



Greater Tompkins County Municipal Health Insurance Consortium

P.O. Box 7 • Ithaca, New York 14851 • (607) 274-5590
Headquarters: 215 N. Tioga Street, Ithaca, NY 14850
www.healthconsortium.net • consortium@tompkins-co.org

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

Board of Directors Educational Session August 25, 2022 – 5:00 pm

Tompkins County Public Library BorgWarner Room/Remote Zoom

(e-mail Consortium@tompkins-co.org for link to join meeting)

1. Welcome and Introductions (5:00) J. Drake
 - a) Strategic Plan/Long Term Business Planning Updates
 - b) Guest Speaker – Risk and Reserves – Robert Wendler Sr. VP Excellus

2. Executive Director's Report (5:35) E. Dowd
 - a) Report
 - b) Annual Performance Update
 - c) New Members for 2023
 - d) Retirement Plan Options: Clarification Regarding Participant Medicare-Aged Retirees in Relation to Municipal Cooperative Agreement (MCA) Requirements

3. Pros and Cons of Retirement Plan Options (5:45) K. Rodrigues

4. Committee Updates (6:05) J. Drake

Executive Committee

 - a) Proposed MCA Changes

Operations Committee L. Holmes

 - a) Policy Updates – Application, Online Enrollment, Plan Selection Options, Business Continuity Plan Updates
 - b) Wage and Job Scale

Audit and Finance Committee S. Thayer

 - a) Investment Policy Updates
 - b) Presentation of Preliminary 2023 Budget

Joint Committee on Plan Structure and Design J. Bower

 - a) Proposed Silver Plan Changes
 - b) Standard Deviation Changes for Bronze Plan

Nominations and Engagement Committee E. Fairbrother

 - a) Slate of Officers
 - b) Committee Schedule

Claims and Appeals Committee

B. Shattuck

- a) Prescription Drug Management Audit

- 5. Questions and Feedback (6:45)

Annual Board of Directors Meeting: September 22, 2022



Robert Wendler

Senior Vice President, Health Plan
Finance Officer

Excellus Health Plan, Inc.

Robert.Wendler@excellus.com

Robert is the Senior Vice President, Health Plan Finance Officer for Excellus BlueCross BlueShield and Univera Healthcare and has financial oversight of all lines of business including commercial employer group, Medicare, safety net, and Pharmacy totaling \$7 billion in revenue. Robert has direct and matrixed oversight of all finance including Underwriting, Actuarial Services, Employer Reporting, Lifetime Benefit Solutions, Budget and Administrative, and Enterprise-wide Financial Planning & Analysis. He has more than 25 years of experience in health care and has previously served in various leadership roles for the Health Plan since joining the organization in 2003.

Robert currently serves on two Boards in Rochester, NY. Habitat for Humanity-ReStore, and Villa of Hope. In the past he served on the Williamson Central School District Board as a Trustee for 11 years, and served on the Finance, Audit, Collective Bargaining and Policy Committees. He has also worked as Adjunct Professor of Healthcare Finance at Roberts Wesleyan College.

Robert holds a BS in Health Service Management from SUNY Polytechnic in Utica, NY, an MBA from Norwich University in Northfield, VT, and a Masters certificate in Accounting from Harvard Business School. He was a 2011 recipient of Rochester Business Journal's Forty Under 40 award. Prior to coming to Excellus, he worked for 7 years at St. Elizabeth Medical Center in Utica, NY.

Robert and his wife reside in Rochester, NY and have three adult children.

Executive Director Report July 2022

The Consortium staff has been busy working with potential new municipal members helping do plan comparisons and advising on the application process. We anticipate four or five new applicants to be reviewed for 2023 membership and more for 2024. In addition to meeting with new applicants, Kylie Rodrigues and Elin Dowd have been out visiting current members to help grow and strengthen all our relationships.

We have been notified that the New York State Department of Financial Services is planning an audit of the Consortium to include years 2016 through 2020. The audit will begin in July, starting with Information Technology. This portion of the audit will ensure we are cybersecurity and business continuity compliant. Auditors will then move on to the financial aspect in October. The State charges by the hour, which will adversely affect our budget. We anticipate the audit will run for several months and cost us upwards of \$300K.

In preparation for decisions related to offering a fully insured Medicare Advantage Plan, a request for proposal/quote has been posted on BidNet. Locey & Cahill will be very involved in reviewing the information related to this request and advising the Consortium on the best way to proceed.

Executive Committee

The Executive Committee continues to address issues related to advancing our mission through long-term business planning meetings. There has been a lot of discussion on the possibility of offering a fully insured Medicare Advantage Plan to our municipal members. Conversations regarding offering such a plan and the ramifications to the Consortium will continue throughout the next few months.

Audit and Finance Committee

The first draft of the 2023 budget was reviewed at the July meeting. Ongoing discussions will continue to look at the premium adjustment needed to support our claims, fund our reserves, and meet other obligations. The following information is being reviewed to determine funding levels necessary for 2023.

Medical and Rx Claims Trending – Review of high-cost claims and post covid claims trending.

Audit Fees (Financial) - \$150,000 DFS Audit (2023 + \$100K 2024) – Recommendation based on fees billed to other Article 47 organizations within the last year.

Consultant Fees (TBD) - \$25,000 to use for “potential” Consultants, if needed with Long Term Planning or other projects.

Salaries – Include wages based on a new salary schedule reviewed with Operations Committee at the recommendation of our Human Resources Manager. Salaries will be combined as one line item going forward.

Fringes – Currently at 40% of Salaries

Marketing Expenses – This has been decreased from \$8,000 to \$2,500, primarily for printing brochures and other informational material including merchandise with Consortium logos.

Wellness Program Costs – This has been decreased from \$25,000 to \$12,500 which includes the cost to implement the monthly wellness updates and wellness subscriber challenges.

Investment Management Services – This has increased from \$12,400 to \$25,000, due to the market changes and potential earnings.

Lease Expense – Discussion to follow regarding the possibility of the Consortium renting some new space for its headquarters at current market price of \$24.00 per square foot.

Mileage Expense – Increase from \$1,000 to \$2,500

Furniture & Fixtures – Increased from \$2,000 to \$25,000 for desks etc. if the Consortium moves to a new site or for improvements at current location.

Training/Prof Dec – Increased from \$2,000 to \$5,000 with the possibility to attend a national benefit association conference.

Executive Director Report
July 2022

Last week, the Federal Reserve raised rates again by 75 basis points to a range of 2.25% - 2.50%, in line with expectations, and anticipates further increases moving forward. Working with Wilmington Trust, we have been able to garner better returns on the reinvestment of recent maturities.

We have just learned that our Treasurer, Rick Snyder, will retire in November.

Operations Committee

A salary structure has been proposed by our HR Manager to avoid any ambiguity around salary administration and job classification going forward. A resolution was passed and will be reviewed at the Executive Committee level in August.

The Consortium Connection Newsletter is going paperless in 2023 and we have heard from 4 subscribers who have requested to receive the newsletter in paper format due to no internet or email access. However, several subscribers have already signed up to receive the newsletter electronically in 2023.

Work has begun to review the 2023 MCA to make sure the addition of two new counties is considered in our coverage area. The MCA is also being reviewed to see how staff may take on some of the responsibilities of the areas that will be vacated by the Treasurer's resignation later this year. Changes will come before the Board in August for action in September.

Nominations and Engagement Committee

The Nominations and Engagement Committee continues to meet to secure candidates to fill vacancies created due to resignations. Discussions have also started on topics for our Board retreat in August and the Annual September Board meeting. One of the goals for this Committee remains how to keep people engaged in the organization as we continue to grow.

Anyone interested in serving on a committee should let either Ed Fairbrother or Elin Dowd know before August 8th.

Claims and Appeals Committee

An RFP will commence in early August to review all options available to us towards securing a firm to continue auditing our third-party claims administrators.

The Joint Committee on Plan Structure and Design

I just received news that our current Chair of the Joint Committee on Plan Structure and Design plans on taking a leave from this position at the end of the year. James Bower has been very instrumental in garnering labor representation in committees and at the Board level and we will miss his involvement going forward.

In August, the Committee will review necessary changes to health plans required to remain in compliance with Affordable Care Act actuarial value calculations. This year the Silver Plan will have to make some adjustments to remain compliant with government regulations and our practices.

Don't forget to support our Wellness initiatives by signing up as a participant in the Walk to End Alzheimer's on September 10th. See Kylie Rodrigues for more information at krdrigues@tompkins-co.org.

The June 2022 Newsletter can be found here Consortium Connection June 2022 . We are going paperless in 2023, subscribe on our website today to continue to receive the newsletter electronically.

Respectfully submitted by Elin R. Dowd, Executive Director, July 31, 2022.



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RESOLUTION NO. – 2022 – CLARIFICATION REGARDING PARTICIPANT MEDICARE-AGED RETIREES IN RELATION TO MUNICIPAL COOPERATIVE AGREEMENT (MCA) REQUIREMENT

WHEREAS, Section A (5.) of the 2022 Amendment to the Municipal Cooperative Agreement states that " Participation in the Medical Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant shall not be permitted without a Board approved waiver", and

WHEREAS, the Consortium continues to support having all collective bargaining units or employee groups in the Consortium risk pool to maintain stabilized premium rates and prevent adverse risk selection, and

WHEREAS, the Consortium's has deemed the term "employee groups" to include active employees, COBRA continuation of coverage members, non-Medicare-aged retirees, and Medicare-aged retirees, and

WHEREAS, there have been some exceptions made, upon entrance, to allow Medicare-aged retirees of new Participants with fully-insured Medicare Advantage Plans to remain with said coverage, and

WHEREAS, the Consortium does not currently offer a Medicare Advantage Plan or Plans, and

WHEREAS, several Participants are reviewing cost-effective options for their Medicare-aged retiree population, including moving from current Consortium coverage to fully insured Medicare Advantage plans with other carriers, and

WHEREAS, the Consortium believes that offering a Medicare Supplement Plan is an excellent option for Medicare eligible retirees; however, due to federal subsidies currently available to fully-insured plans the Consortium's Medicare Supplement Plan is unable to compete with the lower costs of some Medicare Advantage Plans, and

WHEREAS, although the Consortium cannot set up a Medicare Advantage program within the fund, the Consortium can provide a convenient, pass-through option as is done with other ancillary benefits offered through the Consortium, now therefore be it

RESOLVED, That the Consortium, on behalf of the Board of Directors, will hereby enforce That Section A (5) "Participation in the Medical Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant shall not be permitted without a Board approved waiver" will remain in force for all active and retired employee groups of each Participant,

RESOLVED, further, That any Participant selecting to withdraw an employee group shall request such waiver prior to September 1st of each year for consideration by September 30th or for new Participants as part of the application process.

**RESOLUTION NO. – 2022 –CLARIFICATION REGARDING PARTICIPANT MEDICARE-
AGED RETIREES IN RELATION TO MUNICIPAL
COOPERATIVE AGREEMENT (MCA) REQUIREMENT**

RESOLVED, further, That the Consortium will secure an approved vendor by October 1, 2022 to provide a fully insured Medicare Advantage product to act as a pass through as a Medicare-aged retiree plan option commencing January 1, 2023 for Participants of the Consortium,

RESOLVED, further, That the Consortium will review annually charging a risk assessment fee to any Participant using a fully insured Medicare Advantage Plan product purchased from a source other than the Consortium.

RESOLVED, further, That any Participant currently enrolled in a fully insured Medicare Advantage Plan, not offered through the Consortium, at the time when this resolution is approved, will be grandfathered in as a Board approved waiver effective July 1, 2022, provided the Consortium has secured a similar product to offer to all Participants effective on January 1, 2023, this waiver will expire on December 31, 2024 and the Participant will be required to move to the Consortium Medicare Advantage Plan on a pass-through basis or be subjected to a risk assessment fee.

RESOLVED, further, That all Participants requesting a waiver to provide a fully insured Medicare Advantage Plan to their eligible employee groups on/or after January 1, 2023 will be required to use the Consortium secured Medicare Advantage Plan product.

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202~~32~~ AMENDMENT

TO THE MUNICIPAL COOPERATION AGREEMENT

*(Adopted September 22, 202~~2~~⁴; effective January 1,
2023)*

THIS AGREEMENT (the "Agreement") made effective as of the 1st day of October 2010 (the "Effective Date"), and as amended herein, by and among each of the signatory municipal corporations hereto (collectively, the "Participants").

W H E R E A S:

1. Article 5-G of the New York General Municipal Law (the "General Municipal Law") authorizes municipal corporations to enter into cooperative agreements for the performance of those functions or activities in which they could engage individually;
2. Sections 92-a and 119-o of the General Municipal Law authorize municipalities to purchase a single health insurance policy, enter into group health plans, and establish a joint body to administer a health plan;
3. Article 47 of the New York Insurance Law (the "Insurance Law" or "N.Y. Insurance Law"), and the rules and regulations of the New York State Superintendent of Financial Services (the "Superintendent") set forth certain requirements for governing self-insured municipal cooperative health insurance plans;
4. Section 4702(f) of the Insurance Law defines the term "municipal corporation" to include a county, city, town, village, school district, board of cooperative educational services, public library (as defined in Section 253 of the New York State Education Law) and district (as defined in Section 119-n of the General Municipal Law); and
5. The Participants have determined to their individual satisfaction that furnishing the health benefits (including, but not limited to, medical, surgical, hospital, prescription drug, dental, and/or vision) for their eligible officers, eligible employees (as defined by the Internal Revenue Code of 1986, as amended, and the Internal Revenue Service rules and regulations), eligible retirees, and the eligible dependents of eligible officers, employees and retirees (collectively, the "Enrollees") (such definition does not include independent contractors and/or consultants) through a municipal cooperative is in their best interests as it is more cost-effective and efficient. Eligibility requirements shall be determined by each Participant's collective bargaining agreements and/or their personnel policies and procedures.

NOW, THEREFORE, the parties agree as follows:

A. PARTICIPANTS.

1. The Participants hereby designate themselves under this Agreement as the Greater Tompkins County Municipal Health Insurance Consortium (the "Consortium") for the purpose

2022 Municipal Cooperation Agreement

of providing health benefits (medical, surgical, hospital, prescription drug, dental, and/or vision) to those Enrollees that each Participant individually elects to include in the Greater Tompkins County Municipal Health Insurance Consortium Medical Plan(s) (the "Medical Plan(s)"), as that term is defined by Section 4702 (e) of the Insurance Law.

2. The following Participants shall comprise the current membership of the Consortium:

Municipality Name	Effective Date
City of Ithaca	1/1/2011
County of Tompkins	1/1/2011
Town of Caroline	1/1/2011
Town of Danby	1/1/2011
Town of Dryden	1/1/2011
Town of Enfield	1/1/2011
Town of Groton	1/1/2011
Town of Ithaca	1/1/2011
Town of Ulysses	1/1/2011
Village of Cayuga Heights	1/1/2011
Village of Dryden	1/1/2011
Village of Groton	1/1/2011
Village of Trumansburg	1/1/2011
City of Cortland	1/1/2013
Town of Lansing	1/1/2013
Town of Willet	1/1/2015
Village of Homer	1/1/2015
Town of Marathon	1/1/2016
Town of Truxton	1/1/2016
Town of Virgil	1/1/2016
Town of Aurelius	1/1/2017
Town of Cincinnatus	1/1/2017
Town of Montezuma	1/1/2017
Town of Moravia	1/1/2017
Town of Preble	1/1/2017
Town of Scipio	1/1/2017

Municipality Name	Effective Date
Town of Springport	1/1/2017
Village of Union Springs	1/1/2017
Town of Homer	1/1/2018
Town of Newfield	1/1/2018
Town of Owasco	1/1/2018
County of Seneca	1/1/2019
Town of Big Flats	1/1/2019
Town of Mentz	1/1/2019
Town of Niles	1/1/2019
Town of Sennett	1/1/2019
Village of Freeville	1/1/2019
Village of Horseheads	1/1/2019
Village of Lansing	1/1/2019
Town of Horseheads	1/1/2020
Town of Spencer	1/1/2020
Lansing Library	1/1/2020
Village of Watkins Glen	1/1/2020
Town of Catharine	1/1/2021
Town of Cuyler	1/1/2021
Town of Dix	1/1/2021
Town of Hector	1/1/2021
Town of Tioga	1/1/2021
Village of Owego	1/1/2021
Town of Erwin	1/1/2022
Town of Throop	1/1/2022
Village of Minoa	1/1/2022
Village of Fayetteville	1/1/2022

Addition of municipalities approved at the 9/22/2022 Annual Board Meeting

3. Membership in the Consortium may be offered to any municipal corporation as defined in N.Y. Insurance Law Section 4702(f) within the geographical boundaries of the Counties of Tompkins, Broome, Cayuga, Chenango, Chemung, Cortland, Livingston, Madison, Monroe, Onondaga, Ontario, Oswego, Tioga, Schuyler, Seneca, Steuben, Wayne, and Yates, provided however that, in the sole discretion of the Board (as defined below), the applicant provides satisfactory proof of its financial responsibility. Membership shall be subject to the terms and conditions set forth in this Agreement, any amendments hereto, and applicable law. Upon admission of any new Participant, the Consortium shall amend Section A(2) of this Agreement to reflect that change in membership, which must be submitted to the New York State Department of Financial Services (“DFS”) for approval. The geographic boundaries of the Consortium shall not be expanded beyond the above-listed counties without amendment of the MCA, submitted to DFS for approval, and prior DFS approval of an amendment to the Certificate of Authority.

4. The Board, in its sole discretion, and by a two-thirds (2/3) vote of the entire Board, may elect to permit additional municipal corporations located within the geographical boundaries set forth in Section A(3) to become Participants subject to satisfactory proof, as determined by the Board, of such municipal corporation’s financial responsibility. Such corporations must agree to continue as a Participant for a minimum of three (3) years upon entry.

5. Participation in the Medical Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant shall not be permitted without a Board approved waiver. Participants with a waiver allowing active employees not enrolled in Consortium benefit plan options, must, within 3 (three) years of the date of enrolling in the Consortium, fully enroll all of their active employees in Consortium plan options. Failure to comply with this provision may be grounds for termination from participation in the Consortium as defined in Section Q(3).

6. Initial membership of additional participants shall become effective as soon as practical but preferably on the first day of the Plan Year following the adoption by the Board of the resolution to accept a municipal corporation as a Participant. Such municipal corporation must agree to continue as a Participant for a minimum of three (3) years upon entry.

7. A municipal corporation that was previously a Participant, but is no longer a Participant, and which is otherwise eligible for membership in the Consortium, may apply for re- entry after a minimum of three (3) years has passed since it was last a Participant. Such re-entry shall be subject to the approval of two-thirds (2/3) of the entire Board. This re-entry waiting period may be waived by the approval of two-thirds (2/3) of the entire Board. In order to re-enter the Consortium, a municipal corporation employer must have satisfied in full all of its outstanding financial obligations to the Consortium. A municipal corporation must agree to continue as a Participant for a minimum of three (3) years upon re-entry.

B. PARTICIPANT LIABILITY.

1. The Participants shall share in the costs of, and assume the liabilities for benefits (including medical, surgical, and hospital) provided under the Medical Plan(s) to covered officers, employees, retirees, and their dependents. Each Participant shall pay on demand such Participant's share of any assessment or additional contribution ordered by the governing board of the municipal cooperative health benefit plan, as set forth in Section L(4) of this Agreement or as ordered by the Superintendent or under Article 74 (seventy four) of the New York State Insurance Law. The pro rata share shall be based on the Participant's relative "premium" contribution to the Medical

Plan(s) as a percentage of the aggregate "premium" contribution to the Medical Plan(s), as is appropriate based on the nature of the assessment or contribution.

2. New Participants (each a "New Participant") who enter the Consortium may, at the discretion of the Board of Directors, be assessed a fee for additional financial costs above and beyond the premium contributions to the Medical Plan(s). Any such additional financial obligations and any related terms and conditions associated with membership in the Consortium shall be determined by the Board, and shall be disclosed to the New Participant prior to its admission.

3. Each Participant shall be liable, on a pro rata basis, for any additional assessment required in the event the Consortium funding falls below those levels required by the Insurance law as follows:

- a. In the event the Consortium does not have admitted assets (as defined in Insurance Law Section 107) at least equal to the aggregate of its liabilities, reserves, and minimum surplus required by the Insurance Law, the Board shall, within thirty (30) days, order an assessment (an "Assessment Order") for the amount that will provide sufficient funds to remove such impairment and collect from each Participant a pro-rata share of such assessed amount.
- b. Each Participant that participated in the Consortium at any time during the two (2) year period prior to the issuing of an Assessment Order by the Board shall, if notified of such Assessment Order, pay its pro rata share of such assessment within ninety (90) days after the issuance of such Assessment Order. This provision shall survive termination of the Agreement of withdrawal of a Participant.
- c. For purposes of this Section B(3), a Participant's pro-rata share of any assessment shall be determined by applying the ratio of the total assessment to the total contributions or premium equivalents earned during the period covered by the assessment on all Participants subject to the assessment to the contribution or premium equivalent earned during such period attributable to such Participant.

C. BOARD OF DIRECTORS.

1. The governing board of the Consortium, responsible for management, control and administration of the Consortium and the Medical Plan(s), shall be referred to as the "Board of Directors" (the "Board"). The voting members of the Board shall be composed of one representative of each Participant and representatives of the Joint Committee on Plan Structure and Design (as set forth in Section C(11)), who shall have the authority to vote on any official action taken by the Board (each a "Director"). Each Director, except the representatives of the Joint Committee on Plan Structure and Design, shall be designated in writing by the governing body of the Participant.

2. If a Director designated by a Participant cannot fulfill his/her obligations, for any reason, as set forth herein, and the Participant desires to designate a new Director, it must notify the Consortium's Chairperson in writing of its selection of a new designee to represent the Participant as a Director.

3. Directors shall receive no remuneration from the Consortium for their service and shall serve a term from January 1 through December 31 (the "Plan Year").

4. No Director may represent more than one Participant.

5. No Director, or any member of a Director's immediate family, shall be an owner, officer, director, partner, or employee of any contractor or agency retained by the Consortium, including any third-party contract administrator.

6. Except as otherwise provided in Section D of the Agreement, each Director shall be entitled to one vote. A majority of the entire Board, not simply those present, is required for the Board to take any official action, unless otherwise specified in this Agreement. The “entire Board”, as used herein and elsewhere in this Agreement, shall mean the total number of Directors when there are no vacancies.

While physical presence is strongly encouraged, Directors who cannot be physically present at any meeting may attend remotely utilizing videoconferencing that allows for real time audio and visual participation and voting in the meeting upon confirmation that communication is with all participants as it progresses.

7. Each Participant may designate in writing an alternate Director to attend the Board's meeting when its Director cannot attend. The alternate Director may participate in the discussions at the Board meeting and will, if so designated in writing by the Participant, be authorized to exercise the Participant's voting authority. Only alternate Directors with voting authority shall be counted toward a quorum. The Joint Committee on Plan Structure and Design may designate alternate Directors as set forth in Section C(11).

8. A majority of the Directors of the Board shall constitute a quorum. A quorum is a simple majority (more than half) of the entire Board. A quorum is required for the Board to conduct any business. This quorum requirement is independent of the voting requirements set forth in Section C(6). The Board shall meet on an annual basis, at a time and place within the State of New York determined by a vote of the Board. The Board shall hold an annual meeting (the “Annual Meeting”) in September of each Plan Year.

9. Special meetings of the Board may be called at any time by the Chairperson or by any two (2) Directors. Whenever practicable, the person or persons calling such special meeting shall give at least a three (3) day notice to all of the other Directors. Such notice shall set forth the time and place of the special meeting as well as a detailed agenda of the matters proposed to be acted upon. In the event the three (3) day notice cannot be given, each Director shall be given such notice as is practicable under the circumstances.

10. In the event that a special meeting is impractical due to the nature and/or urgency of any action which, in the opinion of the Chairperson, is necessary or advisable to be taken on behalf of the Consortium, the Chairperson may send resolutions regarding said actions via electronic communication to each and all of the Directors. The Directors may then electronically communicate their approval or disapproval of said resolution via signed document to the Chairperson. In accordance with NY Business Corporation Law Section 708(b), unanimous consent is required for the Chairperson to act on behalf of the Board in reliance upon such approvals. Any actions taken by the Chairperson pursuant to this paragraph shall be ratified at the next scheduled meeting of the Board.

11. The Chair of the Joint Committee on Plan Structure and Design and any At-Large Labor Representatives (as defined in Section K) (collectively the “Labor Representatives”) shall serve as Directors and shall have the same rights and obligations as all other Directors. The Joint Committee on Plan Structure and Design may designate in writing alternate Directors to attend the Board's meetings when the Labor Representatives cannot attend. The alternate Director may, if designated in writing, be authorized to exercise the Labor Representatives' voting authority.

D. WEIGHTED VOTING.

1. Except as otherwise provided in this Agreement, any two or more Directors, acting jointly, may require a weighted vote on any matter that may come before the Board. In such event, the voting procedure set forth in this Section D shall apply in lieu of any other voting procedures set forth in this Agreement. Such weighted voting procedures shall apply solely with respect to the matter then before the Board.

2. For purposes of this Section D, each Director shall receive votes as follows:

- a. Each Director representing a Participant with five hundred (500) or fewer Enrollees shall be entitled to one (1) vote.
- b. Each Director representing a Participant with more than five hundred (500) Enrollees shall be entitled to a number of votes equaling the total number of votes assigned under subsection 2(a) above minus the number of Labor Representative votes, divided evenly by the number of Participants eligible under this subsection 2(b) and rounded down to the nearest whole number.
- c. The Labor Representatives shall be entitled to one (1) vote each.

3. Attached as Addendum “A” to this Agreement is an example of the application of the voting formula contained in subparagraph “2” of this Section.

4. Notwithstanding anything to the contrary contained in this Agreement, any action taken pursuant to this Section D shall require the approval of two-thirds (2/3) of the total number of votes, if all votes had been cast.

E. ACTIONS BY THE BOARD

1. Subject to the voting and quorum requirements set forth in this Agreement, the Board is required, in accordance with N.Y. Insurance Law § 4705, to take action on the following matters:

- a. In accordance with N.Y. Insurance Law § 4705 (d) (5), to approve an annual budget for the Consortium, which shall be prepared and approved prior to October 1st of each year, and determine the annual premium equivalent rates to be paid by each Participant for each Enrollee classification in the Medical Plan(s) on the basis of a community rating methodology in accordance with N.Y. Insurance Law Section 4705(d)(5)(B) and filed with and approved by the Superintendent.
- b. To audit receipts and disbursements of the Consortium and provide for independent audits, and periodic financial and operational reports to Participants in accordance with N.Y. Insurance Law § 4705 (e)(1).
- c. To establish a joint fund or funds to finance all Consortium expenditures, including claims, reserves, surplus, administration, stop-loss insurance and other expenses in accordance with N.Y. Insurance Law § 4705(d)(4).

- d. To select and approve the benefits provided by the Medical Plan(s) including the plan document(s), insurance certificate(s), and/or summary plan description(s) in accordance with N.Y. Insurance Law Section 4709, a copy of the Medical Plan(s) effective on the date of this Agreement is incorporated by reference into this Agreement.
- e. In accordance with N.Y. Insurance Law § 4705(d)(2) and N.Y. General Municipal Law § 119-o(2)(d) & (2)(i), the Board may contract with third parties, if appropriate, which may include one or more Participants, for the furnishing of all goods and services reasonably needed in the efficient operation and administration of the Consortium, including, without limitation, accounting services, legal counsel, contract administration services, consulting services, purchase of insurances and actuarial services. Provided, however (a) the charges, fees and other compensation for any contracted services shall be clearly stated in written administrative services contracts, as required in Section 92-a(6) of the General Municipal Law; (b) payment for contracted services shall be made only after such services are rendered; (c) no Director or any member of such Director's immediate family shall be an owner, officer, director, partner or employee of any contract administrator retained by the Consortium; and (d) all such agreements shall otherwise comply with the requirements of Section 92-a(6) of the General Municipal Law.
- f. To purchase stop-loss insurance on behalf of the Consortium and determine each year the insurance carrier or carriers who are to provide the stop-loss insurance coverage during the next Plan Year, as required by N.Y. Insurance Law Sections 4707 and 4705(d)(3).
- g. To designate one governing Board member to retain custody of all reports, statements, and other documents of the Consortium, in accordance with N.Y. Insurance Law Section 4705(c)(2), and who shall also take minutes of each Board meeting which, if appropriate, shall be acted upon by the Board in a subsequent meeting.
- h. In accordance with N.Y. Insurance Law § 4705(e)(1), to choose the certified public accountant and the actuary to provide the reports required by this Agreement and any applicable law.
- i. In accordance with N.Y. Insurance Law § 4705 (d)(5)(A), designate the banks or trust companies in which joint funds, including reserve funds, are to be deposited and which shall be located in this state, duly chartered under federal law or the laws of this state.
- j. In accordance with N.Y. Insurance Law § 4705 (a)(6), designate the fiscal officer of a participating municipal corporation to be the Chief Fiscal Officer of the municipal cooperative health benefit plan, and who will serve on the Executive Committee.

2. Subject to the voting and quorum requirements set forth in this Agreement, the Board is authorized to take action on the following matters:

- a. To fix the frequency, time and place of regular Board meetings.

- b. To have a plan consultant (the “Plan Consultant) contract in place for the upcoming Plan Year, prior to October 1st of each year.
- c. To determine and notify each Participant prior to October 15th of each Plan Year of the monthly premium equivalent for each enrollee classification during the next Plan Year commencing the following January 1st.
- d. To take all necessary action to ensure that the Consortium obtains and maintains a Certificate of Authority in accordance with the Insurance Law.
- e. To take any other action authorized by law and deemed necessary to accomplish the purposes of this Agreement.
- f. Annually elect Directors to the Executive Committee to oversee operations and develop recommendations for Board actions stated in this Section E.

F. EXECUTIVE COMMITTEE

1. The Executive Committee of the Consortium shall consist of at least eleven (11) and no greater than fifteen (15) Directors. Executive Committee Directors are elected annually, but shall always include the elected Chairperson, Vice-Chairperson, and the Secretary of the Consortium, as well as the designated Chief Fiscal Officer and Chairperson of the Joint Committee on Plan Structure and Design.

2. The Secretary shall be responsible for maintaining all records in accordance with Article E, Section 1.g.

3. The Executive Committee shall establish meeting dates at its Organizational Meeting. The Executive Committee shall meet no less frequently than once per quarter.

4. Special meetings of the Executive Committee may be called at any time by the Chairperson or by any two (2) Executive Committee Directors. Whenever practicable, the person or persons calling such special meeting shall give at least three (3) day notice to all of the other Directors. Such notice shall set forth the time and place of the special meeting as well as a detailed agenda of the matters proposed to be acted upon. In the event three (3) day notice cannot be given, each Director shall be given such notice as is practicable under the circumstances.

5. The Executive Committee shall:

- a. Conduct business according to its Bylaws within its delegated authority, subject to approval and/or ratification of its actions at the next scheduled Board meeting.
- b. Create sub-committees as necessary to monitor operations and make recommendations, to the Executive Committee and/or Board, to facilitate operations.
- c. Manage the Consortium between meetings of the Board, subject to such approval by the Board as may be required by this Agreement.

- d. Develop Bylaws for its operations.
- e. In consultation with a nomination committee, fill any vacancy on the Executive Committee from among the Board's members as set forth in its Bylaws.
- f. Establish administrative guidelines for the efficient operation of the Consortium.
- g. ~~Annually appoint a treasurer (the "Treasurer") who may or may not be a Director and who shall be the treasurer, or equivalent financial officer, for one of the Participants. The Treasurer's duties shall be determined by the Chief Fiscal Officer to whom he/she will report.~~
- h. Take all necessary action to ensure the Consortium is operated and administered in accordance with the laws of the State of New York.

G. OFFICERS

1. At the Annual Meeting, the Board shall elect from its Directors a Chairperson, Vice Chairperson, Chief Fiscal Officer, and Secretary, who shall serve for a term of one (1) year or until their successors are elected and qualified. Any vacancy in an officer's position shall be filled at the next meeting of the Board.

2. Officers of the Consortium and employees of any third-party vendor, including without limitation the officers and employees of any Participant, who assist or participate in the operation of the Consortium, shall not be deemed employees of the Consortium. Each third-party vendor shall provide for all necessary services and materials pursuant to annual contracts with the Consortium. The officers of the Consortium shall serve without compensation from the Consortium, but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with the performance of such officers' duties.

3. Officers shall serve at the pleasure of the Board and may be removed or replaced upon a two-thirds (2/3) vote of the entire Board. This provision shall not be subject to the weighted voting alternative set forth in Section D.

H. CHAIRPERSON; VICE CHAIRPERSON; SECRETARY

1. The Chairperson shall be the Chief Executive Officer of the Consortium.

2. The Chairperson, or in the absence of the Chairperson, the Vice Chairperson, shall preside at all meetings of the Board.

3. In the absence of the Chairperson, the Vice Chairperson shall perform all duties related to that office.

4. The Secretary shall retain custody of all reports, statements, and other documents of the Consortium and ensure that minutes of each Board meeting are taken and transcribed which shall be acted on by the Board at a subsequent meeting, as appropriate.

I. CHIEF FISCAL OFFICER

1. The Chief Fiscal Officer shall act as the chief financial administrator of the Consortium and disbursing agent for all payments made by the Consortium, and shall have custody of all monies either received or expended by the Consortium. The Chief Fiscal Officer may delegate duties and tasks to the ~~Finance Manager~~~~Treasurer~~ to assist in accomplishing this function. However, the Chief Fiscal Officer may never delegate his/her ultimate authority and shall remain responsible for ensuring that the Consortium's finances are operated and administered in accordance with the laws of the State of New York. The Chief Fiscal Officer shall be the City Controller of the City of Ithaca. The Chief Fiscal Officer shall receive no remuneration from the Consortium. The Consortium shall reimburse the Participant that employs the Chief Fiscal Officer for reasonable and necessary out-of-pocket expenses incurred by the Chief Fiscal Officer in connection with the performance of his or her duties that relate to the Consortium.

2. All monies collected by the Chief Fiscal Officer relating to the Consortium, shall be maintained and administered as a common fund. The Chief Fiscal Officer shall, notwithstanding the provisions of the General Municipal Law, make payment in accordance with procedures developed by the Board and as deemed acceptable to the Superintendent.

3. The Chief Fiscal Officer shall be bonded for all monies received from the Participants. The amount of such bond shall be established annually by the Consortium in such monies and principal amount as may be required by the Superintendent.

4. All monies collected from the Participants by the Chief Fiscal Officer in connection with the Consortium shall be deposited in accordance with the policies of the Participant which regularly employs the Chief Fiscal Officer and shall be subject to the provisions of law governing the deposit of municipal funds.

5. The Chief Fiscal Officer may invest monies not required for immediate expenditure in the types of investments specified in the General Municipal Law for temporary investments or as otherwise expressly permitted by the Superintendent.

6. The Chief Fiscal Officer shall account for the Consortium's reserve funds separate and apart from all other funds of the Consortium, and such accounting shall show:

- a. the purpose, source, date, and amount of each sum paid into the fund;
- b. the interest earned by such funds;
- c. capital gains or losses resulting from the sale of investments of the Consortium's reserve funds;
- d. the order, purpose, date and amount of each payment from the reserve fund; and
- e. the assets of the fund, indicating cash balance and schedule of investments.

7. The Chief Fiscal Officer shall cause to be prepared and shall furnish to the Board, to participating municipal corporations, to unions which are the exclusive bargaining representatives of Enrollees, the Board's consultants, and to the Superintendent:

- a. an annual audit, and opinions thereon, by an independent certified public accountant, of the financial condition, accounting procedures and internal control systems of the municipal cooperative health benefit plan;
- b. an annual report and quarterly reports describing the Consortium's current financial status; and
- c. an annual independent actuarial opinion on the financial soundness of the Consortium, including the actuarial soundness of contribution or premium equivalent rates and reserves, both as paid in the current Plan Year and projected for the next Plan Year.

8. Within ninety (90) days after the end of each Plan Year, the Chief Fiscal Officer shall furnish to the Board a detailed report of the operations and condition of the Consortium's reserve funds.

J. PLAN ADMINISTRATOR

The Board, by a two-thirds (2/3) vote of the entire Board, may annually designate an administrator and/or insurance company of the Medical Plan (the "Plan Administrator") and the other provider(s) who are deemed by the Board to be qualified to receive, investigate, audit, and recommend or make payment of claims, provided that the charges, fees and other compensation for any contracted services shall be clearly stated in written administrative services and/or insurance contracts and payment for such contracted services shall be made only after such services are rendered or are reasonably expected to be rendered. All such contracts shall conform to the requirements of Section 92-a(6) of the General Municipal Law.

K. JOINT COMMITTEE ON PLAN STRUCTURE AND DESIGN

1. There shall be a Joint Committee on Plan Structure and Design (the "Joint Committee"), which shall consist of (a) a representative of each collective bargaining unit that is the exclusive collective bargaining representative of any Enrollee or group of Enrollees covered by the Medical Plan(s) (the "Union Members"); and (b) a representative of each Participant (the "Management Members"). Management Members may, but are not required to be, Directors.

2. The Joint Committee shall review all prospective Board actions in connection with the benefit structure and design of the Medical Plan(s), and shall develop findings and recommendations with respect to such matters. The Chair of the Joint Committee shall report such findings and recommendations to the Board at any regular or special meeting of the Board.

3. The Joint Committee shall select (a) from among the Union Members, an individual who shall serve as Chair of the Joint Committee; and (b) from among the Management Members,

an individual who shall serve as Vice Chair of the Joint Committee. The Joint Committee shall establish its own parliamentary rules and procedures.

4. Each eligible union shall establish such procedures by which its representative to the Joint Committee is chosen and such representative shall be designated in writing to the Chairperson of the Board and the Chair of the Joint Committee.

5. The Union Members on the Joint Committee on Plan Structure and Design shall select from among the Union Members an individual to serve as an additional at-large voting Labor Member on the Board of Directors of the Consortium. If the number of municipal members on the Consortium rises to seventeen (17), the union members of the Joint Committee on Plan Structure and Design shall select from among the Union Members an additional at-large voting Labor Member on the Board of Directors of the Consortium. The at-large voting Labor Member(s) along with the Joint Committee Chair shall collectively be the "Labor Representatives" as defined in Section C(11) of this Agreement. If the number of municipal members on the Consortium rises to twenty-three (23), the Union Members may select from among their members a third At-Large Labor Representative to serve as a Director. Thereafter, for every increase of five (5) additional municipal members added to the Consortium Union Members may select from among their members one (1) At-large Labor Representative to serve as Director with a maximum of ten (10) Labor Representatives. Attached hereto as Addendum "B" is a table illustrating the addition of At-Large Labor Representatives as set forth in this Section. Any At-Large Labor Representative designated according to this section shall have the same rights and obligations as all other Directors.

L. PREMIUM CALCULATIONS/PAYMENT.

1. The annual premium equivalent rates shall be established and approved by a majority of the entire Board. The method used for the development of the premium equivalent rates may be changed from time to time by the approval of two-thirds (2/3) of the entire Board, subject to review and approval by the Superintendent. The premium equivalent rates shall consist of such rates and categories of benefits as is set forth in the Medical Plan[s] that is determined and approved by the Board consistent with New York law.

2. In accordance with N.Y. Insurance Law §§ 4706 & 4707, the Consortium shall maintain reserves and stop-loss insurance to the level and extent required by the Insurance Law and as directed by the Superintendent.

3. Each Participant's monthly premium equivalent, by enrollee classification, shall be paid by the first day of each calendar month during the Plan Year. A late payment charge of one percent (1%) of the monthly installment then due may be charged by the Board for any payment not received by the first of each month, or the next business day when the first falls on a Saturday, Sunday, legal holiday, or day observed as a legal holiday by the Participants.

The Consortium may waive the first penalty once per Plan Year for each Participant, but will strictly enforce the penalty thereafter. A repeated failure to make timely payments, including any applicable penalties, may be used by the Board as an adequate justification for the expulsion of the Participant from the Consortium.

4. The Board shall assess Participants for additional contributions, if actual and anticipated losses due to benefits paid out, administrative expenses, and reserve and surplus requirements exceed the amount in the joint funds, as set forth in Section B(3) above.

5. The Board, in its sole discretion, may refund amounts in excess of reserves and surplus, or retain such excess amounts and apply these amounts as an offset to amounts projected to be paid under the next Plan Year's budget.

M. EMPLOYEE CONTRIBUTIONS.

If any Participant requires an Enrollee's contribution for benefits provided by the Consortium, the Participant shall collect such contributions at such time and in such amounts as it requires. However, the failure of a Participant to receive the Enrollee contribution on time shall not diminish or delay the payment of the Participant's monthly premium equivalent to the Consortium, as set forth in this Agreement.

N. ADDITIONAL BENEFITS.

Any Participant choosing to provide more benefits, coverages, or enrollment eligibility other than that provided under the Medical Plan(s)(s), will do so at its sole expense. This Agreement shall not be deemed to diminish such Participant's benefits, coverages or enrollment eligibility, the additional benefits and the payment for such additional benefits, shall not be part of the Consortium and shall be administered solely by and at the expense of the Participant.

O. REPORTING.

The Board, through its officers, agents, or delegates, shall ensure that the following reports are prepared and submitted:

1. Annually after the close of the Plan Year, not later than one-hundred twenty (120) days after the close of the Plan Year, the Board shall file a report with the Superintendent showing the financial condition and affairs of the Consortium, including an annual independent financial audit statement and independent actuarial opinion, as of the end of the preceding plan year.

2. Annually after the close of the Plan Year, the Board shall have prepared a statement and independent actuarial opinion on the financial soundness of the Consortium, including the contribution or premium equivalent rates and reserves, both as paid in the current Plan Year and projected for the next Plan Year.

3. The Board shall file reports with the Superintendent describing the Consortium's then current financial status within forty-five (45) days of the end of each quarter during the Plan year.

4. The Board shall provide the annual report to all Participants and all unions, which are the exclusive collective bargaining representatives of Enrollees, which shall be made available for review to all Enrollees.

5. The Board shall submit to the Superintendent a report describing any material changes in any information originally provided in the Certificate of Authority. Such reports, in addition to the reports described above, shall be in such form, and containing such additional content, as may be required by the Superintendent.

P. WITHDRAWAL OF PARTICIPANT

1. Withdrawal of a Participant from the Consortium shall be effective only once annually on the last day of the Plan Year.

2. Notice of intention of a Participant to withdraw must be given in writing to the Chairperson prior to September 1st of each Plan Year. Failure to give such notice shall automatically extend the Participant's membership and obligations under the Agreement for another Plan Year, unless the Board shall consent to an earlier withdrawal by a two-thirds (2/3) vote.

3. Any withdrawing Participant shall be responsible for its pro rata share of any Consortium deficit that exists on the date of the withdrawal, subject to the provisions of subsection "4" of this Section. The withdrawing Participant shall be entitled to any pro rata share of surplus that exists on the date of the withdrawal, subject to the provisions of subsection "4" of this Section. The Consortium surplus or deficit shall be based on the sum of actual expenses and the estimated liability of the Consortium as determined by the Board. These expenses and liabilities will be determined one (1) year after the end of the Plan Year in which the Participant last participated.

4. The surplus or deficit shall include recognition and offset of any claims, expenses, assets and/or penalties incurred at the time of withdrawal, but not yet paid. Such pro rata share shall be based on the Participant's relative premium contribution to the Consortium as a percentage of the aggregate premium contributions to the Consortium during the period of participation. This percentage amount may then be applied to the surplus or deficit which existed on the date of the Participant's withdrawal from the Consortium. Any pro rata surplus amount due the Participant shall be paid to the Participant one year after the effective date of the withdrawal. Any pro rata deficit amount shall be billed to the Participant by the Consortium one year after the effective date of the withdrawal and shall be due and payable within thirty (30) days after the date of such bill.

Q. DISSOLUTION; RENEWAL; EXPULSION

1. The Board at any time, by a two-thirds (2/3) vote of the entire Board, may determine that the Consortium shall be dissolved and terminated. If such determination is made, the Consortium shall be dissolved ninety (90) days after written notice to the Participants.

a. Upon determination to dissolve the Consortium, the Board shall provide notice of its determination to the Superintendent. The Board shall develop and submit to the Superintendent for approval a plan for winding-up the Consortium's affairs in an orderly manner designed to result in timely payment of all benefits.

b. Upon termination of this Agreement, or the Consortium, each Participant shall be responsible for its pro rata share of any deficit or shall be entitled to any pro rata share of surplus that exists, after the affairs of the Consortium are closed. No part of any funds of the Consortium shall be subject to the claims of general creditors of any Participant until all Consortium benefits and other Consortium obligations have been satisfied. The Consortium's surplus or deficit shall be based on actual expenses. These expenses will be determined one year after the end of the Plan Year in which this Agreement or the Consortium terminates.

c. Any surplus or deficit shall include recognition of any claims/expenses incurred at the time of termination, but not yet paid. Such pro rata share shall be based on

each Participant's relative premium contribution to the Consortium as a percentage of the aggregate premium contributions to the Consortium during the period of participation. This percentage amount would then be applied to the surplus or deficit which exists at the time of termination.

2. The continuation of the Consortium under the terms and conditions of the Agreement, or any amendments or restatements thereto, shall be subject to Board review on the fifth (5th) anniversary of the Effective Date and on the fifth (5th) anniversary date thereafter (each a "Review Date") to the extent deemed required by Article 5-G of the New York General Municipal Law (the "General Municipal Law").

a. At the annual meeting a year prior to the Review Date, the Board shall include as an agenda item a reminder of the Participants' coming obligation to review the terms and conditions of the Agreement.

b. During the calendar year preceding the Review Date, each Participant shall be responsible for independently conducting a review of the terms and conditions of the Agreement and submitting to the Board of Directors a written resolution containing any objection to the existing terms and conditions or any proposed modification or amendment to the existing Agreement, such written resolution shall be submitted to the Board on or before March 1st preceding the Review Date. Failure to submit any such resolution shall be deemed as each Participant's agreement and authorization to the continuation of the Consortium until the next Review Date under the existing terms and conditions of the Agreement.

c. As soon as practicable after March 1st, the Board shall circulate to all Participants copies of all resolutions submitted by the Participants. Subject to Section S hereof, any resolutions relating to the modification, amendment, or objection to the Agreement submitted prior to each Review Date shall be considered and voted on by the Participants at a special meeting called for such purpose. Such special meeting shall be held on or before July 1st preceding the Review Date.

d. Notwithstanding the foregoing or Section T hereof, if at the Annual Meeting following any scheduled Review Date the Board votes on and approves the budget and annual assessment for the next year, the Participants shall be deemed to have approved the continuation of the Consortium under the existing Agreement until the next Review Date.

3. The Participants acknowledge that it may be necessary in certain extraordinary circumstances to expel a Participant from the Consortium. In the event the Board determines that:

a. A Participant has acted inconsistently with the provisions of the Agreement in a way that threatens the financial well-being or legal validity of the Consortium; or

b. A Participant has acted fraudulently or has otherwise acted in bad faith with regards to the Consortium, or toward any individual Participant concerning matters relating to the Consortium, the Board may vote to conditionally terminate said Participant's membership in the Consortium. Upon such a finding by the affirmative vote of two-thirds (2/3) of the Participants, the offending Participant shall be given sixty (60) days to correct or cure the alleged wrongdoing to the satisfaction of the Board. Upon the expiration of said sixty (60) day period, an absent satisfactory cure, the Board may expel the Participant by an affirmative vote of two-thirds (2/3) of the Participants

(exclusive of the Participant under consideration). This section shall not be subject to the weighted voting provision provided in Section D. Any liabilities associated with the Participant's departure from the Consortium under this provision shall be determined by the procedures set forth in Section P of this Agreement.

R. REPRESENTATIONS AND WARRANTIES OF PARTICIPANTS.

Each Participant by its approval of the terms and conditions of this Agreement hereby represents and warrants to each of the other Participants as follows:

1. The Participant understands and acknowledges that its participation in the Consortium under the terms and conditions of this Agreement is strictly voluntary and may be terminated as set forth herein, at the discretion of the Participant.

2. The Participant understands and acknowledges that the duly authorized decisions of the Board constitute the collective will of each of the Participants as to those matters within the scope of the Agreement.

3. The Participant understands and acknowledges that the decisions of the Board made in the best interests of the Consortium may on occasion temporarily disadvantage one or more of the individual Participants.

4. The Participant represents and warrants that its designated Director or authorized representative understands the terms and conditions of this Agreement and is suitably experienced to understand the principles upon which this Consortium operates.

5. The Participant understands and acknowledges that all Directors, or their authorized representatives, are responsible for attending all scheduled meetings. Provided that the quorum rules are satisfied, non-attendance at any scheduled meeting is deemed acquiescence by the absent Participant to any duly authorized Board-approved action at the meeting.

6. The Participant understands and acknowledges that, absent bad faith or fraud, any Participant's vote approving any Board action renders that Board action immune from later challenge by that Participant.

S. RECORDS

The Board shall have the custody of all records and documents, including financial records, associated with the operation of the Consortium. Each Participant may request records and documents relative to their participation in the Consortium by providing a written request to the Chairperson and Chief Fiscal Officer. The Consortium shall respond to each request no later than thirty (30) days after its receipt thereof, and shall include all information which can be provided under applicable law.

T. CHANGES TO AGREEMENT

Any change or amendment to this Agreement shall require the unanimous approval of the Participants, as authorized by a majority vote of their respective legislative bodies, as required by N.Y. Insurance Law § 4705(a).

U. CONFIDENTIALITY

Nothing contained in this Agreement shall be construed to waive any right that a covered person possesses under the Medical Plan(s) with respect to the confidentiality of medical records and that such rights will only be waived upon the written consent of such covered person.

V. ALTERNATIVE DISPUTE RESOLUTION ("ADR").

1. General. The Participants acknowledge and agree that given their budgeting and fiscal constraints, it is imperative that any disputes arising out of the operation of the Consortium be limited and that any disputes which may arise be addressed as quickly as possible. Accordingly, the Participants agree that the procedures set forth in this Section V are intended to be the exclusive means through which disputes shall be resolved. The Participants also acknowledge and agree that by executing this Agreement each Participant is limiting its right to seek redress for certain types of disputes as hereinafter provided.

2. Disputes subject to ADR. Any dispute by any Participant, Board Member, or Committee Person arising out of or relating to a contention that:

a. The Board, the Board's designated agents, a Committee person, or any Participant has failed to adhere to the terms and conditions of this Agreement or any duly-passed resolution of the Board;

b. The Board, the Board's designated agents, a Committee person, or any Participant has acted in bad faith or fraudulently in undertaking any duty or action under the Agreement; or

c. Any other dispute otherwise arising out of or relating to: (i) the terms or conditions of this Agreement; (ii) any duly-passed decision, resolution, or policy by the Board of Directors; or (iii) otherwise requiring the interpretation of this Agreement shall be resolved exclusively through the ADR procedure set forth in paragraph (3) below.

3. ADR Procedure. Any dispute subject to ADR, as described in subparagraph (2), shall be resolved exclusively by the following procedure:

a. Board Consideration: Within ninety (90) days of the occurrence of any dispute, the objecting party (the "Claimant") shall submit a written notice of the dispute to the Chairperson specifying in detail the nature of the dispute, the parties claimed to have been involved, the specific conduct claimed, the basis under the Agreement for the Participant's objection, the specific injury or damages claimed to have been caused by the objectionable conduct to the extent then ascertainable, and the requested action or resolution of the dispute. A dispute shall be deemed to have occurred on the date the objecting party knew or reasonably should have known of the basis for the dispute.

i. Within sixty (60) days of the submission of the written notice, the Executive Committee shall, as necessary, request further information from the Claimant, collect such other information from any other interested party or source, form a recommendation as to whether the Claimant has a valid objection or claim, and if so, recommend a fair resolution of said claim. During such period, each party shall provide the other with any reasonably requested

information within such party's control. The Executive Committee shall present its recommendation to the Board in writing, including any underlying facts, conclusions or support upon which it is based, within such sixty (60) day period.

ii. Within sixty (60) days of the submission of the Executive Committee's recommended resolution of the dispute, the Board shall convene in a special meeting to consider the dispute and the recommended resolution. The Claimant and the Executive Committee shall each be entitled to present any argument or material it deems pertinent to the matter before the Board. The Board shall hold discussion and/or debate as appropriate on the dispute and may question the Claimant and/or the Executive Committee on their respective submissions. Pursuant to its regular procedures, the Board shall vote on whether the Claimant has a valid claim, and if so, what the fair resolution should be. The weighted voting procedure set forth in Section D shall not apply to this provision. The Board's determination shall be deemed final subject to the Claimant's right to arbitrate as set forth below.

b. Arbitration. The Claimant may challenge any Board decision under subparagraph (V)(3)(a)(ii) by filing a demand for arbitration with the American Arbitration Association within thirty (30) days of the Board's vote (a "Demand"). In the event a Claimant shall fail to file a Demand within thirty (30) days, the Board's decision shall automatically be deemed final and conclusive. In the event the Participant files a timely Demand, the arbitrator or arbitration panel may consider the claim:

provided however;

i. in no event may the arbitrator review any action taken by the Board that occurred three (3) or more years prior to when the Chairperson received notice of the claim; and

ii. in no event may the arbitrator award damages for any period that precedes the date the Chairperson received notice of the claim by more than twenty-four (24) months.

c. The Participants agree that the procedure set forth in this Section V shall constitute their exclusive remedy for disputes within the scope of this Section.

W. MISCELLANEOUS PROVISIONS

1. This instrument constitutes the entire Agreement of the Participants with respect to the subject matter hereof, and contains the sole statement of the operating rules of the Consortium. This instrument supersedes any previous Agreement, whether oral or written.

2. Each Participant will perform all other acts and execute and deliver all other documents as may be necessary or appropriate to carry out the intended purposes of this Agreement.

3. If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion so adjudged invalid, illegal or unenforceable shall be

deemed separate, distinct and independent and the remainder of this Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

4. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Any claims made under Section V(3)(b) except to the extent otherwise limited therein, shall be governed by New York substantive law.

5. All notices to any party hereunder shall be in writing, signed by the party giving it, shall be sufficiently given or served if sent by registered or certified mail, return receipt requested, hand delivery, or overnight courier service addressed to the parties at the address designated by each party in writing. Notice shall be deemed given when transmitted.

6. This Agreement may be executed in two or more counterparts each of which shall be deemed to be an original but all of which shall constitute the same Agreement and shall become binding upon the undersigned upon delivery to the Chairperson of an executed copy of this Agreement together with a certified copy of the resolution of the legislative body approving this Agreement and authorizing its execution.

7. The provisions of Section V shall survive termination of this Agreement, withdrawal or expulsion of a Participant, and/or dissolution of the Consortium.

8. Article and section headings in this Agreement are included for reference only and shall not constitute part of this Agreement.

9. No findings or recommendations made by the Joint Committee on Plan Structure and Design or by the Chair of the Joint Committee shall be considered a waiver of any bargaining rights under any contract, law, rule, statute, or regulation.

10. The Chairperson and Executive Director are each designated attorneys-in-fact to receive service of any summons or other legal process in any action, suit or proceeding arising out of any contract, agreement, or transaction involving the Consortium. Service may be effected on either the Chairperson or Executive Director without requiring service to both.”

X. APPROVAL, RATIFICATION, AND EXECUTION

1. As a condition precedent to execution of this Municipal Cooperative Agreement and membership in the Consortium, each eligible municipal corporation desiring to be a Participant shall obtain legislative approval of the terms and conditions of this Agreement by the municipality’s governing body.

2. Prior to execution of this Agreement by a Participant, the Participant shall provide the Chairperson with the resolution approving the municipality’s participation in this Consortium and expressly approving the terms and conditions of this Municipal Cooperative Agreement. Each presented resolution shall be maintained on file with the Consortium.

3. By executing this Agreement, each signatory warrants that he/she has complied with the approval and ratification requirements herein and is otherwise properly authorized to bind the participating municipal corporation to the terms and conditions of this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned has caused this Amended Agreement to be executed as of the date adopted by the Board of Directors of the Greater Tompkins County Municipal Health Insurance Consortium and subsequently adopted by all participating municipalities.

Addendum “A”

Example of Weighted Voting Formula under Section D(2)

If 11 Participants have 500 or fewer enrollees each and 2 Participants have more than 500 enrollees each, under subparagraph “a” the 11 each get 1 vote. Under subparagraph “b” the 2 large Participants get 4 votes each, which is calculated by taking the total number of votes under subparagraph “a” [11] subtracting the number of Labor Representative votes [2], dividing by the number of eligible Participants under subsection “b” [2], and rounding the result [4.5] down to the nearest whole number [4]. The Labor Representative shall have 1 vote, irrespective of the votes available to the Participants.

Addendum "B"

Illustration of At-Large Labor Representative Calculation

Total Number of Participants	Total Number of At-Large Labor Representatives
< 17	1
17-22	2
23-27	3
28-32	4
33-37	5
38-42	6
43-47	7
47-52	8
53-57	9
58+	10

EXHIBIT "A"

INVESTMENT POLICY

FOR

GREATER TOMPKINS COUNTY MUNICIPAL INSURANCE CONSORTIUM

Article I

Purpose and Objectives

A. The purpose of this Investment Policy (the "**Policy**") is to set forth the parameters within which the funds of the Greater Tompkins County Municipal Health Insurance Consortium (the "**Consortium**") are to be managed. In methods, procedures, and practices, the Policy formalizes the framework for the Consortium's investment activities that must be exercised to ensure effective and judicious management of its funds.

B. This Policy applies to all moneys and other financial resources of the Consortium with regard to depositing and investing its assets, and the Policy shall represent the investment constraints of all invested assets.

C. The primary objectives for implementation of the Policy, in priority order, are: (1) to conform with all applicable federal, state and other legal requirements; (2) to adequately safeguard principal; (3) to provide sufficient liquidity to meet all operating requirements of the Consortium; and (4) to obtain a reasonable rate of return.

Article II

Delegation of Authority

A. Pursuant to Section J(5) of the Municipal Cooperation Agreement of the Consortium,¹ the Board of Directors of the Consortium (the "**Board**") may delegate certain responsibilities set forth herein to the Chief Fiscal Officer of the Consortium (the "**CFO**").

B. As set forth in Article II, Section (A) above, the Board hereby delegates to the CFO, the authority to administer the Consortium's investment program (the "**Investment Program**"), and to establish written procedures for the operation of the Investment Program consistent with this Policy, and all applicable federal and state laws². However, any such written procedures shall become effective only upon approval by the Board.

Article III

Standards of Care

A. Prudence.

1. Each person responsible for managing and investing the Consortium's financial assets shall act in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances. When making investment and management decisions, the primary objectives for implementation of the Policy set forth in Article I, Section (C) above shall be considered.

¹ See Section J(5) of the 2014 Amendment to the Municipal Cooperation Agreement.

² See Section 10 and 11 of the New York State (the "**State**") General Municipal Law, and Section 4706(b) of the State Insurance Law.

2. In making decisions regarding management and investment of the Consortium's financial assets, the following non-exclusive factors shall be considered, if relevant:

- i. general economic conditions;
- ii. the possible effect of inflation or deflation;
- iii. the role that each investment or course of action plays within the overall investment portfolio of the Consortium;
- iv. the expected total return from income and the appreciation of its investments;
- v. other resources of the Consortium;
- vi. the needs of the Consortium and the specific funds to make distributions and to preserve capital; and
- vii. an asset's special relationship or special value, if any, to the purposes of the Consortium.

B. Ethics and Conflicts of Interest. Officers, members, and employees of the Consortium involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the Investment Program, or that could impair their ability to make impartial investment decisions. Officers, members, and employees involved in the investment process shall disclose to the Consortium's Executive Director and the Board any material financial interests they have in financial institutions that conduct business with the Consortium and shall further disclose any personal financial/investment positions that could be related to the performance of the Consortium's investment portfolio. Officers, members, and employees involved in the Investment Program shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Consortium; and shall be bound by the Consortium's Code of Ethics Policy.

Article IV **Suitable and Authorized Investments**

A. The following investments are permitted by the Policy:

1. U.S. Treasury & Government Guaranteed. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided that the Full Faith and Credit of the United States of America must be pledged to any such direct obligation or guarantee ("**Direct Obligations**").

2. US Government Agencies

3. Municipals. Obligations issued or guaranteed by any of the following:

- i. Obligations of **New York** State; or
- ii. With the approval of the State Comptroller, obligations issued pursuant to Section 24.00 or 25.00 of the State Local Finance Law (i.e. Tax Anticipation Notes and Revenue Anticipation Notes), by any municipality, school district or district corporation in the State, other than the Consortium.

4. Time Deposits. Special time deposit accounts, or non-negotiable certificates of deposit ("CD") in a State "banking institution"³ or federally chartered banks, savings and loans or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with State Law.

5. Obligations of other (non-NY) US states, or their political subdivisions, having the power to levy taxes that are backed by the full faith and credit of such state or political subdivision and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

6. Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization

7. Obligations of domestic corporations rated in one of the four highest rating categories by at least one nationally recognized statistical rating organization

8. Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by federal bank regulatory agencies.

9. Commercial paper and bankers' acceptances issued by a bank (other than the bank with which the money is being deposited or invested) rated in the highest short-term category by one nationally recognized statistical rating organization and having maturities of no longer than sixty days from the date they are pledged.

Article V
Investment Parameters

A. Diversification. Investments of funds of the Consortium shall be diversified to limit the risk of loss resulting from the concentration of assets in a specific type of investment, specific maturity, specific issuer or specific sector. The diversification strategy shall be reviewed as frequently as circumstances require, but at least annually.

