



## 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. 004 – 2022 - RESCINDING RESOLUTION NO. 009-2020 AND RENAMING THE CATASTROPHIC CLAIMS RESERVE TO CATASTROPHIC CLAIMS SELF-INSURANCE POOL**

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

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium ("GTCMHIC") has been issued a Certificate of Authority to operate as a New York State Insurance Law Article 47 Municipal Cooperative Health Benefit Plan, and

WHEREAS, Section 4707(a)(2) of the New York State Insurance Law requires the GTCMHIC to purchase "specific stop-loss coverage with a specific retention amount or attachment point not greater than four percent of the amount certified by a qualified actuary to represent the plan's expected claims for the current fiscal year", and

WHEREAS, the GTCMHIC Board of Directors issued a Request for Quote (RFQ) to licensed, reputable insurance carriers seeking quotes for specific stop-loss insurance at various deductible levels and with certain required coverage parameters, and

WHEREAS, the GTCMHIC Board of Directors passed Resolution No. 040-2020 authorizing the purchase of a specific stop-loss insurance policy from Excellus BlueCross BlueShield ("Excellus") with a policy period deductible of \$1,000,000 for all covered insured members, and

WHEREAS, the Executive Committee has accepted the 2020 Fiscal Year Catastrophic Claims Reserve Fund in the amount of \$5,032,220.00 to help protect the Consortium from large dollar claimant expenses which may occur from time to time, and

WHEREAS, the GTCMHIC Board of Directors recognizes the purchasing of specific stop-loss insurance at a \$1,000,000 deductible level creates a substantive risk to the Consortium and its financial stability and it needs a policy for balancing the CCR with the predicted risk, now therefore be it

RESOLVED, the GTCMHIC Board of Directors hereby rescinds resolution 009-2020 Catastrophic Claims Reserve policy and replaces it with the following and clarifies the intent of the Consortium's Catastrophic Self-Insurance Claims Pool for the 2022 Fiscal Year as follows:

1. During the 2013 Fiscal Year the Consortium established a Catastrophic Claims Reserve in the amount of \$600,000 to help protect the Consortium from financial harm caused by large dollar claimants as the Consortium increased the Specific Stop-Loss Insurance Deductible from \$250,000 to \$300,000.
2. Over the years, as the Consortium Board of Directors made the decision to accept more risk by periodically raising the stop-loss insurance deductible. In concert with those decisions, the Consortium Board of Directors also periodically increased the amount of funds held in the Catastrophic Claims Reserve as noted in the chart below:

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		2013	2014	2015	2016	2017	2018	2019
Traditional Stop-Loss Insurance	Specific Stop-Loss Deductible	\$300,000.00	\$300,000.00	\$400,000.00	\$400,000.00	\$450,000.00	\$600,000.00	\$600,000.00
	Stop-Loss Insurance Premiums	+ \$592,381.65	\$720,784.39	\$642,080.30	\$766,281.18	\$738,819.42	\$442,185.54	\$693,190.30
	Stop-Loss Insurance Claims Paid	- \$292,967.64	\$184,734.14	\$125,880.36	\$242,433.49	\$8,294.21	\$453,672.85	\$29,295.28
	Insurance Company Admin. &	= \$299,414.01	\$536,050.25	\$516,199.94	\$523,847.69	\$730,525.21	(\$11,487.31)	\$663,895.02
		2013	2014	2015	2016	2017	2018	2019
Catastrophic Claims Reserve	Beginning Balance	+ \$0.00	\$600,000.00	\$606,898.00	\$1,050,000.00	\$1,050,000.00	\$1,350,000.00	\$2,000,000.00
	Initial/Annual Investment	+ \$600,000.00	\$6,898.00	\$443,102.00	\$0.00	\$300,000.00	\$650,000.00	\$800,000.00
	Ending Balance	= \$600,000.00	\$606,898.00	\$1,050,000.00	\$1,050,000.00	\$1,350,000.00	\$2,000,000.00	\$2,800,000.00

3. On June 25, 2020, the Board of Directors approved Resolution 009-2020, effectively converting the Catastrophic Claims Reserve into a Self-Insurance Pool as the Board wanted to use this reserve fund to offset high-cost claims that reach a captive layer between \$500,000 and the stop-loss policy deductible. Resolution 009-2020 stated that funds used to seed the Catastrophic Claims Reserve was the combination of the \$4,500,000 which was set by Board resolution in the Catastrophic Claims Reserve on that date; and the \$34,105 in interest earned on the funds in this account during the 2020 Fiscal Year.
  
4. For the 2021 Fiscal Year and going forward, Catastrophic Claims Reserve will be renamed to be the Catastrophic Claims Self-Insurance Pool and will be funded through the following process:
  - a) The Consortium’s Stop-Loss Insurance budget line will be for a policy at the \$600,000 level.
  - b) Any premium savings realized by purchasing a Stop Loss Insurance policy for a deductible higher than the \$600,000 level will be credited to the pool from the general fund on an annual basis.
  - c) Any interest earned by the Catastrophic Claims Self-Insurance Pool fund will be credited to the pool on an annual basis.
  - d) The Executive Committee, on advice from Audit and Finance Committee, will consider changing the amount of the Catastrophic Claims Self-Insurance Pool at the start of the budget year. The information to be used in that determination shall include at least the following:
    - i) an assessment of the level of risk this “pool” is covering;
    - ii) an assessment of the amount of funds that have and will be withdrawn from the previous year’s high-cost claim activity in the captive layer between \$500,000 and the Stop-Loss policy deductible;
    - iii) the projected year-end Unappropriated Fund Balance

The following represents calculation for the year 2020, 2021 and 2022:

GTCMHIC Catastrophic Claims Pool

	Actual FY 2020	Actual FY 2021	Estimate FY 2022
Beginning Balance	\$ 4,500,000.00	\$ 5,032,220.00	\$ 4,642,294.20
Interest Income	\$ 34,105.00	\$ (19,009.15)	\$ 23,211.47 *
Stop Loss Premium Savings \$1M-\$600K	\$ 498,115.00	\$ 434,450.00	\$ 436,366.00
Catastrophic Claims between \$500K and \$1M	\$ -	\$ (805,366.65)	\$ -
<b>Year End Balance</b>	<b>\$ 5,032,220.00</b>	<b>\$ 4,642,294.20</b>	<b>\$ 5,101,871.67</b>
Pool change Year over year		\$ (389,925.80)	\$ 459,577.47

\*per Budget 0.5% of balance

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5. As stated in resolution 009-2020 and going forward, funds will be transferred out of the now Catastrophic Claims Self-Insurance Pool to the Consortium’s general operating fund to reimburse any covered member’s claims costs, per Excellus BlueCross BlueShield’s Specific Stop Loss Report, which exceed \$500,000 but are less than the Stop-Loss deductible during the specific stop-loss insurance policy period.
6. The only exception, if the Consortium opted for a lower stop-loss insurance deductible, will be for any specific claimants who would have had a “laser” attached to them. We will continue the practice of applying the lasered deductible to those individuals. For example, if an individual has a laser deductible of \$750,000, we will not utilize or transfer any funds from the Catastrophic Claims Self-Insurance Pool until that individual were to incur claims above \$750,000, but less than the Stop Loss deductible.
7. To trigger the claims transfer, said claims must be incurred during that claim’s Calendar Year and must be paid in the Calendar Year and the first 3-months of the subsequent Calendar Year.
8. Any fund transfers from the Catastrophic Claims Self-Insurance Pool to the Consortium’s general operating fund will occur no more frequently than on a quarterly basis and/or no less than once per year with the timing of said transfers occurring as directed by the Consortium’s Chief Fiscal Officer.
9. Each year the GTMCHIC Board of Directors will review this policy as part of the overall budget process to ensure it continues to meet the needs of the Consortium.

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STATE OF NEW YORK )  
COUNTY OF TOMPKINS ) ss:  
GTCMHIC )

I hereby certify that the foregoing is a true and correct transcript of a resolution adopted by the Greater Tompkins County Municipal Health Insurance Consortium Executive Committee on behalf of the Board of Directors on March 2, 2022.

  
Michelle Cocco, Clerk of the GTCMHIC Board