

Executive Director Report August 2021

Executive Director Update

At last, we have a full team working for the Consortium with four of us on Board to help serve this wonderful organization. Our most recent staff member is Kylie Rodrigues. Kylie is our new Benefits Specialist and will be spending her time working with Benefit Clerks to help with their Consortium needs, especially problem resolution. In addition, Kylie will be building our wellness program and working on how to effectively communicate with our members and subscribers.

I am very excited about the strength of our team. Teri Apalovich is taking on several new responsibilities; she is lessening our reliance on outside resources and has already streamlined the billing system. Michelle Cocco continues to be a trusted and reliable asset. Most recently Michelle is working on understanding how we can serve all our members while respecting a return to traditional open meetings law. I anticipate being able to spend more time on building relationships with our members, working on strategic initiatives and continuing to build my knowledge of plan development and program review.

One problem area that we have been working to resolve has been the improvement of customer service for our subscribers from both ProAct and Excellus. I recently attended two important meetings with both the Excellus and ProAct teams to find solutions to our customer service concerns. I am pleased with the progress we are making with both teams, and I hope to announce some changes for each organization shortly.

Certificate of Authority

The Department of Financial Services has approved our Certificate of Authority to operate in nine new counties. Applications from prospective members are being reviewed now and we expect additional interest once we can communicate our ability to serve these new territories.

Audit and Finance Committee

The first draft of the 2022 Budget was presented at the June meeting to see how a 5% increase would work to fulfill claims needs, fund reserves, and meet our other budget requests. Although our claims data was immature in June with less than half the year reported, Steve Locey continues to monitor our claims situation and provide feedback on our trends relative to our plan and the market. At the conclusion of July, we are still trending closely with budget and the 5% recommendation still seems reasonable.

Distressed Provider Assistance Account (DPAA) and NYS Health Care Reform Act (HCRA) Tax and American Rescue Plan

The following information contains the final report on the research done to see if there is a significant overlap in the HCRA tax created by the Health Care Reform Act of 1996 and the Distressed Provider Assistance Account and a draft letter to our membership relative to premiums paid in 2020 and 2021 that might be reimbursable from the funding provided by the American Rescue Plan.

American Rescue Plan

From January 2020 to the end of July 2021 the Consortium has accumulated a total of \$5.5 million in plan costs related to COVID testing, diagnosis, treatment, and vaccinations. The Audit and Finance Committee has discussed that there is a logical and defensible model regarding reimbursement for increased costs to be made to the State Office of Community Renewal, which will be monitoring how municipalities will be spending American Rescue Plan (ARP) monies. The Consortium has prepared a report to share with our members what their aggregate share of costs related to Covid -19 have been. Members can request this report if applying for reimbursement through the Covid-19 relief funds that were received. The thought process for having the ability to request reimbursement comes from the logic that future premium increases are related to claims experience and the expense for COVID related treatment, diagnosis, and vaccination can be tied to an increase in premium costs. The model to identify this increase in costs related to COVID has been created by Locey and Cahill and is available to any member who would like to see the aggregated cost assigned to each municipality.

The Committee also discussed that it makes sense for municipalities to recoup this money and place it back in their General Fund to use at their digression. Some Committee members are taking this position and advocating for their organization to utilize this logic as reimbursement for premium relief.

At the request of the Committee, we are sharing this information with you. Teri Apalovich, Consortium Finance Manager and Steve Locey, Plan Consultant, are available for any questions you may have regarding this discussion.

A copy of this memo will also be advanced to the Chief Elected Official of each member municipality.

Distressed Provider Assistance Account (DPAA) and NYS Health Care Reform Act (HCRA) Tax

Don Barber and Mack Cook suggested we explore that by paying the combination of both Distressed Provider Assistance Account (DPAA) and NYS Health Care Reform Act (HCRA) tax to be a dual taxation for members of the GTCMHIC. Towards that end, Don Barber was commissioned with exploring this concept and to find ways to help eliminate this burden for our members.

After several months of trying to get a definitive answer on what the DPAA was supporting, Don was able to secure the following definition from Jordan Lesser, Legislative Counsel for Assemblymember Anna Kellis. Jordan Lesser's feedback is as follows:

"After speaking with the Assembly Committee on Insurance, and the Ways and Means Committee, I was able to learn the following about DPAA and Tompkins County Municipal Health Insurance Consortium taxation.

The HCRA tax is used to pay for general fund Medicaid costs year to year, along with Indigent Care and a handful of other things. The \$250 million is a county sales tax intercept that was enacted SFY 2020 and again in SFY 2021 to provide relief to financially distressed hospitals and nursing homes across the State outside of the Medicaid budget. This funding works similarly to the Enhanced Safety Net Hospital and Critical Access Hospital funding in the Medicaid budget that is distributed to financially distressed institutions as identified by the DOH.

The DPAA provides additional general fund relief inside the Medicaid Global cap by supplanting funds. It wasn't a response to COVID, as the pandemic was just in its infancy, and nobody was sure how long or what affect it would have on the State's financial situation. The sites you offer from the Governor's briefing book are separate programs entirely.

With that said, this is more an additional tax rather than a “double tax”. In order for the Medicaid Budget to stay within the statutory framework of the Global Cap in SYF 2020 the Medicaid Redesign Team II (MRT II) proposed and enacted extensive reforms to the Medicaid system to save general fund money and correct the Medicaid deficit. The DPAA was a way for the State to shift funds for distressed providers outside of the Global Cap without cutting support. This was done in part because the county share of Medicaid was capped at 2015 levels, and so the alternative to eliminating that 2015 cap (and making counties pay more) was to introduce an additional tax to support Medicaid general fund relief. For perspective, Tompkins County is saving \$11.8 million in SFY 2021 and \$12.5 million in SFY 2022 because of the 2015 cap. So although they are paying more now to fund the DPAA along with HCRA, they are nowhere near what they would be paying if the 2015 local takeover wasn't in affect.”

After reviewing the information with our Consultant Don Barber and the Audit and Finance Committee it is of the opinion that having the Consortium make a case for “double taxation” will not hold up with State Legislators as originally planned. Instead, we prepare this memo to assist local government and statewide organizations to pursue this issue further. Don Barber is available to provide background information as necessary for those wishing to advance the cause.

Strategic Planning

As the Consortium looks ahead to starting strategic planning this fall, Mack Cook will be leading the Audit and Finance Committee through discussions. This conversation will center around adjusting the Audit and Finance Committee agenda and its charter relative to having full-time staff and the best use of the Committee's time and energy going forward.

The Executive Committee will discuss, at their September meeting, commencing a Consortium Strategic Planning dialogue to be facilitated by an outside consultant. Other aspects of the planning process will be shared as we make progress on scheduling the event.

Operations Committee

The Operations Committee has reviewed eight competitive Pharmacy Benefit Manager proposals and has narrowed the candidates down to three based on responses to our initial request. All three candidates have been interviewed by the Committee and a meeting to review the final candidate will take place on August 30th. A recommendation will be put before the Board at the September meeting. Considerations have been given to overall cost of each program and, level of service in several areas including customer service, network, access to care, formulary, and the prior authorization process. If a decision is finalized at the September meeting, we will still be on track to commence a new agreement by January 1, 2022.

Nominations and Engagement Committee

The Nominations and Engagement Committee supported sending out a Board survey and we had about a 60% return rate. The responses gave us the following insight to how to keep Board members engaged:

- We are effectively communicating and sharing information at an appropriate level.
- Board members wish to continue meeting through a hybrid model that involves both in person and on-line meetings.
- The August meeting should focus on overall plan knowledge and budget information.
- The Newsletter is being read and the feedback on content is positive.
- There are new members that are willing to serve on committees and in new roles.

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A recommendation for Committee and Officer term limits will head to the Executive Committee meeting next month and then on to the full Board in September. The Committee has also put a full slate of candidates for Officer and Committee membership together to be voted on in September.

Claims and Appeals Committee

The Claims and Appeals Committee has closed the 2021 pharmacy benefit manager audit and is in the process of commencing the medical claims audit. We will continue utilizing BMI as our auditor. In addition, the Committee is reviewing the claims appeals process and how to best communicate more effectively to our members the steps involved when they need to file an appeal.

The Joint Committee on Plan Structure and Design

There has been much discussion at the Joint Committee on involvement at the Board and Committee level and the 2022 list of Committee membership will show the success Chair Jim Bower has made with getting new labor representatives involved. In addition, regional labor leadership members will also be attending more Consortium meetings in the future.

The Committee has also increased participation in the Wellness program by offering suggestions on what to include as areas of focus for our monthly programs. Earlier in the year both Excellus and ProAct Utilization Reviews were shared at the Committee level and helped lead discussions on valuable programs that will assist in improving our claims levels.

Respectfully submitted by Elin R. Dowd, Executive Director, August 23, 2021.