



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."

Audit and Finance Committee

Agenda – August 25, 2020

3:30 PM

Join Zoom Meeting

<https://tompkinscountyny-gov.zoom.us/j/91787503290?pwd=dVFJR045bTlFRU53MWJXQnZTdTdyUT09>

Meeting ID: 917 8750 3290; Passcode: 336447

301-715-8592

1. Call to Order (3:30) M. Cook
2. Changes to Agenda (3:30)
3. Approve Minutes – July 28, 2020
4. Executive Director (4:40) E. Dowd
 - a. **RESOLUTION:** Approval of Amended Investment Management Services Contract to Include Wilmington Trust Investment Advisors thru December 31, 2020
 - b. Excellus/ProAct Accumulator Issue
 - c. Update: TC3 Payments
5. Consideration of New Members (*Pending Financial Review*)
 - a. **RESOLUTION:** Acceptance of Application by the Town of Cuyler to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - b. **RESOLUTION:** Acceptance of Application by the Town of Catherine to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - c. **RESOLUTION:** Acceptance of Application by the Ithaca Downtown Business Improvement District, Inc. in the Greater Tompkins County Municipal Health Insurance Consortium
6. Financial Update (4:50) S. Locey
 - a. Financial Review
 - b. Report on large loss claim activity
 - c. Accounts Receivable R. Snyder
 - d. Expenditure Report
7. 2021 Budget Discussion (5:00)
 - a. 2021 Budget
 1. **RESOLUTION:** Adoption of Budget Guidelines
8. Next meeting Agenda Topics (5:25)
 - a. **RESOLUTION:** Adoption of Budget, Premium Rates, and Reserve Amounts for 2021
9. Adjourn (5:30)

Next Meeting: September 15, 2020

**Audit and Finance Committee
Minutes – DRAFT
July 28, 2020
Meeting Held Remotely via Zoom**

Present: Mack Cook, Eric Snow, Rordan Hart, Peter Salton, Steve Thayer (arrived at 3:34 p.m.), Jon Munson (arrived at 3:34 p.m.), Bud Shattuck, Laura Shawley
Staff/ Guests: Judy Drake, Board of Directors Chair; Elin Dowd, Executive Director; Don Barber, Consultant; Andrew Braman, Treasurer; Steve Locey, Robert Spenard, Locey and Cahill; Jessica Hobart, Tompkins County Finance; Lisa Holmes, Director; Michelle Cocco, Clerk of the Board; Debra Meeker, Administrative/Computer Assistant; Mike Slade, Louann Giangreco, Mary Stallone, Rob Lawlis; Paul Vervalin, Jen Yartym Guthrie Cortland Medical Center

Call to Order

Mr. Cook, Chair, called the meeting to order at 3:33 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of June 23, 2020

It was MOVED by Mrs. Shawley, seconded by Mr. Salton, and unanimously adopted by voice vote by members present, to approve the minutes of June 23, 2020 as submitted. MINUTES APPROVED.

Mr. Munson and Mr. Thayer arrived at this time.

Discussion of COVID-19 Impacts with Cayuga Medical Center (CMC)

Ms. Dowd recognized Dr. Marty Stallone, CEO of Cayuga Medical Center, who introduced Mike Slade who is in charge of coordinating network services at CMC, Louann Giangreco, Systems Chief Medical Officer for CMC, and Rob Lawlis, CEO of Cayuga Health Partners.

Dr. Stallone spoke of CMC's experience with the pandemic and said COVID-19 is a threat to health systems and practices. He said CMC experienced a decrease in almost all services they offer and particularly in Emergency Department and urgent care activity which was in large part due to people being fearful of coming to health establishments where they perceive a risk of coming into contact with a Covid-positive individual. During this time it has not been just the discretionary care that has decreased; there has been a quantitative decreased number of strokes, heart attacks, and serious infections. There is no explanation for the decrease in those numbers but they decreased in frequency in presenting to the hospital.

Dr. Stallone said CMC preserved access by expanding Telehealth services; it has not replaced the aversion to in-person care but has provided needed access for many patients. He said there are now commissions from the State that are examining life after Covid and what can be expected and the introduction of Telemedicine is one of the good things that will come out of it in the long-term.

Dr. Stallone spoke of the financial impact the pandemic has had on CMC and said for a two-month period the Hospital was at 50% of its revenue and is now trending back to normal although it is not back to normal at all of its consolidated organizations. He addressed rebound demand and over-utilization of services compared to baseline and said he thinks there will be

continued aversion to health care and that the system will have difficulty going above 110% of historic capacity. He also doesn't believe the revenues will be filled in by overutilization in the fall, particularly with the risk of a second shut down or other orders that limit healthcare activity. He said the Hospital's costs have gone up by being mandated to accumulate and stockpile supplies in addition to increased labor costs. The Hospital furloughed 200 employees but have now restored those jobs.

Dr. Stallone spoke regarding Covid testing and said they are proud to have exceeded 50,000 tests with the majority in Tompkins and Cortland counties. They have partnered with Rionix, a local company, and have a number of developments that leverages resources to do a number of tests. They feel they are enabling businesses and governments with greater confidence to reactivate and focus public health resources where needed. Given the nature of travel into and out of Tompkins County in particular he thinks this resource is very important to keep the community safe.

Dr. Stallone said although it is not the scope of today's conversation they would like to give a presentation in the future about how they are working together as a unified team and developing what they consider to be network product offerings in the area of tracking high cost claims, bending the high cost curve on an ongoing basis, providing wellness platforms, and accomplishing health parameters.

Mr. Cook asked if when a vaccine comes to market if it will be accompanied by other ancillary medical costs that will have to be rendered to administer a vaccine. Dr. Stallone responded that the drive-thru testing model may in some way be translated into a drive thru mass vaccination if that were to happen. He doesn't necessarily think a vaccination will accompany an office visit, although that could happen. Ms. Giangreco agreed and said there will need to have a mass scale administration and it will be a relatively new vaccine and there will be a need to ensure people are being looked after.

Ms. Dowd referenced potential regulations and employers being responsible for testing and asked what Dr. Stallone feels the financial impact would be to an organization like the Consortium if employers cover the cost of a vaccination. Dr. Stallone said it will likely be an employer responsibility and is doubtful there will be public funding. He said he thinks it will be counter-balanced by other liabilities pursuant to the reduced consumption of healthcare and doesn't think it will represent a net increase for businesses that are self-insured.

Mr. Stallone said they have found their partners need testing but also navigation and advisement services that a health system would be able to purvey and asked if it would be valuable to have discussion of broader things such as bringing health services to bare to allow business at-large to continue. He thinks in the future there will be demand for not only responsible and well-priced testing but navigating and escorting people and following people who may fall through the cracks. Ms. Dowd responded that access to affordable care is one of the Consortium's objectives and navigating through a pandemic falls within that. The Consortium is always helping its subscribers to get access to care and navigating care is important and valuable to the Consortium.

Mr. Cook said he worries that even in a vaccine environment testing will remain very important and noted both Cortland and Counties have a fluid student population.

Discussion of COVID-19 Impacts with Guthrie Medical Center

Jen Yartym, Guthrie Cortland Medical Center President, said from a provider-based business perspective in a pandemic they have seen a huge shift to virtual care and Telehealth

options and have had to respond quickly in order to meet the needs of the community while keeping them safe. She said although they are starting to see a slight uptick in cases there hasn't been a high number of cases in this region. She spoke of the difficulty they had in obtaining PPE (Personal Protection Equipment), the expenses they incurred related to both that staffing, and responding to the Executive Orders.

Mr. Vervalin, Guthrie Systems CEP, spoke of the impact on staffing and the associated costs. With regard to moving forward, Ms. Yartym said they have been proactively planning and working on having a 90-day supply and to ensure they have appropriate capacity required by Executive Orders. The State of Pennsylvania has been able to catch up on almost all procedures quickly. Ms. Yartym said as the community's comfort level has increased, Telemedicine has dropped back to approximately 25-30%.

With regard to government mandates and whether they have contributed to pricing changes, Ms. Yartym said as a system Guthrie has not implemented any changes to charges or in their charging methodology. Mr. Vervalin said expenses have gone up; however, they have cut costs and look at ways to control costs and do not anticipate factoring increased costs in their conversations with payers. If it becomes widely accepted by both a provider and patient, they believe Telemedicine will alter the way things are done in the future.

Ms. Drake thanked guests for taking the time to attend this meeting and speak with the Consortium.

Executive Director's Report

Prescription Drug Claims Audit

Ms. Dowd asked for approval to accept the prescription drug claims audit which was sent to members. She said there were four different areas of concern; she reviewed areas and concerns that will need to be addressed with ProAct and said there will be no plan changes.

It was MOVED by Mr. Snow, seconded by Mr. Thayer, and unanimously adopted by voice vote by members electronically present, to accept the RX audit. MOTION CARRIED.

Ms. Dowd reported on the Excellus and ProAct accumulator issue that she has been working on addressing and said with a lot of help from Steve Locey she believes the issue has now been resolved and subscribers who may have overpaid will be reimbursed shortly. In response to Ms. Drake, she said this problem impacted 20-30 employees but only a small percentage (three to five members) exceeded the out-of-pocket maximum and will be reimbursed.

She said when the Committee heard from Excellus they spoke of the three financial measures they have as goals when putting together their budget. She would like there to be more conversation by the Committee and consensus on what the Consortium's net income next year should be, what percentage reserves should be, and discussion about the risk factors. Also in the agenda packet was a quarterly report from Wilmington Trust; she said the Consortium is still experiencing some good returns due to the timing of the investment vehicles the Consortium is in but over the next year that is expected to change. Wilmington Trust communicated that they are not very positive about the next 12-18 months; they have extended an offer at the end of the next quarter to make a presentation to the Committee.

COVID-19

Ms. Dowd reported to-date, the Consortium has expended approximately \$300,000 in Covid-19 related testing and diagnosis.

TC3

Ms. Dowd reported the Operations Committee discussed TC3 and its continued late payments. She said presentations have been made presentations to both Tompkins and Cortland counties and due to cash flow difficulties they need some support from their sponsor counties. Bill Talbot and Rick Snyder think conversations are moving in a positive direction and once they secure that support their account will be brought current. In the meantime, they will be making a payment for May; their goal is to remain current. The Operations Committee talked about managing this type of situation and will be working on a policy; they didn't feel the one percent fee needed to be increased at this time.

