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Board of Directors

March 26, 2015

5:30 p.m.

Scott Heyman Conference Room

Approved 5/28/2015

Municipal Representatives: 16

Judy Drake, Town of Ithaca; Rordan Hart, Village of Trumansburg; Scott Weatherby, 1st Labor representative (Chair, Joint Committee on Plan Structure and Design); Kathy Miller, Town of Lansing; Phil Vanwormer, 2nd Labor representative; Nancy Zahler, Town of Ulysses; Herb Masser, Town of Enfield; Steve Thayer, City of Ithaca; Mack Cook, City of Cortland; John Fracchia, Town of Caroline; Mary Ann Sumner, Town of Dryden (excused at 6:46 p.m.); Laura Shawley, Town of Danby; Deb Prato, Tompkins County (arrived at 5:42 p.m.); Genevieve A. Suits, Village of Homer (arrived at 5:37 p.m.); Betty Conger, Village of Groton (excused at 6:43 p.m.); Don Scheffler, Town of Groton

Excused: 1

Peter Salton, Village of Cayuga Heights

Absent: 1

Michael Murphy, Village of Dryden

Others in attendance:

Don Barber, Executive Director; Steve Locey, Locey & Cahill; Rick Snyder, Tompkins County Finance Director; Ashley Masucci, ProAct; Joe Mareane, Tompkins County Administrator; Beth Miller, Excellus; Margaret Gannon, CSEA Benefits Department

Call to Order

Ms. Drake, Chair, called the meeting to order at 5:30 p.m.

Approval of Minutes – January 22, 2015

It was MOVED by Ms. Sumner, seconded by Ms. Shawley, and unanimously adopted by voice vote by members present with Ms. Zahler abstaining, to approve the minutes of January 22, 2015 as submitted. MINUTES APPROVED.

Changes to the Agenda

A resolution was added to the agenda entitled Amendment to Resolution No. 018-2014 and Resolution No. 001-2015 – Termination of Insurance Coverage for Spouses and Dependents of Unverified Members (Recertification Plan) and Mr. Weatherby asked for a New Business item to be added.

Chair's Report

Ms. Drake reported Deb Prato who holds the Consortium's Officer position of Secretary will be leaving her position at the County; therefore, this position needs to be filled.

Motion No. 001-2015

It was MOVED by Ms. Shawley, seconded by Ms. Sumner, and unanimously adopted by voice vote by members present, to appoint Chuck Rankin to the position of Secretary. MOTION CARRIED.

It was also announced that there will be vacancies on the Appeals Committee due to Ms. Prato and Mr. Perine leaving the Board.

Motion No. 002-2015

It was MOVED by Mr. Hart, seconded by Ms. Miller, and unanimously adopted by voice vote by members present, to appoint Ms. Sumner and Mr. Vanwormer to the Appeals Committee. MOTION CARRIED.

Motion No. 003-2015

It was MOVED by Phil Vanwormer, seconded by Rordan Hart, and unanimously adopted by voice vote by members present, to appoint Kathy Miller to the Audit and Finance Committee for a term expiring December 31, 2015. MOTION CARRIED.

Ms. Drake said a communication was recently received from the New York State Department of Financial Services regarding the audit; Mr. Barber and Mr. Locey are in the process of reviewing the information and Mr. Barber will provide information in his report.

Executive Director's Report

Mr. Barber has been communicating with the New York State Department of Financial Services and expressed frustration over the short deadlines imposed in the Department's requests of the Consortium and the extended length of time it takes for the Department to respond to communication from the Consortium. He will continue to work with the Department to resolve issues relating the New York State Audit and amendments to the Municipal Cooperative Agreement.

Mr. Barber provided an update on the medical claims audit and reported BMI has completed its work and a draft report has been submitted to Excellus for review. That report should be included on the next Board of Directors agenda. He said there is good policy work being done by the Owing Your Own Health Committee. The Human Services Coalition recently held a meeting with the Worksite Wellness Coalition which is a made up of larger operating wellness programs groups including Cornell, Ithaca College, Cayuga Medical Center, the City of Ithaca, Tompkins County, and the Town of Dryden. He said as municipalities put together their wellness programs this is a great opportunity to collaborate with other municipalities and bigger organizations that have already been through this and encouraged others to participate as well.

Ms. Sumner said the Dryden Town Board was not initially enthused about a commitment to wellness; however, it is now being viewed as an incredible staff morale booster.

Mr. Barber said he has visited the Towns of Lansing, Dryden, and Homer to present the Orientation Manual and is scheduled to visit the Towns of Danby, Enfield, and Ulysses and will be contacting other municipalities to arrange a visit.

