



## 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."*

Approved 12/13/2018

### Board of Directors

September 27, 2018 – 6:00 p.m.

Tompkins Cortland Community College – Sprole Conference Room

#### **Municipal Representatives: 23**

John Fracchia, Town of Caroline  
Mack Cook, City of Cortland  
Alex Patterson, Town of Aurelius  
Judy Drake, Town of Ithaca  
Charmagne Rungay, Town of Lansing  
Eric Snow, Town of Virgil  
Kathrin Servoss, Town of Dryden  
Gary Mutchler, Town of Scipio  
Tom Adams, Town of Marathon  
Sarah Thomas, Tompkins County  
Betty Conger, Village of Groton  
Nancy Zahler, Town of Ulysses (arrived at 6:03 p.m.)

Ann Rider, Town of Enfield (arrived at 6:09 p.m.)  
Kevin Williams, Town of Homer  
Michael Murphy, Village of Dryden  
Peter Salton, Village of Cayuga Heights  
Don Scheffler, Town of Groton  
Steve Thayer, City of Ithaca (arrived at 6:09 p.m.)  
Rordan Hart, Village of Trumansburg  
Tom Brown, Town of Truxton (arrived at 6:19 p.m.)  
Laura Shawley, Town of Danby (arrived at 6:17 p.m.)  
Christine Laughlin, Town of Newfield  
Bud Shattuck, Village of Union Springs (arrived at 6:09 p.m.)

#### **Labor Representatives: 3**

Olivia Hersey, 1<sup>st</sup> Labor Representative and Joint Comm. on Plan Structure & Design Chair  
Jim Bower, 2<sup>nd</sup> Labor Representative  
Tim Farrell, 5<sup>th</sup> Labor Representative

#### **Excused: 6**

Kristen Case, Village of Homer  
David Schenck, Town of Springport  
Alvin Doty, Town of Willet

Terrance Baxter, Town of Moravia  
Doug Perine, 4<sup>th</sup> Labor Representative  
John Malenick, Town of Montezuma

#### **Absent: 4**

Edward Wagner, Town of Owasco  
Luann King, Town of Cincinnatus

Jim Doring, Town of Preble  
Zack Nelson, 3<sup>rd</sup> Labor Representative

#### **Others in attendance:**

Don Barber, Executive Director  
Steve Locey, Locey & Cahill  
Deb Nottke, Town of Covert  
Mark Emerson, Town of Mentz  
Joan Jayne, Town of Niles

Beth Miller, Excellus  
Rick Snyder, Treasurer  
Chris Laverty, ProAct  
Greg Pellicano, Seneca County  
Ed Fairbrother, Town of Big Flats

#### **Call to Order**

Ms. Drake, Chair, called the meeting to order at 6:02 p.m.

**Approval of Minutes of August 23, 2018**

It was MOVED by Ms. Hersey, seconded by Mr. Patterson, and unanimously adopted by voice vote by members present, to approve the minutes of September 27, 2018 as submitted. MINUTES APPROVED.

**Changes to the Agenda**

The following resolutions were withdrawn from the agenda:

- Acceptance of Application by the New Roots Charter School to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium;
- Authorization to Extend Agreement with ProAct for Prescription Benefits Manager Services for 2018

**Chair's Report**

Report from the Executive Committee

Ms. Drake reported the Executive Committee met on September 10<sup>th</sup> and spent a lot of time discussing strategic planning for the Consortium's future which included succession planning and the role of the Executive Director. She said this has been a very busy year for Mr. Barber and has required more time than he had originally committed to. She said the discussion led to the concept of hiring an Executive Director and noted this would be the first time the Consortium would have its own employee.

Mr. Thayer arrived at this time.

She said there has been preliminary discussions with Tompkins County about being able to hire under the umbrella of the County; there is a lot more work to be done and eventually she expects an agreement with the County will be developed for consideration. Further discussion will take place at the next meeting on October 2<sup>nd</sup>.

Mr. Salton asked if there would be a conflict having a position fall under the umbrella of Tompkins County when there are many other municipalities in the Consortium. Ms. Drake said much of the Consortium's administrative work already functions under the County and the Municipal Cooperative Agreement allows for the hiring of employees under a host agency. She stated that since most of the hiring systems are already in place at the County it would make financial sense.

Mr. Shattuck and Ms. Rider arrived at this time.

Ms. Drake reported a team meeting will be held on October 2<sup>nd</sup> to discuss the Online Enrollment program to ensure that there are no problems when enrollment season begins.

Ms. Drake said in November the Consortium will elect officers for 2019 and asked for volunteers to serve on the Nominating Committee.

**MOTION NO. 003-2018 – CREATION OF 2019 CONSORTIUM LEADERSHIP NOMINATING COMMITTEE**

MOVED by Ms. Servoss, seconded by Mr. Salton, and unanimously adopted by voice vote by members present to create the Nominating Committee for 2019 Consortium Leadership and

appoint the following membership: Alex Patterson, Charmagne Rumgay, and Gary Mutchler.  
MOTION CARRIED.

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### **Executive Director's Report**

Mr. Barber said last month the Department of Financial Services reviewed the Consortium's quarterly and annual financial filings and recommended changes. Amended filings have been submitted and there have no further comments from the Department. He said he was able to arrange a conference call with senior management at the Department of Financial Services with Ms. Drake, Mr. Cook, Mr. Locey, and himself, to discuss potential changes to Article 47 that would allow others to be started. The Department was receptive to those changes and he hopes that any changes can be made before the end of the year.

Mr. Barber reviewed information concerning the status of the Captive Stop Loss that was included in the Supplemental agenda packet.

Mrs. Shawley arrived at this time.

He said a report from the Wellness Consultant was also included in the packet and commented that Ms. Berry has been very busy working on her goals and with the flu clinics.

Mr. Brown arrived at this time.

Mr. Barber reported interviews were held with Investment Management firms and said although all three firms were qualified to fill the role and the Consortium would be well-served by each, the Committee unanimously recommended Wilmington Trust. Their custodian is M&T Bank and they do investments in the Region. He expects a resolution will come forward to approve a contract at the November meeting with startup on January 1<sup>st</sup>. The budget includes earnings of \$200,000 which is significantly more than is currently being earned.

### **Website Demonstration**

Ms. Cocco provided Directors with a presentation on Consortium's new website, highlighting the goal of the Committee to structure the site in a way that targeted the Consortium's three major but different audiences -- Board and Committee members, employees, and municipalities, and separating the information into a structure that is organized and easy to use. Following the demonstration Mr. Fracchia recognized her work on the site.

### **Financial Report**

Mr. Locey reviewed year-to-date financial information for 2018 through August 31<sup>st</sup>. Mr. Locey reviewed year-to-date financial information for 2018 through August 31<sup>st</sup>. He also reported a reimbursement was received from Excellus for a claim that was paid by the Consortium. Excellus reimbursed the Consortium for this because they had provided the member with incorrect information.

Mr. Locey reported revenue was on target with the budget with additional revenue from prescription drug rebates. Medical claims were approximately 5% over budget but were offset by prescription drug claims being 8.5% below budget. The net result is a 1% (\$275,000) over budget in claims. The CanaRx program continues to trend downward. The Joint Committee on Plan Structure and Design has been discussing this and information will be going out to try to promote the program and get more utilization. Excellus admin fees are slightly over budget and continue to be tracked and Stop Loss insurance is way below budget because the deductible was increased

from \$450,000 to \$600,000. Year-to-date income is \$800,000 over budget and is higher than expected. Mr. Locey said 94.55% of the Consortium's funds go towards payment of claims which demonstrates the Consortium is operating very efficiently with each dollar being maximized to pay claims.

2019 Budget

Mr. Locey reviewed a memorandum from Locey and Cahill that included their 2019 Final Health Insurance Budget Recommendations as follows:

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 2019 Fiscal Year, is \$2,563,039.37 This will maintain the financial stability of the Consortium and protect the Municipalities from the possibility of a mid-year assessment, if paid claims projections are exceeded.
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. This reserve would equal approximately \$5,901,892.95 for the 2019 Fiscal Year.
3. Continue to evaluate the stop-loss insurance policy which recently increased the deductible to \$600,000 for the 2019 Fiscal Year and maintain the Catastrophic Claims Reserve at an amount equal to \$2,000,000.00 for the 2019 Fiscal Year. This reserve is specifically designed to protect the cash flow of the Consortium from the effects of a significant increase in the overall paid claims due to individual high dollar claimants.
4. Maintain the Claims/Rate Stabilization Reserve in an amount equal to 5% of expected paid claims. These funds could be used in future years to mitigate premium rate increases and to "soften the blow" from a period of hyper-inflation.
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.
6. Establish an investment strategy designed to maximize the interest income earned while maintaining the flexibility in cash assets necessary for the prudent financial management of the Consortium.
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 5.0% increase in premiums for the 2019 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$425,000 for the 2019 Fiscal Year.
8. It should be noted that the Consortium's Silver Plan's benefits did present an Actuarial Value which exceeded the set goal of 70% +/- a 2% standard deviation when it was calculated for the 2019 Plan Year. As a result, some benefit changes were made to the plan which will be effective on January 1, 2019. These benefit modifications lowered the Actuarial Value from 72.64% to 71.11% and will result in a premium increase of 3.47% on January 1, 2019, based on the 5% recommendation listed above.

Mr. Locey explained the process that takes place to bring a Metal Plan into the required actuarial value range and said the Silver Plan benefits were adjusted to bring it into the required range and based on this it will have a slightly lower rate increase in 2019.

**RESOLUTION NO. 018-2018 - ADOPTION OF BUDGET, PREMIUM RATES, AND RESERVE AMOUNTS FOR 2019**

MOVED BY Mr. Mutchler, seconded by Ms. Rider, and unanimously adopted by voice vote by members present.

WHEREAS, the proposed 2019 budget has been discussed by the Audit and Finance Committee at its meetings in June, July, August and September of 2018, and

WHEREAS, several scenarios of rate increase for 2019 and the next 4 years explored, and

WHEREAS, our Benefit Plan Consultant has modified our claims trend based on our data and that of similar groups they have research, and

WHEREAS, the Audit and Finance Committee has investigated the increase of Rx Rebate Revenue and determine that for the foreseeable future this revenue line should be increased to \$1.5 million, and

WHEREAS, the proposed 2019 was recommended by the Audit and Finance Committee at the September 25, 2018 meeting for submission to the Board for its review, and

WHEREAS, notable items included in the proposed budget are the following:

- Premium increase of 5% over 2018 rates, except for Silver plans which will experience reductions in actuarial value and have a rate increase of 3.47%;
- 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;
- Maintain the Rate Stabilization Reserve in an amount equal to 5% of expected paid claims;
- Maintain Incurred But Not Reported Claims Reserve at 12% of total claims; and
- Maintain Catastrophic Claims Reserve at \$2,000,000

now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the attached 2019 budget and premium equivalent rates, and reserve amounts be adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors.

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**RESOLUTION NO. 019- 2018 - ACCEPTANCE OF APPLICATION BY THE TOWN OF NILES TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

MOVED by Ms. Rider, seconded by Mr. Thayer, and unanimously adopted by voice vote by member present. Mr. Cook said the Town has one contract and will be opting into the Gold Metal Level Plan.

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

Board of Directors  
September 27, 2018

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

WHEREAS, the Town of Niles has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Town of Niles as the 36<sup>th</sup> municipal participant, with health insurance coverage beginning January 1, 2019.

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**RESOLUTION NO. 020-2018 - ACCEPTANCE OF APPLICATION BY THE TOWN OF COVERT TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

MOVED BY Mr. Salton, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present. Mr. Cook said the Town of Covert has two contracts and will be opting into the Platinum Plan.

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

WHEREAS, the Town of Covert has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Town of Covert as the 37<sup>th</sup> municipal participant, with health insurance coverage beginning January 1, 2019.

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**RESOLUTION NO. 021-2018 - ACCEPTANCE OF APPLICATION BY THE SENECA COUNTY TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

MOVED BY Mr. Salton, seconded by Ms. Rungay, and unanimously adopted by voice vote by members present. Mr. Cook said there is an average of 311 contracts coming in from Seneca County.

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 Seneca County has submitted an official resolution authorizing the Seneca County to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Seneca County has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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 and

WHEREAS, the Seneca County has also complied with membership process outlined in Resolution No 7 of 2018 by submitting the limited claims data they could retrieve from their current carrier which have been reviewed by our Benefit Plan Consultant who finds no issues of concern in the data received and is recommending Seneca County's application for admission into the Consortium be accept, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Seneca County as the 38<sup>th</sup> municipal participant, with health insurance coverage beginning January 1, 2019.

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Ms. Zahler asked if there is a point in order of magnitude of covered lives at which all would achieve a savings. Mr. Barber explained areas where savings can be achieved such as Stop Loss and getting a better return on investments are opportunities the Consortium is already engaged in. Mr. Locey said on the claims side, ProAct and Excellus are already negotiating the best prices for medical providers and reimbursements. The one thing the Consortium gets from a larger population is more stability; as the Consortium grows there are more lives to spread the risk. Therefore, it adds to the stability and the predictability of claims as long as the lives being added are from similar demographics and have a similar risk profile. He said one thing that will eventually be looked at is whether the Consortium should set regional adjustments for the rates; one reason to do this would be if care was found to be more costly in another area.

**RESOLUTION NO. 022-2018 - ACCEPTANCE OF APPLICATION BY THE TOWN OF SENNETT TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

MOVED BY Mr. Shattuck, seconded by Ms. Zahler, and unanimously adopted by voice vote by members present. Mr. Cook said the Town of Sennett will bring in eight active employees and five retirees to the Consortium's Platinum Plan.

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

WHEREAS, the Town of Sennett has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Town of Sennett as the 39th municipal participant, with health insurance coverage beginning January 1, 2019.

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**RESOLUTION NO. 023-2018 - ACCEPTANCE OF APPLICATION BY THE TOWN OF MENTZ TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

MOVED BY Ms. Hersey, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present. Mr. Cook said the Town of Mentz will bring in two active employees to the Consortium's Platinum Plan.

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

WHEREAS, the Town of Mentz has complied with membership process outlined in Resolution Nos. 005 of 2012 (amended by Resolution No. 027 of 2014), and Resolution No 7 of 2018, 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, on recommendation of the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium, That the Board of Directors hereby accepts and welcomes the Town of Mentz as the 40th municipal participant, with health insurance coverage beginning January 1, 2019.

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**RESOLUTION NO. 024-2018 – AUTHORIZATION TO ENTER INTO AGREEMENT WITH BONADIO & CO. LLP - FINANCIAL REPORTING FOR 2019-2020**

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

WHEREAS, the Consortium entered into a contract with Bonadio & Co. LLP for financial reporting services during the years 2013-2018, and

WHEREAS, the Consortium wishes to continue the current arrangement for two additional years, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors authorizes the Chair to sign a letter of engagement with Bonadio & Co. LLP for a two-year contract expiring December 31, 2020.

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**RESOLUTION NO. 025-2018 – AMENDMENT TO RESOLUTION NO. 12 OF 2016 – EXTENSION OF CONTRACT WITH AN INDEPENDENT CONTRACTOR FOR CONSORTIUM NEWSLETTER EDITING SERVICES AND EXPENSES**

MOVED BY Ms. Hersey, seconded by Ms. Servoss, and unanimously adopted by voice vote by members present.

WHEREAS, in 2016 it was determined that continued production of the Consortium's newsletter requires editing and layout expertise and knowledge was not available within the Consortium's resources, and

WHEREAS, Resolution No. 2016 authorized a contract with Jennifer Jensen to produce four quarterly issues of the newsletter and to provide the necessary software at an annual cost of \$5000, now therefore be it

RESOLVED, That the Audit and Finance Committee of the Greater Tompkins County Municipal Health Insurance Consortium recommends that the Consortium hereby approves an extension of that one-year contract through December 31, 2020 with Jennifer Jensen to provide services related to the production of the Consortium's newsletter at total annual cost not to exceed \$5000,

RESOLVED, further, That the Consortium will continue to provide the necessary software at amount not to exceed \$240/year is hereby cover costs associated with the purchase of software needed to produce the newsletter.

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**New Roots Charter School**

Ms. Drake explained why the resolution accepting New Roots Charter School was withdrawn from the agenda and said it is a different entity than municipal governments. It was unclear as to whether the School qualified as a municipal corporation based on Article 5G or the New York State Insurance Law as it specifically states "school district or BOCES" and has no reference to Charter School. Ms. Drake said attorneys from the School and the Consortium have

looked into this and an opinion was also sought from the Department of Financial Services (DFS). She said DFS did not provide a clear opinion and after review, the Consortium's legal counsel advised that they did not feel New Roots was a comparable entity for participation in the Consortium. Based on this opinion the Audit and Finance Committee did not recommend accepting New Roots Charter School into the Consortium at this time.

Mr. Brown said he is familiar with this and said they are a public school and a public entity; however, using the term "District" moves into gray area. He said their risk may actually be a little lower than a traditional school because of having much lower claims and fewer retirees. Mr. Cook noted the Committee did not reject this; there was not enough information to move it forward at this time.

### **Report from the Joint Committee on Plan Structure and Design**

Ms. Hersey, Chair, reported the Committee met on September 6 and received an overview of the budget and also spent time hearing from ProAct on the Formulary edits relating to Step Therapy and Prior Authorization that went into effect on August 1<sup>st</sup> as there were questions that have arisen since going into effect. She extended an invitation to all municipalities to attend the Committee's meetings that are held the first Thursday of each month at the Tompkins County Health Department and to also asked municipal representatives to encourage labor to participate.

### **Report from the Owning Your Own Health Committee**

Mr. Barber reported Directors should have received a report from Michelle Courtney Berry, the Wellness Consultant. He said the Committee has embraced her work plan and has made it the Committee's work plan.

### **New Business**

There was no new business.

### **Adjournment**

The meeting adjourned at 7:25 p.m.