

**Executive Committee
Minutes – DRAFT
September 13, 2023 – 3:30 p.m.
Town of Ithaca – Aurora Room**

Present: Judy Drake; Kate DeVoe; Bud Shattuck; Steve Thayer
Peter Salton; Rordan Hart (Chair); Scott Steve
Present via remote* Eric Snow; Gary Mutchler; Ed Fairbrother (*arrived 3:41p*)
Excused: Lisa Holmes; Ray Bunce
Guests: Steve Locey, Paul Pelton, Locey & Cahill
Staff: Elin Dowd, Executive Director; Lynne Sheldon, Clerk of the Board; Kylie
Rodrigues, Benefits Specialist, Teri Apalovich, Finance Manager*

* - attended remotely due to extraordinary circumstances

Call to Order

Mr. Hart, Chair, called the meeting to order at 3:31 p.m.

Changes to the Agenda

There was a change to the agenda per Ms. Dowd. She stated Topic 7(c): Audit & Finance Motion to Rescind Resolution: Acceptance that the GTCMHIC No Longer Will Provide a Premium Discount When Making Adjustments Due to Actuarial Value Calculator does not need action, it will only be a discussion at the meeting.

Approval of Minutes of August 16, 2023

It was MOVED by Ms. Drake seconded by Mr. Steve, and unanimously adopted by voice vote by members present and via remotely, to approve the minutes of August 16, 2023, as submitted. MINUTES APPROVED.

Chair's Report

Mr. Hart reminded that the Board of Directors meeting is next Thursday, at Greek Peak and in-person attendance is requested.

Executive Director's Report

Ms. Dowd reported the Consortium currently has two municipalities that will be adding the Medicare Advantage Plan. One is a new municipality that has very low enrollment. Ms. Dowd has reached out to Aetna as to whether they will honor the premiums. She also said that she did not add a 2% administrative fee as she did not advertise as such, and a Resolution will be presented to the Committee in November regarding that administrative change for 2024.

Mr. Dowd said the Consortium is still participating in the audit by the Department of Financial Services (DFS). She said DFS has approved changes to the 2023 Municipal Cooperative Agreement (MCA) and has asked the Consortium to obtain from Municipalities new signatures and a new resolution approving the 2023 MCA again. Once DFS has this information from the Consortium, they will then send the Consortium a new Certificate of Authority. The Consortium will also be sending DFS the 2024 MCA shortly as well, and the Consortium will need to obtain signatures and resolutions for that.

(Mr. Fairbrother arrived 3:41 p.m.)

Ms. Dowd said she spoke with Mr. Schryver, President, from ProAct. He sent an aggressive proposal to the Consortium on the point of purchase discounting, and rebates for 2024, stating it was his best proposal to maintain the Consortium's business. Ms. Dowd said that she didn't want it to go unnoticed, that he asked to speak to the committee today to present the proposal himself. Locey & Cahill reviewed the proposal and said in 75%+ of the cases the Excellus proposal is stronger or equal to ProAct's and did not recommend a change. As such Ms. Dowd advised ProAct that due to the committee processes and the resolution that had already been put forth to the Board, that the Consortium would most likely be moving forward without interruption and transitioning to Excellus for PBM services. There was no opposition to this position.

Ms. Dowd spoke of the Consortium's Slate of Candidates. She said the Consortium is looking to move some meetings around in 2024, so that the Audit and Finance Committees are on the same day, one after the other, and hoping to move Operations Committee to Thursdays on the opposite months of Joint Committee. She said the hope is to have less meetings next year and not have repetitive information at meetings.

Resolution: Adoption of Revised Executive Bylaws to Include the Formation of the "Audit Committee" and "Finance Committee" for the GTCMHIC

Ms. Dowd explained that one of DFS's recommendations was to segregate the Audit and Finance Committee. Since the resolution to segregate the two was passed previously, the Executive Bylaws are also in need to reflect that change. Mr. Hart said the changes specifically enumerate the Audit Committee and Finance Committee separately, and then are described in Article VII as to what their responsibilities are.

RESOLUTION NO. XXX-2023 – ADOPTION OF REVISED EXECUTIVE COMMITTEE BYLAWS TO INCLUDE THE FORMATION OF THE "AUDIT COMMITTEE" AND "FINANCE COMMITTEE" FOR THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM (GTCMHIC) (See Red-lined copy of Bylaws for Changes & Corrections)

MOVED by Mr. Salton, seconded by Ms. Drake. This resolution was unanimously adopted by voice vote of members present, visibly seen members via remote locations due to extraordinary circumstances to approve the following resolution to move forward to the Board of Directors.

WHEREAS, the Executive Committee on behalf of the Board of Directors, approved Resolution 012-2023 which implemented the dissolution of the Audit and Finance Committee and approved the formation of an "Audit Committee" and "Finance Committee".

WHEREAS, as the Consortium continues to grow and improve its structure there will occasionally be amendments proposed to improve how it functions as an organization, now therefore be it

RESOLVED, on recommendation of the Executive Committee, That the Board of Directors hereby adopts the revised Executive Committee Bylaws effective September 21, 2023.

BYLAWS OF THE
GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

EXECUTIVE COMMITTEE
(adopted 12/17/2020; revised 9/21/23)

ARTICLE I

PURPOSE

The Municipal Cooperative Agreement of the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) provides for the creation of an Executive Committee with powers and duties to conduct certain business operations on behalf of the Consortium, as delegated from time-to-time, by the Board of Directors. These Bylaws shall govern the operations of the Executive Committee in carrying out this grant.

ARTICLE II

MEMBERS, QUALIFICATIONS, TERMS OF OFFICE

Section 1. The Executive Committee of GTCMHIC shall consist of at least eleven (11) but no greater than fifteen (15) members (“Members”). The size of the Executive Committee may be increased or decreased by the Board of Directors (the “Board”), in its discretion, within these limits, without need to amend these Bylaws.

Section 2. A full slate of Executive Committee Members shall be elected from its Directors at each Annual Meeting. However, the Board Chairperson, Vice Chairperson, Chief Fiscal Officer, and Secretary shall be automatically designated as Members of the Executive Committee. In addition, the Chairperson of the Joint Committee on Plan Structure and Design (“Joint Committee”), shall also be automatically designated as a Member.

At the Annual Meeting, the Board shall also nominate the Chairs of each of the Standing Committees. Each such Chair shall also automatically be designated a Member of the Executive Committee.

Any vacant undesignated seat may be filled by an At-large member of the Board of Directors.

Section 3. The Nominations and Engagement Committee shall have the responsibility for nominating the full slate of Member candidates, which shall include all automatically-designated and at-large seats. The slate shall then be presented to the Board for approval.

Section 4. In the event that a vacancy occurs on the Executive Committee more than 45 days prior to any Annual Meeting of the Board, the Executive Committee may appoint a successor Member who shall serve until the next Annual Meeting.

Section 5. A Quorum of the Executive Committee shall consist of a simple majority of the fully-constituted Committee (e.g. an 11 Member committee would require a quorum of six (6); a 15 Member committee would require a quorum of eight (8)).

Section 6. The Chair of the Board of Directors may make temporary appointments to committees for quorum purposes. Temporary members only serve until a permanent member arrives. Temporary appointments will only occur when there is not a quorum.

ARTICLE III

COMMITTEE LEADERSHIP

Section 1. The Chair of the Board shall serve as the Chair of the Executive Committee. The Vice Chair of the Board shall serve as the Vice Chair of the Executive Committee.

Section 2. At the Annual Meeting, the Board Nomination and Engagement Committee shall, based on collaboration, outreach, and input from Directors, nominate a Chair for each of the Executive Committee Standing Committees which shall include: (i) **Audit** (ii) **Finance** (iii) Operations, (iv) Nominations and Engagement, (v) Claims and Appeals, and (vi) such additional committees as the Executive Committee may, from time to time, create through amendment to these Bylaws. The Standing Committee Chairs shall be nominated as part of the full slate of candidates for the Executive Committee, and, once elected, shall automatically be designated members of the Executive Committee. The Executive Committee has the authority to create temporary, ad-hoc committees as may be needed; but Chairs of these committees shall not be Members of the Executive Committee.

Section 3. Unless appointed as a voting member, the Chair of the Executive Committee shall serve as a non-voting ex-officio member of each Standing Committee.

ARTICLE IV

RESIGNATION, VACANCY

Section 1. Any Member may resign from the Executive Committee at any time by delivering a resignation in writing to the Chair. Such resignation will be effective upon delivery without regard to its acceptance.

Section 2. Should any Member cease to be a Director of the Consortium Board or otherwise cease to be qualified to serve in that capacity, he/she shall automatically cease to be a Member of the Executive Committee and the resulting vacancy shall be filled as provided in Article II, Section 4.

ARTICLE V

TERM LIMITS FOR OFFICERS AND STANDING COMMITTEE MEMBERS

Term limits shall be in place as follows and effective based on any full term starting on or after January 1, 2022.

- Operations, **Audit**, **Finance**, Nominations and Engagement, and the Claims and Appeals Committee membership – limit of three consecutive full two-year terms.
- Chairs of Standing Committees – limit of five one-year terms.
- Officers and Executive Committee Members – limit of five consecutive full one-year terms.

- Once a Chair of the Board has reached their term limit, they may continue to serve on the Executive Committee in an At-large seat for up to five consecutive one-year terms.

- Once an officer or committee member has termed out, there shall be a waiting period of one full year before becoming eligible to serve as a committee member and two full years before being eligible to serve as an officer.

By majority vote of the total number of Directors (including any unfilled seats), the Executive Committee may waive this term limit provision when necessary to maintain fully-constituted committees other than the Executive Committee. Action by the Board of Directors shall be required to waive terms limits for appointments to the Executive Committee.

ARTICLE VI

RULES OF PROCEDURE

Section 1. The Chairperson shall preside at all meetings and, in his or her absence, the Vice-Chair shall preside.

Section 2. Provided a quorum is present, the Executive Committee shall act by an affirmative vote of a majority of the fully-constituted Executive Committee. Physical presence or videoconferencing participation is required to satisfy the quorum threshold.

Section 3. The Executive Committee shall have at least four (4) quarterly meetings each year.

Section 4. Special meetings may be called by the Chair or by any two Committee members.

Section 5. Dates for the Executive Committee meetings will be established during the Annual Meeting. Meeting dates of the Executive Committee meetings will be published on the GTCMHIC website.

Section 6. Notice of special meetings may be delivered to each Member of the Executive Committee or given orally, in person or by telephone or email, one (1) day prior to the date of such special meeting or may be mailed to the business or home address of each member of the Executive Committee at least three (3) days prior to the date of such special meeting. Waivers of notice may be signed prior to, at or subsequent to any such meeting, by any Member failing to receive a proper notice. At such a special meeting no business shall be considered other than that expressly designated in the notice, but if all the Members of the Executive Committee are present at the special meeting, with or without notice thereof, any and all business may be transacted at such special meeting.

Section 7. The basic rules of Parliamentary Procedure shall be followed for meetings of the Executive Committee.

ARTICLE VII

COMMITTEES

Section 1. The Executive Committee shall operate with standing committees as defined and described below. Standing committee members shall be appointed by the Board for specified terms.

Standing committee membership will include Directors and may include other persons, as deemed as necessary. The structure and membership of standing committees shall be established by Resolution of the Board. Standing committees will work in collaboration with the Executive Director to develop and recommend policies which shall be submitted to the Executive Committee.

Section 2. Audit Committee: The Audit Committee will review audit filings, audit policies and procedures to be sure that the Consortium is in compliance with Article 47 and the Certificate of Authority and establish a list of all reports due to the Board and regulators and the process and timeline to insure accurate and timely reporting.

Section 3. Finance Committee: The Finance Committee will recommend a budget, recommend premium rates, review Jurat reports, recommend reinsurance and retention policies, and appropriate reserve levels in compliance with a municipal health care organization and any necessary policy and procedures relative to being fiscally prudent stewards of the organizations funds and assets.

Section 4. Operations Committee: The Operations Committee is responsible for oversight of Consortium operations and charged with review and oversight of any policies impacting the overall well-being of the organization. The Operations Committee may recommend changes to improve the efficiency of the organization's practices, policies, procedures, and the organizational structure, including personnel and staffing needs.

Section 5. Joint Committee on Plan Structure and Design: The Joint Committee shall review all prospective Board actions in connection with the benefit structure and design of the Plan(s), and shall develop findings and recommendations with respect to such matters.

Section 6. Nominations and Engagement Committee: The Nominations and Engagement Committee shall be responsible for presenting a slate of recommended Officers and Executive Committee members at the annual Board of Directors meeting for approval. The Committee will assist the Executive Committee in engaging Directors in finding meaningful ways to contribute to the organization, especially through the consideration of succession and long-term planning.

Section 7. Claims and Appeals Committee: The Claims and Appeals Committee will hear all appeals that come to the Board of Directors for action and recommend a determination to the Board. This Committee will also monitor claims data and trends and oversee all annual third-party administrator claim audits.

Section 8. Ad-Hoc Committees: The Executive Committee has the authority to create temporary, Ad-hoc committees as may be needed, with specific duties and terms. The Chair of any Ad-hoc committee shall not be a member of the Executive Committee, unless they are otherwise an at-large member of the Executive Committee.

ARTICLE VIII OPERATING BUDGET

Section 1. The objective of the GTCMHIC operation budgeting process is to provide for the insurance needs of its Participant enrollees and financial security to cover its liabilities. Each annual budget shall be carefully created to account and provide for: (i) projected claims, fees and taxes, (ii) funding of services provided by contractors and third-party administrators, (iii)

maintenance of all reserves, including those required by statute, (iv) purchase and maintenance of stop-loss insurance, and (v) a proper account of all major sources of revenue. The budget

shall be created in a form and a time sufficient to provide all parties with the necessary information for more effective planning and decision making.

Section 2. The following shall apply to the budget development process:

- (a) The Executive Director shall have the overall responsibility for overseeing the preparation of a recommended preliminary annual budget, in collaboration with Consortium consultants, the **Finance Committee**, and the **Finance Manager**.
- (b) The Finance Committee shall be responsible for the development of a preliminary annual budget and 5-year pro-forma analysis to be presented to the Executive Committee.
- (c) The preliminary budget shall be designed to reflect the Executive Committee's policies and objectives. It shall be approved by the Executive Committee for dissemination to the Board of Directors.
- (d) The Preliminary Budget shall be disseminated to the Board of Directors four (4) weeks in advance of the Board of Directors Annual meeting along with a detailed narrative of the essential elements of the budget and 5-year pro-forma analysis.

Section 3. Approval of Budget and Premium Equivalent Rates: The budget and premium equivalent rates for the ensuing fiscal year shall be thoroughly reviewed by the Board before its final adoption. The budget shall be adopted by majority vote of the Board of Directors at the Annual meeting.

Section 4. Budget Implementation: The administration of the annual budget shall be the responsibility of the Executive Director in consultation with the **Finance Committee**, Chief Financial Officer, and **Finance Manager**. Under the direction and control of the Executive Director, and in consultation with the **Finance Manager**, as needed, funds may be expended within budgetary appropriations without prior approval of the Executive Committee. Extra budgetary expenditures for discretionary expenses or unexpected expenses not accounted for in the budget, greater than a 10% change for any line item, shall require the approval of the Executive Committee, after review and recommendation of the **Finance Committee**.

ARTICLE IX

INDEMNIFICATION

The GTCMHIC shall defend and indemnify any committee member who is subject to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative relating to, or arising out of, his/her responsibilities relative to his/her position or activities on behalf of the Consortium. The provision of such defense and indemnity is contingent upon the provision of prompt notice to the Board of the threatened, pending or completed action, suit or proceeding. The Board, in its discretion, can refuse to provide such defense and indemnity if it determines that the claims against the individual have been initiated as a result of his/her bad faith, self-dealing, willful misconduct, or recklessness.

ARTICLE X
CONDUCT AND CONFLICT OF INTEREST POLICY

All committee members are bound by their membership to follow GTCMHIC Code of Conduct and Conflict of Interest Policy while performing their duties and the Consortium expects all committee members to avoid any personal, financial or other interests that might hinder their capability or willingness to perform their responsibilities.

ARTICLE XI
AMENDMENTS

These Bylaws may be amended or repealed only at a meeting of the Board for which at least ten (10) days written notice has been previously given to all of the members, and such notice expressly states that the meeting is called to consider certain amendments to the Bylaws of the Executive Committee in addition to such other regular business as may come before the Executive Committee.

Committee Reports/Resolutions

Nominations and Engagement:

Resolution: Creation of 2024 Committee Structure and Appointments of Members

Mr. Fairbrother referenced the resolution of names for the creation of our 2024 Committee Structure and Membership Resolution.

RESOLUTION NO. XXX-2023 – CREATION OF 2024 COMMITTEE STRUCTURE AND APPOINTMENTS OF MEMBERS

MOVED by Mr. Salton, seconded by Ms. Drake. This resolution was unanimously adopted by voice vote of members present, visibly seen members via remote locations due to extraordinary circumstances to approve the following resolution to move forward to the Board of Directors.

WHEREAS, the Board of Directors at its Annual Meeting established a Committee structure and appointed members to the Consortium's standing committees, and

RESOLVED, upon recommendation of the Consortium's Nominations and Engagement Committee, That the Executive Committee, on behalf of the Board of Directors, hereby appointments the following committee structure and membership to 2024 committees effective January 1, 2024:

EXECUTIVE COMMITTEE:

To be elected at annual meeting along with Chairs of standing committees.

MEMBERSHIP: Seats to be filled by Directors; 11-15 Members; one-year terms MEETINGS (subject to change): Bimonthly beginning in January on 3rd Wednesday

1. Board Chair (Hart)
2. Board Vice Chair (Holmes)
3. Chief Financial Officer (New Hire)
4. Secretary (Salton)
5. JCPSD Chair (DeVoe)
6. AFC Chair/At-large (Ray Bunce)
7. Operations Chair (Granger)
8. Nominations and Engagement Chair (Mutchler)
9. Claims and Appeals Chair (Shattuck)
10. At-large (Snow)
11. At-large (Vacant)
12. At-large (Steve)
13. Past Chair (Drake)

STANDING COMMITTEES:

Audit Committee

CHARGE: The Audit Committee shall be responsible to review audit filings, audit policies and procedures to be sure in compliance with Article 47 and the Certificate of Authority; establish a list of all reports due to the Board and regulators and the process and timeline to insure accurate and timely reporting.

MEMBERSHIP: Seats may be filled by Directors; 3 members-5 members; two-year staggered terms MEETINGS (subject to change): Monthly; 4th Tuesday

Terms Expiring 12/31/25

1. Judith Drake (Chair)
2. Mark Emerson
3. Tanya DeGennaro
4. Chad Hayden
5. Mary Bouchard

Finance Committee

CHARGE: The Finance Committee shall be responsible to recommend a budget, recommend premium rates, review Jurat reports, recommend reinsurance and retention policies, and appropriate reserve levels in compliance with a municipal health care organization and any necessary policy and procedures relative to being fiscally prudent stewards of the organizations funds and assets.

MEMBERSHIP: Seats may be filled by non-Directors; 9 members; two-year staggered terms MEETINGS (subject to change): Monthly; 4th Tuesday

Terms Expiring 12/31/24

1. Scott Steve

2. Eric Snow
3. Bud Shattuck

4. Peter Salton
5. Kate DeVoe (Labor)

- Terms Expiring 12/31/25
6. Judith Drake (Chair)
 7. Kerry Manion
 8. Amanda Anderson
 9. Rordan Hart (Vice Chair)

Operations Committee

CHARGE: The Operations Committee is responsible for oversight of Consortium operations and charged with review and oversight of any policies impacting the overall well-being of the organization. The Operations Committee may recommend changes to improve the efficiency of the organization's practices, policies, procedures, and the organizational structure, including personnel and staffing needs.

MEMBERSHIP: Seats may be filled by non-Directors; 8 members with two-year staggered terms
MEETINGS (subject to change): Bi-monthly beginning in January; 4th Monday

Terms Expiring 12/31/24

1. Ruby Pulliam
2. Laura Granger (Chair)
3. Schelley Michell-Nunn
4. Janine Bond
5. Judith Drake (Vice Chair)
6. Rita McCarthy
7. Brian Weinstein (Labor)

Terms Expiring 12/31/25

8. Kerrie Fusco
9. Sunday Earle
10. Mark Emerson

Nominations and Engagement Committee

CHARGE: The Nominations and Engagement Committee will assist the Executive Committee in engaging Directors in finding meaningful ways to contribute to the organization especially through the consideration of succession and long-term planning. The Committee shall:

1. Be responsible for presenting a slate of recommended Officers, Committee Chairs, and At-Large Executive Committee members at the annual Board of Directors meeting;
2. Be responsible for presenting a slate of recommended Nomination and Engagement Committee members;
3. Recommend to the Executive Director engagement strategies with:
 - a. the work of committees;
 - b. disseminating information ahead of and at the annual meeting in an interactive model and insuring a super-majority attendance at annual meeting; and
 - c. long-term leadership succession planning.

Membership: Seats may be filled by non-Directors; 5 Members with two-year staggered terms
MEETINGS: Approximately 4x/year.

Terms Expiring 12/31/24

1. Gary Mutchler, Chair
2. Vacant
3. Kate DeVoe, Labor

Terms Expiring 12/31/25

4. Judith Drake
5. Rordan Hart

Claims and Appeals Committee

CHARGE: The Claims and Appeals Committee will hear all appeals that come to the Board of Directors for action and recommend a determination to the Board. This Committee will also monitor claims data and trends and oversee all annual third-party administrator claim audits.

Membership: Seats may be filled by non-Directors; 5 Members with two-year terms
MEETINGS: As needed (2-4x/year)

Terms expire 12/31/24

1. Don Fischer, Vice Chair
2. Tanya DiGennaro
3. Vacant (Labor)
4. Mike Murphy

Terms expire 12/31/25

5. Bud Shattuck, Chair
6. Donna Dawson
7. Tom Brown

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Joint Committee on Plan Structure and Design

CHARGE: The JCPSD reviews all prospective Board actions in connection with the benefit structure and design of the Plan and develops findings and recommendations with respect to such matters. Committee may also consider wellness-related initiatives.

Membership: Each Participant and each labor group shall have one voting seat each. Quorum determined by Committee; No set terms.

MEETINGS (subject to change): Bi-monthly (beginning in February)
Chair and Vice Chair – to be selected by the membership of the JCPSD as outlined in the Committee’s Bylaws.

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Resolution: Election of 2024 Consortium Officers

Mr. Fairbrother referenced the resolution for names of the 2024 Consortium Officers.

RESOLUTION NO. XXX-2023 – ELECTION OF 2024 CONSORTIUM OFFICERS

MOVED by Ms. Drake, seconded by Ms. Granger. This resolution was unanimously adopted by voice vote of members present, visibly seen members via remote locations due to extraordinary circumstances to approve the following resolution to move forward to the Board of Directors.

RESOLVED, on recommendation of the Nominations and Engagement Committee, That the Board of Directors elects the following individuals to serve from January 1, 2024 through December 31, 2024 in the roles as follows:

- Chairperson - Rordan Hart
- Vice Chairperson – Lisa Holmes
- Chief Financial Officer – City Controller of the City of Ithaca
- Secretary – Peter Salton

Claims and Appeals:

Mr. Shattuck, Chair, did not have anything to report to the Committee at this time.

Audit and Finance Committees:

2024 Budget Presentation:

[Click here for: Locey & Cahill's 2024 Budget Presentation](#)

Locey & Cahill presented their 2024 Budget Presentation with the following 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 2024 Fiscal Year, is \$3,327,881.12. 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 \$8,197,540.25 for the 2024 Fiscal Year.
3. Continue to evaluate the specific stop-loss insurance policy which recently increased the deductible to \$1,000,000 as of the 2021 Fiscal Year and maintain the Catastrophic Claims Reserve at an amount equal to \$4,500,000.00 for the 2023 Fiscal Year and adjust based on the Board Resolution for funding. 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. Utilize a portion of the Claims/Rate Stabilization Reserve, reducing it to 2.5% of 2024 estimated paid claims (\$1,707,820.89). These funds are projected to be restored over the next four budget cycles. It is important

to remember that this reserve fund was designed for this exact purpose of mitigate larger than desired premium rate increases.

5. Continue to negotiate reasonable increases to the administrative fees paid to Excellus BlueCross BlueShield as part of the annual renewal process.

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 an 8.0% increase in premiums for the 2024 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$616,275 for the 2024 Fiscal Year.

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 an 8.0% increase in overall premium revenue. Our goal is to have steady/moderate premium growth over the next several fiscal periods. To accomplish this, we are recommending the short-term use of a modest amount of fund balance and reserves to mitigate premium increases for 2024.

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Resolution: Annual Premium Increase, Target and Utilization of the Rate Stabilization Reserve

Mr. Hart stated that this resolution will determine when the rate stabilization reservation will be used by the Consortium. He said this resolution will accomplish this by stating if the Consortium's regularly developed budget requires a premium increase greater than 8%, the rate stabilization reserve will be utilized. He said the goal is to keep the increase at 8%. He also said the Resolution states because it will be used this way, it will raise the rate stabilization reserve amount to 10% of annual premiums. He said when a year is flush, the Consortium will try to increase the rate stabilization reserve up to the larger number.

Mr. Hart noted that the Audit and Finance Committee had met the previous day and had also discussed this reserve. The Committee agreed when the Consortium's future years are very well, this will set guidance for future board members to understand the importance, and not be tempted by the possibility of having premium increases of zero. Mr. Hart said adding this

Resolution, the Consortium will now have guidance for every reserve fund, the unencumbered balance, and premium targeting from one year to the next year.

RESOLUTION NO. XXX-2023 – Annual Premium Increase Target and Utilization of the Rate Stabilization Reserve

MOVED by Mr. Shattuck, seconded by Mr. Snow, the resolution was adopted by voice vote of members present, and visibly seen members via remote locations due to extraordinary circumstances. (VOTE: 1 NAY, 0 Abstentions, Resolution Carried)

WHEREAS, Resolution No. 019-2014 adopted the 2015 Budget and established a Rate Stabilization Reserve at \$1.64 million “to protect the cash flow position of the Consortium should there be a year when claims cost exceed the prediction”; and

WHEREAS, The Rate Stabilization Reserve was updated to be funded at 7.5% of annual premiums with Resolution No. 034-2019; and

WHEREAS, It is the desire of the Audit and Finance Committees to define when and how the Rate Stabilization Reserve should be utilized and subsequently refunded; and

WHEREAS, It is the desire of the Audit and Finance Committees to refer to said resolution on an annual basis or deemed necessary during the yearly budget process, and shall approve any revisions by formal resolution; now therefore

BE IT RESOLVED, on recommendation of the Audit and Finance Committees, and the Executive Committee, that the Board of Directors authorizes the establishment of an Annual Premium Increase Target of 4% - 8%; and be it further

RESOLVED, that Resolution No. 034-2019 is amended to set a target for the Rate Stabilization Reserve of 10% of annual premiums; and be it further

RESOLVED, that when budgeted premium increases exceed 8%, a budget will be developed that funds the Rate Stabilization Reserve at a level less than the 10%-of-premium target, but no lower than 2.5%-of-premium level, with the goal of meeting all other budget requirements as outlined in Resolution No. 015-2020; and be it further

RESOLVED, that when the Rate Stabilization Reserve is funded below the 10%-of-premium target, the budget that is developed as a result will be created to support returning to the 10%-of-premium target funding level in subsequent years and as quickly as possible; and be it further

RESOLVED, that on behalf of the Audit and Finance Committees, and the Executive Committee, that the Board of Directors authorizes the Greater Tompkins County Municipal Health Insurance Consortium to set an Annual Premium Increase Target and Utilization of the Rate Stabilization Reserve as listed.

Discussion: Rescind Resolution: Acceptance that the GTCMHIC No Longer Will Provide a Premium Discount When Making Adjustments Due to Actuarial Value Calculator

A discussion was held regarding the rescind of the Resolution: Acceptance that the GTCMHIC No Longer Will Provide a Premium Discount When Making Adjustments Due to Actuarial Value Calculator at yesterday's Audit and Finance Committee meeting.

Mr. Hart reported that last month the Audit and Finance Committees resolved to bring this Resolution to the Executive Committee. The Resolution includes when the Consortium makes an actuarial value calculator change to the metal level plan, especially downwards, a commensurate change to premium would not be done. Mr. Hart said that there was some concern from Locey & Cahill, that the Consortium may not want to do this. The discussion at yesterday's Audit and Finance Committees said it would make more sense to wait until the Consortium has completed the Metal Level Plan premium study that Locey & Cahill is conducting. Mr. Hart also said at yesterday's Audit and Finance meeting, a vote was passed to rescind this resolution and wait for the study.

Mr. Locey spoke regarding his concerns about the Resolution. He said looking back at Excellus' history, they have rated all their different metal level plans, and the increases are reflective that the Gold, Silver, and Bronze have had significant plans changes, more upfront costs, such as deductible, which impacts the members using the program. He said they looked at fairness and equitability. Their conclusion was if a member is in a plan and their out of pocket remains flat, and asking another member to pay significantly more out of pocket than others, there may be some negative feedback.

Mr. Locey said there also have been many conversations when the Metal plans were first introduced to the Joint Committee, which includes union groups. He said the Consortium discussed with the Joint Committee that there would be a process with the actuarial value. He also added every time the Consortium makes a change to the benefit plan, there is some kind of commensurate offset in the premium, which has historically been done. He said there is concern that there could be past practice issues from the labor perspective having negotiated one of these programs, and if the Consortium stops this practice, there may be some issues.

Mr. Hart said the Audit and Finance Committees discussed that this is not a large dollar amount, but next year's adjustment could have a much more significant impact.

Ms. Drake questioned when Locey & Cahill will be finishing the Metal Level Study. Mr. Locey said by the end of September. Ms. Dowd said the report will be brought to the Executive Committee, but Audit and Finance will also have a role in reviewing.

RESOLUTION NO. XXX-2023 – Adoption of Budget, Premium Rates, and Reserve Amounts for 2024

MOVED by Mr. Salton, seconded by Mr. Shattuck, the resolution was adopted by voice vote

of members present, and visibly seen members via remote locations due to extraordinary circumstances. (VOTE: 1 NAY, 0 Abstentions, Resolution Carried)

WHEREAS, the Audit and Finance and Executive Committees have had detailed discussions and have considered the Consortium's 2024 budget and premium rates, and

WHEREAS, the Board of Directors has adopted a policy that provides guidance on targets for net income, fund balance, and both statutory and discretionary reserve levels, in addition to creating a mechanism by which excess net income/fund balance can be returned to members, and

WHEREAS, the 2024 proposed budget reflects the adopted budget guidelines (Resolution No. 015-2020) as follows:

- Maintain Incurred But Not Reported Claims Reserve at 12% of total claims;
- Maintain the Surplus Account at 5% of the annual premium of the Consortium in compliance with §4706(a)(5) of the New York State Insurance Law;
- Fund the Rate Stabilization Reserve at a level less than the 10%-of-premium target, but no lower than 2.5%-of-premium level,
- Set Catastrophic Claims Reserve to 2023 beginning balance of \$4,808,739.38 plus any earned interest and Stop Loss Insurance premium savings (between \$600,000 policy and the \$1,000,000 policy costs) in 2023 less any large claims between \$500,000 and \$1,000,000 for 12 months of 2023.
- If unencumbered fund balance goes less than 12% of expected premium, it will be returned to nothing less than 12% of expected premium by year four of the annual proforma calculation;
- Set the annual budget to accomplish a zero to two percent (2%) net income level; and
- Increase Premium Revenue by 8% in 2024 across all benefit plans, except for the Silver and Gold Plans which will be a Premium Revenue Increase of 6.89% and 6.83% respectively; now therefore be it

RESOLVED, on recommendation of the Audit and Finance and Executive Committees, That the Consortium's attached 2024 budget including premium equivalent rates and reserve amounts are hereby adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors.

Operations

Ms. Granger, Chair, did not have anything to report to the Committee at this time.

Joint Committee on Plan Structure and Design

Ms. DeVoe, Chair, reported that the Joint Committee discussed changes and voted regarding the Silver and Gold plans. She reported that discussions regarding the EAP and Wellness Program activities took place.

Future Agenda Topics

Premium Equivalent Rates
Tiers Project
Annual Resolution Setting Wages

Adjournment

The meeting was adjourned at 4:48 p.m.

Respectfully submitted by Lynne Sheldon, Clerk of the Board

Next Meeting: October 18, 2023