Ms. Prato arrived at this time.

Mr. Barber said he and Mr. Locey are working on the Consortium's first annual report and it should be complete by the end of next month. After that they will be working on planning

the June 12th Educational Retreat that will be focusing on building a benefit plan. He provided an update on the Dependent Recertification Process and said 11 municipalities have completed the work; the City of Ithaca and Tompkins County are close to resolving impact bargaining. Of the 545 contracts (1,000 covered lives) that have been audited 25 (4.5%) of contracts have ineligible dependents identified and two have been added. A resolution will be considered later in the meeting relating to this. Ms. Prato agreed to send Mr. Weatherby information on the terms agreed to with CSEA White and Blue Collar units.

Mr. Barber said he would like to put together a recognition event for benefit clerks in May because of the work they have been doing relative to the Consortium and particularly with the Recertification Process. There was consensus that he should move forward with this recognition event; a suggestion was made by Ms. Sumner that municipal officials be invited to attend.

Mr. Barber said since the last Board meeting he and the Executive Committee were invited to meet with the Cayuga Area Physicians Alliance to learn about the Clinical Integration Program that was introduced a couple of years ago. He said the program is being funded by performance goals that are agreed to between CAPA and Excellus and is not part of a premium or claim that would be made. They were very impressed with the program which includes communication, best practices, and individual practice goals which are the key aspects.

Mr. Barber reported he was invited to speak to a group of municipal leaders from Niagara County who are looking to apply for Article 47 certification. It looks like they have support from key players and are moving forward.

Consultant's Financial Report

Mr. Locey reported on the first two months of financial data and stated premium income is at \$6.9 million; prescription drug rebates were slightly more than anticipated. In terms of expense \$4.17 million was budgeted and there has been only \$2.95 million which is 29% less than budget. He said for the first two months the Consortium has accumulated almost \$2.3 million in net income but he anticipates expenses to even out to bring the budget closer to what was anticipated.

He briefly reviewed a memorandum that was distributed prior to the meeting on Incurred But Not Reported Claims Liability. He explained that of all the claims that were incurred in 2012 91.84% were paid in 2012, leaving slightly over 8% paid in subsequent years; in 2013 93.22% were incurred and slightly over 6% was paid in subsequent years. This shows that the Consortium is well below the 12% IBNR amount that is required by the State. The other document provided was related to the State's investigation on reserve components. In its report the State said it felt comfortable with 17% for medical and 5% for drug which equates to the 12%. Mr. Locey said these factors show that the Consortium's reserve component is conservative, prudent, and appropriate. He stated there is more than enough to cover liabilities and no reason to increase it at this time. Work continues on the 2014 year-end report that is due to the State by the end of April.

Pro Act 2014 Pharmacy Benefit Plan Review

Ms. Masucci provided the Board with a high-level Performance Summary on 2014 Prescription Plan Performance and Utilization. A summary of the information presented is below; the full report is available on the Consortium website. She said utilization was fairly consistent with 2013.

	Membership Utilization
• Eligible Member Months	5,064
• # of RX's Dispensed	77,534
• Approved Ingredient Cost*	\$ 8,269,869.92
• Total Fill Fee	\$ 100,405.62
• Total Cost	\$ 8,370,275.54
• Total Member Paid	\$ 625,325.62
• Total Paid by Plan	\$ 7,741,286.29

Ms. Masucci noted one way to save on fill fees is to encourage members to fill prescriptions through mail order which has no fill fees.

	Membership Utilization Current	2013 Utilization
• # of Rx's PMPM	1.76	1.71
• Amount Paid PMPM	\$127.40	\$114.79
• % Generic Rx's	80%	78%
• Amount Paid/Generic Rx	\$18.91	\$17.92
• % Brand Rx's	20%	22%
• Amount Paid/Brand Rx*	\$292.24	\$245.70
• % Formulary Rx's	95%	94%
• Ingredient Cost/Rx	\$77.12	\$71.90
• Fill Fee/Rx	\$0.94	\$1.03
• Total Cost/Rx	\$78.05	\$72.93
• Member Paid/Rx	\$5.83	\$5.73
• Plan Cost	\$72.19	\$67.18

The increase is primarily due to the increase in the cost of specialty drugs.

Pharmacy Eligible Members and Demographics

• Average cost per Rx for 65+	\$273
• Plan paid/Rx - Generic (Tier I)	\$ 24.56; 91,944 prescriptions (19.65% of plan spend - \$1,521,275.13)
• Plan paid/Rx - Tier II	\$279.47; 11,394 prescriptions (41.14% of plan spend - \$3,184,605.52)
• Plan paid/Rx - Tier III	\$312.4; 3,427 prescriptions (13.83% of plan spend - \$1,070,633.48)
• Plan paid/Rx - Specialty	\$2,558.30; 768 prescriptions (25.38% of plan spend - \$1,964,772.16)

Ms. Masucci presented information on specialty drugs and noted there has been a decrease of 3% in utilizing members and the prescription count has decreased by almost 5%; members cost towards specialty drugs has increased by 17%.

• # of Specialty Utilizers	108
• Rx Count	768
• Total Specialty Plan Spend	\$1,964,772.16
• Total Specialty Ingredient Cost	\$1,977,266.86
• Total Specialty Member Spend	\$ 12,360.28

Ms. Sumner referred to the full report and said there is an interesting disparity in the prescription count numbers and asked if a three-month prescription counts as three prescriptions. Ms. Masucci said she believes it does but will follow-up and report back on this.

Report from the Audit and Finance Committee

RESOLUTION NO. 003 – 2015 - ACCEPTANCE OF APPLICATION BY THE TOWN OF WILLET TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH CONSORTIUM

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

WHEREAS, by Resolution No. 005 of 2012 and amended by Resolution No. 27 of 2014 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Willet has submitted an official resolution authorizing the Town of Willet to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Willet has complied with membership process outlined in Resolution No. 005 of 2012 and amended by Resolution No. 027 of 2014 and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, That the Greater Tompkins County Municipal Health Insurance Consortium, accepts and welcomes the Town of Willet as the 17th municipal participant, with health insurance coverage beginning May 1, 2015,

RESOLVED, further, That the Board of Directors waives the requirement of payment of 5% of premium to the Surplus Reserve Account,

RESOLVED, further, That the Board of Directors determines that the terms of assessing the pro-rata share of any surplus or deficit to the applicant shall at the time the applicant leaves the Consortium or upon dissolution of the Consortium shall be based on their share of any deficit or being paid their share of any surplus that was generated during their years of participation. The Board of Directors would identify the surplus or deficit which exists on the date of entry and again on the date of withdrawal or dissolution and bill or pay the applicant accordingly.

* * * * *

RESOLUTION NO. 004- 2015 - AMENDMENT TO RESOLUTION NO. 018-2014 AND RESOLUTION NO. 001-2015 - TERMINATION OF INSURANCE COVERAGE FOR SPOUSES AND DEPENDENTS OF UNVERIFIED MEMBERS (RECERTIFICATION PLAN)

Mr. Thayer said the Committee felt that because of the discussions that have been taking place with the unions it would be appropriate to extend the timeline from May 1 to June 1st.

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

WHEREAS, the Audit and Finance Committee at its March 24, 2015 meeting reviewed the dependent re-certification process, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the 5th Resolved of resolution 018-2014 and the 6th Resolved of Resolution No. 001-2015 be changed to: "RESOLVED, further, That coverage for any dependent of an employee or retiree for which no verification information has been submitted will be terminated on **June 1, 2015** and the member will be invoiced for that coverage since January 1, 2011 and the employee/retiree and their spouse and/or dependents will not be eligible for COBRA;

The complete amended resolution to read as follows:

"WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium is a self-insured municipal cooperative health benefit plan operating pursuant to Article 47 of the New York State Health Insurance Law, and

WHEREAS, at GTCMHIC's inception all employees were transferred into the Consortium without verification that their spouse and/or dependents were still valid as defined by their benefit plan, and

WHEREAS, changes occur in employees lives with marriage, divorce, child birth, adoptions that may not become known to the health insurance provider, and

WHEREAS, Consortium Board Resolution No. 005-2014 approved forms and eligibility guidelines for ensuring that spouses and/or dependents of new hires after May 1, 2014, meet consistent requirements and provide consistent documentation to confirm that their relationship with the insured complies with the Consortium's eligibility guidelines, and

WHEREAS, The Greater Tompkins County Municipal Health Insurance Consortium has a responsibility to all employees and employers to ensure that the Plan covers only eligible spouses and/or dependents, and

WHEREAS, the Audit and Finance Committee has developed an internal process utilizing each municipalities benefit clerk to implement the recertification of spouses and/or dependents of all contracts that provides necessary information for verification of eligibility while safeguarding privacy, now therefore be it

RESOLVED, upon recommendation of the Finance and Audit Committee, the Board of Directors hereby approves the 2014/2015 Recertification Plan including forms and guidelines for verification of spouse and/or dependent status for all contracts, active and retired, of the Consortium,

RESOLVED, further, That the municipal partners will be instructed and expected to execute the same verification process for consistency of results and will report such results to the Consortium,

RESOLVED, further, That the verification process will begin on November 1, 2014 with an amnesty period until February 28, 2015 for those participants without the additional collective bargaining step for the removal of any ineligible spouse and/or dependents without penalty and therefore eligible for COBRA,

RESOLVED, further, That for those participants and contracts with the additional collective bargaining step, the amnesty period for those contracts covered by the impact bargaining process, the amnesty period will continue until two (2) months after the collective bargaining process on dependent certification has been ratified, and

RESOLVED, further That any ineligible covered lives discovered after February 28, 2015, **or two** months after impact bargaining ratification for those affected contracts maybe subject to reimbursement of premium paid by the employer since the change in status or January 1, 2011 whichever is later and the ineligible person will not be eligible for COBRA.

RESOLVED, further, That coverage for any dependent of an employee or retiree for which no verification information has been submitted will be terminated on **June 1, 2015** and the member will be invoiced for that coverage since January 1, 2011 and the employee/retiree and their spouse and/or dependents will not be eligible for COBRA,

RESOLVED, further, That the Recertification Plan provides an appeals process from May 1 through June 30, 2015 that will be administered by the Appeals Committee.”

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Mr. Thayer, Chair, reported the Committee began its review of the Bronze Metal Level Plan and expects the Committee will make a recommendation at its next meeting. Information on the Bronze Plan was circulated to Board members.

Report from the Joint Committee on Plan Structure and Design

Mr. Weatherby, Chair, reported the Committee did not meet in March; at its February meeting the Committee discussed the Bronze Metal Level Plan. Ms. Drake said there was quorum at that meeting and thanked Board members for their support encouraging members to attend. The Committee elected Phil Vanwormer to the second labor position on the Board.

Report from the Owing Your Own Health Committee

Mr. Cook, Chair, distributed a Wellness Vision Proposal that was prepared by Mr. Barber. He said the Committee is proposing the Board adopt a mission statement for the Consortium and presented the following for consideration: “A community that values and practices preventative health care of promoting health and preventing disease”. He asked that members think about this and to provide him or Mr. Barber with feedback.

The Committee has been discussing a branding competition for the Consortium because it has become apparent over the last several months with several initiatives that perhaps members who look to the Consortium for insurance do not really know who the insurance company is as many think it may be their employer, Excellus, or Pro Act. The branding competition would spread the message of what the Consortium is and would be incentivized. The Committee is also developing a wellness team concept and will be looking to begin collaborating on wellness initiatives with the Joint Committee on Plan Structure and Design. He stressed this is a long-term endeavor but it will bear fruit at the end. He extended an invitation to all Board members to attend meetings.

MCA (Municipal Cooperative Agreement) Subcommittee

Mr. Fracchia, Chair, reported the Committee met on March 19th and made good progress. At the next meeting they will be discussing the growth of the Consortium and how to

deal with that. Another item that came up was what happens with municipalities that have different groups within them and situations where one group chooses to opt out. He said the current MCA states that in that case the municipality is not permitted to continue in the Consortium. This item will be discussed at the next meeting.

Update on Excellus Data Breach

Ms. Miller distributed information on the Anthem Data Breach that occurred across the country and said letters have gone out notifying impacted members of the breach. She said anyone who receives a letter should follow the instructions contained in the letter or visit the BlueCross BlueShield website.

Code of Ethics Complaint

Mr. Weatherby reported he filed a Code of Ethics complaint against Mack Cook, Board member representing the City of Cortland. The complaint has been forwarded to Don Barber who has turned the matter over to John Powers, the Consortium Attorney. Mr. Cook requested a copy of the complaint from Mr. Barber. Ms. Drake said the Consortium's Code of Ethics states that the complaint will be investigated by the Consortium's attorney and that is taking place. Following Mr. Cook stating he was unaware of the complaint prior to this meeting, Mr. Masser said he believes an individual should be aware of a complaint before it is announced in a public meeting.

Unfinished Business

Ms. Prato requested an update on the Mental Health Act parity; Ms. Drake said Ms. Miller has information and this is being discussed by the Audit and Finance Committee. Ms. Prato also requested an update on the claims processing audit. Mr. Barber said Excellus and BMI have been communicating and a draft report has been put together by BMI and is currently being reviewed by Excellus. The report will be presented at the next Audit and Finance Committee meeting and a report should be available at the May 28th Board meeting.

Adjournment

On motion the meeting adjourned at 7:03 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk