

Greater Tompkins County Municipal Health Insurance Consortium

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

Audit and Finance Committee

Agenda – April 25, 2023

3:00 PM

Ithaca Town Hall – Aurora Room

1. Call to Order (3:00) S. Thayer

2. Changes to Agenda

3. Approve Minutes – March 28, 2023

4. Review and Approval Annual External Independent Audit Insero & Co.
 - a. **Resolution:** Acceptance of 2022 External Audit Report Performed by Insero & Co. LLP

5. Executive Director (3:45) E. Dowd
 - a. Report
 - b. DFS Audit Update and Required Action
 - c. **Discussion:** Audit and Finance Committee Charter
 - d. **Discussion:** Establishing Reserves for 2023

6. Financial Update (4:00)
 - a. Abstract Approval T. Apalovich
 - b. Bank Reconciliation
 - c. Budget Performance Report Locey & Cahill
 - d. Report on large loss claim activity

7. Next meeting Agenda Topics (4:20)
 - Amortization Policy
 - AFC Charter
 - Reserve Policy Review
 - Lease Update

8. Adjourn (4:30)

Next Meeting: May 23, 2023 – 3 PM

Audit and Finance Committee
March 28, 2023
Town of Ithaca Aurora Room

Present: Rordan Hart; Eric Snow*; Amanda Anderson; Bud Shattuck*; Peter Salton (*arrived at 3:10p*)
Excused: Steve Thayer, Chair; Kate DeVoe;
Absent: Lorie Corsette, Scott Steve
Staff/Guests: Elin Dowd, Executive Director; Lynne Sheldon, Clerk of the Board; Paul Pelton, Rob Spenard, Locey and Cahill*; Judy Drake, Board Member, Teri Apalovich, Finance Manager; Kylie Rodrigues, Benefit Specialist

*Remote due to extraordinary circumstances

Call to Order

Mr. Thayer was excused from the meeting. Mr. Hart chaired the meeting and called the meeting to order at 3:01p.m.

Changes to the Agenda

The order of the agenda was changed due to not having a quorum at the time of topic of the Approval of Minutes. Ms. Dowd presented her Executive Director report prior to the Approval of Minutes. Also, there was an error listed on the Next Meeting Agenda Topics for the April 25, 2023, meeting: Dependent Audit ~~Town~~ City of Ithaca. This should have been listed as City of Ithaca, not Town of Ithaca.

Executive Director Report

Ms. Dowd referred to many items detailed in her [March Executive Director Report](#). She reported the Consortium is still working with the Department of Financial Services (DFS) on their audit. Data gathering has slowed down, and DFS suggestions are being made, which may mean the audit portion is over and DFS is moving to a different stage of the audit. Ms. Dowd said that DFS has formally requested that the Consortium produce a charter for the Audit and Finance Committee. The Consortium has a charter for the previous Audit Committee, but not for the Audit and Finance Committee. This charter will be presented to the committee next month.

Mr. Salton arrived (3:10p)

Ms. Dowd advised that the BMI medical claims audit has started with the gathering of information. She said that Ms. Apalovich is busy working on the current financial audits as well as year-end reports.

Ms. Dowd also advised that when the Operations Committee meets in April, they will be reviewing the Pharmacy Benefit Management (PBM) contract and invited the Committee to that meeting if they chose to attend to hear the discussion.

Ms. Dowd informed the Committee that Steve Thayer, the Consortium's Chief Financial Officer from the City of Ithaca, has announced his retirement. She said she and Ms. Apalovich have been asked to join the search committee for his replacement and his last Consortium meeting will be in May.

Ms. Dowd discussed documents included in her Executive report such as:

Ground Ambulance Services – NYS set a new reimbursement schedule for how we are allowed to reimburse providers for ground ambulance services.

COVID 19 Plan Changes related to the End of the Public Health Emergency (PHE) – At the beginning of COVID the Consortium changed coverage for most COVID 19 treatment and testing to 100% coverage. When the PHE ends in May, the Consortium’s plans will return to paying COVID according to how the Consortium pays for other similar services.

Benefit Correction Regarding Behavioral Health – Excellus sent a copy of the letter attached to anyone having out of network behavioral health services performed by non-MDs that their benefit reimbursements would be paid according to plan and not how Excellus had been incorrectly paying them. These letters have gone out and the Consortium’s Benefit Specialists and Excellus have been fielding questions regarding this correction. The Consortium is also making some other benefit corrections due to the Inflation Reduction Act, and the Consortium will work with our administrators to communicate those changes appropriately.

Frozen Formularies – NYS mandated a change that a formulary can have no negative changes to a subscriber mid-year. Ms. Dowd attached a letter prepared by Locey & Cahill which outlines how this new law will change the Consortium’s benefit plan going forward.

Wilmington Trust – Due to the recent banking crisis, Wilmington Trust felt it was important to communicate to customers their confidence in the strength of their organization and investments. As you know, our funds are 100% government-backed treasuries, so the Consortium is in a secure financial state.

Approval of February 28, 2023 Minutes

Approval of the minutes was deferred until the Committee reached full quorum. (3;10p)

It was MOVED by Mr. Salton, seconded by Mr. Snow, and unanimously adopted by voice vote of members present via remotely, to approve the minutes of February 28, 2023 as submitted.
MINUTES APPROVED

Resolution: Authorizing a Lease Agreement with 408 Upland Road LLC for the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) at 408 East Upland Road, Ithaca, New York 14850

MOVED by Mr. Shattuck, seconded by Mr. Hart. The resolution was unanimously adopted by voice vote of members present, and visibly seen members via remote locations due to extraordinary circumstances to approve the following resolution to submit to the Executive Committee.

WHEREAS, The GTCMHIC has entered into a Letter of Intent referring to a tenant/landlord agreement to the building address of 408 East Upland Road, Ithaca, New York 14850 for the Business Office/Headquarters for GTCMHIC; and

WHEREAS, The Letter of Intent is for office space on east side of building. Total Useable Space based on Architect drawing is 3,257 with an initial lease term of ten years commencing by or before May 1, 2023 and target rent commencement date of June 1, 2023.; and

WHEREAS, The initial base rent is set for \$17/SF [\$55,365 annually] with a rent escalation of Year 2 - \$20/SF [\$65,135 annually]; Year 3 - \$22/SF [\$71,649 annually]; Year 4 - \$23/SF [\$74,906]; and Year 5 - \$24/SF [\$78,162 annually] Year 6 thru 10 would be a \$1 increase annually; and

WHEREAS, In addition to rent the Tenant is to pay their pro-rata share (60%) of property taxes invoiced to GTCMHIC w/net 30-day terms and common area charges of Tenant's pro-rata share of snow removal, mowing and landscaping charges, cost to be invoiced quarterly to GTCMHIC w/net 30-day terms. Tenant to pay their share of utility costs (if any) and water/sewer charges; and

WHEREAS, The Landlord will have responsibility to maintain the HVAC, plumbing and electrical systems plus if and as required to structure; and

WHEREAS, The Tenant is responsible for any other maintenance within the Premises to include janitorial / housekeeping; and

WHEREAS, The Landlord's will contribute \$162,000 to complete the interior finishes to a "vanilla box". The total cost of the build out is estimated to be approximately \$311,624. The Tenant is responsible for any costs above \$162,000 to build / fit out work required for Tenants occupancy; and

WHEREAS, The Tenant has the option to renew for One [1] Five [5] Year Option with base rent to increase by 3% annually beginning in Year 11; and

WHEREAS, Miscellaneous considerations include Tenant requests that Landlord consider covering cost for architectural drawings for Tenant's portion of build / fit out. Landlord will contribute \$7,500 to architectural drawings, as long as Holt Architect is used; and

WHEREAS, A budget was approved by the Audit and Finance Committee for \$235,000 related costs to a move as outlined above with fixtures and furnishings; and

WHEREAS, An additional \$125,000 will be needed to complete the project. The initial capital costs can be amortized for the term of the lease and therefore would not require any budget changes for 2023; and

WHEREAS, A policy will be established allowing the Consortium to amortize capital costs for fixed assets and, now, therefore, be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Executive Committee authorizes the Executive Director to sign said lease agreement represented within the Letter of Intent composed by 408 Upland Road LLC for office space at 408 East Upland Road, Ithaca, NY 14850 for the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) Business Office/Headquarters.

Ms. Dowd discussed that the proposed lease plan designs show six office spaces, as well as a very large conference area to accommodate the Consortium's largest meetings. She noted the location is centrally located in Cayuga Heights and there is ample shared parking at the building, as well as across the road, which also will have more parking available in the evenings. Ms. Dowd showed some design plans to explain the setting and noted that there is a shared foyer with the other tenant.

