

**GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM**

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2023 and 2022**



Certified Public Accountants | Business Advisors

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Tompkins County Municipal Health Insurance Consortium
Ithaca, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Greater Tompkins County Municipal Health Insurance Consortium (the Consortium), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Consortium, as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Consortium, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Consortium's basic financial statements. The Schedules of Changes in Net Position and Claim Development Information are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedules of Changes in Net Position and Claim Development Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedules of Changes in Net Position and Claim Development Information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2024, on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Consortium's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 23, 2024

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the financial position of the Greater Tompkins County Municipal Health Insurance Consortium (the Consortium) as of December 31, 2023 and 2022, and its results of operations for the years then ended. Because the MD&A is designed to focus on current operations, it should be read in conjunction with the audited financial statements and related footnotes.

Financial Highlights

For the year ended December 31, 2023, the Consortium's net position decreased by \$6,396,849. The decrease in net position is mainly attributable to an excess of claims and claims administrative expenses over revenues received. For the year ended December 31, 2022, the Consortium's net position decreased by \$228,696. For the year ended December 31, 2021, the Consortium's net position increased by \$3,749,339. Decreases in net position are mainly attributable to an excess of claims and claims administrative expenses over revenues received.

The Consortium's net position consists of the following:

	2023	2022	2021
Restricted for Contingency Reserve	\$ 3,062,352	\$ 2,729,555	\$ 2,669,495
Catastrophic Claims Self-Insurance Fund	4,606,088	4,808,739	4,642,294
Rate Stabilization Reserve	4,788,607	3,892,443	4,004,101
Net Investment in Capital Assets	353,933	-	-
Unrestricted - Undesignated Net Position	2,814,316	10,591,408	10,934,951
Total Net Position	\$ 15,625,296	\$ 22,022,145	\$ 22,250,841

A summary of operating and nonoperating revenues and expenses follows:

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MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

	2023	2022	2021
Premiums	\$ 61,247,053	\$ 54,591,095	\$ 53,389,902
Nonoperating Revenues - Interest Earnings	537,097	111,585	99,529
Nonoperating Revenues - Gain on Investments	692,435	-	-
Nonoperating Revenues - Other	-	-	-
Total Revenues	62,476,585	54,702,680	53,489,431
Operating Expenses	67,252,694	54,677,053	59,818,367
Nonoperating Expenses - Loss on Investments	-	436,765	193,376
Nonoperating Expenses - Other	13,797	11,503	23,066
Total Expenses	67,266,491	55,125,321	60,034,809
Adjustment for Incurred But Not Reported Claims	<u>(1,606,943)</u>	<u>193,945</u>	<u>(1,037,686)</u>
(Decrease) Increase in Net Position	<u>\$ (6,396,849)</u>	<u>\$ (228,696)</u>	<u>\$ (7,583,064)</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

Financial Statement Overview

The financial statements of the Greater Tompkins County Municipal Health Insurance Consortium have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and related standards prescribed by the Governmental Accounting Standards Board (GASB).

The financial statements presented include Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; and Statements of Cash Flows. These statements provide information about the Consortium's financial position, its results of operations, and cash flows for the periods presented.

The Statements of Net Position are similar to a balance sheet in that they include the Consortium's assets and liabilities. Unlike a balance sheet, liabilities are subtracted from total assets to present what is referred to as "net position."

The Statements of Net Position classify all assets and liabilities as either current or noncurrent. Current assets are assets that will be recognized within the following twelve months. Similarly, current liabilities are those obligations that will be liquidated within the following twelve months. Over time, changes in net position may indicate strength or deterioration in the Consortium's financial position.

The Statements of Revenues, Expenses, and Changes in Net Position reflect all operating and nonoperating revenues and expenses for the periods presented, the change in net position based on those revenues and expenses, any adjustments to net position, and beginning and ending net position. Revenue is reported in this statement when it is earned, and expenses are recorded when the obligation has been incurred.

The Statements of Cash Flows provide information on major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used in operations, investing, capital, and noncapital financing activities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

Statements of Net Position

The Statements of Net Position represent the financial position of the Greater Tompkins County Municipal Health Insurance Consortium at December 31, 2023, 2022, and 2021. The following table reflects, in summary, the financial position of the Consortium at December 31,:

	2023	2022	2021
Current Assets	\$ 12,988,822	\$ 19,522,638	\$ 12,420,780
Noncurrent Assets	14,716,211	12,219,837	18,905,698
Total Assets	27,705,033	31,742,475	31,326,478
Current Liabilities	11,140,356	9,720,330	9,075,637
Noncurrent Liabilities	939,381	-	-
Total Liabilities	12,079,737	9,720,330	9,075,637
Net Position	\$ 15,625,296	\$ 22,022,145	\$ 22,250,841

The decrease in total assets in 2023 is mainly due to decreased cash and unrestricted investments as a result of the operating results for 2023. The increase in total assets in 2022 is mainly due to the increased premium receivables. The increases in current liabilities are primarily due to increased incurred claims liability and lease liability in 2023 and increased unearned premiums in 2022.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the results of operations of the Consortium for the years ended December 31,:

Revenue Overview

	2023	2022	2021
Premiums	\$ 61,247,053	\$ 54,591,095	\$ 53,389,902
Interest Earnings	537,097	111,585	99,529
Gain on Investments	692,435	-	-
Nonoperating Revenues - Other	-	-	-
Total Revenues	\$ 62,476,585	\$ 54,702,680	\$ 53,489,431

The increase in premium revenue for 2023 is primarily the result of seven new municipalities joining the Consortium along with premium increases necessitated by the rising cost of health care. The increase in premium revenue for 2022 was primarily the result of 4 new municipalities joining the Consortium along with premium increases necessitated by the rising cost of health care. The increases in interest earnings are mostly due to increased interest rates. Investment gains are a result of market conditions.

