

**Audit and Finance Committee
Minutes - APPROVED
December 14, 2021
Ithaca Town Hall/Remotely via Satellites**

Present: Mack Cook, Bud Shattuck, Eric Snow, Peter Salton (arrived at 3:07 p.m.), Laura Shawley, Steve Thayer, Rordan Hart, Amanda Anderson
Excused: Jon Munson
Staff/ Guests: Elin Dowd, Executive Director; Michelle Cocco, Clerk of the Board; Steve Locey, Rob Spenard, Locey and Cahill; Rick Snyder, Treasurer; Judy Drake, Board Chair; Don Barber, Consultant; Teri Apalovich, Finance Manager; Kylie Rodrigues, Benefits Specialist

Call to Order

Mr. Cook, Chair, called the meeting to order at 3:02 p.m.

Chair's Report

Mr. Cook reported this may be his last meeting as his employment with the City of Cortland will be ending on December 31st. He said the opportunity he has had over the last ten years to serve on the Consortium has been some of the most rewarding years of his career and thanked everyone for allowing him to contribute to its success and the benefits provided to members.

Ms. Drake thanked Mr. Cook for all he has done for the Consortium, stating he has made a huge difference in the Consortium, particularly with the number of municipalities he has helped to bring in.

Changes to the Agenda

There were two revised resolutions relating to the Catastrophic Claims Reserve added to the agenda.

Approval of Minutes of October 26, 2021

It was MOVED by Mr. Snow, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present, to approve the minutes of October 26, 2021 as submitted. MINUTES APPROVED.

Executive Director Report

Ms. Dowd reported the Committee received a written report in the agenda packet. She reported there are several groups that have just completed labor negotiations and there is movement to the Platinum Plan. Although this is normally a quiet time of year, she said staff is very busy working on making these changes to move members accordingly.

Mr. Salton arrived at this time.

Ms. Dowd said this will have ramifications to the 2022 budget and premium income; she and Ms. Apalovich will be working with Locey and Cahill to prepare for discussion on budget modifications after the first of the year. She reported the Consortium will have a new Excellus Account Manager and will introduce him at a future meeting. Ms. Dowd reported the Nominations and Engagement Committee will meet in January to discuss committee vacancies.

Ms. Dowd said the final quotes for Directors and Officers and Errors and Omissions insurance policies were recently received and at this point the increase is only 9%; she noted this type of insurance has been experiencing 15% and greater increases recently. As a follow-up to a question raised at the last meeting as to whether other insurance coverage should be considered, Ms. Dowd said she looked into this, and the Consortium is adequately insured and does not need additional coverage at this time.

Catastrophic Claims Reserve

Ms. Dowd said the minutes of the last meeting reflect that members want to talk about what the appropriate level of risk should be and this will be included in the strategic planning discussion that will take place in January. The focus of this discussion will be on the policy for 2022 as to how the Reserve is funded.

Ms. Dowd said the difference in the resolution members received in the agenda packet from what was distributed yesterday is that the recent version outlines what would be included in the Reserve. Also, the Reserve is being suggested to be renamed a "Pool" because it would be active and used. A mechanism is also being recommended to take money out of the Pool and to put money back into it. She further explained that the difference between the two resolutions is the funding of the delta between a deductible at \$600,000, that premium, and a deductible at the \$1 million level was included in the initial resolution and is not in the second resolution.

RESOLUTION NO. 035 - 2021 – RESOLUTION TO RECOGNIZE AND ACCEPT THE 2020 CATASTROPHIC CLAIMS RESERVE

Ms. Dowd said this resolution was designed based on the conversation that took place at the last meeting to accept the 2020 annual audit which reflects the Reserve at the \$5,032,220 level which not only includes the \$4.5 million and interest which was in the original policy, but also the delta between the two premiums. At the last meeting the Committee decided it did not want to go back and revise the audit but there needed to be a paper trail to accept how that Reserve was calculated.

MOVED by Mr. Hart, seconded by Mr. Salton, and unanimously adopted by voice vote by members present.