Ms. Dowd included that the Consortium would pay their own utilities, including water and sewer, HVAC, plumbing and electrical, as well as janitorial and housekeeping on the proposed area.

Ms. Dowd also added that the landlord will contribute \$162,000 to complete the interior of the proposed Consortium's side of the estimated \$311,000 build. The balance would be for the

Consortium. She said that there is not a lot of architecture that needs to be done. The Consortium's budget has money to pay for this lease agreement, however the Consortium will have to establish an amortization policy.

Mr. Shattuck asked if something were to happen and the completion of the interior escalated and were increase, will the landlord keep that amount the Consortium will pay as a flat amount. Ms. Dowd explained that earlier that morning, she had met with the builder, and they discussed what would be the proposed changes. The builder said it would cost about \$162,000 to sheet rock and turn the space into a black rectangle, and then the additional build out would be how the Consortium would like it to look for our purposes according to the specs with doors and the office spaces and to include a kitchen. Ms. Dowd said that it was also requested that the Consortium use the landlord's architect for those plans.

Resolution: Authorizing Extension of Office Space Lease Agreement with the Town of Ithaca

Ms. Dowd explained that the Consortium is at the end of their lease with the Town of Ithaca. The Town has agreed to extend the Consortium's lease for another year, but with the 30-day right to exit pending a move in date for the newly proposed lease. She said the resolution recommends to the Executive Committee that the Executive Director be authorized to sign a lease (with the 30-day notification exit window) with the Town of Ithaca for the period through March of 2024, if needed.

MOVED by Mr. Salton seconded by Mr. Snow. The resolution was unanimously adopted by voice vote of members present, and visibly seen members via remote locations due to extraordinary circumstances to approve the following resolution to submit to the Executive Committee.

WHEREAS, In 2019 the Executive Committee negotiated a lease agreement with The Town of Ithaca for office space; and

WHEREAS, The Consortium's legal counsel reviewed and approved the language contained in the lease agreement; and

WHEREAS, The lease agreement was updated in 2021 to included additional space to accommodate the Consortium's additional personnel needs; and

WHEREAS, The lease is set for a one year term and the ability to extend annually with all utilities being the responsibility of the landlord; and

WHEREAS, The lease agreement allows the Tenant to default on the lease by failure to pay Rent within a period of 30 days of the due date of if the premises become deserted or vacant for more than twenty-one days, Landlord shall have the right to terminate the Lease; and

WHEREAS, The Town of Ithaca has verbally informed the Executive Director for the Greater Tompkins County Municipal Health Insurance Consortium that they will accept a 30-day notification to exit the lease, in lieu of creating a new month to month agreement for this new annual period, should we wish to move to a new location; now, therefore, be it

RESOLVED, On recommendation of the Audit and Finance Committee, that the Executive Committee authorizes the Executive Director to sign said lease agreement dated March 14, 2023 with the Town of Ithaca for office space for the period April 1, 2023 thru March 31, 2024.

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Abstract Approval

Ms. Apalovich presented and reviewed the March 2023 monthly financial abstract; there were no questions or concerns. It was MOVED by Mr. Salton, seconded by Mr. Shattuck and unanimously adopted by voice vote by members present, to approve the March 2023 monthly abstract. MOTION CARRIED.

Budget Performance Report

Mr. Pelton referred to the monthly Budget Performance Report as of February 28, 2023 and covered the following:

1. The overall revenue of the Consortium is slightly below budget as of February 28, 2023. Locey & Cahill believes that as the enhanced pharmaceutical manufacturer rebates and interest earnings, especially when longer term investments mature, will help the Consortium to stay close to its targeted budget number.
2. The combined Medical and Rx Paid Claims were 2.09% below budget through the first 2-months of the 2023 Fiscal Year. Locey & Cahill is keeping a close eye on the paid claims and how they evolve during the “new normal” post COVID-19 pandemic. Historically, the claims paid during the latter part of the Calendar Year tend to be a bit higher as annual deductibles and out-of-pocket maximums are met in the early months.
3. Overall, the Greater Tompkins County Municipal Health Insurance Consortium is performing better than projected through the first 2-months of the 2023 Fiscal Year. With only two months “in the books”, the financial indicators are pointing toward a positive fiscal year. In the end, Locey & Cahill is hopeful that this positive result will allow the Consortium to maintain modest premium increases for the next several fiscal years and/or provide premium relief to the Participating Municipalities.
4. Lastly, Locey & Cahill pointed out that the fiscal results experienced by the Consortium as of February 28, 2023, support the Board of Director’s decision to increase premium rates by 6.5% for the 2023 Fiscal Year. With careful planning and monitoring, especially when experiencing growth of membership, the focus will be on providing stability in future budgets and premium increases, which may allow for some premium relief to assist the Participating Municipalities during potential difficult financial times as COVID-19 relief monies dry up.
5. The net cash assets (unencumbered fund balance) finished the 2022 year at 19.07% of premium revenues. This result was achieved while still funding the Rate Stabilization Reserve at 7.5% of Expected Paid Claims and adjusting the Catastrophic Claims Reserve to \$4.81 million. Concern with prescription drug claims performing above budget may lead to further discussions after the 2022 annual audit has concluded to increase some of our reserve levels going forward.

Audit and Finance Committee Minutes
March 28, 2023

Next Meeting Agenda Topics

Lease Update – 408 East Upland Road
Amortization Policy
Dependent Audit City of Ithaca
AFC Charter Updates

Adjournment

The meeting adjourned at 4:16 p.m.

Next Meeting April 25, 2023

Respectfully submitted by Lynne Sheldon, Clerk of the Board

Greater Tompkins County Municipal Hlth Insurance Consortium

MONTHLY ABSTRACT - April 2023

Type	Date	Pymt Num	Invoice #	Name	Memo	Amount
Check	3/15/2023	A4787558	03152023-GTC-TC	Proact, Inc.	03012023-03152023	\$ 835,980.04
Check	3/24/2023	A4792961	3232023	Excellus Health Plan - Claims	03152023-03212023	\$ 890,128.85
Check	3/1/2023	A4842191	3012023	Excellus Health Plan - Group	March Admin Fees	\$ 140,628.63
Check	4/3/2023	A4829099	3312023	Excellus Health Plan - Claims	03222023-03282023	\$ 860,052.91
Check	3/31/2023	A4868549	03312023-GTC-TC	Proact, Inc.	03162023-03312023	\$ 1,038,046.99
Check	4/4/2023	A4857924	4042023	Excellus Health Plan - Claims	03292023-04042023	\$ 959,730.92
Check	4/5/2023	A4848092	Apr-23	HM Life Insurance Company of NY	April 2023 Stop Loss	\$ 27,310.14
Check	4/11/2023	A4889295	4112023	Excellus Health Plan - Claims	04052023-04112023	\$ 1,061,470.39
Bill	3/31/2023	5223	BN334127	Bonadio & Co., LLP	2022 Year End Review	\$ 9,400.00
Bill	3/31/2023	5224	4072023	Chase Credit Card	February Statement	\$ 1,329.91
Bill	3/31/2023	5225	481839	Hancock Estabrook	Legal Fees	\$ 220.00
Bill	3/31/2023	5226	135911	Insero & Co.	2022 Audit - 1st installment	\$ 10,000.00
Bill	4/1/2023	5227	17448	Locey & Cahill	April Fees	\$ 7,850.00
Bill	3/31/2023	5228	Mar 2023 Phones	Tompkins County	March Phones	\$ 18.30
Bill	3/31/2023	5229	2023-02	Town of Ithaca	February Payroll	\$ 45,492.80
Bill	3/31/2023	5229	Mar 2023 Rent	Town of Ithaca	March Rent	\$ 800.00
Bill	3/31/2023	5230	20230331-116996-A	Wilmington Trust	Jan-Mar Fees	\$ 2,400.00
Bill	3/31/2023	5230	20230331-87321-A	Wilmington Trust	Jan-Mar Fees	\$ 600.00
Bill	4/19/2023	5231	Feb/Mar Mileage	Kylie Rodrigues	Feb-Mar Mileage	\$ 52.20
Bill	3/31/2023	5232	38103	CanaRx Group Inc	03162023-03312023	\$ 5,850.50
Bill	4/15/2023	5232	38439	CanaRx Group Inc	04012023-04152023	\$ 6,324.50
						\$ 5,903,687.08