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MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

Expense Overview

The following table summarizes expenses by function for the years ended December 31,:

	2023	2022	2021
Claims Expense	\$ 63,401,572	\$ 51,505,375	\$ 53,024,900
Compensation	442,329	420,883	402,891
Professional and Consulting	535,950	157,032	165,655
Reinsurance Expenses, Net of Recoveries	320,301	295,917	270,471
Insurance	65,714	58,266	50,588
Claims Administration Fees	1,989,845	1,813,731	1,678,883
Aggregate Write-ins for Other Expenses	496,983	425,849	391,254
Loss on Investments	-	436,765	193,376
Other Expenses	13,797	11,503	23,066
Total Expenses	\$ 67,266,491	\$ 55,125,321	\$ 56,201,084

The increase in claims expense for 2023 is primarily a result in increased insurance claims paid for participating municipality employees and the addition of new participating municipalities into the Consortium. The decrease in claims expense for 2022 is primarily a result of medical claims being 8.36% below budgeted levels due to member participation in lower cost health insurance plans. The increases in claims administrative and other expenses are primarily due to increased costs associated with adding new municipalities into the Consortium. The increase in Professional and Consulting fees are primarily due to the NYS Department of Financial Services Audit that occurred in 2023. The changes in reinsurance are primarily due to timing of reimbursement payouts and the cost of reinsurance. Prior loss on investments is a result of market conditions.

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MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

Economic Factors Affecting the Future

Consortium Overview

In 2010, the Greater Tompkins County Municipal Health Insurance Consortium became the first municipal cooperative health benefits plan organized pursuant to Article 47 of the New York State Insurance Law to be made up of local municipalities which was started from “the ground up” since the law’s effective date in the early 1990’s.

In the fall of 2022, the Board of Directors approved seven (7) new municipalities to join the Consortium in 2023. The new members were the Towns of Camillus, DeRuyter, Dewitt and Hastings, the Villages of Camillus and Skaneateles, and the Dewitt Fire District. With these new municipalities, the Consortium has seen its list of municipal partners grow from its original thirteen (13) members to sixty (60) municipal partners at the close of the 2023 Fiscal Year.

In the fall of 2023, the Board of Directors approved an additional five (5) new municipal partners that began coverage on January 1, 2024. Having no employees enrolled in GTCMHIC health plans, the Town of Niles withdrew their application as a participant in 2023. The other five (5) participants that joined included the Towns of Brutus, Locke and West Monroe, The Village of Fair Haven and the City of Geneva.

Please refer to this complete list of the Participating Municipalities as of December 31, 2023:

Municipality Name	Effective Date	Termination Date	Municipality Name	Effective Date	Termination Date	Municipality Name	Effective Date	Termination Date
City of Ithaca	1/1/2011		Town of Aurelius	1/1/2017		Town of Spencer	1/1/2020	
County of Tompkins	1/1/2011		Town of Cincinnatus	1/1/2017		Village of Watkins Glen	1/1/2020	
Town of Caroline	1/1/2011		Town of Montezuma	1/1/2017		Lansing Library	1/1/2020	
Town of Danby	1/1/2011		Town of Moravia	1/1/2017		Town of Catharine	1/1/2021	
Town of Dryden	1/1/2011		Town of Preble	1/1/2017		Town of Cuyler	1/1/2021	
Town of Enfield	1/1/2011		Town of Scipio	1/1/2017		Town of Dix	1/1/2021	
Town of Groton	1/1/2011		Town of Springport	1/1/2017		Town of Hector	1/1/2021	
Town of Ithaca	1/1/2011		Village of Union Springs	1/1/2017		Town of Tioga	1/1/2021	
Town of Ulisses	1/1/2011		Town of Homer	1/1/2018		Village of Owego	1/1/2021	
Village of Cayuga Heights	1/1/2011		Town of Newfield	1/1/2018		Town of Erwin	1/1/2022	
Village of Dryden	1/1/2011		Town of Owasco	1/1/2018		Town of Throop	1/1/2022	
Village of Groton	1/1/2011		County of Seneca	1/1/2019		Village of Minoa	1/1/2022	
Village of Trumansburg	1/1/2011		Town of Big Flats	1/1/2019		Village of Fayetteville	1/1/2022	
City of Cortland	1/1/2013		Town of Mentz	1/1/2019		Town of Camillus	1/1/2023	
Town of Lansing	1/1/2013		Town of Niles	1/1/2019	12/31/2023	Town of DeRuyter	1/1/2023	
Town of Willet	1/1/2015		Town of Sennett	1/1/2019		Town of Dewitt	1/1/2023	
Village of Homer	1/1/2015		Village of Freeville	1/1/2019		Town of Hastings	1/1/2023	
Town of Marathon	1/1/2016		Village of Horseheads	1/1/2019		Village of Camillus	1/1/2023	
Town of Truxton	1/1/2016		Village of Lansing	1/1/2019		Village of Skaneateles	1/1/2023	
Town of Virgil	1/1/2016		Town of Horseheads	1/1/2020		Dewitt Fire District	1/1/2023	
** Founding Members								

The Consortium has been approved by the NYS Department of Financial Services to expand its geographical boundaries to include Livingston and Monroe Counties. A new Certificate of Authority should be forthcoming soon. As a result of this expected growth, the Consortium continues to look at strategic objectives that will maintain rate stabilization for its members and prudently manage the increased level of risk associated with growth. Increasing the risk pool does

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MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

add a level of comfort with funding reserves and creating more stability, but it does bring concern about increasing the overall level of risk. The Consortium continues to work with our consultants to understand new medical and prescription claims trending. The “new normal” appears to include inflated pricing due to delayed care during the pandemic, medical claims inflation, and continued escalation in prescription drug pricing. A move to Excellus as the prescription benefit manager in 2024 should help the Consortium realize better rebates and cost containment through coordinated management of both medical and prescription claims.

NYS Department of Financial Services notified the Consortium at the end of 2022 that it would be examining our plan and focusing on risk management. The audit continued through 2023 and the Consortium is waiting for the final exit letter and interview. Audit findings included changes to cyber security policy and procedures to make sure the Consortium remains compliant with the NYS mandated changes. Other audit items continue to highlight concern over the lack of Board member attendance at meetings and ongoing changes to the Municipal Cooperative Agreement to assist with streamlining the new member approval process.

The following chart demonstrates how the Consortium continues to be financially efficient while it enhances the services it provides to the participating municipalities and keeps administrative fees for staffing and consulting services less than 2.0% of total Consortium expenses:

Expense Category	2018	2019	2020	2021	2022	2023
Medical and Rx Paid Claims	95.31%	93.96%	95.09%	94.89%	93.79%	94.27%
Claims Administration Fees	2.48%	2.88%	2.82%	2.88%	3.11%	2.96%
Stop-Loss Insurance	0.95%	1.27%	0.47%	0.46%	0.51%	0.48%
Taxes and Fees	0.53%	0.68%	0.57%	0.62%	0.68%	0.66%
Professional Services	0.43%	0.54%	0.41%	0.28%	0.27%	0.55%
Insurance/Internal Fees (Staffing)	0.29%	0.63%	0.63%	0.82%	0.90%	1.08%
Other/Miscellaneous Fees	0.01%	0.05%	0.02%	0.05%	0.75%	0.00%
Total Cash Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

Escalating Cost of Medical Services and Prescription Medications

Medical claims for 2023 were 3.70% above budgeted levels due to higher-than-expected large losses. Prescription drug costs were 16.1% over budget in 2023, an increase of 12.57% from the previous year. This upward movement is expected to continue as new drugs are introduced to the market at significant cost and other drugs, such as GLP-1s become popular FDA approved weight management tools.

The Consortium Staff, Finance Committee, and Executive Committee continually monitor the paid claims trends as developed by the Plan's Consultant, Locey & Cahill, LLC, to ensure the Consortium's budget and premium equivalent rates are adequate. The budget prepared for 2024 anticipates utilizing the rate stabilization reserve to keep premium increases minimal. The net income loss in 2023 tapped into the unencumbered fund balance depleting the pool to a level close to 5% of paid claims.

The chart below shows the Consortium's budgeted paid claims versus the Consortium's actual paid claims for each year of operation:

<i>Fiscal Year</i>	<i>Budgeted Claims</i>			<i>Actual Results</i>			<i>Variance (Budgeted Claims -v- Actual Results)</i>	
	<i>Medical Claims</i>	<i>Rx Claims</i>	<i>Total Claims</i>	<i>Medical Claims</i>	<i>Rx Claims</i>	<i>Total Claims</i>	<i>Total Claims</i>	
2011	\$15,947,080.94	\$5,828,602.12	\$21,775,683.06	\$15,685,691.75	\$6,504,972.43	\$22,190,664.18	\$414,981.12	1.91%
2012	\$19,674,216.88	\$6,496,006.90	\$26,170,223.78	\$18,085,105.63	\$6,683,363.26	\$24,768,468.89	-\$1,401,754.89	-5.36%
2013	\$21,415,385.07	\$7,070,903.51	\$28,486,288.58	\$21,606,445.39	\$6,881,127.63	\$28,487,573.02	\$1,284.44	0.00%
2014	\$22,817,790.22	\$7,294,687.16	\$30,112,477.38	\$22,323,357.41	\$7,388,617.00	\$29,711,974.41	-\$400,502.97	-1.33%
2015	\$25,019,785.25	\$7,995,686.92	\$33,015,472.17	\$20,488,247.86	\$8,513,468.25	\$29,001,716.11	-\$4,013,756.06	-12.16%
2016	\$24,721,129.41	\$9,112,459.27	\$33,833,588.68	\$24,569,270.48	\$10,190,718.01	\$34,759,988.49	\$926,399.81	2.74%
2017	\$27,333,613.53	\$12,004,678.56	\$39,338,292.09	\$25,776,547.72	\$11,109,131.73	\$36,885,679.45	-\$2,452,612.64	-6.23%
2018	\$27,872,149.95	\$12,314,156.34	\$40,186,306.29	\$29,703,463.95	\$10,863,475.35	\$40,566,939.30	\$380,633.01	0.95%
2019	\$35,347,255.37	\$13,835,185.90	\$49,182,441.28	\$31,928,669.77	\$12,835,335.59	\$44,764,005.36	-\$4,418,435.92	-8.98%
2020	\$37,198,413.76	\$14,009,165.32	\$51,207,579.08	\$32,826,396.10	\$14,301,339.57	\$47,127,735.67	-\$4,079,843.41	-7.97%
2021	\$38,838,424.24	\$15,355,131.00	\$54,193,555.24	\$39,054,847.14	\$16,173,194.34	\$55,228,041.48	\$1,034,486.24	1.91%
2022	\$40,780,345.45	\$16,506,765.82	\$57,287,111.27	\$37,431,000.68	\$17,089,766.29	\$54,520,766.97	-\$2,766,344.30	-4.83%
2023	\$43,149,264.56	\$18,787,861.39	\$61,937,125.95	\$44,758,736.71	\$21,805,216.57	\$66,563,953.28	\$4,626,827.33	7.47%
Totals	\$380,114,854.62	\$146,611,290.23	\$526,726,144.85	\$364,237,780.59	\$150,339,726.02	\$514,577,506.61	-\$12,148,638.24	-2.31%

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

New Mandates

The Consolidation Appropriations Act (CAA), 2021, or “No Surprise Act” continues to require yearly CAA reporting, continued transparency of service costs, and prohibits surprise out-of-network billing. New York Senate Bill S4111, effective January 1, 2022, prohibits health care plans that provide essential benefits under the Affordable Care Act from removing a prescription drug from a formulary or adding new or additional formulary restrictions from a formulary during an enrollment year.

For 2025, the Inflation Reduction Act (IRA), 2022, will make further changes to the Part D prescription drug program, including reducing the annual out-of-pocket amount payable by patients to \$2,000. This shift in Part D benefits will have direct correlation to Retiree Drug Subsidy (RDS) and Employer Group Waiver Plans (EGWPs).

Department of Financial Services (DFS) Cybersecurity Regulation 23 NYCRR Part 500 has continued to be updated since its enactment in 2017. The newest additions in 2023 require companies to conduct independent audits of their cybersecurity programs, implement a privileged access management solution, and automatically block common passwords for information system accounts.

Specific Stop-Loss Insurance

Section 4707(a)(2) of the New York State Insurance Law requires the Consortium 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.” The Consortium 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. 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 a policy was created for balancing the Catastrophic Claims Reserve with the predicted risk. The Catastrophic Self-Insurance Claims Pool was funded at the \$4,606,088 level at the close of the 2023 Fiscal Year.

The Catastrophic Self-Insurance Pool which converted the Catastrophic Claims Reserve into a fund that will be used to cover eligible expenses for covered members who have paid claims which exceed \$500,000 up to the specific stop-loss insurance deductible of \$1,000,000. The only exceptions to this payment are claimants who have a “laser” deductible placed on them. In addition to the funds from the Catastrophic Claims Pool, this Pool will be further funded with the variance between the quoted premium for a specific stop-loss insurance policy at the \$600,000 deductible level and the \$1,000,000 deductible level and with the interest earned on the Pool each year.

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

For the 2023 Fiscal Year, the Consortium experienced five claimants which needed to be funded by the Pool. Please refer to the chart below for the 2023 Fiscal Year Results as of December 31, 2023:

Catastrophic Claims Self-Insurance Pool	2020 Fiscal Year	2021 Fiscal Year	2022 Fiscal Year	2023 Fiscal Year
Beginning Balance	\$ 4,500,000.00	\$ 5,032,220.00	\$ 4,642,294.20	\$ 4,808,739.38
Add: Premium Savings	\$ 498,115.00	\$ 434,450.00	\$ 427,465.40	\$ 480,602.23
Add: Interest Income	\$ 34,105.00	\$ -	\$ 27,149.63	\$ 97,807.57
Loss) on Investments	\$ -	\$ (19,009.15)	\$ (51,767.98)	\$ -
Less: (Catastrophic Claims)	\$ -	\$ (805,366.65)	\$ (236,401.87)	\$ (813,474.76)
Ending Balance	\$ 5,032,220.00	\$ 4,642,294.20	\$ 4,808,739.38	\$ 4,573,674.42

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

		2023 Fiscal Year
Budgeted Premium	\$600,000 Deductible	\$800,904.00
Actual Premium Paid	\$1,000,000 Deductible	\$320,301.77
Premium Savings		\$480,602.23
Member # 000001179452	Deductible (Laser Applied)	\$700,000.00
	Actual Claims Paid	\$610,458.62
	Prior Year Lag Claims	\$121,885.00
	Catastrophic Claims Pool	\$32,343.62
Member # 000014335319	Deductible	\$500,000.00
	Actual Claims Paid	\$0.00
	Prior Year Lag Claims	\$0.00
	Catastrophic Claims Pool	\$0.00
Member # 000014235037	Deductible	\$500,000.00
	Actual Claims Paid	\$670,646.90
	Prior Year Lag Claims	\$16.36
	Catastrophic Claims Pool	\$170,663.26
Member # 000012168307	Deductible	\$500,000.00
	Actual Claims Paid	\$0.00
	Prior Year Lag Claims	\$0.00
	Catastrophic Claims Pool	\$0.00
Member # 000001551134	Deductible	\$500,000.00
	Actual Claims Paid	\$0.00
	Prior Year Lag Claims	\$0.00
	Catastrophic Claims Pool	\$0.00
Member # 00000346623	Deductible	\$500,000.00
	Actual Claims Paid	\$679,860.62
	Prior Year Lag Claims	\$4.49
	Catastrophic Claims Pool	\$179,865.11
Member # 000001643330	Deductible	\$500,000.00
	Actual Claims Paid	\$832,980.31
	Prior Year Lag Claims	\$49.34
	Catastrophic Claims Pool	\$333,029.65
Member # 000000845061	Deductible	\$500,000.00
	Actual Claims Paid	\$597,573.12
	Prior Year Lag Claims	\$0.00
	Catastrophic Claims Pool	\$97,573.12
Catastrophic Claims Self-Insurance Pool Claims		\$813,474.76
Net Impact on Fund Balance		-\$332,872.53
Interest Earnings on Reserve		\$97,807.57

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

Aggregate Stop-Loss Insurance

New York State Department of Financial Services continues to honor the waiver granted on December 5, 2017 to the Consortium relative to the requirement to purchase aggregate stop-loss insurance as found in §4707 of the New York State Insurance Law for 2021 and the foreseeable future. This waiver does not create a substantive risk to the Consortium or its members, as the Consortium maintains reserves and fund balance which protects the financial integrity of the Consortium and the New York State Department of Financial Services agreed this was a reasonable approach. Waiving aggregate stop-loss insurance allows the Consortium to save annually on related premiums.

Rate Stabilization Reserve

With paid claims and expense results below budget in the initial years of operation, the Board of Directors decided during the 2015 Fiscal Year, to establish a Claims/Rate Stabilization Reserve to further protect the Consortium's cash flow and provide additional financial stability. These funds would be used to "bridge the gap" during an associated hyper-inflationary period relative to paid claims allowing the Board of Directors to establish a multiple year plan to adjust revenue (premiums) and prevent a significant increase in premium rates during a single fiscal period. As part of the long-term financial plan, the Board approved the use of a portion of the Rate Stabilization Reserve Fund, if necessary, to balance the 2024 budget. Changes to the Rate Stabilization Reserve, to be funded at 7.5% of annual premiums, with Resolution No. 034-2019 included defining when and how the Rate Stabilization Reserve should be utilized and subsequently refunded. In addition, the Board of Directors authorized the establishment of an Annual Premium Increase Target of 4% - 8%; and amended the 2019 target of 7.5% to set a target for the Rate Stabilization Reserve of 10% of annual premiums; and when budgeted premium increases exceed 8%, a budget will be developed that funds the Rate Stabilization Reserve at a level less than the 10%-of-premium target, but no lower than 2.5%-of-premium level, with the goal of meeting all other budget requirements. When the Rate Stabilization Reserve is funded below the 10%-of-premium target, the budget that is developed as a result will be created to support returning to the 10%-of-premium target funding level in subsequent years and as quickly as possible.

Incurred But Not Reported (IBNR) Claims Liability Reserve

The Consortium continues to see a decrease in the IBNR calculation as determined by the Consortium's Actuaries, Risk Strategies. At the close of the 2011 Fiscal Year, the Consortium's calculated IBNR was 10.15% of paid claims. The IBNR calculation for the 2023 Fiscal Year was 5.20%. While this does not directly impact the mandated 12% of expected incurred claims reserve required by the NYS Department of Financial Services, it does provide creditable data demonstrating the IBNR Reserve at 12% is very conservative and amply protects the Consortium for its claims' liabilities.

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

Investment of Reserves

During the 2018 Fiscal Year, the Board of Directors adopted an Investment Policy for the Consortium which included seeking assistance from outside professionals. The Consortium's Audit & Finance Committee interviewed several firms who specialize in Investment Management for the limited investment vehicles available to municipal cooperatives. The decision was made to contract with Wilmington Trust at the end of the 2018 Fiscal Year. At the direction of the Audit & Finance Committee, the Consortium's Chief Fiscal Officer, and the Consortium's Treasurer, funds were moved to Wilmington Trust in February of 2019. This action resulted in a significant increase in earned interest income as the Consortium saw its investments in 2019 create an additional \$443,163.55 in interest earnings as compared to the 2018 Fiscal Year. Interest/investment earnings rebounded in 2023 with earnings over \$1.2M. The Consortium Leadership will continue to monitor and review the investment strategy on an ongoing basis to ensure the Consortium is maximizing its interest income whenever possible.

The Consortium, through its investment advisor Wilmington Trust, utilizes a mark to market accounting practice to record the value of its investments as determined by current market conditions. The market value is determined based on what the Consortium's investments are worth if they were sold at that point in time. At the end of the fiscal year, the Consortium's financial statements reflect the current market value of its investments, including investment gains and losses for the fiscal year end.

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2023 AND 2022

Patient Protection and Affordable Care Act

The Affordable Care Act’s (ACA’s) ongoing implementation since its inception in 2010 has resulted in increased costs to the Consortium, including the Patient Centered Outcomes Research Institute (PCORI) Fee which is now expected to be in place through the 2029 Fiscal Year. A history of this fee is provided below:

Applicable Fiscal Year	Filing Deadline	Payment Fiscal Year	PCORIRate (Per Life)	% Increase	Average Annual Covered Lives	Annual Fee
2012	7/31/2013	2013	\$1.00	n/s	4,448	\$4,448.00
2013	7/31/2014	2014	\$2.00	100.00%	5,126	\$10,252.46
2014	7/31/2015	2015	\$2.08	4.00%	5,015	\$10,431.20
2015	7/31/2016	2016	\$2.17	4.33%	5,024	\$10,902.08
2016	7/31/2017	2017	\$2.26	4.15%	5,063	\$11,442.38
2017	7/31/2018	2018	\$2.39	5.75%	5,172	\$12,361.08
2018	7/31/2019	2019	\$2.45	2.51%	5,201	\$12,742.45
2019	7/31/2020	2020	\$2.54	3.67%	6,174	\$15,681.96
2020	7/31/2021	2021	\$2.66	4.72%	6,275	\$16,691.50
2021	7/30/2022	2022	\$2.79	5.00%	6,296	\$17,585.37
2022	7/30/2023	2023	\$3.00	7.41%	5,936	\$17,808.57
2023	7/30/2024	2024	\$3.22	7.33%	6,979	\$22,472.65
2024	7/30/2025	2025	\$3.38	5.00%	7,000	\$23,667.00
2025	7/30/2026	2026	\$3.55	5.00%	7,000	\$24,850.35
2026	7/30/2027	2027	\$3.73	5.00%	7,000	\$26,092.87
2027	7/30/2028	2028	\$3.91	5.00%	7,000	\$27,397.51
2028	7/30/2029	2029	\$4.11	5.00%	7,000	\$28,767.39

* PCORI Fee Estimates Use Current Average Covered Lives Count of 7,000

In addition to the ACA PCORI Fee, during the 2014, 2015, and 2016 Fiscal Years, the Consortium was subject to the ACA Transitional Reinsurance Program Fee. This ACA Transitional Reinsurance Program Fee has now sunset.

The Board of Directors is monitoring the effects of the continuation of some of the Patient Protection and Affordable Care Act. Although ACA fees have declined substantially with the sunset of the Transitional Reinsurance Program, the Board is actively monitoring its position relative to any changes which could negatively impact the finances of the Consortium.

Monitoring Claims Adjudication

The Board annually contracts with a third party to audit the hospital, medical, and surgical claims adjudication practices of Excellus one year and the pharmaceutical claims practices of ProAct the next year to ensure all claims are being adjudicated according to our plan documents and with proper medical and clinical oversight. After a request for proposal process was undertaken by the Claims and Appeals Committee, it was determined that we remain with BMI, Inc. to conduct our claims audits and the medical claims audit for plan years 2020 and 2021 commenced at the end of the 2022 Fiscal year.

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

Premium Rate Increases

A thorough review of the Consortium's finances and paid claims trends during budget preparations resulted in a premium increase recommendation of 8.00% for the 2024 Fiscal Year. This recommendation brings the overall average increase down to 6.25% since the Consortium's inception and the 5-year average increase is a very modest 5.90%.

Contacting the Plan's Financial Management

This financial report is designed to provide the Plan's member municipalities, Plan participants, and other stakeholders with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Greater Tompkins County Municipal Health Insurance Consortium in writing at PO Box 7, Ithaca, NY 14851

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

STATEMENTS OF NET POSITION DECEMBER 31,

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 4,259,077	\$ 6,501,940
Unrestricted Investments	8,007,467	12,459,875
Accrued Interest	210,495	57,178
Premiums Receivable	503,753	503,441
Prepaid Expenses	8,030	204
Total Current Assets	12,988,822	19,522,638
Noncurrent Assets		
Premium Claims Deposit	928,000	788,300
Security Deposit	-	800
Restricted Investments	12,472,798	11,430,737
Capital Assets, Net	1,315,413	-
Total Noncurrent Assets	14,716,211	12,219,837
Total Assets	27,705,033	31,742,475
LIABILITIES		
Current Liabilities		
Incurred Claims Liability	8,279,606	6,672,663
Accounts Payable	1,720,496	1,491,872
Unearned Premiums	1,118,155	1,555,795
Lease Liability - Current	22,099	-
Total Current Liabilities	11,140,356	9,720,330
Noncurrent Liabilities		
Lease Liability - Noncurrent	939,381	-
Total Liabilities	12,079,737	9,720,330
NET POSITION		
Restricted		
Restricted for Contingency Reserve - §4706(a)(5)	3,062,352	2,729,555
Unrestricted - Board Designated		
Catastrophic Claims Self-Insurance Fund	4,606,088	4,808,739
Rate Stabilization Reserve	4,788,607	3,892,443
Total Unrestricted - Board Designated	9,394,695	8,701,182
Unrestricted - Net Investment in Capital Assets	353,933	-
Unrestricted - Undesignated	2,814,316	10,591,408
Total Net Position	\$ 15,625,296	\$ 22,022,145

