

Greater Tompkins County Municipal Health Insurance Consortium

Executive Committee

Minutes – APPROVED

August 21, 2024 – 3:30 p.m.

GTCMHIC Headquarters – 408 East Upland Road, Ithaca, NY

Present: Rordan Hart (Executive Committee Chair); Wendy Cole (At-Large); Judy Drake (Audit and Finance Committees Chair); Bud Shattuck (Claims and Appeals Committee Chair); Amie Hendrix (At-Large) (arrived 3:30 pm – excused 3:43p); Lorrie Scarrott, Tompkins County (appointed CFO for GTCMHIC); Ray Bunce (At-Large) (arrived 3:43p)

Present via remote: Kate DeVoe (Joint Committee Chair); Peter Salton (Secretary)

Excused: Lisa Holmes (Executive Committee Vice-Chair); Laura Granger (Operations Committee Chair); Gary Mutchler (Nominations & Engagement Committee Chair)

Absent: Scott Steve (At-Large)

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

* - Due to extraordinary circumstances - attended remotely

Call to Order

Mr. Hart, Chair, called the meeting to order at 3:33 p.m.

Changes to the Agenda

Ms. Dowd expressed two changes to the agenda: She said she would like to move the financial update up into the Executive Director Report and there was a slight wording update to the Resolution: New York State Mandated Insulin Copays Adjustments (included in the meeting email reminder).

Approval of Minutes of July 17, 2024

It was MOVED by Ms. Drake, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members present and via remotely due to extraordinary circumstances, to approve the minutes of July 17, 2024. MINUTES APPROVED.

Chair's Report

Mr. Hart reported he did not have anything specific other than the topics on the agenda.

Executive Director's Report

Ms. Dowd referred to her formal written August Executive Director Report as a reference and noted that she will be presenting a PowerPoint on several topics at the following evening's Board of Directors Education Meeting. (August 22, 2024)

Ms. Dowd reported that a Freedom of Information Law (FOIL) request was received from Ballard Spahr, which is a law firm located in Washington, DC. She said Ballard Spahr represents the partnership for safe medications and they requested any correspondence reports, etc., that the Consortium has had with CanaRx back to June of 2022. She said they were also looking for medications that have been distributed, along with the cost of those medications.

Ms. Dowd said that the Consortium had their attorney, John Powers, look at the initial request who advised the Consortium to send the information they were looking for. Ballard Spahr has since filed an appeal to the Consortium's Board Chair stating that the Consortium has access to information that we did not provide to them. They stated other municipalities that they have been requesting this information from have been sending their invoice along with backup containing the prescriptions and their cost. The Board Chair suggested the Consortium review the appeal with the Consortium's municipal attorney, Guy Krogh, who is in the process of writing a response. Ms. Dowd explained that the Consortium's invoice contains information that would be a Health Insurance Portability and Accountability Act (HIPAA) conflict. She said she will keep the committee updated on any responses received from Ballard Spahr and the appeal.

Ms. Dowd reported that New York State has mandated new regulations for insulin. She said that the Joint Committee has been notified and aware of the changes.

Ms. Rodrigues said last year the mandate was for a hundred-dollar copay for a 30-day fill, which all the Consortium plans were following already. All co-pays will now be suspended as per NYS update effective January 1, 2025.

RESOLUTION NO. 024- 2024- NEW YORK STATE MANDATED INSULIN COPAYS ADJUSTMENT

MOVED by Ms. Drake, seconded by Mr. Salton, the resolution was adopted by voice vote of members present, and visibly seen members via remote locations due to extraordinary circumstances.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium ("Consortium") operates as a municipal cooperative health benefits plan pursuant to a Certificate of Authority issued by the New York State Department of Financial Services in accordance with Article 47 of the New York State Insurance Law ("NYIL"), and

WHEREAS, the Consortium offers various health insurance plans which include pharmaceutical ~~plan~~ benefits at various member cost share and copay levels for prescription insulin medications, and

WHEREAS, pursuant to Part EE of Chapter 58 of the Laws of 2024 ("Chapter 58"), NYIL has been amended to prohibit cost sharing for insulin, and provides that an insured shall not be

subject to a deductible, copayment, coinsurance, or any other cost sharing requirement for the purchase of insulin, effective January 1, 2025, therefore now let it be

RESOLVED, on recommendation of the Consortium's Executive Committee, that the Board of Directors, consistent with past practice and as required by the New York State Department of Financial Services in accordance with Article 47 of the NYIL, update all Consortium health plans to remove any member cost share for insulin benefits, effective January 1, 2025, in compliance with New York State mandated benefits.

Ms. Dowd said that tomorrow evening the Consortium will be holding a remote Board of Directors Educational meeting. She said it is an opportunity for Board members to see the 2025 budget for the first time and an opportunity to ask questions about all the changes.

Ms. Dowd announced that the Consortium will be holding the yearly September Board of Directors luncheon meeting on September 26th. She said the Consortium is trying a new approach to reach quorum as last year was very difficult. She said staff is sending postcards out to every director this year. She stressed the importance that if a director could not attend, to please send the alternate.

