



2025 Fiscal Year
Budget Presentation
Board of Directors Annual Meeting
September 26, 2024

Locey & Cahill, LLC
250 South Clinton Street, Suite 340
Syracuse, NY 13202
Tel (315) 425-1424
Fax (315) 425-1394
E-mail: slocey@loceycahill.com



Section 1

2025 Fiscal Year Budget Initial Remarks

Being a Participating Municipality is a Long-Term Solution

When this Consortium was established in 2010 the founding municipalities understood that forming the Consortium was a long-term strategy for providing health insurance to active employees and retirees in a more cost-effective manner.

Over the past 13-years, the average premium rate increase has been well below industry averages. In fact, the average annual premium rate increase from 2011 to 2023 was less than 6%. If you look at the actual premium revenue increase, the result is significantly better with the average annual premium income increase equaling less than 3%!

2025 Fiscal Year Budget Initial Remarks

Prior to the start of the 2024 Fiscal Year, it was becoming clear that the budget process for the 2025 Fiscal Year would be challenging for the Greater Tompkins County Municipal Health Insurance Consortium. It was evident that the Consortium was experiencing a confluence of events in recent years which were leading to premium revenues not keeping pace with medical and pharmacy claims growth. While this is not a unique reality in today's health insurance marketplace, the challenges nevertheless will be difficult to overcome for the Participating Municipalities which operate with razor thin margins and caps on operating revenues.

Causal Factors Impacting the Consortium

- *Disproportionate Premium Rate and Revenue Increases*
- *Rising Medical and Pharmacy Paid Claims Trends*
 - *Post COVID-19 Pandemic Market Corrections*
- *Increased Trend of Catastrophic Claims*
- *Member Migration to Lower Cost Plans*
 - *Run-Out of Claims from Older Indemnity and PPO Plans*
 - *Loss of Subsidization from Medicare-Aged Retirees*
 - *Premium Savings Incentives Associated with Metal Level Plans*
 - *Adverse Selection When Multiple Plans are Offered*

Greater Tompkins County Municipal Health Insurance Consortium

<i>Fiscal Year</i>	<i>Premium Rate % Increase</i>	<i>PCPM Medical and Rx Premium Income % Change</i>	<i>PCPM Medical and Rx Paid Claims % Change</i>
2011	9.50%		
2012	9.50%	10.56%	-1.54%
2013	9.00%	4.12%	-2.60%
2014	8.00%	7.06%	8.81%
2015	5.00%	2.69%	-4.80%
2016	3.00%	1.69%	20.79%
2017	5.00%	2.54%	-0.84%
2018	4.00%	2.20%	6.96%
2019	5.00%	0.91%	-5.44%
2020	5.00%	-6.66%	0.95%
2021	5.00%	7.36%	14.40%
2022	5.00%	-0.37%	-5.36%
2023	6.50%	2.73%	12.72%
<i>Avg. Increase 2012-2023</i>	5.83%	2.90%	3.67%
<i>10-Year Avg. Increase</i>	5.15%	2.01%	4.82%
<i>5-Year Avg. Increase</i>	5.30%	0.79%	3.46%

Notes:

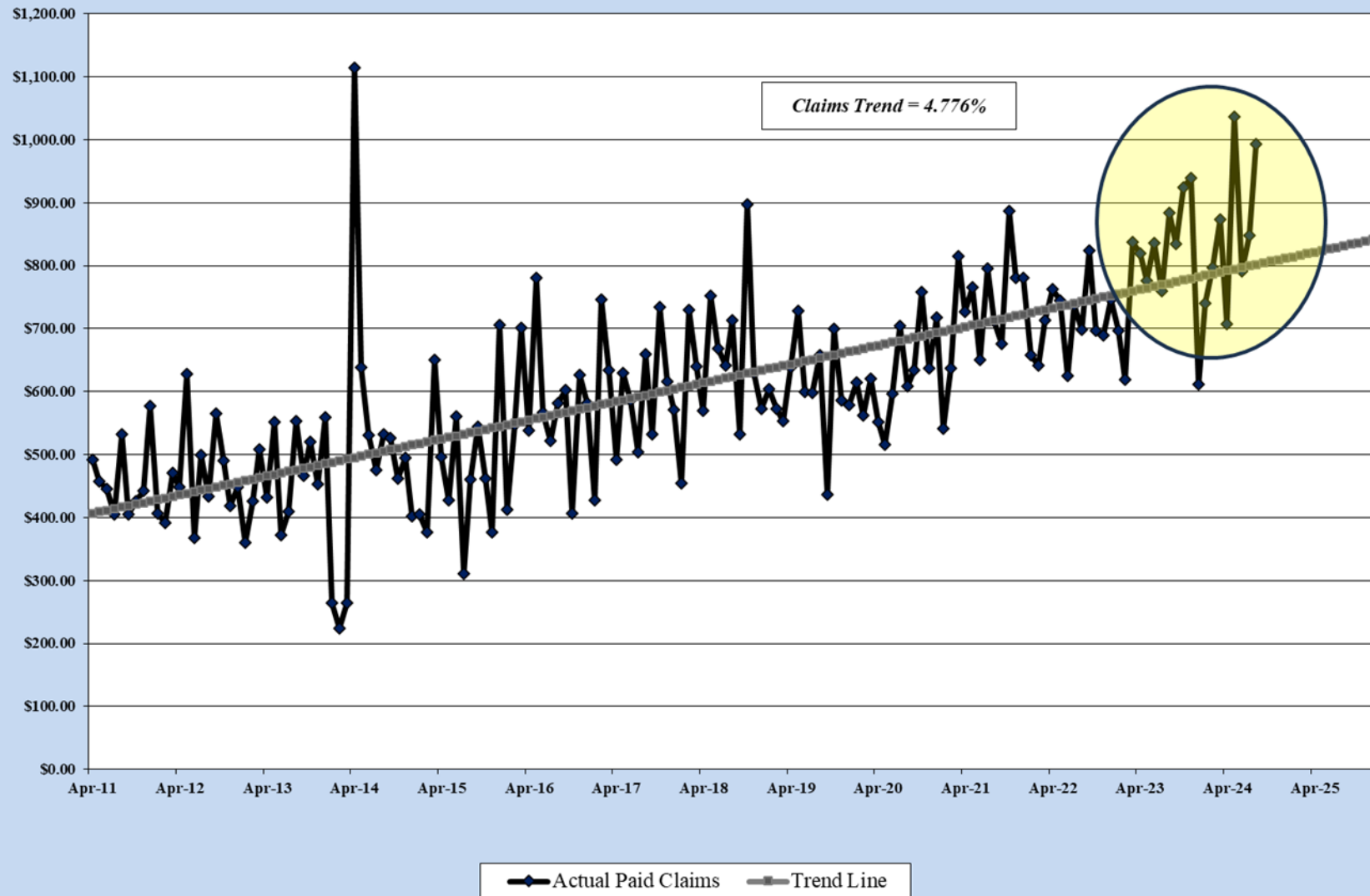
1. PCPM = Per Contract Per Month
2. 2020 GTCMHIC Enacted a Premium Holiday for the Month of December
3. Medical and Rx Paid Claims are Net of Pharmaceutical Manufacturer Rebates and are Per the Audited Financial Statements.
4. 10-Year Average Represents 2014-2023
5. 5-Year Average Represents 2019-2023

Premium Rate,
Premium Income,
and Paid Claims
Relationship

Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month Paid Claims Trend

April 1, 2011 to August 31, 2024



13 of the Past 20
Months Paid
Claims are Above
the Trend Line

Catastrophic Claims as of August 31, 2024

Fiscal Year	Specific Stop-Loss Deductible	Number of Covered Lives	# of Claimants with Claims >\$100,000	# of Claimants with Claims >\$200,000	# of Claimants with Claims >\$300,000	# of Claimants with Claims >\$400,000	# of Claimants with Claims >\$500,000	Total Large Loss Claims Paid
2011	\$250,000.00	4,400	13	3	1	0	0	\$2,357,898.22
2012	\$275,000.00	4,448	16	6	3	2	1	\$3,904,221.28
2013	\$300,000.00	5,077	22	7	4	1	0	\$4,079,308.91
2014	\$300,000.00	5,012	18	6	1	1	0	\$3,494,872.81
2015	\$400,000.00	5,021	23	2	1	1	1	\$3,722,006.77
2016	\$400,000.00	5,063	39	4	1	1	1	\$6,070,055.86
2017	\$450,000.00	5,172	24	12	1	1	0	\$3,057,208.40
2018	\$600,000.00	5,201	45	10	4	3	3	\$8,913,105.20
2019	\$600,000.00	6,174	46	14	3	2	1	\$8,874,919.83
2020	\$1,000,000.00	6,277	60	18	5	3	1	\$11,380,933.22
2021	\$1,000,000.00	6,303	66	23	8	6	5	\$14,096,053.18
2022	\$1,000,000.00	6,383	73	20	8	3	3	\$14,187,659.04
2023	\$1,000,000.00	6,986	86	29	15	7	5	\$18,449,026.38
2024	\$1,000,000.00	7,336	63	18	5	3	0	\$10,936,860.87
Totals		78,853	594	172	60	34	21	\$113,524,129.97

Contract Counts by Benefit Plan

Enrollment Code	Product Description	Four Tier Contract Type				
		2020	2021	2022	2023	2024
BEL	Tompkins County Custom Comprehensive	11	10	7	3	0
BET	Tompkins County/Town of Ithaca PPO H ER\$35	9	8	7	40	67
BEV	Tompkins County PPO H ER\$35	58	53	43	2	0
BEW	PPO \$10 copay RX \$5/\$20/\$35 Retail or \$10/\$40/\$70 Mail	125	104	96	0	0
BFI	CB - Ded 100/200 OOP 200/400 Rx \$5/\$10/\$25 Retail or \$10/\$20/\$50 Mail	24	23	24	0	0
BFX	Tompkins County CB-D100/200 OOP300/600	127	113	102	127	151
BGG	Tompkins County CB-D100/200 OOP300/600	429	270	239	45	0
BGI	City of Cortland/Ithaca Village of Cayuga CB-D50/150 OOP450/1350	34	32	32	31	29
BGJ	City of Cortland/Ithaca Village of Cayuga CB-D50/150 OOP450/1350	437	412	359	264	71
BGK	City of Cortland/Ithaca Village of Cayuga CB-D50/150 OOP450/1350	1	1	1	109	103
BGL	CB 50/150 Rx MM Rx Retirees	125	121	116	0	0
BGM	Town of Ithaca PPO H ER \$35	53	48	45	35	0
BGN	Village of Cayuga Heights/Town of Caroline and Dryden PPO H	40	46	51	34	35
BGO	Town of Danby and Groton CB-D100/300 OOP500/1500	20	20	16	6	0
BGP	Town of Caroline/Enfield/Lansing/Trumansburg PPO I ER\$35	17	9	10	6	6
BGQ	\$20 PPO \$10/\$25/\$40 Retail or \$20/\$50/\$80 Mail	12	11	11	0	0
BGR	City of Cortland/Ithaca Village of Cayuga CB-D50/150 OOP450/1350	11	12	13	12	0
BGS	Village of Dryden PPO H ER\$35 \$0 Office Visit Copay for Kids	12	13	13	11	11
BGT	Town of Caroline/Enfield/Lansing/Trumansburg PPO I ER\$35	29	29	31	31	34
BGU	City of Cortland/Ithaca Village of Cayuga CB-D50/150 OOP450/1350	229	233	233	241	245
DAA	Greater Tompkins Signature Copay	777	755	881	1,717	1,878
DAG	Greater Tompkins Bronze Sig Ded 3	214	227	235	69	68
DBG	Greater Tompkins Silver Sig Ded 3	18	23	54	48	173
DBH	Greater Tompkins Gold Sig Ded 3	78	119	137	195	191
FAL	City of Cortland/Ithaca Village of Cayuga CB-D50/150 OOP450/1350	0	0	0	0	42
FAM	City of Cortland/Ithaca Village of Cayuga CB-D50/150 OOP450/1350	0	0	0	0	63
FAN	Town of Danby and Groton CB-D100/300 OOP500/1500	0	0	0	0	6
FAO	PPO 10/35	0	0	0	0	9
FAP	Greater Tompkins Classic Blue Secure PDN Foreign Prov Excess	0	0	0	0	12
JA	Greater Tompkins Classic Blue Secure PDN Foreign Prov Excess	55	344	359	379	378
Totals		2,945	3,036	3,115	3,405	3,574

Adverse Risk Selection Defined

The American Academy of Actuaries defines Adverse Selection (a.k.a., Adverse Risk Selection) as follows (emphasis added):

What is “adverse selection”?

“Adverse selection” describes a situation in which an insurer (or an insurance market as a whole) attracts a disproportionate share of unhealthy individuals. It occurs because *individuals with greater health care needs, when given the opportunity, are more likely to purchase health insurance and to purchase health insurance with richer benefits than individuals with fewer health care needs.*



The Problem with Adverse Risk Selection

The American Academy of Actuaries defines the problem with Adverse Selection as follows (emphasis added):

Why is adverse selection a problem?

Adverse selection increases premiums for everyone in a health insurance plan or market because it results in a pool of enrollees with higher-than-average health care costs.

Adverse selection is a byproduct of a voluntary health insurance market in which people can choose whether and when to purchase insurance coverage, depending in part on how their anticipated health care needs compare with the insurance premium charged.

The higher premiums that result from adverse selection, in turn, may lead to more *healthy individuals opting out of coverage*, which would *result in even higher premiums*. This process typically is referred to as a “*premium spiral*.” Avoiding such spirals requires minimizing adverse selection and instead attracting a *broad base of healthy individuals, over which the costs of sick individuals can be spread*. Attracting younger adults and healthier people of all ages ultimately will help keep premiums more affordable and stable for all members in the risk pool.

Who is Covered can be More Important than What is Covered.

The American Academy of Actuaries demonstrates why Adverse Selection impacts premium rates (emphasis added):

Why do premiums depend on who buys coverage?

Health insurance premiums are set to pay projected claims to providers, as well as insurers' administrative expenses, taxes, and profit. The largest component of health insurance premiums is the medical spending paid on behalf of enrollees. As a result, health insurance premiums reflect the expected health care costs of the risk pool. Because health spending is skewed—that is, a small share of consumers account for a large share of total health spending—*if a risk pool attracts a disproportionate share of unhealthy individuals, premiums will be higher than they would be if the risk pool attracted an average population.*

The example on the following page is a very simple example of how “Adverse Selection” a.k.a., “Adverse Risk Selection” could impact premiums if the Plan is not careful with its criteria and/or rules relative to how and to whom the various benefit plan models are offered to the employees and retirees of the Participating Municipalities.

Adverse Risk Selection Simple Example

		Employee A "Good Health"	Employee B "Average Health"	Employee C "Poor Health"	Totals
Revenue	Premium Income	\$6,700.00	\$6,700.00	\$6,700.00	\$20,100.00
	Other Income	\$300.00	\$300.00	\$300.00	\$900.00
	Total Income	\$7,000.00	\$7,000.00	\$7,000.00	\$21,000.00
Expenses	Paid Claims	\$500.00	\$6,250.00	\$12,000.00	\$18,750.00
	Other Expenses	\$750.00	\$750.00	\$750.00	\$2,250.00
	Total Expenses	\$1,250.00	\$7,000.00	\$12,750.00	\$21,000.00
Net Revenue		\$5,750.00	\$0.00	-\$5,750.00	\$0.00

		Employee A "Good Health"	Employee B "Average Health"	Employee C "Poor Health"	Totals	
Revenue	Premium Income	\$3,700.00	\$6,700.00	\$6,700.00	\$17,100.00	
	Other Income	\$300.00	\$300.00	\$300.00	\$900.00	
	Total Income	\$4,000.00	\$7,000.00	\$7,000.00	\$18,000.00	
Expenses	Paid Claims	\$500.00	\$6,250.00	\$12,000.00	\$18,750.00	
	Other Expenses	\$750.00	\$750.00	\$750.00	\$2,250.00	
	Total Expenses	\$1,250.00	\$7,000.00	\$12,750.00	\$21,000.00	
Net Revenue		\$2,750.00	\$0.00	-\$5,750.00	-\$3,000.00	
					<i>Premium Shortfall</i>	<i>-17.54%</i>

In this very simple example, the Plan loses \$3,000 in revenue when Employee A chooses a different health insurance option, like a High Deductible Health Plan. In contrast, the Plan does not decrease its expenses as the member was only receiving preventive care.

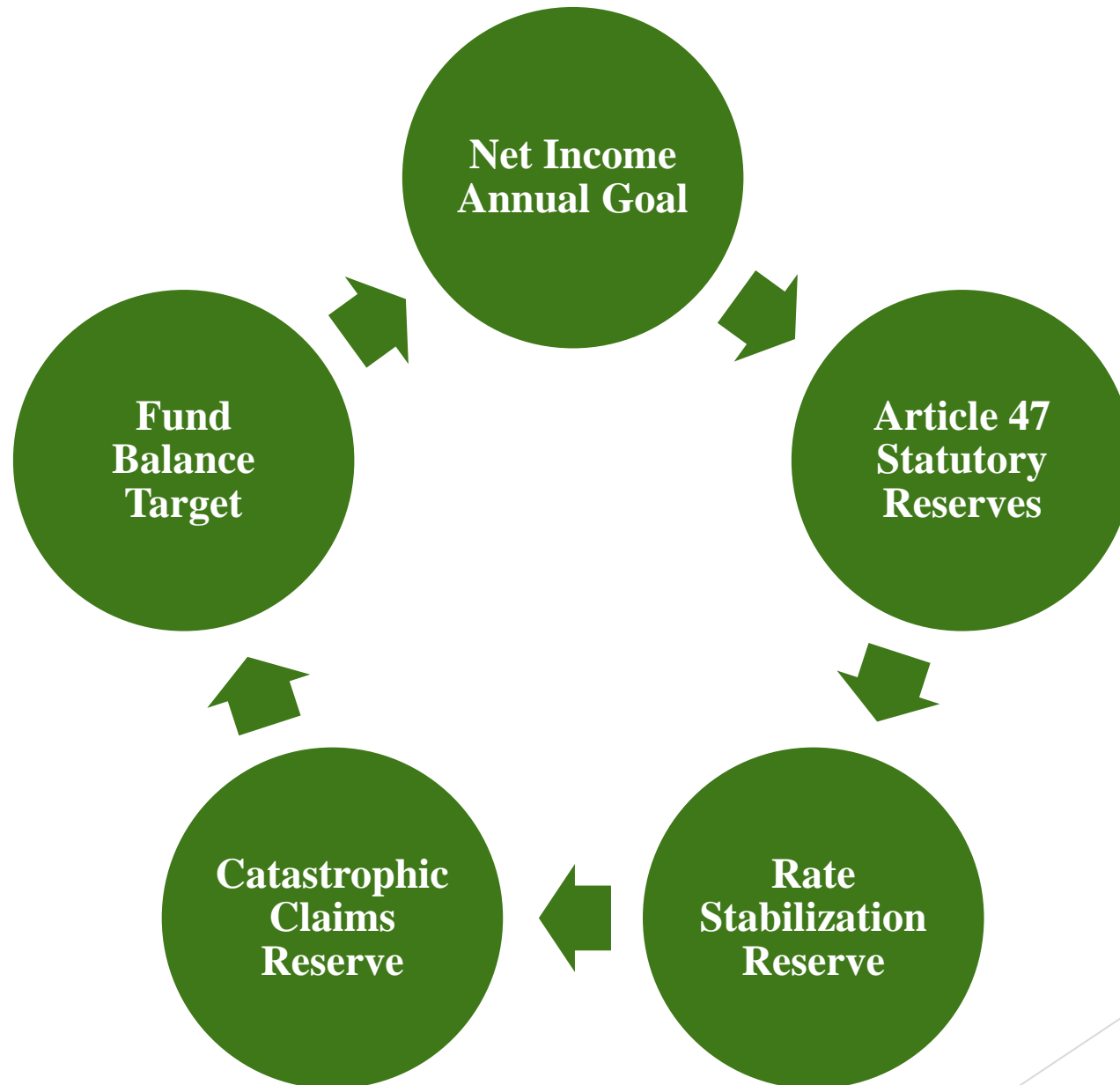
The lost income totaling \$3,000 would have to be made up by the group. In this example, the total premium revenue would have to increase by 17.54%. Even though the roster of who is covered hasn't changed.



Section 2

2025 Fiscal Year
5-Principles of the
Consortium's Budget Philosophy

5 Principles of the Consortium's Budget Philosophy



Net Annual Income Goal

In accordance with Consortium Board Policy ensure the budgeted Net Income equals approximately 2.0% annually prior to any deduction or distribution of surplus fund balances to the Participating Municipalities. 1% to fund structural reserve increases and 1% to maintain the threshold for unencumbered fund balance.

Net Income is defined as Total Income (Premium, Prescription Drug Rebates, Interest Income, etc.) Less Total Expenses (Paid Claims, Administrative Fees, Professional Service Fees, Internal Fees, Etc.).

Article 47 **Statutory** Reserves – IBNR/IBNP Reserve

In accordance with §4706(a)(1) of the New York State Insurance Law, maintain a restricted account which shall be a reserve fund to cover the Consortium's Incurred But Not Reported (IBNR) and Incurred But Not Paid (IBNP) Claims Liability. This reserve shall be funded up to an amount deemed to be required by the Superintendent of the New York State Department of Financial Services.

The current value of this reserve is equal to 12% of annual expected incurred hospital, medical, surgical, and pharmacy claims and administrative fee expenses. This amount was approved by the Superintendent with the Consortium's Article 47 Application in October 2010.

Article 47 **Statutory** Reserves – Surplus Account

In accordance with §4706(a)(5)(A) of the New York State Insurance Law, maintain a restricted account which shall be a reserve fund for the sole purpose of satisfying unexpected obligations of the Consortium which may occur from time-to-time, or which may occur upon termination or abandonment.

The current value of this reserve is equal to 5% of the annual expected earned premium of the Consortium. This amount is set by statute and must be maintained at all times by the Consortium.

Catastrophic Claims Reserve (Discretionary Reserve)

This reserve was established by the Consortium's Board of Directors with the passage of resolution #06-2014 to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce premium.

This reserve shall be used to pay any claims in the captive layer between \$500,000 and \$1,000,000 each year. In addition, any interest earned by this reserve shall be maintained within the reserve.

** 2025 Budget Proposal represents this practice by estimating an increase of 10% Annually.*

Rate Stabilization Reserve (Discretionary Reserve)

This reserve was amended by the Consortium's Board of Directors with the passage of resolution #034-2019 to sustain predictable and stable premium increases at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.

This reserve may be used by the Board of Directors at its discretion to establish a multiple year plan to maintain stable premium rate increases.

The Board of Directors are considering an amendment to this Reserve Fund to a level of less than 10% of premium target, but no lower than 2.5% of premium target.

Fund Balance Target

In accordance with Board Policy, the annual budget shall include an unrestricted fund balance at a level which at the discretion of the Board of Directors ensures the financial stability and sustainability of the Consortium but shall not be less than 12% of the annual premium as forecasted through at least year four of the annual proforma calculations.



Section 3

2024 Fiscal Year-to-Date Budget vs Actual Results

2024 Income Budget vs Actual (08/31/2024)

		2024 Adopted Budget	2024 Amended Budget	2024 Year-to-Date Budget	2024 Actual Results	Variance	% Difference
Income							
	Medical and Rx Plan Premiums	\$66,280,586.70	\$67,745,881.12	\$45,163,920.75	\$45,253,735.87	\$89,815.12	0.20%
9010	Rx Rebates	\$3,875,000.00	\$3,875,000.00	\$1,937,500.00	\$4,077,449.44	\$2,139,949.44	110.45%
9005 - 9029	Interest & Investment Income	\$1,075,000.00	\$1,300,000.00	\$866,666.67	\$719,056.87	-\$147,609.80	-17.03%
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
9035	Finance Charge Income	\$0.00	\$0.00	\$0.00	\$912.43	\$912.43	0.00%
9030	Other	\$0.00	\$1,200.00	\$800.00	\$7,335.45	\$6,535.45	0.00%
Total Income		\$71,230,586.70	\$72,922,081.12	\$47,968,887.41	\$50,058,490.06	\$2,089,602.65	4.36%

Key Facts:

- Total Income was 4.36% above the amended budget, with premium income being 0.20% above the amended budget for the first 8-months of the fiscal year. The amended budget reflects the changes in plan designs and demographics of the participants as detailed below:
 - * There has been some additional movement of covered members from traditional Indemnity and PPO Plans to the Consortium's Platinum PPO Plan.
 - * Changes in covered lives and contract counts.
 - * Rx Rebates are \$2.14 million ahead of the projected budget as of July 2024 due primarily to the compression associated with the faster payment cycle with Excellus and the run-out payments from ProAct.
 - * Interest Earnings continue to improve and should be on or over budget by the end of the fiscal year.

2024 Income Budget vs Actual (08/31/2024)

Key Facts (continued):

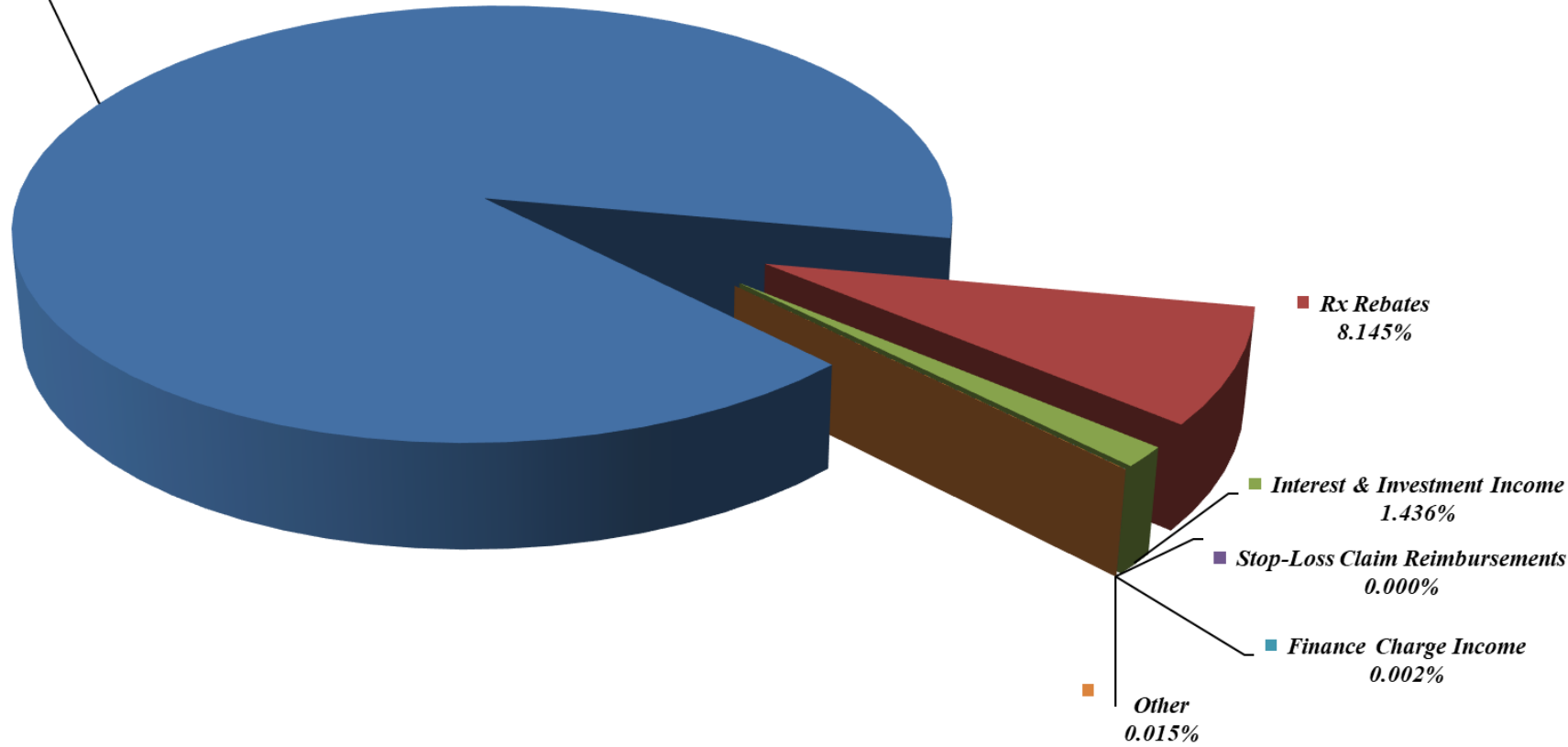
2. The Consortium invests in notes/bonds which are held to maturity but records gains and/or losses monthly (“mark to market”). Gains on investments are booked as revenues, while losses on investments are recorded as expenditures. Interest earnings have begun to rebound, following the dramatic downturn experienced during The COVID-19 pandemic.
3. The Consortium has received pharmaceutical manufacturer rebate payments from ProAct, Inc. and Excellus collectively for the 2024 Fiscal Year to date, totaling \$4,077,449.44. The Consortium is anticipating that it will also receive 2 additional pharmaceutical manufacturer rebate payments from Excellus prior to year end, with a total projection of just over \$7m for the 2024 fiscal year.
4. The Consortium did not receive any reimbursements for claims which exceeded the Specific Stop-Loss Insurance Deductible of \$1 million. To date, there have been no claims that exceed \$1,000,000 for this year or the previous year.
5. There was some slight Other Income as of August 31st. Even when the Consortium does register this miscellaneous income, the impact is negligible at best and has very little effect on the overall net position of the Consortium.

Greater Tompkins County Municipal Health Ins. Consortium

2024 Income Distribution

January 1, 2024 to August 31, 2024

Medical and Rx Plan
Premiums
90.402%





Section 4

2024 Fiscal Year-to-Date Expense Budget vs Actual Results

2024 Expense Budget vs Actual Results (08/31/2024)

		2024 Adopted Budget	2024 Amended Budget	2024 Year-to-Date Budget	2024 Actual Results	Variance	% Difference
Expenses							
8090	Medical Paid Claims	\$45,768,439.96	\$46,649,932.57	\$31,398,993.08	\$33,452,416.35	\$2,053,423.27	6.54%
	Advance Deposit / Pre-Paid Claims Held By Excellus	\$450,000	\$315,000.00	\$315,000.00	\$315,000.00	\$0.00	0.00%
8120	Rx Paid Claims - Excellus	\$22,162,670.64	\$22,659,779.34	\$15,251,774.56	\$16,035,532.76	\$783,758.20	5.14%
8121	Rx Paid Claims - CanaRx	\$159,717.32	\$159,717.32	\$106,478.21	\$112,155.50	\$5,677.29	5.33%
8084	Flu Clinic Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a
8050	Medical & Rx Admin Fees	\$1,381,880.00	\$1,437,155.20	\$862,293.12	\$883,296.99	\$21,003.87	2.44%
8051	Rx Clinical Concierge Fees	\$146,685.00	\$152,552.40	\$101,701.60	\$94,848.19	-\$6,853.41	-6.74%
8054	LBS Fees	\$0.00	\$10,000.00	\$8,666.67	\$11,088.80	\$2,422.13	27.95%
	ProAct Rx Admin Fees	\$0.00	\$0.00	\$0.00	\$1,130.50	\$1,130.50	n/a
8091	NYS Covered Lives Assessment	\$451,269.00	\$469,319.76	\$312,879.84	\$307,069.10	-\$5,810.74	-1.86%
9060	ACA PCORI Fee	\$22,844.11	\$23,757.87	\$23,757.87	\$22,494.92	-\$1,262.95	n/a
8110	Specific Stop-Loss Insurance (Actual)	\$880,994.40	\$842,878.00	\$561,918.67	\$231,269.08	-\$330,649.59	-58.84%
8000	Accounting Fees	\$20,157.10	\$19,600.00	\$13,066.67	\$16,200.00	\$3,133.33	23.98%
8010	Actuarial Fees	\$7,416.00	\$8,000.00	\$5,333.33	\$0.00	-\$5,333.33	-100.00%
8020	Audit Fees (Financial)	\$105,000.00	\$76,250.00	\$50,833.33	\$18,493.40	-\$32,339.93	-63.62%
8021	Audit Fees (Claims)	\$95,532.50	\$78,525.00	\$52,350.00	\$18,895.00	-\$33,455.00	-63.91%
8055	Consultant Fees (Strat Plan)	\$25,000.00	\$25,000.00	\$16,666.67	\$15,000.00	-\$1,666.67	-10.00%
8030	Consultant Fees (L&C)	\$97,026.00	\$97,026.00	\$64,684.00	\$64,683.50	-\$0.50	0.00%
8031	Consultant BOR Credits (L&C)	\$0.00	\$0.00	\$0.00	-\$21,418.20	-\$21,418.20	n/a
8036	Consultant Fees (Foxpointe)	\$0.00	\$39,000.00	\$26,000.00	\$26,134.00	\$134.00	0.52%
8070	Legal Fees	\$12,730.80	\$15,000.00	\$10,000.00	\$4,897.00	-\$5,103.00	-51.03%
8065	Wellness Program Costs	\$12,500.00	\$12,500.00	\$8,333.33	\$7,242.94	-\$1,090.39	-13.08%

2024 Expense Budget vs Actual Results (08/31/2024)

		2024 Adopted Budget	2024 Amended Budget	2024 Year-to-Date Budget	2024 Actual Results	Variance	% Difference
Expenses							
6600	Salaries	\$326,281.80	\$326,281.80	\$217,521.20	\$225,887.40	\$8,366.20	3.85%
66002	Fringe Benefits	\$134,711.49	\$134,711.49	\$89,807.66	\$73,360.22	-\$16,447.44	-18.31%
8060	Insurances (D&O / Prof. Liability)	\$75,000.00	\$75,000.00	\$50,000.00	\$39,409.84	-\$10,590.16	-21.18%
8041	Internal Coordination (Finance)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a
8042	Internal Coordination (Support)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a
8040	Internal Coordination Fees (Other)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$4,000.00	\$4,000.00	\$0.00	0.00%
8044	Internal Coordination (IT Support)	\$7,000.00	\$7,200.00	\$4,800.00	\$4,800.00	\$0.00	0.00%
9065	Marketing Expenses	\$2,500.00	\$2,500.00	\$1,666.67	\$509.30	-\$1,157.37	-69.44%
9055	Investment Management Services	\$24,000.00	\$15,000.00	\$10,000.00	\$4,403.30	-\$5,596.70	-55.97%
8150	Supplies Expense	\$7,500.00	\$6,500.00	\$4,333.33	\$5,922.96	\$1,589.63	36.68%
8151	Computer Equipment	\$6,200.00	\$30,498.50	\$20,332.33	\$6,675.34	-\$13,656.99	-67.17%
8152	Lease Expense / Parking Fees	\$55,365.00	\$65,827.30	\$43,884.87	\$51,125.15	\$7,240.28	16.50%
62400	Depreciation Expense	\$0.00	\$37,372.70	\$24,915.13	\$23,595.44	-\$1,319.69	-5.30%
8153	Mileage- Travel Expenses	\$2,500.00	\$2,500.00	\$1,666.67	\$611.47	-\$1,055.20	-63.31%
8154	Software	\$0.00	\$1,901.50	\$1,267.67	\$2,061.69	\$794.02	62.64%
8155	Postage	\$0.00	\$1,000.00	\$666.67	\$460.86	-\$205.81	-30.87%
8156	Furniture and Fixtures	\$2,500.00	\$2,500.00	\$1,666.67	\$1,434.11	-\$232.56	-13.95%
8157	Training & Prof. Dev.	\$5,000.00	\$5,000.00	\$3,333.33	\$4,274.82	\$941.49	28.24%
8158	Subscriptions	\$1,000.00	\$1,000.00	\$666.67	\$669.56	\$2.89	0.43%
9060	Other Expenses / Supplies	\$8,057.54	\$8,057.54	\$5,371.69	\$0.00	-\$5,371.69	-100.00%
Total Expenses		\$72,013,478.66	\$73,504,844.29	\$49,361,631.50	\$51,750,631.29	\$2,388,999.79	4.84%

2024 Expense Budget vs Actual Results (08/31/2024)

Key Facts:

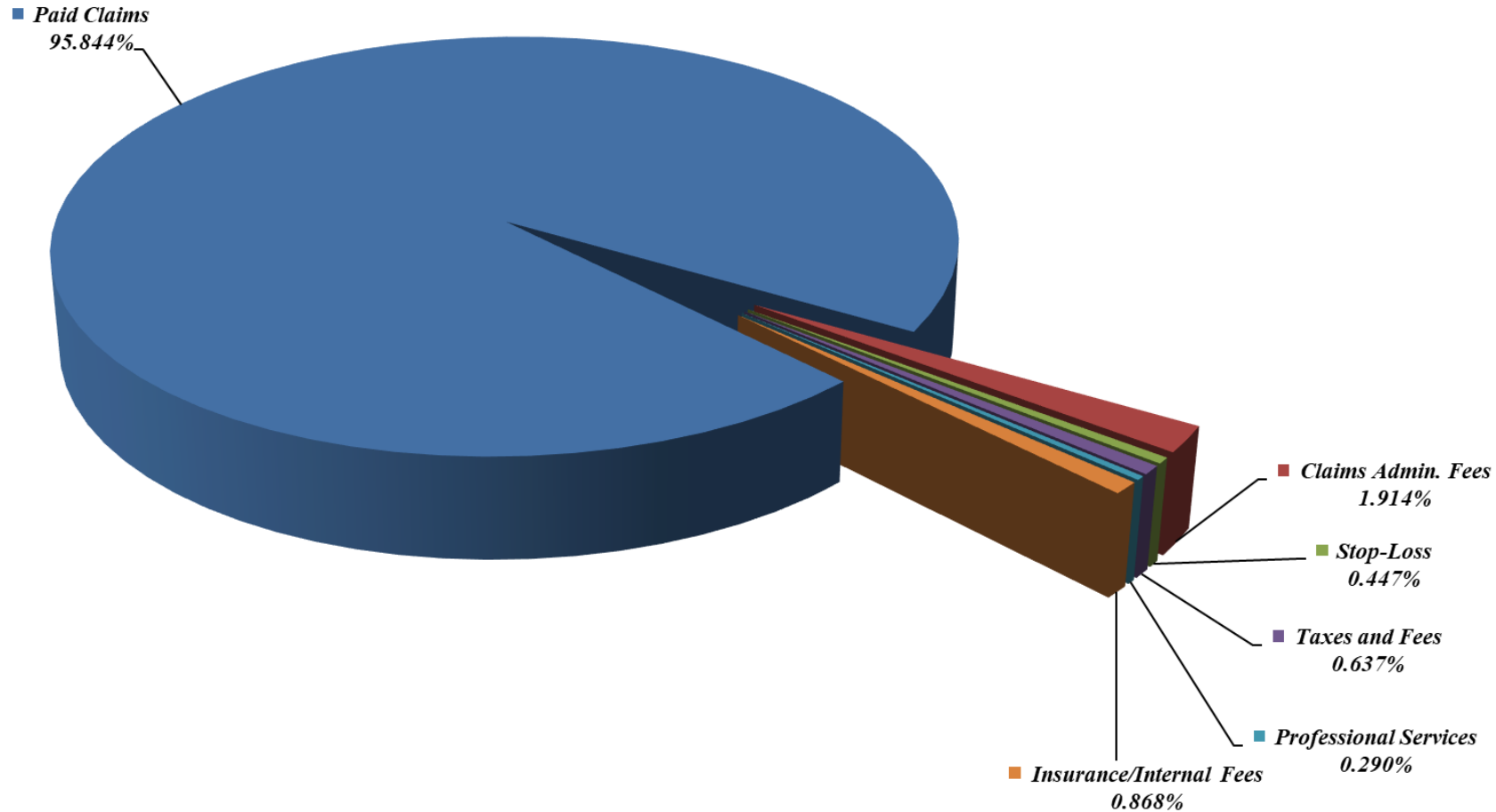
1. We continue to work with the Consortium's Executive Director and Financial Team to monitor budgeted funds to assure that they are accounted for under the proper line-item based on their code. This was done to provide a more detailed summary of the internal and external professional support costs for the Board of Directors of the Consortium.
2. As of August, the Consortium has been experiencing higher than anticipated medical and Rx claims. As part of the 2024 budget process, it was decided that the Consortium would utilize a modest amount of its fund balance to mitigate rate increases. With four months to go in 2024, the Consortium's financial results are slightly under budget projections by 1.33%. One of the largest driving factors our group has seen an increase in the dollars being paid for larger losses of \$100,000 or more.
3. Paid claims (benefits) accounted for 95.84% of the total expenses for the GTCMHIC through August 31, 2024. This means that a modest 4.16% has been used to pay for all the other operating expenses of the Consortium, including stop-loss insurance which has accounted for 0.45% of the spending to date.

2024 Expense Budget vs Actual Results (08/31/2024)

Key Facts:

5. Medical Paid Claims are currently 6.54% above the projected budget for the year and this is the result of:
 - a) An increase in the covered lives ($\uparrow 4.62\%$) and in the number of contracts ($\uparrow 5.22\%$) has had an impact on the 2024 medical paid claims paid to date due to the “run-in lag”.
 - b) Increased member participation in lower cost health insurance plans, like the Platinum PPO Plan by several employer groups.
 - c) Post COVID-19 pandemic market corrections.
 - d) The number of large loss claimants and severity of the cases reported to date, has increased. We have adjusted the budget to accommodate the increase.
6. Rx Paid Claims are currently 5.14% over budget. We continue to monitor pharmacy paid claims trend which led to adjustments to our trend models during the budget development process for the 2024 Fiscal Year, as it will for the 2025 budget also.

Greater Tompkins County Municipal Health Ins. Consortium
2024 Expense Distribution
January 1, 2024 to August 31, 2024



■ Paid Claims ■ Claims Admin. Fees ■ Stop-Loss ■ Taxes and Fees ■ Professional Services ■ Insurance/Internal Fees



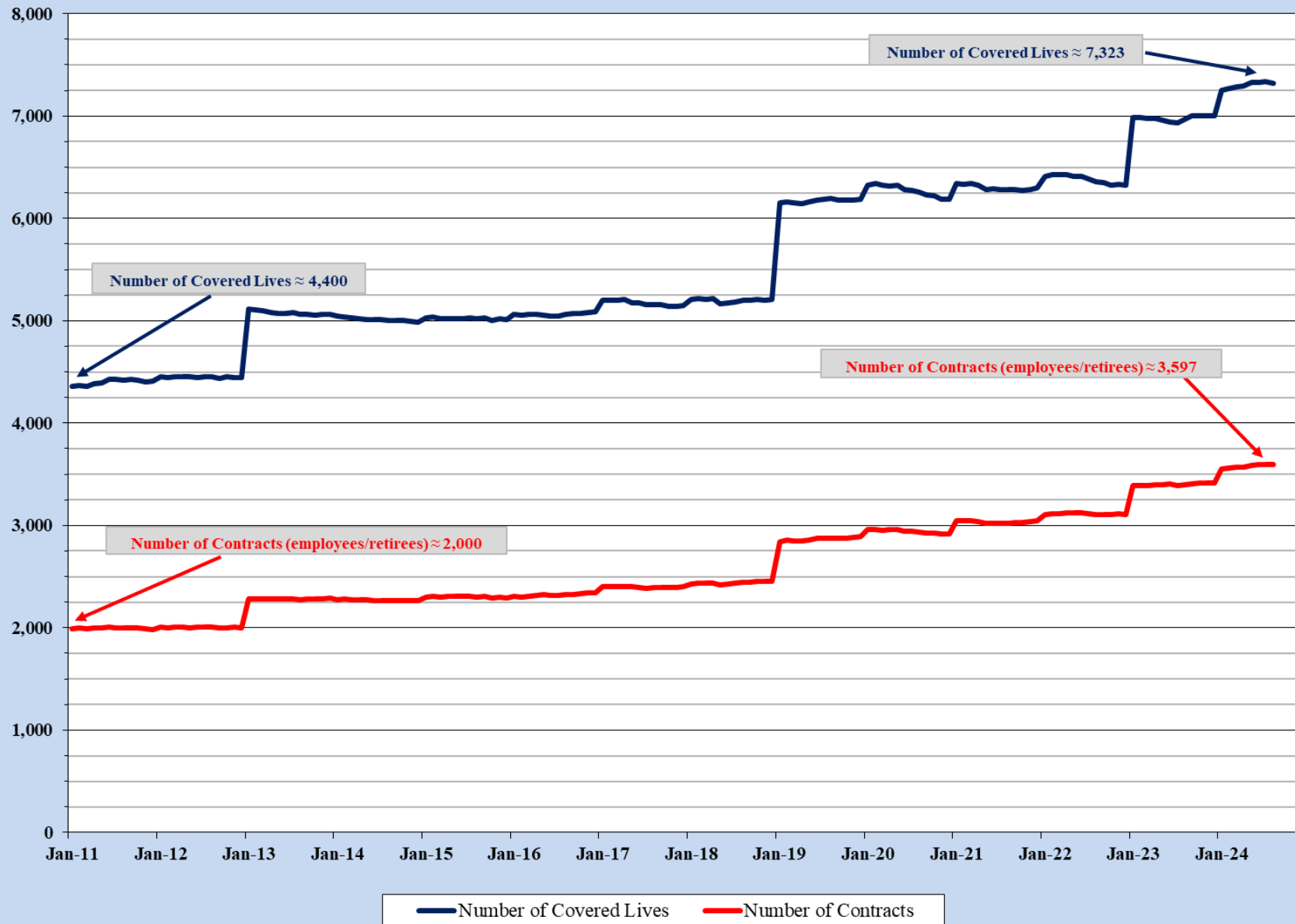
Section 5

2024 Fiscal Year-to-Date
Paid Claims Budget vs Actual Results

Greater Tompkins County Municipal Health Ins Consortium

2011-2024 Monthly Covered Lives and Contracts

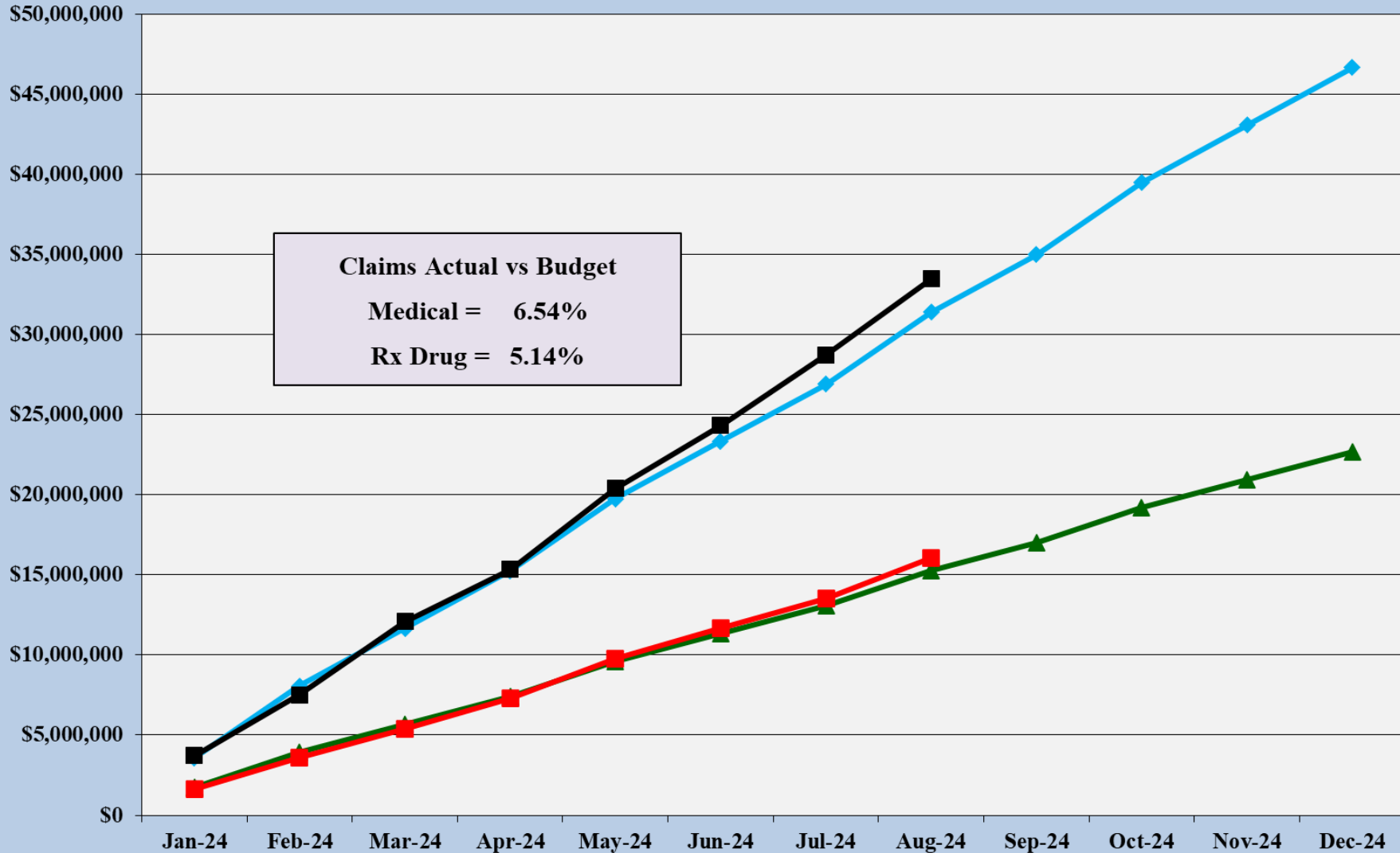
January 1, 2011 to August 31, 2024



Year	Lives % Change	Contracts % Change
2011	n/a	n/a
2012	1.10%	0.43%
2013	14.13%	13.84%
2014	-1.28%	-0.56%
2015	0.17%	1.43%
2016	0.84%	0.90%
2017	2.15%	3.24%
2018	0.56%	1.73%
2019	18.64%	17.58%
2020	1.64%	2.60%
2021	0.48%	3.13%
2022	1.28%	2.68%
2023	9.36%	9.18%
2024	4.62%	5.22%
Averages	4.09%	4.68%