The following diversification parameters have been established:

Sector Type	Sector Max (%)	Issuer Max (%)	Ratings Requirement ¹	Max Maturity
US Treasury and Government Guaranteed	100%	N/A	N/A	10 Years ²
Municipals	30%	5%	Top Three Ratings Categories	10 Years
Time Deposits and Certificates of Deposit	50%	FDIC Limit	N/A, so long as FDIC-guaranteed	5 Years
Non New York State Municipals	10%	N/A	Top Three Ratings Categories	10 Years
Puerto Rico	10%	N/A	Top Three Ratings Categories	10 Years
Domestic Corporations	10%	N/A	Top Four Ratings Categories	10 Years
Mortgage Related Securities	10%	N/A		10 Years
Commercial Paper	10%	N/A	Highest short-term category	60 days

¹ By a Nationally Recognized Statistical Ratings Organization (“NRSRO”)

² Government guaranteed mortgage-backed securities shall have a maximum weighted average life of 10 years

B. Subsequent Credit Downgrades. In the event of a downgrade of a security below the minimum credit standards for a new investment of that security, the CFO shall evaluate the downgrade on a case-by-case basis, and promptly notify the Board and recommend a course of action. If the CFO and/or the Board has retained a professional investment advisor, the investment advisor shall promptly notify the CFO of any downgrade below the minimum credit standards and recommend a course of action.

Article VI Investment Institutions

A. All financial institutions and dealers with which the Consortium transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size and other factors that make the financial institution or the dealer capable and qualified to transact business with the Consortium.

B. The CFO shall evaluate the financial position of all financial institutions and dealers with which the Consortium transacts business, and maintain a listing of proposed depositaries, trading partners, and custodians. Recent Reports of Condition and Income (i.e. call reports) shall be obtained for proposed banks, and security dealers that are not affiliated with a bank, shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as “primary dealers.”

Article VII

³ As such term is defined in Section 9-r of the State Banking Law.

Qualifications of Broker-Dealers

A. The Consortium shall maintain a list of approved security broker-dealers selected by a process of due diligence, which process shall require all broker-dealer candidates to supply the following:

1. Audited financial statements demonstrating compliance with State and federal capital adequacy guidelines;
2. Proof of certification from the Financial Industry Regulatory Authority;
3. Proof of State Registration required by the State General Municipal Law;
4. Evidence of adequate insurance coverage; and
5. Certification and acknowledgement of having read, understood and agreeing to comply with this Policy.

B. Approved security broker-dealers may include primary dealers or regional dealers registered with the Securities Exchange Commission ("**SEC**") that comply with SEC net capital standards under Section 15c3-1 of the Securities Exchange act of 1934 (the "**Exchange Act**").

C. The Consortium is authorized to employ an external investment advisor that shall maintain its own list of approved and qualified security broker-dealers, subject to the same process of due diligence set forth in Article VII, Section (A) above.

Article VIII Competitive Transactions

A. To ensure that transactions meet best execution requirements, the Consortium has established the following procedures:

1. The CFO or the investment advisor, to the extent applicable, shall seek to obtain at least three (3) competitive bids or offers on any necessary contract related to the purchase and sale of investments; and
2. The CFO or the investment advisor, to the extent applicable, shall document any competitive bids, offers, or quotations received in reliance on this Article.

B. If the Consortium hires an external investment advisor as permitted by Article VII, Section C of this Policy, the advisor must retain documentation demonstrating compliance with this Article, to the extent it is applicable, and provide such documentation to the Consortium upon request.

Article IX **Securing Deposits and Investments**

A. All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively, the "**Deposits**") made by officers of the Consortium that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, including pursuant to a Deposit Placement Program in accordance with applicable law, shall be secured by the following vehicles listed below: **Although allowed by State General Municipal Law, the CFO, after consultation with the Investment Advisor, may limit the selection of eligible securities from the list for collateralizing deposits.**

1. A pledge of "**eligible securities**"⁴ with an aggregate market value that is at least equal to the aggregate amount of the Deposits;
2. A pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of the Deposits;
3. An "**eligible surety bond**"⁵ payable to the government for an amount at least equal to one hundred percent (100%) of the aggregate amount of the Deposits and the agreed-upon interest, if any, executed by an insurance company authorized to do business in the State, whose claims-paying ability is rated in the highest rating category by at least two (2) nationally recognized statistical rating organizations;
4. An "**eligible letter of credit**,"⁶ payable to the Consortium as security for the payment of one hundred forty percent (140%) of the aggregate amount of the Deposits and the agreed-upon interest, if any. An "eligible letter of credit" shall be an irrevocable letter of credit issued in favor of the Consortium for a term not to exceed ninety (90) days, by a qualified bank (other than the bank where the secured money is deposited). A qualified bank is either one whose commercial paper and other unsecured short-term debt obligations (or, in the case of a bank which is the principal subsidiary of a holding company, whose holding company's commercial paper and other unsecured short-term debt obligations) are rated in one (1) of the three (3) highest rating categories by at least one (1) nationally recognized statistical rating organization, or one that is in compliance with applicable federal minimum risk-based capital requirements; and/or
5. An irrevocable letter of credit issued in favor of the Consortium by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one (1) nationally recognized statistical rating organization, as security for the payment of one hundred percent (100%) of the aggregate amount of the Deposits, and the agreed-upon interest, if any.

Article X **Safekeeping and Custody**

A. **Third-Party Safekeeping.** All investment securities purchased for or held as collateral on deposits or investments shall be held by an independent third-party safekeeping institution, such as a bank, trust company, or third-party custodial agent who may not otherwise be a counter-party to an investment transaction, selected by the Consortium (the "**Independent Safekeeping Institution**"), and subject to security and custodial agreements as follows:

1. Consistent with Section 10(3)(a) of the State General Municipal Law, the security agreement shall provide that eligible securities are being pledged to secure the Deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of the Deposits

upon a default. It shall also provide the conditions under which the securities held may be sold, presented for payment, substituted or released and the events of default which will enable the local government⁷ to exercise its rights against the pledged securities. Such agreement shall include all provisions deemed necessary and sufficient to secure in a satisfactory manner the local government's interest in the collateral.

2. The custodial agreement shall provide that the pledged securities will be held by the Independent Safekeeping Institution as agent of, and custodian for, a local government, and will be kept separate and apart from the general assets of the Independent Safekeeping Institution, and it shall also provide for the manner in which the Independent Safekeeping Institution shall confirm the receipt, substitution or release of the collateral. Such agreement shall further provide for the frequency of revaluation of collateral by the Independent Safekeeping Institution, and the substitution of collateral when a change in the rating of a security causes ineligibility pursuant to the State General Municipal Law.⁸

3. The security and custodial agreements shall also include all other provisions necessary to provide the Consortium with a perfected security interest in the eligible securities and to otherwise secure the local government's interest in the collateral, and may contain other provisions that the Board deems necessary.

⁴ As defined in Section 10(1)(f) of the State General Municipal Law

⁵ See State General Municipal Law Section 11(1)(g).

⁶ See State General Municipal Law Section 11(1)(h).

⁷ As such term is defined in Section 10(1)(a) of the State General Municipal Law.

B. Internal Controls. The CFO shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be designed to prevent the loss of funds arising from fraud, employee error, and misrepresentation by third-parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Consortium. The system of internal controls shall further provide a satisfactory level of accountability based upon records incorporating the description and amounts of investments, the fund(s) for which they are held, the place(s) where such funds are kept, and other relevant information, including dates of sale or other dispositions and amounts realized. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the Investment Program.

Article XI **Performance Standards/Evaluation**

A. Assets will be managed in accordance with the parameters specified within this Policy. Performance should be compared to a relevant benchmark or benchmark(s), at regular intervals, but at least on a quarterly basis.

B. Prior to any reporting period, a performance benchmark or benchmarks will be established by the Board. The benchmark(s) shall be reflective of the actual securities being managed and risks undertaken; and the benchmark(s) shall have a similar weighted average maturity and credit profile as the portfolio.

Article XII **Reporting/Disclosure**

A. The CFO shall prepare or have prepared an investment report each quarter, including a summary that provides an analysis of current investments (the "**Investment Report**"). The Investment Report shall be prepared in a manner that will allow the Board to ascertain whether investment activities during the reporting period have conformed to the Policy.

B. The Investment Report shall include, at a minimum, the following:

1. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate;
2. Average maturity and duration of investments;
3. Maturity distribution; and
4. Average portfolio credit quality.

⁸ See Section 10(3)(a) of the State General Municipal Law.

Article XIII
Review of Policy

The Board shall review the Policy at least annually, within one hundred twenty (120) days of the end of the fiscal year, to reflect developments affecting the Consortium's finances and activities, and to ensure its consistency with the primary objectives set forth in Article I, Section (C) herein.

Article XIV
Policy Adoption

This Policy is adopted by the Board this 22nd day of March, 2018.



Greater Tompkins County Municipal Health Insurance Consortium

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

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

RESOLUTION NO. – 2022 – APPROVAL OF AMENDMENT TO THE INVESTMENT MANAGEMENT POLICY

WHEREAS, the Consortium's Investment Management Policy currently restricts the Consortium from investing in additional investment vehicles that are authorized under General Municipal Law (GML), and

WHEREAS, upon discussion by the Investment Management Subcommittee, there is interest in allowing the Consortium's Investment Manager to have the ability to invest and capitalize on other investments that are permitted under GML and structure a portfolio based on the Consortium's cash flow needs, utilizing instruments that would produce the best return, now therefore be it

RESOLVED, on recommendation of the Investment Management, Audit and Finance, and Executive Committees, That the Board of Directors hereby approves the Consortium's amended Investment Management Policy.

* * * * *



2023 Fiscal Year
Preliminary Budget Presentation
August 23, 2022

Locey & Cahill, LLC
250 South Clinton Street, Suite 340
Syracuse, NY 13202
Tel (315) 425-1424
Fax (315) 425-1394
E-mail: slocey@loceycahill.com



Section 1

2022 Fiscal Year-to-Date Budget vs Actual Results

2022 Income Budget vs Actual (07/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Income							
	Medical and Rx Plan Premiums	\$57,752,443.75	\$55,937,315.28	\$32,630,100.58	\$32,014,482.26	-\$615,618.32	-1.89%
9005	Gain on Investments	\$0.00	\$0.00	\$0.00	\$131,196.02	\$131,196.02	
9020	Interest	\$45,660.35	\$45,660.35	\$26,635.20	\$23,997.89	-\$2,637.31	-9.90%
9010	Rx Rebates	\$3,000,000.00	\$3,000,000.00	\$2,000,000.00	\$1,608,600.12	-\$391,399.88	-19.57%
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9035	Finance Charge Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Income		\$60,798,104.10	\$58,982,975.63	\$34,656,735.78	\$33,778,276.29	-\$878,459.49	-2.53%

Key Facts:

1. Total Income was 2.53% below the amended budget, with premium income being 1.89% below the amended budget for the first 7-months of the fiscal year. The amended budget reflects the changes in plan designs and demographics of the participants as detailed below:
 - a. There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan.
 - b. Changes in covered lives and contract counts.
 - c. Rx Rebates received totaled \$727,509.70 from the 1st quarter of 2022, however this fell short of the projection based on the RFP data submitted.

2022 Income Budget vs Actual (07/31/2022)

Key Facts (continued):

2. Interest Income to date is approximately 9.9% below budget. However, it should be noted that the change in market conditions has improved interest earnings when compared to the COVID peak. Also, based on the recommendation of the auditor, gains and losses on investments are booked each month and are expected to improve.
3. The pharmaceutical manufacturer rebate payments received from ProAct, Inc. through July 2022 totaled \$1,608,600.12. The new rebate guarantees did not hit projected levels for the first payment in July 2022. We are working with ProAct, Inc. to analyze this as in 2021 the Consortium received nearly, \$2.4m in rebates before the new guarantees.
4. To date, the Consortium has not received any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1,000,000 in 2022. As of July 31, 2022, there have been no claims in excess of \$1,000,000, which would trigger such payments.
5. There is no “Other” income as of July 31, 2022. Even when the Consortium does register some miscellaneous income, the impact is negligible at best and typically will have little to no impact on the overall financial position of the Consortium.



Section 2

2022 Fiscal Year-to-Date
Expense Budget vs Actual Results

2022 Expense Budget vs Actual Results (07/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Expenses							
8090	Medical Paid Claims	\$40,780,345.45	\$40,780,345.45	\$23,461,222.38	\$21,831,031.59	-\$1,630,190.79	-6.95%
	Advance Deposit / Pre-Paid Claims	\$37,344.64	\$65,900.00	\$65,900.00	\$65,900.00	\$0.00	0.00%
8120	Rx Paid Claims - ProAct	\$16,506,765.82	\$16,506,765.82	\$9,523,134.13	\$9,471,345.25	-\$51,788.88	-0.54%
8121	Rx Paid Claims - CanaRx	\$161,366.59	\$161,366.59	\$94,130.51	\$91,797.70	-\$2,332.81	-2.48%
8084	Flu Clinic Fees	\$20,037.48	\$23,042.13	\$13,441.24	\$0.00	-\$13,441.24	-100.00%
8050	Medical Admin Fees	\$1,521,623.78	\$1,502,656.92	\$876,549.87	\$911,576.37	\$35,026.50	4.00%
	Rx Admin Fees	\$206,958.25	\$226,592.82	\$132,179.15	\$153,449.17	\$21,270.03	16.09%
8091	NYS Covered Lives Assessment	\$391,982.86	\$319,060.15	\$186,118.42	\$215,597.76	\$29,479.34	15.84%
9060	ACA PCORI Fee	\$18,886.41	\$18,886.41	\$18,886.41	\$17,585.37	-\$1,301.04	-6.89%
8110	Specific Stop-Loss Insurance (Actual)	\$313,950.00	\$723,382.00	\$421,972.83	\$173,192.90	-\$248,779.93	-58.96%
8000	Accounting Fees	\$19,000.00	\$19,000.00	\$11,083.33	\$12,200.00	\$1,116.67	10.08%
8010	Actuarial Fees	\$10,000.00	\$10,000.00	\$5,833.33	\$7,200.00	\$1,366.67	23.43%
8020	Audit Fees (Financial)	\$14,420.00	\$14,420.00	\$13,390.00	\$14,500.00	\$1,110.00	8.29%
8021	Audit Fees (Claims)	\$51,295.00	\$51,295.00	\$29,922.08	\$19,875.00	-\$10,047.08	-33.58%
8055	Consultant Fees (Barber & Strat Plan)	\$45,000.00	\$25,000.00	\$14,583.33	\$0.00	-\$14,583.33	-100.00%
8030	Consultant Fees (L&C)	\$91,650.00	\$91,650.00	\$53,462.50	\$53,375.00	-\$87.50	-0.16%
8070	Legal Fees	\$12,000.00	\$12,000.00	\$7,000.00	\$5,357.00	-\$1,643.00	-23.47%
8065	Wellness Program Costs	\$25,000.00	\$25,000.00	\$14,583.33	\$205.00	-\$14,378.33	-98.59%
66001	Executive Director (Salary)	\$96,450.00	\$96,450.00	\$56,262.50	\$55,641.30	-\$621.20	-1.10%
66002	Fringe Benefits	\$119,635.00	\$119,635.00	\$69,787.08	\$45,656.62	-\$24,130.46	-34.58%
66003	Clerk of the Board (Salary)	\$74,300.00	\$74,300.00	\$43,341.67	\$30,127.16	-\$13,214.51	-30.49%
66004	Admin/Comp Asst (Salary)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
66005	Benefits Specialist (Salary)	\$56,240.00	\$56,240.00	\$32,806.67	\$32,445.00	-\$361.67	-1.10%
66006	Finance Manager (Salary)	\$72,100.00	\$72,100.00	\$42,058.33	\$41,596.20	-\$462.13	-1.10%
8060	Insurances (D&O / Prof. Liability)	\$55,650.00	\$53,004.00	\$30,919.00	\$33,988.50	\$3,069.50	9.93%
8041	Internal Coordination (Finance)	\$20,000.00	\$20,000.00	\$11,666.67	\$11,666.67	\$0.00	0.00%
8042	Internal Coordination (Support)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8040	Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$3,500.00	\$3,500.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$6,485.00	\$6,681.00	\$3,897.25	\$3,897.25	\$0.00	0.00%
9065	Marketing Expenses	\$2,575.00	\$8,000.00	\$4,666.67	\$830.37	-\$3,836.30	-82.21%
9055	Investment Management Services	\$12,360.00	\$12,360.00	\$7,210.00	\$5,983.91	-\$1,226.09	-17.01%
8150	Supplies Expense	\$4,080.00	\$4,080.00	\$2,380.00	\$2,225.63	-\$154.37	-6.49%
8151	Computer Equipment	\$11,545.00	\$11,545.00	\$6,734.58	\$5,516.31	-\$1,218.27	-18.09%
8152	Lease Expense / Parking Fees	\$13,370.00	\$13,370.00	\$7,799.17	\$6,111.55	-\$1,687.62	-21.64%
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$583.33	\$276.57	-\$306.76	-52.59%
8154	Software	\$0.00	\$0.00	\$0.00	\$825.72	\$825.72	0.00%
8155	Postage	\$0.00	\$0.00	\$0.00	\$752.95	\$752.95	0.00%
8156	Furniture and Fixtures	\$0.00	\$2,000.00	\$0.00	\$0.00	\$0.00	0.00%
8157	Training & Prof. Dev.	\$0.00	\$2,000.00	\$0.00	\$348.00	\$348.00	0.00%
8158	Subscriptions	\$0.00	\$1,000.00	\$0.00	\$219.97	\$219.97	0.00%
9005	Loss on Investments	\$0.00	\$0.00	\$0.00	\$571,394.15	\$571,394.15	
9060	Other Expenses / Supplies	\$12,595.00	\$7,595.00	\$4,430.42	\$747.25	-\$3,683.17	-83.13%
Total Expenses		\$60,792,011.28	\$61,143,723.29	\$35,271,436.18	\$33,897,939.19	-\$1,373,496.99	-3.89%

2022 Expense Budget vs Actual Results (07/31/2022)

Key Facts:

1. We continue to work with the Consortium's Executive Director and Financial Team to monitor budgeted funds to assure that they are accounted for under the proper line-item based on their code. This was done to provide a more detailed summary of the internal and external professional support costs for the Board of Directors of the Consortium.
2. Due to the early reporting period in the fiscal year, many of the expense items are well below budget as some items have not been provided or billed to the Consortium. These items will be more in line with the budget as the year goes on.
3. Paid claims (benefits) accounted for 92.808% of the total expenses for the GTCMHIC through July 31, 2022. This means that a modest 7.192% was used to pay for all the other operating expenses of the Consortium, including stop-loss insurance which has accounted for 0.511% of the spending to date. It also should be note that the new accounting for losses on investments created a skewed look at these numbers. When looking at the numbers without the loss on investments, Claims would have been 94.399%.

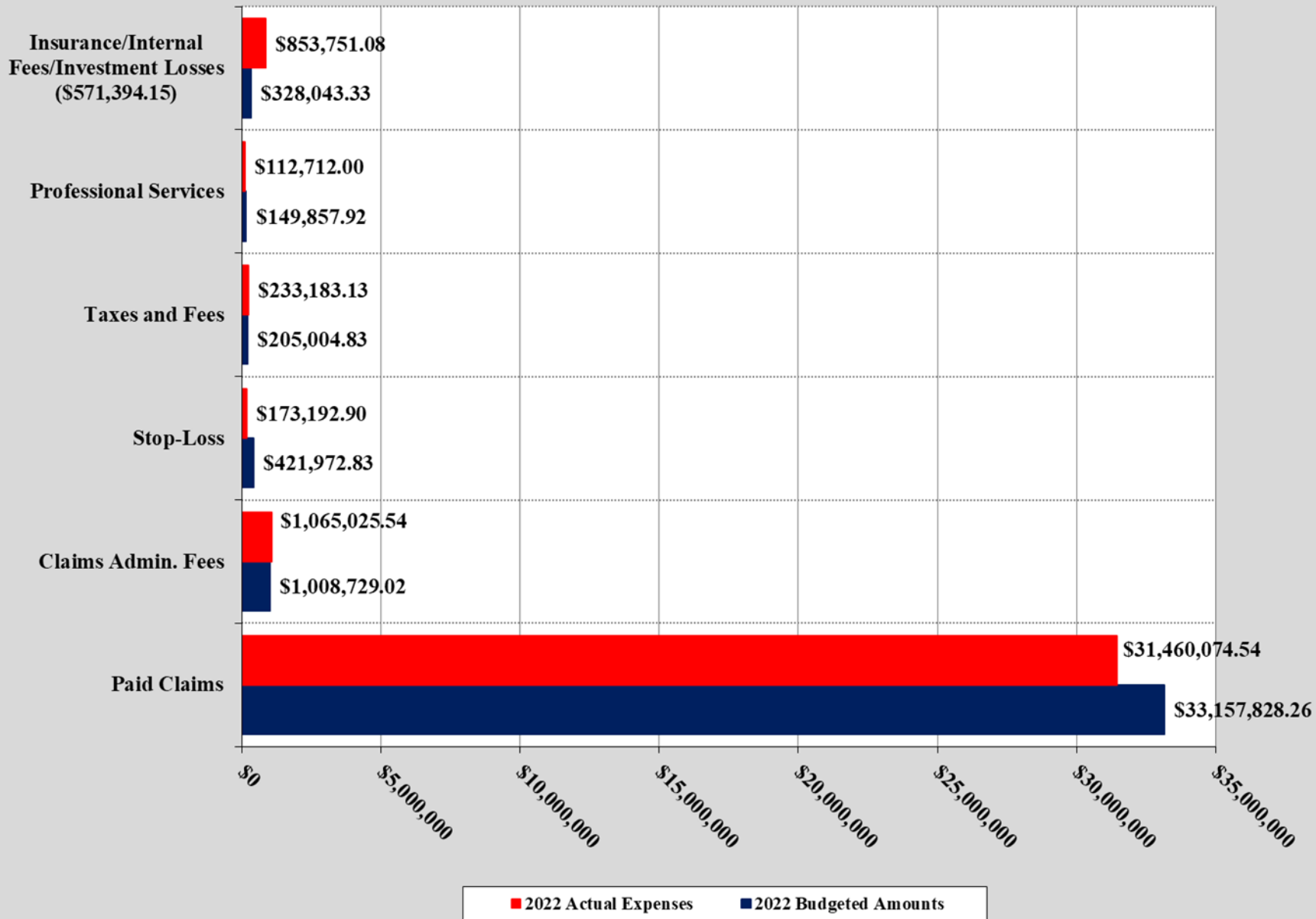
2022 Expense Budget vs Actual Results (07/31/2022)

Key Facts:

5. Medical Paid Claims are currently 6.93% below the projected budget for the year and this is the result of:
 - a) An increase in the covered lives ($\uparrow 1.78\%$) and in the number of contracts ($\uparrow 2.86\%$) has had an impact on the 2022 medical paid claims paid to date due to the “run-in lag”.
 - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan by several employer groups.
 - c) The slow phasing “back in” of elective and/or minor medical procedures being performed, previously delayed as a result of the impact of the COVID-19 pandemic.
 - d) The number of large loss claimants and a decrease in the severity of the cases reported to date, currently, continues to be a positive trend.
6. Rx Paid Claims are currently 0.54% below budget. As we stated last year, we were keeping a close eye on the pharmacy paid claims trend which led to adjustments to our trend models during the budget development process for the 2023 Fiscal Year.

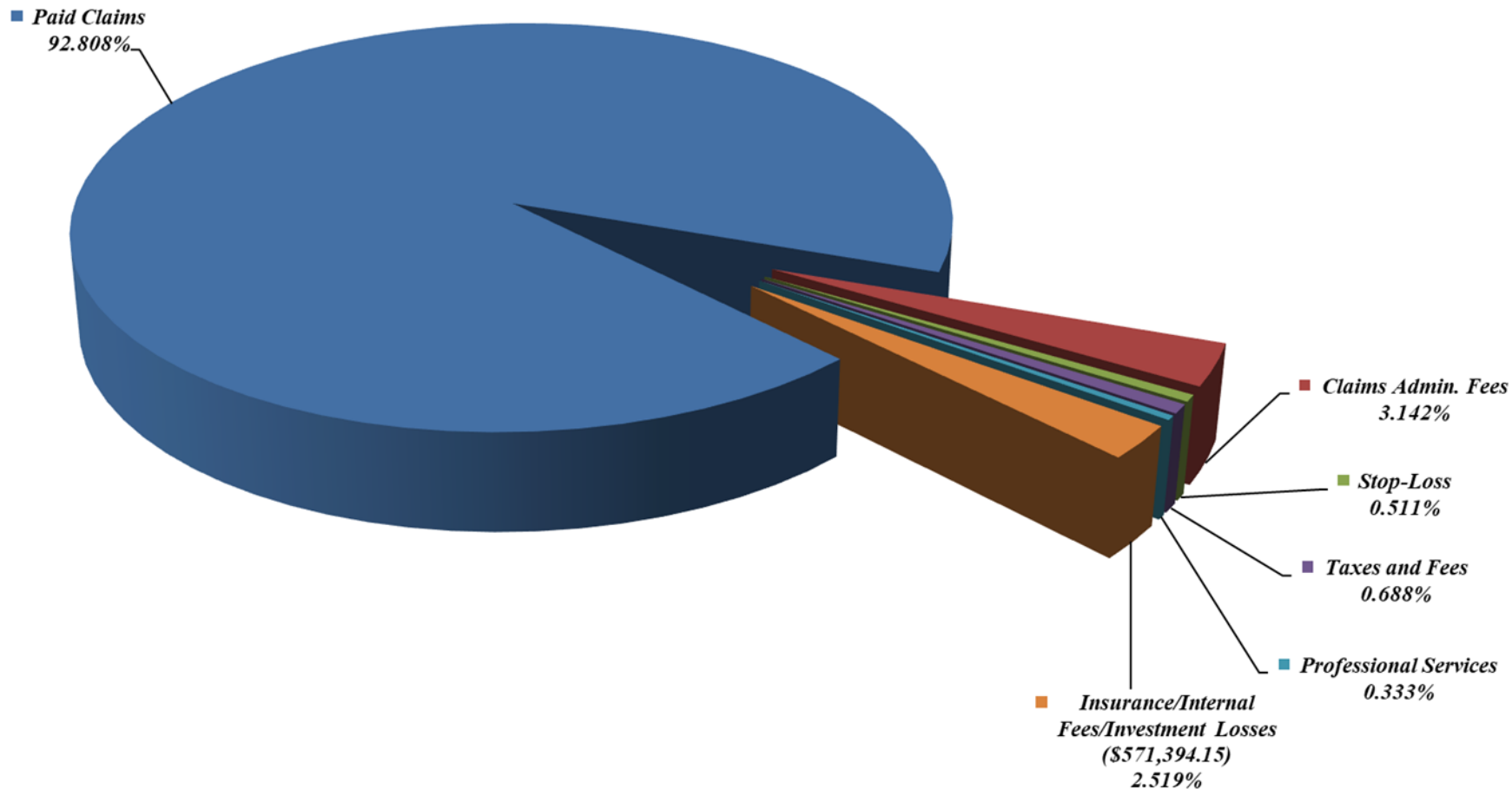
Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution
January 1, 2022 to July 31, 2022



Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution
January 1, 2022 to July 31, 2022

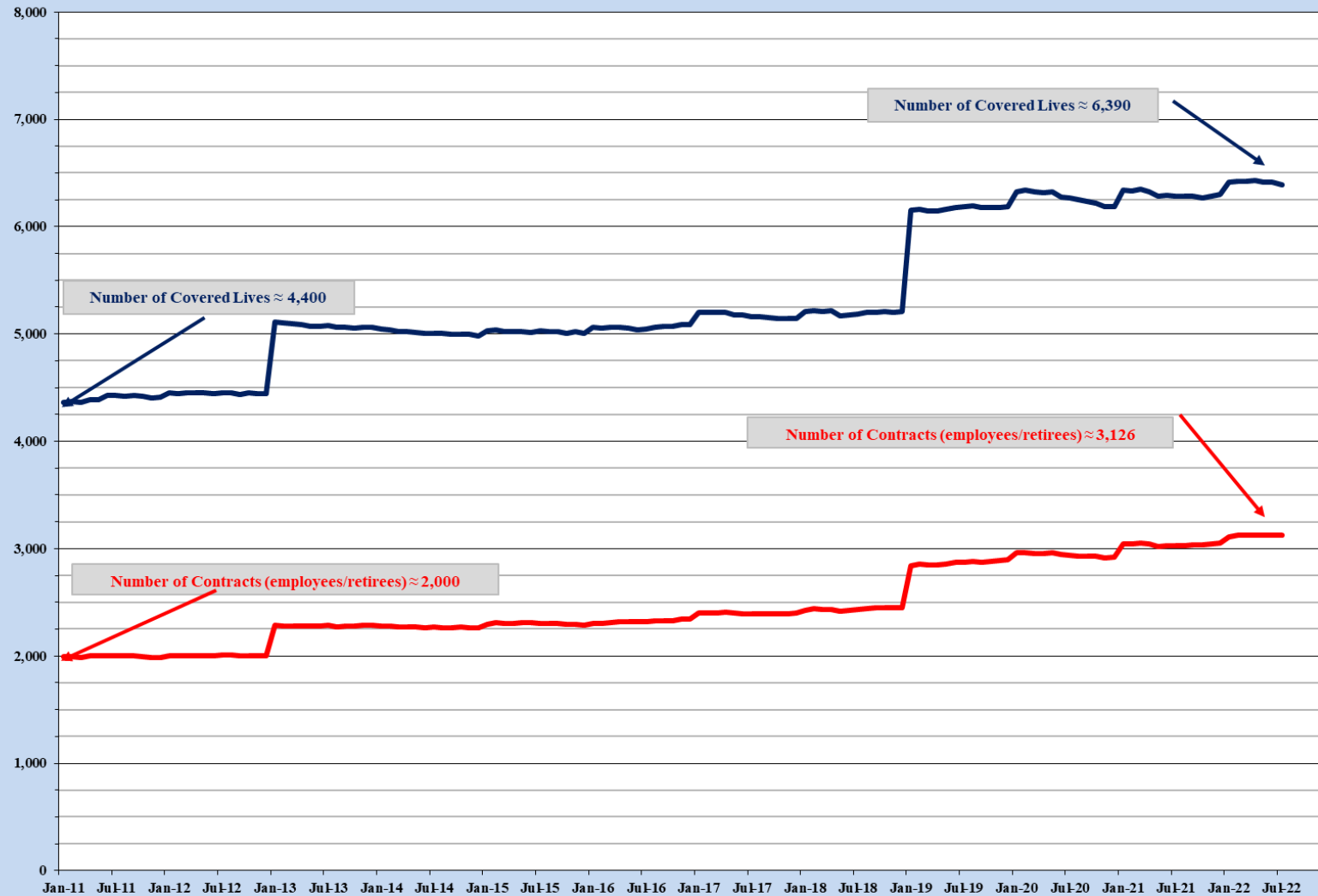


■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees/Investment Losses (\$571,394.15)

