



Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590

www.healthconsortium.net • consortium@tompkins-co.org

"Individually and collectively we invest in realizing high quality, affordable, dependable health insurance."

AGENDA Joint Committee on Plan Structure and Design April 5, 2018 - 1:30 P.M.

Rice Conference Room, Tompkins County Health Department

1. Welcome (1:30)
2. Changes to the Agenda (1:32)
3. Approval of March 1, 2018 Minutes (1:35)
4. Chair's Report (1:40) O. Hersey
5. Board Chair Report (1:45) J. Drake
6. Executive Director Report (1:50) D. Barber
 - a. Report from other Committees
 - b. Status of Wellness Consultant RFP
 - c. Retreat Update
7. Consultant's Report (2:00) S. Locey
 - a. Financial Report
 - b. Discussion of Silver Plan with Actuarial Value Calculator
8. Next Meeting Agenda (2:25)
9. Adjournment (2:30)

Next Meeting: May 3, 2018



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MINUTES – **DRAFT**

Greater Tompkins County Municipal Health Insurance Consortium Joint Committee on Plan Structure and Design

March 1, 2018 – 1:30 p.m.

Rice Conference Room, Health Department

Present:

Municipal Representatives: 10 members

Judy Drake, Town of Ithaca and Board of Directors Chair; Betty Conger, Village of Groton; Bud Shattuck, Village of Union Springs; Eric Snow, Town of Virgil; Charmagne Rumgay, Town of Lansing; Mark Witmer, Town of Caroline; Ann Rider, Town of Enfield (arrived at 1:32 p.m.); Jen Case, Town of Dryden (arrived at 1:36 p.m.); Michael Murphy, Village of Dryden (arrived at 1:34 p.m.); Laura Shawley, Town of Danby (arrived at 1:37 p.m.)

Municipal Representative via Proxy: 4

Sarah Thomas, Tompkins County (Proxy – Judy Drake); Sandy Doty, Town of Willet (Proxy – Judy Drake); Tom Brown, Town of Truxton (Proxy – Eric Snow); Jeff Walker, Village of Cayuga Heights (Proxy – Betty Conger)

Union Representatives: 9 members

Olivia Hersey, TC3 Professional Admin. Assoc. Unit; Tim Farrell, City of Ithaca DPW Unit; President; Doug Perine, Tompkins County White Collar President; Tim Arnold, Town of Dryden; Todd VanOrman, Tompkins County Blue Collar President; Zack Nelson, City of Ithaca Admin. Unit; Jim Bower, Bolton Point Water Unit; Jon Munson, Town of Ithaca Teamsters; Jeanne Grace, City of Ithaca Executive Unit (excused at 2:15 p.m.)

Labor Representatives via Proxy: 1

Theresa Viza, Tompkins County Library Staff Unit (Proxy – Olivia Hersey)

Others in attendance:

Don Barber, Executive Director; Ted Schiele, Owning Your Own Health Committee Chair; Steve Locey, Locey & Cahill

Call to Order

Ms. Hersey called the meeting to order at 1:31 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of February 1, 2018

It was MOVED by Ms. Conger, seconded by Mr. Farrell, and unanimously adopted by voice vote by members present, to approve the minutes of February 1, 2018 as corrected. MINUTES APPROVED.

Ms. Rider arrived at this time.

Chair's Report

Ms. Hersey welcomed Todd VanOrman, Tompkins County Blue Collar President. She reminded everyone that municipalities have a built-in voice in the Consortium. Labor has a very strong voice that transcends through the Labor Directors on the Board. She said this Consortium is very fortunate to have labor representation because others do not, and it is very important to participate and use that voice. She asked if there were suggestions to improve labor participation or ways to engage and keep labor interested. No suggestions were offered; members were satisfied with the time, date, and location of meetings.

Mr. Murphy arrived at this time.

Quorum Check-in

There was no interest in changing the Committee's quorum requirements at this time.

