



## Greater Tompkins County Municipal Health Insurance Consortium

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

### Audit and Finance Committee

**Agenda – May 25, 2021**

**3:30 PM**

Zoom Meeting

(see meeting invite or contact [consortium@tompkins-co.org](mailto:consortium@tompkins-co.org) for information to join meeting)

1. Call to Order (3:30) M. Cook
  
2. Changes to Agenda
  
3. Approve Minutes – April 27, 2021
  
4. Executive Director (4:05) E. Dowd
  - a. Report
  - b. Investment Management Options
  - c. Medical Claims Audit Update
  - d. Approval of Invoice – Insero Final Audit Billing – April 30, 2021
  
5. Financial Update (4:30) S. Locey
  - a. Financial Update
  - b. Report on large loss claim activity
  - c. Accounts Receivable R. Snyder
  - d. Expenditure Report
  
6. Discussion of Covid impact on claims and whether there is any relief that could be available through the American Rescue Plan M. Cook
  
7. Next meeting Agenda Topics (4:55)
  
8. Adjourn (5:00)

Next Meeting: June 22, 2021

**Audit and Finance Committee  
Minutes – DRAFT  
April 27, 2021  
Meeting Held Remotely via Zoom**

Present: Mack Cook, Bud Shattuck, Eric Snow, Steve Thayer, Peter Salton (arrived at 3:40 p.m.); Laura Shawley (arrived at 3:57 p.m.)  
Excused: Jason Molino, Rordan Hart, Jon Munson  
Staff/ Guests: Elin Dowd, Executive Director; Michelle Cocco, Clerk of the Board; Judy Drake, Board of Directors Chair; Rick Snyder, Treasurer; Don Barber, Consultant; Paul Pelton, Rob Spenard, Locey and Cahill; Amanda Anderson, Town of Dryden; Teri Apalovich, Finance Manager; Mimi Thuesen, Patrick Jordan, Jerry Mickelson, Insero & Co. LLP; Stephanie Redmond, Ray Bunce, Consortium Directors

**Call to Order**

Mr. Cook, Chair, called the meeting to order at 3:35 p.m.

**Changes to the Agenda**

There were no changes to the agenda.

**Presentation of External Audit**

Mr. Mickelson and Insero & Co. staff presented the Consortium's 2020 external audit. Mr. Mickelson said it was a very positive report and commented that it was remarkable to see the stability as well as the ability of the Plan to forgive one month of premium for the year that was in relation to reduced medical expenses.

Mr. Jordan, Engagement Partner, presented the results of the 2020 external audit performed by Insero and Co., including the Executive Summary, Management Discussion and Analysis, and draft financial statements. He said the audit process was positive and reviewed the documents accompanying the audit that was delivered to the Consortium as well as the process that was followed in its development. He referenced the Management Discussion and Analysis Letter and stated there were no concerns related to compliance or internal controls and no deficiencies or material weaknesses were identified.

Mr. Salton arrived at this time.

Ms. Thuesen, Audit Manager, commented that Insero & Co. had another good year in conducting the audit and credited the County's Finance Department and Locey & Cahill for their cooperation and assistance with gathering information. She explained the review that was conducted to ensure actions taken were in accordance with the Consortium's policies and procedures as well as in compliance with agreements with third party administrators.

Mr. Snyder called attention to premium revenue and said the amount of \$48 million listed takes into account over \$4 million of forgiveness that was given to municipalities through the premium holiday. Prior to that action the Consortium had been on track for exceeding any previous year's revenue. Mr. Salton also noted the concomitant decrease in claims expense.

Mrs. Shawley arrived at this time.

Ms. Dowd said in looking at the budget the level of excess revenues, the Consortium knew it was well-reserved and that the Unrestricted Fund Balance was robust. A budget was planned to net less in 2020 and even with that there was a net gain. With the premium holiday and everything that happened in 2020, the result was expected as well as the change from 2019 to 2020 based on decisions that were made during the year.

Mr. Mickelson responded to a request by Mr. Salton to have the expected claims amount noted and stated the audit reports actual results. Ms. Dowd said this information can be included in the narrative that will be part of the Consortium's Annual Report.

**RESOLUTION NO. AFC 001-2021 – ACCEPTANCE OF 2018 EXTERNAL AUDIT REPORT PERFORMED BY INSERO & CO.**

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

WHEREAS, the Board of Directors entered into a contract for auditing services with Insero & Co. (CDLM), for the purpose of conducting an external audit of the Consortium's financial records for fiscal year 2020, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the 2020 external audit report prepared and presented to the Audit and Finance Committee by Insero & Co. (CDLM) is hereby accepted.

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**Approval of Minutes of March 23, 2021**

It was MOVED by Mr. Snow, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present, to approve the minutes of March 23, 2021 as submitted. MINUTES APPROVED.

**Executive Director Report**

Ms. Dowd introduced Teri Apalovich, Finance Manager and said as the Consortium makes the transition of financial responsibilities from Tompkins County a meeting will need to be held with Insero & Co. to make sure everything is properly in place going forward.

She spoke of work that will be done on the Consortium's Annual Report and expects it to be complete by June 1<sup>st</sup>. Once approved by the Executive Committee it will be distributed to full Board. She reported Jason Molino has resigned his position of County Administrator at Tompkins County and this will present a vacancy on this Committee that will need to be filled.

Ms. Dowd reported the new member recruiting process has begun and she is expecting it to pick up pace in the next couple of months. Directors received an e-mail asking Directors to reach out to any prospective new members as well as her and she will follow-up accordingly. She reported two other e-mails were sent to Directors in the last month of which both somewhat have financial implications. The Cobra subsidy doesn't have financial implications to the Consortium, but our members burden the cost per the American Rescue Plan, premiums are required to be waived for six months for individuals on Cobra between April and September. Municipalities will be reimbursed for this expense through tax filing. She said Locey & Cahill put together a very good summary information that outlines how municipalities should respond.

Ms. Dowd reported Locey and Cahill also put together information on a BlueCross BlueShield class action lawsuit which was a suit that was settled in Alabama and had to do with a lack of competitive bidding. She said a response was received from the labor attorney and is currently under review. However, since it is not known where competitive pricing would have been within our region, Locey and Cahill have advised that the Consortium and any of the subscribers under the Plan that are interested should fill out a claim form and be part of the class action lawsuit. The court will determine if anyone has access to any of the claims money. She will be following-up on this further and will provide a copy of the letter and additional information to the Executive Committee at its meeting next week.

Ms. Dowd said the Consortium created and charged the Claims and Appeals Committee with oversight of the medical claims audit. She will be meeting with Locey & Cahill to review initial data that has been received from BMI. Information will be presented to the Claims and Appeals Committee that will come before this Committee at its next meeting.

#### Invoice Approval

It was MOVED by Mr. Shattuck, seconded Mr. Thayer, and unanimously adopted by voice vote by members present, to approve a final invoice for medical claims auditing services from BMI dated April 14, 2021. MOTION CARRIED.

#### HCRA Tax

Mr. Barber provided an update on what has been done since the last meeting with regard to the HCRA (Health Care Reform Act) Tax. He said at this time there is not a strong pathway to getting tax relief on this and recommended developing strong relationships with State Legislators and to work with Assemblyperson Kelles to get a specific Assembly item for this. He also suggested spending time in discussions with the Department of Financial Services. Although there isn't a strong path forward it would be useful to have conversations and to build relationships with State representatives in both the Senate and Assembly. Mr. Cook said he had a conversation with former Senator Jim Seward yesterday. He has maintained a presence in Albany and although he is no longer a Senator, expressed support for the Consortium and said he is willing to assist in any way possible. Mr. Cook will provide Mr. Seward with contact information for both Ms. Dowd and Mr. Barber.

#### Financial Report

Mr. Spenard reviewed updated financial information through March 31<sup>st</sup>. He said paid claims which collectively include medical, prescription drug, and any pre-paid claims account for 94.05% of the total expenses of the Consortium through the first three months of 2021. Medical Paid Claims in the first 3-months were 13.8% below budget. Overall medical and prescription drug premium is slightly above budget by 1.24%.

With regard to Stop Loss claims reimbursements the Consortium did not receive any reimbursements for 2020 and to date is not close to reaching the \$1 million deductible that was put in place. As a result of interest income being extremely below budget Locey and Cahill reached out to Mr. Snyder who advised this is mark to market bond which means it will be fluid with the current market value and why there could be a negative interest income. He highlighted the Catastrophic Claims self-insurance pool activity and highlighted savings that have been achieved as a result of actions taken by the Board. He said the Consortium is in good financial

shape and Locey and Cahill will continue to track Covid-19 and its impact. Ms. Dowd reported that the Consortium received the 3<sup>rd</sup> Quarter Rebate payment from ProAct.

At the suggestion of Ms. Dowd, Locey and Cahill will remove the column identifying a diagnosis from the Excellus High Claimant Report. Although the Consortium will have access to this information it will not be included in future agenda materials.

In response to Mr. Salton, Mr. Spenard said medical activity is picking up and will be seen in claims activity. Ms. Dowd noted there has been an increase in the use of telehealth services as a result of the pandemic; it will be important to keep an eye on this as well as on individuals who did not go through screening or get care at early stages who are subsequently being diagnosed or cared for at much later stages of illness.

#### Accounts Receivable

Mr. Spenard reported on the status of premium receivables. Ms. Dowd said she is reaching out to those that are in arrears, noting TC3 is not included on the list.

#### **Next Agenda Items**

The next agenda will include:

- Discussion of Covid impact on claims and whether there is any relief that could be available through the American Rescue Plan;
- Investment Management Options;
- Medical Claims Audit Update;

#### **Adjournment**

The meeting adjourned at 4:42 p.m.

*Respectfully submitted by Michelle Cocco, Clerk of the Board*

2022 Budget Process

<u>Committee</u>	<u>Budget Discussion</u>	<u>Draft</u>	<u>Final Action</u>
<b>Audit and Finance</b>	May 25, 2021; June 22, 2021	July 27, 2021	August 24, 2021
<b>Executive Committee</b>	July 7, 2021	September 1, 2021	
<b>Board of Directors</b>		August 26, 2021	September 15, 2021
<b>Joint Committee</b>	August 5, 2021		
<b>Operations</b>	July 26, 2021		



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 www.inserocpa.com

**Rick Snyder**  
**Greater Tompkins County Municipal**  
**Health Insurance Consortium**  
 125 E. Court St.  
 Ithaca, NY 14850

Invoice: 115695  
 Date: 04/30/2021  
 Due Date: **Net 30 Days**  
 Client ID: 4122

Final billing for audit services for the year ended December 31, 2020 and related matters. \$4,000.00

<u>Account Activity</u>	
Beginning Balance	\$10,000.00
Current Period Invoice(s)	4,000.00
Receipts	0.00
Adjustments	0.00
Service Charges	0.00
Amount Due	\$14,000.00

**Invoice Total** \$4,000.00



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 Please detach lower portion and include with remittance. Remit to: Insero & Co. 401 East State Street, Suite 500, Ithaca NY 14850

ID: 4122  
 Greater Tompkins County Municipal  
  
 Rick Snyder

Invoice: 115695  
 Date: 04/30/2021  
**Due Date: Net 30 Days**

Total Amount Due: \$14,000.00

Billing Address:  
 125 E. Court St.  
 Ithaca, NY 14850

Amount Enclosed: \$ \_\_\_\_\_

INVOICES ARE DUE AND PAYABLE UPON RECEIPT.  
 AMOUNTS UNPAID AFTER 30 DAYS ARE SUBJECT TO A FINANCE CHARGE AS PERMISSIBLE UNDER STATE LAW.