Greater Tompkins County Municipal Health Ins Consortium

2011-2022 Monthly Covered Lives and Contracts

January 1, 2011 to July 31, 2022



— Number of Covered Lives — Number of Contracts

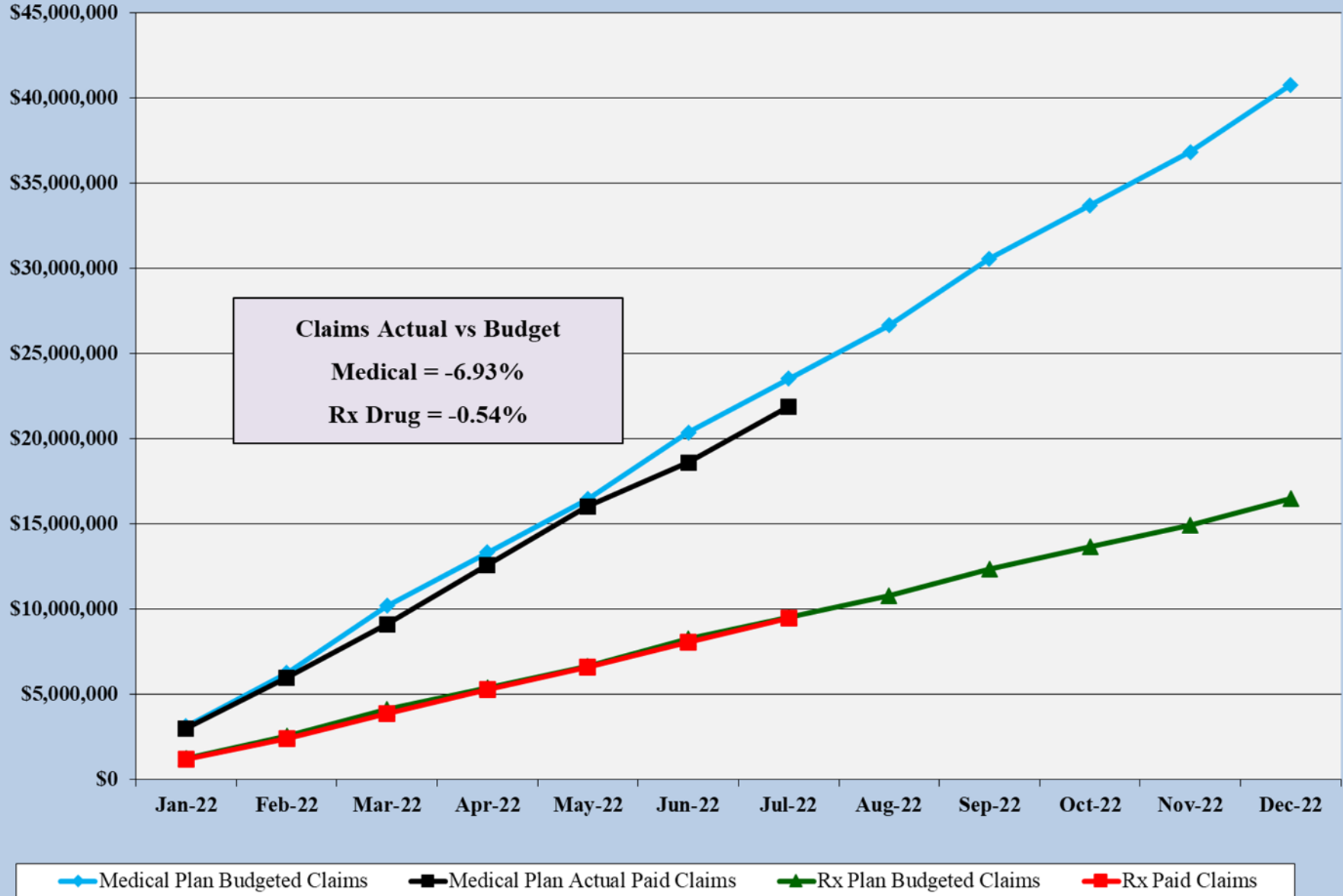


Section 3

2022 Fiscal Year-to-Date
Paid Claims Budget vs Actual Results

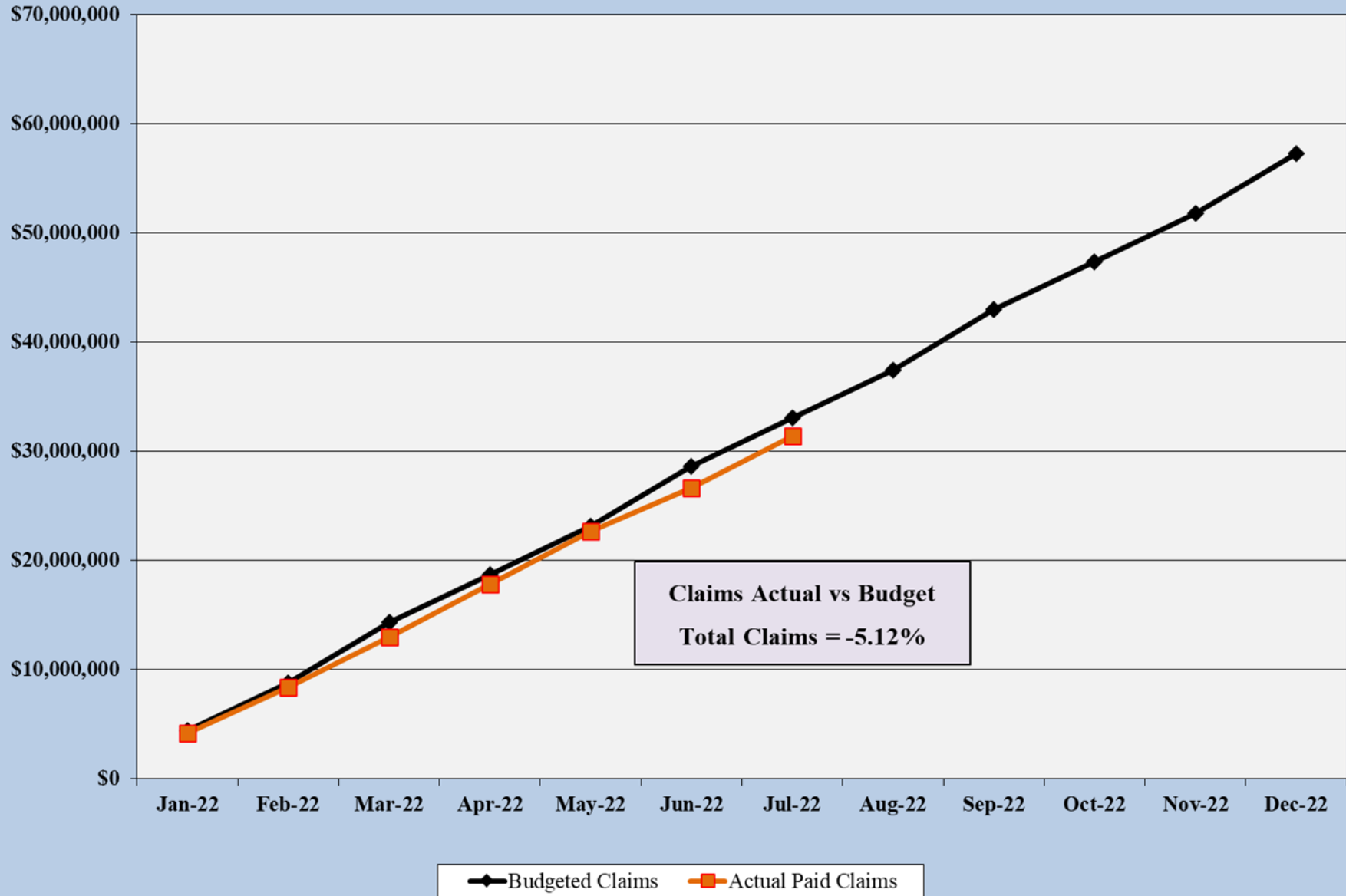
Greater Tompkins County Municipal Health Insurance Consortium

2022 Cumulative Paid Claims and Budgeted Claims by Month



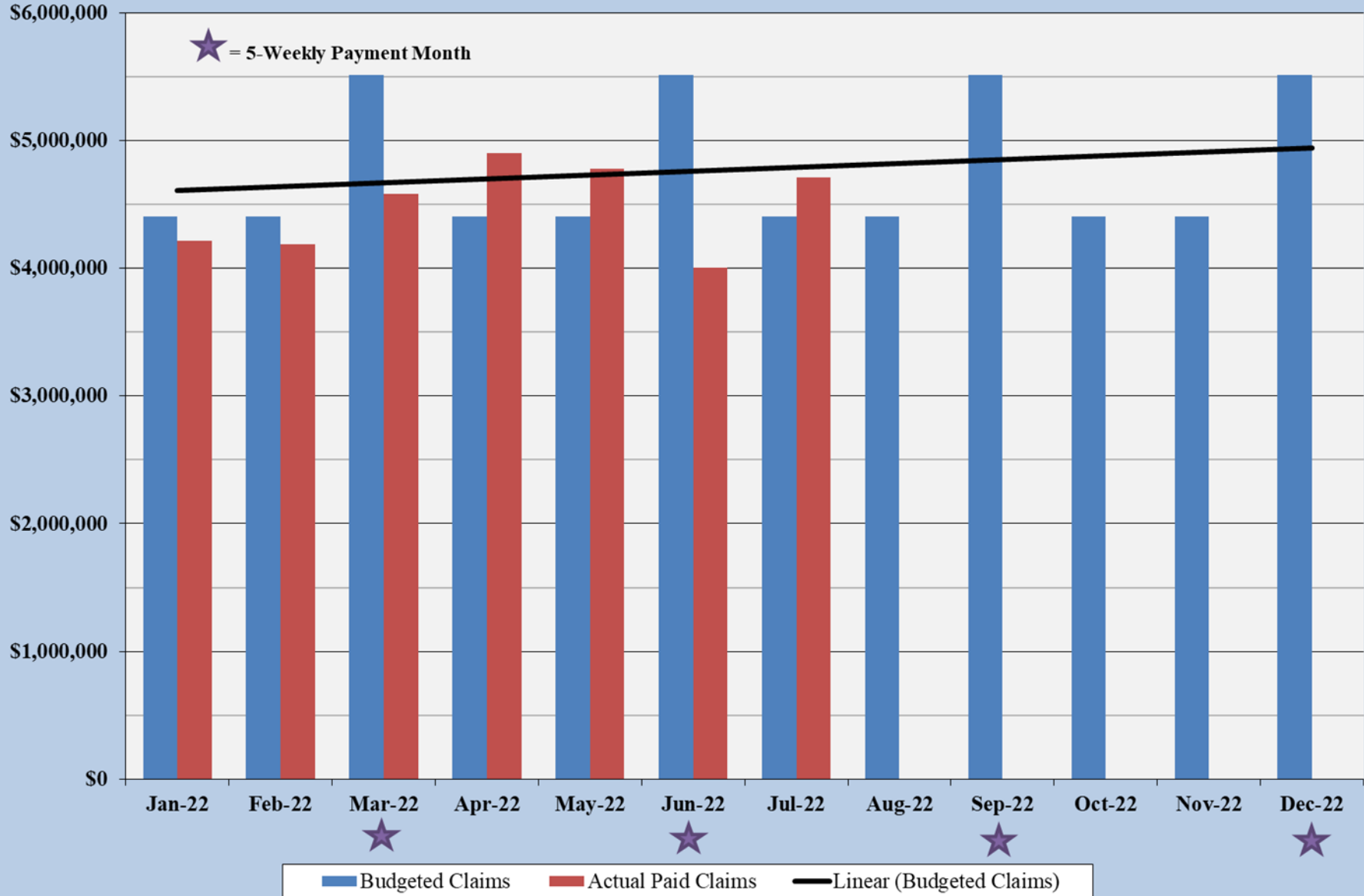
Greater Tompkins County Municipal Health Insurance Consortium

2022 Cumulative Paid Claims and Budgeted Claims by Month



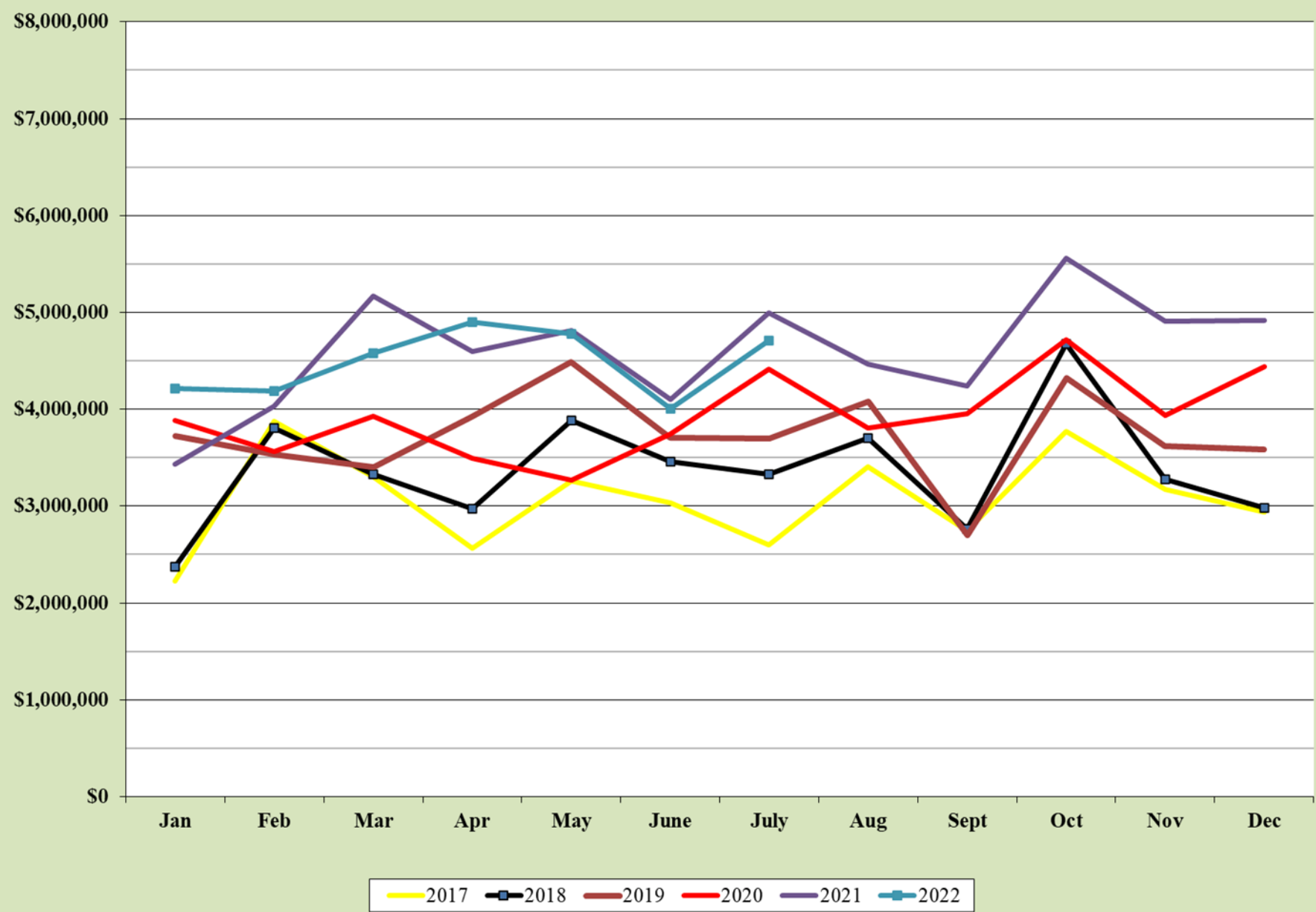
Greater Tompkins County Municipal Health Insurance Consortium

2022 Budgeted vs Actual Paid Claims by Month



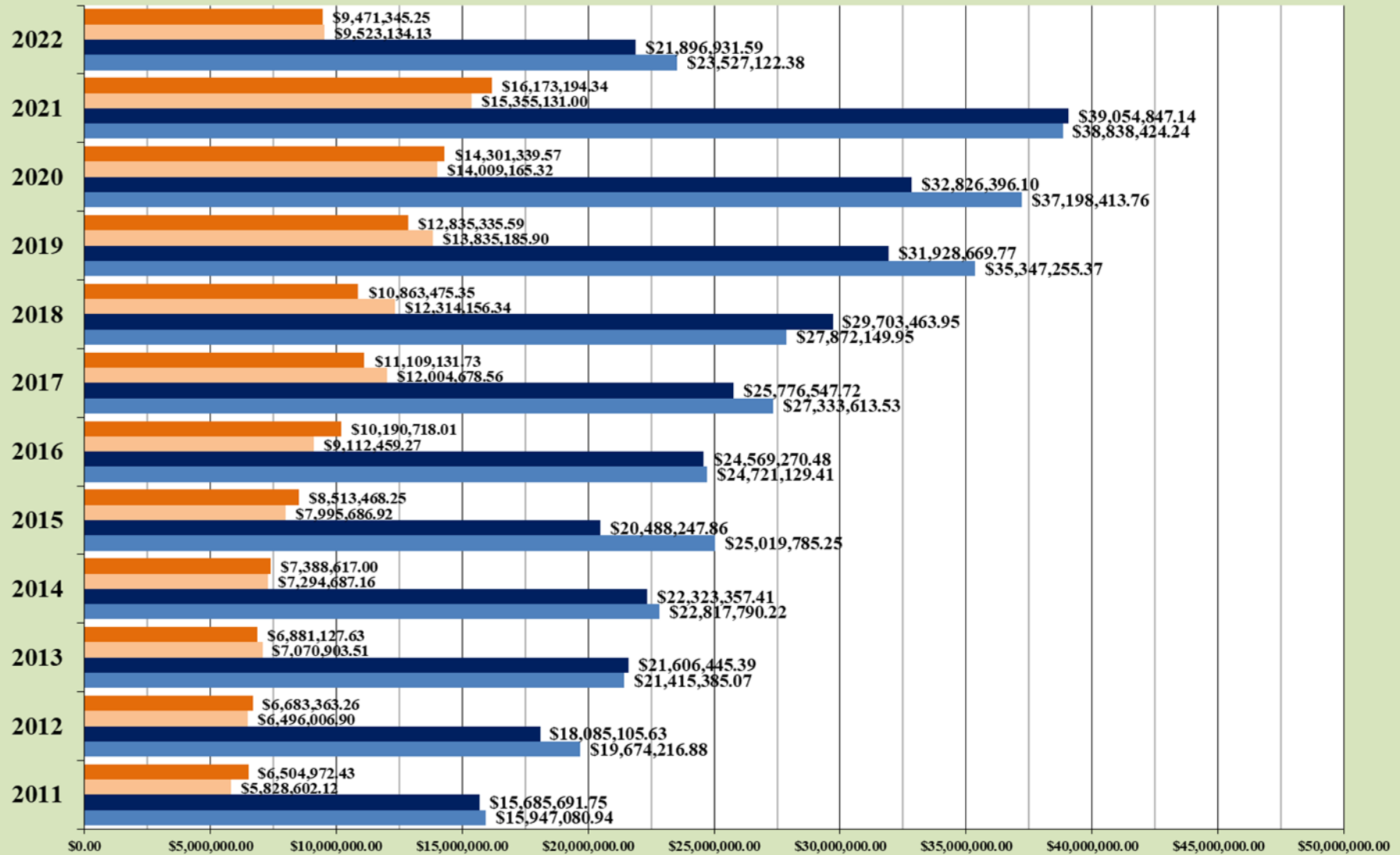
Greater Tompkins County Municipal Health Ins Consortium

2017-2022 Monthly Paid Claims by Fiscal Year



Greater Tompkins County Municipal Health Ins Consortium

2011-2022 (as of 07/31/2022) Annual Paid Claims v Budgeted Claims

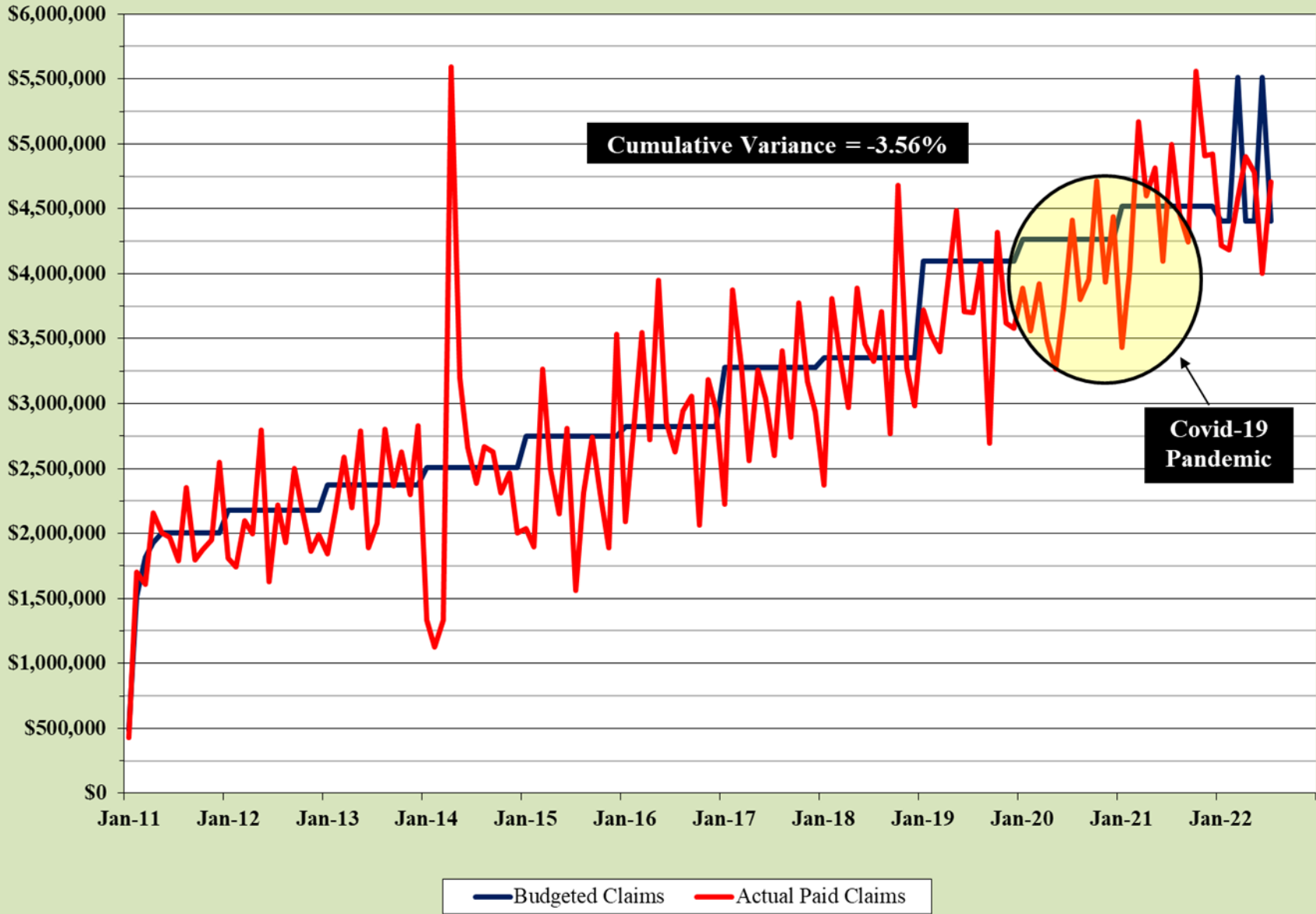


■ Actual Rx Claims
 ■ Budgeted Rx Claims
 ■ Actual Medical Claims
 ■ Budgeted Medical Claims

Greater Tompkins County Municipal Health Ins Consortium

2011-2022 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to July 31, 2022





Section 4

2023 Fiscal Year Budget Overview Consortium Income

2023 GTCMHIC Budget - Income

Major Income Sources:

- 1. *Medical Plan Premiums*** – this is the income derived from the health insurance premium payments made by each Participating Municipality in the Consortium. These dollars include any premium contributions made by employers, employees, COBRA members, and retirees.
- 2. *Interest Earnings*** – this income line-item shows the return on investments associated with the Consortium’s cash assets which are deposited and invested based on the Consortium’s investment policy with the assistance of Wilmington Trust. Historically, the return on these investments lowered the annual premium increases by between 0.75% and 1.00% on average.
- 3. *Rx Rebates*** – this represents the amount of income paid to the GTCMHIC from ProAct, Inc. associated with the pharmaceutical rebates ProAct, Inc. receives for purchases made by Consortium members.

2023 GTCMHIC Budget - Income

Major Income Sources (continued):

4. ***Stop-Loss Claim Reimbursements*** – this income source is the result of members exceeding the specific stop-loss insurance deductible for the fiscal year. Monies received in stop-loss claim reimbursements are used to off-set the paid claims costs associated with high dollar claimants. Currently, the Consortium’s specific stop-loss deductible is \$1,000,000. This year there are no individuals that have a higher “laser” deductible.

5. ***Other Income*** – this small revenue item is associated with any miscellaneous funds which may be received as refunds, credits, or some other kind of financial settlement.

2023 Projected Income

Greater Tompkins County Municipal Health Insurance Consortium

2021 - 2027 Fiscal Year Budget Projections (cash basis)

				5.00%	6.50%
		<i>Actual Results</i> 2021 Fiscal Year	<i>Amended Budget</i> 2022 Fiscal Year	<i>Projected Budget</i> 2023 Fiscal Year	
Average Covered Lives		6,303	6,427	6,427	
Beginning Balance		\$32,426,015.18	\$29,714,361.31	\$28,615,503.67	
		Projected 12/31/22			
Income					
	Medical and Rx Plan Premiums	\$53,389,901.70	\$55,937,315.28	\$58,449,297.61	
9000	Gain on Investments	\$0.00	\$0.00	\$0.00	
9020	Interest	-\$93,846.98	\$45,660.35	\$450,000.00	
9010	Rx Rebates	\$2,385,590.60	\$3,000,000.00	\$2,900,000.00	
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	
9030	Other	\$0.00	\$0.00	\$0.00	
Total Income		\$55,681,645.32	\$58,982,975.63	\$61,799,297.61	

2024-2027 Projected Income

Greater Tompkins County Municipal Health Insurance Consortium

2021 - 2027 Fiscal Year Budget Projections (cash basis)

	7.00%	7.00%	7.00%	7.00%
	<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>
Average Covered Lives	6,427	6,427	6,427	6,427
Beginning Balance	\$27,791,564.25	\$27,521,010.10	\$28,015,280.84	\$29,192,631.72

Income					
	Medical and Rx Plan Premiums	\$62,540,748.44	\$66,918,600.84	\$71,602,902.89	\$76,615,106.10
9000	Gain on Investments	\$0.00	\$0.00	\$0.00	\$0.00
9020	Interest	\$450,000.00	\$450,000.00	\$450,000.00	\$450,000.00
9010	Rx Rebates	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00
Total Income		\$65,890,748.44	\$70,268,600.84	\$74,952,902.89	\$79,965,106.10

2023-2027 Projected Income

Important Notes and Assumptions:

1. Premium Income includes a 6.50% increase in the premium equivalent rates for the 2023 Fiscal Year. The 2024 through 2027 Fiscal Years include premium increases of 7.0% each year. Please be aware, the premium income is based on the current population being enrolled in their current health insurance plans.
2. Interest Income has been adjusted to capture both interest earnings and an estimated “net gain” on investments based on the new financial reporting recommended by the Consortiums Auditor. Interest rate assumptions are currently improving, but must be monitored closely, especially in the outlying years.
3. Rx Rebates are the pharmaceutical manufacturer rebates earned by the Consortium. Based on the actual performance through July 2022, Rx Rebates have not met anticipated levels since the RFP therefore, we have budgeted accordingly. We continue to work with ProAct, Inc. to assure that we are receiving all rebates per the RFP and subsequent agreement.
4. Stop loss reimbursements and “other” income are unpredictable, or very minor, therefore, we recommend not budgeting any amount for these items.



Section 5

2023 Fiscal Year Budget Overview Consortium Expenses

2023 Projected Expenses

Major Expense Categories:

1. ***Paid Claims*** – this is a combination of hospital, medical, surgical, and pharmacy paid claims billed by the three (3) claims administrators; Excellus BlueCross BlueShield (hospital, medical, and surgical), ProAct, Inc. (domestic pharmaceuticals), and CanaRx (international pharmaceuticals). This category also includes any expenses associated with the flu clinics organized by the Consortium and any adjustments needed to the Cash Advance (1-week of expected paid claims) held by Excellus BCBS.
2. ***Claims Admin. (Administration) Fees*** – this is a combination of the monthly costs associated with the hospital, medical, surgical third-party administration services and the prescription benefit management services billed by Excellus BCBS and ProAct, Inc., respectively.
3. ***Taxes and Fees*** – this category of expenses includes any taxes and fees paid to either the Federal or State Government. Currently, this includes the New York State Covered Lives Assessment, and the Federal Patient Protection and Affordable Care Act (ACA) fees.

2023 Projected Expenses

Major Expense Categories (continued):

4. ***Stop-Loss*** – this represents the premiums paid for specific stop-loss insurance. In prior years, this category also included the premium paid for aggregate stop-loss insurance. However, the Consortium was granted a waiver by the New York State Department of Financial Services for the requirement of purchasing aggregate stop-loss insurance.
5. ***Professional Services*** – this is a combination of the monthly costs associated with the outside professional support the Consortium hires on an annual basis. Currently, this expense category includes fees associated with accounting, actuarial, auditing, consulting, investment management, legal, and wellness coordination services.
6. ***Insurance/Internal Fees*** – the money associated with this expense category includes the salary, fringe benefit, support, and insurance costs incurred by the Consortium or by a Participating Municipal Partner. These fees currently include the Consortium’s Executive Director, financial support staff, administrative support staff, IT support staff, marketing costs, and professional liability insurance costs.

2023 Projected Expenses

		<i>Actual Results</i> <i>2021 Fiscal Year</i>	<i>Amended Budget</i> <i>2022 Fiscal Year</i>	<i>Projected Budget</i> <i>2023 Fiscal Year</i>
<i>Expenses</i>				
8090	Medical Paid Claims	\$39,061,947.14	\$40,780,345.45	\$40,773,545.30
	Advance Deposit / Pre-Paid Claims	\$0.00	\$65,900.00	\$39,415.00
8120	Rx Paid Claims - ProAct	\$16,173,194.34	\$16,506,765.82	\$17,640,630.54
8121	Rx Paid Claims - CanaRx	\$152,978.80	\$161,366.59	\$169,170.05
8084	Flu Clinic Fees	\$22,371.00	\$23,042.13	\$23,733.39
8050	Medical Admin Fees	\$1,458,890.21	\$1,502,656.92	\$1,609,583.42
	Rx Admin Fees	\$219,993.03	\$226,592.82	\$270,947.39
8091	NYS Covered Lives Assessment	\$346,416.20	\$319,060.15	\$388,075.97
9060	ACA PCORI Fee	\$16,691.50	\$18,886.41	\$19,830.73
8110	Specific Stop-Loss Insurance Premium Payments	\$270,471.20	\$723,382.00	\$795,720.20
	Aggregate Stop-Loss Insurance	\$0.00	\$0.00	\$0.00

2023 Projected Expenses

		<i>Actual Results 2021 Fiscal Year</i>	<i>Amended Budget 2022 Fiscal Year</i>	<i>Projected Budget 2023 Fiscal Year</i>
Expenses				
8000	Accounting Fees	\$18,800.00	\$19,000.00	\$19,570.00
8010	Actuarial Fees	\$8,500.00	\$10,000.00	\$7,416.00
8020 & 8021	Audit Fees (Financial)	\$14,000.00	\$14,420.00	\$164,935.00
	Audit Fees (Claims)	\$34,000.00	\$51,295.00	\$52,833.85
8030	Consultant Fees (L&C)	\$88,980.00	\$91,650.00	\$94,399.50
	Consultant Fees (Strat Plan - TBD)	\$10,350.00	\$25,000.00	\$45,000.00
8070	Legal Fees	\$1,375.00	\$12,000.00	\$12,360.00
8065	Wellness Program Costs	\$1,336.71	\$25,000.00	\$12,500.00
6600	Salaries	\$244,333.85	\$299,090.00	\$310,542.75
66002	Fringe Benefits	\$77,910.39	\$119,635.00	\$124,217.10
8060	Insurances (D&O / Prof. Liability)	\$50,588.03	\$53,004.00	\$64,092.60
8041	Internal Coordination (Finance)	\$58,001.65	\$20,000.00	\$0.00
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$6,000.00
8044	Internal Coordination (IT Support)	\$6,295.00	\$6,681.00	\$6,881.43
9065	Marketing Expenses	\$3,803.66	\$8,000.00	\$2,500.00
9055	Investment Management Services	\$15,568.80	\$12,360.00	\$24,000.00
8150	Supplies Expense	\$6,106.78	\$4,080.00	\$4,202.40
8151	Computer Equipment	\$3,909.81	\$11,545.00	\$5,000.00
8152	Lease Expense / Parking Fees	\$12,229.70	\$13,370.00	\$60,000.00
8153	Mileage- Travel Expenses	\$69.44	\$1,000.00	\$2,500.00
8154	Software	\$0.00	\$0.00	\$0.00
8155	Postage	\$0.00	\$0.00	\$0.00
8156	Furniture and Fixtures	\$0.00	\$2,000.00	\$25,000.00
8157	Training / Professional Development	\$40.00	\$2,000.00	\$5,000.00
8158	Subscriptions	\$650.00	\$1,000.00	\$1,000.00
9005	Loss on Investments	\$0.00	\$0.00	\$0.00
9060	Other Expenses	\$7,496.95	\$7,595.00	\$7,822.85
Total Expenses		\$58,393,299.19	\$61,143,723.29	\$62,788,425.47

2024-2027 Projected Expenses

		<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>
<i>Expenses</i>					
8090	Medical Paid Claims	\$42,710,288.70	\$44,739,027.41	\$46,864,131.22	\$49,090,177.45
	Advance Deposit / Pre-Paid Claims	\$41,385.75	\$43,455.04	\$45,627.79	\$47,909.18
8120	Rx Paid Claims - ProAct	\$18,963,677.83	\$20,385,953.67	\$21,914,900.19	\$23,558,517.71
8121	Rx Paid Claims - CanaRx	\$181,857.80	\$195,497.14	\$210,159.42	\$225,921.38
8084	Flu Clinic Fees	\$24,445.40	\$25,178.76	\$25,934.12	\$26,712.14
8050	Medical Admin Fees	\$1,658,237.03	\$1,707,984.14	\$1,759,223.66	\$1,812,000.37
	Rx Admin Fees	\$279,075.81	\$287,448.09	\$296,071.53	\$304,953.68
8091	NYS Covered Lives Assessment	\$410,688.41	\$433,972.83	\$458,421.47	\$484,092.54
9060	ACA PCORI Fee	\$20,822.27	\$21,863.38	\$22,956.55	\$24,104.38
8110	Specific Stop-Loss Insurance Premium Payments	\$875,292.22	\$962,821.44	\$1,059,103.59	\$1,165,013.94
	Aggregate Stop-Loss Insurance	\$0.00	\$0.00	\$0.00	\$0.00

2024-2027 Projected Expenses

		<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>
Expenses					
8000	Accounting Fees	\$20,157.10	\$20,761.81	\$21,384.67	\$22,026.21
8010	Actuarial Fees	\$7,638.48	\$7,867.63	\$8,103.66	\$8,346.77
8020 & 8021	Audit Fees (Financial)	\$169,883.05	\$15,757.12	\$16,229.84	\$16,716.73
	Audit Fees (Claims)	\$54,418.87	\$56,051.43	\$57,732.97	\$59,464.96
8030	Consultant Fees (L&C)	\$97,231.49	\$100,148.43	\$103,152.88	\$106,247.47
	Consultant Fees (Strat Plan - TBD)	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00
8070	Legal Fees	\$12,730.80	\$13,112.72	\$13,506.11	\$13,911.29
8065	Wellness Program Costs	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00
6600	Salaries	\$320,124.90	\$329,796.45	\$339,690.34	\$349,881.05
66002	Fringe Benefits	\$128,049.96	\$131,918.58	\$135,876.14	\$139,952.42
8060	Insurances (D&O / Prof. Liability)	\$70,501.86	\$77,552.05	\$85,307.25	\$93,837.98
8041	Internal Coordination (Finance)	\$0.00	\$0.00	\$0.00	\$0.00
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
8044	Internal Coordination (IT Support)	\$7,087.87	\$7,300.51	\$7,519.52	\$7,745.11
9065	Marketing Expenses	\$2,575.00	\$2,652.25	\$2,731.82	\$2,813.77
9055	Investment Management Services	\$24,720.00	\$25,461.60	\$26,225.45	\$27,012.21
8150	Supplies Expense	\$4,328.47	\$4,458.33	\$4,592.08	\$4,729.84
8151	Computer Equipment	\$8,240.00	\$5,150.00	\$8,240.00	\$11,330.00
8152	Lease Expense / Parking Fees	\$61,800.00	\$63,654.00	\$65,563.62	\$67,530.53
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
8154	Software	\$0.00	\$0.00	\$0.00	\$0.00
8155	Postage	\$0.00	\$0.00	\$0.00	\$0.00
8156	Furniture and Fixtures	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
8157	Training / Professional Development	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
8158	Subscriptions	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
9005	Loss on Investments	\$0.00	\$0.00	\$0.00	\$0.00
9060	Other Expenses	\$8,057.54	\$8,299.26	\$8,548.24	\$8,804.69
Total Expenses		\$66,232,816.59	\$69,742,644.07	\$73,630,434.12	\$77,749,253.80

2023-2027 Projected Expenses

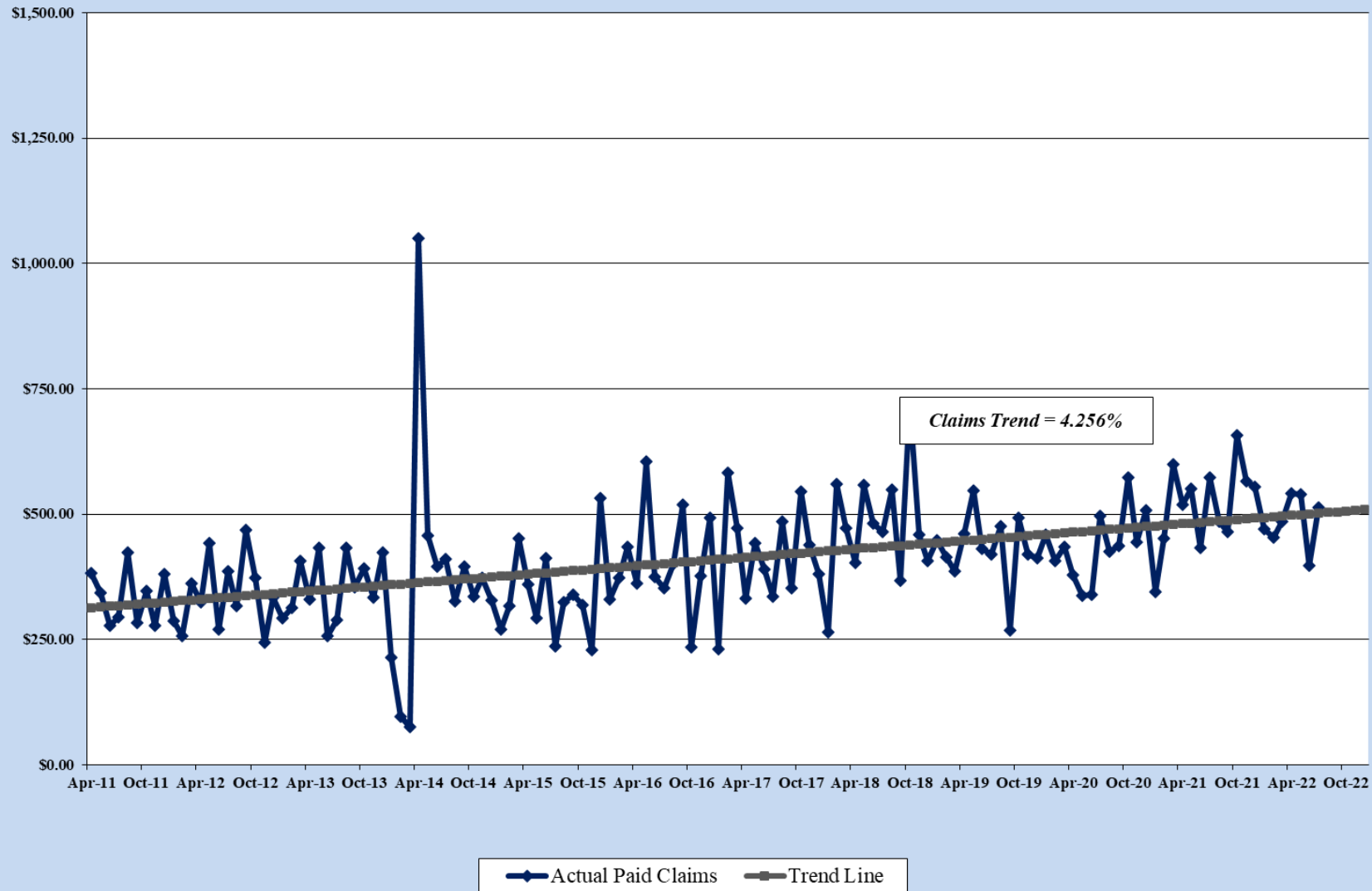
Important Notes and Assumptions:

1. The medical and pharmacy paid claim trends for the GTCMHIC from April 1, 2011 to July 31, 2022 has equaled 4.256% and 5.761%, respectively.
 - a) The Locey & Cahill, LLC Municipal Cooperative Health Benefit Plan Client paid claim trends models for medical and pharmacy claims produce an average annual cost increase of 3.690% and 6.932%, respectively.
 - b) The paid claim trends we utilized are based on a number of factors, including the trends noted above and Locey & Cahill, LLC's 25+ years of experience working with Municipal Cooperative Health Benefit Plans like the GTCMHIC.
 - c) The 2023 Paid Claims trends utilized for the budget projections were 4.75% for medical claims and 7.50% for prescription drug claims based on an updated per covered life claims projection which includes data as of July 31, 2022.
 - d) The following charts provide some background and detail regarding the paid claims trend information and data used by Locey & Cahill, LLC in the development of this budget report.

Greater Tompkins County Municipal Health Insurance Consortium

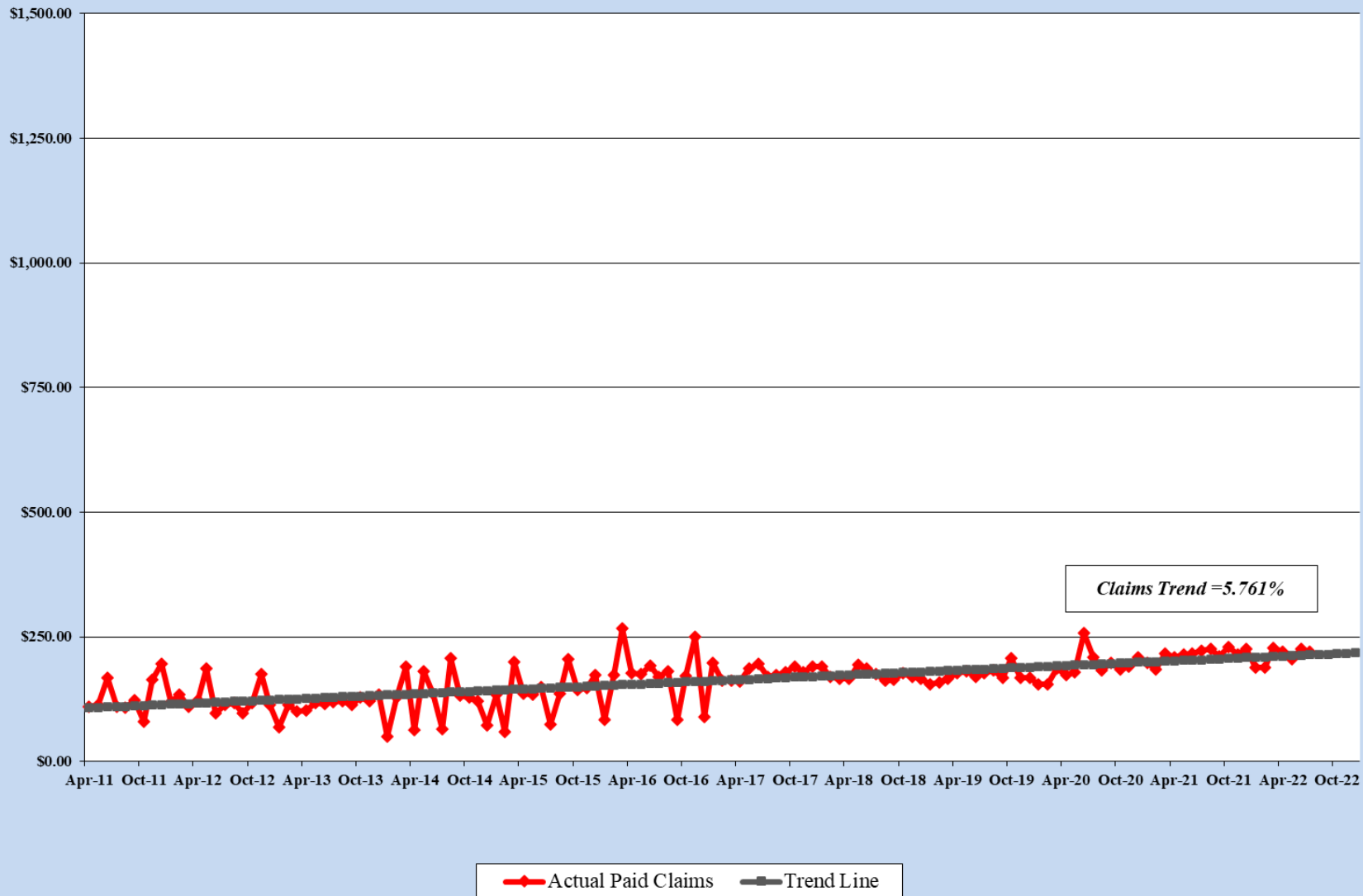
Per Covered Life Per Month Medical Paid Claims Trend

April 1, 2011 to July 31, 2022



Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month **Prescription Drug** Paid Claims Trend
April 1, 2011 to July 31, 2022

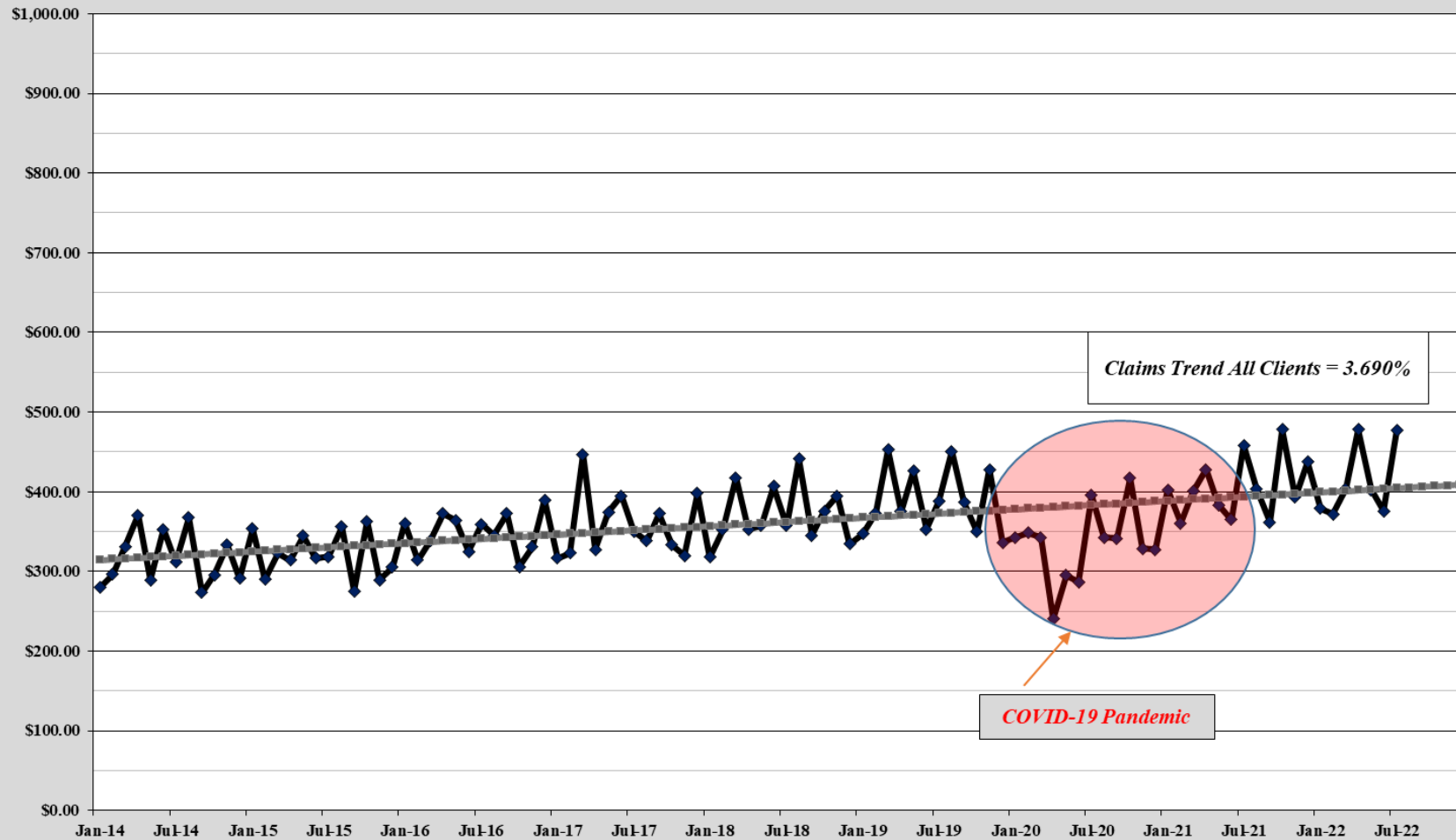


Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Medical Paid Claims Trend

January 1, 2014 to July 31, 2022



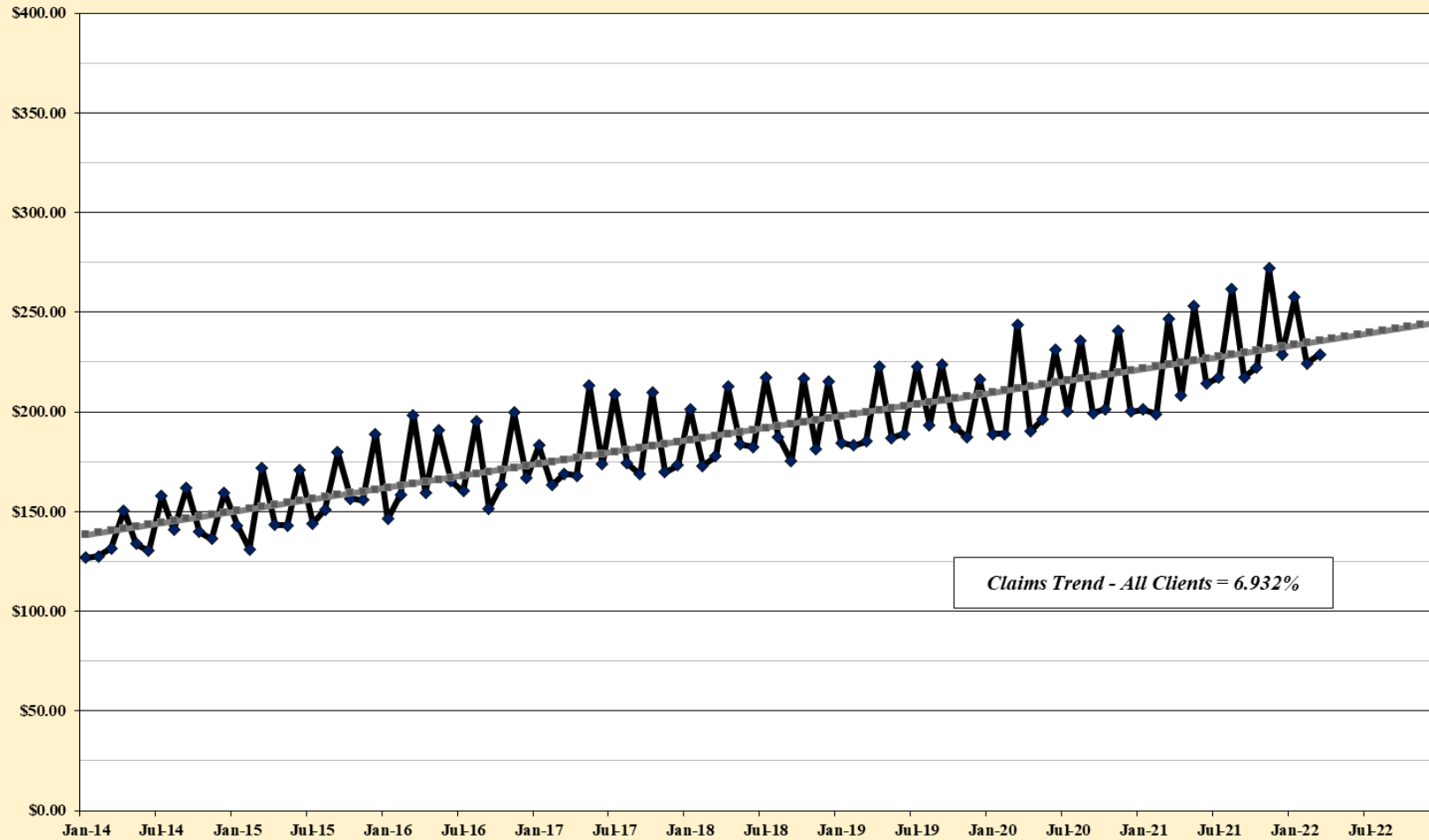
Actual Paid Claims - All Clients Trend Line - All Clients

Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Rx Paid Claims Trend

January 1, 2014 to July 31, 2022



Actual Paid Claims - All Clients Trend Line - All Clients

2023-2027 Projected Expenses

Important Notes and Assumptions (continued):

2. The Excellus BlueCross BlueShield claims administrative fees are increased by 3.0% for the 2023 through 2027 Fiscal Years. The ProAct, Inc. claims administrative fees are similarly increased by 3.0% per annum for the 2023 through 2027 Fiscal Years.
3. The Taxes and Fees include the New York State Covered Lives Assessment (Graduate Medical Expense) which is a per contract per month fee that has been forecasted to increase by 5% per annum. The Patient Protection and Affordable Care Act (ACA) Patient Centered Outcomes Research Institute (PCORI) fee is set to sunset in 2029.
4. The specific stop-loss insurance premiums have been forecasted to increase at a rate of 10% per annum based on our experience with this market in recent years. This sector of the insurance marketplace has been hit hard over recent years with significant increases in large dollar claimants resulting in escalating premiums. This is an area of operations which is being closely scrutinized to ensure the Consortium is protected at a reasonable cost going forward.

2023-2027 Projected Expenses

Important Notes and Assumptions (continued):

5. We have updated the 2023 Fiscal Year expected costs associated with all professional services provided to the Consortium based on information from the Consortium's Executive Director and Finance Manager. These fees have been trended at an annual rate of 3% for the 2023 through 2027 Fiscal Years.
6. As with the professional services, the internal coordination fees and insurance costs expected for the 2023 Fiscal Year have been updated based on information from the Consortium's Executive Director and Finance Manager. These costs have been adjusted based on input from the Consortiums administrative team.
7. The last major expense category is the "other" expenses which is for miscellaneous costs that do not fit in one of the other line-items cleanly. This is an extremely nominal expense item which has little impact on the overall budget. We trended this at 3% from the current cost projections.



Section 6

2023 Fiscal Year Budget Overview Consortium Assets

Liabilities and Reserves - Defined

LIABILITIES

- The liabilities associated with the Consortium's operations are directly related to covered medical benefits that are incurred by Consortium Members which have yet to be received or paid by the insurance company or plan administrator. For example, if the Consortium were to end its operations on any given December 31st there are going to be covered medical services received by covered members on or before December 31st which will not be paid until sometime after December 31st. This is commonly referred to in the industry as an Incurred but Not Reported (IBNR) and Incurred but Not Paid (IBNP) Claims Liabilities.
- In recent years with the increases in technology associated with the billing and payment of medical benefit claims and with the increase in the volume of prescription drug claims which are inherently electronic in nature, the overall value of this liability has decreased as a percentage of expected/paid claims. In fact, twenty years ago, this liability equaled approximately the value of three (3) months (24%) of annual expected/paid claims. Today, this value is closer to one (1) month (8%) of expected incurred claims and the New York State Department of Financial Services has set this liability for the 2022 Fiscal Year to equal 12.00% of the expected incurred claims estimate for the year.

Liabilities and Reserves - Defined

RESERVES

- The reserves held by the Consortium are the cash assets which have been assigned to cover a direct liability or to assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. These cash assets have also been a source of revenue through the interest earned to the Consortium which has allowed the Consortium to hold premium increases down in previous years.
- The Consortium has historically maintained the following reserves:
 - Incurred But Not Report (IBNR) Claims Liability Reserve (statutory reserve)
 - Surplus Account (statutory reserve)
 - Catastrophic Claims Reserve (discretionary reserve)
 - Rate Stabilization Reserve (discretionary reserve)
- Please refer to the following slides for a detailed description of each reserve classification.

Liabilities and Reserves - Defined

INCURRED BUT NOT REPORTED (IBNR) CLAIMS LIABILITY RESERVE

- The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims. We believe this is a conservative estimate of the liability, but we understand the Department has always acted based on their philosophy to maintain this level of reserve as they want the Consortium Member Claims to be fully-funded at all times.
- Maintaining this reserve at an insufficient amount to cover the liability could result in a Municipal Corporation owing a significant amount of money if they chose to leave the Consortium. A Municipal Corporation's decision to leave or stay in the Consortium should not be affected by the Consortium's lack of adequate reserves and this is a philosophy we feel the Consortium should embrace, even during tougher economic times.
- The 2021 Fiscal Year budget forecasted this reserve to equal \$6,144,909.49 (12.0% of projected hospital, medical, surgical, and prescription drug incurred claims). At the fiscal year end, December 31, 2021, the IBNR reserve was adjusted to \$6,866,608.00. It should be noted that Excellus BlueCross BlueShield does provide an estimate of this liability in their annual renewal documents. For the 2022 Fiscal Year, Excellus' estimate of this liability was \$4,713,900.00 which is approximately 12.8% of the expected claims cost for the year.

Liabilities and Reserves - Defined

SURPLUS ACCOUNT

- The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.
- Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.
- The 2022 Fiscal Year budget forecasted this reserve to equal \$2,637,289.44 (5.0% of projected premium income) This amount was adjusted to \$2,669,495.09 at the end of the 2021 fiscal year. It should be noted that the Consortium's premium income is below the budgeted amount through the first 7-months of the fiscal period which may impact this reserve level at the end of the year.

Liabilities and Reserves - Defined

CATASTROPHIC CLAIMS RESERVE

- This reserve was established by the Consortium's Board of Directors to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce expenses. It was agreed that the Consortium's risk pool is so substantial in size that it can absorb a significant number of large losses without damaging the financial integrity of the Consortium.
- It was our professional opinion and the opinion of the Board of Directors that there was an acceptable reward versus risk ratio between the reduction of this significant expense, the exposure of large losses, and the cash asset position of the Consortium. This conclusion led the Board of Directors to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000 for the 2021 Fiscal Year. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors has funded this reserve as well as adopted a resolution outlining the funding calculation to make annual adjustments to this fund. At the fiscal year ended December 31, 2021, this reserve had a balance of \$4,642,294.20.

Liabilities and Reserves - Defined

RATE STABILIZATION RESERVE

- When the Consortium's cash assets were at a fairly high level, the Board of Directors made the decision to establish the Rate Stabilization Reserve at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.
- It is our goal to work with the Consortium to ensure future fiscal year budgets are developed with this reserve being maintained.
- These funds would be used to “bridge the gap” during an associated hyper-inflationary period relative to paid claims allowing the Board of Directors to establish a multiple year plan to adjust revenue (premiums) and prevent a significant increase in premium rates during a single fiscal period.

2022 Beginning Balance

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 6,169,222	\$ 8,343,168
Unrestricted Investments	6,068,128	7,686,088
Accrued Interest	9,434	58,725
Premiums Receivable	21,430	-
Prepaid Expenses	152,566	-
Total Current Assets	<u>12,420,780</u>	<u>16,087,981</u>
OTHER ASSETS		
Noncurrent Assets		
Premium Claims Deposit	722,400	761,400
Security Deposit	800	-
Restricted Investments	18,182,498	16,662,408
Total Noncurrent Assets	<u>18,905,698</u>	<u>17,423,808</u>
Total Assets	<u>31,326,478</u>	<u>33,511,789</u>

2022 Net Income, Liabilities & Reserves (07/31/2022)

	2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
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Ending Balance	\$29,123,540.98	\$27,745,000.50	\$28,502,747.76	\$29,786,085.26	\$1,283,337.50	4.50%
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Liabilities and Reserves						
4010	IBNR Claims Liability Per §4706(a)(1)	\$6,144,909.49	\$6,144,909.49	\$6,866,608.00	\$6,866,608.00	12.0% of Incurred Claims
5010	Surplus Account Per §4706(a)(5)	\$2,637,289.44	\$2,637,289.44	\$2,669,495.09	\$2,669,495.09	5.0% of Premium Income
5014	Rate Stabilization Reserve	\$3,840,568.43	\$3,840,568.43	\$4,004,100.63	\$4,004,100.63	7.5% of Paid Claims
5012	Catastrophic Claims Reserve	\$4,500,000.00	\$4,986,101.85	\$4,642,294.20	\$4,642,294.20	Calculation Per Resolution
3500	Excellus BCBS Advance Deposit	\$761,400.00	\$788,300.00	\$788,300.00	\$788,300.00	Increased by \$65,900 2/17/22
Total Liabilities and Reserves		\$17,884,167.36	\$18,397,169.21	\$18,970,797.92	\$18,970,797.92	

Unencumbered Fund Balance	\$11,239,373.62	\$9,347,831.29	\$9,531,949.84	\$10,815,287.34
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The 2022 Fiscal Year is currently performing better than budget expectations as of July 31, 2022. As of July 31, 2022, the unencumbered fund balance equals 19.33% of the expected premium income for the year. This result was achieved while maintaining the Rate Stabilization Reserve at 7.5% of Expected Paid Claims and the Catastrophic Claims Reserve at \$4.642 million.

2023-2027 Estimated Reserve Funds

		<i>Projected Budget 2023 Fiscal Year</i>	<i>Projected Budget 2024 Fiscal Year</i>	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>
<i>Ending Balance</i>		\$27,626,375.81	\$27,284,307.66	\$27,810,264.43	\$29,132,733.21	\$31,348,585.51
<i>Liabilities and Reserves</i>						
Statutory Reserves	IBNR Reserve	\$7,037,579.31	\$7,430,598.66	\$7,846,693.44	\$8,287,290.33	\$8,753,908.54
	Surplus Account	\$2,922,464.88	\$3,127,037.42	\$3,345,930.04	\$3,580,145.14	\$3,830,755.30
Discretionary Reserves	Claims / Rate Stabilization Reserve	\$4,398,487.07	\$4,644,124.16	\$4,904,183.40	\$5,179,556.46	\$5,471,192.84
	Catastrophic Claims Reserve (Ending)	\$4,598,144.86	\$4,598,144.86	\$4,598,144.86	\$4,598,144.86	\$4,598,144.86
Total Liabilities and Reserves		\$18,956,676.13	\$19,799,905.10	\$20,694,951.74	\$21,645,136.79	\$22,654,001.55
<i>Unencumbered Fund Balance</i>		\$8,669,699.69	\$7,484,402.56	\$7,115,312.69	\$7,487,596.42	\$8,694,583.96
		14.83%	11.97%	10.63%	10.46%	11.35%

The five-year budget model shows growth in the overall fund balance over the five-year period. It is projected that the reserve funds will grow as they are a percentage of budgeted premium revenues and projected claims paid. For illustration purposes, we have projected funding and utilization of the Catastrophic Claims Reserve to be a wash. The Consortium has a budget goal of carrying an unencumbered fund balance of 12%. As illustrated above, this target is met for 2023 and 2024, followed by a slight dip in 2025 and 2026 before rebounding in 2027.



Section 7

2023 Fiscal Year Budget Overview Recommendations

2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

2023 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 2023 Fiscal Year, is \$2,922,464.88. 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 \$7,037,579.31 for the 2023 Fiscal Year.

2023 Budget Recommendations (Continued)

3. Continue to evaluate the specific stop-loss insurance policy which recently increased the deductible to \$1,000,000 for 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. Maintain the Claims/Rate Stabilization Reserve in an amount equal to 7.5% of estimated paid claims (\$4,398,487.07). These funds could be used in future years to mitigate premium rate increases and to “soften the blow” from a period of hyper-inflation in the overall paid claims.
5. Continue to negotiate reasonable increases to the administrative fees paid to Excellus BlueCross BlueShield and ProAct, Inc. as part of the annual renewal process.

2023 Budget Recommendations (Continued)

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 a 6.5% increase in premiums for the 2023 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$559,375 for the 2023 Fiscal Year.

2023 Budget Recommendations (Continued)

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 a 6.50% increase in overall premium revenue. Our goal is to have modest, steady premium growth over the next several fiscal periods while using a modest amount of fund balance each year to mitigate premium while adhering to the budget philosophy of the Consortium.

2011-2027 GTCMHIC Premium Increases

<i>Fiscal Year</i>	<i>Budget Income % Increase</i>
2011	9.50%
2012	9.50%
2013	9.00%
2014	8.00%
2015	5.00%
2016	3.00%
2017	5.00%
2018	4.00%
2019	5.00%
2020	5.00%
2021	5.00%
2022	5.00%
2023	6.50%
2024	7.00%
2025	7.00%
2026	7.00%
2027	7.00%
<i>Average Increase</i>	<i>6.12%</i>
<i>5-Year Avg. Increase</i>	<i>5.30%</i>

Historical Average Premium Rate Increases

2011-2023 Avg. Rate Increase = 6.12%

2019-2023 5-Year Avg. Rate Increase = 5.30%

Projected Average Premium Rate Increases

2011-2027 Avg. Rate Increase = 6.32%

2023-2027 5-Year Avg. Rate Increase = 6.90%





2022 Fiscal Year Budget Performance Report As of July 31, 2022

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Section 1

2022 Fiscal Year-to-Date Income Budget vs Actual Results

2022 Income Budget vs Actual (07/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Income							
	Medical and Rx Plan Premiums *	\$57,752,443.75	\$55,937,315.28	\$32,630,100.58	\$32,014,482.26	-\$615,618.32	-1.89%
9005	Gain on Investments	\$0.00	\$0.00	\$0.00	\$131,196.02	\$131,196.02	
9020	Interest	\$45,660.35	\$45,660.35	\$26,635.20	\$23,997.89	-\$2,637.31	-9.90%
9010	Rx Rebates	\$3,000,000.00	\$3,000,000.00	\$2,000,000.00	\$1,608,600.12	-\$391,399.88	-19.57%
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9035	Finance Charge Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9030	Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Income		\$60,798,104.10	\$58,982,975.63	\$34,656,735.78	\$33,778,276.29	-\$878,459.49	-2.53%

Key Facts:

1. Total Income was 2.53% below the amended budget, with premium income being 1.89% below the amended budget for the first 7-months of the fiscal year. The amended budget reflects the changes in plan designs and demographics of the participants as detailed below:
 - a. There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan.
 - b. Changes in covered lives and contract counts.
 - c. Rx Rebates received totaled \$727,509.70 from the 1st quarter of 2022, however this fell short of the projection based on the RFP data submitted.

2022 Income Budget vs Actual (07/31/2022)

Key Facts (continued):

- c. The number of contracts insured by the Consortium increased by 2.86% and the number of covered lives grew by only 1.78%. The disparity in this number is primarily due to the County's move to the Consortium's Medicare Supplement Plan for their Medicare-aged retirees and their spouses.

Monthly Average Covered Lives by Fiscal Year

<i>Year</i>	<i>Member</i>	<i>Spouse</i>	<i>Dependent</i>	<i>Total lives</i>
2011	1,995	1,056	1,348	4,400
2012	2,004	1,058	1,386	4,448
2013	2,281	1,228	1,567	5,077
2014	2,269	1,188	1,556	5,012
2015	2,301	1,173	1,546	5,021
2016	2,322	1,186	1,555	5,063
2017	2,397	1,208	1,567	5,172
2018	2,439	1,216	1,546	5,201
2019	2,867	1,436	1,867	6,170
2020	2,942	1,454	1,876	6,271
2021	3,035	1,406	1,862	6,303
2022	3,121	1,410	1,884	6,415

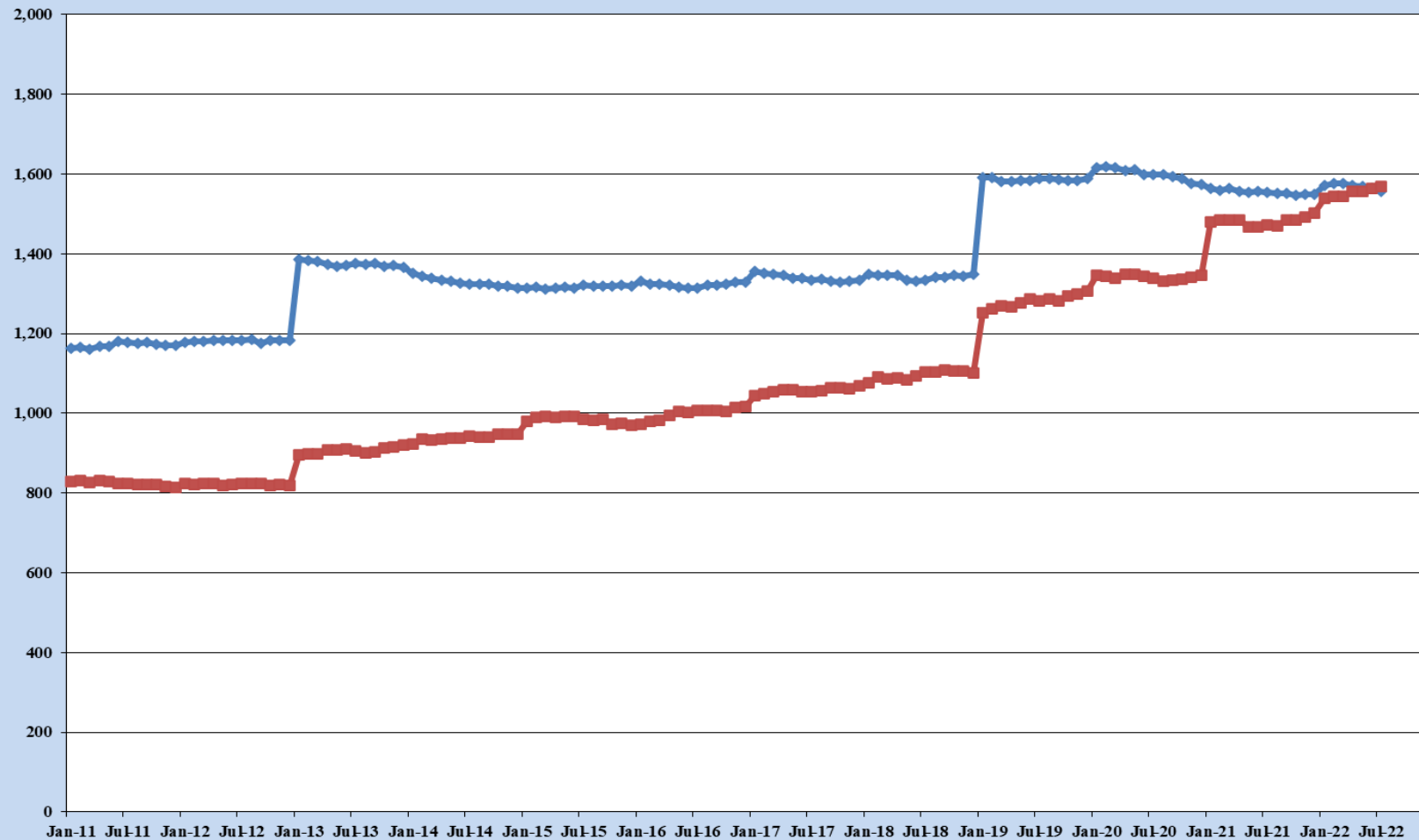
Monthly Average Contract Count by Fiscal Year

<i>Year</i>	<i>Family Contracts</i>	<i>Individual Contracts</i>	<i>Total Contracts</i>	<i>Avg. # of Lives Per Contract</i>	<i>Avg. # of Lives Per Family</i>
2011	1,172	824	1,995	2.205	3.053
2012	1,182	822	2,004	2.220	3.068
2013	1,375	907	2,281	2.225	3.033
2014	1,329	939	2,269	2.209	3.064
2015	1,317	984	2,301	2.182	3.065
2016	1,322	999	2,322	2.181	3.073
2017	1,340	1,058	2,397	2.157	3.071
2018	1,343	1,096	2,439	2.133	3.057
2019	1,586	1,281	2,867	2.152	3.082
2020	1,600	1,342	2,942	2.132	3.081
2021	1,555	1,481	3,036	2.076	3.101
2022	1,569	1,554	3,123	2.054	3.098

Greater Tompkins County Municipal Health Insurance Consortium

Monthly Contract Count by Plan Type

January 1, 2011 to July 31, 2022

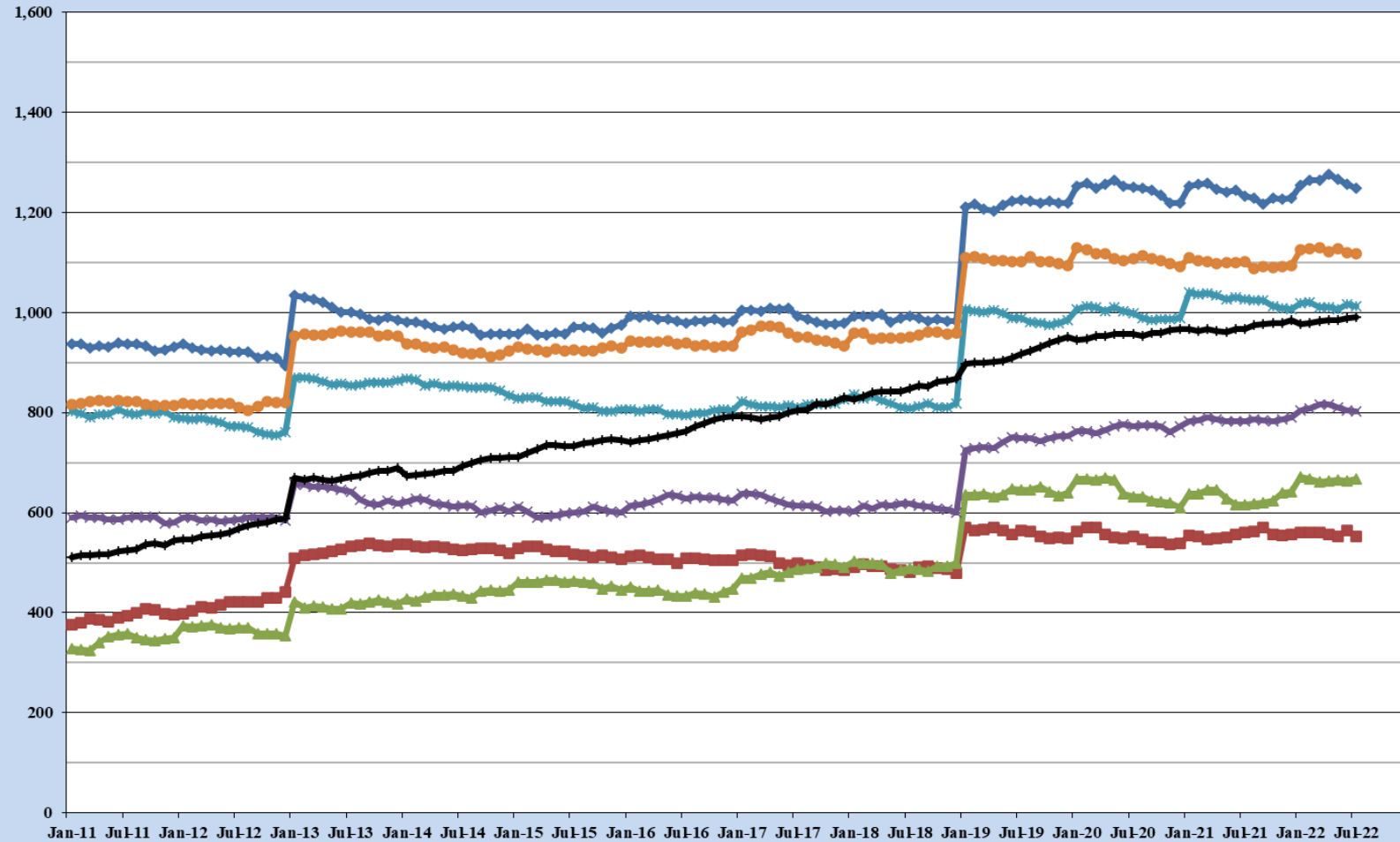


Family Contracts Individual Contracts

Greater Tompkins County Municipal Health Insurance Consortium

Monthly Covered Lives by Age Band

January 1, 2011 to July 31, 2022



2022 Income Budget vs Actual (07/31/2022)

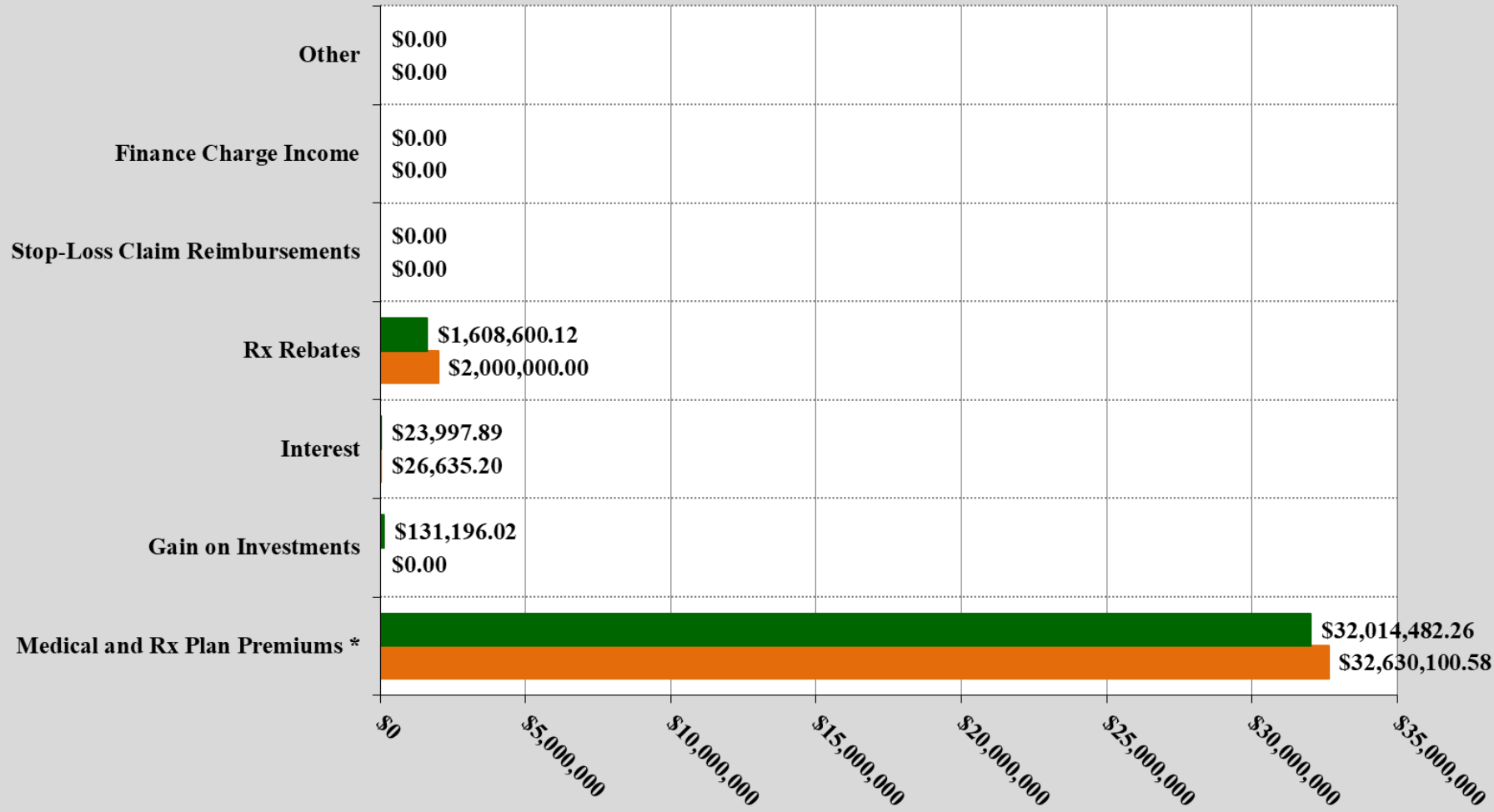
Key Facts (continued):

2. The Consortium invests in notes/bonds which are held to maturity but records gains and/or losses on a monthly basis (“mark to market”). Gains on investments are booked as revenues, while losses on investments are recorded as expenditures. The COVID-19 pandemic, greatly reduced the Consortium’s interest earnings potential.
3. There has been three pharmaceutical manufacturer rebate payments received from ProAct, Inc. for the 2022 Fiscal Year to date. The Consortium did experience an enhancement to the July payment of \$727,509.70, however, it did not hit the budgeted expectation. The April – June 2022 payment will be made in October. As part of the PBM RFP, ProAct, Inc. estimated the new quarterly payments to be approximately \$985k based on prior usage.
4. The Consortium did not receive any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1 million. To date, there have been no claims in excess of \$1,000,000 for this year or the previous year.
5. There was no Other Income as of July 31st. Even when the Consortium does register some miscellaneous income, the impact is negligible at best and has very little effect on the overall net position of the Consortium.

Greater Tompkins County Municipal Health Ins. Consortium

2022 Income Distribution

January 1, 2022 to July 31, 2022

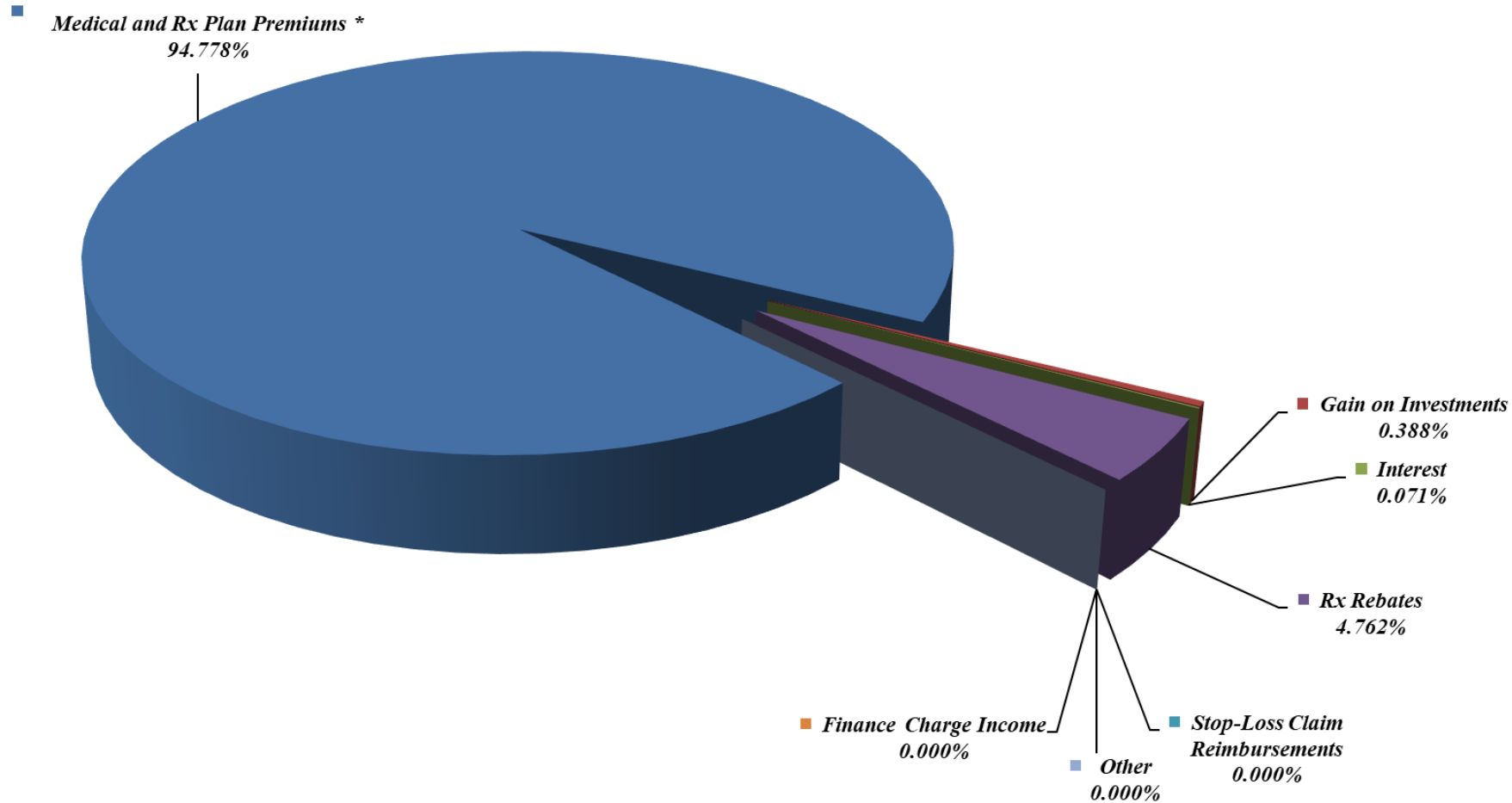


■ 2022 Actual Income ■ 2022 Budgeted Amounts

Greater Tompkins County Municipal Health Ins. Consortium

2022 Income Distribution

January 1, 2022 to July 31, 2022



■ Medical and Rx Plan Premiums * ■ Gain on Investments ■ Interest ■ Rx Rebates ■ Stop-Loss Claim Reimbursements ■ Finance Charge Income ■ Other



Section 2

2022 Fiscal Year-to-Date
Expense Budget vs Actual Results

2022 Expense Budget vs Actual Results (07/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Expenses							
8090	Medical Paid Claims	\$40,780,345.45	\$40,780,345.45	\$23,461,222.38	\$21,831,031.59	-\$1,630,190.79	-6.95%
	Advance Deposit / Pre-Paid Claims	\$37,344.64	\$65,900.00	\$65,900.00	\$65,900.00	\$0.00	0.00%
8120	Rx Paid Claims - ProAct	\$16,506,765.82	\$16,506,765.82	\$9,523,134.13	\$9,471,345.25	-\$51,788.88	-0.54%
8121	Rx Paid Claims - CanaRx	\$161,366.59	\$161,366.59	\$94,130.51	\$91,797.70	-\$2,332.81	-2.48%
8084	Flu Clinic Fees	\$20,037.48	\$23,042.13	\$13,441.24	\$0.00	-\$13,441.24	-100.00%
8050	Medical Admin Fees	\$1,521,623.78	\$1,502,656.92	\$876,549.87	\$911,576.37	\$35,026.50	4.00%
	Rx Admin Fees	\$206,958.25	\$226,592.82	\$132,179.15	\$153,449.17	\$21,270.03	16.09%
8091	NYS Covered Lives Assessment	\$391,982.86	\$319,060.15	\$186,118.42	\$215,597.76	\$29,479.34	15.84%
9060	ACA PCORI Fee	\$18,886.41	\$18,886.41	\$18,886.41	\$17,585.37	-\$1,301.04	-6.89%
8110	Specific Stop-Loss Insurance (Actual)	\$313,950.00	\$723,382.00	\$421,972.83	\$173,192.90	-\$248,779.93	-58.96%
8000	Accounting Fees	\$19,000.00	\$19,000.00	\$11,083.33	\$12,200.00	\$1,116.67	10.08%
8010	Actuarial Fees	\$10,000.00	\$10,000.00	\$5,833.33	\$7,200.00	\$1,366.67	23.43%
8020	Audit Fees (Financial)	\$14,420.00	\$14,420.00	\$13,390.00	\$14,500.00	\$1,110.00	8.29%
8021	Audit Fees (Claims)	\$51,295.00	\$51,295.00	\$29,922.08	\$19,875.00	-\$10,047.08	-33.58%
8055	Consultant Fees (Barber & Strat Plan)	\$45,000.00	\$25,000.00	\$14,583.33	\$0.00	-\$14,583.33	-100.00%
8030	Consultant Fees (L&C)	\$91,650.00	\$91,650.00	\$53,462.50	\$53,375.00	-\$87.50	-0.16%
8070	Legal Fees	\$12,000.00	\$12,000.00	\$7,000.00	\$5,357.00	-\$1,643.00	-23.47%
8065	Wellness Program Costs	\$25,000.00	\$25,000.00	\$14,583.33	\$205.00	-\$14,378.33	-98.59%
66001	Executive Director (Salary)	\$96,450.00	\$96,450.00	\$56,262.50	\$55,641.30	-\$621.20	-1.10%
66002	Fringe Benefits	\$119,635.00	\$119,635.00	\$69,787.08	\$45,656.62	-\$24,130.46	-34.58%

2022 Expense Budget vs Actual Results (07/31/2022)

		2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
66003	Clerk of the Board (Salary)	\$74,300.00	\$74,300.00	\$43,341.67	\$30,127.16	-\$13,214.51	-30.49%
66004	Admin/Comp Asst (Salary)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
66005	Benefits Specialist (Salary)	\$56,240.00	\$56,240.00	\$32,806.67	\$32,445.00	-\$361.67	-1.10%
66006	Finance Manager (Salary)	\$72,100.00	\$72,100.00	\$42,058.33	\$41,596.20	-\$462.13	-1.10%
8060	Insurances (D&O / Prof. Liability)	\$55,650.00	\$53,004.00	\$30,919.00	\$33,988.50	\$3,069.50	9.93%
8041	Internal Coordination (Finance)	\$20,000.00	\$20,000.00	\$11,666.67	\$11,666.67	\$0.00	0.00%
8042	Internal Coordination (Support)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8040	Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$3,500.00	\$3,500.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$6,485.00	\$6,681.00	\$3,897.25	\$3,897.25	\$0.00	0.00%
9065	Marketing Expenses	\$2,575.00	\$8,000.00	\$4,666.67	\$830.37	-\$3,836.30	-82.21%
9055	Investment Management Services	\$12,360.00	\$12,360.00	\$7,210.00	\$5,983.91	-\$1,226.09	-17.01%
8150	Supplies Expense	\$4,080.00	\$4,080.00	\$2,380.00	\$2,225.63	-\$154.37	-6.49%
8151	Computer Equipment	\$11,545.00	\$11,545.00	\$6,734.58	\$5,516.31	-\$1,218.27	-18.09%
8152	Lease Expense / Parking Fees	\$13,370.00	\$13,370.00	\$7,799.17	\$6,111.55	-\$1,687.62	-21.64%
8153	Mileage- Travel Expenses	\$1,000.00	\$1,000.00	\$583.33	\$276.57	-\$306.76	-52.59%
8154	Software	\$0.00	\$0.00	\$0.00	\$825.72	\$825.72	0.00%
8155	Postage	\$0.00	\$0.00	\$0.00	\$752.95	\$752.95	0.00%
8156	Furniture and Fixtures	\$0.00	\$2,000.00	\$0.00	\$0.00	\$0.00	0.00%
8157	Training & Prof. Dev.	\$0.00	\$2,000.00	\$0.00	\$348.00	\$348.00	0.00%
8158	Subscriptions	\$0.00	\$1,000.00	\$0.00	\$219.97	\$219.97	0.00%
9005	Loss on Investments	\$0.00	\$0.00	\$0.00	\$571,394.15	\$571,394.15	
9060	Other Expenses / Supplies	\$12,595.00	\$7,595.00	\$4,430.42	\$747.25	-\$3,683.17	-83.13%
Total Expenses		\$60,792,011.28	\$61,143,723.29	\$35,271,436.18	\$33,897,939.19	-\$1,373,496.99	-3.89%
Net Income		\$6,092.82	-\$2,160,747.66	-\$614,700.40	-\$119,662.90	\$495,037.50	

2022 Expense Budget vs Actual Results (07/31/2022)

	Budget	Revised Budget	Year-to-Date	Actual		
Paid Claims	\$57,505,859.98	\$57,537,419.99	\$33,157,828.26	\$31,460,074.54	-\$1,697,753.72	-5.12%
Claims Admin. Fees	\$1,728,582.03	\$1,729,249.74	\$1,008,729.02	\$1,065,025.54	\$56,296.53	5.58%
Stop-Loss	\$313,950.00	\$723,382.00	\$421,972.83	\$173,192.90	-\$248,779.93	-58.96%
Taxes and Fees	\$410,869.27	\$337,946.56	\$205,004.83	\$233,183.13	\$28,178.30	13.75%
Professional Services	\$268,365.00	\$248,365.00	\$149,857.92	\$112,712.00	-\$37,145.92	-24.79%
Insurance/Internal Fees/Investment Losses (\$571,394.15)	\$564,385.00	\$567,360.00	\$328,043.33	\$853,751.08	\$525,707.75	160.26%
Total Expenses	\$60,792,011.28	\$61,143,723.29	\$35,271,436.18	\$33,897,939.19	-\$1,373,496.99	-3.89%
Net Income	\$6,092.82	-\$2,160,747.66	-\$614,700.40	-\$119,662.90	\$495,037.50	

The above provides an “easier to read” summary version of the expense data for the Consortium through July 31, 2022. As you will note, the paid claims which collectively include medical, prescription drug, CanaRx, Flu Clinic and any pre-paid claims account for 92.81% of the total expenses through July 2022. Overall paid claims are 5.12% (including the advanced deposit for prepayment of claims) below budget to date, based on the amended budget. It should be noted that based on the recommendation of the Consortiums Auditor, investment gains & losses are now recorded in accounts 9005 (Insurance and Internal Fees Above) and amounted to \$571,394.15 in losses, offset by \$131,196.02 in gains as of July 31, 2022. (YTD net loss = \$440,198.13)

2022 Expense Budget vs Actual Results (07/31/2022)

Key Facts:

1. We continue to work with the Consortium's Executive Director and Financial Team to allocate budgeted funds into their correct expense line-item based on their code. This was done to provide a more detailed and accurate summary of the internal and external professional support costs. In addition, we updated some of the budget numbers based on the addition of new members and changes in enrollment by existing members.
2. As of July, the Consortium is tracking very close to budget projections, especially when considering the impact of the gains and losses on investments. Many of the expense items are below budget. As more annual expense items are billed, we anticipate those items to be more in line with the budget as the Consortium works its way through the fiscal year.
3. It is important to remember that when new members are added to the Consortium, their paid claims typically mature approximately by the 3rd month following the transition to the Consortium. The "run-out" claims (claims incurred on or before December 31st each year) are the responsibility of their prior insurance carrier.

2022 Expense Budget vs Actual Results (07/31/2022)

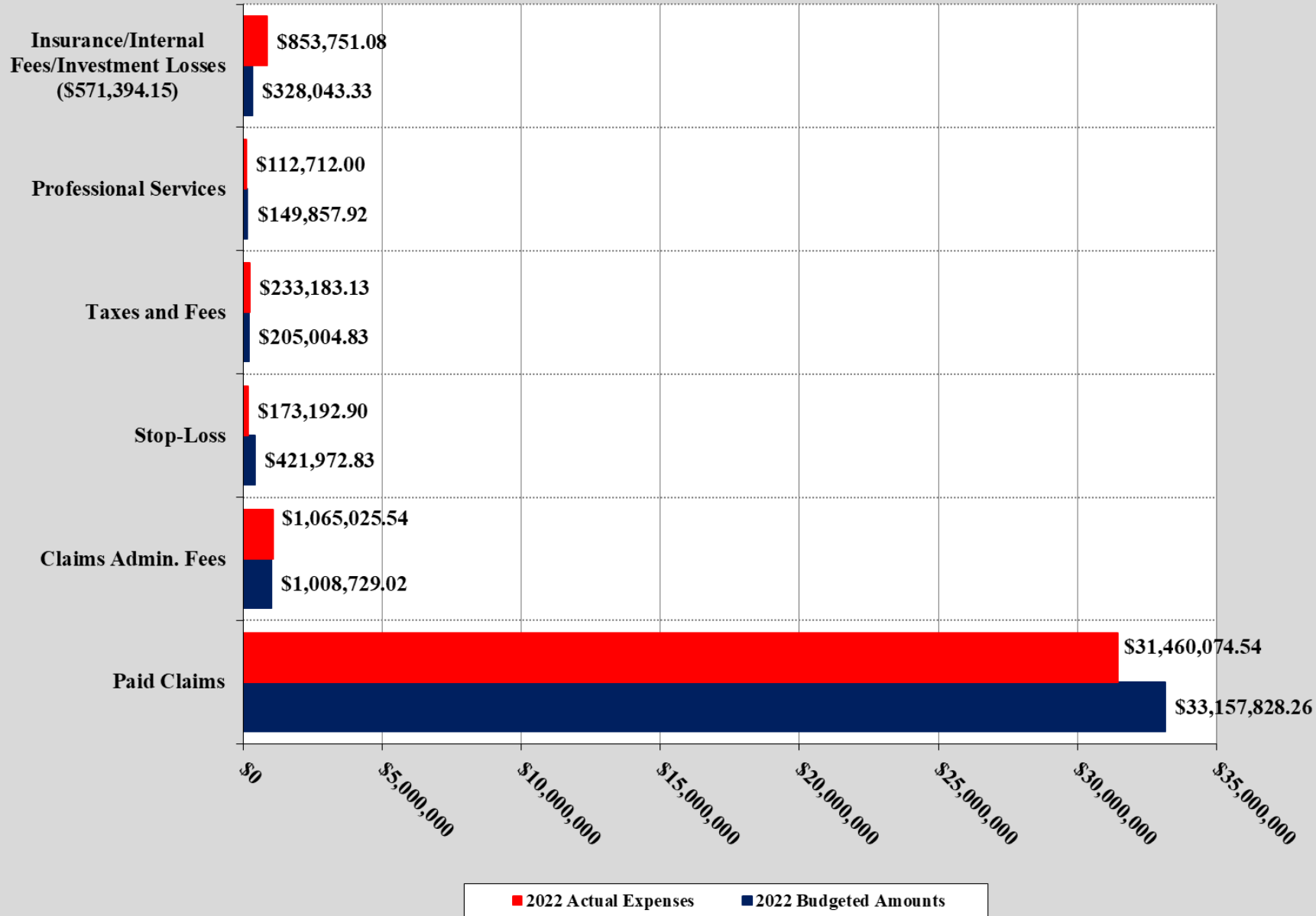
Key Facts:

4. Medical Paid Claims in the first 7-months were **6.93% below the amended budget** for the Fiscal Year to Date. This is the result of:
 - a) An increase in the covered lives ($\uparrow 1.78\%$) and in the number of contracts ($\uparrow 2.86\%$) skews the early 2022 medical paid claims due to the “run-in lag”.
 - b) Increased member participation in lower cost health insurance plans, like the Platinum Plan and the Medicare Supplement Plan by several employer groups.
 - c) A substantial decrease in elective and/or minor medical procedures being performed as a result of the impact of the COVID-19 pandemic on the medical community.
5. Rx Paid Claims were **0.54% below budget** for the first 7-months of the 2022 Fiscal Year. As we stated last year, we were keeping a close eye on the pharmacy paid claims trend which led to adjustments to our trend models during the budget development process for the 2022 Fiscal Year.

Greater Tompkins County Municipal Health Ins. Consortium

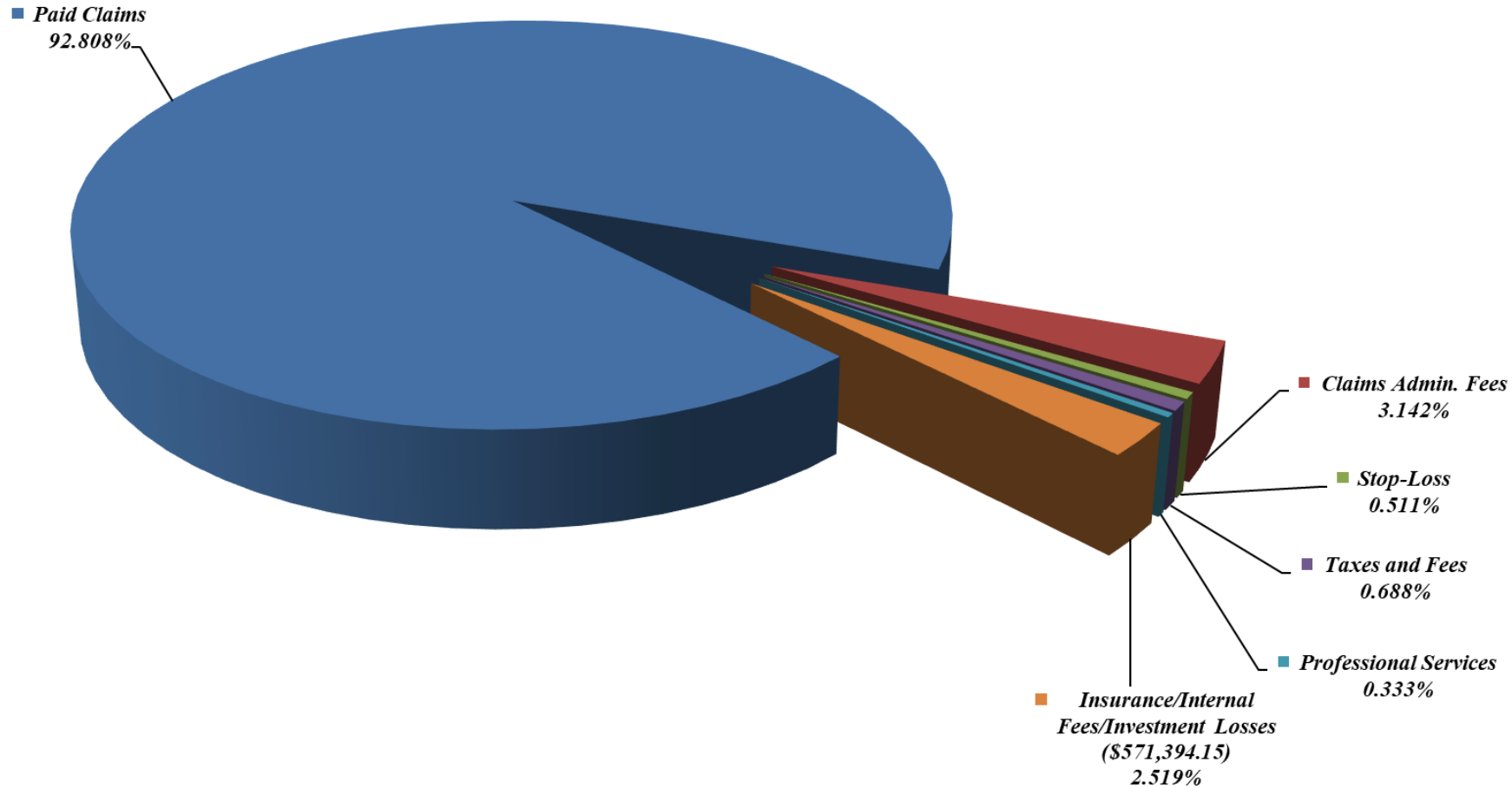
2022 Expense Distribution

January 1, 2022 to July 31, 2022



Greater Tompkins County Municipal Health Ins. Consortium

2022 Expense Distribution
January 1, 2022 to July 31, 2022



■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees/Investment Losses (\$571,394.15)

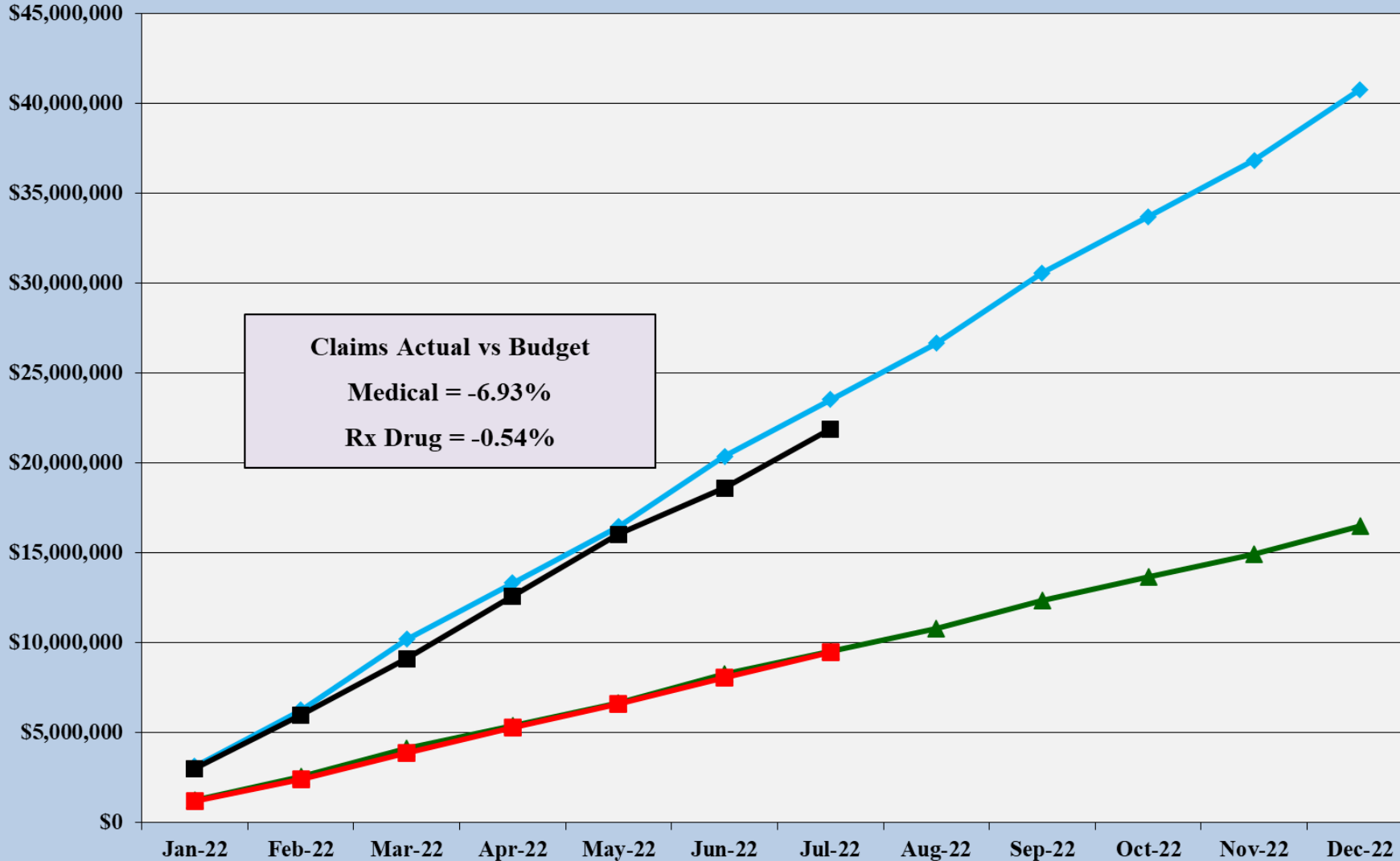


Section 3

2022 Fiscal Year-to-Date
Paid Claims Budget vs Actual Results

Greater Tompkins County Municipal Health Insurance Consortium

2022 Cumulative Paid Claims and Budgeted Claims by Month

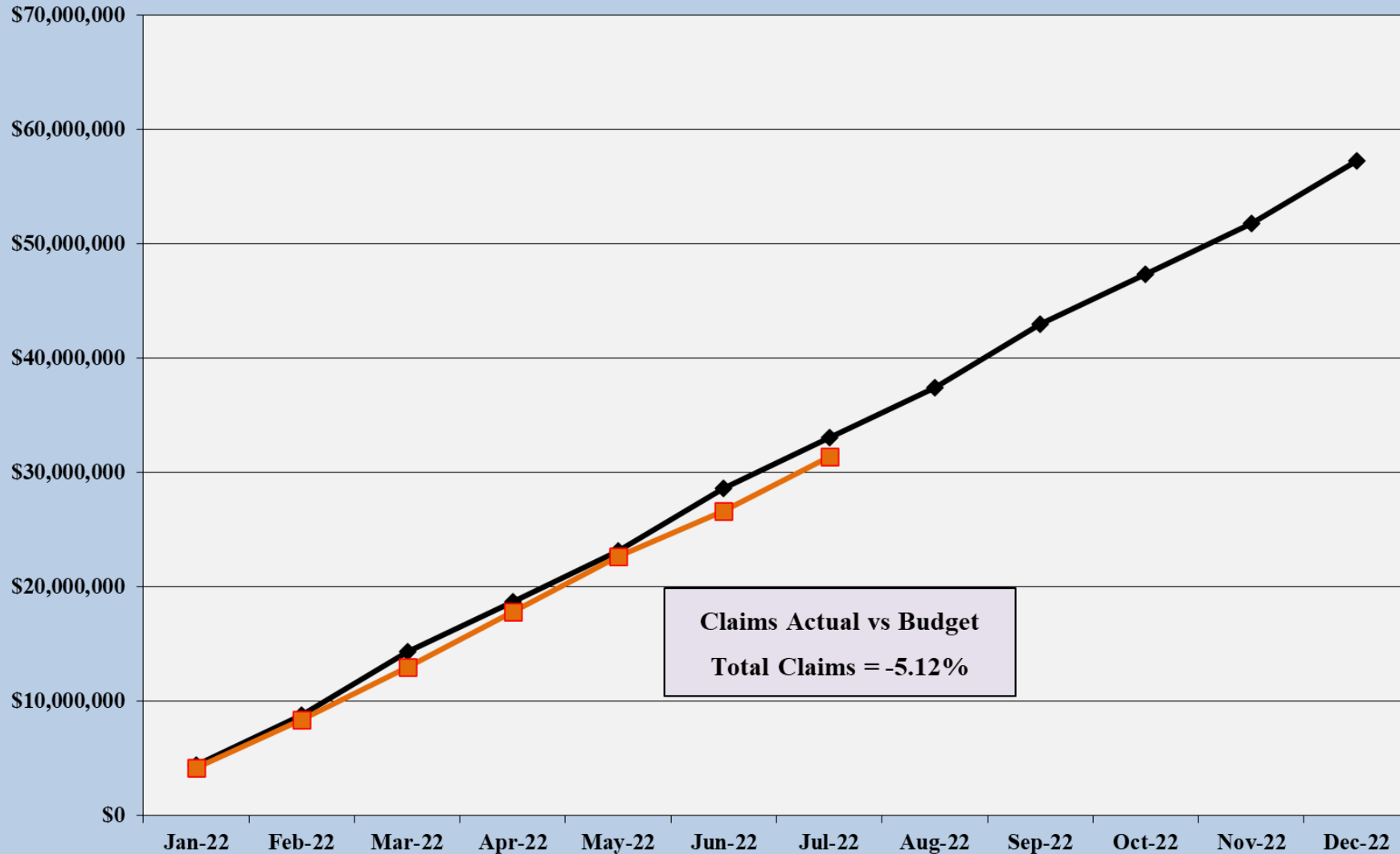


Claims Actual vs Budget
Medical = -6.93%
Rx Drug = -0.54%

Medical Plan Budgeted Claims Medical Plan Actual Paid Claims Rx Plan Budgeted Claims Rx Paid Claims

Greater Tompkins County Municipal Health Insurance Consortium

2022 Cumulative Paid Claims and Budgeted Claims by Month

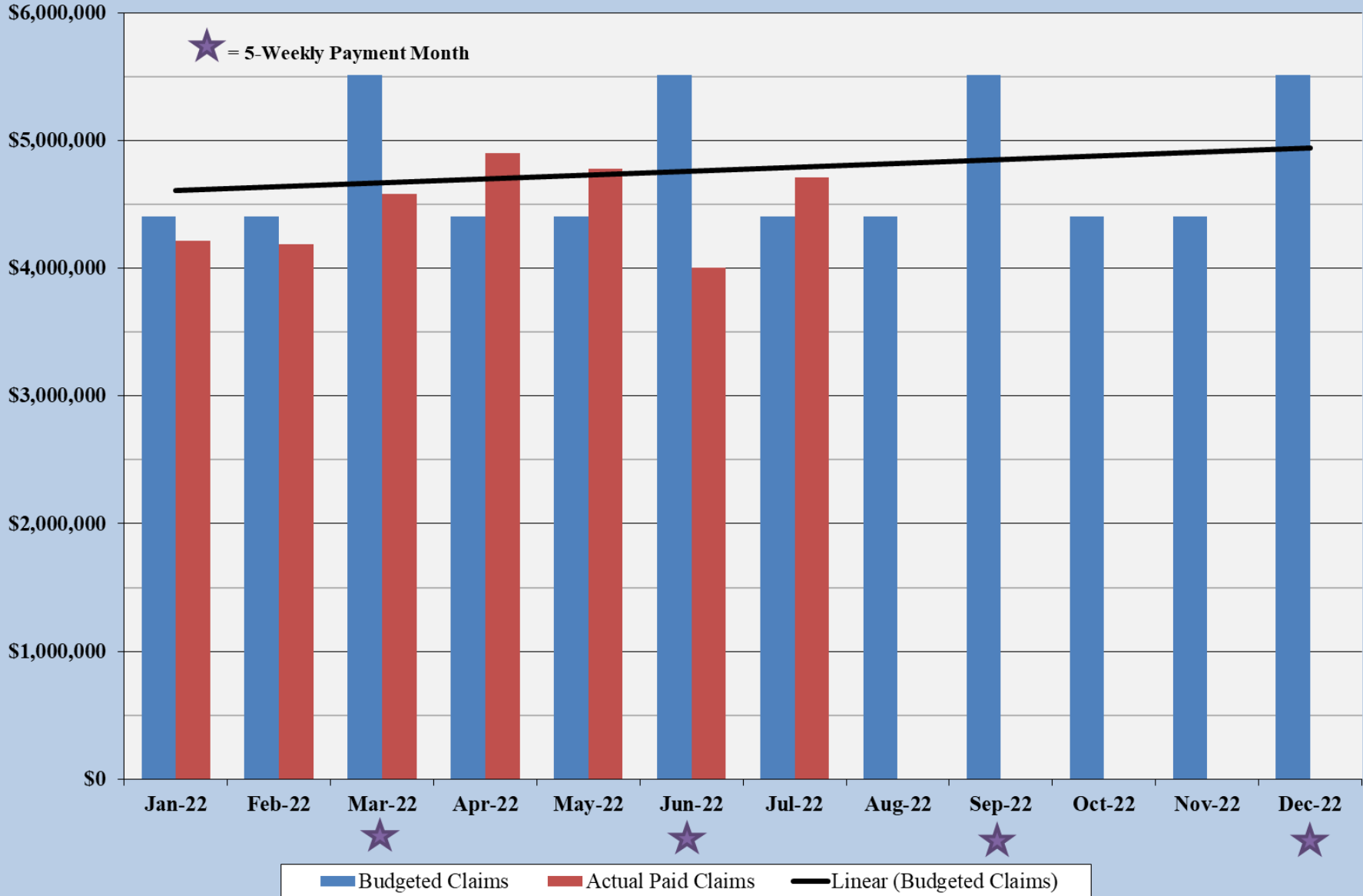


Claims Actual vs Budget
Total Claims = -5.12%

◆ Budgeted Claims ■ Actual Paid Claims

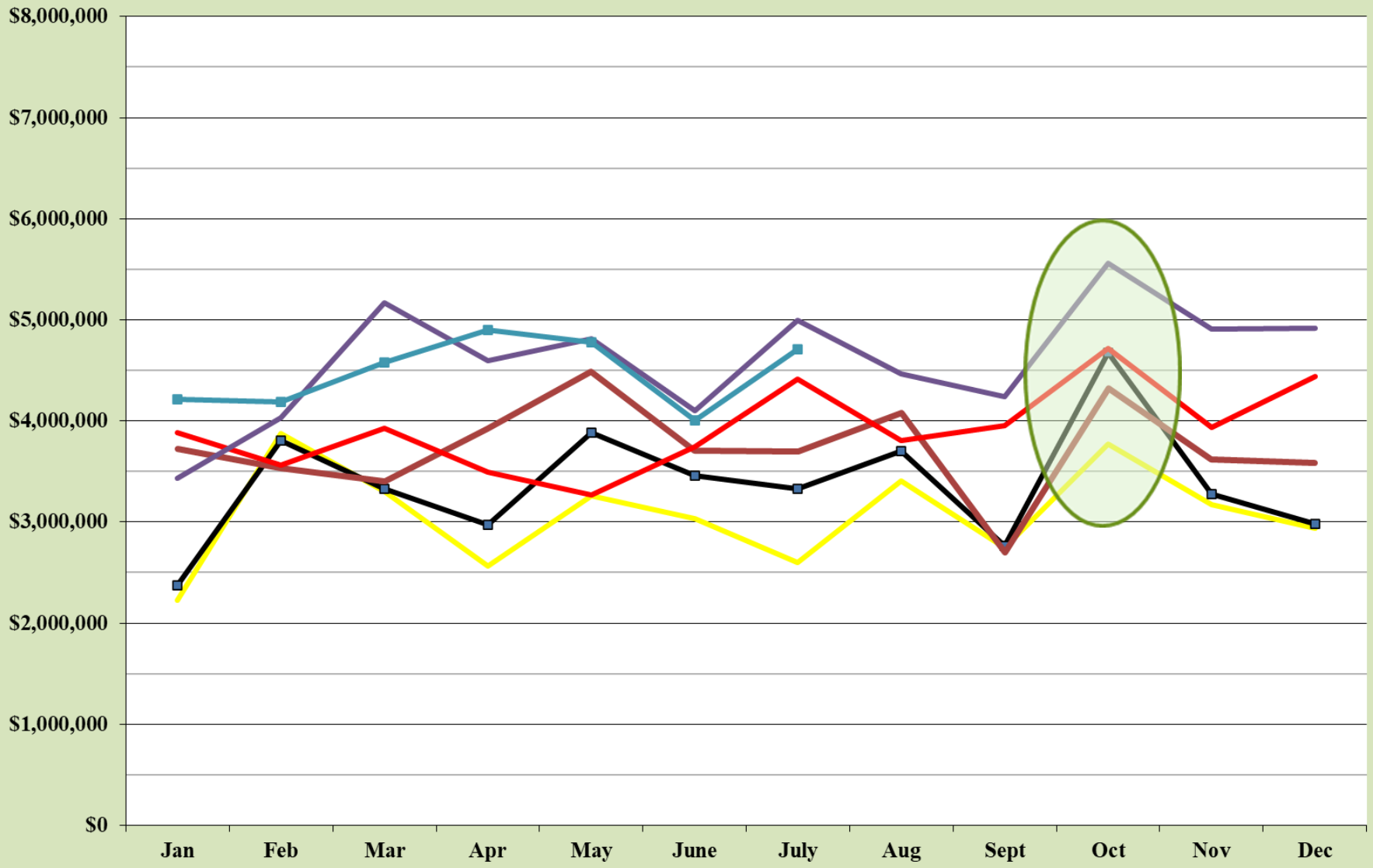
Greater Tompkins County Municipal Health Insurance Consortium

2022 Budgeted vs Actual Paid Claims by Month



Greater Tompkins County Municipal Health Ins Consortium

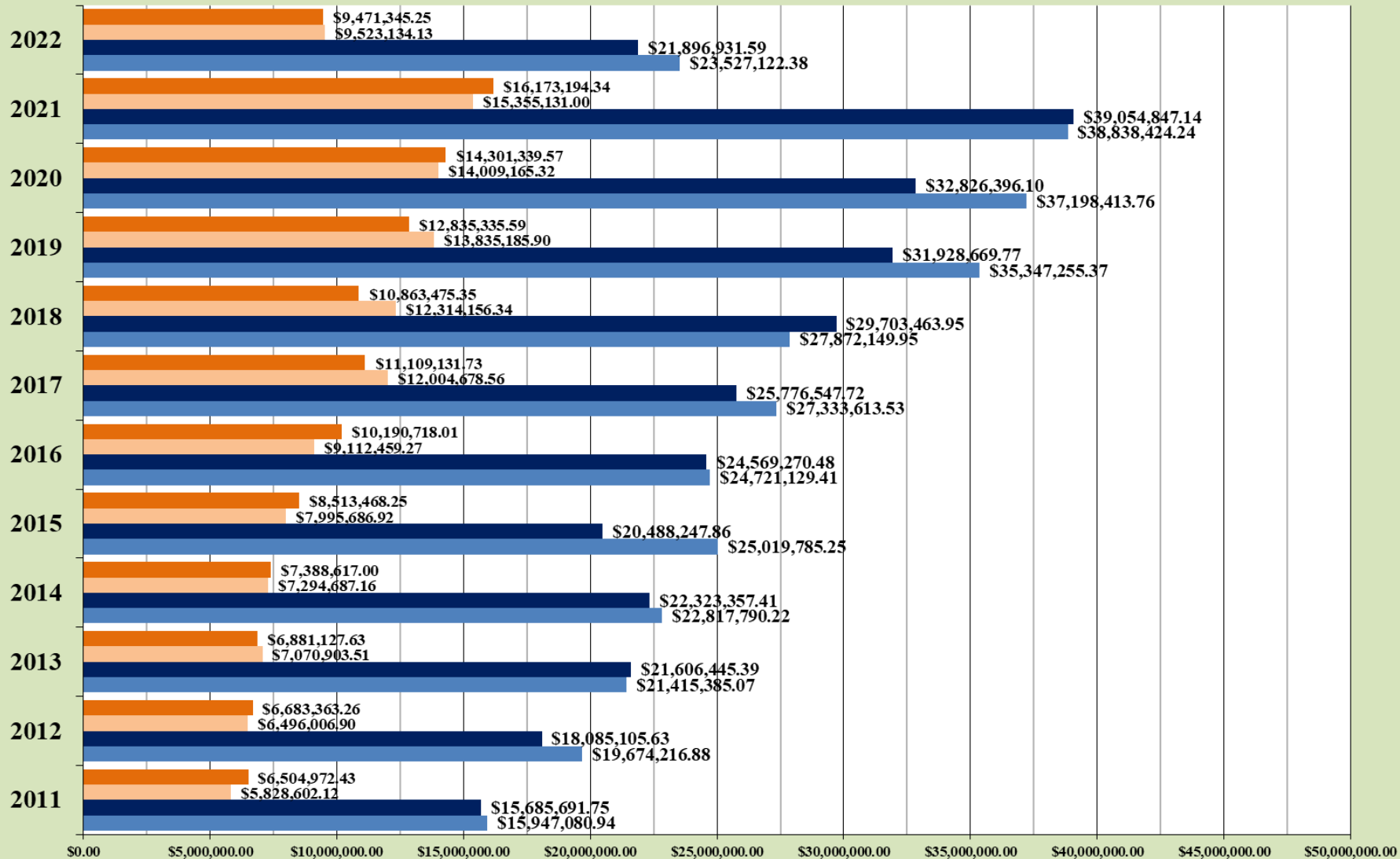
2017-2022 Monthly Paid Claims by Fiscal Year



2017 2018 2019 2020 2021 2022

Greater Tompkins County Municipal Health Ins Consortium

2011-2022 (as of 07/31/2022) Annual Paid Claims v Budgeted Claims

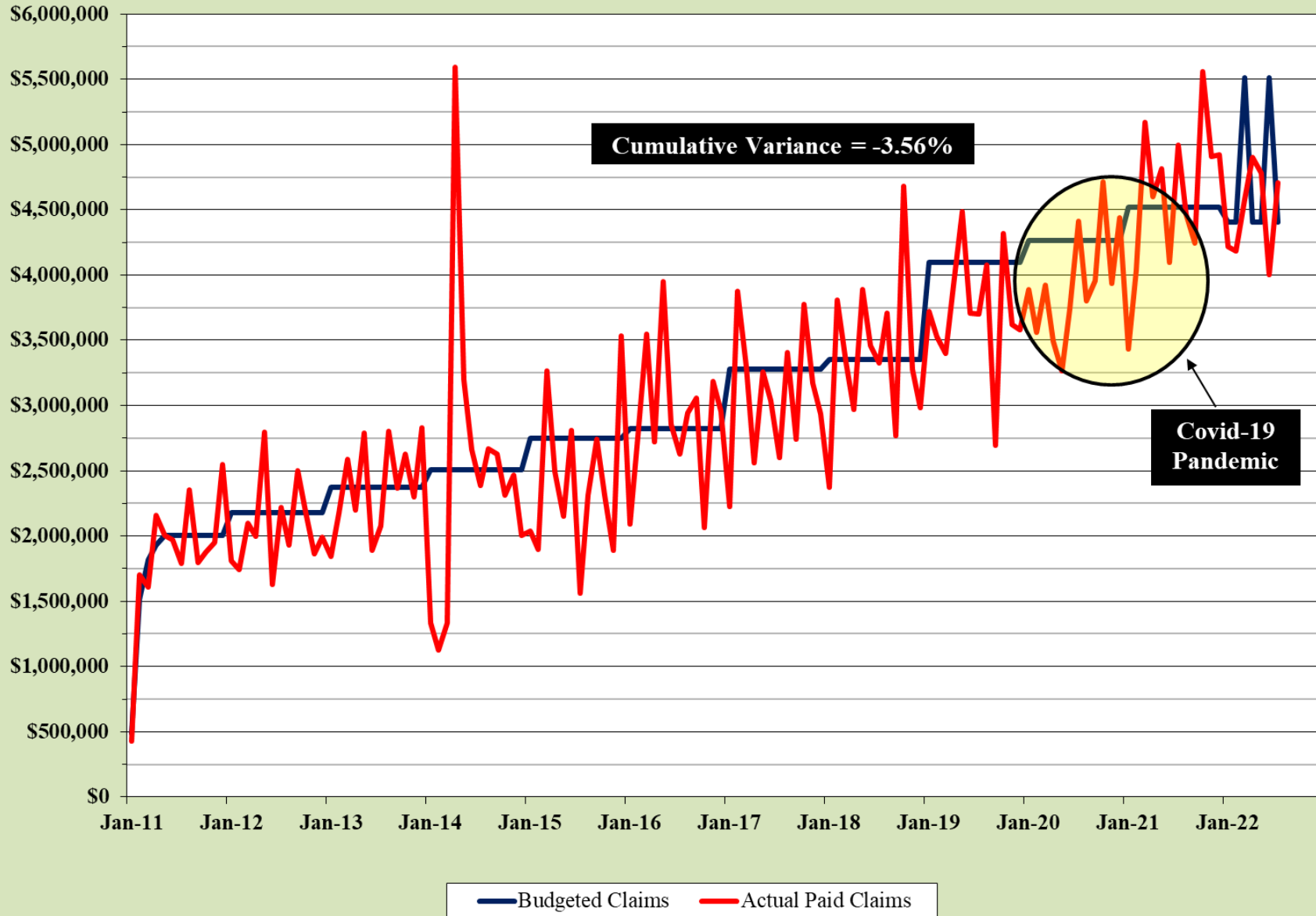


■ Actual Rx Claims
 ■ Budgeted Rx Claims
 ■ Actual Medical Claims
 ■ Budgeted Medical Claims

Greater Tompkins County Municipal Health Ins Consortium

2011-2022 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to July 31, 2022



APPROVED
**MEDICAL
CLAIM**



Section 4

High-Cost Claimants
Catastrophic Self-Insurance Pool

Large Loss and Catastrophic Claims History

Greater Tompkins County Municipal Health Insurance Consortium

Large Loss and Catastrophic Claims History (as of June 30, 2022)

Fiscal Year	Specific Stop-Loss Deductible	Number of Covered Lives	# of Claimants with Claims >\$100,000	# of Claimants with Claims >\$200,000	# of Claimants with Claims >\$300,000	# of Claimants with Claims >\$400,000	# of Claimants with Claims >\$500,000	Total Large Loss Claims Paid	Claim Dollars in Excess of Deductible	Stop-Loss Insurance Premium Paid
2011	\$250,000.00	4,400	13	3	1	0	0	\$2,357,898.22	\$146,063.45	\$384,392.52
2012	\$275,000.00	4,448	16	6	3	2	1	\$3,904,221.28	\$1,136,196.38	\$361,366.41
2013	\$300,000.00	5,077	22	7	4	1	0	\$4,079,308.91	\$292,967.64	\$592,381.65
2014	\$300,000.00	5,012	18	6	1	1	0	\$3,494,872.81	\$184,734.14	\$720,784.39
2015	\$400,000.00	5,021	23	2	1	1	1	\$3,722,006.77	\$125,880.36	\$642,080.30
2016	\$400,000.00	5,063	39	4	1	1	1	\$6,070,055.86	\$242,433.49	\$766,281.18
2017	\$450,000.00	5,172	24	12	1	1	0	\$3,057,208.40	\$8,294.21	\$738,819.42
2018	\$600,000.00	5,201	45	10	4	3	3	\$8,913,105.20	\$453,672.85	\$442,185.54
2019	\$600,000.00	6,174	46	14	3	2	1	\$8,874,919.83	\$29,295.28	\$693,190.30
2020	\$1,000,000.00	6,277	60	18	5	3	1	\$11,290,214.72	\$0.00	\$264,390.72
2021	\$1,000,000.00	6,303	66	23	8	6	5	\$14,096,053.18	\$0.00	\$270,471.20
2022	\$1,000,000.00	6,422	21	5	2	0	0	\$3,600,949.26	\$0.00	\$148,483.84
Totals		64,570	393	110	34	21	13	\$73,460,814.44	\$2,619,537.80	\$6,024,827.47
Averages	\$547,916.67	5,381	32.750	9.167	2.833	1.750	1.083	\$6,121,734.54	\$218,294.82	\$502,068.96

Overall Stop-Loss Insurance Loss Ratio (Paid Claims ÷ Premium) = 43.48%

Large Loss and Catastrophic Claims History

Fiscal Year	Specific Stop-Loss Deductible	Number of Covered Lives	Number of Large Loss Claimants	Large Loss Claimants % of Covered Lives	Stop-Loss Insurance Premium Paid	Stop-Loss Insurance Premium PMPM	Total Large Loss Claims Paid	Annual Paid Claims Total	Large Loss Claims % of Total Claims	Catastrophic Claims Reserve
2011	\$250,000.00	4,400	13	0.30%	\$384,392.52	\$7.28	\$2,357,898.22	\$22,190,664.18	10.63%	n/a
2012	\$275,000.00	4,448	16	0.36%	\$361,366.41	\$6.77	\$3,904,221.28	\$24,768,468.89	15.76%	n/a
2013	\$300,000.00	5,077	22	0.43%	\$592,381.65	\$9.72	\$4,079,308.91	\$28,487,573.02	14.32%	n/a
2014	\$300,000.00	5,012	18	0.36%	\$720,784.39	\$11.98	\$3,494,872.81	\$29,711,974.41	11.76%	\$600,000.00
2015	\$400,000.00	5,021	23	0.46%	\$642,080.30	\$10.66	\$3,722,006.77	\$29,001,716.11	12.83%	\$1,050,000.00
2016	\$400,000.00	5,063	39	0.77%	\$766,281.18	\$12.61	\$6,070,055.86	\$34,338,926.47	17.68%	\$1,050,000.00
2017	\$450,000.00	5,172	24	0.46%	\$738,819.42	\$11.90	\$3,057,208.40	\$36,885,679.45	8.29%	\$1,350,000.00
2018	\$600,000.00	5,201	45	0.87%	\$442,185.54	\$7.08	\$8,913,105.20	\$40,566,939.30	21.97%	\$2,000,000.00
2019	\$600,000.00	6,174	46	0.75%	\$693,190.30	\$9.36	\$8,874,919.83	\$44,764,005.36	19.83%	\$2,800,000.00
2020	\$1,000,000.00	6,277	60	0.96%	\$264,390.72	\$3.51	\$11,290,214.72	\$47,284,890.14	23.88%	\$5,032,220.00
2021	\$1,000,000.00	6,303	66	1.05%	\$270,471.20	\$3.58	\$14,096,053.18	\$55,410,491.28	25.44%	\$4,986,101.85
2022	\$1,000,000.00	6,422	21	0.33%	\$148,483.84	\$7.71	\$3,600,949.26	\$26,739,671.48	13.47%	\$4,642,294.20
Totals		64,570	393	0.61%	\$6,024,827.47	\$7.78	\$73,460,814.44	\$420,151,000.09	17.48%	
Averages (2011-2022)		5,381	33	0.61%	\$502,068.96	\$8.51	\$6,121,734.54	\$35,012,583.34	17.48%	

On Average 0.61% of the Covered Lives Account for 17.48% of Paid Claims

Catastrophic Claims Self-Insurance Pool Activity

		<i>Actual</i>	<i>Actual</i>	<i>6/30/2022</i>
		2020	2021	2022
		Fiscal Year	Fiscal Year	Fiscal Year
Budgeted Premium	\$600,000 Deductible	\$762,505.96	\$876,881.85	\$301,409.17
Actual Premium Paid	\$1,000,000 Deductible	\$264,390.72	\$270,471.20	\$148,483.84
Premium Savings		\$498,115.23	\$606,410.65	\$152,925.33
Member # 000001179452	Deductible (Laser Applied)	\$1,000,000.00	\$1,000,000.00	\$700,000.00
	Actual Claims Paid	\$798,499.59	\$712,297.59	\$284,106.60
	Catastrophic Claims Pool	\$0.00	\$0.00	\$0.00
Member # 000014335319	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$686,798.19	\$419.30
	Catastrophic Claims Pool	\$0.00	\$186,798.19	\$0.00
Member # 000014235037	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$633,727.34	\$312,539.75
	Catastrophic Claims Pool	\$0.00	\$133,727.34	\$0.00
Member # 000012168307	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$836,622.21	\$0.00
	Catastrophic Claims Pool	\$0.00	\$336,622.21	\$0.00
Member # 000001551134	Deductible	\$500,000.00	\$500,000.00	\$500,000.00
	Actual Claims Paid		\$648,218.91	\$0.00
	Catastrophic Claims Pool	\$0.00	\$148,218.91	\$0.00
Catastrophic Claims Self-Insurance Pool Claims		\$0.00	\$805,366.65	\$0.00
Net Impact on Fund Balance		\$498,115.23	-\$198,956.00	\$152,925.33

The “Catastrophic Claims Self-Insurance Pool” was established by the Consortium’s Board of Directors prior to the start of the 2020 Fiscal Year to allow the Consortium to lower the cost of stop-loss insurance by raising the specific deductible and ultimately assuming more risk on an annual basis. To cover this risk, the Catastrophic Claims Reserve totaling \$4.5 million was converted to this “Pool”. In addition, each year the estimated premium variance between a \$600,000 specific deductible stop-loss insurance plan and a \$1 million specific deductible stop-loss insurance plan will be ceded into the “Pool”. Lastly, any interest earned on this “Pool” will be credited to the “Pool” to help replenish funds when/if catastrophic claims are paid out of the “Pool”.

* **Budgeted Premium** is defined as the premium amount the Consortium would have paid if they continued with the previous stop-loss insurance policy of a \$600,000 Deductible

* **Actual Premium Paid** is defined as the actual premium amount paid by the Consortium for the current stop-loss insurance policy of a \$1,000,000 Deductible

* **Laser Applied** is defined as the laser deductible the stop-loss insurance company would have applied to the specific individual if a \$600,000 Deductible stop-loss insurance policy was selected

Catastrophic Claims Self-Insurance Pool Activity

Catastrophic Claims Self-Insurance Pool	<i>Actual</i>	<i>Actual</i>	<i>as of 6/30/2022</i>
	2020 Fiscal Year	2021 Fiscal Year	2022 Fiscal Year
Beginning Balance	\$4,500,000	\$5,032,220	\$4,642,294
Interest Income	\$34,105	(\$19,009)	\$ 3,417
Premium Savings	\$498,115	\$434,450	\$152,925
(Catastrophic Claims)	\$0	(\$805,367)	\$0
Ending Balance	\$5,032,220	\$4,642,294	\$4,798,637

As of June 30, 2022, the Consortium has lowered its specific stop-loss insurance premium by approximately \$1,257,451.21, and it has incurred large loss claims between \$500 thousand and \$1 million totaling \$805,366.65. This is a net gain for the Consortium of \$452,084.56. This figure does not take into consideration that the pool is also picking up an extra \$100,000 in risk per member annually.



Section 5

2022 Fiscal Year
Net Income, Liabilities, and Reserves

2022 Net Income, Liabilities & Reserves

	2022 Adopted Budget	2022 Amended Budget	2022 Year-to-Date	2022 Actual Results	Variance	% Difference
Income						
Total Income	\$60,798,104.10	\$58,982,975.63	\$34,656,735.78	\$33,778,276.29	-\$878,459.49	-2.53%
Expenses						
Total Expenses	\$60,792,011.28	\$61,143,723.29	\$35,271,436.18	\$33,897,939.19	-\$1,373,496.99	-3.89%
Net Income	\$6,092.82	-\$2,160,747.66	-\$614,700.40	-\$119,662.90	\$495,037.50	
Ending Balance						
	\$29,123,540.98	\$27,745,000.50	\$28,502,747.76	\$29,786,085.26	\$1,283,337.50	4.50%
Liabilities and Reserves						
4010	IBNR Claims Liability Per §4706(a)(1)	\$6,144,909.49	\$6,144,909.49	\$6,866,608.00	\$6,866,608.00	12.0% of Incurred Claims
5010	Surplus Account Per §4706(a)(5)	\$2,637,289.44	\$2,637,289.44	\$2,669,495.09	\$2,669,495.09	5.0% of Premium Income
5014	Rate Stabilization Reserve	\$3,840,568.43	\$3,840,568.43	\$4,004,100.63	\$4,004,100.63	7.5% of Paid Claims
5012	Catastrophic Claims Reserve	\$4,500,000.00	\$4,986,101.85	\$4,642,294.20	\$4,642,294.20	Calculation Per Resolution
3500	Excellus BCBS Advance Deposit	\$761,400.00	\$788,300.00	\$788,300.00	\$788,300.00	Increased by \$65,900 2/17/22
Total Liabilities and Reserves		\$17,884,167.36	\$18,397,169.21	\$18,970,797.92	\$18,970,797.92	
Unencumbered Fund Balance		\$11,239,373.62	\$9,347,831.29	\$9,531,949.84	\$10,815,287.34	

The net cash assets (unencumbered fund balance) is currently at 19.33% of budgeted premium revenues. This result was achieved while still funding the Rate Stabilization Reserve at 7.5% of Expected Paid Claims and adjusting the Catastrophic Claims Reserve to \$4.64 million. Also, fund balance was reduced in 2020 by the “premium holiday” that was authorized for all municipalities.

Liabilities and Reserves - Defined

LIABILITIES

- The liabilities associated with the Consortium's operations are directly related to covered medical benefits that are incurred by Consortium Members which have yet to be received or paid by the insurance company or plan administrator. For example, if the Consortium were to end its operations on any given December 31st there are going to be covered medical services received by covered members on or before December 31st which will not be paid until sometime after December 31st. This is commonly referred to in the industry as an Incurred but Not Reported (IBNR) and Incurred but Not Paid (IBNP) Claims Liabilities.
- In recent years with the increases in technology associated with the billing and payment of medical benefit claims and with the increase in the volume of prescription drug claims which are inherently electronic in nature, the overall value of this liability has decreased as a percentage of expected/paid claims. In fact, twenty years ago, this liability equaled approximately the value of three (3) months (24%) of annual expected/paid claims. Today, this value is closer to one (1) month (8%) of expected incurred claims and the New York State Department of Financial Services has set this liability for the 2022 Fiscal Year to equal 12.00% of the expected incurred claims estimate for the year.

Liabilities and Reserves - Defined

RESERVES

- The reserves held by the Consortium are the cash assets which have been assigned to cover a direct liability or to assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. These cash assets have also been a source of revenue through the interest earned to the Consortium which has allowed the Consortium to hold premium increases down in previous years.
- The Consortium has historically maintained the following reserves:
 - Incurred But Not Report (IBNR) Claims Liability Reserve (statutory reserve)
 - Surplus Account (statutory reserve)
 - Catastrophic Claims Reserve (discretionary reserve)
 - Rate Stabilization Reserve (discretionary reserve)
- Please refer to the following slides for a detailed description of each reserve classification.

Liabilities and Reserves - Defined

INCURRED BUT NOT REPORTED (IBNR) CLAIMS LIABILITY RESERVE

- The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims. We believe this is a conservative estimate of the liability, but we understand the Department has always acted based on their philosophy to maintain this level of reserve as they want the Consortium Member Claims to be fully-funded at all times.
- Maintaining this reserve at an insufficient amount to cover the liability could result in a Municipal Corporation owing a significant amount of money if they chose to leave the Consortium. A Municipal Corporation's decision to leave or stay in the Consortium should not be affected by the Consortium's lack of adequate reserves and this is a philosophy we feel the Consortium should embrace, even during tougher economic times.
- The 2022 Fiscal Year budget forecasted this reserve to equal \$6,874,453.35 (12.0% of projected hospital, medical, surgical, and prescription drug incurred claims). It should be noted that Excellus BlueCross BlueShield does provide an estimate of this liability in their annual renewal documents. For the 2022 Fiscal Year, Excellus' estimate of this liability was \$4,713,900 which is approximately 8% of the expected claims cost for the year.

Liabilities and Reserves - Defined

SURPLUS ACCOUNT

- The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.
- Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.
- The Amended 2022 Fiscal Year budget forecasts this reserve to equal \$2,796,865.76 (5.0% of projected premium income of \$55,937,315.28). In years where the Consortium approves premium holidays, the Consortium would calculate the Surplus Account reserve requirement based on the full expected premium, versus the artificially reduced premium collected.

Liabilities and Reserves - Defined

CATASTROPHIC CLAIMS RESERVE

- This reserve was established by the Consortium's Board of Directors to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce expenses. It was agreed that the Consortium's risk pool is so substantial in size that it can absorb a significant number of large losses without damaging the financial integrity of the Consortium.
- It was our professional opinion and the opinion of the Board of Directors that there was an acceptable reward versus risk ratio between the reduction of this significant expense, the exposure of large losses, and the cash asset position of the Consortium. This conclusion led the Board of Directors to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000 for the 2020. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors made the approved a resolution to document the funding method of this reserve fund. Based on that resolution, the Catastrophic Claims Reserve Fund was funded at \$4,642,294.20 as of December 31, 2021.

Liabilities and Reserves - Defined

RATE STABILIZATION RESERVE

- When the Consortium's cash assets were at a sufficient level, the Board of Directors made the decision to establish the Rate Stabilization Reserve at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.
- It is our goal to work with the Consortium to ensure future fiscal year budgets are developed with this reserve being maintained.
- These funds would be used to “bridge the gap” during an associated hyper-inflationary period relative to paid claims allowing the Board of Directors to establish a multiple year plan to adjust revenue (premiums) and prevent a significant increase in premium rates during a single fiscal period.



Section 6

2022 Fiscal Year-to-Date Summary & Observations

2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

2022 Fiscal Year-to-Date Summary & Observations

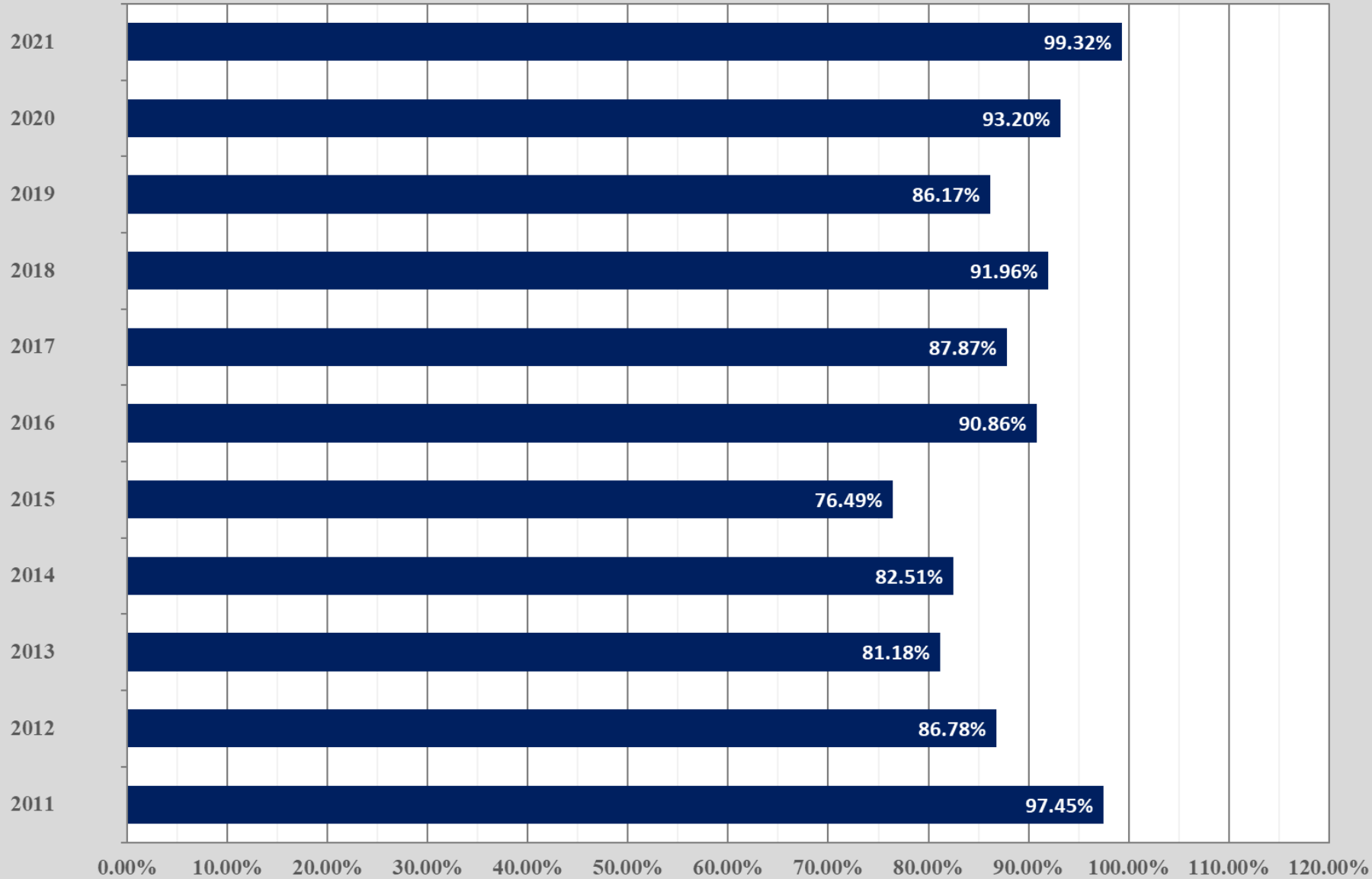
1. The overall revenue of the Consortium is a slightly below budget as of July 31, 2022. We are analyzing the Rx Rebates, as they have fallen short of projections. It should be noted that the guarantees are per script, not a total. Therefore, this is totally based on utilization. Unfortunately, even with the increased management of the cash assets by the Consortium's Financial Team, in collaboration with Wilmington Trust, interest income is still a challenge.
2. The combined **Medical and Rx Paid Claims were 5.12% below budget** through the first 7-months of the 2022 Fiscal Year. We are keeping a close eye on the paid claims and how they continue to evolve. Historically, the claims paid during the latter part of the Calendar Year tend to be a bit higher as annual deductibles and out-of-pocket maximums are met in the early months.

2022 Fiscal Year-to-Date Summary & Observations

3. Overall, the Greater Tompkins County Municipal Health Insurance Consortium is performing better than projected against the amended budget seven months into the 2022 Fiscal Year. We will need to continue to monitor overall claim trends, especially as we work through the 2023 budget cycle. We are hopeful that the early positive claims trends will continue and allow the Consortium to maintain modest premium increases for 2023 and in the future, providing stability to municipalities budgets.
4. The results experienced by the Consortium as of July 31, 2022 support the Board of Director's decision to increase premium rates, by a modest 5%, for the 2022 Fiscal Year. With careful planning and monitoring, it may allow for some additional premium relief to assist the Participating Municipalities during potential difficult financial times as COVID relief monies dry up.
5. It is important to monitor the impact of the new accounting for gains and losses on investments, and how that reporting impacts the actual vs. budget comparisons. The current impact of these transactions as of July 31, 2022 is a net loss of \$440,198.13.

Greater Tompkins County Municipal Health Insurance Consortium

Medical Loss Ratio (Paid Claims ÷ Premium)



■ Medical Loss Ratio



Greater Tompkins County Municipal Health Insurance Consortium

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

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

RESOLUTION NO. ____-2022 – APPROVAL OF ADJUSTMENTS TO THE SILVER HIGH DEDUCTIBLE HEALTH PLAN

MOVED by _____, seconded by _____, and _____ by voice vote by members present.

WHEREAS, the Consortium must annually review the actuarial values for its Metal Level Plans to ensure they each fall within the established ranges set by the Centers for Medicare and Medicaid Services (CMS), and

WHEREAS, upon entering data into the federal actuarial calculator for 2023 it has been determined that adjustments need to be made to the Silver High Deductible Health Plan, now therefore be it

RESOLVED, on recommendation of the Executive Committee and the Joint Committee on Plan Structure and Design, That effective January 1, 2023, a benefit plan adjustment to the Coinsurance Amount, Deductible and Out-of-Pocket Maximum will be made to the Consortium’s Silver High Deductible Health Plan as follows:

Silver HDHP	From In-Network	To In-Network	From Out-of-Network	To Out-of-Network
Deductible Single/Family	\$2,500/\$5,000	\$2,750/\$5,500	\$3,750/\$7,500	\$4,125/\$8,250
Out-of-Pocket Single/Family	\$6,000/\$12,000	\$7,000/\$14,000	\$9,000/\$18,000	\$10,500/\$21,000
Coinsurance Amount	70%	80%	50%	50%
Actuarial Value	72.91%	71.83%	72.91%	71.83%

. STATE OF NEW YORK)
) ss:
 COUNTY OF TOMPKINS)

I hereby certify that the foregoing is a true and correct transcript of a resolution adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors on September 22, 2022.



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.”

RESOLUTION NO. ____-2022 – Actuarial Value Standard Deviation Amendment

MOVED by _____, seconded by _____, and _____ by voice vote by members present.

WHEREAS, the Consortium must annually review the actuarial values for its Metal Level Plans to ensure they each fall within the established ranges set by the Centers for Medicare and Medicaid Services (CMS), and

WHEREAS, upon reviewing the results of the actuarial value calculations for the Consortium utilizing the Centers for Medicare and Medicaid Services (“CMS”) actuarial value calculator and methodology it was noted that the percent de minimis variation (a.k.a., standard deviation) was amended for the Bronze High Deductible Health Plan, now therefore be it

RESOLVED, on recommendation of the Executive Committee and the Joint Committee on Plan Structure and Design, That effective January 1, 2023, the percent de minimis variation (a.k.a., standard deviation) allowed for each of the Consortium’s metal level plans will be as follows:

Platinum Preferred Provider Organization Plan	+2% / -2% (92.49% to 87.50%)
Gold High Deductible Health Plan	+2% / -2% (82.49% to 77.50%)
Silver High Deductible Health Plan	+2% / -2% (72.49% to 67.50%)
Bronze High Deductible Health Plan	+5% / -2% (65.49% to 57.50%)

. STATE OF NEW YORK)
) ss:
COUNTY OF TOMPKINS)

I hereby certify that the foregoing is a true and correct transcript of a resolution adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors on September 22, 2022.



Greater Tompkins County Municipal Health Insurance Consortium

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RESOLUTION NO. -2022 – CREATION OF 2023 COMMITTEE STRUCTURE AND APPOINTMENTS OF MEMBERS

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 2023 committees effective January 1, 2023:

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 1st Wednesday

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

STANDING COMMITTEES:

Audit and Finance Committee

CHARGE: The Audit and Finance Committee shall be responsible for all financial aspects of the Consortium, including review of: annual budgets, periodic review of financial results, evaluation of transactions that are material to the organization's business, review of business and risk insurance policies and actuarial studies to determine premium levels, review and approval of investments and investment plans, enterprise risk management and compliance assessment and review, and oversight of all internal and external financial audits.

MEMBERSHIP: Seats may be filled by non-Directors; 9 members; two-year staggered terms

MEETINGS (subject to change): Monthly; 4th Tuesday

Terms expire 12/31/23

1. Steve Thayer, Chair (CFO, no set term)
2. Kate DeVoe, Labor
3. Rordan Hart, Vice Chair
4. Amanda Anderson
5. Lorie Corsette

Terms expire 12/31/24

6. Scott Steve
7. Eric Snow
8. Bud Shattuck
9. Peter Salton

RESOLUTION NO. - 2022 – CREATION OF 2023 COMMITTEE STRUCTURE AND APPOINTMENTS OF MEMBERS

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

Lisa Holmes
Laura Granger, Chair
Schelley Michell-Nunn

Janine Bond

Judy Drake
Rita McCarthy

Terms Expiring 12/31/23

Ed Fairbrother
Labor Vice Chair
Sunday Earle

Terms Expiring 12/31/23

LuAnn King
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 expire 12/31/23

1. Ed Fairbrother, Chair
2. VACANT
3. VACANT, Labor

Terms expire 12/31/24

4. Gary Mutchler, Vice Chair
5. Terrance Baxter

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.

RESOLUTION NO. 014 - 2021 – CREATION OF 2022 COMMITTEE STRUCTURE AND APPOINTMENTS OF MEMBERS

Claims and Appeals Committee (Continued)

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

Terms expire 12/31/23
1. Bud Shattuck, Chair
2. Donna Dawson
3. Tom Brown

Terms expire 12/31/24
4. Don Fischer, Vice Chair
5. Tanya DiGennaro

* * * * *

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.

* * * * *