WHEREAS, by Resolution No. 9 of 2020 the Board of Directors adopted policies with respect to the Catastrophic Claims Reserve for the 2020 Fiscal Year, and

WHEREAS, the adopted policy states the Catastrophic Claims Reserve would increase to \$4.5 million and "Interest income earned on funds held in the Catastrophic Claims Reserve shall be retained within same", and

WHEREAS, in 2021 it was identified that at the end of 2020 when calculating the Catastrophic Claims Reserve, financial reporting included not only the addition of interest income, but also savings from Stop Loss premiums from the \$600,000 level to the \$1 million level being retained in the Reserve (Per Board Policy - \$4,500,000.00, Stop-loss difference adjustment - \$498,115.00, Interest - \$34,105.00; Total = \$5,032,220.00), now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Executive Committee on behalf of the Board of Directors, retroactively acknowledges and approves the increase to the Catastrophic Claims Reserve for the 2020 Fiscal Year in the amount of \$498,115

from the unrestricted fund balance to bring the total of this reserve fund to \$5,032,220 as was reported in the 2020 audited financial statements of the Consortium.

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At this time Ms. Dowd reviewed the following resolution labeled "Suggested Amendment" that was provided to members in advance of this meeting. This resolution contains proposed revisions to the version that was included in the agenda packet.

Ms. Dowd noted section six defines everything that is going into the Pool and noted if the delta of the two different premiums are not included in 2021 the Consortium will be below \$4.5 million because there will be a need to take funds from the Reserve/Pool. She said it has been suggested that be added to section six.

In response to questions by Mr. Salton as to why the Consortium doesn't have a lower Stop Loss deductible with a higher premium, Mr. Locey explained the history. He said over the years the Consortium had purchased Specific Stop Loss and that started at a \$250,000 deductible. Over the years the deductible was increased and to offset some of the risk associated with having a higher deductible the Catastrophic Claims Reserve was created. Initially, it was \$600,000 and then grew. Later, an idea about joining a collaborative for Stop Loss was brought forward due to questions that were raised as to why the Consortium was still spending a lot of money on Stop Loss insurance. The concept was to have a higher deductible and an interim corridor that would be self-insured. The thought was that if the Consortium was going to move from a \$600,000 deductible to a \$1 million Stop Loss policy, it would save close to \$.5 million in premium to take on a lot more risk.

Mr. Locey said it was decided at that time to increase the Reserve to \$4.5 million and there was also discussion of keeping interest in the Reserve and keeping the budget at the higher premium level so that if there was a need to revert back to a Stop Loss deductible of \$600,000 or below there would already be money built into the budget and rates; nothing additional would need to be done beyond the normal rate increase to cover that additional expense. Mr. Locey said at that time the Consortium was spending \$600,000 less than it otherwise would, and it would require approximately two percent of premium to build back in that expense. The thought was that the delta between the two premiums would flow into the Reserve and could be used to offset some of the higher dollar claims, and in the years where it wasn't used it could be banked.

Ms. Dowd said to fund the pool and have the premium reflect a higher level to fund the pool, it is suggested that there be a line item as an expense in the budget that may say "funding to Catastrophic Pool" to keep the pool at the \$4.5 million level. At this time she reviewed item nos. 4-6, explaining these are the items in the resolution that reflect substantive changes from the resolution contained in the initial draft.

Mr. Salton suggested wording be added to the resolution to reflect that the Consortium is buying higher deductible Stop Loss for a lower premium but is being protected by the creation of this pool, along with a rationale for its funding level.

Mr. Locey said when Stop Loss is put out to bid it is done with various different deductible options that can be evaluated. From that process the Committee will know the cost of the different policies at the different levels and will be able to clearly see the delta from that.

Mr. Barber responded to Mr. Salton's suggestion to add additional explanatory language to the resolution and said he believes the memorandum Mr. Locey provides to the Committee

each year provides a good explanation and adding further information to the resolution may cause confusion.

Ms. Drake questioned why no. 5 references 2023. Following a brief discussion, Ms. Dowd said this could be changed to 2022.