Greater Tompkins County Municipal Health Insurance Consortium

2024 Cumulative Paid Claims and Budgeted Claims by Month

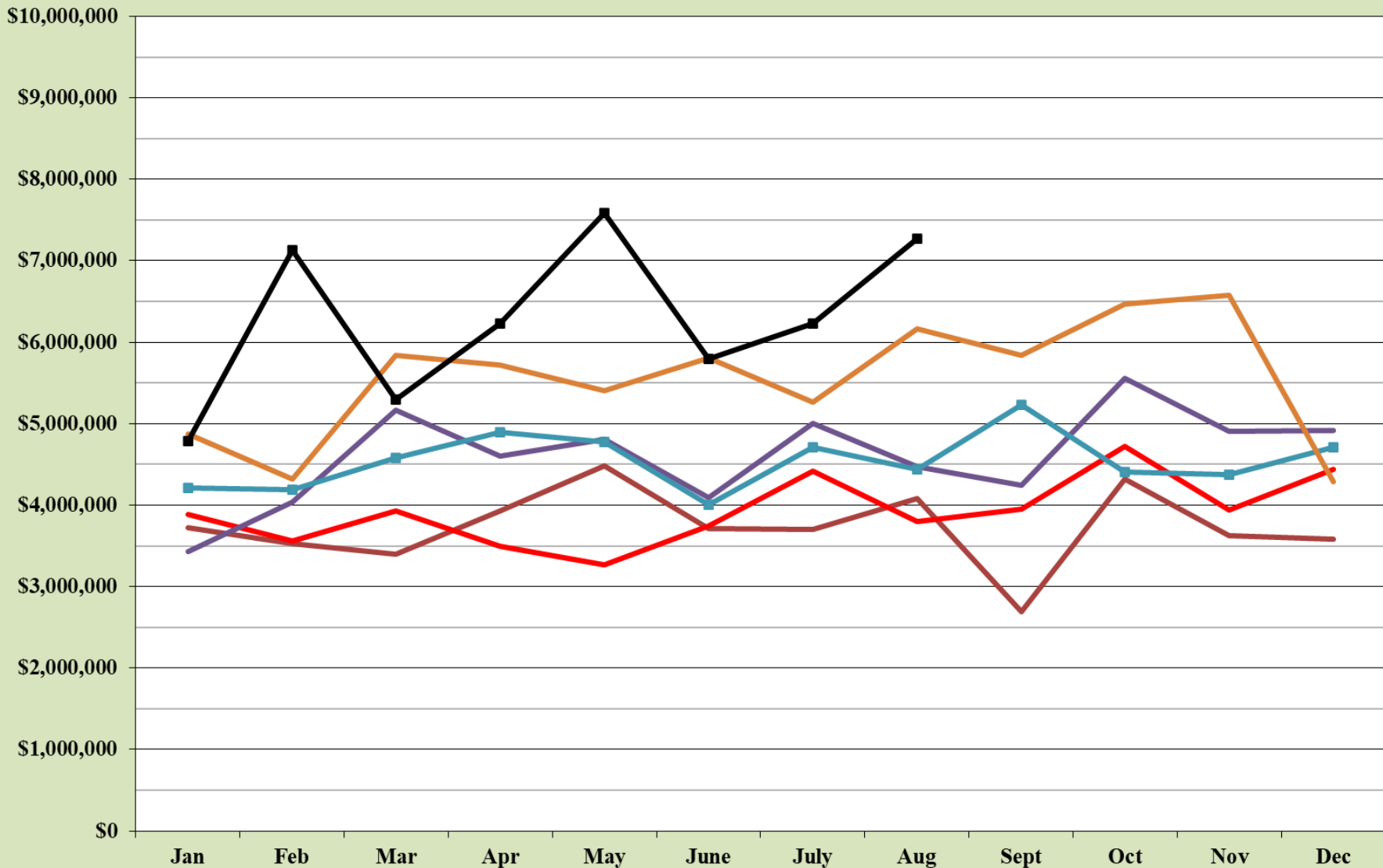


Claims Actual vs Budget
 Medical = 6.54%
 Rx Drug = 5.14%

Overall Paid Claims are 6.08% Over Budget in Aggregate for the 2024 Fiscal Year-To-Date.

Greater Tompkins County Municipal Health Ins Consortium

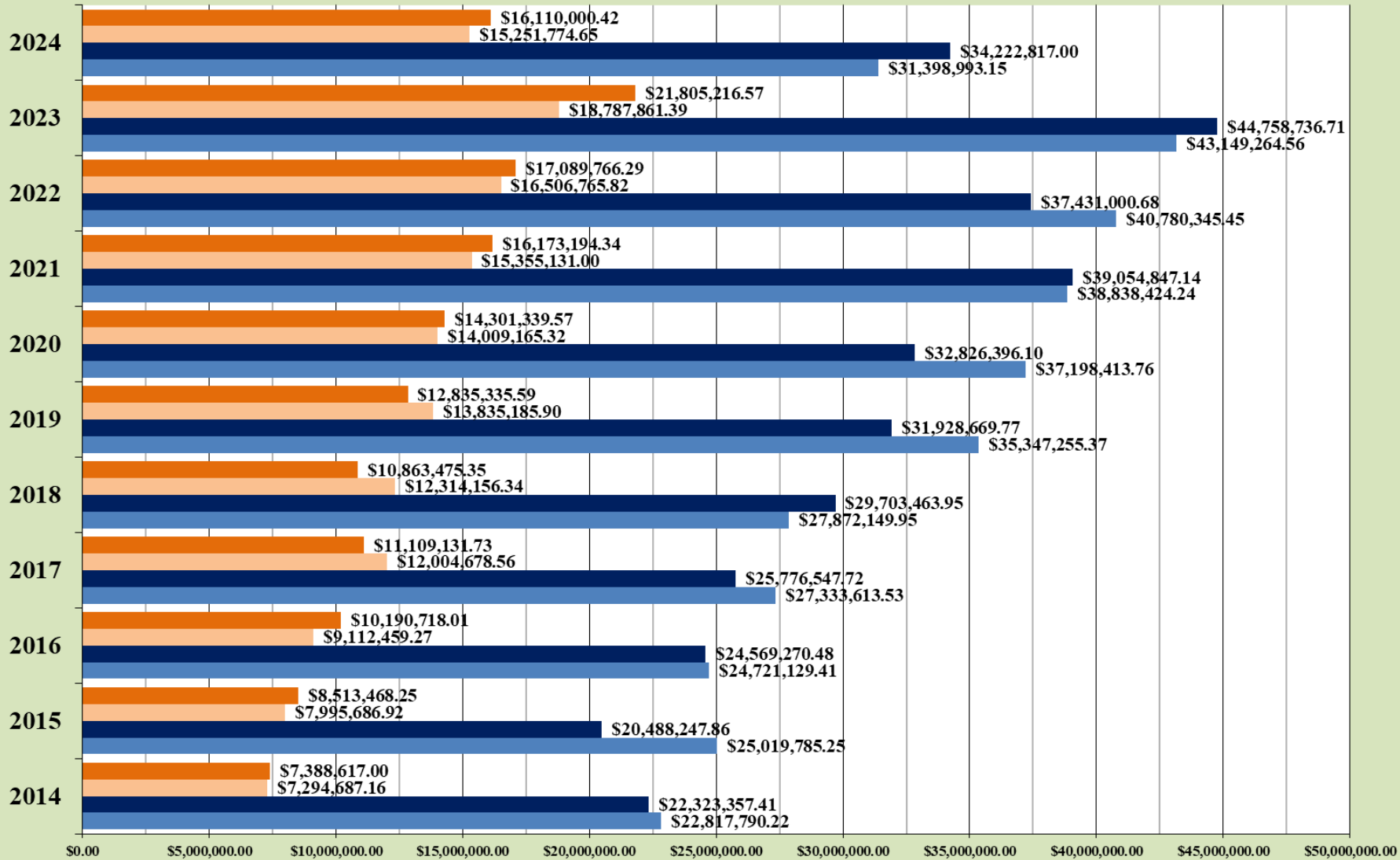
2019-2024 Monthly Paid Claims by Fiscal Year



— 2019 — 2020 — 2021 — 2022 — 2023 — 2024

Greater Tompkins County Municipal Health Ins Consortium

2014-2024 (as of 08/31/2024) Annual Paid Claims v Budgeted Claims

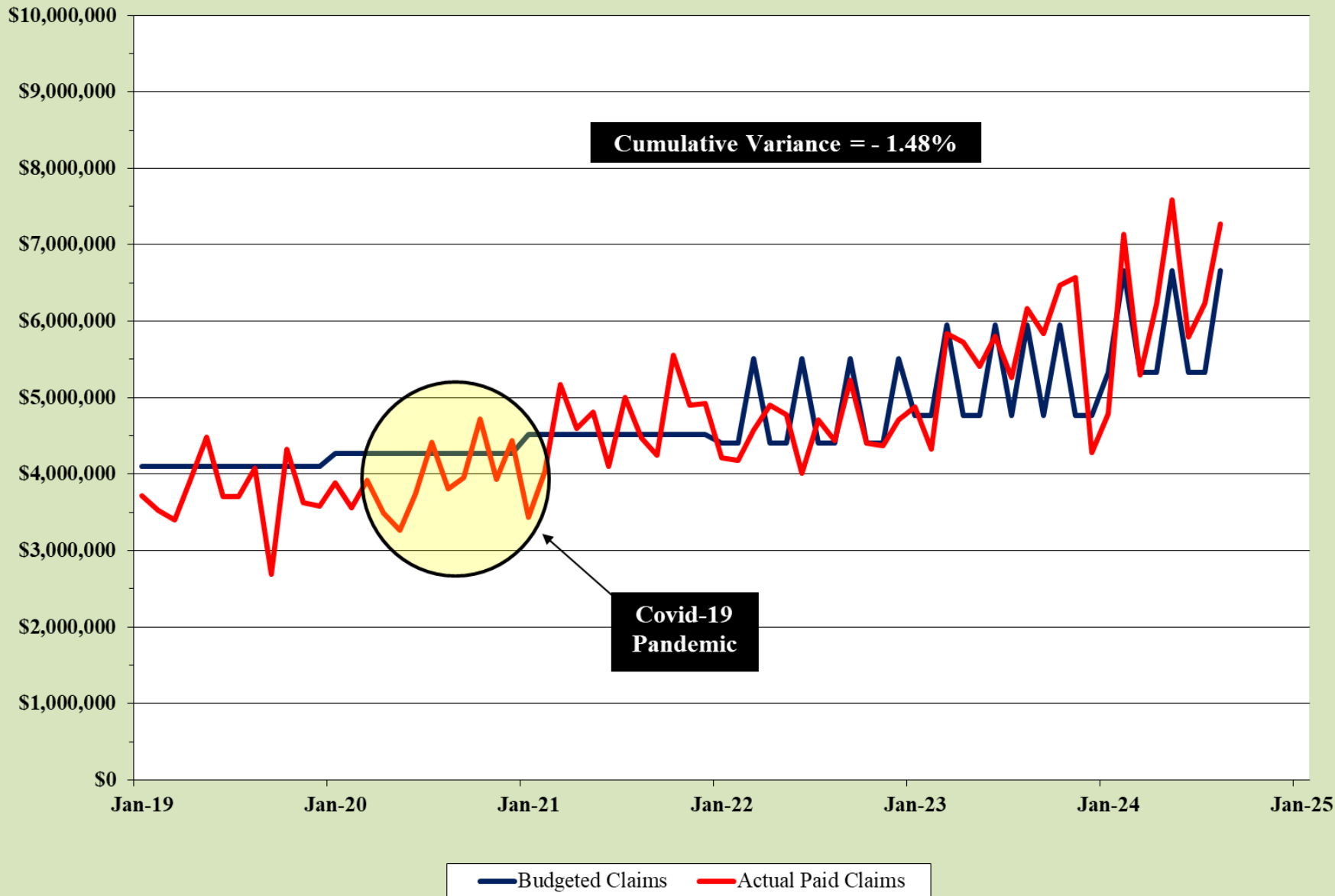


■ Actual Rx Claims
 ■ Budgeted Rx Claims
 ■ Actual Medical Claims
 ■ Budgeted Medical Claims

Greater Tompkins County Municipal Health Ins Consortium

2019-2024 Monthly Paid Claims v Budgeted Claims

January 1, 2019 to August 31, 2024





Section 6

2025 Fiscal Year Budget Overview Consortium Income

2025 Fiscal Year Budget - Income

Major Income Sources:

- 1. *Medical and Pharmacy Plan Premiums*** – this is the income derived from the health insurance premium payments made by each Participating Municipality in the Consortium. These dollars include any premium contributions made by employers, employees, COBRA members, and retirees.
- 2. *Interest Earnings*** – this income line-item shows the return on investments associated with the Consortium’s cash assets which are deposited and invested based on the Consortium’s investment policy with the assistance of Wilmington Trust. Historically, the return on these investments lowered the annual premium increases by between 0.75% and 1.00% on average.
- 3. *Rx Rebates*** – this represents the amount of income paid via a paid claims credit to the GTCMHIC from ProAct, Inc. and Excellus BlueCross BlueShield associated with the pharmaceutical rebates ProAct and Excellus receive for purchases made by Consortium covered members.

2025 Fiscal Year Budget - Income

Major Income Sources (continued):

4. ***Stop-Loss Claim Reimbursements*** – this income source is the result of members exceeding the specific stop-loss insurance deductible for the fiscal year. Monies received in stop-loss claim reimbursements are used to off-set the paid claims costs associated with high dollar claimants. Currently, the Consortium’s specific stop-loss deductible is \$1,000,000. This year there are no individuals that have a higher “laser” deductible.

5. ***Other Income*** – this small revenue item is associated with any miscellaneous funds which may be received as refunds, credits, or some other kind of financial settlement.

2023 Actual, 2024 Projected, and 2025 Projected Income

Greater Tompkins County Municipal Health Insurance Consortium

2023 Actual, 2024 Projected and 2025 Fiscal Year Budget Projections

As of August 31, 2024

8.00%	8.00%	8.00%	14.00%
-------	-------	-------	--------

	Actual Results 2023 Fiscal Year	Adopted Budget 2024 Fiscal Year	Amended Budget 2024 Fiscal Year	Projected 2024 as of 8/31/24	Projected Budget 2025 Fiscal Year
Average Covered Lives	6,979	6,979	7,243	7,296	7,296

Income						
6000	Medical and Rx Plan Premiums	\$61,247,052.57	\$66,280,586.70	\$67,745,881.12	\$67,880,603.81	\$77,383,888.34
9000	Gain on Investments		\$0.00			\$0.00
	Investment Income (Wilmington Trust)	\$0.00	\$0.00	\$650,000.00	\$715,236.30	\$650,000.00
9020	Interest	\$538,393.03	\$1,075,000.00	\$650,000.00	\$264,462.21	\$300,000.00
6010	Rx Rebates	\$3,454,811.21	\$3,875,000.00	\$3,875,000.00	\$7,020,164.90	\$6,965,487.84
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9030	Other	\$0.00	\$0.00	\$1,200.00	\$9,747.88	\$1,200.00
Total Income		\$65,240,256.81	\$71,230,586.70	\$72,922,081.12	\$75,890,215.10	\$85,300,576.18

The above is based on the actual results as of August 31, 2024. As you will note, the pharmacy rebates have been amended up by a substantive amount for the 2024 Fiscal Year and subsequently adjusted down for the 2025 Fiscal Year. This is the result of the timing of payments with the transition from ProAct, Inc. to Excellus BlueCross BlueShield. It also has to do with the substantive increase in the pharmaceutical manufacturer rebate guarantees which were part of the Excellus proposal and a major factor to why they were selected as the Consortium's Prescription Drug Benefit Manager.

2025 – 2029 Fiscal Year Projected Income

Greater Tompkins County Municipal Health Insurance Consortium

2023 Actual, 2024 Projected and 2025 Fiscal Year Budget Projections

As of August 31, 2024

	14.00%	12.00%	11.00%	10.00%	9.00%
	<i>Projected Budget 2025 Fiscal Year</i>	<i>Projected Budget 2026 Fiscal Year</i>	<i>Projected Budget 2027 Fiscal Year</i>	<i>Projected Budget 2028 Fiscal Year</i>	<i>Projected Budget 2029 Fiscal Year</i>
Average Covered Lives	7,296	7,296	7,296	7,296	7,296

Income						
6000	Medical and Rx Plan Premiums	\$77,383,888.34	\$86,669,954.94	\$96,203,649.98	\$105,824,014.98	\$115,348,176.33
9000	Gain on Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Investment Income (Wilmington Trust)	\$650,000.00	\$650,000.00	\$650,000.00	\$650,000.00	\$650,000.00
9020	Interest	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00
6010	Rx Rebates	\$6,965,487.84	\$7,383,417.11	\$7,826,422.14	\$8,296,007.47	\$8,793,767.91
9040	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9030	Other	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
Total Income		\$85,300,576.18	\$95,004,572.05	\$104,981,272.12	\$115,071,222.44	\$125,093,144.24

We understand considering a premium increase of more than 10% is a unique position for the Consortium and one which will be difficult for the Participating Municipalities to absorb. However, there are two factors which we feel will help explain why this is necessary and prudent given the current market conditions. First, the premium increases in recent years have not translated into revenue increases for the Consortium (see slide 6). Secondly, the overall health insurance market has experienced inflation in the past couple of years which resulted in insurance carriers raising premium rates by more than 10%.

2024 – 2029 Projected Income Notes and Assumptions

1. Premium Income includes a 14.00% increase in the premium equivalent rates for the 2025 Fiscal Year. The Fiscal Years 2026-2029 are projected to be 12.00%, 11.00%, 10.00%, and 9.00%, respectively. We feel the outlying projection years are very conservative and do not include any possible paid claims trend corrections which could lead to lower rates of increase. Please be aware, the premium income is based on the current population being enrolled in their current health insurance plans.
2. Interest Income has been improving, but must be monitored closely, especially in the outlying years. The leadership has sought advice from Wilmington Trust on the projection for the 2024 and 2025 Fiscal Years. In addition, the Consortium now utilizes NYCLASS which is a short-term highly liquid investment fund, designed specifically for the public sector. According to NYCLASS they invest funds on a cooperative basis in short-term investments that strive to prioritize safety, liquidity, and yield.
3. Rx Rebates are the pharmaceutical manufacturer rebates earned by the Consortium. As of August 2024, Rx Rebates have exceeded budget expectations. The Consortium should exceed the 2024 budget amount by approximately \$3.15 million.
4. Stop loss reimbursements and “other” income are unpredictable, or very minor, therefore, we recommend not budgeting any amount for these items.



Section 7

2025 Fiscal Year Budget Overview Consortium Expenses

2025 Fiscal Year Budget - Expenses

Major Expense Categories:

- 1. *Paid Claims*** – this is a combination of hospital, medical, surgical, and pharmacy paid claims, currently billed by the three (3) claims administrators; Excellus BCBS (hospital, medical, and surgical), ProAct, Inc. (domestic pharmaceuticals), and CanaRx (international pharmaceuticals). Effective January 1, 2024, the Consortium moved its pharmacy claims to Excellus BCBS. This category also includes any expenses associated with the flu clinics organized by the Consortium and any adjustments needed to the Cash Advance (1-week of expected paid claims) held by Excellus BCBS.
- 2. *Claims Admin. (Administration) Fees*** – this is a combination of the monthly costs associated with the hospital, medical, surgical third-party administration services and the prescription benefit management services billed by Excellus BCBS and ProAct, Inc., respectively. (Excellus only in 2024)
- 3. *Taxes and Fees*** – this category of expenses includes any taxes and fees paid to either the Federal or State Government. Currently, this includes the New York State Covered Lives Assessment, and the Federal Patient Protection and Affordable Care Act (ACA) fees.

2025 Fiscal Year Budget - Expenses

Major Expense Categories (continued):

4. ***Stop-Loss*** – this represents the premiums paid for specific stop-loss insurance. In prior years, this category also included the premium paid for aggregate stop-loss insurance. However, the Consortium was granted a waiver by the New York State Department of Financial Services for the requirement of purchasing aggregate stop-loss insurance.
5. ***Professional Services*** – this is a combination of the monthly costs associated with the outside professional support the Consortium hires on an annual basis. Currently, this expense category includes fees associated with accounting, actuarial, auditing, consulting, investment management, legal, and wellness coordination services.
6. ***Insurance/Internal Fees*** – the money associated with this expense category includes the salary, fringe benefit, support, and insurance costs incurred by the Consortium or by a Participating Municipal Partner. These fees currently include the Consortium’s Executive Director, financial support staff, administrative support staff, IT support staff, marketing costs, and professional liability insurance costs.

2023 Actual, 2024 Projected, and 2025 Projected Expenses

Greater Tompkins County Municipal Health Insurance Consortium

2023 Actual, 2024 Projected and 2025 Fiscal Year Budget Projections

As of August 31, 2024

8.00%	8.00%	8.00%	14.00%
-------	-------	-------	--------

	Actual Results 2023 Fiscal Year	Adopted Budget 2024 Fiscal Year	Amended Budget 2024 Fiscal Year	Projected 2024 as of 8/31/24	Projected Budget 2025 Fiscal Year
Average Covered Lives	6,979	6,979	7,243	7,296	7,296

Expenses						6% Med & 9% Rx
8090	Medical Paid Claims (Trend @ 6.0%)	\$44,758,736.71	\$45,768,439.96	\$46,649,932.57	\$49,700,732.86	\$53,724,611.04
	Advance Deposit / Pre-Paid Claims (On Balance Sheet)	\$139,700.00	\$450,000.00	\$315,000.00	\$315,000.00	\$228,600.00
8120	Rx Paid Claims (Trend @ 9.0%)	\$21,805,216.57	\$22,162,670.64	\$22,659,779.34	\$23,824,220.10	\$26,418,816.65
8121	Rx Paid Claims - CanaRx (Trend @ 9.0%)	\$152,729.30	\$159,717.32	\$159,717.32	\$168,233.25	\$183,374.24
8084	Flu Clinic Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8050	Excellus Admin Fees (\$42.10 Base / \$3.05 RxCC / \$0.28 SL Report) PCPM	\$1,708,337.18	\$1,528,565.00	\$1,589,707.60	\$1,613,525.78	\$1,911,953.17
8054	LBS Admin Fees	\$0.00	\$0.00	\$10,000.00	\$12,353.20	\$12,500.00
8082	Rx Admin Fees (Proact)	\$281,508.04	\$0.00	\$0.00	\$1,137.50	\$0.00
8091	NYS Covered Lives Assessment	\$428,718.06	\$451,269.00	\$469,319.76	\$460,603.65	\$483,633.83
9061	ACA PCORI Fee	\$17,808.57	\$22,844.11	\$23,757.87	\$22,494.92	\$23,619.67
8110	Specific Stop-Loss Insurance Premium Payments	\$320,301.77	\$880,994.40	\$842,878.00	\$346,903.62	\$927,165.80
	Aggregate Stop-Loss Insurance		\$0.00		\$0.00	\$0.00

The above is based on the actual results as of August 31, 2024. These are the major components of the expense budget each year collectively accounting for approximately 99% of the Consortium's spend each year. The paid claims (hospital, medical, surgical, pharmacy) including the advance deposit and the CanaRx claims account for approximately 96% of the Consortium's overall expenditures each year.

2023 Actual, 2024 Projected, and 2025 Projected Expenses

Greater Tompkins County Municipal Health Insurance Consortium

2023 Actual, 2024 Projected and 2025 Fiscal Year Budget Projections

As of August 31, 2024

8.00%	8.00%	8.00%	14.00%
-------	-------	-------	--------

	Actual Results 2023 Fiscal Year	Adopted Budget 2024 Fiscal Year	Amended Budget 2024 Fiscal Year	Projected 2024 as of 8/31/24	Projected Budget 2025 Fiscal Year
Average Covered Lives	6,979	6,979	7,243	7,296	7,296

Expenses						6% Med & 9% Rx
8000	Accounting Fees	\$19,600.00	\$20,157.10	\$19,600.00	\$19,400.00	\$19,982.00
8010	Actuarial Fees	\$7,200.00	\$7,416.00	\$8,000.00	\$8,000.00	\$8,240.00
8020	Audit Fees (Financial & DFS 2023 & 2024)	\$263,660.46	\$105,000.00	\$76,250.00	\$18,493.40	\$16,737.50
8021	Audit Fees (Claims)	\$68,975.00	\$95,532.50	\$78,525.00	\$16,275.00	\$56,051.43
8030	Consultant Fees (L&C)	\$94,200.00	\$97,026.00	\$97,026.00	\$97,026.00	\$99,936.78
	Consultant Fees BOR Credits (L&C)	\$0.00	\$0.00	\$0.00	-\$112,026.00	-\$99,936.78
	Consultant Fees (Strat Plan - TBD)	\$75,000.00	\$25,000.00	\$25,000.00	\$15,000.00	\$25,000.00
	Consultant Fees (Foxpointe)	\$0.00	\$0.00	\$39,000.00	\$39,000.00	\$40,170.00
8070	Legal Fees	\$7,315.00	\$12,730.80	\$15,000.00	\$10,000.00	\$15,000.00
6600's	Salaries	\$307,568.18	\$326,281.80	\$326,281.80	\$326,281.80	\$413,071.10
6602	Fringe Benefits	\$121,978.61	\$134,711.49	\$134,711.49	\$134,711.49	\$176,531.63
8060	Insurances (D&O / Prof. Liability)	\$65,713.57	\$75,000.00	\$75,000.00	\$59,114.76	\$78,750.00
8041	Internal Coordination (Finance)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8045	Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
8044	Internal Coordination (IT Support)	\$6,780.99	\$7,000.00	\$7,200.00	\$7,200.00	\$7,416.00
8065	Wellness Program Costs	\$4,024.16	\$12,500.00	\$12,500.00	\$12,391.92	\$15,000.00
9065	Marketing Expenses	\$0.00	\$2,500.00	\$2,500.00	\$954.72	\$2,500.00
9055	Investment Management Services	\$11,960.19	\$24,000.00	\$15,000.00	\$8,806.60	\$10,000.00
8150	Supplies Expense	\$7,677.00	\$7,500.00	\$7,500.00	\$9,511.84	\$7,500.00
8151	Computer Equipment	\$4,394.63	\$6,200.00	\$32,400.00	\$10,364.00	\$37,400.00
8152	Lease Expense / Parking Fees (including Depreciation)	\$30,431.94	\$55,365.00	\$103,200.00	\$115,000.00	\$118,450.00
8153	Mileage- Travel Expenses	\$913.12	\$2,500.00	\$2,500.00	\$500.00	\$2,500.00
8154	Software		\$0.00	\$0.00	\$0.00	\$0.00
8155	Postage		\$0.00	\$0.00	\$0.00	\$0.00
8156	Furniture and Fixtures	\$566.18	\$2,500.00	\$2,500.00	\$1,500.00	\$1,500.00
8157	Training / Professional Development	\$2,449.20	\$5,000.00	\$5,000.00	\$6,000.00	\$18,000.00
8158	Subscriptions	\$0.00	\$1,000.00	\$1,000.00	\$600.00	\$1,000.00
9005	Loss on Investments		\$0.00		\$0.00	\$0.00
9060	Other Expenses	\$1,838.10	\$8,057.54	\$8,057.54	\$3,750.00	\$9,000.00
	Total Expenses	\$70,721,302.53	\$72,013,478.66	\$73,504,844.29	\$76,964,060.41	\$84,771,474.06

All the expenses in this section of the budget report cover the professional services, internal costs, insurances, and ancillary expense items needed for the Consortium's operations. Collectively, these expenses account for approximately 1% of the Consortium's annual expenditures.

2025-2029 Projected Expenses

Greater Tompkins County Municipal Health Insurance Consortium

2023 Actual, 2024 Projected and 2025 Fiscal Year Budget Projections

As of August 31, 2024

		14.00%	12.00%	11.00%	10.00%	9.00%
		Projected Budget 2025 Fiscal Year	Projected Budget 2026 Fiscal Year	Projected Budget 2027 Fiscal Year	Projected Budget 2028 Fiscal Year	Projected Budget 2029 Fiscal Year
Average Covered Lives		7,296	7,296	7,296	7,296	7,296
Expenses		6% Med & 9% Rx	6.50% Med & 9.50% Rx	6.50% Med & 9.50% Rx	6.50% Med & 9.50% Rx	6.50% Med & 9.50% Rx
8090	Medical Paid Claims	\$53,724,611.04	\$57,216,710.76	\$60,935,796.96	\$64,896,623.76	\$69,114,904.30
	Advance Deposit / Pre-Paid Claims (On Balance Sheet)	\$228,600.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00
8120	Rx Paid Claims	\$26,418,816.65	\$28,928,604.23	\$31,676,821.64	\$34,686,119.69	\$37,981,301.06
8121	Rx Paid Claims - CanaRx	\$183,374.24	\$200,794.80	\$219,870.30	\$240,757.98	\$263,629.99
8084	Flu Clinic Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8050	Excellus Admin Fees	\$1,911,953.17	\$1,969,311.77	\$2,028,391.12	\$2,089,242.85	\$2,151,920.14
8054	LBS Admin Fees	\$12,500.00	\$12,875.00	\$13,261.25	\$13,659.09	\$14,068.86
8082	Rx Admin Fees (Proact)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8091	NYS Covered Lives Assessment	\$483,633.83	\$507,815.52	\$533,206.30	\$559,866.62	\$587,859.95
9061	ACA PCORI Fee	\$23,619.67	\$24,800.65	\$26,040.68	\$27,342.72	\$28,709.85
8110	Specific Stop-Loss Insurance Premium Payments	\$927,165.80	\$1,019,882.38	\$1,121,870.62	\$1,234,057.68	\$1,357,463.45
	Aggregate Stop-Loss Insurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

The above is based on the actual results as of August 31, 2024. These are the major components of the expense budget each year collectively accounting for approximately 99% of the Consortium's spend each year. The paid claims (hospital, medical, surgical, pharmacy) including the advance deposit and the CanaRx claims account for approximately 96% of the Consortium's overall expenditures each year.

2025-2029 Projected Expenses

Greater Tompkins County Municipal Health Insurance Consortium

2023 Actual, 2024 Projected and 2025 Fiscal Year Budget Projections

As of August 31, 2024

	14.00%	12.00%	11.00%	10.00%	9.00%
	Projected Budget 2025 Fiscal Year	Projected Budget 2026 Fiscal Year	Projected Budget 2027 Fiscal Year	Projected Budget 2028 Fiscal Year	Projected Budget 2029 Fiscal Year
Average Covered Lives	7,296	7,296	7,296	7,296	7,296

Expenses	6% Med & 9% Rx	6.50% Med & 9.50% Rx	6.50% Med & 9.50% Rx	6.50% Med & 9.50% Rx	6.50% Med & 9.50% Rx	
8000 Accounting Fees	\$19,982.00	\$20,581.46	\$21,198.90	\$21,834.87	\$22,489.92	
8010 Actuarial Fees	\$8,240.00	\$8,487.20	\$8,741.82	\$9,004.07	\$9,274.19	
8020 Audit Fees (Financial & DFS 2023 & 2024)	\$16,737.50	\$17,239.63	\$17,756.81	\$18,289.52	\$18,838.20	
8021 Audit Fees (Claims)	\$56,051.43	\$57,732.97	\$59,464.96	\$61,248.91	\$63,086.38	
8030 Consultant Fees (L&C)	\$99,936.78	\$102,934.88	\$106,022.93	\$109,203.62	\$112,479.73	
	Consultant Fees BOR Credits (L&C)	-\$99,936.78	-\$102,934.88	-\$106,022.93	-\$109,203.62	-\$112,479.73
	Consultant Fees (Strat Plan - TBD)	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
Consultant Fees (Foxpointe)	\$40,170.00	\$41,375.10	\$42,616.35	\$43,894.84	\$45,211.69	
8070 Legal Fees	\$15,000.00	\$15,450.00	\$15,913.50	\$16,390.91	\$16,882.63	
6600's Salaries	\$413,071.10	\$429,593.94	\$446,777.70	\$464,648.81	\$483,234.76	
6602 Fringe Benefits	\$176,531.63	\$183,592.90	\$190,936.61	\$198,574.08	\$206,517.04	
8060 Insurances (D&O / Prof. Liability)	\$78,750.00	\$82,687.50	\$86,821.88	\$91,162.97	\$95,721.12	
8041 Internal Coordination (Finance)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
8045 Internal Coordination (Town of Ithaca)	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	
8044 Internal Coordination (IT Support)	\$7,416.00	\$7,638.48	\$7,867.63	\$8,103.66	\$8,346.77	
8065 Wellness Program Costs	\$15,000.00	\$15,000.00	\$12,500.00	\$12,500.00	\$12,500.00	
9065 Marketing Expenses	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	
9055 Investment Management Services	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	
8150 Supplies Expense	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	
8151 Computer Equipment	\$37,400.00	\$9,440.00	\$12,500.00	\$12,500.00	\$12,500.00	
8152 Lease Expense / Parking Fees (including Depreciation)	\$118,450.00	\$122,003.50	\$125,663.61	\$129,433.51	\$133,316.52	
8153 Mileage- Travel Expenses	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	
8154 Software	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
8155 Postage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
8156 Furniture and Fixtures	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	
8157 Training / Professional Development	\$18,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	
8158 Subscriptions	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	
9005 Loss on Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
9060 Other Expenses	\$9,000.00	\$9,270.00	\$9,548.10	\$9,834.54	\$10,129.58	
Total Expenses	\$84,771,474.06	\$90,961,887.78	\$97,674,566.74	\$104,906,091.07	\$112,698,906.40	

All the expenses in this section of the budget report cover the professional services, internal costs, insurances, and ancillary expense items needed for the Consortium's operations. Collectively, these expenses account for approximately 1% of the Consortium's annual expenditures.

2025-2029 Projected Expenses – Notes and Assumptions

1. The medical and pharmacy paid claim trends for the GTCMHIC from April 1, 2011 to August 31, 2024 has equaled 4.331% and 6.211%, respectively.
 - a) The Locey & Cahill, LLC Municipal Cooperative Health Benefit Plan Client paid claim trends models for medical and pharmacy claims produce an average annual cost increase of 4.723% and 7.567%, respectively.
 - b) The paid claim trends we utilized are based on a number of factors, including the trends noted above and Locey & Cahill, LLC's 25+ years of experience working with Municipal Cooperative Health Benefit Plans like the GTCMHIC.
 - c) The 2025 Paid Claims trends utilized for the budget projections were 6.00% for medical claims and 9.00% for prescription drug claims based on an updated per covered life claims projection which includes data as of August 31, 2024. These projections were then slightly adjusted to 6.50% and 9.50% for years 2026 to 2029 to recognize recent years experiencing a higher than historical paid claims trend.
 - d) Please refer to the charts in Section 9 for more background and detail regarding the paid claims trend information and data used by Locey & Cahill, LLC in the development of this budget report.

2025-2029 Projected Expenses

2. The Excellus BlueCross BlueShield claims administrative fees are 2.0% in the proposal for the 2024 through 2026 Fiscal Years. For budget purposes, we have utilized a 3.0% increase in all years. Also, as part of the new PBM Proposal, Excellus has provided a two-month medical administrative fee holiday for 2024.
3. The Taxes and Fees include the New York State Covered Lives Assessment (Graduate Medical Expense) which is a per contract per month fee that has been forecasted to increase by 5% per annum. The Patient Protection and Affordable Care Act (ACA) Patient Centered Outcomes Research Institute (PCORI) fee is set to sunset in 2029.
4. The specific stop-loss insurance premiums have been forecasted to increase at a rate of 10% per annum based on our experience with this market in recent years. This sector of the insurance marketplace has been hit hard over recent years with significant increases in large dollar claimants resulting in escalating premiums. This is an area of operations which is being closely scrutinized to ensure the Consortium is protected at a reasonable cost going forward.

2025-2029 Projected Expenses

5. We have updated the 2024 Fiscal Year expected costs associated with all professional services provided to the Consortium based on information from the Consortium's Executive Director and Finance Manager. These fees have been trended at an annual rate of 3% for the 2025 through 2029 Fiscal Years.
6. As with the professional services, the internal coordination fees and insurance costs expected for the 2024 Fiscal Year have been updated based on information from the Consortium's Executive Director and Finance Manager. These costs have been adjusted based on input from the Consortiums administrative team.
7. The last major expense category is the "other" expenses which is for miscellaneous costs that do not fit in one of the other line-items cleanly. This is an extremely nominal expense item which has little impact on the overall budget. We trended this at 3% from the current cost projections.



Section 8

2024-2029 Fiscal Year
Budget Summary

2023 Actual, 2024 Projected, and 2025 Projected Budget

Greater Tompkins County Municipal Health Insurance Consortium

2025-2029 Fiscal Year Budget Projections

As of August 31, 2024

8.00%	8.00%	8.00%	14.00%
-------	-------	-------	--------

	Actual Results 2023 Fiscal Year	Adopted Budget 2024 Fiscal Year	Amended Budget 2024 Fiscal Year	Projected 2024 as of 8/31/24	Projected Budget 2025 Fiscal Year
Average Covered Lives	6,979	6,979	7,243	7,296	7,296
Beginning Balance	\$28,694,808.63	\$26,035,920.14	\$23,904,901.61	\$23,904,901.61	\$22,831,056.30

Income						
1	Medical and Rx Plan Premiums	\$61,247,052.57	\$66,280,586.70	\$67,745,881.12	\$67,880,603.81	\$77,383,888.34
2	Gain on Investments, Interest Earned, and Investment Income	\$538,393.03	\$1,075,000.00	\$1,300,000.00	\$979,698.51	\$950,000.00
3	Rx Rebates	\$3,454,811.21	\$3,875,000.00	\$3,875,000.00	\$7,020,164.90	\$6,965,487.84
4	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5	Other	\$0.00	\$0.00	\$1,200.00	\$9,747.88	\$1,200.00
Total Income		\$65,240,256.81	\$71,230,586.70	\$72,922,081.12	\$75,890,215.10	\$85,300,576.18
Expenses						6% Med & 9% Rx
1	Medical and Pharmacy Claims and Expenses	\$66,856,382.58	\$68,090,827.92	\$69,469,429.23	\$73,693,186.21	\$80,326,801.93
2	Plan Administration Fees	\$1,989,845.22	\$1,528,565.00	\$1,599,707.60	\$1,627,016.48	\$1,924,453.17
3	NYS and Federal (ACA) Taxes and Fees	\$446,526.63	\$474,113.11	\$493,077.63	\$483,098.57	\$507,253.50
4	Stop-Loss Insurance Premiums	\$320,301.77	\$880,994.40	\$842,878.00	\$346,903.62	\$927,165.80
5	Accounting, Legal, Consulting, and Other Professional Fees	\$535,950.46	\$362,862.40	\$358,401.00	\$111,168.40	\$181,180.93
6	Consortium Staff Salaries and Benefits	\$429,546.79	\$460,993.29	\$460,993.29	\$460,993.29	\$589,602.73
7	Insurance, Investment, and Internal Coordination Costs	\$94,478.91	\$127,000.00	\$118,200.00	\$94,468.00	\$119,666.00
8	Office and Other Expenses	\$48,270.17	\$88,122.54	\$162,157.54	\$147,225.84	\$195,350.00
Total Expenses		\$70,721,302.53	\$72,013,478.66	\$73,504,844.29	\$76,964,060.41	\$84,771,474.06
Net Income		(\$5,481,045.72)	(\$782,891.96)	(\$582,763.17)	(\$1,073,845.32)	\$529,102.11

2025-2029 Projected Budget

Greater Tompkins County Municipal Health Insurance Consortium

2025-2029 Fiscal Year Budget Projections

As of August 31, 2024

	14.00%	12.00%	11.00%	10.00%	9.00%
	Projected Budget 2025 Fiscal Year	Projected Budget 2026 Fiscal Year	Projected Budget 2027 Fiscal Year	Projected Budget 2028 Fiscal Year	Projected Budget 2029 Fiscal Year
Average Covered Lives	7,296	7,296	7,296	7,296	7,296
Beginning Balance	\$22,831,056.30	\$23,360,158.41	\$27,402,842.67	\$34,709,548.05	\$44,874,679.42

Income						
1	Medical and Rx Plan Premiums	\$77,383,888.34	\$86,669,954.94	\$96,203,649.98	\$105,824,014.98	\$115,348,176.33
2	Gain on Investments, Interest Earned, and Investment Income	\$950,000.00	\$950,000.00	\$950,000.00	\$950,000.00	\$950,000.00
3	Rx Rebates	\$6,965,487.84	\$7,383,417.11	\$7,826,422.14	\$8,296,007.47	\$8,793,767.91
4	Stop-Loss Claim Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5	Other	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
Total Income		\$85,300,576.18	\$95,004,572.05	\$104,981,272.12	\$115,071,222.44	\$125,093,144.24
Expenses		6% Med & 9% Rx	6.50% Med & 9.50% Rx	6.50% Med & 9.50% Rx	6.50% Med & 9.50% Rx	6.50% Med & 9.50% Rx
1	Medical and Pharmacy Claims and Expenses	\$80,326,801.93	\$86,346,109.79	\$92,832,488.89	\$99,823,501.43	\$107,359,835.35
2	Plan Administration Fees	\$1,924,453.17	\$1,982,186.77	\$2,041,652.37	\$2,102,901.94	\$2,165,989.00
3	NYS and Federal (ACA) Taxes and Fees	\$507,253.50	\$532,616.17	\$559,246.98	\$587,209.33	\$616,569.80
4	Stop-Loss Insurance Premiums	\$927,165.80	\$1,019,882.38	\$1,121,870.62	\$1,234,057.68	\$1,357,463.45
5	Accounting, Legal, Consulting, and Other Professional Fees	\$181,180.93	\$185,866.36	\$190,692.35	\$195,663.12	\$200,783.01
6	Consortium Staff Salaries and Benefits	\$589,602.73	\$613,186.84	\$637,714.31	\$663,222.89	\$689,751.80
7	Insurance, Investment, and Internal Coordination Costs	\$119,666.00	\$123,825.98	\$125,689.51	\$130,266.63	\$135,067.89
8	Office and Other Expenses	\$195,350.00	\$158,213.50	\$165,211.71	\$169,268.06	\$173,446.10
Total Expenses		\$84,771,474.06	\$90,961,887.78	\$97,674,566.74	\$104,906,091.07	\$112,698,906.40
Net Income		\$529,102.11	\$4,042,684.27	\$7,306,705.38	\$10,165,131.37	\$12,394,237.84



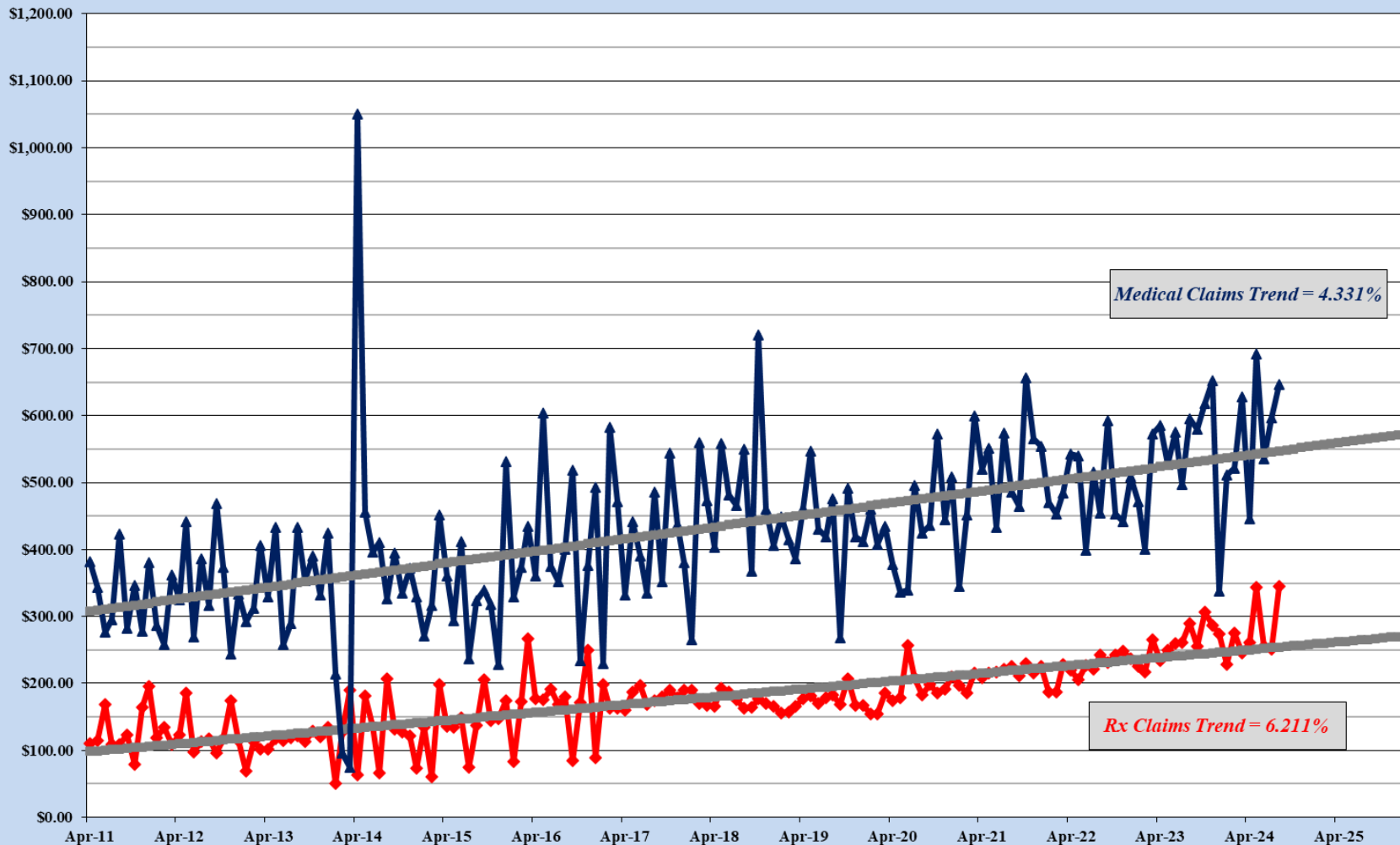
Section 9

GTCMHIC
Paid Claims Trend Exhibits

Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month Medical and Prescription Drug Paid Claims Trend

April 1, 2011 to August 31, 2024

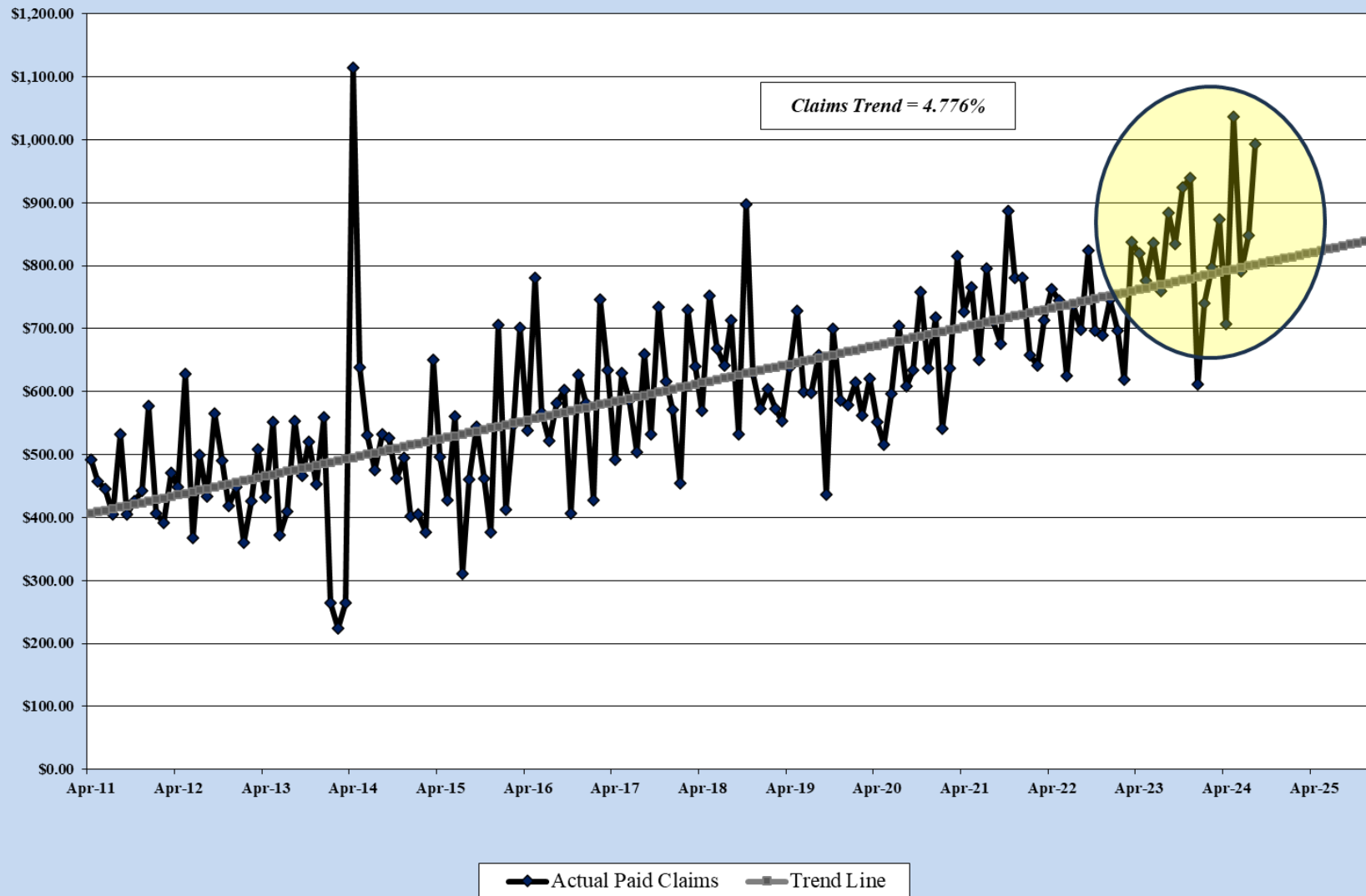


◆ Rx Actual Paid Claims
 — Rx Trend Line
 ▲ Medical Actual Paid Claims
 — Medical Trend Line

Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month Paid Claims Trend

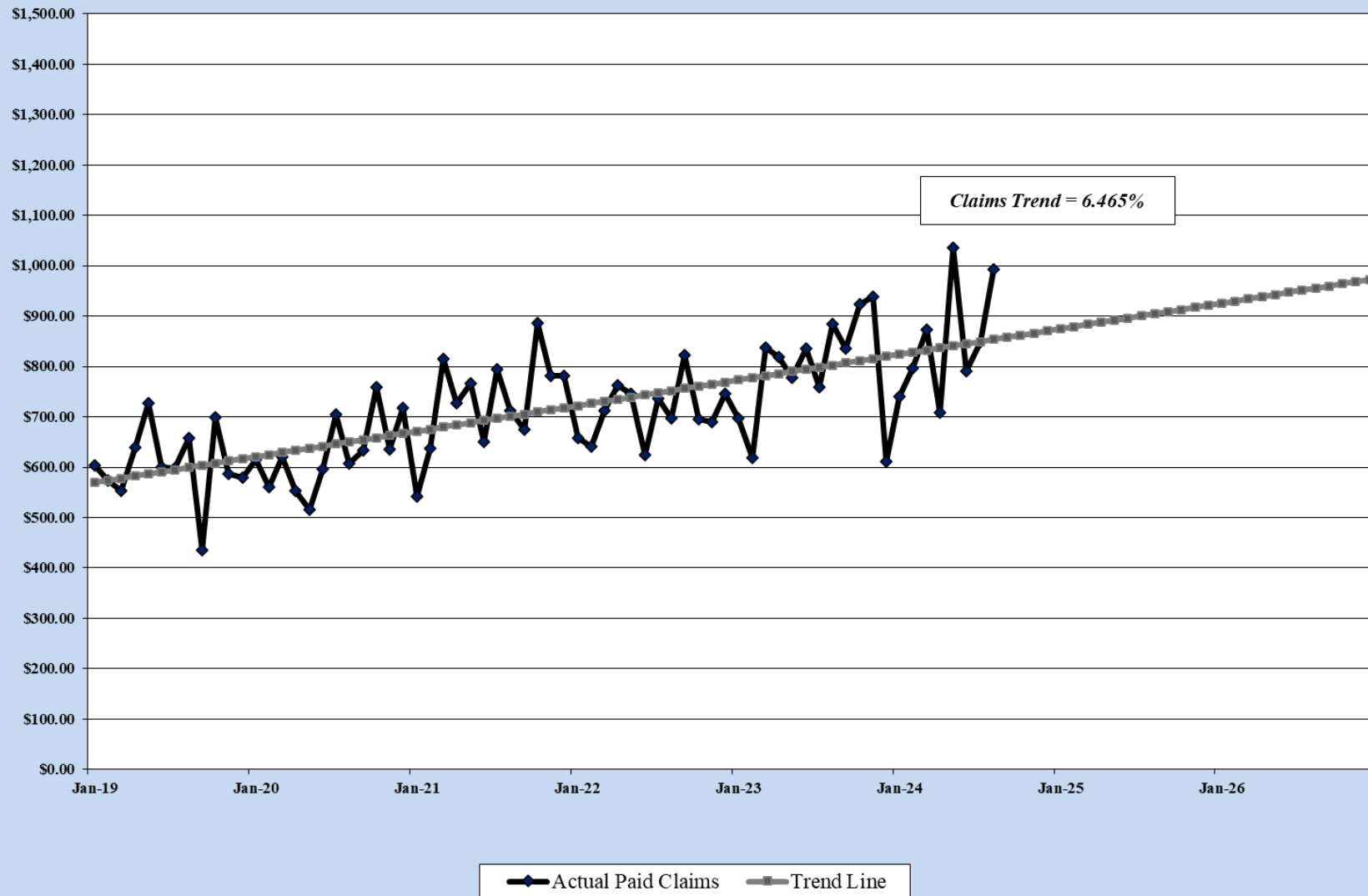
April 1, 2011 to August 31, 2024



Greater Tompkins County Municipal Health Insurance Consortium

Per Covered Life Per Month Paid Claims Trend

January 1, 2019 to August 31, 2024

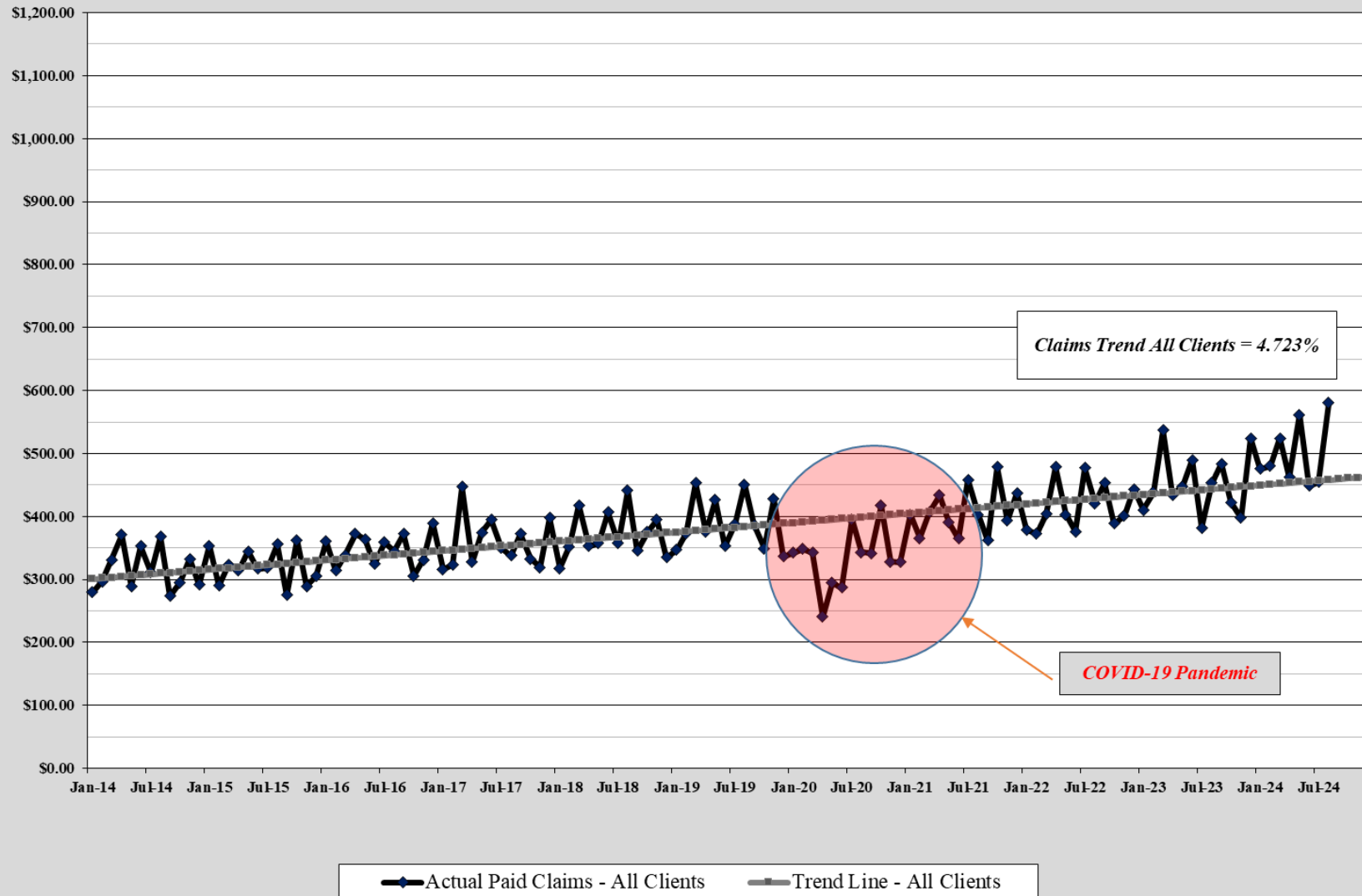


Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Medical Paid Claims Trend

January 1, 2014 to August 31, 2024

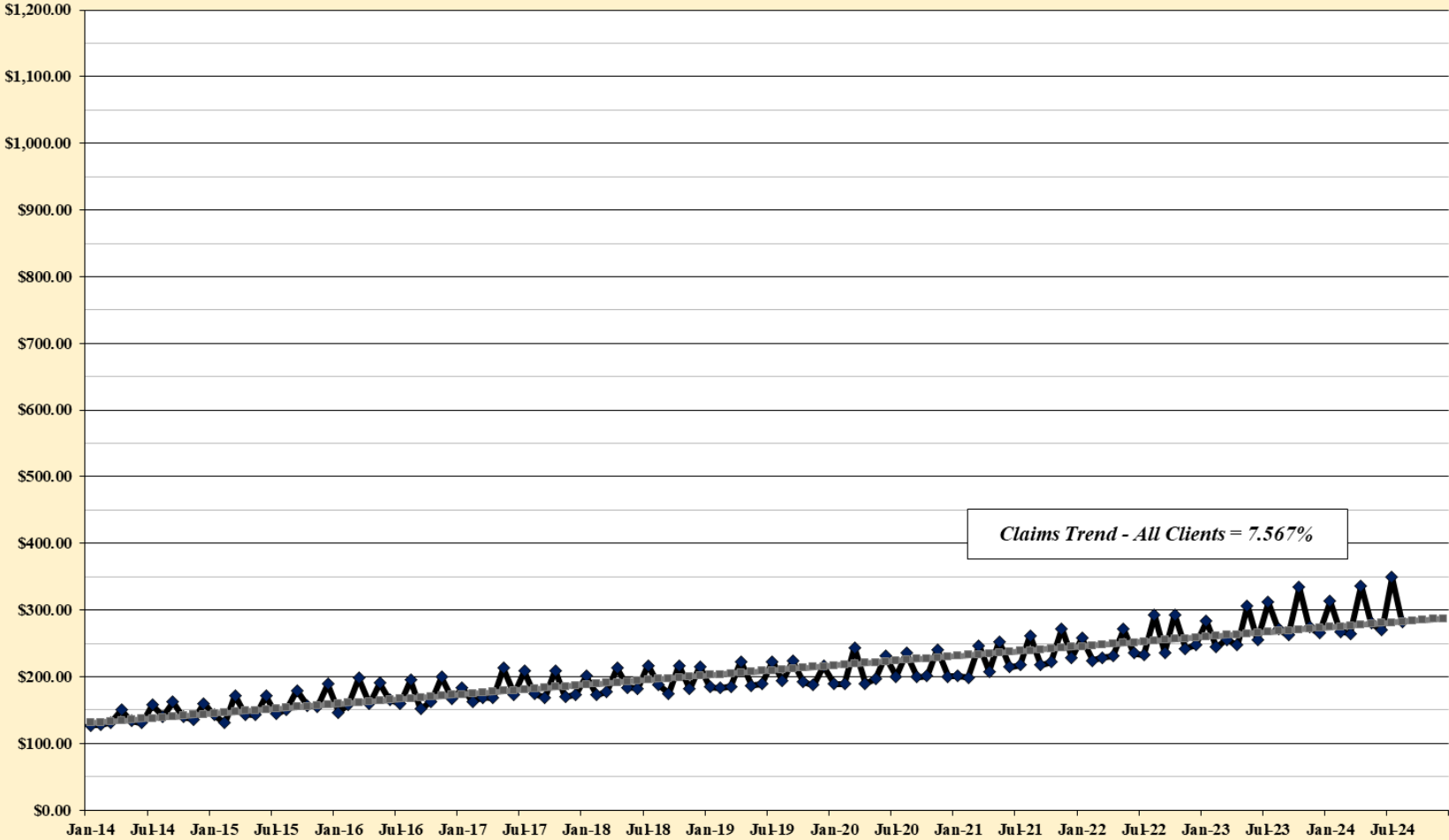


Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Rx Paid Claims Trend

January 1, 2014 to August 31, 2024



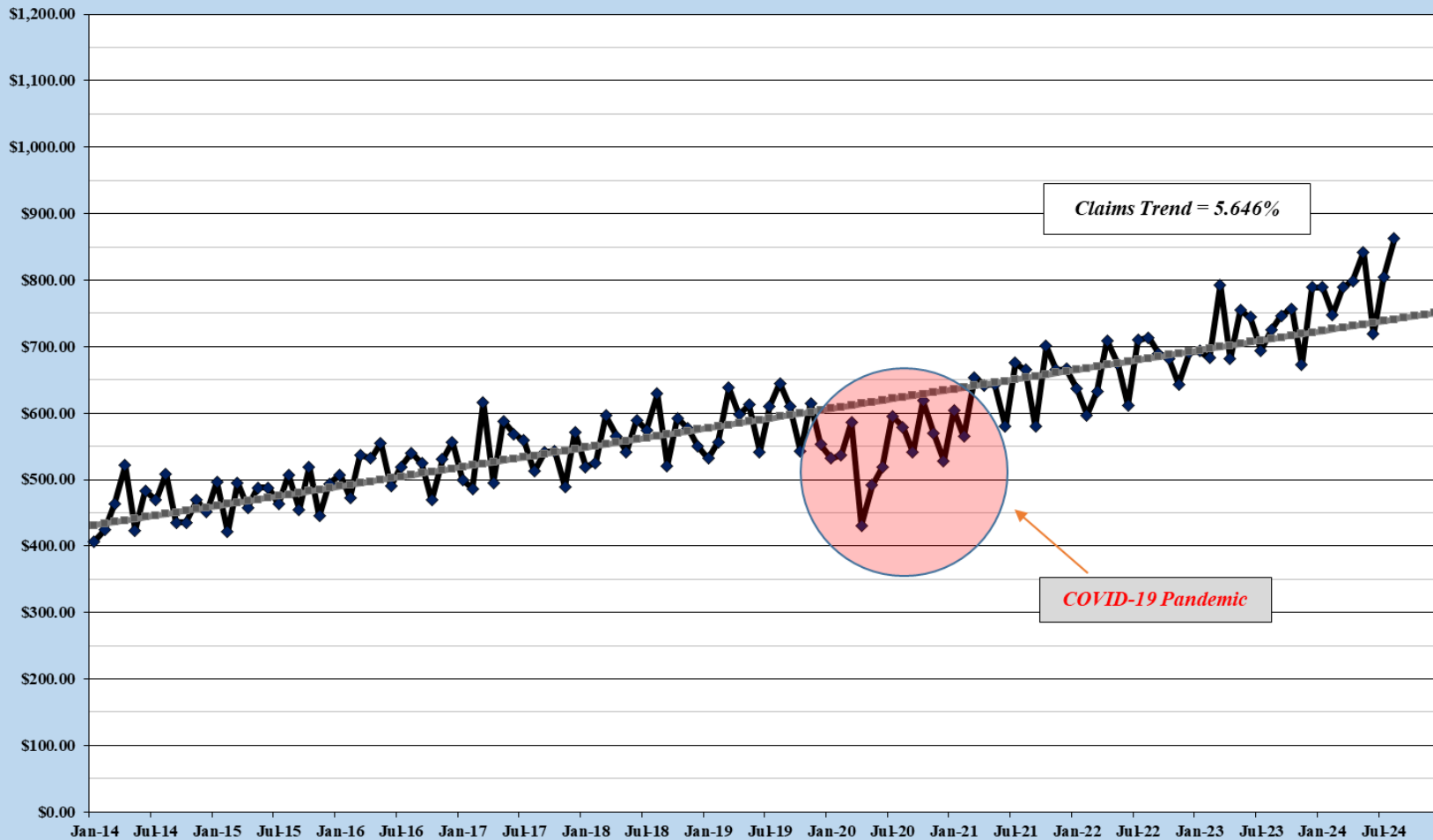
Actual Paid Claims - All Clients Trend Line - All Clients

Locey & Cahill, LLC

Municipal Cooperative Health Benefit Plan Clients

Per Covered Life Per Month Paid Claims Trend

January 1, 2014 to August 31, 2024



Actual Paid Claims Trend Line

Greater Tompkins County Municipal Health Insurance Consortium

Large Loss and Catastrophic Claims History (as of August 31, 2024)

Fiscal Year	Specific Stop-Loss Deductible	Catastrophic Claims Reserve	Number of Covered Lives	# of Claimants >\$500,00 Paid Claims
2011	\$250,000	\$0	4,400	0
2012	\$275,000	\$0	4,448	1
2013	\$300,000	\$0	5,077	0
2014	\$300,000	\$0	5,012	0
2015	\$400,000	\$1,050,000	5,021	1
2016	\$400,000	\$1,050,000	5,063	1
2017	\$450,000	\$1,350,000	5,172	0
2018	\$600,000	\$2,000,000	5,201	3
2019	\$600,000	\$2,800,000	6,170	1
2020	\$1,000,000	\$5,032,220	6,271	1
2021	\$1,000,000	\$4,642,294	6,301	5
2022	\$1,000,000	\$3,892,443	6,382	3
2023	\$1,000,000	\$4,606,088	6,979	5
2024*	\$1,000,000	\$4,808,739	7,296	0

Throughout the Consortium’s 13+ year history, there have only been 21 instances where a covered member’s claims have been greater than \$500,000 in a given fiscal year. Of those 21 members, 13 (62%) of them have occurred in the last 3 years of operation. This escalation in catastrophic claims has been a major contributing factor to the less than favorable financial results over the past couple of year.



Section 10

2025 Fiscal Year Budget Overview Consortium Assets

Liabilities and Reserves - Defined

LIABILITIES

- The liabilities associated with the Consortium's operations are directly related to covered medical benefits that are incurred by Consortium Members which have yet to be received or paid by the insurance company or plan administrator. For example, if the Consortium were to end its operations on any given December 31st there are going to be covered medical services received by covered members on or before December 31st which will not be paid until sometime after December 31st. This is commonly referred to in the industry as an Incurred but Not Reported (IBNR) and Incurred but Not Paid (IBNP) Claims Liabilities.
- In recent years with the increases in technology associated with the billing and payment of medical benefit claims and with the increase in the volume of prescription drug claims which are inherently electronic in nature, the overall value of this liability has decreased as a percentage of expected/paid claims. In fact, twenty years ago, this liability equaled approximately the value of three (3) months (24%) of annual expected/paid claims. Today, this value is closer to one (1) month (8%) of expected incurred claims and the New York State Department of Financial Services has set this liability for the 2024 Fiscal Year to equal 12.00% of the expected incurred claims estimate for the year.

Liabilities and Reserves - Defined

RESERVES

- The reserves held by the Consortium are the cash assets which have been assigned to cover a direct liability or to assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. These cash assets have also been a source of revenue through the interest earned to the Consortium which has allowed the Consortium to hold premium increases down in previous years.
- The Consortium has historically maintained the following reserves:
 - Incurred But Not Report (IBNR) Claims Liability Reserve (statutory reserve)
 - Surplus Account (statutory reserve)
 - Catastrophic Claims Reserve (discretionary reserve)
 - Rate Stabilization Reserve (discretionary reserve)
- Please refer to the following slides for a detailed description of each reserve classification.

Liabilities and Reserves - Defined

INCURRED BUT NOT REPORTED (IBNR) CLAIMS LIABILITY RESERVE

- The IBNR Claims Reserve is required for the Consortium to be compliant with §4706(a)(1) of the New York State Insurance Law. The New York State Department of Financial Services requires this reserve to be funded at an amount equal to 12.0% of expected incurred claims. We believe this is a conservative estimate of the liability, but we understand the Department has always acted based on their philosophy to maintain this level of reserve as they want the Consortium Member Claims to be fully-funded at all times.
- Maintaining this reserve at an insufficient amount to cover the liability could result in a Municipal Corporation owing a significant amount of money if they chose to leave the Consortium. A Municipal Corporation's decision to leave or stay in the Consortium should not be affected by the Consortium's lack of adequate reserves and this is a philosophy we feel the Consortium should embrace, even during tougher economic times.
- The 2024 Amended Fiscal Year Budget forecasted this reserve to equal approximately \$8.2 million (12.0% of projected hospital, medical, surgical, and prescription drug incurred claims). However, the 2024 claims have trended higher than anticipated and we have now amended this projection to slightly more than \$8.8 million. As of the fiscal year end, December 31, 2023, the IBNR reserve was adjusted to \$8,279,606. This is a compounding issue as when claims are elevated, the reserve grows faster as it is a percentage of claims and claims expenses.

Liabilities and Reserves - Defined

SURPLUS ACCOUNT

- The Consortium is required to fund the Surplus Account at an amount equal to 5.0% of expected premium income for the year. By funding this reserve at this level, the Consortium is operating in compliance with §4706(a)(5)(A) of the New York State Insurance Law.
- Article 47 of the New York State Insurance Law describes this reserve as being established and maintained for the sole purpose of satisfying unexpected obligations of the Municipal Cooperative Health Benefits Plan. Article 47 further states that this reserve is for the purpose of satisfying unexpected obligations of the Plan in the event of termination or abandonment.
- The 2024 Amended Fiscal Year Budget forecasted this reserve to equal approximately \$3.39 million (5.0% of projected premium income). Since the premium income is tracking to finish on budget, we have not adjusted this reserve at this time. At the close of the 2023 Fiscal Year, the Consortium's financial auditors set this reserve number at \$3,062,352.63. It should be noted that the Consortium's premium income is slightly (0.20%) above the budgeted amount through the first 8-months of the fiscal period and if this holds to the end of the year it will have a nominal impact on this reserve level.

Liabilities and Reserves - Defined

CATASTROPHIC CLAIMS RESERVE

- This reserve was established by the Consortium's Board of Directors to protect the financial integrity of the Consortium as the Board made the decision to increase the deductible associated with the Specific Stop-Loss Policy to reduce expenses. It was agreed that the Consortium's risk pool is so substantial in size that it can absorb a significant number of large losses without damaging the financial integrity of the Consortium.
- It was our professional opinion and the opinion of the Board of Directors that there was an acceptable reward versus risk ratio between the reduction of this significant expense, the exposure of large losses, and the cash asset position of the Consortium. This conclusion led the Board of Directors to increase the Specific Stop-Loss Insurance Deductible to \$1,000,000 for the 2021 Fiscal Year. It was recognized that this decision created a sizeable increase in the exposure to the Plan. To mitigate this exposure, the Board of Directors has funded this reserve as well as adopted a resolution outlining the funding calculation to make annual adjustments to this fund. At the fiscal year end December 31, 2023, this reserve had a balance of \$4,606,088.
- In future years when the Consortium returns to a more stable financial picture with ample cash assets, the goal will be to raise this reserve to equal approximately 7.5% of expected paid claims and expenses each year.
- **2025 Budget Proposal to increase this reserve by 10% annually**

Liabilities and Reserves - Defined

RATE STABILIZATION RESERVE

- When the Consortium's cash assets were at a fairly high level, the Board of Directors made the decision to establish the Rate Stabilization Reserve at an amount equal to 7.5% of the expected hospital, medical, surgical, and prescription drug claim payments for the year.
- It is our goal to work with the Consortium to ensure future fiscal year budgets are developed with this reserve being maintained.
- 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.
- The proposed budget recommends utilizing a portion of the Rate Stabilization Reserve Fund to mitigate the need for a larger premium adjustment. The long-range plan is designed to fully restore these fund over the next 4-5 fiscal years. As mentioned earlier, the Board is considering adjusting the funding of this reserve to not more than 10% of estimated premiums and not less than 2.5% of estimated premiums.

2024 Beginning Cash Balance

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

2024 Net Income, Liabilities & Reserves (08/31/2024)

	2024 Adopted Budget	2024 Amended Budget	2024 Year-to-Date Budget	2024 Actual Results	Variance	% Difference
Ending Balance	\$25,253,028.18	\$23,322,138.44	\$22,512,157.53	\$22,212,760.38	-\$299,397.15	-1.33%
Liabilities and Reserves						
4010	IBNR Claims Liability Per §4706(a)(1)	\$8,170,899.35	\$8,155,235.35	\$8,279,606.00	\$8,279,606.00	12.0% of Incurred Claims
5010	Surplus Account Per §4706(a)(5)	\$3,314,029.34	\$3,387,294.06	\$3,062,352.63	\$3,062,352.63	5.0% of Premium Income
5014	Rate Stabilization Reserve	\$1,702,270.70	\$1,699,007.36	\$4,788,607.35	\$4,788,607.35	7.5% of Paid Claims
5012	Catastrophic Claims Reserve	\$4,808,739.38	\$4,808,739.38	\$4,606,088.23	\$4,606,088.23	Calculation Per Resolution
Total Liabilities and Reserves		\$17,995,938.77	\$18,050,276.15	\$20,736,654.21	\$20,736,654.21	
Unencumbered Fund Balance		\$7,257,089.42	\$5,271,862.29	\$1,775,503.32	\$1,476,106.17	2.18% as a % of Premium

The 2024 Fiscal Year is currently under performing compared to the projected budget for the year. As of August 31, 2024, we have estimated that the unencumbered fund balance has been reduced to 2.18% of the expected premium income for the year. Should this pattern of claims continue over the remainder of the year, there will be a shift in the reserves based on financial results and a reduction in the undesignated fund balance.

2023 Actual and 2024 to 2025 Estimated Reserve Funds

Greater Tompkins County Municipal Health Insurance Consortium

2023 Actual, 2024 Projected and 2025 Fiscal Year Budget Projections

As of August 31, 2024

		8.00%	8.00%	8.00%	14.00%	
	Actual Results 2023 Fiscal Year	Adopted Budget 2024 Fiscal Year	Amended Budget 2024 Fiscal Year	Projected 2024 as of 8/31/24	Projected Budget 2025 Fiscal Year	
Average Covered Lives	6,979	6,979	7,243	7,296	7,296	
Beginning Balance	\$28,694,808.63	\$26,035,920.14	\$23,904,901.61	\$23,904,901.61	\$22,831,056.30	
			Actual 12/31/23	Actual 12/31/23	Projected 12/31/24 As of 8/31/24	
Net Income	(\$5,481,045.72)	(\$782,891.96)	(\$582,763.17)	(\$1,073,845.32)	\$529,102.11	
% of Revenue	-8.4%	-1.1%	-0.8%	-1.4%	0.6%	
Add: Gains on Investments	\$691,138.70	\$0.00	\$0.00	\$0.00	\$0.00	
Less: Losses on Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Ending Balance	\$23,904,901.61	\$25,253,028.18	\$23,322,138.44	\$22,831,056.30	\$23,360,158.41	
Liabilities and Reserves						
Statutory Reserves	IBNR Reserve	\$8,279,606.00	\$8,170,899.35	\$8,155,235.35	\$9,076,224.32	\$9,897,582.61
	Surplus Account	\$3,062,352.63	\$3,314,029.34	\$3,387,294.06	\$3,394,030.19	\$3,869,194.42
Discretionary Reserves	Claims / Rate Stabilization Reserve	\$4,788,607.35	\$1,702,270.70	\$1,699,007.36	\$1,699,007.36	\$2,008,170.05
	Catastrophic Claims Reserve (Ending)	\$4,606,088.00	\$4,808,739.38	\$4,808,739.38	\$5,289,613.32	\$5,818,574.65
Total Liabilities and Reserves		\$20,736,653.98	\$17,995,938.77	\$18,050,276.15	\$19,458,875.19	\$21,593,521.73
Unencumbered Fund Balance		\$3,168,247.63	\$7,257,089.42	\$5,271,862.29	\$3,372,181.10	\$1,766,636.68
		5.17%	10.95%	7.78%	4.97%	2.28%

The Consortium has a budget goal of carrying an unencumbered fund balance equal to 12% of premium. As illustrated above, the Consortium falls short of this goal for 2024 and 2025 but is projected to meet this goal by the 2029 Fiscal Year.

2025 to 2029 Estimated Reserve Funds

Greater Tompkins County Municipal Health Insurance Consortium

2023 Actual, 2024 Projected and 2025 Fiscal Year Budget Projections

As of August 31, 2024

	14.00%	12.00%	11.00%	10.00%	9.00%	
	Projected Budget 2025 Fiscal Year	Projected Budget 2026 Fiscal Year	Projected Budget 2027 Fiscal Year	Projected Budget 2028 Fiscal Year	Projected Budget 2029 Fiscal Year	
Average Covered Lives	7,296	7,296	7,296	7,296	7,296	
Beginning Balance	\$22,831,056.30	\$23,360,158.41	\$27,402,842.67	\$34,709,548.05	\$44,874,679.42	
	Projected 12/31/24					
	As of 8/31/24					
Net Income	\$529,102.11	\$4,042,684.27	\$7,306,705.38	\$10,165,131.37	\$12,394,237.84	
% of Revenue	0.6%	4.3%	7.0%	8.8%	9.9%	
Add: Gains on Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Less: Losses on Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Ending Balance	\$23,360,158.41	\$27,402,842.67	\$34,709,548.05	\$44,874,679.42	\$57,268,917.27	
Liabilities and Reserves						
Statutory Reserves	IBNR Reserve	\$9,897,582.61	\$10,635,395.59	\$11,420,896.95	\$12,267,168.40	\$13,179,098.92
	Surplus Account	\$3,869,194.42	\$4,333,497.75	\$4,810,182.50	\$5,291,200.75	\$5,767,408.82
Discretionary Reserves	Claims / Rate Stabilization Reserve	\$2,008,170.05	\$2,158,652.74	\$4,641,624.44	\$7,486,762.61	\$10,735,983.54
	Catastrophic Claims Reserve (Ending)	\$5,818,574.65	\$6,400,432.11	\$7,040,475.33	\$7,744,522.86	\$8,518,975.14
Total Liabilities and Reserves		\$21,593,521.73	\$23,527,978.19	\$27,913,179.22	\$32,789,654.62	\$38,201,466.42
Unencumbered Fund Balance		\$1,766,636.68	\$3,874,864.48	\$6,796,368.83	\$12,085,024.80	\$19,067,450.85
		2.28%	4.47%	7.06%	11.42%	16.53%

The five-year budget model shows overall fund balance is relatively flat for the 2024 through 2027 Fiscal Years. This is followed by a marked improvement by the 2028 and 2029 Fiscal Years which is forecasted to return the Consortium to its goal of an unencumbered fund balance equal to or greater than 12% of annual premium income.



Section 11

2025 Fiscal Year Budget Overview Recommendations



2025 Fiscal Year Budget Recommendations

1. Maintain the Surplus Account at 5% of the annual premium of the Consortium in accordance with §4706(a)(5) of the New York State Insurance Law. The value of this reserve, as projected for the 2025 Fiscal Year, is \$3,869,194.42. This will satisfy an Article 47 statutory reserve requirement.
2. Maintain the IBNR Claims Liability Reserve as required by §4706(a)(1) of the New York State Insurance Law at a value in line with the expected cost of “run-out” claims. We are recommending that this reserve continue to be funded at 12.0% of expected incurred claims consistent with the direction received by the Consortium from the New York State Department of Financial Services. Based on our projections, this reserve would equal approximately \$9,897,582.61 for the 2025 Fiscal Year.

2025 Fiscal Year Budget Recommendations (continued)

3. Continue to evaluate the specific stop-loss insurance policy at the \$1,000,000 deductible level and maintain the Catastrophic Claims Reserve at an amount equal to approximately \$4.8 million as adjust based on the Board Resolution for funding. This reserve is specifically designed to protect the cash flow of the Consortium from the effects of a significant increase in the number of individual high dollar claimants.
(2025 Budget projects this process to increase the reserve by 10.00% annually)
4. Maintain the Claims/Rate Stabilization Reserve at 2.5% of 2025 estimated paid claims (\$2,008,170.05). These funds are projected to be restored over the next four budget cycles. It is important to remember that this reserve fund was designed for this exact purpose of mitigating a larger than desired premium rate increases.
5. Continue to negotiate reasonable increases to the administrative fees paid to Excellus BlueCross BlueShield as part of the annual renewal process.

2025 Fiscal Year Budget Recommendations (continued)

6. Monitor and update the investment strategies of the Consortium to continue to maximize the interest earnings associated with the reserve and surplus funds while maintaining the flexibility needed in cash flow to prudently manage the Consortium's finances.
7. In consideration of the overall financial position of the Greater Tompkins County Municipal Health Insurance Consortium and its goals and objectives, Locey & Cahill, LLC is recommending that the Executive Committee recommend the approval of a 14.00% increase in premiums for the 2025 Fiscal Year. As a point of information, a 1.0% increase in premiums paid equals approximately \$680,000 for the 2025 Fiscal Year.

2025 Fiscal Year Budget Recommendations (continued)

In conclusion, the final thought that we offer to the Board of Directors of the Consortium at this time is to consider the views, opinions, and recommendations expressed above and to consider supporting the recommended budget with a 14.00% increase in overall premium revenue. Our goal has always been to have steady/moderate premium growth. However, as outlined in this presentation, multiple factors have created a situation whereby a substantive increase in premiums is necessary to keep the Consortium financially sound. Our goal will be to return the Consortium to more tolerable average premium increases as soon as practicable but only as market conditions allow for such actions.

2011-2025 GTCMHIC Premium Rate Actions

Greater Tompkins County Municipal Health Insurance Consortium

Fiscal Year	Traditional Indemnity & PPO Plans	Platinum PPO Plan	Gold HDHP	Silver HDHP	Bronze HDHP
2011	9.50%	n/a	n/a	n/a	n/a
2012	9.50%	n/a	n/a	n/a	n/a
2013	9.00%	n/a	n/a	n/a	n/a
2014	8.00%	n/a	n/a	n/a	n/a
2015	5.00%	5.00%	n/a	n/a	n/a
2016	3.00%	3.00%	3.00%	3.00%	3.00%
2017	5.00%	3.53%	0.30%	-3.54%	-1.69%
2018	4.00%	4.00%	3.74%	4.00%	4.00%
2019	5.00%	5.00%	5.00%	3.47%	5.00%
2020	5.00%	5.00%	4.48%	5.00%	5.00%
2021	5.00%	5.00%	3.82%	4.06%	3.96%
2022	5.00%	5.00%	5.00%	5.00%	5.00%
2023	6.50%	6.50%	6.50%	5.42%	6.50%
2024	8.00%	8.00%	6.83%	6.89%	8.00%
2025	14.00%	14.00%	14.00%	14.00%	14.00%
Avg. Increases	6.77%	5.82%	5.27%	4.73%	5.28%
2016-2025	6.05%	5.90%	5.27%	4.73%	5.28%
5-Yr Average	7.70%	7.70%	7.23%	7.07%	7.49%

Historical Average Premium Rate Increases

2011-2024 Avg. Rate Increase = 6.25%

2025 New York State Small Group Market Rate Requests

SMALL GROUP MARKET

Company Name	2025 Requested Rate Change
Aetna Health	24.3%
Aetna Life	18.1%
Anthem Healthchoice Assurance (Formerly Empire)*	10.7%
CDPHP UBI*	22.5%
CDPHP*	25.4%
Emblem (HIP)*	16.3%
<u>Excelsus*</u>	<u>19.5%</u>
Highmark (Formerly Healthnow)	19.0%
IHBC	28.1%
MVP Health Plan*	9.5%
MVP Health Services Corp.*	13.8%
Oxford Health Insurance Inc*	18.2%
UnitedHealthcare Ins Company of New York	11.0%
Summary	18.6%

* Indicates the Company will offer products on the NY State of Health Marketplace in 2025.

GTCMHIC vs New York State Small Group Market

Excellus Small Group Premium Rate History Average Rate vs Average Rate Approved						GTCMHIC Comparison	
Calendar Year	Plan Type	Average Rate Requested	Average Rate Approved	Reduction	Date Approved	GTCMHIC Approved Rate	Variance GTCMHIC vs Excellus BCBS
2017	Small Group	12.30%	10.70%	-1.60%	8/5/2016	5.00%	-5.70%
2018	Small Group	8.90%	8.90%	0.00%	8/15/2017	4.00%	-4.90%
2019	Small Group	3.80%	3.80%	0.00%	8/3/2018	5.00%	1.20%
2020	Small Group	6.80%	5.70%	-1.10%	8/9/2019	5.00%	-0.70%
2021	Small Group	4.40%	0.90%	-3.50%	8/13/2020	5.00%	4.10%
2022	Small Group	9.70%	8.70%	-1.00%	8/13/2021	5.00%	-3.70%
2023	Small Group	12.90%	9.40%	-3.50%	8/18/2022	6.50%	-2.90%
2024	Small Group	12.60%	12.00%	-0.60%	8/31/2023	8.00%	-4.00%
2025	Small Group	19.50%	10.50%	-9.00%	8/31/2024	14.00%	3.50%
Averages	Small Group	10.10%	7.84%	-2.26%		6.39%	-1.46%