Financial Update

Ms. Apalovich presented an update on cash flow and decision making with Wilmington Trust and NYCLASS. She said the Consortium's weekly claims are \$1.42M and average weekly revenue right now is \$1.36M a week, which is presenting a struggle for cash flow. She said this does not include any other expenses such as administrative fees, stop loss, or covered lives. She also shared at the end of August; a large investment bond is coming due, where the Consortium will be moving money out of Wilmington Trust into NYCLASS. Ms. Apalovich said the required funding for the Surplus and IBNR reserves will remain in Wilmington Trust.

Ms. Dowd said the Consortium is seeing a higher return from these notes, so there will be some additional interest because of that, which will be reinvested.

MCA 2025 Recommended Changes (Red-Lined copy presented to committee members)

Ms. Dowd said that staff has been working judiciously on the Municipal Cooperative Agreement (MCA). She said the Consortium has been working with Locey & Cahill and

the Consortium's attorney, John Powers, to ensure changes the Consortium is making are sound, include historical context of importance stays, and the reason it was included.

MCA 2025 Recommended Changes include:

- Clearing up redundancies and consistent wording, due to several authors over the years
- Articulation of action taken to reflect the change of the Chief Fiscal Officer transfer from the City of Ithaca to Tompkins County
- Move to majority vote instead of 2/3 on almost all voting aspects except for dissolution, and expulsion.

Ms. Dowd said the next steps with the MCA include sending the draft to the Department of Financial Services (DFS), prior to the Board of Directors meeting. Once DFS reviews and submits their approval, a resolution will go to the Board, and then sent on to all municipalities for their approval by the end of 2024.

Executive Committee

Mr. Hart reported the Executive Committee did not have any resolutions to consider today.

Nominations and Engagement Committee

Ms. Dowd reported for Mr. Mutchler who was excused from the meeting. A red-lined slate of candidates was presented to members indicating the seats that will be vacant or filled in 2025. Ms. Dowd said that the Consortium is looking to fill labor seats and will be reaching out to various members of the Joint Committee. She said a flyer will be presented at the educational meeting to ask for volunteers to fill other committee's open seats.

Claims and Appeals Committee

Mr. Shattuck reported the Claims and Appeals Committee did not have any items up for discussion at this time.

Audit and Finance Committees

Discussion: Acceptance of New Member Applications

Ms. Drake announced the Finance committee has approved 13 entities to join the Consortium. These new entities will bring 921 covered lives. She said there are two additional entities (Town of

Seneca Falls and Village of Elmira Heights) that plan to begin in 2025, but the Consortium is still awaiting final paperwork from them. Ms. Dowd also added the Consortium has closed the application process for 2025; however, is still receiving calls from potential entities interested in joining in 2026.

Discussion: 2024 Fiscal Year & 2025 Budget Discussion

Ms. Drake said the Finance Committee had a thorough discussion on what they believe the Consortium should be for percentage increases. Locey & Cahill provided and presented an 87-page PowerPoint presentation, along with spreadsheets that included, but not limited to:

- Financial Report and 2025 Budget Presentation
- Budget Summary with claims trend adjusted by 0.25% for 2026-2029 (Medical 6.25% & Rx 9.25%)
- Budget Summary with claims trend adjusted by 0.50% for 2026-2029 (Medical 6.50% & Rx 9.50%)

Ms. Drake said currently the committee is looking at a 13.5% increase and then looking at the years out with the percentage going down. Mr. Locey explained the Consortium is hitting a cycle where not only have our claims spiked up a little bit, but overall inflation for healthcare has increased significantly. He said many companies are talking about an 8% increase or higher for next year, and insurance companies on the community rated side, are planning a mid-to-high double-digit range.

Mr. Locey also said that the Consortium is feeling a strain on cash flow that is also pushing the Consortium to the numbers reflected. He said that in terms of modeling going forward, Locey & Cahill looked at their full trend model for the Consortium: 7-year trend and 5-year trend. He said the 5-year trend pushes the over 6% of medical and just below 9% on drug.

Mr. Hart said Locey & Cahill's claims trend is useful as it shows what the Consortium's experience is. He said one of these sheets shows an additional, either quarter or half percentage point, trending above what they calculate. He said his thought being that going forward, at least for the next several years, that Locey & Cahill adjust their trending number every year half a percentage point more to need replenish bottom line numbers. He also said if healthcare inflation continues the Consortium can start to build against that, but it's a start. Mr. Hart also said that the Consortium should re-address the 12% target for unencumbered balance. He said with the current cash flow considerations, the minimum unencumbered balance target number should be at 20%. He said anytime the Consortium is over, the 20% can be reduced aggressively. He said in addition to the 10% numbers in rate stabilization and catastrophic claims, the idea being 10 years from now, if the Consortium has to have a couple of good years between now and then, the Consortium can replenish all the bottom lines.

Ms. Drake said she would like to point out that the 13.5% just barely places the Consortium in the black, and not much in the unencumbered, although working on the claims, rate stabilization, and the catastrophic claims fundings. She said it's still important not to produce a budget that starts in the red.

Mr. Salton said he is struggling with how the Consortium predicts year to year. He said if the Consortium is keeping membership or revenue the same, therefore, expenses are the same. He asked Locey & Cahill if RX rebates are expected to be relatively high in the future and questioned what other experience Locey & Cahill has with other organizations they work with.

Mr. Locey said the projections are a target for planning purposes. He said given the population, Locey & Cahill has given the benefits that are in place, and where the Consortium is from a cost perspective. He said the best they can project is what they think the rate increases are going to be going forward. He said if they add population, and rates are adequate, it shouldn't be an issue, as every person added in claims, should add enough in premium.

Mr. Locey added that Excellus BCBS has increased their guarantee for next year that RX rebates should go up next year, and then he is not certain beyond that. However, he said based on what they have seen from other clients over the last 4 or 5 years, the Consortium should see a relative increase on prescription drug rebates.

Mr. Locey also said that one item the Consortium will need to address, especially as the Consortium continues to grow and evolve, is to look back at policies in terms of when individuals join the Consortium as to how many plans and to eliminate some of the adverse selection. He said the Consortium doesn't have much, but looking ahead at smaller municipalities coming in, because stability and size, it's important to look at those elements.

Ms. Rodrigues said some of the Consortium's large municipalities this year, have negotiated new contracts where their union groups are moving into metal level and off the classic blue indemnity plans. She said this will be something to look forward to in 2025, which will affect the Consortium's revenue.

Mr. Locey said one item that is different this year is that the Consortium has such a large population that is not moving from higher cost plans to lower cost plans. He said the rate increase will be more commensurate with a revenue increase than it has been in the past. He said historically, the Consortium's premium rate increases, have not equaled revenue produced.

Ms. Drake said that the Consortium currently has a resolution that states the Consortium is going to discount the metal level plans. She said this would be a good year to bring that resolution back up for some conversation.

Ms. Apalovich asked members to consider increasing the percentage from 13.5% to 14%. Mr. Hart said that he was not opposed with the 14%. He said there are many issues that the Consortium's best interests are not always aligned with the municipal members, and this isn't one of them. He said if Excellus gets their 19% approval, that puts the Consortium 5% below them.

Ms. Drake said she was also okay with the 14%. She said she hears what it's going to do to the municipalities. She said Locey & Cahill had given information a few meetings ago indicating if we had stayed platinum with Excellus, what our rates would have been versus staying with the health consortium where our rates are. She said that's a major informational piece that must be shared.

Ms. Rodrigues said the Consortium includes information at benefit trainings, comparing what the Excellus comparable plans are to the Consortium. She said that information is given to all the benefit clerks heading into their open enrollment so they can share that information if they have employees with questions.

Ms. Dowd instructed that whatever percentage the committee decides today, Locey & Cahill will update the presentation and will go through it in detail at the Education Session tomorrow evening. Mr. Salton and Mr. Bunce also expressed agreement with the increase to 14%.

Operations Committee

Ms. Granger is excused from today's meeting. Ms. Dowd said the committee did not have any items to discuss.

Joint Committee on Plan Structure and Design

Ms. Rodrigues said the Consortium did not need to make any changes to metal level plans due to the actuarial value calculations for this year. She said the Consortium did evaluate some of the benefits on the metal level plans. Ms. Dowd said a cost analysis was prepared to show there will be zero-to-minimal cost impact of adding these changes to expected premium rates.

RESOLUTION NO. 025-2024 – Amendment to Resolution 018-2020 - Metal Level Plan Benefits for 2025

MOVED by Ms. Drake, seconded by Mr. Bunce, the resolution was adopted by voice vote of members present, and visibly seen members via remote locations due to extraordinary

circumstances.

WHEREAS, the Consortium continually seeks to increase access to care for all their members and wants to remain competitive with existing Excellus plans as we market new members, therefore

WHEREAS, the Consortium would like to further promote the usage of telemedicine which can provide comparable care at a reduced claim cost to the Consortium and the member, and

WHEREAS, The Board of Directors approved vision benefits for all Metal Level Plans,

WHEREAS, the Executive Director has secured a cost analysis to show there will be no to minimal cost impact of adding these changes to expected premium rates,

RESOLVED, on recommendation of the Joint Committee on Plan Structure and Design, and the Executive Committee on behalf of the Board of Directors to approve the following benefit changes for the Metal Level Plans with the changes becoming effective January 1, 2025.

Platinum Plan Changes

In- Network:

Telemedicine (MD Live) \$0 Copay

Gold Plan Changes

In Network:

Telemedicine (MD Live) Covered in Full After Deductible is Met

Silver Plan Changes

In-Network:

Telemedicine (MD Live) Covered in Full After Deductible is Met

All Metal Level Plans (Platinum, Gold, Silver, and Bronze)

In and Out of Network:

Adult Eyewear Benefit \$100 Allowance

Per Year In and Out of Network:

In Patient Skilled Nursing Facility 200 Day Limit Per Year

Future Agenda Topics

2025 Budget Finalization

MCA Finalization

Rate Comparison for September Meeting

September Board of Directors Meeting 9/26/24

Adjournment

The meeting was adjourned at 4:57 p.m.

Respectfully submitted by Lynne Sheldon, Clerk of the Board