Mr. Locey provided an example of how the pool got to its current level and also noted there are currently four claimants that have each gone over \$.5 million at different levels that are anticipated to be paid out of the Catastrophic Claims Reserve at \$752,000 total for the year. This would bring the Reserve down to \$4.9 million at year-end which is slightly above where it was originally set at.

In response to a question by Mr. Salton, Mr. Barber said in 2021 the Consortium did not budget a premium that was at \$600,000 for Stop Loss; the budget was for \$1 million. The resolution allows for taking money from fund balance and through the budget process it can be anticipated that money will be used from the fund balance to increase the Catastrophic Claims Pool. At this time there is no funds being budgeted; the money that is being funded in the Pool is from unappropriated fund balance as what was originally intended. He said now the Consortium should be consistently planning for use of the risk pool and this is part of the process to do that.

Ms. Dowd said this discussion has helped to clarify the direction and suggested withdrawing the resolution at this time and allowing her to revise the resolution to further clarify the delta and how it will be funded and how that money is reserved to go into the Pool. It was suggested that the next revision also contain an illustration to show how it will be funded.

Mr. Locey summarized this process and said it results in journal entries being made on the year-end financials that will be reflected in the audited financial statement. Aside from the journal entries, what is being done is taking unspent premium funds that flowed through to the net income and is relocated to reserves or funds that are set for statutory or discretionary. It will reflect what will be in the unencumbered balance versus monies that are being used to cover an expense or to cover a liability or exposure.

There was consensus by the Committee to withdraw the resolution to allow Ms. Dowd to work with staff and Mr. Locey to bring a revised resolution back to the next meeting.
RESOLUTION WITHDRAWN.

(WITHDRAWN)

RESOLUTION NO. – 2021 - ~~AMENDMENT OF RESOLUTION NO. 9 OF 2020 “ADOPTION OF CHANGING CATASTROPHIC CLAIMS RESERVE TO POLICY” BY RESOLUTION CLARIFYING INTENT OF CATASTROPHIC CLAIMS SELF-INSURANCE POOL~~

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (“GTCMHIC”) has been issued a Certificate of Authority to operate as a New York State Insurance Law Article 47 Municipal Cooperative Health Benefit Plan, and

WHEREAS, Section 4707(a)(2) of the New York State Insurance Law requires the GTCMHIC to purchase “specific stop-loss coverage with a specific retention amount or attachment point not greater than four percent of the amount certified by a qualified actuary to represent the plan’s expected claims for the current fiscal year”, and

WHEREAS, the GTCMHIC Board of Directors issued a Request for Quote (RFQ) to licensed, reputable insurance carriers seeking quotes for specific stop-loss insurance at various deductible levels and with certain required coverage parameters, and

			2013	2014	2015	2016	2017	2018	2019
Traditional Stop-Loss Insurance	Specific Stop-Loss Deductible		\$300,000.00	\$300,000.00	\$400,000.00	\$400,000.00	\$450,000.00	\$600,000.00	\$600,000.00
	Stop-Loss Insurance Premiums Paid	+	\$592,381.65	\$720,784.39	\$642,080.30	\$766,281.18	\$738,819.42	\$442,185.54	\$693,190.30
	Stop-Loss Insurance Claims Paid	-	\$292,967.64	\$184,734.14	\$125,880.36	\$242,433.49	\$8,294.21	\$453,672.85	\$29,295.28
	Insurance Company Admin. & Profit	=	\$299,414.01	\$536,050.25	\$516,199.94	\$523,847.69	\$730,525.21	(\$11,487.31)	\$663,895.02
			2013	2014	2015	2016	2017	2018	2019
Catastrophic Claims Reserve	Beginning Balance	+	\$0.00	\$600,000.00	\$606,898.00	\$1,050,000.00	\$1,050,000.00	\$1,350,000.00	\$2,000,000.00
	Initial/Annual Investment	+	\$600,000.00	\$6,898.00	\$443,102.00	\$0.00	\$300,000.00	\$650,000.00	\$800,000.00
	Ending Balance	=	\$600,000.00	\$606,898.00	\$1,050,000.00	\$1,050,000.00	\$1,350,000.00	\$2,000,000.00	\$2,800,000.00

WHEREAS, the GTCMHIC Board of Directors passed Resolution No. 040-2020 authorizing the purchase of a specific stop-loss insurance policy from Excellus BlueCross BlueShield ("Excellus") with a policy period deductible of \$1,000,000 for all covered insured members, and

WHEREAS, ~~at the close of the Executive Committee has accepted the~~ 2020 Fiscal Year the GTCMHIC maintained a Catastrophic Claims Reserve Fund Self-Insurance Pool in the amount of \$5,032,220.00 to help protect the Consortium from large dollar claimant expenses which may occur from time to time, and

WHEREAS, the GTCMHIC Board of Directors recognizes the purchasing of specific stop-loss insurance at a \$1,000,000 deductible level creates a substantive risk to the Consortium and its financial stability and it needs a policy for balancing the CCR with the predicted risk, now therefore be it

RESOLVED, the GTCMHIC Board of Directors hereby rescinds resolution 009-2020 Catastrophic Claims Reserve policy and replaces it with the following and clarifies the intent of the Consortium's Catastrophic Self-Insurance Claims Pool for the 2022 Fiscal Year as follows:

1. During the 2013 Fiscal Year the Consortium established a Catastrophic Claims Reserve in the amount of \$600,000 to help protect the Consortium from financial harm caused by large dollar claimants as the Consortium increased the Specific Stop-Loss Insurance Deductible from \$250,000 to \$300,000.
2. Over the years, as the Consortium Board of Directors made the decision to accept more risk by periodically raising the stop-loss insurance deductible. In concert with those decisions, the Consortium Board of Directors also periodically increased the amount of funds held in the Catastrophic Claims Reserve as noted in the chart below:
3. On June 25, 2020, the Board of Directors approved Resolution 009-2020, effectively converting the Catastrophic Claims Reserve into the Catastrophic Claims a Self Insurance Pool as the Board wanted to use this reserve fund to offset high-cost claims that reach a captive layer between \$500,000 and the stop-loss policy deductible. ~~operate on a more active basis. The Resolution 009-2020 stated that~~

funds used to seed the Catastrophic Self-Insurance Claims Reserve Pool was the combination of the \$4,500,000 which was set by Board resolution in the Catastrophic Claims Reserve on that date; ~~\$498,000 which represented the delta between the specific stop-loss insurance budgeted premium at the \$600,000 deductible policy and the actual cost of the Excellus specific stop-loss insurance policy with a \$1,000,000 deductible;~~ and the \$34,105 in interest earned on the funds in this account during the 2020 Fiscal Year.

4. ~~Starting with~~ For the 2021 and 2022 Fiscal Years, the Catastrophic Claims Reserve Self-Insurance Pool will be funded with the combination of the closing balance in the fund from the prior year plus; ~~the delta between the specific stop-loss insurance budgeted premium at the \$600,000 deductible policy and the actual cost of the specific stop-loss insurance policy with a \$1,000,000 deductible as determined by the annual request for quote process;~~ plus any interest earned on the funds in the Pool during the fiscal year.
5. Going forward for 2023 and beyond, Catastrophic Claims Reserve will be renamed to be the Catastrophic Claims Self-Insurance Pool.
6. The Catastrophic Claims Self-Insurance Pool will be funded through the following process:
 - a) The Consortium's Stop-Loss Insurance budget line will be for a policy with a \$600,000 deductible.
 - b) Should the Executive Committee decide to purchase a Stop-Loss policy with a higher deductible, the difference in premium between the budgeted \$600,000 deductible premium and the actual premium will be considered for funding of the Catastrophic Claims Self-Insurance Pool.
 - c) The Executive Committee, on advice from Audit and Finance Committee, will consider changing the amount of the Catastrophic Claims Self-Insurance Pool at the start of the budget year. The information to be used in that determination shall include at least the following:
 - i) an assessment of the level of risk this "pool" is covering;
 - ii) an assessment of the amount of funds that have and will be withdrawn from the previous year's high-cost claim activity in the captive layer between \$500,000 and the Stop-Loss policy deductible;
 - iii) the projected year-end Unappropriated Fund Balance
 - d) Any interest earned by the Catastrophic Claims Self-Insurance Pool fund will be credited to the fund.
7. ~~Also starting with the 2021 Fiscal Year,~~ As stated in resolution 009-2020 and going forward, funds will be transferred out of the now Catastrophic Claims Self-Insurance Pool to the Consortium's general operating fund to reimburse any covered member's claims costs, per Excellus BlueCross BlueShield's Specific Stop Loss Report, which exceed \$500,000 but are less than the Stop-Loss deductible \$1,000,000 during the specific stop-loss insurance policy period.
 - a. The only exception, if the Consortium opted for a lower stop-loss insurance deductible, will be for any specific claimants who would have had a "laser" attached to them. We will continue the practice of applying the lasered deductible to those individuals. For example, if an individual has a laser deductible of \$750,000, we will not utilize or transfer any funds from the

Catastrophic Claims Self Insurance Pool until that individual were to incur claims above \$750,000, but less than \$1,000,000.

8. To trigger the claims transfer, said claims must be incurred during the that claim's Calendar Year and must be paid in the Calendar Year and the first 3-months of the subsequent Calendar Year.
9. Any fund transfers from the Catastrophic Claims Self-Insurance Pool to the Consortium's general operating fund will occur no more frequently than on a quarterly basis and/or no less than once per year with the timing of said transfers occurring at the discretion of the Consortium's Treasurer as directed by the Consortium's Chief Fiscal Officer.
10. Each year the GTMCHIC Board of Directors will review this policy as part of the overall budget process to ensure it continues to meet the needs of the Consortium.

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RESOLUTION NO. 027 – 2021 - AUTHORIZE PURCHASE OF STOP LOSS INSURANCE FOR 2022 WITH EXCELLUS BLUECROSS BLUESHIELD

Ms. Dowd said Locey and Cahill went to several insurance companies and all but one of them declined to quote because the Consortium is now self-funded up to the \$1 million level; therefore, premiums are significantly lower and they would not be able to complete with the quote received by Excellus. She said the percent of increase is four percent which is lower than anticipated. Mr. Hart asked if Mr. Locey foresees a situation in the future where Excellus will also not quote at this level. Mr. Locey said although he doesn't see Excellus not quoting at this level he can foresee their rate accelerating if there is a situation where other carriers can't match their rate. He noted that for other carriers this is their primary business and this is a secondary business for Excellus.

MOVED by Mr. Hart, seconded by Mr. Thayer, and unanimously adopted by voice vote by members present.

WHEREAS, the Consortium must purchase stop loss insurance, as required by Section 4707 of New York State Insurance Law, and

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors authorizes the purchase of the Stop Loss insurance policy with a deductible of \$1 million for the policy period January 1, 2022 to December 31, 2022 with Excellus BlueCross BlueShield to include claims incurred from January 1, 2022 thru December 31, 2022 and paid during the period of January 1, 2022 thru March 31, 2023.

RESOLVED, further, That the Plan Consultant is directed to provide the Executive Director with a copy of said policy.

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RESOLUTION NO. 034 – 2021 - ADOPTION OF AMENDED INVOICE PAYMENT PROCEDURE (REPLACING PROCEDURE ADOPTED DECEMBER 10, 2019 BY THE AUDIT AND FINANCE COMMITTEE

Ms. Dowd said now that the Consortium has Finance staff it is relying less on outside consultants. The previous procedure has been revised to include the creation of an abstract for

this Committee to approve each month. She provided an overview of the proposed policy and noted a change to allow an additional check signer within the Department with a reconciliation to be done by the Treasurer. She said this has been reviewed by the auditors and they found no issues.

