



## Greater Tompkins County Municipal Health Insurance Consortium

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

### MINUTES – APPROVED

#### Greater Tompkins County Municipal Health Insurance Consortium

#### Joint Committee on Plan Structure and Design

June 7, 2018 – 1:30 p.m.

Rice Conference Room, Health Department

#### **Present:**

#### **Municipal Representatives: 10 members**

Judy Drake, Town of Ithaca and Board of Directors Chair; Jim Doring, Town of Preble; Kevin Williams, Town of Homer; Eric Snow, Town of Virgil; Carissa Parlato, Town of Ulysses; Jeff Walker, Village of Cayuga Heights; Schelley Michell-Nunn, City of Ithaca (arrived at 1:38 p.m.); Betty Conger, Village of Groton; Ann Rider, Town of Enfield (arrived at 1:43 p.m.); Laura Shawley, Town of Danby

#### **Municipal Representative via Proxy: 9**

Bud Shattuck, Village of Union Springs (Proxy – Judy Drake); Michael Murphy, Village of Dryden (Proxy – Judy Drake); Mack Cook, City of Cortland (Proxy – Judy Drake); Tom Brown, Town of Truxton (Proxy – Eric Snow); Alvin Doty, Jr., Town of Willet (Proxy – Judy Drake); Mark Witmer, Town of Caroline (Proxy – Judy Drake); Jen Case, Town of Dryden (Proxy – Judy Drake); Ed Wagner, Town of Owasco (Proxy – Judy Drake); Charmagne Rungay, Town of Lansing; (Proxy – Betty Conger)

#### **Union Representatives: 7 members**

Olivia Hersey, TC3 Professional Admin. Assoc. Unit; Tim Farrell, City of Ithaca DPW Unit; Doug Perine, Tompkins County White Collar President; Jon Munson, Town of Ithaca Teamsters; Zack Nelson, City of Ithaca Admin. Unit; Jeanne Grace, City of Ithaca Executive Unit (arrived at 1:46 p.m.); Jim Bower, Bolton Point Water Unit UAW Local 2300

#### **Union Representatives via Proxy: 2**

Tim Arnold, Town of Dryden DPW (Proxy – Tim Farrell); Theresa Viza, Tompkins County Library Staff Unit (Proxy – Olivia Hersey)

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

Don Barber, Executive Director; Ted Schiele, Owing Your Own Health Committee Chair; Beth Miller, Excellus; Mike Tellier, Lifetime Healthcare

#### **Others via Conference call:**

Steve Locey, Locey & Cahill; Corey Prashaw, ProAct; Sharon Clark, TC3

#### **Call to Order**

Ms. Hersey, Chair, called the meeting to order at 1:35 p.m.

#### **Changes to the Agenda**

There were no changes to the agenda.

**Approval of Minutes of May 3, 2018**

It was MOVED by Mrs. Shawley, seconded by Mr. Farrell, and unanimously adopted by voice vote by members present, to approve the minutes of May 3, 2018 as submitted. MINUTES APPROVED.

**Executive Director's Report**

Mr. Barber reported the final 2016 audit report from the Department of Financial Services was received and a response was sent outlining actions that have or will be taken. Directors have been asked to acknowledge they have received and read the report.

Ms. Michell-Nunn arrived at this time.

He said the Board of Directors will be considering a resolution later this month to appoint Michelle Berry as the Consortium's Wellness Consultant. There will be more discussion as to how members can embody wellness and her activities at subsequent meetings. She will be reaching out and meeting with all municipalities.

Mr. Barber said the Board of Directors authorized the issuance of a Request for Proposals for an Investment Management Services to bring a higher return on the funds the Consortium has in its reserves. A Review Committee will meet later today to review the six responses that were received. He announced the Board of Directors will meet next on June 28<sup>th</sup> in the Sprole conference room at TC3.

He presented the Consortium's Annual Report and said it was a very good year financially; the Consortium was able to add to its reserves and have only a 4% premium rate increase. The private sector is looking at double-digit increases next year while the Consortium will be considering 6% or less. He noted the following highlights from the Annual Report: Three municipalities joined the Consortium, the Department of Financial Services approved a waiver for the purchasing of Aggregate Stop Loss insurance by the Consortium (savings of \$70,000), 28% of the Consortium's covered lives received a flu vaccine, the Joint Committee discussed and recommended changes to the Gold Metal Level Plan, and the Consortium continued to build reserves that provide a strong foundation and security for its members.

**Financial Update**

Mr. Locey revised the budgeted versus actual results through April 30<sup>th</sup> and said revenue was 4.5% below budget on medical claims and almost 10% below budget on prescription drug claims.

Ms. Rider arrived at this time.

He said he was able to view May results today and year-to-date both medical and prescription drug claims continue to be below budget. He noted that results do not reflect prescription drug rebates but he anticipates a payment to be reflected soon. After reserves are accounted for he stated the results show an unencumbered balance of \$14.5 million through the end of April. At this point it was expected there would be a slight deficit for the year; however, there is a positive result and if this continues it will help to mitigate the anticipated rate increase of 5% for 2019.

Ms. Grace arrived at this time.

Mr. Locey reviewed paid claims trends and said the model shows a trend of 3% below what had been predicted; these numbers will continue to be analyzed and revised as necessary going forward. He called attention to the graph showing the Consortium's expense distribution and noted

\$.94 of each dollar is going to pay the cost of benefits of members and only \$.06 of each dollar is being spent on all other fees association with the Consortium's operations. He said this demonstrates the Consortium is operating very efficiently and doing extremely well.

**RESOLUTION NO. – 2018 – APPROVAL OF ADJUSTMENTS TO THE SILVER METAL LEVEL PLAN**

Ms. Hersey welcomed Mr. Doring to comment on the resolution as he represents the Town of Preble, one of the municipalities that offers the Silver Metal Level Plan. He had no concerns after being provided with an overview of the resolution.

Mr. Locey said since the Plan would be going from an actuarial value of 72.64% to 71.11% the rate differential would be 1.53% less than what the premium rate increase will be for 2019. For example, if the Consortium were to approve a rate increase of 5%, the rate increase for the Silver Plan would be 3.47% because whenever a benefit change is made there should be a commensurate change in rate. Ms. Hersey said this change should stabilize the plan for a couple of years and is why this option was chosen over others.

It was MOVED by Ms. Rider, seconded by Ms. Conger, and unanimously adopted by voice vote by members present, to approve the resolution and forward to the Board of Directors. MOTION CARRIED.

WHEREAS, data entered into the federal actuarial calculator indicates the Consortium's Silver Plan's actuarial value for 2019 will be 72.64% which exceeds the Plan's limit of 72%, and

WHEREAS, the three Participating Consortium employers enrolled in the Silver Metal Level Plan have been participating in the deliberations of benefit changes to their Plan, and

WHEREAS, Silver Metal Level Plan benefit plan adjustment to increase the in-network deductible for single from \$1,800 to \$2,200 and family coverage from \$3,600 to \$4,400 has a 2019 actuarial value of 71.11%, now therefore be it

RESOLVED, on recommendation of the Joint Committee on Plan Structure and Design and the Audit and Finance Committee, That the Board of Directors approves an adjustment to the Silver Metal Level Plan to increase the in-network deductible for single from \$1,800 to \$2,200 and family coverage from \$3,600 to \$4,400 and to increase the Out-of-Network deductible for single from \$3,600 to \$4,400 and family coverage from \$7,200 to \$8,800, effective January 1, 2019.

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**Excellus Utilization Report**

Ms. Miller provided members with individual laptops for use to review the 2017 Excellus Utilization report that was also presented at the April 26 Retreat. The report covers claims that were paid in 2016 through March 31, 2017.

Mr. Tellier reviewed the report and noted the following highlights:

- There were 3 additional municipalities with a 3% increase in enrollment;
- Plan costs increased by 10%, member cost increased by 12%, primarily due to high claimant activity which is in line with the industry;
- There is a prevalence in members utilizing the plan over spouses and dependents which makes targeting preventative care in the workplace important;
- The plan cost per contact per year is 10,887 which is 20% higher than the comparison population;

- The member's percentage cost share is 4%, the comparison population is 7%; trends show the member cost to be increasing;
- There was a 2% decrease in the total plan cost for inpatient hospitalization (17% of plan costs) which is very low; this is offset in part by an increase of 16% in outpatient costs (46% of plan costs). Typically, outpatient costs are less expensive than inpatient costs.
- The number of claimants with claims in excess of \$100,000 increased from 25 to 30 (20%); 8 of the 10 highest-cost claimants are expected to have claims in the next year that will exceed \$50,000;
- 11% of the members are not accessing the plan compared to the comparison population of 16%. The Gaps in Care Rate estimate identifies areas where improvements can be made in preventive services;
- The Consortium has saved over \$31 million by utilizing the Excellus provider network; 94% of the claims were through participating providers.
- Excellus has an ACQA arrangement with providers which is a Value Based Payment (VBP) arrangement in which providers are engaged with quality improvement incentives while sharing financial risk with the Plan. The goal of these arrangements is to create an affordable, efficient, and sustainable health care system by sharing the responsibility with providers to better integrate patient care, emphasize patient safety and preventive services, and reduce unnecessary or duplicative costs.

Mr. Barber commented that over the last four years claims have been under budget and asked Mr. Tellier his opinion as to why the Consortium has been fairly consistent in being under the 8.5% trend for the area. Mr. Tellier said the Consortium's members are very-well educated in how to receive care and cost avoidance and are utilizing preventive services. Also, because of the generous benefits included in the plan members are not afraid to use services because of cost.

### **Labor Representative to Owning Your Own Health Committee**

Mrs. Shawley said Tyler Jordan from the Town of Danby has expressed interest in serving as a Labor representative on the Owning Your Own Health Committee. Without objection, Ms. Hersey recommended this appointment be presented for approval at the next Board of Directors meeting.

### **Rollout of CanaRx**

Mr. Barber said last month during Mr. Locey's financial report a question was raised as to how other groups have rolled out CanaRx. Mr. Prashaw presented ProAct's first year benchmarks for the CanaRx program is between 8-12% of members who are eligible to fill a prescription in the first year. He recommended involving employers would be a good marketing approach because it would help to create a culture within an employer. He addressed the decline in members using CanaRx in 2017 from 2016 and said it was due to the common brand name drugs being available as a generic medication which would not be available for the program as well as a focus on the development of specialty medications which typically are not available through the program.

Mr. Locey said the Consortium originally budgeted \$300,000 of drug spend to go through CanaRx but has only had \$57,000 go through the program up to this point which includes Tompkins County and TC3 which have used the program for years. He agreed the best source of marketing the program would be through the employer.

### **New Business**

There was no new business.

**Next Meeting Agenda**

The July 5<sup>th</sup> meeting was cancelled. Mr. Barber suggested an update on what is happening with opioids and a report from Michelle Berry, Wellness Consultant, on her work plan be included in the Committee's September agenda. A decision on the August meeting will be decided in mid-July.

**Adjournment**

The meeting adjourned at 2:48 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk