



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 – September 15, 2020

3:30 PM

Join Zoom Meeting

<https://tompkinscountyny-gov.zoom.us/j/91787503290?pwd=dVFJR045bTIFRU53MWJXQnZTdTdyUT09>

Meeting ID: 917 8750 3290; Passcode: 336447

1 (646) 558-8656

1. Call to Order (3:30) M. Cook
2. Changes to Agenda (3:30)
3. Approve Minutes – August 25, 2020
4. Executive Director (3:40) E. Dowd
 - a. Update: TC3 Payments
 - b. Update: Wilmington Trust Contract Update
5. Consideration of New Members (*Pending Financial Review*) (3:55)
 - a. **RESOLUTION**: Acceptance of Application by the Town of Barton to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - b. **RESOLUTION**: Acceptance of Application by the Village of Owego to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - c. **RESOLUTION**: Acceptance of Application by the Town of Tioga to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - d. **RESOLUTION**: Acceptance of Application by the Town of Dix to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
 - e. **RESOLUTION**: Acceptance of Application by the Town of Hector to Become a Participant in the Greater Tompkins County Municipal Health Insurance Consortium
6. Financial Update (4:05) S. Locey
 - a. Financial Review
 - b. Report on large loss claim activity
 - c. Accounts Receivable R. Snyder
 - d. Expenditure Report
7. 2021 Budget Discussion (4:15)
 - a. **RESOLUTION**: Adoption of Premium Holiday – December 2020
 - b. **RESOLUTION**: Adoption of Budget, Premium Rates, and Reserve Amounts for 2021
8. Next meeting Agenda Topics (4:55)
9. Adjourn (5:00)

Next Meeting: October 27, 2020

**Audit and Finance Committee
Minutes – DRAFT
August 25, 2020
Meeting Held Remotely via Zoom**

Present: Mack Cook, Eric Snow, Rordan Hart, Peter Salton, Steve Thayer Jon Munson (excused at 4:45 p.m.), Bud Shattuck (excused a 4:50 p.m.), Laura Shawley, Jim Bower

Staff/ Guests: Judy Drake, Board of Directors Chair; Elin Dowd, Executive Director; Don Barber, Consultant; Rick Snyder, Treasurer; Steve Locey, Robert Spenard, Locey and Cahill; Tom Brown, Director; Michelle Cocco, Clerk of the Board; Debra Meeker, Administrative/Computer Assistant

Call to Order

Mr. Cook, Chair, called the meeting to order at 3:31 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of July 28, 2020

It was MOVED by Mr. Snow, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members present, to approve the minutes of July 28, 2020 as submitted. MINUTES APPROVED.

Executive Director Report

Ms. Dowd said she will distribute a detailed report after this meeting that will include budget information.

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

MOVED by Mr. Shattuck, seconded by Mr. Thayer. Ms. Dowd explained that she received notification that the Consortium's agreement with Wilmington Trust needs to confirm that the proceeds they are investing are not coming from municipal bond offerings or municipal escrow investments. Since the Consortium cannot certify where premium funds are coming from for each municipal member they have recommended that the Consortium move to another organization under Wilmington Trust. The team that works with the Consortium, as well as the current fees, will remain the same. In response to Mr. Snyder, Ms. Dowd said all services will remain the same and there will be no additional work on the part of the Consortium.

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

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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Excellus/ProAct Accumulator Issue

Ms. Dowd reported the remedies for 2020 have been identified for the affected municipalities and accumulator amounts have been put into the system correctly. A communication with those municipalities has been sent alerting them of employees who would be receiving reimbursement. She noted there are some municipalities that fund a Health Reimbursement Account (HRA) and the potential exists for an employee to have to refund their employer once they receive payment. She, Judy Drake, and Steve Locey have met with ProAct and communicated concerns. A meeting will take place at the beginning of September with both Excellus and PoAct to further address this issue.

TC3 Payments

Ms. Dowd said TC3 has made a payment for the last month but continues to be in arrears. At the request of this Committee and the Board of Directors she has been working to address this situation and has been in communication with TC3. She asked if the TC3 Foundation could guarantee premium payments and was informed that the Foundation was set up as a scholarship foundation to provide access to education for students and is not to be used for operational purposes. She also spoke with Tompkins County about the potential to provide funding for TC3 to become current. A meeting will take place tomorrow evening between Tompkins and Cortland Counties; she will report back on the outcome of that meeting and subsequent conversations that will take place about this. Ms. Dowd said the next six months will be critical in terms of how this entity is reviewed and how they are equipped to keep premiums current. Mr. Locey noted that TC3 is not a party to the MCA; they fall under Tompkins County.

Ms. Dowd reported the Operations Committee discussed this matter and said the Treasurer's Office applies a late payment fee as allowed in the Municipal Cooperative Agreement and will apply that to any municipality that is in arrears. She continues to work on developing a formal notification process with input from the Operations Committee. The Board can expect to see this at its September meeting.

New Participants

Mr. Snyder said the financial reviews for the Towns of Cuyler and Catharine have been performed. The State stress tests show they have very low scores which is good and makes them a very low financial risk to the Consortium.

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

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

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
CATHARINE TO BECOME A PARTICIPANT IN THE
GREATER TOMPKINS COUNTY MUNICIPAL HEALTH
INSURANCE CONSORTIUM**

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

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

WHEREAS, the Town of Catharine has complied with the 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 Catharine 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

MOVED by Mr. Shattuck, seconded by Mr. Cook.

In response to concerns expressed by Mr. Salton about this group's eligibility, Mr. Locey said the Consortium's legal counsel has advised the Ithaca Downtown Business Improvement District, Inc. is eligible for membership as a municipal corporation as defined by Article 47 for Article 5-g of the New York State General Municipal Law. Mr. Thayer said although they are a different type of entity, they are a small organization that does pay their bills and he has no concerns. Ms. Dowd shared her screen to show the information with the Committee that was received from John Powers, Legal Counsel.

Following a request by Mr. Salton to Table the motion, Mr. Barber said this entity does have taxing authority that is based on the taxing levy that the City of Ithaca uses. Mr. Thayer works directly with them and can attest to their ability to pay. They have six employees and are currently enrolled in a community-rated plan through Excellus. Mr. Salton did not wish to proceed with his motion to Table; however, suggested that information on this entity's taxing authority be provided to the Board of Directors.

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

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.

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Financial Update

Mr. Locey reviewed financial results through July 31st and said there have been very minor updates since the June 30 report. He noted included the receipt of another prescription drug rebate bringing the total up to \$956,000 for the year; \$1.4 million was budgeted for the year. Also, CanaRX was 22% below budget; the Consortium's net position is slightly better than June 30th. From an overall budgeting perspective there was minimal change in the year-end or 2021 expectations.

Large Loss Report

Mr. Locey reviewed the large loss report and said there have not been any significant loss that would make the Stop Loss insurance kick in; year-to-date the largest claimant was for \$348,000. The one individual who was lasered has not appeared on a large loss report to date. The \$4.5 million that was reserved for catastrophic claims remains unused and is earning interest.

Late Payments

Mr. Locey reported efforts are underway to resolve issues relating to late payments by the Town of Spencer. Ms. Dowd expects this to be resolved soon and has no long-term concerns about this.

Vendor Payment Report

This report was provided for information only. No concerns or questions were raised.

RESOLUTION NO. - 2020 – ADOPTION OF BUDGET GUIDELINES

Ms. Dowd said this resolution is being presented in response to several discussions that have taken place with regard to what to do with excess net income or fund balance. She reviewed the policy and said the intent is to ensure fiscal responsibility and that there is concurrence by the Board on what reserve levels and the fund balance should be going forward.

MOVED by Mr. Cook, seconded by Mr. Hart.

Mr. Munson and Mr. Shattuck were excused during discussion of the resolution.

Following discussion of the four bullets under the first Resolved and amendments being accepted as friendly, the resolution was unanimously approved by voice vote by members present. Mr. Salton spoke of the importance in educating Directors about this in order to make an informed decision at next week's meeting.

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.

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).
- 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~~ a level which at the discretion of the Audit and Finance Committee ensures the financial stability and sustainability of the Consortium but shall not be less than 12% of expected premium through at least year four of the annual proforma calculation.
- Set the annual budget to accomplish a zero to two percent (2%) net income level adequate to fund reserves and the unencumbered fund balance before any deduction or distribution of surplus fund balances to members.

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.

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Next Agenda Items

Topics for the September meeting will include:

- Recommendation on 2021 Budget
- Recommendation on 2020 Premium Holiday
- TC3 accounts receivable

Adjournment

The meeting adjourned at 5:15 p.m.



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**RESOLUTION NO. - 2020 - ACCEPTANCE OF APPLICATION BY THE TOWN OF
BARTON 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 Barton has submitted an official resolution authorizing the Town of Barton to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Barton 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 Barton 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 VILLAGE OF OWEGO 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 Village of Owego has submitted an official resolution authorizing the Village of Owego to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

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

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

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

WHEREAS, the Town of Hector 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 Hector as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2021.

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RESOLUTION NO. – 2020 – ADOPTION OF PREMIUM HOLIDAY FOR MEMBERS– DECEMBER 2020

WHEREAS, the Board of Directors has adopted a policy that provides guidance on targets for net income, fund balance, and both statutory and discretionary reserve levels in addition to creating a mechanism by which excess net income/fund balance can be returned to members, and

WHEREAS, the Policy provides that the Board of Directors may annually consider a 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, and

WHEREAS, the 2020 Budget is expected to have an excess net income in an amount that in accordance with the Budget Guidelines Policy would allow for a premium holiday to be granted to members in December 2020, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby approves a premium holiday equivalent to \$ _____ for members for the month of December 2020,

RESOLVED, further, That the Executive Director is directed to work with the Consortium Treasurer to implement the premium holiday for members that will include the expectation that each municipality will include a mechanism to extend the holiday to employees who are enrolled and contribute to a Consortium benefit plan.

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RESOLUTION NO. – 2020 – ADOPTION OF BUDGET, PREMIUM RATES, AND RESERVE AMOUNTS FOR 2021

WHEREAS, the Audit and Finance and Executive Committees have had detailed discussions and has given great consideration to the Consortium's 2021 budget and premium rates, and

WHEREAS, the Board of Directors has adopted a policy that provides guidance on targets for net income, fund balance, and both statutory and discretionary reserve levels in addition to creating a mechanism by which excess net income/fund balance can be returned to members, and

WHEREAS, the 2021 budget reflects the proposed guidelines and provides for a premium holiday to members in December 2020 to reduce the current fund balance,

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

- Maintain Incurred But Not Reported Claims Reserve at 12% of total claims;
- Maintain the Surplus Account at 5% of the annual premium of the Consortium in compliance with §4706(a)(5) of the New York State Insurance Law;
- Maintain the Rate Stabilization Reserve in an amount equal to 5% of expected paid claims;
- Maintain Catastrophic Claims Reserve at \$4,500,000;
- Premium Revenue Increased by 5.0% in 2021, 5.0% in 2022, 6.0% in 2023, 7.0% in 2024, and 7.0% in 2025; and
- Maintain an unencumbered fund balance at a level which at the discretion of the Audit and Finance Committee ensures the financial stability and sustainability of the Consortium but shall not be less than 12% of expected premium through at least year four of the annual proforma calculation

now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Consortium's 2021 budget as attached, including premium equivalent rates and reserve amounts are hereby adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors.