MOVED by Mrs. Shawley, seconded by Mr. Salton, and unanimously adopted by voice vote by members present.

WHEREAS, the Operations and Audit and Finance Committees were presented with recommendations of Consortium staff for streamlining current invoice payment procedures, and

WHEREAS, the Operations and Audit and Finance Committees have reviewed and recommended an amended Invoice Payment Procedure be approved by Executive Committee, now therefore be it

RESOLVED, on recommendation of the Operations and Audit and Finance Committees, That the Executive Committee, on behalf of the Board of Directors, hereby approves the following amended Invoice Payment Procedure effective January 1, 2022 to replace the procedure approved December 10, 2019 by the Audit and Finance Committee.

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GTCMHIC Invoice Approval Procedure
(Adopted December 15, 2021; effective January 1, 2022)

All invoices will be in the Monthly Financial Abstract Report submitted by the Finance Department for review at the Audit and Finance Committee Meeting. The Monthly Financial Abstract Report will detail monthly and year-to-date expenditures. The primary purpose of this report is to enable the Audit and Finance Committee to initiate appropriate action and to monitor and approve expenditures against budget line items and contractual agreements.

The Audit and Finance Committee will approve The Monthly Financial Abstract Report for payment and all invoices will be processed for payment according to the following procedures.

Previously Approved Expenditures Ready for Payment

Invoices listed below are considered ready for payment when received and will be entered for Payment by the Finance Department without further approval as assigned by the budget process or contract. The Monthly Financial Abstract Report will provide details for all pre-payments made for the following:

- Claims invoices and administrative fees from our third-party benefit administrators (medical and prescription drug) including flu clinic fees,
- State and Federal taxes and fees,
- Stop-loss,
- Business Insurance,
- Tompkins County invoices,
- Town of Ithaca Payroll invoices,
- Town of Ithaca Rent invoices.
- Contract progress payment invoices (e.g., Actuary, Claims Auditor, Bonadio,)
- Invoices for non-fixed price contract payment under \$10,000 (e.g., Consortium Consultant, newsletter production, and printing,)

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- Invoices for supplies, expense reimbursements and day to day operations under \$10,000.

Audit and Finance Committee Approval Needed

Invoices not listed as Previously Approved for Payment shall be included in the Monthly Financial Abstract Report for approval at the next Audit and Finance Committee meeting.

- Invoices for non-fixed price contract payment over \$ 10,000 (e.g., financial auditor);
- Invoices for services not previously approved by contractual arrangement,
- Contract final invoices (e.g., Actuary, Auditor, Claims Auditor).

If the Audit and Finance Committee will not be meeting by the time the invoice becomes due, the Executive Director will first petition the contractor for a time extension until the Audit and Finance Committee meets. Should that petition be denied, the invoice must be approved by the Board Chair and reported to the Committee at the next meeting.

Board Chair Approval Needed

Any reimbursements made to the Executive Director must be approved by the Board Chair and will be included in the Monthly Financial Abstract Report at the next Audit and Finance Committee meeting.

Payment of Approved Invoices

- Medical and Prescription Claims/Admin Fee invoices will be paid via ACH as required by contract terms,
- Credit Card statement will be paid in advance to have payment received prior to due date.

The Monthly Financial Abstract Report will be presented at each Audit and Finance Committee meeting for review. All invoices approved by the Audit and Finance Committee will have checks prepared by the Finance Department and signed by the Executive Director. If the Executive Director is not available, then the Treasurer or Chief Financial Officer will sign the checks for payment.

Reconciliation

After the bank statements have been received the Finance Department will reconcile all related financial statements and send to the Treasurer for final approval.

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RESOLUTION NO. 031 - 2021 – RESCINDING RESOLUTION NO. 8 OF 2017 “DELEGATING RESPONSIBILITY FOR APPROVAL OF INDEPENDENT FINANCIAL AUDIT”

Explanation: This resolution acknowledges the changes that have occurred in the organization since Res. No. 8 of 2017 was adopted. That Resolution delegated authority to the Audit and Finance Committee with responsibility for audit approval and this was reconfirmed in the Executive Committee’s Bylaws. That resolution also directed that the audit be reported to the Board of Directors at its next scheduled meeting. With the change in the Board meeting schedule

there are more timely ways to get audit information to Directors than wait and present it at the annual meeting. With respect to the audit, this resolution only impacts how the approved audit is reported to the Board, the authority of the AFC to accept and approve the audit is retained by the AFC as stated in the 2nd Resolved.