See Notes to Financial Statements

**GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,**

	2023	2022
Operating Revenues		
Premiums	\$ 61,247,053	\$ 54,591,095
Total Operating Revenues	61,247,053	54,591,095
Operating Expenses		
Claims Expense	63,401,572	51,505,375
Compensation	442,329	420,883
Professional and Consulting	535,950	157,032
Reinsurance Expenses, Net	320,301	295,917
Insurance	65,714	58,266
Claims Administrative Fees	1,989,845	1,813,731
Aggregate Write-ins for Other Expenses	496,983	425,849
Total Operating Expenses	67,252,694	54,677,053
Excess (Deficiency) of Operating Revenues Before Nonoperating Revenue (Expense)	(6,005,641)	(85,958)
Nonoperating Revenue (Expense)		
Interest Earnings	537,097	111,585
Gain (Loss) on Investments	692,435	(436,765)
Other Revenues (Expenses)	(13,797)	(11,503)
Total Nonoperating Revenue (Expense)	1,215,735	(336,683)
Change in Net Position	(4,789,906)	(422,641)
Net Position, January 1,	22,022,145	22,250,841
Adjustment for Incurred But Not Reported Claims	(1,606,943)	193,945
Net Position, December 31,	\$ 15,625,296	\$ 22,022,145

See Notes to Financial Statements

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED DECEMBER 31,

	2023	2022
Cash Flows From Operating Activities		
Premiums Collected from Municipal Corporations	\$ 60,809,101	\$ 54,898,529
Rebates and Reimbursements	3,454,811	3,189,533
Premium Claims Deposit	(139,700)	(65,900)
Claims Paid	(66,856,383)	(54,694,908)
Payments to Employees	(442,329)	(420,883)
Operating Expenses Paid	(3,189,032)	(2,549,682)
Net Cash Provided (Used) by Operating Activities	(6,363,532)	356,689
Cash Flows From Noncapital Financing Activities	-	-
Cash Flows From Capital and Related Financing Activities		
Construction in Progress	(353,933)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(353,933)	-
Cash Flows From Investing Activities		
Purchase of Investments	(11,990,218)	(6,051,560)
Proceeds from Sale of Investments	16,093,000	5,974,809
Interest Received	383,780	63,841
Investment Fees Paid	(11,960)	(11,061)
Net Cash Provided (Used) by Investing Activities	4,474,602	(23,971)
Net Change in Cash and Cash Equivalents	(2,242,863)	332,718
Cash and Cash Equivalents, January 1,	6,501,940	6,169,222
Cash and Cash Equivalents, December 31,	\$ 4,259,077	\$ 6,501,940
Reconciliation of Excess Operating Revenues Over Operating (Expenses) to Net Cash Provided (Used) by Operating Activities		
Excess Operating Revenues Over Operating (Expenses)	\$ (6,005,641)	\$ (85,958)
(Increase) Decrease in Prepaid Expenses	(7,826)	152,362
(Increase) Decrease in Premiums Receivable	(312)	(482,011)
(Increase) Decrease in Premium Claims Deposit	(139,700)	(65,900)
(Increase) Decrease in Security Deposit	800	-
Increase (Decrease) in Accounts Payable	228,624	49,193
Increase (Decrease) in Unearned Premiums	(437,640)	789,445
Increase (Decrease) in Incurred Claims Liability	1,606,943	(193,945)
Adjustment for Incurred But Not Reported Claims	(1,606,943)	193,945
Net Cash Provided (Used) by Operating Activities	\$ (6,361,695)	\$ 357,131
Supplemental Disclosures		
Noncash Investing, Capital, and Financing Activities		
Gain (Loss) on Investments	\$ 692,435	\$ (436,765)

See Notes to Financial Statements

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 1 **Summary of Significant Accounting Policies**

The financial statements of the Greater Tompkins County Municipal Health Insurance Consortium (the Consortium) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) as applied to government units engaged only in Business-type Activities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Description of the Consortium

The Greater Tompkins County Municipal Health Insurance Consortium was organized in 2010 as an Article 5-G General Municipal Law (GML) municipal corporation to provide health insurance benefits for its member municipalities. The term "Municipal Corporation," as defined by §119-N of the GML, includes a county, city, town, or village. The Consortium's general objectives are to formulate, develop, and administer, on behalf of the member participants, an adequate program of insurance in a cost-effective manner. Municipalities joining the Consortium must remain members for a minimum of three years; a participant may withdraw with written notice prior to October 3 of each Plan year. Municipalities applying for membership in the Consortium may do so with two-thirds approval of the Board. Consortium underwriting and rate setting policies have been established after consultation with third party administration. Consortium members are subject to supplemental assessment in the event of deficiencies. Premium assessments are determined annually, and should assets of the Consortium be exhausted, members would be responsible for the Consortium's liabilities. The Consortium added seven new participating municipalities: the Towns of Camillus, DeRuyter, Dewitt and Hastings, the Villages of Camillus and Skaneateles, and the Dewitt Fire District. The new members added new contracts to the pool and provide a cushion in maintaining the required 2,000 covered lives threshold under Article 47 of New York State Insurance Law. Consortium membership currently includes 60 municipalities.

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, such as expenditures or expenses.

- **Accrual Basis:** Activities of the Consortium are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Reinsurance

The Consortium uses reinsurance agreements to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the primary liability of the Consortium as direct insurer of the risks reinsured. The Consortium does not report reinsured risks as liabilities unless it is probable those risks will not be covered by the reinsurer.

Unpaid Claims Liabilities

The Consortium establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are periodically recomputed to produce current estimates that reflect recent settlements and other factors and are adjusted annually to approximate 12% of claim expenditures. Adjustments to claims liabilities are adjustments to net position and charged or credited to expense in the periods in which they are made.

Incurred But Not Reported Claims Liability Reserve

The Consortium has established a liability reserve required by §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services has allowed the Consortium to utilize a factor of 12% of expected incurred claims as the estimate of this liability (see Unpaid Claims Liabilities note above). The estimate of expected incurred claims is actuarially determined.

Net Position - Restricted

- Restricted for Contingency Reserve: A contingency reserve of 5% of current year premiums was established in accordance with New York State Insurance Law §4706 (a)(5).

Net Position - Unrestricted - Board Designated

- Rate Stabilization Reserve: A reserve equal to approximately 7.5% of the expected incurred/paid claims for the fiscal year.
- Catastrophic Claims Self-Insurance Fund: A discretionary reserve reviewed annually by the Board of Directors to provide financial support for the additional exposure the Consortium acquires by increasing the Specific Stop-Loss Insurance Policy deductible and the additional risk of specific Stop-Loss deductible established by the Stop-Loss carrier for certain subscribers.

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Net Position - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net Position - Unrestricted - Undesignated

If a surplus of assessments exists after the close of the Plan year, after provision for payment of all known unsettled claims, and after receipt of an annual independent financial audit, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to, or included in, said contingency fund shall be applied in reduction of the next annual assessment or to the billing of Consortium participants. Unrestricted - undesignated net position represents an appropriation of this excess for this purpose. Any deficit net position balance will need to be recovered from future premium adjustments.

Related Parties

The Consortium is currently made up of 60 participating municipal corporations, with seven new participating municipalities joining the Consortium in 2023. Representatives of each participating municipal corporation serve on the Board and premiums are collected from the municipal corporations. Four new municipalities are scheduled to join the Consortium in 2024.

Concentration of Credit Risk

The Consortium maintains its cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023 and 2022, all accounts were fully insured and/or collateralized.

Concentration of Operating Revenues

The Consortium received 98.0% and 99.8% of its revenues from premiums collected for the years ended December 31, 2023 and 2022.

Cash Equivalents

For financial statement purposes, the Consortium considers all highly liquid investments of three months or less as cash equivalents.

New Accounting Standards

The Consortium adopted and implemented the following current Statements of GASB effective for the year ended December 31, 2023:

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ended December 31, 2023.

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Future Changes in Accounting Standards

- GASB has issued Statement No. 101 “Compensated Absences,” effective for the year ending December 31, 2024.

The Consortium will evaluate the impact this pronouncement may have on its financial statements and will implement as applicable and when material.

***Note 2* Cash and Investments**

The Consortium's investment policies are governed by state statutes. Consortium monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Chief Fiscal Officer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, obligations of New York State or its localities, and repurchase agreements.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and BOCES.

Deposits are valued at cost. Total financial institution (bank) balances at December 31, 2023 and 2022 were \$4,270,929 and \$6,570,905, respectively. Carrying values at December 31, 2023 and 2022 were \$4,259,077 and \$6,501,940, respectively.

Restricted investments of \$12,472,798 at December 31, 2023 represent funds set aside to fully fund the \$3,062,352 restricted contingency reserve; the \$4,606,088 catastrophic claims and \$4,788,607 rate stabilization Board designated reserves. Restricted investments of \$11,430,737 at December 31, 2022, represent funds set aside to fully fund the \$2,729,555 restricted contingency reserve; the \$4,808,739 catastrophic claims and \$3,892,443 rate stabilization Board designated reserves.

**GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

Note 3 Investments

The following represents investments at December 31,:

	2023		
	Cost	Fair Value	Unrealized Gain (Loss)
Fixed Income Securities			
U.S. Treasury Bonds	\$ 20,389,913	\$ 20,480,265	\$ 90,352
Total	\$ 20,389,913	\$ 20,480,265	\$ 90,352
	2022		
	Cost	Fair Value	Unrealized Gain (Loss)
Fixed Income Securities			
U.S. Treasury Bonds	\$ 23,815,578	\$ 23,890,612	\$ 75,034
Total	\$ 23,815,578	\$ 23,890,612	\$ 75,034

Market Risk

Future changes in market prices may make a financial instrument less valuable. Ownership interest is subject to the risk of loss from a decrease in value due to interest rate fluctuations that may result in a decline that is other than temporary.

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 4 Fair Value Measurements

The Consortium categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Consortium has the following recurring fair value measurements as of December 31, 2023:

- U.S. Treasury securities of \$20,480,265 are valued using quoted market prices (Level 1 inputs).

The Consortium has the following recurring fair value measurements as of December 31, 2022:

- U.S. Treasury securities of \$23,890,612 are valued using quoted market prices (Level 1 inputs).

Note 5 Capital Assets

The detail of capital assets, net, at December 31, 2023 is as follows:

	Balance at December 31, 2022	Additions	Disposals/ Reclassifications	Balance at December 31, 2023
Depreciable Capital Assets				
Construction in Progress	\$ -	\$ 353,933	\$ -	\$ 353,933
Total Depreciable Capital Assets	<u>-</u>	<u>353,933</u>	<u>-</u>	<u>353,933</u>
Intangible Lease Asset	-	969,298	-	969,298
Total Historical Cost	<u>-</u>	<u>1,323,231</u>	<u>-</u>	<u>1,323,231</u>
(Less): Accumulated Depreciation				
Construction in Progress	-	-	-	-
Total Accumulated Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated Amortization	-	(7,818)	-	(7,818)
Capital Assets, Net	<u>\$ -</u>	<u>\$1,315,413</u>	<u>\$ -</u>	<u>\$ 1,315,413</u>

GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 6 Contingencies

Claims Liability

The BlueCross/BlueShield payments include claims paid for the years ended December 31, 2023 and 2022, and an adjustment to account for the BlueCross/BlueShield financing arrangement of billing actual claims paid one week in arrears. This one week delay requires the Consortium to fund approximated costs (Cash Advance) as actual claim payments are charged one week later. No significant differences have been experienced or are expected between monthly adjusted paid claims billings and actual monthly settlements in succeeding billings.

The Consortium also maintains specific stop-loss insurance coverage. This insurance policy provides unlimited coverage to the Consortium for paid claims which exceed the policy deductible during the policy period. The policy period in the fiscal years audited included claims incurred during each calendar year and paid within each calendar year and the first three months of the subsequent calendar year. The policy deductible was \$1,000,000 for the specific stop-loss insurance coverage for the fiscal years ending December 31, 2023 and 2022. It should also be noted that the coverage included unique deductibles (laser deductibles) for one individual at \$1 million for the fiscal year ended December 31, 2023 and for one individual at \$1 million for the fiscal year ended December 31, 2022.

Note 7 Incurred Claims Liability

As discussed in Note 1, the Consortium establishes a liability for both reported and unreported insured events which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represents changes in those aggregate liabilities:

	2023	2022
Liability for Unpaid Claims - Beginning of Year	\$ 6,672,663	\$ 6,866,608
Incurred Claims and Claim Adjustment		
Claims Expense	63,401,572	51,505,375
Claims Paid	(66,856,383)	(54,694,908)
Prescriptions Rebate	3,454,811	3,189,533
Adjustment for Incurred But Not Reported Claims	1,606,943	(193,945)
Liability for Unpaid Claims - End of Year	<u>\$ 8,279,606</u>	<u>\$ 6,672,663</u>

**GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

Note 8 Reinsurance Expense, Rebates, and Reimbursements

Reinsurance expense is shown net of reimbursements and rebates. Gross amounts and rebates are as follows at December 31,:

	2023	2022
Reinsurance Expense	\$ 320,301	\$ 295,917
Reimbursements and Rebates	-	-
Reinsurance Expense, Net	\$ 320,301	\$ 295,917

Note 9 Restricted for Contingency Reserve

A contingency reserve of 5% of current year premiums was established in accordance with New York State Insurance Law §4706(a)(5). The reserve balance was as follows at December 31,:

	2023	2022
Contingency Reserve	\$ 3,062,352	\$ 2,729,555

Note 10 Lease Liabilities

The Consortium enters into lease agreements for certain properties that are considered leases. The Consortium is not party to any material short-term leases, and current leases do not require any variable payments.

Lease liabilities as of December 31, 2023 are as follows:

Description of Lease	Term of Lease	Discount Rate	Outstanding Dec. 31, 2023
Office Lease (15 Years)	10/18/2023-9/30/2038	3.75%	\$ 961,480
			\$ 961,480

***GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM***

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

Note 10 Lease Liabilities - Continued

The following is a summary of the maturity of lease liabilities:

Year	Principal	Interest	Total
2024	\$ 22,099	\$ 35,712	\$ 57,812
2025	32,066	34,702	66,768
2026	39,100	33,368	72,468
2027	43,905	31,820	75,725
2028	48,894	30,088	78,982
2029-2033	326,114	117,546	443,660
2034-2038	449,301	42,905	492,206
	\$ 961,480	\$ 326,142	\$ 1,287,622

The Consortium recognized interest expense of \$6,024 for the year ended December 31, 2023.

**GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM**

**SCHEDULES OF CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,**

	2023				
	Restricted	Unrestricted - Board Designated Catastrophic Claims Self-Insurance Fund	Rate Stabilization Reserve	Unrestricted Undesignated and Net Investment in Capital Assets	Total
Balances at January 1, 2023	\$ 2,729,555	\$ 4,808,739	\$ 3,892,443	\$ 10,591,408	\$ 22,022,145
Change in Net Position	-	-	-	(4,789,906)	(4,789,906)
Reclassifications	332,797	(202,651)	896,164	(1,026,310)	-
Incurring Claims Adjustment	-	-	-	(1,606,943)	(1,606,943)
Balances at December 31, 2023	\$ 3,062,352	\$ 4,606,088	\$ 4,788,607	\$ 3,168,249	\$ 15,625,296

	2022				
	Restricted	Unrestricted - Board Designated Catastrophic Claims Self-Insurance Fund	Rate Stabilization Reserve	Unrestricted Undesignated and Net Investment in Capital Assets	Total
Balances at January 1, 2022	\$ 2,669,495	\$ 4,642,294	\$ 4,004,101	\$ 10,934,951	\$ 22,250,841
Change in Net Position	-	-	-	(422,641)	(422,641)
Reclassifications	60,060	166,445	(111,658)	(114,847)	-
Incurring Claims Adjustment	-	-	-	193,945	193,945
Balances at December 31, 2022	\$ 2,729,555	\$ 4,808,739	\$ 3,892,443	\$ 10,591,408	\$ 22,022,145

***GREATER TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM***

**CLAIM DEVELOPMENT INFORMATION
DECEMBER 31,**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Earned Required Contribution Revenues	\$ 61,247,053	\$ 54,591,095	\$ 53,389,902	\$ 48,189,940	\$ 50,296,736	\$ 42,401,705	\$ 40,774,492	\$ 38,519,955	\$ 37,587,353	\$ 36,063,291
Unallocated Expenses - N/A	-	-	-	-	-	-	-	-	-	-
Estimated Incurred Claims and Expense: End of Year	63,401,572	51,505,375	53,024,900	44,933,332	43,353,569	38,991,995	35,828,612	34,999,888	28,750,405	29,755,490
Paid (Cumulative) as of: End of Policy Year	(66,856,383)	(54,694,908)	(55,410,491)	(46,909,048)	(44,937,713)	(41,703,672)	(35,936,454)	(34,300,059)	(28,650,014)	(30,568,724)
Reestimated Incurred Claims and Expense: End of Policy Year	63,401,572	51,505,375	53,024,900	44,933,332	43,353,569	38,991,995	35,828,612	34,999,888	28,750,405	29,755,490
Change in Estimated Incurred Claims Expense	-	-	-	-	-	-	-	-	-	-

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Greater Tompkins County Municipal Health Insurance Consortium
Ithaca, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Greater Tompkins County Municipal Health Insurance Consortium (the Consortium), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements, and have issued our report thereon dated April 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Consortium's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of Consortium's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Consortium's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consortium's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Consortium's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Consortium's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 23, 2024