Ms. Case arrived at this time.

Executive Director's Report

Mr. Barber reported on the work of other committees. The Owning Your Own Health Committee has developed a Request for Proposals (RFP) for a Wellness Consultant that would work for the Board approximately 40 hours a month. The RFP has now been released to the Board of Directors, the Owning Your Own Health Committees and municipalities. He said the Wellness Consultant would spend time meeting with municipal leadership and employees and talk about wellness programs and would also help support wellness initiatives.

Mr. Barber said for a couple of years he and Mr. Locey have been asking the Department of Financial Services to relieve the Consortium of the requirement to pay Aggregate Stop Loss insurance which has been an annual expense of approximately \$70,000. He reported at the end of 2017 the Department notified the Consortium that it would be issuing the Consortium a waiver on this. The Audit and Finance Committee has been working on creating an online enrollment policy. This would not impact the large municipalities that currently do online enrollment; it would be a service to assist small municipalities that is intended to have a more timely and accurate enrollment process. The Actuarial Report for 2017 has been completed; the report shows claims liability that was incurred in 2017 and will be paid in 2018. The Department of Financial Services requires the Consortium to have a reserve of 12% of paid claims to cover this; the actual amount is 7.66%.

Mr. Barber reported on the prescription drug claims audit and said the audit is showing less than .1% difference in the audit from actual claims. The Consortium is working with ProAct to resolve a few small remaining issues. He commented the audit shows ProAct is doing a very good job. The Website Committee continues its work and he expects a first draft of the site to be available soon. Feedback from members on the new site will be needed.

At Mr. Shattuck's request Mr. Barber provided a brief explanation of Specific Stop Loss insurance. He said when a claim is submitted the Consortium pays the first \$600,000. If the claim is

over \$600,000, it is submitted to a Stop Loss carrier that would pay anything in excess of that amount; therefore, the Consortium's loss on that claim stops at \$600,000. The carriers that pay those excess amounts need to build reserves through premiums to pay those claims. Mr. Locey added Aggregate Stop Loss insurance is based on the entire group. The insurance company determines the expected claims costs for the year and establishes a deductible. Once claims reach 125% of expected claims costs the Consortium would begin reimbursement. Mr. Locey said it is extremely unlikely that the Consortium would miss its claims projections by 25%. This was demonstrated to the Department of Financial Services and after a few years of making the request the waiver was finally granted. Factors that helped the Consortium on this included the financial stability of the program, how well it has operated since it began, and the open communication that has taken place. Mr. Locey commented that this Consortium is unique, particularly with its intermunicipal and labor cooperation, and is being used as an example of what the State would like to see in other areas.

Mr. Barber reported the newsletter will be released soon. He commented on one article and said at the 2017 flu clinics 28% of subscribers had a flu vaccine, compared to 26% last year. Excellus is seeing an average of 16% with its other populations. Mr. Barber reported Board of Directors meetings will now be held at the TC3. He encouraged members to attend the next Educational Retreat to be held on April 26 at 6 p.m. in the Sproule Room at TC3; the topic will be healthcare trends.

CanaRX

Mr. Barber reported on enrollment in the CanaRX program and said there currently 100 members getting prescriptions through CanaRX out of a potential 600. Over \$6,600 has been saved by subscribers in copays and \$148,000 has been saved by the Consortium. Every quarter ProAct will be looking at prescription use and will be sending a communication to those who qualify for this program with zero copay.

Blue4YOU

Mr. Barber reported the program is currently in the enrollment phase. A competition will be taking place among employees. He said Sarah Thomas, Tompkins County Benefits Administrator, is promoting this program through the County and this is a program the Wellness Consultant will be marketing to employees.