MOVED by Mr. Thayer, seconded by Mr. Snow, and unanimously adopted by voice vote by members present.

WHEREAS, prior to the new governance structure that became effective in 2021 the Board of Directors delegated responsibility for specific functions to the Audit and Finance Committee, and

WHEREAS, changes to Consortium operations have occurred under the new structure and warrant the need to amend prior resolutions delegating specific responsibilities, and

WHEREAS, due to the reduction in Board of Director meetings it may no longer be timely to present a report to the full Board in person on the approved audit, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That Resolution No. 8 of 2017 "Provide Audit and Finance Committee the Authority to Approve the Annual Independent Financial Audit", is hereby rescinded,

RESOLVED, further, That the Audit and Finance Committee shall maintain authority to approve the Annual Independent Financial Audit with notice provided to the Board of Directors,

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Financial Report

Mr. Locey reviewed the Budget Performance Report through November 30, 2021. He said in terms of revenue the Consortium continues to be approximately 2.85% below budget on overall premium income. This is primarily due to members moving to lower-cost benefit plans, particularly Medicare-age retirees at Tompkins County and many members from large employers moving into the Platinum Plan. He reported year-to-date the Consortium has received approximately \$1.9 million in prescription drug rebates with one additional payment anticipated before year-end. There was \$1.7 million budgeted for rebate income; the Consortium will end the year within the \$2.3 million range; this will greatly help in balancing the income budget. He noted that the Consortium receives approximately four percent of its revenue from prescription drug rebates.

With respect to expenses, Mr. Locey reported prescription drug expenses are overbudget for the year and medical claims expense is slightly under budget. Overall, total expenses are slightly one percent above budget. He reviewed the distribution of expense chart and said \$.95 of each dollar goes towards the payment of member benefits.

Mr. Locey reviewed a summary of catastrophic claims and said for the first time the Consortium has five claimants over \$.5 million. The only year there was more than one was in 2018 when there were three.

Mr. Locey responded to Ms. Drake as to how the movement to different plans by members will be addressed in the budget. He said over the last couple of years we have put together a modified budget after the new year; this year the modified budget will include adjustments based on premium experience. He said there may be a little compression at the beginning of 2002 due

to losses outpacing premium, but this should level off as the year proceeds. This will be taken into consideration when looking at the modified budget and can be discussed at the next meeting.

Mr. Locey recognized Ms. Apalovich for her expediency in getting information to Locey and Cahill which allowed information to be provided to members in advance of this meeting.

Accounts Receivable

Ms. Apalovich said there are currently no accounts outstanding at this time.

Investment Management Request for Proposals

Ms. Dowd said she and Ms. Apalovich are preparing to undertake a bid process for investment management services. Although there are mixed opinions of whether this is a good time to issue an RFP for this service, she presented the Committee with a proposal to proceed with this process by establishing a subcommittee.

The following individuals offered to serve on an RFP Review Subcommittee:

Rordan Hart
Peter Salton
Steve Thayer
Rick Snyder, Treasurer
Steve Locey, Consultant

Mr. Barber suggested the Committee decide on the weighting criteria before making any decision on proposals.

Committee Organization

The Committee agreed to meet the fourth Tuesday of each month in 2022 at 3 p.m. with no meeting in January.

Mr. Salton thanked Mr. Cook for his service to the Consortium and for serving as one of his mentors in this organization.

Next Agenda Items

The following item will be included on the December agenda:

- Discussion of a modified 2022 Budget;
- Continued discussion of Catastrophic Claims Reserve and draft resolution

Adjournment

The meeting adjourned at 4:28 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the Board