

Greater Tompkins County Municipal Health Insurance Consortium

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

Board of Directors June 27, 2019 – 6:00 p.m. - Approved Tompkins County Legislature Chambers

Municipal Representatives: 21

Steve Thayer, City of Ithaca
Mack Cook, City of Cortland
Judy Chapelsky, Seneca County
Sarah Thomas, Tompkins County
Alex Patterson, Town of Aurelius
Ed Fairbrother, Town of Big Flats
Jim Doring, Town of Preble
Tom Brown, Town of Truxton (arrived at 6:32 p.m.)
Nancy Zahler, Town of Ulysses
Eric Snow, Town of Virgil
Peter Salton, Village of Cayuga Heights

Laura Shawley, Town of Danby
Chuck Rankin, Town of Groton
Judy Drake, Town of Ithaca
Charmagne Rungay, Town of Lansing
Richard Nielens, Town of Mentz
Terrance Baxter, Town of Moravia (excused at 7:48 p.m.)
Michael Murphy, Village of Dryden
Nancy Niswender, Village of Groton
Kristen Case, Village of Homer
Rordan Hart, Village of Trumansburg

Labor Representatives: 2

Olivia Hersey, 1st Labor Representative and Joint Comm. on Plan Structure & Design
Zack Nelson, 3rd Labor Representative

Excused: 19

John Fracchia, Town of Caroline
Kathrin Servoss, Town of Dryden
Ann Rider, Town of Enfield
Kevin Williams, Town of Homer
Tom Adams, Town of Marathon
John Malenick, Town of Montezuma
Christine Laughlin, Town of Newfield
Joan Jayne, Town of Niles
Edward Wagner, Town of Owasco
Gary Mutchler, Town of Scipio
Carol Sosnowski 6th Labor Representative

David Schenck, Town of Springport
Alvin Doty, Town of Willet
Miles McCarty, Village of Freeville
Donna Dawson, Village of Horseheads
Ronny Hardaway, Village of Lansing
Bud Shattuck, Village of Union Springs
Jim Bower, 2nd Labor Representative
Doug Perine, 4th Labor Representative
Tim Farrell, 5th Labor Representative

Absent: 3

Luann King, Town of Cincinnatus

Peter Adams, Town of Sennett

Others in attendance:

Elin Dowd, Executive Director
Rick Snyder, Treasurer

Don Barber, Consultant
Beth Miller, Excellus

Call to Order

Ms. Drake, Chair, called the meeting to order at 6:12 p.m.

Chair's Report

Ms. Drake reminded those who are a Delegate or Alternate Director who have not yet signed an acknowledgement of receiving and reviewing the Consortium's Code of Ethics/Conflict of Interest form to do so.

Ms. Drake said as the Consortium has grown the work of the Audit and Finance Committee has also experienced a significant increase to its workload and many items coming to that Committee are operational in nature. To address this a resolution will be presented later in the meeting to create an Operations Committee with 7-9 members that will handle those types of items. Examples of things that Committee will be undertaking include Cyber Security, the Code of Ethics, policies and procedures that need to be established from a staffing standpoint, and other policies and processes that need to be established related to the Consortium's operations. Ms. Drake said she will be asking the Board to allow the Executive Committee to appoint members to that Committee on an interim basis until the Board meets next and can ratify those appointments.

Executive Director's Report

Ms. Dowd began her report with recognizing Michelle Berry, the Consortium's Wellness Consultant. She said Ms. Berry was a pioneer as the Consortium's first Wellness Consultant as she was tasked with designing and delivering a wellness program for members. Ms. Dowd said Ms. Berry's contract expires at the end of June and she has declined to renew her contract. She said she wanted to recognize the work she did over the last year in helping to roll-out several programs, increased experience and participation in both flu clinic and Blue4U activity, as well as meeting with several local municipalities and learning more about their unique situation. Ms. Berry has worked with wellness champions and continuously emphasizes the link between controlling health care costs and healthy living and lifestyle choices.

Ms. Dowd reported on the Owning Your Own Health Committee on behalf of Ms. Servoss, Chair, and said the Committee will be looking at how to handle wellness moving forward. The Committee will have a strategic planning meeting in July to discuss which area of wellness need our attention. Ms. Dowd referenced the ProAct and Excellus utilization reports and said the Committee will be looking at how to glean information from those reports and put together a campaign that will help address some of the high claims areas and direct people to more cost effective way to secure health care benefits.

Ms. Dowd reported the Annual Report has been completed and was included in the June Newsletter and also presented at the educational retreat. The report highlights the strength of the Consortium and that 2018 continued to be a very positive year with positive net growth. The educational retreat was held last month and a lot of information was presented on how to control health care costs. She said she will be reaching out to Directors as she will be making efforts to increase participation and how to deliver information that is valuable to Directors and useful to subscribers. Ms. Dowd said the medical claims audit is coming to a close and there is a resolution on this evening's agenda that will initiate the prescription drug claims audit. She reported JURATs for both the annual 2018 and first-quarter 2019 were filed with the Department of Financial Services.

Ms. Dowd reported on an operations audit that was conducted by the Segal Group and said there were a lot of recommendations that will likely be discussed at the Operations

Committee. Lastly, she reported Mr. Barber continues to work with the Consortium and one area he has been focused on is working with prospective new members.

Financial Report

Mr. Locey reviewed financial results through May 31st. With regard to budget vs. actual results there was an 18% increase in total covered lives which was attributed to the nine municipalities that joined the Consortium in 2019. Premium increased by 5%, however, at this time this is about 2% below budget. The reasons for this is due to there being a movement of a large population from older-style and PPO plans into the Platinum Plan at the County level. Although this reduces the premium revenue there is also a reduction of benefit which also produces a decrease in claims. Medical claims are approximately 5.7% below budget and prescription drug claims are 10.5% below budget. In addition, there is a significant increase in the amount of interest earned due to the Consortium's investment strategy. Up to this point the Consortium has earned approximately \$20,000 annually in interest; as of May 31st the Consortium has earned \$159,000 and by year-end revenue from interest income should reach close to \$400,000. Mr. Locey said at the end of the first five months the Consortium is showing a net income of \$1.15 million; he noted this compares to an expected "break-even" budget at this point.

Mr. Locey spoke of premium rates for 2020 and said it is still too early to predict as there is only 2-3 months of mature data from the new municipalities. He said based on the results he does not expect to exceed a rate increase of 7%; budget can begin to be developed after more data becomes available further into the year.

Mr. Brown arrived at this time. (Quorum was reached at this time)

Mr. Locey called attention to the Expense Distribution Chart and stated currently 93.6% of all of the money that is paid out of the Consortium directly goes to pay the benefits of members. He said under the Affordable Care Act in order for large group health plan to be considered an efficient program from a financial perspective, 85% of the premium has to be used to pay for benefits and 15% can be used for all other expenses. The Consortium is using less than 6.4% for everything beyond medical claims and this means its operations are extremely efficient.

Ms. Zahler questioned why more of the Unencumbered Fund Balance isn't being used to lower premium rates. Mr. Locey said this has been a topic of discussion by the Audit and Finance Committee. He said there needs to be enough to cover the reserve accounts of which two are statutory (IBNR and Capital Surplus Reserve). The Rate Stabilization Reserve, Catastrophic Claims Reserve, and the Unencumbered Fund Balance are at the discretion of the Board of Directors. He said over the last couple of years there have been attempts to keep a "break even" budget" which would require use of some fund balance to replenish reserves because as claims go up the reserve amounts go up.

Mr. Locey said use of the Fund Balance needs to be done carefully because if too much is used in a year it can cause big problems in the next year. The goal from the beginning in terms of fund balance and rate increase was to try to keep the rate increase as low, reasonable, and steady as possible. He said the Audit and Finance Committee is looking at this as it is very high at the present time. More information will be available when a recommendation comes forward about premium rate for 2020.

Report from the Governance Structure Committee

Mr. Rankin, Chair, reported the Committee met five times since January and thanked members for their input. He said when the Consortium started there were 13 municipalities and two labor representatives on the Board of Directors and has grown to a Board of 45 Directors and the Consortium is at a point where it needs a different governance body in order to function well that still complies with Article 47. The Consortium's Attorney attended the last meeting and had only minor suggestions to the proposal to expand the Executive Committee to an 11-13 member Executive Committee that will be comprised of the Consortium's Officers, Chairs of Committees, and at-large members and would meet at least four times per year.

Ms. Drake called attention to the agenda packet containing a draft set of bylaws and sections of the Municipal Cooperative Agreement that addresses participation and the Executive Committee. She said the Committee looked at examples from other organizations and how the Bylaws were initially drafted but noted they would be adopted by Board resolution and would not need to go out for approval to each municipality. She said one question posed to Mr. Powers was whether the Board could have a different quorum requirement and he responded there would still need to be a representative from each member municipality. She said there are still functions that the Board of Directors would have to meet and vote on therefore, there would still need to be one annual meeting to take action on things such as the budget, benefit plan changes, officer positions, and setting premium rates. She said this information is being brought forward to allow Directors time to make comments prior to the next meeting. Also distributed was a draft organization chart based on the proposed structure.

In response to questions Ms. Drake said the structure will require Directors who are not on a committee to actively read minutes and follow the website. She also hopes more Directors, particularly those from labor will become more involved in the committees and at the annual meeting. It was noted that the Chair of the Joint Committee on Plan Structure and Design would be from labor and would be voted on by the Joint Committee and not the Board of Directors.

Ms. Drake asked Directors to review information and to bring any questions or comments forward to Mr. Rankin or Ms. Dowd. The goal is to have this work completed in time to begin the review of the MCA.

Ms. Drake said the Governance Structure Committee has had several discussions that often involved Article 47 and the MCA and to start the process of the required MCA review over with a new committee would not make sense. Members of the Governance Structure Committee have agreed to continue and take on the responsibility of the MCA review as many of those revisions have been discussed and will continue to be discussed in addition to recommendations that have been made by the Department of Financial Services. She explained the review process and said at the annual meeting in September a statement will be made that the MCA will be sent to municipalities for review along with a request for comments. Once a final draft of the new MCA is ready it will be brought back to the Board along with a report that it is ready to be sent to municipalities for review by their attorney and approval. The goal is to have a new MCA presented to the Board at its September 2020 meeting that will allow the move to the new governance structure.

**RESOLUTION NO. 008-2019 – CHARGING GOVERNANCE STRUCTURE COMMITTEE
WITH THE 2020 MUNICIPAL COOPERATIVE
AGREEMENT REVIEW**

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

WHEREAS, the Board of Directors by Resolution No. 28 of 2018 re-established and charged the Consortium's Governance Structure Review Committee with developing an alternative governance model for the GTCMHIC, and

WHEREAS, a thorough, regular and meticulous review of the MCA is codified in our MCA Section Q.2. and as such "the continuation of the Consortium under the terms and conditions of the Municipal Cooperative Agreement - 2015 Amendment Page 13 Agreement, or any amendments or restatements thereto, shall be subject to Board review on the fifth (5th) anniversary of the Effective Date and on each fifth (5th) anniversary date thereafter (each a "Review Date")", and

WHEREAS, the during the development of By-laws for an alternative governance model the Committee engaged in several discussions of areas within the Consortium's Municipal Cooperative Agreement that would need adjustment to align with the new governance structure, and

WHEREAS, it would be practical to allow the Governance Structure Committee to assume responsibility for 2020 review of the Municipal Cooperative Agreement, now therefore be it

RESOLVED, on recommendation of the Executive Committee, That the Board of Directors hereby charges the Governance Structure Committee with reviewing and bringing forth a recommendation for appropriate edits to the MCA as outlined in Section Q.2 of the GTCMHIC Municipal Cooperative Agreement.

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RESOLUTION NO.009-2019 – CREATION OF OPERATIONS COMMITTEE AS STANDING COMMITTEE OF GTCMHIC

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

WHEREAS, the Board of Directors of the GTCMHIC has created the Audit and Finance Committee as a standing committee of the Board of Directors to assist the Executive Committee and the Board of Directors in its oversight of: the integrity of the financial statements of the Consortium; the Consortium's compliance with legal and regulatory requirements; and the independence, qualifications, and performance of the Consortium's independent auditors (Auditors); 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; and review and approval of investments and investment plans; enterprise risk management and compliance assessment and review; and oversight of all audits, internal and external, of Consortium operations, and

WHEREAS, due to significant increase in Consortium operations activity, the Audit and Finance Committee, in addition to their fiscal responsibilities, became the default standing committee for oversight of operations issues, and

WHEREAS, this extra burden has caused the Audit and Finance Committee to either not address or not be able to adequately address issues of its assigned responsibility, and

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WHEREAS, the Executive Committee wants to eliminate the additional operational burden from the Audit and Finance Committee and create the Operations Committee with oversight of Consortium operations, and the overall well-being of the organization.

WHEREAS, creating an Operations standing committee, provides another opportunity for a larger percentage of our growing number of Directors to become engaged in a more detailed manner in Consortium governance, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That the Board of Directors immediately establishes The Operations Committee with responsibility for the oversight of Consortium operations and the overall well-being of the organization. The Operations Committee may recommend changes that will improve the efficiencies of the organization to practices, policies, procedures and organizational structure including personnel and staffing needs.

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MOTION NO. 001-2019 - AUTHORIZATION TO THE EXECUTIVE COMMITTEE TO APPOINT MEMBERS TO THE OPERATIONS COMMITTEE ON AN INTERIM BASIS WITH APPOINTMENTS TO BE RATIFIED AT THE AUGUST 22, 2019 BOARD OF DIRECTORS MEETING

Moved BY Mr. Doring, seconded by Ms. Zahler, and unanimously adopted by voice vote by members present.

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RESOLUTION NO. 010-2019 – APPROVAL OF CONTRACT FOR CONSULTING SERVICES – DONALD L. BARBER

MOVED by Mr. Murphy, seconded by Mr. Neilens, and unanimously adopted by voice vote by members present.

WHEREAS, it was determined in 2013 that based on the increased responsibilities placed on the Consortium by the State and Federal governments, the Affordable Care Act, and the managing of an increased number of contracts it was in the Consortium’s best interest to contract for services of an Executive Director, and

WHEREAS, following the issuance of a request for proposals in 2014 seeking contractors who could fulfil the responsibilities of Executive Director a contract was entered into with Donald L. Barber in 2014 and extended in 2016 and 2018, and

WHEREAS, in 2018 the Consortium entered into a process to hire its first full-time Executive Director, Elin Dowd, who began employment on April 15, 2019, and

WHEREAS, the Executive Committee believes Mr. Barber can continue to provide valuable and important services to the Consortium and wishes to retain Mr. Barber as a Consultant, providing the following services under his contract and any others as the Executive Director may, from time-to-time, deem necessary, including:

- A. Providing historical information of the operations, vision, operations strategy, and member/associates relations.
- B. Assuming responsibility for specific projects as delegated by the Executive Director.
- C. Serving as primary interface with municipal corporations that seek information and process guidance for joining the Consortium.
- D. Attending Board and Committee meetings as directed by the Executive Director.

- E. In concert with the Executive Director providing useful and timely information to Board members, employees, retirees, and other interested parties
- F. Assisting with the preparation of the Consortium's annual operating budget.

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That a contract for Consulting Services with Donald L. Barber be approved through December 31, 2020 under the terms and conditions in the recommended contract.

RESOLVED, further, That the Board of Directors hereby authorizes the Chair of the Board sign a contract with Donald Barber for Consulting Services.

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RESOLUTION NO. 011–2019 – CREATION OF POSITIONS: CLERK OF THE GTCMHIC BOARD OF DIRECTORS AND ADMINISTRATIVE/ COMPUTER ASSISTANT

Ms. Drake said the Executive Committee has spent a lot of time discussing staffing needs for the Consortium and spoke of the challenges that have arisen as a result of the Consortium's continued growth. In consultation with Tompkins County with regard to Civil Service, the positions being recommended will allow for the hiring of an Administrative Assistant with computer knowledge and skills to be hired by the Executive Director who will assume some administrative responsibilities related to Committees and assist the Executive Director. The second proposal is the creation of a Clerk of the GTCMHIC Board Clerk that will be appointed by the Board of Directors. Also, the Consortium will be petitioning New York State Civil Service for an exempt classification for this position. Ms. Drake explained that since the Administrative Clerk position was created Ms. Cocco has worked under the umbrella of Locey & Cahill and has been compensated through them as a pass-through expense since the Consortium was not able to hire employees. She announced that after a lengthy discussion by the Audit and Finance Committee, the rate of pay has been changed from \$26.50 to \$34 per hour. Ms. Drake thanked Mr. Locey for Locey & Cahill making this arrangement work for many years.

In response to Ms. Zahler, Ms. Drake said the Clerk's position will be a part-time position and will work an average of 20 hours per week. There was a brief discussion with a request for salaries and fringes to be broken out in financial reports presented to Directors. Mr. Brown would like the Consortium to chart out the growth in workload versus the expansion of the Consortium's growth in membership.

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

WHEREAS, in 2011 the Board of Directors authorized the hiring of an Administrative Clerk on an hourly basis through its contract arrangement with Locey & Cahill LLC, to perform administrative duties for the Consortium, and

WHEREAS, Michelle Cocco has held the position of Administrative Clerk since April 11, 2011, and

WHEREAS, the administrative work and responsibilities of one part-time position have increased exponentially as the Consortium has grown and is no longer sustainable under the current arrangement, and

WHEREAS, the Executive Committee has discussed the staffing needs of the Consortium and has directed the Board Chair to work with the Executive Director to create a

staffing proposal that will meet the increasing administrative demands and ensure the Consortium maintains a strong administrative foundation, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That the Board of Directors of GTCMHIC hereby creates the following positions effective July 1, 2019:

- Administrative/Computer Assistant – Civil Service Competitive Class (\$25-\$26 per hour); to be filled by the Executive Director; and
- Clerk of the GTMHIC Board – Exempt Class (\$34.00 per hour); to be appointed by and serve at the pleasure of the Board of Directors

RESOLVED, further, That due to the nature of responsibilities and the Board of Directors being comprised of elected and appointed officials from municipal corporations, the Board directs the Chair of the Board to work with the Tompkins County Department of Human Resources to formally request an exempt classification for the Clerk of the Board of Directors position from New York State Civil Service.

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RESOLUTION NO. 012-2019 – APPOINTMENT OF CLERK OF THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM BOARD OF DIRECTORS

MOVED by Mr. Rankin, seconded by Mr. Murphy, and unanimously adopted by voice vote by members present.

WHEREAS, since April 11, 2011, Locey and Cahill has employed Michelle Cocco, Administrative Clerk to the Consortium, with pay and benefits being a fully reimbursable cost to Locey and Cahill, LLC from the Consortium on a dollar to dollar basis, and

WHEREAS, the Consortium has established a relationship through a Memorandum of Understanding with the Town of Ithaca for administering the Consortium’s payroll functions, and

WHEREAS, by Resolution No. 011 of 2019 the Board of Directors created the position of Clerk of the Greater Tompkins County Municipal Health Insurance Consortium and has appointing authority for this position, now therefore be it

RESOLVED, on recommendation of the Executive and Audit and Finance Committees, That Michelle Cocco is hereby appointed to the position of Clerk of the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors effective July 1, 2019,

RESOLVED, further, That the Clerk shall be paid at a part-time hourly rate of \$34.00 with no benefits,

RESOLVED, further, that the wages of this position shall be reported to the New York State Local Retirement System,

RESOLVED, further, That the Board of Directors hereby authorizes the Executive Committee to oversee annual performance evaluations and approve any compensation adjustments.

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Approval of Minutes of March 28, 2019

It was MOVED by Ms. Hersey, seconded by Mr. Patterson, and unanimously adopted by voice vote by members present, to approve the minutes of March 28, 2019 as corrected. MINUTES APPROVED.

Audit and Finance Committee Presentation of Resolutions and Report

Mr. Snyder reported on the external audit performed by Insero & Co. and said 2018 was a very profitable year with the JURAT being finished on time and submitted to the Department of Financial Services in the required timeframe. He explained the complex process that was encountered in that there were five different teams that go through the Consortium's books and who contribute to the compilation of the audit report. He explained the Treasurers function involves reporting of revenues and expenditures which leads to an actuarial report being prepared by an Actuary. That firm works with Bonadio & Co., an accounting firm, and puts together much of the information that is reported in the JURAT. After that is put together the information is presented to Insero & Co., the Consortium's external auditors. That information is condensed and does not include the level of detail the Board receives through Mr. Locey's reports. Mr. Snyder said this work product involves a lot of coordination between five different people.

Mr. Snyder said the Consortium had a profitable year in 2018 and investments are doing better than budgeted. In addition to the Wilmington Trust investments, the Consortium is also doing better with interest received from Tompkins County Trust Company.

Mr. Cook summarized the audit reports and said it was a clean opinion and there were no differences or adjustments between what the auditors put in their report from what is presented to the Consortium on a monthly basis. He encouraged Directors to review the audit report that is posted on the Consortium's website.

RESOLUTION NO. 013-2019 – APPROVAL OF ADJUSTMENTS TO THE PREMIUM EQUIVALENT RATES FOR THE CITY OF ITHACA PROFESSIONAL FIRE- FIGHTERS UNIT

MOVED by Mr. Brown, seconded by Ms. Hersey.

Mr. Thayer said during 2018 the paid Firefighter's Union filed a grievance over ProAct changes involving Step Therapy and Prior Authorization as it relates to their contract. In late 2018 an arbitrator ruled in the Unions' favor and as a result ProAct had to remove edits from the Formulary for this particular contract and based on those Mr. Locey developed changes to the premium rate that was needed and is reflected in this resolution.

A voice vote resulted as follows: Ayes – 23, Noes – 0, Excused/Absent – 22. RESOLUTION ADOPTED.

WHEREAS, by Arbitration Ruling the City of Ithaca Professional Fire Fighters unit were able to remove the step-therapy, prior authorization, and quantity limit edits from their prescription drug plans (\$5/15/30 Retail; \$10/30/\$60 Mail Order-90 for 1 copay) resulting in a 12.5% increase on the pharmacy portions of the premium equivalent rates, and

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WHEREAS, changes to the pharmacy rates result in an overall premium rate increase of 3.4%, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors approves an adjustment to the City of Ithaca Professional Fire Fighters Unit to increase individual monthly premium equivalent rates by 3.4% to \$1,058.15 for individual coverage and \$2,292.59 for family coverage effective January 1, 2019.

RESOLUTION NO. 014-2019 - AUTHORIZING CONTRACT FOR PRESCRIPTION DRUG CLAIMS AUDIT – 2017 and 2018 CLAIMS

MOVED by Mr. Nielens, seconded by Mr. Baxter, and unanimously adopted by voice vote by members present.

WHEREAS, the Consortium has determined there is value in conducting periodic medical and prescription drug claims audits, and

WHEREAS, the Consortium's has developed a pattern of conducting these claims audits on alternate years for medical one year and then pharmaceutical claims the next and

WHEREAS, the Consortium is now prepared to undertake a prescription drug claims audit as part of its fiduciary responsibility to ensure claims paid by ProAct are in accordance with the benefit plan documents, Federal and State Laws, Rules, and Regulations, and industry standard practices for the years 2017 and 2018, and

WHEREAS, in anticipation of initiating a prescription drug claims audit the Audit and Finance Committee has negotiated a contract proposal with BMI Audit Services, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby authorizes the Consortium to engage the firm of BMI to perform an audit of the Consortium's prescription drug claims for an amount not to exceed \$35,000.

RESOLUTION NO. 015-2019 - RESOLUTION OF THE BOARD OF DIRECTORS OF THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM – POLICY TO COMPLY WITH SECTION A.3 OF THE MUNICIPAL COOPERATIVE AGREEMENT

MOVED by Ms. Hersey, seconded by Mr. Brown. Mr. Barber said when he meets with municipalities they ask about groups such as Teamsters or retirees who are on a Medicare Advantage Plan and they want to know how the Consortium handles that. He said Section A.3 of the MCA wants everyone who is purchasing health insurance from a municipality to be within the Consortium. The Audit and Finance Committee has had several discussions about this and recently issued a Request for Proposals for Medicare Advantage Plan and hopes that the Consortium will be able to offer a plan in 2020. This would be a pass-through but would provide an avenue for municipalities who have retirees in these plans to be able to bring them into the Consortium.

Mr. Barber said the Teamsters work very hard at keeping employees in their program because they make a lot of money off of their health insurance program; however, this doesn't comply with Section A.3. Mr. Barber said the resolution adopted by the Board requires any

municipality joining the Consortium to bring all of its employees and retirees into the Consortium within three years. Currently, there are two municipalities that do not have all of their employees in the Consortium and both are with Teamsters. This resolution states that within three years they would have to be in the Consortium and the Consortium's Attorney has said that this is a requirement that is in the MCA. Mr. Barber noted this resolution codifies language that is in the MCA but hasn't been enforced up to this point.

Mr. Salton commented that the MCA contains a provision that allows a municipality to request a waiver from the Board of Directors; Mr. Barber concurred with this statement. In response to whether the Consortium can offer a Medicare Plan that is competitive with what retirees can get elsewhere Mr. Barber said this will be determined once responses are received from the RFP.

A voice vote resulted as follows: Ayes – 21, Noes – 0, Absentions – 2 (Salton and Zahler); Excused or Absent – 22. RESOLUTION FAILED.

WHEREAS, Section A.3. of the Greater Tompkins County Municipal Health Insurance Consortium's (the "Consortium") current Municipal Cooperative Agreement (MCA) states:

"Participation in the Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant is not encouraged and shall not be permitted absent prior Board approval. Further, after obtaining approval, any Participant which negotiates an alternative health insurance plan offering other than the plan offerings of the Consortium with a collective bargaining unit or employee group may be subject to a risk charge as determined by the Board.", and

WHEREAS, two of our current municipal Participants do not have all of their active subscribers enrolled in the Consortium Plan and one of them has, by municipal resolution, agreed to bring those subscribers into the Consortium within 3 years; and

WHEREAS, except for one instance, the non-participation of these employee groups has not been ratified by Board approval; and

WHEREAS, the Consortium wishes to otherwise bring all Participants into compliance with Section A.3 of the MCA with respect to their active enrollees, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee That the Board of Directors hereby adopts the following policy:

1. that municipal Participants with *active employees* not enrolled in Consortium benefit plan options, must, within 3 years of the date of this resolution, fully enroll all of their active employees on Consortium plan options or otherwise seek Board Approval as required by Section A.3, or they will be subject to termination of their further participation in the Consortium

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RESOLUTION NO. 016-2019 – AMENDMENT TO RESOLUTION NO. 007 OF 2018 - APPLICATION MATERIALS MUNICIPALITIES MUST PRESENT FOR APPLICATION TO JOIN THE CONSORTIUM AND RECOMMENDED MUNICIPAL RESOLUTION LANGUAGE

MOVED by Mr. Rankin, seconded by Mrs. Shawley. Mr. Cook explained that this resolution was created to address issues that arose during last year's start-up process and establishes a timeline for steps that need to be taken when municipalities join the Consortium. It also asks for municipalities that are applying to pay 5% of premium in October and would be credited against the payment of the municipality's first month premium. This is not a deposit or tying up money for a long period of time but an investment by the applicant due to the amount of time and work that goes into the process.

Mr. Barber called attention to language in the policy and said the Consortium was approached by the Chemung County Soil and Water Conservation District to join the Consortium and subsequently they decided to wait until next year to join. He said they do not have taxing authority so the Consortium began exploring other financial instruments for entities to guarantee this type of entity's financial obligation. The policy requires the posting of three months of premium from non-taxing entities to protect the Consortium. Ms. Zahler said this is an area she is interested in and said there are number of non-profit organizations that contract with Tompkins County that could add to the Consortium's covered lives and realize a significant savings by joining. Mr. Barber said there is State legislation that specifically allows Soil and Water Conservation Districts to join. Mr. Locey added that the only other entities that are allowed to join are defined in Article 5G of General Municipal Law Section 119 and those that fit the definition of a municipal corporation.

Ms. Zahler questioned who would retain any interest earned; Mr. Locey said the principal would be credited to the municipality and the Consortium would retain the interest.

The resolution was unanimously adopted by voice vote by members present.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium ("Consortium") Board of Directors adopted Resolution No. 002-2015 and then amended that resolution with Resolution No. 007-2018 to provide guidance to eligible employers, as defined in §4702 (f) of Article 47 of the New York State Insurance Law ("Municipal Corporations"), applying for membership in the Consortium, and

WHEREAS, The Consortium is experiencing rapid growth of Municipal Corporations applying to join the Consortium, and

WHEREAS, the Consortium has instituted several policies, not stated in the Municipal Cooperative Agreement ("MCA"), that prospective Municipal Corporations are required to comply with as part of their application process, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby adopts the following policy for Municipal Corporations seeking possible membership in the Consortium:

1. Submit by **September 1st**, a municipality board resolution authorizing application for membership along with the GTCMHIC new group member application.
2. As soon as practicable, preferably by July 1st, but no later than **September 1st**, submit the Municipal Corporation's required financial and operational documents, as follows:
 - a. for Municipal Corporations with taxing authority (county, city, town, or village), two years of State Comptroller AUD reports; or

- b. for Municipal Corporations without taxing authority:
 - i. five years of audited financial statements;
 - ii. internal governance documents and/or rules such as bylaws, resolutions, and/or statutes creating the Municipal Corporation; and
 - iii. financial documents confirming funding sources, funding mechanisms, account balances, assets, investments, contractual obligations, and any debts, contingent liabilities, and/or lawsuits.
3. As soon as practicable, preferably by July 1st, but no later than **September 1st**, submit the Municipal Corporation's most recent monthly premium billing statements from all health insurance carriers providing benefits to all active employees and retirees.

Said premium billing statements should include the name of the Municipal Corporation and the month for the which the billing is related. In addition, said premium bills must include the number of contracts (employee, employee + spouse, employee + child (children), and family) and the monthly premium rate for each plan of benefit.

4. For Municipal Corporations who are currently experience-rated or who operate a self-insured employer-sponsored health insurance plan, they must submit as soon as practicable, preferably by **July 1st**, but not later than September 1st, a minimum of three (3) years of monthly paid claims (medical and pharmacy separately) data and monthly covered lives counts.
5. Sign the Municipal Cooperative Agreement of the GTCMHIC upon notification that the GTCMHIC Board of Directors has approved the Municipal Corporation's application to become a Participant in the GTCMHIC by **October 15th**. The resolution authorizing the Municipal Corporation's Chief Officer to sign the MCA must also clearly state which GTCMHIC health benefit insurance plan or plans the Municipal Corporation's employees and retirees will be participating in upon the effective date of participation in the GTCMHIC.
6. Confirm by **October 25th**, with the Medical Claims Administrator the names of all employees, retirees, and dependents to be covered in the Consortium's health insurance plans. A list of those enrolled will be sent to the Municipal Corporation by the Medical Claims Administrator by no later than **November 15th** for verification purposes.
7. By **November 1st**, notify the GTCMHIC of the name and contact information for the person within your organization for benefit administration; and who will attend a new member orientation between November 15 and December 15.
8. By **November 1st**, notify the GTCMHIC of the Municipal Corporation's commitment to utilize the GTCMHIC's on-line enrollment process or to authorize the GTCMHIC to provide, for the Municipal Corporation's employees and retirees, this function.
9. By **November 1st**, for Municipal Corporations **without taxing authority**, provide the Consortium with a secure financial instrument equal to the value of 25% of the estimated annual premium as determined by the Consortium as protection against expulsion or

cancellation due to a default in premium payment. Said financial instrument may include the following:

- a. A Secured Bank Account;
- b. Letter of Credit; or
- c. Surety Bond

Please note, municipal corporations with taxing authority (county, city, town, or villages) will be exempt from this provision.

10. Submit payment by **November 1st** to the Consortium of the Municipal Corporation's proportionate share of the Surplus Account Reserve (5% of annualized premium) as determined by the GTCMHIC and as required by Article 47 of the New York State Insurance Law and the GTCMHIC's Municipal Cooperative Agreement.
11. By November 1st, submit a municipal resolution appointing the Director and Alternate to the Consortium.
12. By **November 30th**, take the necessary steps to comply with the GTCMHIC's dependent verification process.
13. Provided the Municipal Corporation applying for Membership in the GTCMHIC completes all the requirements set forth in this Resolution by the due dates indicated; the Surplus Account Reserve payment defined in Item 3 above will be credited against the Municipal Corporation's January premium invoice from the Consortium.
14. All Municipal Corporations applying for Membership in the GTCMHIC are hereby advised that missing any of these steps by the due date indicated will result in the Municipal Corporation not being accepted into the Consortium for the upcoming year and will result in the forfeiture of the Municipal Corporation's Surplus Account Reserve payment.

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**RESOLUTION NO. 017-2019 – APPROVAL OF ADJUSTMENT OF FEE FOR AUDITING
CONSORTIUM'S 2019 FINANCIAL STATEMENTS –
INSERO & CO. LLP**

MOVED by Mr. Baxter, seconded by Mr. Nielens.

Mr. Snyder explained the additional work that has been undertaken by the auditors as a result of the new membership and other work they were asked to perform. The final year of the contract is for the auditing of next year's financial statements. Mr. Brown asked that this service be put out to bid at the end of this contract.

The resolution was unanimously adopted by voice vote by members present.

WHEREAS, the Board of Directors by Resolution No. 026 of 2017 approved a contract with Insero & Co. LLP for auditing of the Consortium's financial records for fiscal years 2017, 2018, and 2019, and

WHEREAS, due to the increased number of municipal participants that have entered the Consortium since 2017 and the resulting significant plan growth, Insero & Co. LLP has

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presented the Consortium with a proposal to amend the 2019 approved fee for audit services in the amount of \$11,500 to \$13,000, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby approves an adjustment to the fee for auditing the 2019 Consortium's financial statements as presented by Insero & Co. LLP in the amount of \$13,000,

RESOLVED, further, That the Chair of the Board is hereby authorized to sign the 2019 Audit Engagement Letter with Insero & Co. LLP.

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Report from the Joint Committee on Plan Structure and Design

RESOLUTION NO. 018-2019 – ADOPTION OF ROUNDING METHOD FOR ADJUSTMENTS TO THE STANDARD DEVIATION OF ACTUARIAL VALUES

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

WHEREAS, the term actuarial value references the share of health care expenses the plan covers for a typical or average group of enrollees within a standard deviation of + or – 2%.

WHEREAS, actuarial values can change at a percentage rate greater or less than whole numbers.

RESOLVED, on recommendation of the Joint Committee on Plan Structure and Design and the Audit and Finance Committee, That the Board of Directors approves an adjustment to the actuarial value utilizing the standard method of rounding to the nearest whole percentage effective July 1, 2019.

* * * * *

Mr. Baxter was excused at this time.

Ms. Hersey, Chair, reported on the utilization reports that were presented to the Joint Committee on Plan Structure and Design and said they are posted on the Consortium's website under the Governance section. She provided the following overview of the reports:

ProAct Utilization Review

- Compared to 2017 performance plan costs decreased 2% in 2018 with a 1% increase in membership.
- ProAct demonstrated that they deliver greater cost savings compared to relative markets.
- Subscribers are paying 5 – 6% of total cost compared to market rate at 6 – 7%
- Majority of our members select generic and only 1% take a brand when generic is available.
- 83% of prescriptions paid are Tier 1 – Generic and represents 20% of our cost.
- 35% of our costs are for specialty drugs.
- Top three categories for cost are High Blood Sugar, Asthma, Cardiovascular.
- Pro Act would like to suggest we make some plan changes due to their analysis that assumes we would see ingredient cost savings based on utilization shifts, as well as rebate increases based on an enhanced formulary. These cost savings need to be explored in more detail with the provider.

- Excellus Utilization Review
- Although membership has increased by only 1%, overall plan costs have increased by 13%.
- We are trending 39% higher than the market in plan costs per member per year. However, our average age of member is higher than the comparison market.
- Outpatient procedures represent 44% of total plan costs.
- Majority of care for our plan is provided at Cayuga Medical Center in Ithaca.
- Claims exceeding \$100,000 represents 24% of our total costs.
- Cancer related treatments represent the majority of our high claim's costs.
- Suggested ways for our plan to save costs:
 - lose the gaps for people that need care and aren't following prescribed course of care.
 - Increase follow up physician visits.
 - Decrease Emergency Room use.
 - Chronic condition education.
 - Prevent readmissions.

Other Cost Savings:

- Plan saved 49% in costs by members utilizing provider networks.
- Plan saved approximately \$300,000 as a result of post payment audits performed by the health plan provider and or other vendors.
- A review of our chronic conditions shows that lifestyle changes could result in lower health plan costs.

As an organization we need to:

- Promote preventative services - Hypertension and Cholesterol disorders are potentially modifiable by changes in lifestyle, such as more exercise, improved diet, tobacco cessation and limited alcohol intake.
- Directing members away from using the Emergency Room for non-urgent care and utilizing urgent care or telemedicine to drive down costs.

Ms. Drake encouraged Directors to download and read the reports and to ask Ms. Miller of Mr. Prashaw any questions that arise. Ms. Dowd spoke of the importance of educating members on the cost-effective choices that are available and said the Consortium will be utilizing more Excellus services to do that.

Adjournment

The meeting adjourned at 7:58 p.m.