

**Audit and Finance Committee
Minutes - APPROVED
July 27, 2021
Ithaca Town Hall/Remotely via Satellites**

Present: Mack Cook, Bud Shattuck, Eric Snow, Steve Thayer, Peter Salton
Excused: Rordan Hart, Jon Munson
Absent: Laura Shawley
Vacancy: One seat
Staff/ Guests: Elin Dowd, Executive Director; Michelle Cocco, Clerk of the Board; Judy Drake, Board of Directors Chair; Jim Bower, Joint Committee on Plan Structure and Design Chair; Rob Spenard, Locey and Cahill; Amanda Anderson, Town of Dryden; Teri Apalovich, Finance Manager

Call to Order

Mr. Cook, Chair, called the meeting to order at 3:32 p.m.

Changes to the Agenda

There were no changes to the agenda at this time. Later in the meeting the resolution entitled Adoption of 2022 Budget was deferred to the August meeting.

Approval of Minutes of June 22, 2021

It was MOVED by Mr. Snow, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members present, to approve the minutes of June 22, 2021 as submitted. MINUTES APPROVED.

Executive Director Report

In addition to the written report included in the agenda packet, Ms. Dowd provided an update from the Department of Financial Services that the Consortium's Certificate of Authority has been sent to the General Counsel and she expects to hear back soon on the request to expand operations to a 16-county region. Ms. Dowd said the Prescription Drug Management RFP (Request for Proposals) process continues to move forward; she expects a recommendation to be ready to be presented to the Executive Committee soon with action expected at the September Board of Directors meeting.

Mr. Salton asked to receive a paper copy of the agenda for committees he is a member.

HCRA Tax

Ms. Dowd reported an opinion was received from Jorden Lesser, Assembly Counsel, regarding the HCRA (Health Care Reform Act) Tax and the Distressed Provider Assistance account. She said in the opinion he stated he feels it is more of an additional tax and not a double tax. Upon reading the opinion she said Mr. Barber no longer feels this is a Consortium issue and something that would be more appropriate for local government associations to take up. If there is interest Mr. Barber will provide information to them to assist anyone interested in taking this up in that platform. Mr. Cook said there is interest by the New York State Council of Mayors in taking this up during the next budget cycle.

Mr. Salton spoke of the amount of work that went into this and suggested a closing document be prepared that could be used by other municipal bodies. Ms. Dowd will prepare this for the Executive Committee.

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Accounts Receivable and Expenditure Reports

Following an explanation by Ms. Dowd as to why the Town of Niles had appeared on the Aging Report, Ms. Apalovich reported the Town of Niles is now current in its payments. They currently do not have any subscribers on a Consortium plan at this time but will be adding a member in January. There were no comments or questions on the Expenditure Report.

Financial Report

Mr. Spenard reported medical and prescription drug premiums are slightly below budget through June 2021 due to the movement of subscribers to the Platinum Plan. He spoke of the prescription drug rebates and said they are 40% below budget; however, the second payment for 2021 was not received until July. That rebate was slightly over \$600,000 and results in approximately \$1.1 million for 2021, bringing total revenue close to the expected amount.

Mr. Spenard reviewed the Budget Performance Report provided in the agenda packet and reported medical claims through June were six percent below budget and prescription drug claims were slightly above budget. He noted the PCORI (Patient Centered Outcomes Research Institute) fee will be paid soon and will be incorporated in the next financial update. Total expenses were four percent below budget through June (medical expenses were 5.67% below budget; prescription drug claims were 1.96% above budget). Mr. Spenard called attention to the total expense distribution chart and stated paid claims account for just under 95% of the Consortium's overall spend and this demonstrates the Consortium is very well-run and efficient.

In terms of high cost and large loss claims, Mr. Spenard said the Consortium is in very good shape with not a lot of high claims through the first six months. The largest claim is at \$293,000 with the majority of this expense being for prescription drug claims. Also included in the information provided to the Committee was Covid-19 data through April; this will be updated through June.

Discussion of Covid impact on claims/potential relief through the American Rescue Plan

Mr. Cook referred to the total amount of medical claims being \$3.1 million. He said there is a model he believes is logical and defendable to the State Office of Community Renewal which will be monitoring how municipalities will be spending American Rescue Plan (ARP) monies. He said the ability exists to inform municipalities what their share was and that it can be reimbursed through the Covid-19 relief funds that were received last week. He said this has not been a part of the discussions that have been taking place; however, if one of the effects of Covid-19 was an increase in premiums now and going forward that amount can be isolated and the effect on each individual municipality's premium identified. He said if anyone would like to see this model and what the impact has been on their premium this information can be provided.

Mr. Shattuck said it makes sense for municipalities to recoup this money and place it back in their General Fund to use as they would like. Mr. Cook agreed and said this is the position he is taking and advocating for his municipality. Mr. Shattuck suggested this information be shared with all Directors. Ms. Dowd requested Mr. Spenard provide her and Ms. Apalovich with the information; this will be added to the list of topics for the educational session that will be held for the Board in August.

Ms. Drake suggested the Audit and Finance Committee prepare a letter to all municipalities that includes the information referenced. Mr. Shattuck cautioned that municipalities and the rural ones in particular, likely will not understand this and will have questions. Ms. Apalovich said she will be prepared to answer any questions that arise. Ms. Dowd said

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information will be sent to all elected officials, including those who do not serve on the Consortium's Board or committees.

Mr. Spenard said the HCRA surcharge accounted for approximately \$950,000 in 2020 and through the June, 2021 it represents \$622,000; this represents 2.6% of all expenses in 2021.

Presentation of Preliminary 2022 Budget

Ms. Dowd presented a preliminary 2022 Budget spreadsheet containing much of the same information presented at the last meeting. She said the situation has not changed and the premium increase for 2021 continues to be proposed at five percent. She commented that national trending is running below seven percent; the Consortium's medical and prescription drug claims are trending at between six and seven percent. She said there has been no indication of any upcoming major expense and Locey and Cahill sees no reason to change claims expectations.

In response to Mr. Salton, Ms. Dowd said up to this point there has not been any discussion of a rate increase lower than five percent.

Mr. Shattuck said he thinks a five percent premium rate increase would be the right decision. In looking at nine more counties where not all use hospitals that are currently being utilized, he asked if there is an expectation that Excellus will look at those hospitals and make sure the same contractual arrangements are put into place. Ms. Dowd said one of the reasons we stayed with the region we went with was to be in the area with the same demographic as far as provider costs and to make sure it is a region where Excellus already has a provider network in place. It is a very strong Excellus region that is served by the Syracuse and Rochester offices. She noted that when looking at the applications of new Participants this would be something to consider and would include where their experience is and what provider network would be in place. She said most of the applications indicate they are Excellus customers already.

RESOLUTION NO. – 2021 – ADOPTION OF 2022 BUDGET

Mr. Cook suggested this resolution be deferred to the next meeting to allow input from members who were not in attendance.

Ms. Dowd said Mr. Barber communicated some questions to her that she will be following up on; however, she noted he was in favor of a five percent premium rate increase.

Mr. Thayer asked that the assumptions be corrected to reflect the correct rate increase for 2022.

Next Agenda Items

The following items were suggested for the August agenda:

Resolution – 2021 – Adoption of 2021 Budget; and
Discussion of the future role of the Committee

Adjournment

The meeting adjourned at 4:35 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the Board