Financial Update

Mr. Locey reviewed financial results through June 30th and stated year-to-date income shows the budget being slightly over in premium, interest income, and prescription drug rebates. With regard to expenses, medical claims were 20% below budget and prescription drug claims were 2% over budget. Total claims were \$4 million below budget through June and collectively, the Consortium was 14% below budget. Mr. Locey noted the majority of when claims were under budget was in April and May.

Mr. Locey said in 2019 monthly paid medical claims averages were \$2.37 million per month and this was about the same for the same for the first few months of 2020. In the most recent three months they were \$1.9 million. He spoke of Telehealth and said recent information from Excellus shows there was 3,094 Telehealth visits for a little over 1,800 covered members with a total cost of \$325,000. Last year there was a total of 40 Telehealth visits for 40 members with a total cost of \$996. This demonstrates the increase in Telehealth services; he noted that although there has been a slight increase in Excellus Telemedicine program, people feel more comfortable utilizing their own physicians instead of going through the Excellus program.

Mr. Locey noted there have been no large losses year-to-date.

With regard to the 2021 initial draft budget, Mr. Locey said the budget was built on a 3% rate increase over what the full premium increased would have been for 2020, bringing the income up to \$54.8 million for next year based on the current population. It also includes a one-month premium holiday at the end of the year. He referenced the budget spreadsheet and called attention to the following:

1. It includes the use of fund balance because there is a negative net income expected;
2. All of the reserves remain unchanged;
3. The unencumbered balance is left at \$11.9 million which is 21.6% of premium revenue for the year;
4. Future projections include: for 2022 there is a 5% rate increase, 6% in 2023, and 7% in 2024 and 2025; and
5. An adjustment was made to the Rate Stabilization Reserve for 2023, reducing it from 7.5% to 5% in order to provide enough income to not fall short on the cash assets position.

Mr. Locey cautioned going too low on rate in 2021 will harm the Consortium's ability to keep future rates modest.

Mr. Barber commented that he doesn't think the fund balance exists to provide cash flow as much as it is to provide the opportunities to do what is currently being considered such as the one-month premium holiday and to reduce the premium rate for municipalities due to fiscal pressures as a result of Covid-19. He said he would be interested in hearing how Directors feel about the fund balance level and what it's target should be. Ms. Dowd recalled at the last Board

meeting most Directors who spoke asked for long-term relief in lower premiums for next year and premium relief for 2020 was put back into the budget because there was funds to do that this year. It was also because there were additional Directors who reached out to her after the meeting and said they would like help in 2020 as well.

Mr. Hart said the strength of the Consortium is its financial stability. We are trying to alleviate pressures on municipal partners due to financial stress from an external circumstance in the form of a pandemic which has not affected the Consortium. When we start talking about drawing down balances and using reserves, we are drawing down finances that we have stored up for an event that is a shock to the Consortium, and this has not happened. He said there has not been a year where there has been large losses and he fears that if balances are drawn down too much the Consortium will not be as prepared for that type of event if it were to happen.

He understands and supports helping members and as a compromise suggested establishing a policy that would set a level for the unencumbered fund balance. At any time there is capital in excess of that the Consortium can accommodate a one-month holiday in that year. Mr. Hart said this could be done in 2020 by using funds not spent in 2019 and again in 2021 by drawing down the unencumbered balance. However, if that were done the Consortium would have to maintain the year-over-year increases at a flat and predictable level. He said eventually there will be a year when all of the expenses run high for some reason and the Consortium needs to be able to maintain the ability to absorb that without going back to its members and asking for a significant premium rate increase.

Mr. Locey agreed that when rate increase is too low it creates a problem that is compounded going forward. Whenever premium is taken down below where it should be it creates a deficit that will have to be made up at some point.

Mr. Hart said he will not support a budget that brings the unencumbered fund balance down to single digits. Mr. Salton and Mrs. Shawley agreed with Mr. Hart's comments and stated that bringing the rate down too low has a lasting effect. Mrs. Shawley said looking at the fund balance levels and giving back accordingly gives the Consortium more control.

Mr. Bramen asked that the Consortium be sure that member organizations and municipalities have spoken with their payroll departments because a premium holiday presents problems with implementation; he asked if credits or adjustments have been discussed with Excellus. Ms. Dowd said that conversation has not taken place. He said he is not advocating that a premium holiday not be done but questioned if there was another way.

Ms. Dowd spoke in support of establishing policies on issues like this as it will help guide future conversations. Mr. Cook said the Consortium tends to run profits and thinks it needs to be sensitive to its members and when large fund balances are accumulated that there be a mechanism to lower the fund balance by returning it back to payors.

There was consensus to move forward with incorporating into the budget a premium holiday for 2020 and including a premium rate increase that is lower than average (not zero). Mr. Cook suggested a 3% rate increase would be reasonable. Ms. Drake said she would like to try a December premium holiday this year. She could support a three percent premium rate increase for 2021 given the current situation but does not think it would be sustainable for future years.

The budget will be presented at the August meeting for a recommendation by this Committee.

Mr. Locey spoke of TC3 and it's late payments. He said the Consortium can't take any

action against TC3 as it is a component of Tompkins County and doesn't qualify as a municipal entity under the current definitions. Ms. Dowd said Jason Molino, Tompkins County Administrator, feels it is very important to keep TC3 within the Consortium and he wants to be instrumental in developing a plan for them having a plan to remain current.

Next Agenda Items

Topics for the August 25, 2020 meeting include:

Policy for returning funds to participants
TC3 accounts receivable
Finalizing 2021 Budget recommendation

Adjournment

The meeting adjourned at 5:59 p.m.



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RESOLUTION NO. - 2020 – APPROVAL OF AMENDED INVESTMENT MANAGEMENT SERVICES CONTRACT TO INCLUDE WILMINGTON TRUST INVESTMENT ADVISORS – JANUARY 1, 2020 – DECEMBER 31, 2020

WHEREAS, the Consortium has an agreement with Wilmington Trust to provide investment management services, and

WHEREAS, Wilmington Trust has determined that with regard to source of funds, investment advisory services for accounts that may contain the proceeds of municipal bond offerings or municipal escrow investments be performed by a bank affiliated entity which is an SEC registered investment advisor (an RIA), Wilmington Trust Investment Advisors, Inc. (WTIA), and

WHEREAS, Wilmington Trust has requested that that the Consortium certify that no proceeds of municipal bond offerings or municipal escrow investments are part of our portfolio and if the Consortium is not able to make this certification that the Consortium enter into a new investment advisory agreement with Wilmington Trust Investment Advisors, Inc., with no change in the total fees, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Consortium hereby amends its contract with Wilmington Trust, N.A. and enters into a contract with Wilmington Trust Investment Advisors, Inc. (WTIA), bank affiliated entity which is an SEC registered investment advisor, to provide investment advisory services,

RESOLVED, further, That the Chair of the Board is authorized to execute said contract on behalf of the Consortium.

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**RESOLUTION NO. - 2020 - ACCEPTANCE OF APPLICATION BY THE TOWN OF
CUYLER TO BECOME A PARTICIPANT IN THE GREATER
TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE
CONSORTIUM**

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Town of Cuyler has complied with membership process 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, That the Board of Directors hereby accepts and welcomes the Town of Cuyler as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2021.

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RESOLUTION NO. - 2020 - ACCEPTANCE OF APPLICATION BY THE TOWN OF CATHERINE TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

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

WHEREAS, the Town of Catherine has complied with membership process 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, That the Board of Directors hereby accepts and welcomes the Town of Catherine as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2021.

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RESOLUTION NO. - 2020 - ACCEPTANCE OF APPLICATION BY THE TOWN OF ITHACA DOWNTOWN BUSINESS IMPROVEMENT DISTRICT, INC. TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Ithaca Downtown Business Improvement District, Inc. has submitted an official resolution authorizing the Town of Ithaca Downtown Business Improvement District, Inc. to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Ithaca Downtown Business Improvement District, Inc. has complied with membership process 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, That the Board of Directors hereby accepts and welcomes the Town of Ithaca Downtown Business Improvement District, Inc. as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2021.

* * * * *

DATE: August 17, 2020
 TO: Audit and Finance Committee
 FROM: Steve Locey

We have read the e-mail string associated with the most recent discussion about the GTMCHIC’s budget and rate setting process and we offer up the following for your consideration:

1. §4705 of the New York State Insurance Law (d)(5), (6), and (7) states in summary that the Cooperative’s Board of Directors is responsible for the development of the budget and premium rates and that the Board of Directors may “...refund amounts in excess of reserves and surplus required by section four thousand seven hundred six of this article and anticipated expenses in the plan's joint funds to participating municipal corporations, or to retain such excess amounts or a portion thereof and apply such amounts in preparing the plan's budget for the following year.” We believe this language gives the Board of Directors great latitude to conduct the Consortium’s financial operations in the best way the Board sees fit. Unfortunately, this great latitude can create a number of ideas and strategies on how best to use excess funds and at what level premiums are to be established as there is no definitive right or wrong answer here as everything is based on past results and predicted outcomes.
2. We do not believe the premium rate increases approved by the New York State Department of Financial Services for small group community-rated health insurance plans should have any barring what so ever on the Consortium’s decisions as they related to its budget or premium rates each year. The following is why we believe this is not a good barometer for the Consortium:
 - a. The premium rate increases over the years have not been consistent with the Consortium’s. Please refer to the last five (5) years of premium rate actions taken by the NYS-DFS on the Excellus rate applications:

Excellus Health Plan Premium Rate Applications

Small Group PPO, EPO, and HMO Products

Premium Rate Approval Date	Requested Rate Increase			Approved Rate Increases			GTCMHIC Premium Increases
	Lowest	Highest	Weighted Average	Lowest	Highest	Weighted Average	
1/1/2020	3.60%	9.70%	6.80%	2.40%	10.60%	5.70%	5.00%
1/1/2019	-2.60%	8.90%	3.80%	-2.60%	8.90%	3.80%	5.00%
1/1/2018	-16.20%	13.50%	8.00%	-15.50%	14.40%	8.90%	4.00%
1/1/2017	-11.57%	16.23%	12.30%	-12.28%	15.30%	10.70%	5.00%
1/1/2016	-5.51%	18.70%	13.90%	-8.75%	14.64%	10.00%	3.00%

- b. The premium rate decisions made by the NYS-DFS can be based on a number of factors, including political pressure due to economic factors and circumstances that may not be directly related to the health insurance industry.
- c. Every health insurance plan is unique in terms of its demographics, enrollment size, financial condition, reserve funding, and fund balance position.
- d. The Consortium’s premium rate base is already greatly discounted as compared to the Excellus BCBS community-rated plans:

2020 Comparison of Premiums				
Benefit Plan GTCMHIC Premiums	Individual	Employee & Spouse	Employee & Child(ren)	Family
Platinum Plan	\$661.16	\$1,719.04	\$1,719.04	\$1,719.04
Gold Plan	\$571.75	\$1,486.56	\$1,486.56	\$1,486.56
Silver Plan	\$453.04	\$1,177.89	\$1,177.89	\$1,177.89
Bronze Plan	\$366.03	\$951.67	\$951.67	\$951.67
Benefit Plan Excellus Premiums	Individual	Employee & Spouse	Employee & Child(ren)	Family
Standard Platinum Plan	\$897.29	\$1,794.58	\$1,525.39	\$2,557.27
Standard Gold Plan	\$774.08	\$1,548.15	\$1,315.93	\$2,206.12
Standard Silver Plan	\$681.52	\$1,363.04	\$1,158.58	\$1,942.33
Standard Bronze Plan	\$482.05	\$964.11	\$819.49	\$1,373.85

3. There is no doubt that the easiest way to resolve a surplus issue relative to fund balance is via a premium dividend payment to the Municipal Partners. However, as we know, this strategy comes with its own set of complications for the Participating Municipalities and we also know that several Participating Municipalities have been very clear in their desire for a lower than average premium rate increase for the year. We believe the 1-month premium holiday coupled with the 3% premium increase is a “happy medium” that the majority of the Board of Directors will embrace.
4. We do also strongly support the continued discussion relative to developing a budget philosophy which includes, but may not be limited to:
 - a. Maintaining the reserve levels required by Article 47 of the NYS Insurance Law (IBNR Reserve and Surplus Account) (statutory reserves)
 - b. Maintaining the reserve levels of the additional reserves (Rate Stabilization Reserve and Catastrophic Claims Reserve) established by the Board of Directors (discretionary reserves)
 - c. Maintaining a reasonable level of fund balance for cash flow purposes to ensure the operation can “always pay the bills”.
 - d. Developing a financial strength target similar to the Risk Based Capital (“RBC”) target utilized by Excellus BCBS and other insurers.

In summary, we understand that many people will see the increases proposed by the insurers and approved by the NYS-DFS and try to draw some correlation to what the Consortium should do, but this is, in our opinion not a sound way to run the Consortium’s business operations. Health insurers are in business “to make money” and the Consortium is in business to provide a lower cost vehicle for the delivery of a key employee benefit as a result, the Consortium should have different goals and objectives when it comes to premium rate setting.

DATE: August 15, 2020
TO: Audit and Finance Committee
FROM: Rordan Hart

Now that we have discussed this issue for several months, and have heard compelling arguments on all sides of many issues, some specific and some far-reaching, I am convinced of only a few fundamental things:

- 1) The role of the GTCMHIC should be to offer stability to its membership in the area of health insurance costs only. This was the reason for the Consortium's creation, and the foundation of our mission.
- 2) Annual premium increases should be established based on, or very close to, actual claims trend experience. Any deviation from this will have long term negative consequences to the Consortium's financial stability.
- 3) Excess premiums collected should be returned to the Consortium members and their employees on a regular basis through some yet-to-be determined method but NOT through artificially lowering the annual premium increase calculation.

As with everything, the devil is in the details, but adhering to these three fundamentals will provide the greatest long-term stability to the Consortium, AND the greatest long-term benefit to the membership.

And so with the foregoing in mind, I would recommend that:

- a) 2021 premiums be increased by 5% over budgeted 2020 premiums.
- b) Excess 2020 premiums be returned to the membership either through a December premium holiday or through a discounting of 2021 premiums due (I don't have a strong opinion on which way will be easier from an administrative standpoint).
- c) The Consortium establish a policy to annually repeat (b) in any year in which premiums collected exceed paid claims by some predetermined amount.
- d) The Consortium develop a plan to reduce unencumbered fund balance to 18% of premium (also through return of premium to membership and NOT through reduction of annual premium increases) over a five year period, adjusted annually based on claims experience.

From: Tompkins County Health Consortium [<mailto:consortium@tompkins-co.org>]
Sent: Thursday, August 13, 2020 8:15 PM
To: HC Audit & Finance
Subject: Request of AFC Members from Elin Dowd

Dear Audit and Finance Committee Members:

At the last Executive Committee Meeting the premium holiday as it pertains to our 2021 budgeting process was discussed at great length. Don Barber supplied the attached to give an historical perspective of the reasoning to our previous budget preparations and the build of our fund balance. Additionally, one outcome of the meeting was a directive to the Executive Director to create a policy that represents the parameters listed below and that this practice/policy would be put in place as a means to establish a baseline of financial health (reserve and fund balances,) while also putting into place a formal mechanism for returning surplus to the member municipalities in a way that doesn't skew long term premium calculations. The policy will include:

- Maintain an unrestricted fund balance of 18% or 2.25 months of premium surplus
- Surplus Statutory Reserve 5% of expected premium revenue
- IBNR Statutory Reserve 12% of expected incurred claims
- Rate Stabilization at 7.5% of expected claims expense to mitigate premium increases to meet our mission to provide predictable or stable increases.
- Catastrophic Claims Reserve at \$4.5M to mitigate stop loss insurance deductible exposure
- Net income to remain flat or between .5% and 1.5% - at the end of each year net income will be used to fund the above accounts at policy levels and any remaining surplus will be used to *discount* monthly premium levels.

This morning Mack Cook asked that we circulate the request below to the members of the Audit and Finance Committee.

Another discussion at the Executive Committee meeting pertains to the information Chair Cook is requesting. The conversation centered around the idea of increasing premiums for 2021 at 5%, but then providing a monthly discount (method to be determined) to that rate increase. The mechanism would allow for maintaining a proper rate calculation but also allow a format to provide funds back to municipalities and employees.

Chair Cook has asked that you submit ideas prior to the meeting for us to explore. In addition to sending ideas to committee members prior to the meeting I have also asked Michelle Cocco to collect any proposals so she can also compile them in the agenda package. Please make sure and copy

Members of the Audit and Finance Committee,

At its meeting this past Tuesday the Executive Committee requested that the Audit and Finance Committee put forth from its August meeting a recommendation to the Board of Directors regarding Premium Relief. According I am tendering that the A&F Committee adopt a resolution that advocates a forbearance of members' December 2020 Premium and the adoption of a 2021 Budget with a 3% premiums increase.

I request that Committee Members with differing positions, opinion, and/or recommendations codify these in the form of alternative resolutions and forward them as soon as possible to Committee Members for their pre-meeting consideration. Each resolution so tendered will be included in the Committee's August Agenda.

I would request that each committee member come to the August meeting prepared to take definite action on this matter. Emails to all members prior to the August meeting offering input in this matter are welcomed and encourage.

By way of preparation I am providing the following data on July 2020 Local Sales Tax collections in the Consortium's service area:

	State Distribution of Local Sales Taxes			
	Jul-20			
	2019	2020	Difference	% Change
Cayuga	\$ 3,300,925	\$ 2,895,429	\$ (405,496)	-12.28%
Cortland	\$ 2,517,793	\$ 2,181,050	\$ (336,743)	-13.37%
Seneca	\$ 2,398,124	\$ 2,117,721	\$ (280,403)	-11.69%
Tompkins	\$ 4,674,529	\$ 4,052,101	\$ (622,428)	-13.32%
Ithaca	\$ 1,016,505	\$ 888,384	\$ (128,121)	-12.60%
Total	\$ 13,907,876	\$ 12,134,685	\$ (1,773,191)	-12.75%

The State experienced a 8.3% reduction in its portion of July sale taxes. This revenue loss will influence any decision to reduce State financial assistance to local governments.

I am also requesting the most current information on YTD Med and Rx claims be made available to committee Members as soon as possible prior to the August meeting.

Respectfully tendered.

Mack

Chair of Audit and Finance Committee

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August 10, 2020

Dear Executive Committee,

I suspect this could be the last year I will be sharing my experience with you. I have been involved in Consortium budget setting since 2010. A student of Steve Locey's coaching, we have discussed and massaged the numbers in many ways. This paper is an attempt, in the context of this year's budget deliberation, to share my understanding of the many variables and impacts, like compound interest, on the financial health of the Consortium. As Directors you are entrusted with making decisions to preserve and protect the Consortium. Budgeting and setting premium increases are your tools, so thinking about how the various parts fit together is important.

I know and have also experienced how daunting the budget spreadsheet looks. In a previous memo I shared why I have come to appreciate the ratio of fund balance as a percent of premium as such a strong indicator of financial health of the Consortium. This memo builds on that understanding. Budget decisions enable the business vision and financial reports its history.

The Consortium ended 2019 with a Fund Balance of \$18M which was 36% of premium, double its minimum threshold goal of 18%. To mitigate Stop-Loss premium increases by taking on more risk (which this fund balance suggests it could do) as well as retain more funds to mitigate future rate increases, the fund balance was reduced by \$4M to 26.5% of premium (150% of minimum threshold) at the start of 2020.

A. How did we get such a large fund balance? And why has it stayed high?

Questions and speculation as to how such a large fund balance was built and stubbornly stays so high need to be answered to be instructive for future decisions. The 2011 budget set premiums to create a net income of \$3M for the purpose of funding the statutory INBR from scratch. This additional net income was technically never removed from the premium increase calculation as the Consortium again posted a net income of \$3 in 2012. (Note this was by design to build a fund balance to repay municipal partners for the funds they contributed to fund the statutory Surplus Reserve while building funds to then fund the Surplus Reserve.) The additional \$3M has remained in the base for each year's premium calculation ever since. But as you will see this is just a small part of the structural budget assumptions that created net income year after year.

B. Past claims trend assumptions have a major impact on fund balance through compound interest.

With our small and with no experience, claims trend assumption was taken from national and regional trends. The claims trend for the years 2011 – 2017 was 8.85%. This chart shows the impact of 8.85% claims trend vs the current claims trend assumption of 5.45% (70% medical trending at 5.0% and 30% Rx trending at 6.5%).

Chart B

Base: 2020 of
51.5M

Year	2020	2021	2022	2023	2024	2025
------	------	------	------	------	------	------

8.85% Am't	51.5	56.06	61.02	66.42	72.30	78.70
5.45% Am't	51.5	54.31	57.27	60.39	63.68	67.15
Delta	0	1.75	3.75	6.03	8.62	11.55

The effect of compound interest chart shows that over 5 years 8.85% claims trend builds over \$11M in net income over the current 5.45% trend model. The claims trend assumption of 8.85% was the biggest contributor to large fund balances. I want to state here that once we had increased our risk pool and had several years of experience, it was prudent to reduce our trending assumptions. Please note that in recent years claims trending has been gradually reduced: 8.11% in 2018, 7.31% in 2019, and 5.45% in 2020. That said, we should not be surprised when rate of growth in fund balance declines going forward. And we should not be surprised when fund balance needs attention to maintain the preferred level.

The other factor contributing to net income above are the occasional low claim years like 2013, 2015, and 2019 and now 2020.

The other concept to explore here is appreciating the dynamics of Consortium budget is: compound interest. The chart above shows the impact of compound interest, for claims trending of 5.45%, claims increase by \$15.65M in 5 years.

C. Other Expenses and Total Expenses impacted by compound interest.

Current budget assumptions show that all other expenses increase by ~4.7% annually. The table below shows these expenses impacted by compound interest and with 5.45% claim trend added in the bottom row:

Chart C

Other Expenses

Base: \$2.92M w/ 4.7% trend

Year	2020	2021	2022	2023	2024	2025
Other Expenses	2.92	3.06	3.20	3.35	3.51	3.67
Total Claims & Other	54.42	57.36	60.47	63.74	67.19	70.82
Percentage growth		5.41%	5.41%	5.41%	5.41%	5.41%

Under these assumptions, total expenses grow at 5.41% compound interest rate. When one uses 5.4% premium rate increases in the budget spreadsheets, the Consortium's financial position remains stable over time.

D. Reserves growth is a liability that must also be included in budget deliberations.

However, this is not the total story of impact on fund balance. After net income, the Consortium must still fund its statutory reserves and, until otherwise decided, fund its discretionary reserves (Rate Stabilization and Catastrophic Claims). All of these reserves, except CCR, are tied to claims and premium, and thus reserves impacted by compound interest. This chart shows that impact. Please note that CCR remains stable at \$4.5M and this calculation assuming premiums increase at 5% and claims trend at 5.45%.

Chart D

Change in Reserves 5% scenario

IBNR @ 12% claims, RSR @ 7.5% claims, CCR \$4.5M, Surplus @ 5% premium

Base	\$15.91M					
Year	2020	2021	2022	2023	2024	2025
Amount	17.19	17.87	18.59	19.34	20.14	20.98

E. Annual Premium growth requires similar growth in Fund Balance Goal

Assuming the Fund Balance Goal remains at 18% of total annual premium (2 months), the fund balance needs to grow each year. This calculation assumes 5% premium growth rate:

Chart E

5% premium inc		5.0%	5.0%	5.0%	5.0%	5.0%
Year	2020	2021	2022	2023	2024	2025
5% annual increase	53	55.65	58.43	61.35	64.42	67.64
FB goal of 18%	9.54	10.02	10.52	11.04	11.60	12.18
Growth in FB		0.48	0.50	0.53	0.55	0.58

F. Bringing Claims trend, Reserves, and Rate Increases Together

Chart F, shows year 5 net income is -\$1.28M. Having negative net income in future years has been in our proforma calculations in the past and should not be of great concern. Because the 5.45% claims trend appears to be conservative, so we would expect positive net incomes in most years, albeit less than historic numbers, which grow the fund balance to counter the loss of net income. The chart below shows the stripped-down budget worksheet, consolidating most lines into major titles, resulting in the fund balance calculation at the bottom. Please note the 2020 claims number comes from the 6/30/20 budget worksheet, but in 2021 returns to trend.

Chart F

5% premium increase		5.0%	5.0%	5.0%	5.0%	5.0%
Year	2020	2021	2022	2023	2024	2025
5% annual increase	53	55.65	58.43	61.35	64.42	67.64
Total Revenue (Prem+\$1.9M)	54.9	57.55	60.33	63.25	66.32	69.54
Total Expenses	50.82	57.36	60.47	63.74	67.19	70.82
Net Income	0.48	0.19	-0.13	-0.48	-0.87	-1.28
Growth in Reserves	0.00	0.68	0.72	0.75	0.80	0.84
Fund Balance	18.48	17.99	17.14	15.90	14.23	12.12
FB as % of premium	35%	32%	29%	26%	22%	18%

G. Impact of 3% Rate increase in 2021

Let's examine the impact of a next year 3% rate increase on subsequent years. Note that expenses would be expected to increase unabated. The chart below shows that 3% premium increase produces \$1M less revenue than 5%. With premium increases at 5% in subsequent years, the \$1M lag is structural and continues to eat away at fund balance. Due to compound interest, an additional \$1.3M of loss income (now \$2.6M total loss of income) is found in from year 5 (5% scenario). In the chart below, at year 5, the fund balance is at 9% of premium. To mitigate this, rate increases for 2022 through 2025 would be at 6%. This exercise shows that a discipline of 5% provides predictable and stable premium increases.

Chart G

5% premium inc	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Year	2020	2021	2022	2023	2024	2025
5% annual increase	53	54.59	57.32	60.19	63.19	66.35
Total Revenue (Prem+\$1.9M)	54.9	56.49	59.22	62.09	65.09	68.25
Total Expenses	50.82	57.36	60.47	63.74	67.19	70.82
Net Income	0.48	-0.87	-1.25	-1.65	-2.09	-2.57
Growth in Reserves	0.00	0.68	0.72	0.75	0.80	0.84
Fund Balance	18.48	16.93	14.96	12.55	9.67	6.26
FB as % of premium	35%	31%	26%	21%	15%	9%

H. Impact of 2020 One Month Premium Holiday

Finally let's examine the impact of one-month premium holiday on fund balance. Comparing to the chart F above, the loss of net income in 2020 reduces fund balance as a percent of premium from 35% to 27%. This of course impacts this ratio for subsequent years making rate increases of 6% necessary in 2023 - 2025 to maintain the 18% goal.

Chart H

Year	2020	2021	2022	2023	2024	2025
5%+ 2020 premium holiday	48.8	55.65	58.43	61.35	64.42	67.64
Total Revenue (Prem+\$1.9M)	50.7	57.55	60.33	63.25	66.32	69.54
Total Expenses	50.82	57.36	60.47	63.74	67.19	70.82
Net Income	-0.12	0.19	-0.13	-0.48	-0.87	-1.28
Growth in Reserves	0.00	0.68	0.72	0.75	0.80	0.84
Fund Balance	14.3	13.81	12.96	11.72	10.05	7.94
FB as % of premium	27%	25%	22%	19%	16%	12%

In summary, how we have come to such a large fund balance should no longer be a mystery. While variability in claim activity should never be minimized, our risk pool is getting large enough to trust our numbers. This memo shows that the impacts of compound interest, claims trend assumption, and reserve growth, balanced with premium rate increases, are the tools for piloting the ship. When premium rate increases match expense growth, 5.4% annually, these models show stable financial sailing into the future.

That said, because the claims trend of 5.45% is still a conservative trend assumption. 5% premium rate increases should be the annual target in our minds. Should we consider rate

increases less than 5%, we should be prepared in subsequent years to make premium rate increases greater than 5% to compensate. Even for a banner year, like 2020 is shaping up to be, a 3% increase impacts options for subsequent years.

Premium holiday has a similar impact to one-time rate reduction. It seems clear to me that the Consortium cannot be considering both at this time. If the Board chooses one, it should be recognized that the fund balance will be negatively impacted in subsequent years. And that rate increases greater than 5% become a very real possibility. Depending of course on actual claim amounts and specifically high cost claim activity, net income could exceed budget and build fund balance.

If you were to ask me, I would choose premium holiday because the decision to pull the trigger can be made farther down the year with more claims data in hand. I fully appreciate that this requires additional effort with payroll departments, which I don't want to minimize. It would be my hope that these department work together to share ideas on mechanisms for accomplishing this task.

Thank you for considering these ideas. Please contact me if I have not explained things well enough. I realize that I am at a different point in budget conceptualization than you.

Sincerely,

Don Barber - Executive Consultant
Greater Tompkins County Municipal Health Insurance Consortium



Greater Tompkins County Municipal Health Insurance Consortium

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

RESOLUTION NO. - 2020 – RECOMMENDATION THAT CONSORTIUM BOARD OF DIRECTORS ADOPTION OF BUDGET GUIDELINES

WHEREAS, the Consortium's vision statement reads: The Greater Tompkins County Municipal Health Insurance Consortium is an efficient inter-municipal cooperative that provides high-quality, cost stable health insurance for members and their employees and retirees, and

WHEREAS, each year the Consortium adopts a budget with a five-year projection which envisions fairly stable rate increases in subsequent years, and

WHEREAS, the Consortium desires to comprehensively state guidelines for sound fiscal management by articulating a budget philosophy with the anticipated level of reserves, fund balance and mechanism to return excess fund balance to establish a practice going forward which is prudent in establishing a baseline of financial health, and

WHEREAS, the reserves held by the Consortium are the cash assets assigned to cover a direct liability or to assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. In recent years, these cash assets have also been a source of revenue through the interest earned to the Consortium which has allowed the Consortium to hold premium increases down. The Consortium has historically maintained the following reserves according to these definitions:

INCURRED BUT NOT REPORTED (IBNR) CLAIMS LIABILITY RESERVE

The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims.

SURPLUS ACCOUNT

The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.

Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.

RESOLUTION NO. - 2020 – RECOMMENDATION THAT CONSORTIUM BOARD OF DIRECTORS ADOPTION OF BUDGET GUIDELINES

CATASTROPHIC CLAIMS RESERVE

This reserve was established by the Consortium's Board of Directors resolution #06-2014 to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce premium. It is agreed that the Consortium's risk pool is of adequate size that it can absorb an increase in Specific Stop-Loss Deductible without damaging the financial integrity of the Consortium with the Catastrophic Claims Reserves serving as a backstop. In subsequent years, certain subscribers were "lasered" by the Stop-Loss insurer. The Consortium also raised the amount in the Catastrophic Claims Reserves for that additional risk exposure. For the 2020 fiscal year the Board of Directors, resolution #09-2020 agreed to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000. It also agreed to transfer funds from this reserve quarterly to cover any claims in the captive layer between \$500,000 and \$1,000,000; and interest earned by this reserve shall be maintained within the reserve. It was recognized that this decision created a sizeable increase in the risk exposure to the Plan. To mitigate this exposure, the Board of Directors made the decision to increase the Catastrophic Claims Reserve to \$4,500,000 for the 2020 Fiscal Year.

RATE STABILIZATION RESERVE

Resolution #10-2020 established the Rate Stabilization Reserve to sustain predictable and stable premium increases at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.

These funds may be used to establish a multiple year plan to maintain stable premium rate increases.

WHEREAS, in addition to the reserves the Consortium wishes to maintain an unencumbered fund balance at 18% of premium for cash flow purposes, and

WHEREAS, each year the Consortium will create a budget that creates a target net income of 2%. 1% to fund structural reserves increases of approximately 5%/year and 1% to maintain the 18% threshold for our unencumbered fund balance which also increases approximately 5%/year, and

WHEREAS, Section L(5) of the Municipal Cooperative Agreement allows The Board, in its sole discretion, may refund amounts in excess of reserves and surplus, or retain such excess amounts and apply these amounts as an offset to amounts projected to be paid under the next Plan Year's budget, and

WHEREAS, in accordance with Section L5 of the MCA, excess net income can be considered to be returned to the Consortium members and their employees through targeted premium relief, but not through annual premium increase significantly below the claims trend assumption. Now Therefore Be It

RESOLVED, on recommendation of the Audit and Finance Committee, That the Consortium shall establish a practice of establishing the annual premium increase equal to, or very close to, actual claims trend experience analysis and include the following targets when establishing its annual budget:

- Maintain the reserve levels required by Article 47 of the NYS Insurance Law (IBNR Reserve and Surplus Account) (statutory reserves)

RESOLUTION NO. - 2020 – RECOMMENDATION THAT CONSORTIUM BOARD OF DIRECTORS ADOPTION OF BUDGET GUIDELINES

- Maintain the reserve levels of the additional reserves (Rate Stabilization Reserve and Catastrophic Claims Reserve) established by the Board of Directors (discretionary reserves)
- Maintain an unencumbered fund balance at 18% of premium through at least year four (4) of the proforma calculation
- Set the annual budget to accomplish a two percent (2%) net income level adequate to fund reserves and the unencumbered fund balance

RESOLVED, further, the Board of Directors may annually consider premium reduction for subsequent year(s) to refund excess amounts of reserves and fund balance over budget targets through a premium reduction mechanism that may be in full monthly increments or partial monthly increments or other mechanisms, but not a reduction in premium increase that is significantly below the claims trend assumption.

WHEREAS, the Consortium’s vision statement reads: The Greater Tompkins County Municipal Health Insurance Consortium is an efficient inter-municipal cooperative that provides high-quality, cost stable health insurance for members and their employees and retirees, and

WHEREAS, each year the Consortium drafts an annual budget with a five-year projection for Board approval, and

WHEREAS, the Consortium desires to create a practice of sound fiscal management when it comes to budget recommendations and establishing premiums for its members. Therefore, articulating a budget philosophy with the anticipated level of reserves, fund balance and mechanism to return excess premium/fund balance as a practice going forward is prudent in establishing a baseline of financial health, and

WHEREAS, the reserves held by the Consortium are the cash assets which have been assigned to cover a direct liability or to assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. These cash assets have also been a source of revenue through the interest earned to the Consortium which has allowed the Consortium to hold premium increases down in previous years. The Consortium has historically maintained the following reserves and wishes to continue reserving according to the following definitions:

INCURRED BUT NOT REPORTED (IBNR) CLAIMS LIABILITY RESERVE

The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims.

SURPLUS ACCOUNT

The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.

Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve

RESOLUTION NO. - 2020 – RECOMMENDATION THAT CONSORTIUM BOARD OF DIRECTORS ADOPTION OF BUDGET GUIDELINES

is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.

CATASTROPHIC CLAIMS RESERVE

This reserve was established by the Consortium’s Board of Directors to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce expenses. It was agreed that the Consortium’s risk pool is so substantial in size that it can absorb a significant number of large losses without damaging the financial integrity of the Consortium. For the 2020 fiscal year the Board of Directors agreed to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors made the decision to fund this reserve at an amount equal to \$4,500,000 for the 2020 Fiscal Year.

RATE STABILIZATION RESERVE

The Rate Stabilization Reserve was established to sustain predictable and stable premium increases at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.

These funds would be used to “bridge the gap” during an associated hyper-inflationary period relative to paid claims allowing the Board of Directors to establish a multiple year plan to adjust revenue (premiums) and prevent a significant increase in premium rates.

WHEREAS, in addition to the reserves the Consortium wishes to maintain an unencumbered fund balance at 18% of premium for cash flow purposes, and

WHEREAS, each year the Consortium will create a budget that creates a net income of 1 – 2% to fund said reserves and maintain the 18% threshold for our unencumbered fund balance, and

WHEREAS, Section L(5) of the Municipal Cooperative Agreement allows The Board, in its sole discretion, may refund amounts in excess of reserves and surplus, or retain such excess amounts and apply these amounts as an offset to amounts projected to be paid under the next Plan Year’s budget, and

WHEREAS, excess premiums collected should be returned to the Consortium members and their employees on a regular basis through an easily administered premium holiday, but not through artificially lowering the annual premium increase calculation, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Consortium shall establish a practice of establishing an annual premium increase based on, or very close to, actual claims trend experience and market trend analysis and include the following targets when establishing its annual budget:

- Maintain the reserve levels required by Article 47 of the NYS Insurance Law (IBNR Reserve and Surplus Account) (statutory reserves)
- Maintain the reserve levels of the additional reserves (Rate Stabilization Reserve and Catastrophic Claims Reserve) established by the Board of Directors (discretionary reserves)

**RESOLUTION NO. - 2020 – RECOMMENDATION THAT CONSORTIUM BOARD OF
DIRECTORS ADOPTION OF BUDGET GUIDELINES**

- Maintain a reasonable level of unencumbered fund balance at 18% of premium for cash flow purposes
- Set the annual budget to accomplish a two percent (2%) net income level adequate to fund reserves and the unencumbered fund balance

RESOLVED, further, to create an annual premium holiday or another mechanism to refund amounts in excess of reserves and fund balance targets in any year that the unencumbered fund balance exceeds 18% of premium. The mechanism may include a five-year refund period, adjusted annually based on claims experience.

Greater Tompkins County Municipal Health Insurance Consortium
Budget Code Key

Budget Code	Income Budget Item Name	Income Budget Item Description
6000	Medical Plan Premium Revenue	Premiums Received from Participating Municipalities, Inclusive of Employee and Retiree Contributions, for the Various GTCMHIC Hospital, Medical, and Surgical Benefit Plans
6010	Prescription Drug Plan Premium Revenue	Premiums Received from Participating Municipalities, Inclusive of Employee and Retiree Contributions, for the Various GTCMHIC Prescription Drug Benefit Plans
9000	Ancillary Benefit Plan Premiums	Premiums Received from Participating Municipalities for the CSEA Dental, CSEA Vision, Lincoln Financial Life Insurance, Lincoln Financial AD&D Insurance, and/or the Union Legal Services Plan
9010	Rx Rebates	Pharmaceutical Manufacturer Rebate Payments Received by the Consortium from the Prescription Benefit Manager (PBM)
9020	Interest Income	Total Interest Income Earned on the Entire Investment Portfolio of GTCMHIC Net Cash Assets which Include the Consortium's Statutory Reserves, Discretionary Reserves, and Unrestricted Net Cash Assets
9021	Tompkins Trust Company	Interest Income Earned on GTCMHIC Unrestricted Fund Balance Amounts Invested in Various Bank Accounts at Tompkins Trust Company
9022	First Niagara Bank	Interest Income Earned on GTCMHIC Unrestricted Fund Balance Amounts Invested in Various Bank Accounts at First Niagara Bank
9023	M&T Bank	Interest Income Earned on GTCMHIC Unrestricted Fund Balance Amounts Invested in Various Bank Accounts at M&T Bank
9024	Wilmington Trust Investment - Unrestricted	Interest Income Earned on GTCMHIC Unrestricted Fund Balance which Includes the GTCMHIC Discretionary Rate Stabilization Reserve Fund via Various Investment Accounts at Wilmington Trust
9025	Wilmington Trust Investment - IBNR	Interest Income Earned on GTCMHIC Statutory IBNR Reserve Fund [\$4706 (a)(1)] via Various Investment Accounts at Wilmington Trust
9026	Wilmington Trust Investment - Capital Surplus	Interest Income Earned on GTCMHIC Statutory Capital Surplus Fund [\$4706 (a)(5)] via Various Investment Accounts at Wilmington Trust
9027	Wilmington Trust Investment - Catastrophic Claims	Interest Income Earned on GTCMHIC Discretionary Catastrophic Claims Reserve Fund [\$4706 (a)(5)] via Various Investment Accounts at Wilmington Trust
9030	Other Income	Any Miscellaneous Revenue Taken in by the GTCMHIC Where There is No Related Budget Code
9035	Finance Charge Income	
9040	Stop-Loss Claim Reimbursements	Amounts Received for Claims Made Against the GTCMHIC's Aggregate and/or Specific Stop-Loss Insurance Policies
	Capitalization Investment	The Amount of Money Paid by Municipal Partners to Fund the Statutory Capital Surplus Fund [\$4706 (a)(5)]
	Total Income	The Sum of GTCMHIC Revenues Received During the Time Period

Expenses	Expense Budget Item Name	Expense Budget Item Description	Expense Grouping	Expense Grouping Name
8090	Medical Paid Claims	Hospital, Medical, and Surgical Claims Paid by the Third-Party Administrator (Currently Excellus BlueCross BlueShield)	1	Medical and Rx Paid Claims
	Advance Deposit / Pre-Paid Claims	Money Paid to Medical Plan Claims Third-Party Administrator (Currently Excellus BlueCross BlueShield) to Cover Lag in Billing Process - Fund Equals 1-Week of Paid Claims		
8120	Rx Paid Claims - ProAct	Pharmaceutical Claims Paid by the Prescription Benefit Manager (Currently ProAct, Inc.) for Pharmaceuticals Dispensed at a Retail or Mail-Order Pharmacy		
8121	Rx Paid Claims - CanaRx	Pharmaceutical Claims Paid by the International Prescription Benefit Manager (Currently CanaRx) for Pharmaceuticals Dispensed by the International Mail-Order Pharmacy		
8084	Flu Clinic Fees	Expenses Incurred for the Direct Delivery of the Flu Vaccine at Consortium Sponsored Flu Clinics	2	Claims Administration Fees
8050	Medical Admin Fees	Administrative Fees Charged by the Medical Plan Claims Third-Party Administrator (Currently Excellus BlueCross BlueShield)		
8093	Excellus ITS Fees	BlueCross BlueShield Interplan Transfer Services (ITS) Fees for Adjudication of BlueCard Claims		
	Rx Admin Fees	Administrative Fees Charged by the Prescription Benefit Management (PBM) Company (Currently ProAct, Inc.)	3	Federal and State Taxes/Fees
8091	NYS Covered Lives Assessment (Graduate Medical Ed. Pool)	A Per Covered Life Contribution (Tax) Paid to the State of New York Graduate Medical Education Pool		
9060	ACA PCORI Fee	A Per Covered Life Fee (Tax) Paid to the Federal Government to Fund the Patient-Centered Outcomes Research Institute		
8115	ACA Transitional Reins. Program Fee	A Per Covered Life Fee (Tax) Paid to the Federal Government to Fund the National Reinsurance Pool to Help Stabilize Health Insurance Premium Costs for Small Group and Individual Plans	4	Stop-Loss Insurance
8110	Specific Stop-Loss Insurance (Budget)	This Expense Line is Reserved to Estimate the Premium Value of a \$500,000 Deductible Specific Stop-Loss Insurance Policy (It is NOT Included in the Year-to-Date Expense Totals)		
	Specific Stop-Loss Insurance (Actual)	This Expense Line is for the Actual Specific Stop-Loss Insurance Premium for the Current \$1 Million Deductible Policy		
	Aggregate Stop-Loss Insurance		5	Professional Services
8000	Accounting Fees	Certified Public Accounting Fees Associated with the Completion of the Consortium's Quarterly and Annual Financial Reports to the New York State Department of Financial Services		
8010	Actuarial Fees	Actuarial Fees Associated with the Consortium's Required Actuarial Attestations and the Fees Associated with GASB 75 Liability Analyses Conducted for Participating Municipalities		
8020	Audit Fees (Financial)	Certified Public Accounting Fees Associated with the Annual Financial Audit of the Consortium's Books and Records		
	Audit Fees (Claims)	Professional Services Fees Charged for the Audit of Medical and/or Pharmacy Claims		
8055	Consultant Fees (Barber + Others)	Professional Services Fees Paid to Consortium's Executive Consultant (Currently Donald Barber)		
8030	Consultant Fees (L&C)	Professional Services Fees Paid to the Consortium's Employee Benefits Consultant (Currently Locey & Cahill, LLC)		
	Consultant Fees (Retirement Plan Review)			
8070	Legal Fees	Attorney Fees and Expenses Paid to the Consortium's Legal Counsel (Currently Hancock Estabrook, LLP)		
8043	Wellness Coordinator Fees			
66001	Executive Director Salary			
66002	Fringe Benefits			
66003	Clerk of the Board Salary			
66004	Admin/Comp Asst. Salary			
8060	Insurances (D&O / Prof. Liability)			
8041	Internal Coordination (Finance)			
8042	Internal Coordination (Support)			
8040	Internal Coordination Fees (Other)			
8045	Internal Coordination (Town of Ithaca)			

8044	Internal Coordination (IT Support)			
9063	Marketing Expenses			
9053	Investment Management Services			
9050	Ancillary Benefit Premiums		7	Ancillary Benefit Premiums
8150	Supplies Expense			
8151	Computer Equipment			
8152	Lease Expense / Parking Fees			
8153	Mileage- Travel Expenses		8	Other/Miscellaneous Fee
9060	Other Expenses / Supplies			
	Payment Refund			
	<i>Capitalization Repayment</i>			
Total Expenses				

<i>Expenses</i>	Expense Budget Item Name	Expense Budget Item Description
	<i>Net Income</i>	
	<i>Ending Balance</i>	
	<i>Liabilities and Reserves</i>	
	IBNR Reserve	
	Surplus Account	
	Claims / Rate Stabilization Reserve	
	Catastrophic Claims Reserve	
	Total Liabilities and Reserves	
	<i>Unencumbered Fund Balance</i>	

Greater Tompkins County Municipal Health Insurance Consortium
2020 - 2025 Fiscal Year Budget Projections (cash basis)

																	5.00%	5.00%	6.00%	7.00%	7.00%
																	as of 06/30/2020				
	Actual Results 2011 Fiscal Year	Actual Results 2012 Fiscal Year	Actual Results 2013 Fiscal Year	Actual Results 2014 Fiscal Year	Actual Results 2015 Fiscal Year	Actual Results 2016 Fiscal Year	Actual Results 2017 Fiscal Year	Actual Results 2018 Fiscal Year	Actual Results 2019 Fiscal Year	Actual Results 2020 Fiscal Year	Projected Budget 2020 Fiscal Year	Updated Budget 2020 Fiscal Year	Projected Budget 2021 Fiscal Year	Projected Budget 2022 Fiscal Year	Projected Budget 2023 Fiscal Year	Projected Budget 2024 Fiscal Year	Projected Budget 2025 Fiscal Year				
Average Covered Lives	4,400	4,448	5,077	5,012	5,027	5,063	5,172	5,201	6,199	6,295	6,199	6,295	6,295	6,295	6,295	6,295	6,295				
Beginning Balance	\$0.00	\$4,089,400.96	\$7,072,226.28	\$12,419,924.72	\$16,021,219.50	\$22,679,643.82	\$23,941,077.28	\$27,367,672.04	\$26,575,630.00	\$30,971,196.85	\$30,971,196.85	\$30,971,196.85	\$34,704,956.09	\$29,850,253.72	\$28,372,926.05	\$27,608,060.44	\$27,464,454.01				
Income	\$26,035,368.00	\$28,567,618.73	\$34,457,014.15	\$36,065,655.25	\$37,587,352.74	\$38,519,955.42	\$40,774,492.36	\$42,401,705.53	\$50,296,735.62	\$52,745,788.78	\$52,745,788.78	\$52,745,788.78	\$58,383,078.22	\$58,152,232.13	\$61,641,366.05	\$65,956,261.68	\$70,573,200.00				
Medical and Rx Plan Premiums													\$58,383,078.22	\$58,152,232.13	\$61,641,366.05	\$65,956,261.68	\$70,573,200.00				
9000 Ancillary Benefit Plan Premiums	\$89,240.70	\$98,742.67	\$117,045.48	\$127,863.91	\$126,531.86	\$131,974.20	\$145,643.24	\$150,959.06	\$150,527.92	\$156,101.14	\$156,101.14	\$156,101.14	\$156,101.14	\$156,101.14	\$156,101.14	\$156,101.14	\$156,101.14				
9010 Interest	\$6,965.50	\$4,733.71	\$7,726.92	\$12,640.97	\$13,526.09	\$16,513.02	\$17,902.15	\$21,937.59	\$46,101.14	\$446,554.34	\$446,554.34	\$446,554.34	\$555,279.30	\$477,604.06	\$455,965.82	\$441,728.97	\$439,431.26				
9010 Rx Rebates	\$0.00	\$445,885.83	\$254,848.24	\$274,763.58	\$686,015.03	\$709,434.35	\$1,627,727.17	\$1,308,285.17	\$1,597,414.28	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00				
9040 Stop-Loss Claim Reimbursements	\$0.00	\$1,055,847.97	\$75,613.28	\$185,043.15	\$242,573.70	\$3,451.40	\$446,891.08	\$3,451.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
9035 Finance Charge Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
9090 Other	\$339,872.80	\$309,233.39	\$179,894.50	\$6,923.54	\$1,091.25	\$5,091.25	\$2,823.23	\$5,400.24	\$10,640.45	\$5,304.50	\$5,304.50	\$5,304.50	\$5,463.64	\$5,663.64	\$5,970.26	\$6,149.37	\$6,149.37				
Capitalization Investment	\$1,225,236.00	\$1,224,149.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
Total Income	\$27,695,083.00	\$29,427,812.54	\$36,067,521.75	\$36,963,362.33	\$38,600,460.42	\$39,625,562.04	\$42,566,275.88	\$44,335,176.69	\$52,523,878.81	\$54,597,647.62	\$54,597,647.62	\$54,597,647.62	\$52,843,821.15	\$60,035,463.73	\$63,501,129.24	\$67,803,960.91	\$72,418,700.63				
Expenses	\$15,587,829.03	\$18,085,105.63	\$21,606,445.39	\$22,603,649.97	\$22,921,951.79	\$25,063,338.28	\$26,266,546.23	\$29,703,463.95	\$31,928,669.77	\$37,198,413.76	\$33,485,073.94	\$39,058,434.44	\$41,011,351.17	\$43,061,813.72	\$45,214,904.41	\$47,475,649.63	\$49,475,649.63				
Advances Deposit / Pre-Paid Claims	\$718,000.00	\$801,600.00	\$1,090,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$113,700.00	\$113,700.00	\$113,700.00	\$113,700.00	\$113,700.00	\$113,700.00	\$113,700.00	\$113,700.00				
1 R120 Rx Paid Claims - ProAct	\$6,504,972.43	\$6,683,363.26	\$6,881,127.63	\$7,741,246.26	\$8,513,468.25	\$10,645,984.27	\$11,159,793.13	\$10,863,475.35	\$12,835,335.59	\$14,099,165.32	\$14,145,913.82	\$15,206,857.32	\$16,347,371.66	\$17,573,424.53	\$18,891,431.37	\$20,308,288.73	\$20,308,288.73				
R121 Rx Paid Claims - CataRx	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$164,063.30	\$173,707.00	\$179,959.49	\$179,959.49	\$193,456.46	\$207,965.69	\$223,563.12	\$240,330.35	\$258,355.13				
0084 Flu Clinic Fees	\$0.00	\$0.00	\$0.00	\$8,575.00	\$6,075.00	\$6,125.00	\$6,480.00	\$6,600.00	\$13,270.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00				
0097 Medical Admin Fees	\$635,499.09	\$710,466.20	\$844,848.88	\$876,163.66	\$912,356.19	\$958,835.65	\$1,015,646.99	\$1,082,657.64	\$1,278,736.13	\$1,326,646.30	\$1,326,646.30	\$1,326,646.30	\$1,366,445.68	\$1,407,439.05	\$1,449,662.23	\$1,493,152.09	\$1,537,946.66				
8092 Excelsior/ITS Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,249.84	\$2,956.67	\$2,956.67	\$2,956.67	\$2,956.67	\$2,956.67	\$2,956.67	\$2,956.67	\$2,956.67				
Rx Admin Fees	\$142,368.35	\$147,348.58	\$73,348.36	\$73,348.36	\$79,130.00	\$85,035.00	\$83,611.02	\$85,978.61	\$173,652.11	\$164,664.95	\$164,664.95	\$169,604.89	\$174,693.04	\$179,933.83	\$185,331.85	\$190,891.80	\$190,891.80				
0091 NYS Covered Lives Assessment	\$188,960.00	\$208,358.96	\$233,822.97	\$241,281.61	\$237,220.98	\$259,070.84	\$248,694.28	\$237,553.45	\$330,434.00	\$348,095.65	\$348,095.65	\$365,500.44	\$383,775.46	\$402,964.23	\$423,112.44	\$444,268.06	\$444,268.06				
0060 ACA PCORI Fee	n/a	n/a	\$4,448.00	\$10,252.46	\$10,431.20	\$10,902.08	\$11,442.38	\$12,361.08	\$12,742.45	\$17,130.53	\$17,987.06	\$18,886.41	\$19,830.74	\$20,822.27	\$20,822.27	\$20,822.27	\$20,822.27				
0112 ACA Transitional Reins. Program Fee	n/a	n/a	n/a	\$221,320.00	\$136,512.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
Specific Stop-Loss Insurance (Budget)	\$359,003.40	\$311,346.57	\$53,206.69	\$648,053.59	\$375,201.18	\$700,056.79	\$669,388.38	\$442,185.54	\$639,190.30	\$762,505.96	\$762,505.96	\$876,881.85	\$1,008,414.13	\$1,159,676.25	\$1,333,627.68	\$1,533,671.84	\$1,533,671.84				
8110 Specific Stop-Loss Insurance (Actual)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$258,603.00	\$264,636.00	\$264,636.00	\$304,331.40	\$402,478.28	\$462,850.02	\$532,277.52	\$532,277.52					
Aggregate Stop-Loss Insurance	\$25,389.12	\$50,019.84	\$60,312.96	\$72,730.80	\$66,879.12	\$67,430.88	\$69,431.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
Accounting Fees	\$0.00	\$0.00	\$0.00	\$58,599.48	\$23,940.00	\$20,335.00	\$19,672.50	\$25,811.25	\$30,275.00	\$30,800.00	\$30,800.00	\$31,724.00	\$32,675.72	\$33,655.99	\$34,665.67	\$35,705.64	\$35,705.64				
0012 Actuarial Fees	\$0.00	\$0.00	\$0.00	\$10,000.00	\$10,000.00	\$18,750.00	\$18,750.00	\$18,750.00	\$18,750.00	\$18,750.00	\$18,750.00	\$18,750.00	\$18,750.00	\$18,750.00	\$18,750.00	\$18,750.00	\$18,750.00				
0029 Audit Fees (Financial)	\$0.00	\$12,000.00	\$37,027.19	\$29,800.00	\$50,700.00	\$74,082.24	\$88,027.62	\$10,800.00	\$34,325.00	\$10,800.00	\$12,000.00	\$12,000.00	\$12,360.00	\$12,360.00	\$12,730.80	\$12,730.80	\$13,112.72				
Audit Fees (Claims)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25,500.00	\$40,000.00	\$40,000.00	\$41,200.00	\$42,436.00	\$42,436.00	\$43,709.08	\$43,709.08					
0053 Consultant Fees (Barber + Others)	\$0.00	\$0.00	\$0.00	\$14,351.25	\$24,932.45	\$27,745.94	\$33,737.05	\$49,900.62	\$33,659.06	\$56,135.00	\$56,135.00	\$25,730.00	\$57,819.05	\$26,522.50	\$59,555.62	\$27,318.18	\$27,318.18				
0030 Consultant Fees (Retirement Plan Review)	\$0.00	\$58,612.68	\$114,110.74	\$63,501.70	\$69,940.90	\$56,084.00	\$56,700.00	\$87,097.03	\$84,000.00	\$87,550.00	\$87,550.00	\$90,176.40	\$92,881.80	\$95,668.24	\$98,538.30	\$101,494.45	\$101,494.45				
0070 Legal Fees	\$0.00	\$82.50	\$220.00	\$6,201.25	\$17,149.37	\$6,745.00	\$7,178.66	\$13,862.50	\$9,885.67	\$12,000.00	\$12,000.00	\$12,360.00	\$12,730.80	\$13,112.72	\$13,506.11	\$13,911.29	\$13,911.29				
0042 Wellness Coordinator Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$23,701.25	\$24,000.00	\$24,000.00	\$25,750.00	\$26,522.50	\$27,318.18	\$28,137.72	\$28,981.85	\$28,981.85				
0007 Executive Director Salary	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$64,038.49	\$92,000.00	\$92,000.00	\$94,740.00	\$97,602.80	\$100,530.88	\$103,546.81	\$106,652.21	\$106,652.21				
0002 Fringe Benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24,265.83	\$36,000.00	\$36,000.00	\$37,980.00	\$39,940.00	\$41,880.00	\$43,800.00	\$45,700.00	\$45,700.00				
60003 Clerk of the Board Salary	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,444.50	\$36,000.00	\$36,000.00	\$37,080.00	\$38,192.40	\$39,338.17	\$40,518.32	\$41,733.87	\$41,733.87				
60004 Admin/Comp. Asst. Salary	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,732.20	\$51,000.00	\$51,000.00	\$51,000.00	\$52,500.00	\$54,000.00	\$55,500.00	\$57,000.00	\$57,000.00				
Benefits Specialist	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
0060 Insurance (D&O) / Prof. Liability	\$22,211.00	\$21,139.41	\$23,211.00	\$53,116.40	\$28,159.80	\$30,902.74	\$33,139.11	\$33,139.11	\$40,113.62	\$41,317.03	\$41,317.03	\$45,448.73	\$49,992.97	\$54,492.26	\$59,042.26	\$63,541.49	\$66,541.49				
8041 Internal Coordination (Finance)	\$88,269.07	\$35,323.92	\$36,171.78	\$0.00	\$0.00	\$35,537.03	\$40,620.13	\$51,541.31	\$63,497.96	\$68,660.00	\$68,660.00	\$85,000.00	\$87,530.00	\$90,176.50	\$92,881.80	\$95,668.25	\$95,668.25				
8042 Internal Coordination (Support)	\$0.00	\$4,574.70	\$10,462.47	\$0.00	\$36,578.97	\$14,198.00	\$18,032.00	\$22,464.30	\$14,859.40	\$16,800.00	\$16,800.00	\$16,974.40	\$17,483.63	\$18,008.14	\$18,548.39	\$18,548.39					
8040 Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,500.00	\$2,000.00	\$2,000.00	\$2,060.00	\$2,121.80	\$2,185.43	\$2,251.02	\$2,318.55	\$2,318.55				
8042 Internal Coordination (Town of Ithaca)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,000.00	\$6,000.00	\$6,000.00	\$6,180.00	\$6,365.40	\$6,556.36	\$6,753.05	\$6,955.64	\$6,955.64				
8041 Internal Coordination (IT Support)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,174.66	\$9,000.00	\$9,000.00	\$9,270.00	\$9,548.10	\$9,834.54	\$10,120.58	\$10,413.47	\$10,413.47				
9063 Marketing Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,952.56	\$5,000.00	\$5,000.00	\$10,000.00	\$10,300.00	\$10,609.00	\$10,927.27	\$11,255.09	\$11,255.09				
9053 Investment Management Services	\$0.00	\$0.00	\$0.00																		

Greater Tompkins County Municipal Health Insurance Consortium
2020 - 2025 Fiscal Year Budget Projections (cash basis)

		as of 06/30/2020										5.00%	5.00%	6.00%	7.00%	7.00%	
		Actual Results 2011 Fiscal Year	Actual Results 2012 Fiscal Year	Actual Results 2013 Fiscal Year	Actual Results 2014 Fiscal Year	Actual Results 2015 Fiscal Year	Actual Results 2016 Fiscal Year	Actual Results 2017 Fiscal Year	Actual Results 2018 Fiscal Year	Actual Results 2019 Fiscal Year	Projected Budget 2020 Fiscal Year	Updated Budget 2020 Fiscal Year	Projected Budget 2021 Fiscal Year	Projected Budget 2022 Fiscal Year	Projected Budget 2023 Fiscal Year	Projected Budget 2024 Fiscal Year	Projected Budget 2025 Fiscal Year
Average Covered Lives		4,400	4,448	5,077	5,012	5,027	5,063	5,172	5,201	6,199	6,295	6,295	6,295	6,295	6,295	6,295	6,295
Beginning Balance		\$0.00	\$4,089,400.96	\$7,072,226.28	\$12,419,924.72	\$16,021,219.50	\$22,679,643.82	\$23,941,077.28	\$27,367,672.04	\$26,575,630.00	\$30,971,196.85	\$30,971,196.85	\$30,792,976.75	\$30,375,682.71	\$28,906,761.91	\$28,150,437.67	\$28,015,509.28
Income		\$26,035,368.00	\$28,567,618.73	\$34,457,014.15	\$36,065,655.25	\$37,587,352.74	\$38,519,955.42	\$40,774,492.36	\$42,401,705.53	\$50,296,735.62	\$52,745,788.78	\$48,833,809.44	\$58,383,078.22	\$58,152,232.13	\$61,641,366.05	\$65,956,261.68	\$70,573,200.00
Medical and Rx Plan Premiums																	
Ancillary Benefit Plan Premiums		\$89,240.70	\$98,742.67	\$117,045.48	\$127,863.91	\$126,531.86	\$131,974.20	\$145,643.24	\$150,959.06	\$150,527.92	\$150,527.92	\$150,527.92	\$150,527.92	\$150,527.92	\$150,527.92	\$150,527.92	\$150,527.92
Interest		\$6,965.50	\$4,713.71	\$7,726.92	\$12,640.97	\$13,526.09	\$16,513.02	\$17,702.15	\$21,937.59	\$46,101.14	\$44,554.34	\$44,554.34	\$492,687.63	\$486,010.92	\$462,508.19	\$450,407.00	\$48,475.87
Rx Rebates		\$0.00	\$445,885.83	\$254,848.24	\$274,763.58	\$686,015.03	\$709,434.35	\$1,627,727.17	\$1,308,285.17	\$1,597,414.28	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00	\$1,400,000.00
Stop-Loss Claim Reimbursements		\$0.00	\$0.00	\$1,055,847.97	\$75,613.28	\$185,043.15	\$242,573.70	\$41,114.00	\$446,891.08	\$3,451.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Finance Charge Income		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other		\$339,872.80	\$309,233.39	\$179,894.50	\$6,922.54	\$1,091.25	\$5,091.25	\$2,823.23	\$5,400.26	\$10,640.45	\$5,304.50	\$5,304.50	\$5,463.64	\$5,623.54	\$5,790.26	\$5,957.26	\$6,149.37
Capitalization Investment		\$1,225,236.00	\$1,225,236.00	\$1,225,236.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Income		\$27,695,083.00	\$29,427,812.54	\$36,067,521.75	\$36,563,362.33	\$38,604,460.42	\$39,625,562.04	\$42,566,275.88	\$44,335,176.69	\$52,523,878.81	\$54,597,647.62	\$50,685,668.28	\$57,281,229.48	\$60,043,870.59	\$63,509,676.62	\$67,812,638.94	\$72,427,597.51
Expenses		\$15,587,829.03	\$18,085,105.63	\$21,006,445.39	\$22,603,649.97	\$20,921,951.70	\$25,063,338.28	\$26,266,546.23	\$29,703,463.95	\$31,928,669.77	\$37,198,413.76	\$33,485,073.94	\$39,058,434.44	\$41,011,351.17	\$43,061,813.72	\$45,214,904.41	\$47,475,649.63
Medical Admin / Pre-Paid Claims		\$718,000.00	\$801,600.00	\$1,090,500.00	\$1,090,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$113,700.00	\$113,700.00	\$107,780.00	\$37,556.00	\$39,453.00	\$41,405.00	\$43,475.00	
Rx Paid Claims - ProAct		\$6,504,972.43	\$6,683,363.26	\$6,881,127.63	\$7,741,246.26	\$8,513,468.25	\$10,645,984.27	\$11,159,793.13	\$10,863,475.35	\$12,835,335.59	\$14,099,165.32	\$14,145,913.82	\$15,206,857.36	\$16,347,371.66	\$17,573,424.53	\$18,891,431.37	\$20,308,288.73
Rx Paid Claims - CataRx		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$164,063.30	\$173,707.00	\$179,959.49	\$193,456.46	\$207,965.69	\$223,561.12	\$240,330.35	\$258,355.13
Phy Clinic Fees		\$0.00	\$0.00	\$0.00	\$0.00	\$8,575.00	\$6,075.00	\$6,125.00	\$6,480.00	\$6,000.00	\$13,270.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
Medical Admin Fees		\$635,499.09	\$710,466.20	\$844,848.88	\$876,163.66	\$8,755.00	\$912,356.19	\$958,835.65	\$1,015,646.99	\$1,082,657.64	\$1,278,736.13	\$1,236,646.30	\$1,366,445.68	\$1,407,439.05	\$1,449,662.23	\$1,493,152.09	\$1,537,946.66
Excelsior/ITS Fees		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,249.84	\$2,249.84	\$2,249.84	\$2,249.84	\$2,249.84	\$2,249.84	\$2,249.84	\$2,249.84
Rx Admin Fees		\$142,368.35	\$147,348.58	\$73,348.36	\$81,486.00	\$85,035.00	\$87,130.00	\$83,611.02	\$88,978.61	\$173,652.11	\$164,664.95	\$164,664.95	\$169,604.89	\$174,693.04	\$179,933.83	\$185,331.85	\$190,891.80
NYS Covered Lives Assessment		\$189,960.00	\$208,358.96	\$233,822.97	\$241,281.61	\$237,220.98	\$259,070.84	\$248,694.28	\$237,553.45	\$330,434.00	\$348,095.65	\$348,095.65	\$365,500.44	\$383,775.46	\$402,964.23	\$423,112.44	\$444,268.06
ACA PCORI Fee		n/a	n/a	\$4,448.00	\$10,252.46	\$10,902.08	\$11,442.38	\$12,361.08	\$12,742.45	\$17,130.53	\$17,987.06	\$18,886.41	\$18,886.41	\$19,830.74	\$20,822.27	\$20,822.27	\$20,822.27
ACA Transitional Reins. Program Fee		n/a	n/a	\$0.00	\$221,320.00	\$136,512.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Specific Stop-Loss Insurance (Budget)		\$359,003.40	\$311,346.57	\$53,206.69	\$648,055.59	\$575,201.18	\$700,056.79	\$669,388.38	\$442,185.54	\$639,190.30	\$762,505.96	\$762,505.96	\$876,881.85	\$1,008,414.13	\$1,159,676.25	\$1,333,627.68	\$1,533,671.84
Specific Stop-Loss Insurance (Actual)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$258,603.00	\$264,636.00	\$304,331.40	\$402,478.28	\$462,850.02	\$532,277.52	\$612,277.52	
Aggregate Stop-Loss Insurance		\$25,389.12	\$50,019.84	\$60,312.96	\$72,730.80	\$66,879.12	\$67,430.88	\$69,431.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Accounting Fees		\$0.00	\$0.00	\$0.00	\$58,599.48	\$23,940.00	\$20,335.00	\$19,672.50	\$25,811.25	\$30,275.00	\$30,800.00	\$30,800.00	\$31,724.00	\$32,675.72	\$33,655.99	\$34,665.67	\$35,705.64
Actuarial Fees		\$0.00	\$0.00	\$0.00	\$10,000.00	\$10,000.00	\$18,750.00	\$14,000.00	\$16,800.00	\$46,950.00	\$51,500.00	\$51,500.00	\$53,045.00	\$54,616.53	\$56,275.44	\$58,063.70	\$59,970.61
Audit Fees (Financial)		\$0.00	\$12,000.00	\$37,027.19	\$29,800.00	\$50,700.00	\$74,082.24	\$88,027.62	\$34,325.00	\$10,800.00	\$12,000.00	\$12,000.00	\$12,360.00	\$12,360.00	\$12,730.80	\$13,120.80	\$13,512.72
Audit Fees (Claims)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25,500.00	\$40,000.00	\$40,000.00	\$41,200.00	\$42,436.00	\$43,709.00	\$45,026.00	\$46,395.00	
Consultant Fees (Barber + Others)		\$0.00	\$0.00	\$0.00	\$14,351.25	\$24,932.45	\$27,745.94	\$33,737.05	\$49,900.62	\$33,659.06	\$56,135.00	\$56,135.00	\$25,750.00	\$57,819.05	\$26,522.50	\$59,555.62	\$27,318.18
Consultant Fees (LAC)		\$0.00	\$58,612.08	\$114,110.74	\$63,501.70	\$69,940.00	\$56,084.00	\$56,700.00	\$87,097.03	\$84,000.00	\$87,550.00	\$87,550.00	\$90,176.40	\$92,881.80	\$95,668.24	\$98,538.30	\$101,494.45
Consultant Fees (Retirement Plan Review)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$39,891.25	\$50,000.00	\$50,000.00	\$51,500.00	\$53,000.00	\$54,500.00	\$56,000.00	
Legal Fees		\$0.00	\$82.50	\$220.00	\$6,201.25	\$17,149.37	\$6,745.00	\$7,178.66	\$13,862.50	\$9,885.67	\$12,000.00	\$12,000.00	\$12,360.00	\$12,730.80	\$13,112.72	\$13,506.11	\$13,911.29
Wellness Coordinator Fees		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$23,701.25	\$24,000.00	\$24,000.00	\$25,750.00	\$27,318.18	\$28,137.72	\$28,981.85	
Executive Director Salary		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$64,038.49	\$92,000.00	\$92,000.00	\$94,740.00	\$97,602.80	\$100,530.88	\$103,546.81	\$106,652.21
Fringe Benefits		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24,265.83	\$66,000.00	\$66,000.00	\$67,980.00	\$70,019.40	\$72,119.98	\$74,283.58	\$76,512.09
Clerk of the Board Salary		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,444.50	\$36,000.00	\$36,000.00	\$37,080.00	\$38,192.40	\$39,338.17	\$40,513.82	\$41,733.87
Admin/Comp. Asst. Salary		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,732.20	\$51,000.00	\$51,000.00	\$52,500.00	\$54,000.00	\$55,500.00	\$57,000.00	
Benefits Specialist		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$75,000.00	\$77,250.00	\$79,562.50	\$81,954.53	\$84,412.16	
Insurance (D&O) / Prof. Liability		\$22,211.00	\$21,139.41	\$23,211.00	\$53,116.40	\$28,159.80	\$30,902.74	\$33,139.11	\$40,113.62	\$41,317.03	\$41,317.03	\$44,448.73	\$44,992.97	\$46,492.26	\$48,042.26	\$49,642.26	
Internal Coordination (Finance)		\$88,269.07	\$35,323.92	\$36,171.78	\$0.00	\$0.00	\$35,537.03	\$40,620.13	\$51,541.31	\$63,497.96	\$68,660.00	\$68,660.00	\$85,000.00	\$87,550.00	\$90,176.50	\$92,881.80	\$95,668.25
Internal Coordination (Support)		\$0.00	\$4,574.70	\$10,462.47	\$0.00	\$36,578.97	\$14,198.00	\$18,032.00	\$22,464.30	\$14,859.40	\$16,800.00	\$16,800.00	\$16,974.40	\$17,483.63	\$18,008.14	\$18,548.39	
Internal Coordination Fees (Other)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,500.00	\$2,000.00	\$2,060.00	\$2,121.80	\$2,185.45	\$2,251.02	\$2,318.55	
Internal Coordination (Town of Ithaca)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,000.00	\$6,000.00	\$6,000.00	\$6,180.00	\$6,365.40	\$6,556.36	\$6,753.05	
Internal Coordination (IT Support)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,174.66	\$9,000.00	\$9,000.00	\$9,270.00	\$9,548.10	\$9,834.54	\$10,120.58	
Marketing Expenses		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,952.56	\$5,000.00	\$5,000.00	\$10,000.00	\$10,300.00	\$10,609.00	\$11,927.27	
Investment Management Services		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,874.23	\$18,540.00	\$18,540.00	\$19,096.20	\$19,669.09	\$20,259.16	\$20,866.93	
Ancillary Benefit Premiums		\$51,047.20	\$103,698.75	\$155,711.25	\$127,775.11	\$126,531.86	\$132,724.81	\$146,049.95	\$149,173.19	\$152,108.73	\$152,108.73	\$152,108.73	\$152,108.73	\$152,108.73	\$152,108.73	\$152,108.73	\$152,108.73
Supplies Expense		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$649.66	\$1,500.00	\$1,500.00	\$2,500.00	\$2,575.00	\$2,652.25	\$2,731.82	
Computer Expense																	

