

**Audit and Finance Committee
Minutes - APPROVED
May 24, 2022
Remote by Zoom**

Present: Eric Snow; Bud Shattuck; Steve Thayer; Amanda Anderson; Judy Drake,
Temporary Member
Excused: Rordan Hart, Laura Shawley, Peter Salton, Lorie Corsette
Absent: Tim Arnold
Staff/Guests: Elin Dowd, Executive Director; Michelle Cocco, Clerk of the Board; Rob Spenard,
Paul Pelton, Locey and Cahill; Judy Drake, Board Chair; Teri Apalovich, Finance
Manager; Kylie Rodrigues, Benefits Specialist;

Call to Order

Mr. Thayer, Chair, called the meeting to order at 3:04 p.m.

Changes to the Agenda

There were no changes to the agenda.

Executive Director Report

Ms. Dowd reported Lynn Sheldon has accepted an offer for the position of Clerk of the Board and will be introduced at next week's Executive Committee meeting.

The 2021 medical and prescription drug utilization reviews were presented at the last meeting of the Joint Committee on Plan Structure and Design and will be available on the Consortium's website. The number one chronic condition for Consortium subscribers was depression and anxiety, followed by hypertension, cholesterol disorders, and diabetes. Ms. Dowd said good news presented was that only 3.2% of total dollars are being spent with non-participating providers. One of the reasons the Consortium contracts with Excellus is due to their robust network and the utilization review shows that members continue to seek the most cost-effective care by utilizing that network.

With regard to the prescription drug utilization, the use of generic drugs was up to 85.5%; therefore, steering members to less-expensive options is happening and with the switch in tier levels and the formulary, the Consortium is moving members to the most cost effective options. Control of diabetes continues to be the Consortium's highest cost, followed by skin conditions and inflammation, and cancer treatment. Ms. Dowd spoke of marketing that is done for drugs to treat skin conditions and inflammation and said some of the most expensive drugs are used to treat those conditions. Ms. Dowd said a lot of information is contained in those reports and encouraged members to review them.

Ms. Dowd reported the Claims and Appeals Committee will be reporting on the claims audit that was recently completed. She said a special long-term planning meeting scheduled for earlier in the month was canceled due to poor attendance. To keep these efforts moving forward, work groups will be convening to continue long-term planning and individuals will be invited to attend and speak about specific issues that will eventually be presented to the Executive Committee.

Ms. Dowd said staff has been doing a lot of work with new member plan comparisons and pricing as well as working with Locey and Cahill on existing members moving subscribers to different, more cost-effective plans.

The Annual Jurat has been filed with DFS along with the independent audit. A year-to-date annual summary, along with audit information was distributed to all Directors. Ms. Dowd said as a result of decisions made regarding the Investment Policy a meeting was held with Wilmington Trust about proposed changes. They were asked to make a presentation to this Committee about how they might utilize new options that may be available to them and to also give a report about their optimism for the Feds increasing rates in the remainder of the year. The presentation will include what that means to the Consortium's current portfolio and how treasury notes that are coming due will be reinvested.

Update on Prescription Drug Claims Audit

Mr. Shattuck, Chair of the Nominations and Engagement Committee, reported BMI has completed the audit of prescription drug claims for the years 2020 and 2021. He spoke of how the process has improved over time and said he believes it has been an effective audit. BMI sampled \$144,000 in claims and found \$2,900+ in error that were agreed to by ProAct. Ms. Dowd and Locey and Cahill reviewed the audit results and presented the findings to the Claims and Appeals Committee. Mr. Shattuck said BMI remains concerned that the Consortium doesn't see everything in the rebates that come back to the Consortium; Ms. Dowd and Mr. Locey will be reviewing discussing rebates with ProAct to make sure all are received. Lastly, he reported that although the Consortium has been satisfied with the pricing and service of BMI, it was the consensus of the Committee to issue an RFP for auditing services as BMI has held the contract for a number of years.

Ms. Dowd commented that a meeting was held today with ProAct and they have committed to making any changes that are necessary. Work continues on investigating rebates and the rebate system. ProAct is in the middle of their audit with Optum and closing out that relationship; they will keep the Consortium updated on that audit.

Financial Report

Budget Performance Report

Mr. Pelton reviewed financial results through April 30, 2022 and stated revenues were approximately 3.09% under budget; however, he noted the way the enhanced prescription drug rebates were budgeted likely have skewed the budget numbers at this time. He reviewed contracts and covered lives, noting an increase in covered lives by 122 and contracts up by 85. To date, the Consortium has not received any Stop Loss reimbursement. He spoke of the mark to market reporting, noting increased earnings are now being booked (\$3,000 under budget).

Mr. Pelton reported cumulatively, medical and prescription drug rebates are approximately \$850,000 below budget. There has been an increase in RX Admin. fees which is being driven by prior authorizations. A discussion was held with ProAct about how changes in the Formulary are contributing to that; it is hoped that will drop off in the remainder of the year. Paid claims and Stop Loss, excluding investment losses, represents approximately 95% of total expenditures. This demonstrates the Consortium is a very efficient model that is running very effectively.

Mr. Spenard reported on high cost claims and noted when comparing claims through April 2022 against claims through the same period in 2021 there was an increase in the number of claimants above \$100,000 with there being five last year and eight to date this year. He noted, that last year individuals may not have been going to the doctor and catching health concerns due to the pandemic. He reviewed a history of large losses and said historically the Stop Loss paid claim ratio is about 44%; on average .59% of covered lives account for 17.28% of overall paid claims.

Mr. Spenard reviewed the Catastrophic Claims Self Insurance Reserve Pool and noted last year a particular member had a \$1 million laser applied to them; this year Excellus only applied a \$700,000 laser to that member.

At this time Ms. Drake appointed herself as a Temporary Member of the Committee for quorum purposes.

Approval of Minutes of April 26, 2022

It was MOVED by Mr. Shattuck, seconded by Mr. Thayer, and unanimously adopted by voice vote by members present, to approve the minutes of April 26, 2022 as submitted. MINUTES APPROVED.

RESOLUTION NO. – 2022 – AUTHORIZATION TO PARTICIPATE IN NYCLASS

It was MOVED by Mr. Thayer, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members present, to approve the following resolution and submit to the Executive Committee. MINUTES APPROVED.

WHEREAS, New York General Municipal Law, Article 5-G, Section 119-o (Section 119-o) empowers municipal corporations [defined in Article 5-G, Section 119-n to include school districts, boards of cooperative educational services, counties, cities, towns and villages, and districts] to enter into, amend, cancel, and terminate agreements for the performance among themselves (or one for the other) of their respective functions, powers, and duties on a cooperative or contract basis, and

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium wishes to invest portions of its available funds in cooperation with other corporations and/or districts pursuant to the NYCLASS (New York Cooperative Liquid Assets Securities System) Municipal Cooperation Agreement Amended and Restated as of March 28, 2019, and

WHEREAS, wishes to satisfy the safety and liquidity needs of their funds, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Executive Committee on behalf of the Board of Directors, hereby authorizes Elin R. Dowd, Executive Director, on behalf of the Greater Tompkins County Municipal Health Insurance Consortium, to participate in the NYCLASS Program under the terms of the NYCLASS Municipal Cooperation Agreement Amended and Restated as of March 28, 2019.

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Abstract Approval

Ms. Apalovich presented and reviewed the April monthly financial abstract; there were no questions or concerns. It was MOVED by Mr. Thayer, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to approve the May 2022 monthly abstract. MOTION CARRIED.

Invoice Approval

It was MOVED by Mr. Thayer, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to approve a final audit invoice from Insero and Co. LLP, in the amount of \$4,500. MOTION CARRIED.

Next Agenda Topics

The following items will be included on the next agenda:

- Continued discussion of Catastrophic Claims Self-Insurance Pool

Adjournment

The meeting adjourned at 3:45 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the Board