Financial Update

Mr. Locey distributed a financial update containing year-end budget information. The Consortium ended the year with approximately 1% more in premium income than expected (total \$40.78 million) that was due in large part to the additional municipalities that joined. Prescription drug rebates exceeded the budget by a substantial amount (\$1.22 million total) and this has been adjusted in the budget going forward. Total revenue received was 3.4% above budget. On the expense side, medical and prescription drug claims were \$2 million below budget for the year. With \$2.134 million less in expense and \$1.394 million more in revenue, the Consortium ended the year with approximately in \$3.5 million surplus instead of a \$1.4 budgeted deficit.

The unencumbered Fund Balance is \$15.491 million. An 18% target was established by the Audit and Finance Committee; currently it is over 30% and there is no upper limit. Mr. Locey said the Consortium is taking a conservative approach as the Department of Financial Services prefers reserves to be as high as possible; however, the State Comptroller would have the opposite opinion as it would prefer tax dollars not be retained and returned to the taxpayers. He said in the unlikely event the Consortium were to no longer exist there needs to be more than enough funds available to pay for any of the Consortium's responsibilities.

Mr. Locey explained that in the old set-up any excess funds would have been retained as profit by the insurance carrier. Whenever there are excess funds with the Consortium they remain with the plan, are owned proportionately by municipalities, and will be used to offset future rate increases. The goal is to have very modest rate increases which will provide stability for municipalities in the future. Mr. Locey noted that the average national rate increase is 9%.

Mr. Locey commented that he received the Treasurer's report for January 2018 and it looks positive as well.

Report on Metal Level Plan Actuarial Value Compliance

Mr. Locey distributed and reviewed an explanation of the "Actuarial Value Analysis and Benefit Change Process to be Effective". Four of the Consortium's health plans are modeled after the Affordable Care Act's Metal Level Plans. Many of the small employers have these plans and some of the larger municipalities have been adopting the plans that are set up to meet the expectation of how much benefit the plan will pay for the average member. An actuarial value, which is the calculated manner that provides a close approximation to the actual average spending by a wide range of consumers in a standard population, is established for each of the plans as follows with an acceptable deviation of + or - 2%:

Platinum Plan – 90% with average member paying 10%
Gold Plan – 80% with average member paying 20%
Silver Plan – 70% with average member paying 30%
Bronze Plan – 60% with average member paying 40%

Each year the Consortium must evaluate the actuarial value of each plan based on new data and the calculator that the Centers for Medicare and Medicaid provides. As long as the plan remains within the standard deviation no action is required. If a plan falls outside the standard deviation the information must be shared with this Committee and a recommendation for plan changes needs to be made to the Board of Directors to bring the plan to being within the required actuarial value range. The first time the Consortium's plans were evaluated was in 2016 for changes to be made in 2017; this was also done to ensure that plans were meeting the needs of members. During the 2016 review it was discovered that the Consortium's Gold Metal Plan did not qualify for a Health Savings Account and changes were made so that it would. Last year all of the plans met the actuarial value requirements and no changes were necessary; however, changes were made to ensure the Gold Plan would continue to meet the requirements for a Health Savings Account (HSA).

Mr. Locey distributed a history of the actuarial values, including the results of an analysis using the 2019 Actuarial Value Calculator with values as follows:

Platinum Plan – 90.46%
Gold Plan – 80.38%
Silver Plan – 72.64%
Bronze – 61.70%

Mr. Locey said the goal is to have a recommendation by this Committee that can be approved by the Board of Directors in September to become effective January 1, 2019.

Ms. Hersey said when the Committee first looked at these there was a lot of discussion about balancing the needs of the individuals and making changes that would last for three years.

Ms. Drake requested information showing how many people are in each of the plans.

Joint Committee on Plan Structure and Design
March 1, 2018

New Business

Mr. Barber announced the next educational retreat will be held on April 26th at 6 p.m. at Tompkins Cortland Community College.

Next Meeting Agenda

The following items will be included on the April 5th agenda:

Approval of March 1, 2018 Minutes; and
Discussion of Silver Metal Plan Changes

Adjournment

The meeting adjourned at 2:21 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk