

**Audit and Finance Committee
Minutes – APPROVED
May 25, 2021
Meeting Held Remotely via Zoom**

Present: Mack Cook, Bud Shattuck, Eric Snow, Steve Thayer, Rordan Hart, Laura Shawley
Excused: Peter Salton, Jason Molino, Jon Munson
Staff/ Guests: Elin Dowd, Executive Director; Michelle Cocco, Clerk of the Board; Don Barber, Consultant; Paul Pelton, Rob Spenard, Locey and Cahill; Amanda Anderson, Town of Dryden; Teri Apalovich, Finance Manager; Ray Bunce, Town of Spencer

Call to Order

Mr. Cook, Chair, called the meeting to order at 3:30 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of March 23, 2021

It was MOVED by Mr. Shattuck, seconded by Mr. Snow, and unanimously adopted by voice vote by members present, to approve the minutes of April 27, 2021 as submitted. MINUTES APPROVED.

Executive Director Report

Ms. Dowd reported Teri Apalovich, Finance Manager, has been working on transitioning duties from Tompkins County Finance to the Consortium and has now assumed all of the responsibilities previously handled by Jessica Hobart as well as other reporting on investments and balance sheets. Ms. Dowd said interviews are currently taking place for the Benefits Specialist position and she expects the process to move forward quickly.

The Claims and Appeals Committee met yesterday and is still looking at the BMI medical claims audit results of Excellus for 2018 and 2019 claims. The Committee will be contacting BMI to look at starting the ProAct claims audit, including a process for looking at a 2021 claims audit if the Consortium makes a transition on January 1, 2022 as the Request for Proposal (RFP) process for prescription benefit management services is still in process. The Committee has not looked at all of the details of the RFP but will be spending the next month looking at that as well as interviewing prospective candidates. At this time Ms. Dowd introduced Paul Pelton, new staff member at Locey & Cahill, who is working with the Consortium on that process.

Ms. Dowd reported on a meeting that took place this morning with former Senator Seward around dual taxation and healthcare taxes. Mr. Seward was very supportive when the Consortium first started and helped the Consortium over hurdles and he continues to be very supportive. Ms. Dowd said a roadmap was laid out; Senator Seward thinks our best resources would be NYCOM (New York Council of Mayors), the NYAOT (New York Association of Towns), and NYSAC (New York State Association of Counties). Mr. Barber said Ed Fairbrother had offered to be a connection with the AOT, and said there has been a good association in the past with NYSAC, therefore, he feels efforts should be made to reach out to all three of these organizations. Ms. Dowd said Senator Seward is also making connections with the DFS (Department of Financial

Services) on the Consortium's COA (Certificate of Authority) request. She thanked Mr. Cook and Mr. Barber for reaching out and setting up this meeting.

Ms. Dowd said one of the goals and objectives for this year was to start an RFP to look at investment management options; the Consortium is now in the exploratory stages of this and is looking at the previous RFP. She asked members to provide suggestions of investment managers or organizations that did well in the last RFP process as well as any other investment managers to pursue and she will include them on the list as this process is started. Mr. Barber said PFM and PMA were the top candidates last time; Ms. Dowd said she has the contact information for each of them.

Invoice Approval

It was MOVED by Mr. Cook, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present, to approve an invoice from Insero & Co. LLP dated April 30, 2021 in the amount of \$4,000. MOTION CARRIED.

Financial Report

Mr. Spenard reviewed financial results through April 30, 2021 and said prescription drug premium was slightly below budget, interest income has consistently been below budget, a prescription drug rebate was received last month, and there were no stop loss reimbursements. He said revenue was 1.8% below budget and noted an error in the report relating to interest income, stating it should not be a negative number; this will be corrected.

He reviewed expenses and said the medical and prescription drug claims have been consistent with total expenses being just under budget by 5% overall. He noted the report is based on four months into the year. He also said soon the Consortium will start seeing some of the paid claims becoming mature. In summary, medical claims were 6.33% below the projected budget and prescription drug claims were .18% below budget. Mr. Spenard called attention to 94.53% of funds going towards the payment of claims and stated this demonstrates how well run the Consortium is. He said the Consortium had a net income of \$144,000 through the first four months; it is in great shape and trending towards another positive fiscal year.

Mr. Spenard reviewed high claimant information and stated there were only five claimants with claims above \$100,000 and none above \$200,000. He reviewed the Catastrophic Claims history and said there hasn't been a payment made yet from this pool of funds. He reviewed Covid-19 statistics and the impact the pandemic has had on the Consortium's medical claims costs.

Ms. Dowd called attention to details contained in the presentation that shows the average amount of claims going up from where they had been during the pandemic. Mr. Spenard said they are seeing an uptick in claims with all of their clients as people resume getting medical treatment and are now having elective surgeries that were postponed during the pandemic.

Mr. Spenard briefly reviewed the high cost claimant report and said they will continue to track these but doesn't expect these particular ones to continue increasing. He said when a claim exceeds \$100,000 they reach out to Excellus to try to find out what can be expected with these claims going forward. He noted a column on the spreadsheet was redacted for privacy reasons at the request of a member.

Accounts Receivable

Mr. Spenard reported on the status of premium receivables and said the Town of Dix appears to be slightly behind. Mrs. Shawley said the Town of Danby obtained a duplicate invoice and has submitted a payment that should bring to the Town to current status. Ms. Apalovich said she has been in contact with the Town of Dix and at this time believes the arrears are due to personnel changes. She has provided the Town with payment and invoice information and will be following-up. Information was also received from the Town of Niles; they no longer have anyone on the Plan. Ms. Apalovich will be reaching out to TC3 about small outstanding payments; at this time all of the larger payments have been made by the College.

Vendor Payment Report

Mr. Spenard presented the April 2021 vendor payment report.

Covid – American Relief Act

Mr. Cook reported the US Treasury Department has issued guidance on what is classified as an eligible expense and he believes an eligible expenditure of Covid relief money under the category to “offset the adverse effects Covid has had on local governments” would be applicable to the Consortium. This is capped by the formula of what the revenue shortfall has been which has generally been 1.41% of 2019 revenues. He said under that category it seems like the money can be spent for anything that can be titled “general governmental services”.

Mr. Cook said he and Steve Locey have discussed whether Covid relief money can be applied to offset the adverse economic effects that Covid has had on the Consortium members. He said in his opinion the Consortium passes a test that says “if not for the pandemic we would not have expended those monies” because if there had not been a pandemic the Consortium would not have had that claim expense. He said Mr. Locey has done work on how to determine the impact it has had on each municipality as far as a cost impacting premium. He stated we are paying substantial claims related expenses that would not have been incurred if not for the pandemic.

Mr. Cook questioned if there is interest by members in pursuing a more precise formula, whereby municipalities could be reimbursed for the upside in the premiums paid because of Covid. He also noted the calculation does not have to net the impact of premium against things that have worked in the Consortium’s favor during Covid such as the deferment of elective procedures. As we struggle to find ways to spend the money he believes there is a possibility for towns and villages to reimburse themselves for premiums that are paid for what they have been impacted on by Covid expenses. He does not believe the Consortium can be reimbursed for the adverse effect but municipalities could.

Mr. Cook responded to a question about timelines and said he believes that in category two where a negative impact is being offset there is a cutoff date of claims or a negative impact after January 1, 2020 date. Mr. Cook said it would be up to each municipality on how to spend funds that are returned and noted a callback provision in the legislation that states if money is spent on something that is later determined to be ineligible the Treasury could ask for the funds back.

There was consensus to move forward and present a plan at the next meeting.

Next Agenda Items

The next agenda will include continued discussion of Covid impact on claims and whether there is any relief that could be available through the American Rescue Plan.

Adjournment

The meeting adjourned at 4:23 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the Board