal approximately \$6,874,453.35 for the 2022 Fiscal Year.

2022 Budget Recommendations (Continued)

3. Continue to evaluate the specific stop-loss insurance policy which recently increased the deductible to \$1,000,000 for the 2021 Fiscal Year and maintain the Catastrophic Claims Reserve at an amount equal to \$4,500,000.00 for the 2022 Fiscal Year. This reserve is specifically designed to protect the cash flow of the Consortium from the effects of a significant increase in the number of individual high dollar claimants.
4. Maintain the Claims/Rate Stabilization Reserve in an amount equal to 7.5% of expected paid claims (\$4,296,533.35). These funds could be used in future years to mitigate premium rate increases and to “soften the blow” from a period of hyper-inflation in the overall paid claims.
5. Continue to negotiate reasonable increases to the administrative fees paid to Excellus BlueCross BlueShield and ProAct, Inc. as part of the annual renewal process.

2022 Budget Recommendations (Continued)

6. Monitor and update the investment strategies of the Consortium to continue to maximize the interest earnings associated with the reserve and surplus funds while maintaining the flexibility needed in cash flow to prudently manage the Consortium's finances.
7. In consideration of the overall financial position of the Greater Tompkins County Municipal Health Insurance Consortium and its goals and objectives, Locey & Cahill, LLC is recommending that the Board of Directors approve a 5.0% increase in premiums for the 2022 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$550,000 for the 2022 Fiscal Year.

2022 Budget Recommendations (Continued)

In conclusion, the final thought that we offer to the Board of Directors of the Consortium at this time is to consider the views, opinions, and recommendations expressed above and to consider approving the recommended budget with a 5% increase in overall premium revenue. Our goal is to have modest, steady premium growth over the next several fiscal periods while using a modest amount of fund balance each year to mitigate premium while adhering to the budget philosophy of the Consortium.

2011-2026 GTCMHIC Premium Increases

<i>Fiscal Year</i>	<i>Budget Income % Increase</i>
<i>2011</i>	9.50%
<i>2012</i>	9.50%
<i>2013</i>	9.00%
<i>2014</i>	8.00%
<i>2015</i>	5.00%
<i>2016</i>	3.00%
<i>2017</i>	5.00%
<i>2018</i>	4.00%
<i>2019</i>	5.00%
<i>2020</i>	5.00%
<i>2021</i>	5.00%
<i>2022</i>	5.00%
<i>2023</i>	6.00%
<i>2024</i>	7.00%
<i>2025</i>	7.00%
<i>2026</i>	7.00%
<i>Average Increase</i>	6.08%
<i>5-Year Avg. Increase</i>	4.80%

Historical Average Premium Rate Increases

2011-2022 Avg. Rate Increase = 6.08%

2018-2022 5-Year Avg. Rate Increase = 4.80%

Projected Average Premium Rate Increases

2011-2026 Avg. Rate Increase = 6.18%

2022-2026 5-Year Avg. Rate Increase = 6.40%

