

**Audit and Finance Committee  
Minutes – APPROVED  
September 15, 2020  
Meeting Held Remotely via Zoom**

Present: Mack Cook, Eric Snow (arrived at 3:34 p.m.), Rordan Hart, Peter Salton, Steve Thayer, Jon Munson, Laura Shawley, Bud Shattuck

One Vacancy

Staff/ Guests: Judy Drake, Board of Directors Chair; Elin Dowd, Executive Director; Rick Snyder, Treasurer; Steve Locey, Robert Spenard, Locey and Cahill; Tom Brown, Director; Debra Meeker, Administrative/Computer Assistant

**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 August 25, 2020**

It was MOVED by Mrs. Shawley, seconded by Mr. Thayer, and unanimously adopted by voice vote by members present, to approve the minutes of August 25, 2020 as submitted. MINUTES APPROVED.

**Executive Director Report**

Ms. Dowd reported the MCA (Municipal Cooperative Agreement) is being prepared to be distributed next week after the Board of Directors meeting and a copy has already been sent to potential new members to inform them what they will be signing. A new member and Benefit Clerk orientation will follow that and will include information on open enrollment and how to readily access customer care.

Ms. Dowd reported accumulator issues on Metal Level Plans are coming to an end. Annual meetings with Excellus and ProAct are taking place to talk about their relationship with the Consortium and opportunities that can be capitalized on going forward.

Mr. Snow arrived at this time.

**TC3 Late Payments**

Ms. Dowd reported on a conversation she had with Jason Molino, Tompkins County Administrator, and Bill Talbott, Finance Manager for Tompkins Cortland Community College, regarding the issue of late payments of premiums. She suggested the Executive Committee or a special ad hoc committee be created to discuss and recommend a plan for what is a very complex situation that needs thorough discussion. At the last meeting it was reported that TC3 was asking its sponsor Counties (Tompkins and Cortland) to provide a line of credit or infusion of cash to help their situation; that did not happen. In addition to a reduction in State funding it was recently announced TAP (Tuition Assistance Program) funding is also being cut. She said the College is dealing with how to respond to these things and without additional support they have informed the Consortium that they will continue to be in arrears of 90 days. At the end of the year they will ask Tompkins County to advance funds to bring them current and the problem will start over again.

Ms. Dowd said there are some Directors who feel this is a Tompkins County problem but there is also recognition that the Consortium wouldn't have been able to start without TC3. Also, if TC3 were to no longer be in the Consortium there could be an impact on claims due to the plans that its subscribers are enrolled in. She said Mr. Molino feels there will need to be a broader discussion after the State adopts its budget which will likely impact how community colleges are funded going forward. Ms. Dowd recommended the issue be advanced to the Executive Committee.

In response to Mr. Cook, Ms. Dowd said Mr. Talbot is confident TC3 will be able to keep the maximum late period to 90 days. Mr. Molino opined that he understands all municipalities are facing difficult financial situations as a result of Covid-19 but thinks TC3 has been hit particularly harder.

Mr. Cook said although he is sympathetic to the College's financial situation, he doesn't believe they are extremely unique in that municipalities are also sharing circumstances of great funding losses. Ms. Dowd noted that although Covid-19 has exacerbated the situation, this is not a new issue and due to a request from the Board, we should formally address the concern.

The Committee supported Ms. Dowd's recommendation to move the issue to the Executive Committee to develop a plan to move forward. She will provide a report to the Board at next week's meeting. Mr. Salton suggested the Executive Committee receive a very clear breakdown of financial consequences to the Consortium for both TC3 staying within the Consortium or being removed.

Mr. Hart presented a hypothetical scenario and asked what recourse the Consortium would have to remove TC3 as it falls within Tompkins County's group. Ms. Dowd said there is language contained in the MCA regarding the inability of a participant to pay, but since TC3 is a group within Tompkins County there would need to be guidance provided by John Powers, the Consortium's Legal Counsel. Mr. Locey agreed that Mr. Powers should be consulted; he stated he doesn't believe the Consortium could act on TC3 without impacting Tompkins County.

Mr. Snyder said although Tompkins County has advanced funds to TC3 in the amount of approximately \$1.5 million at year-end to assist with cash flow problems in paying premiums, it has not addressed a structural problem. He expects the same practice to continue as it has for several years and will result in TC3 becoming caught up at year-end. He believes the reports that have only recently been provided showing late payments have brought attention to the matter. Mr. Cook disagreed, stating this matter has been an issue for some time, noting it was brought forward as a result of appearing on the Consortium's financial statements during an audit. He said he would have objection to allowing the late period to grow beyond three months.

#### Wilmington Trust Contract

Ms. Dowd reported she was contacted by Wilmington Trust and informed that the contract cost would be less than originally quoted due to the condition of the markets. At the last Board meeting a resolution was approved accepting the original fees; due to the new information the Board will be presented with an amended resolution to reduce the fees; there was no objection by the Committee.

#### **New Members**

Ms. Dowd reported with the exception of the Town of Tioga and the Village of Owego, the financial analysis for each of these new members has been completed and advanced forward based on that review. Mr. Snyder reported during the meeting that he has concluded the financial

review for the Town of Tioga; conditional approval was removed from the action on that particular resolution.

**RESOLUTION NO. - 2020 - ACCEPTANCE OF APPLICATION BY THE TOWN OF BARTON TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

MOVED by Mrs. Shawley, seconded by Mr. Snow, and unanimously adopted by voice vote.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Barton has submitted an official resolution authorizing the Town of Barton to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Barton has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, on recommendation of the Audit and Finance, That the Board of Directors hereby accepts and welcomes the Town of Barton as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2021.

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**RESOLUTION NO. - 2020 - ACCEPTANCE OF APPLICATION BY THE VILLAGE OF OWEGO TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM**

MOVED by Mrs. Shawley, seconded by Mr. Snow, and unanimously adopted by voice vote, pending financial review and recommendation by the Treasurer.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Village of Owego has submitted an official resolution authorizing the Village of Owego to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Village of Owego has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, on recommendation of the Audit and Finance, That the Board of Directors hereby accepts and welcomes the Village of Owego as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2021.

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**RESOLUTION NO. - 2020 - ACCEPTANCE OF APPLICATION BY THE TOWN OF  
TIOGA TO BECOME A PARTICIPANT IN THE GREATER  
TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE  
CONSORTIUM**

MOVED by Mrs. Shawley, seconded by Mr. Snow, and unanimously adopted by voice vote.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Tioga has submitted an official resolution authorizing the Town of Tioga to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Tioga has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, on recommendation of the Audit and Finance, That the Board of Directors hereby accepts and welcomes the Town of Tioga as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2021.

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**RESOLUTION NO. - 2020 - ACCEPTANCE OF APPLICATION BY THE TOWN OF DIX  
TO BECOME A PARTICIPANT IN THE GREATER  
TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE  
CONSORTIUM**

MOVED by Mrs. Shawley, seconded by Mr. Snow, and unanimously adopted by voice vote.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Dix has submitted an official resolution authorizing the Town of Dix to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Dix has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, on recommendation of the Audit and Finance, That the Board of Directors hereby accepts and welcomes the Town of Dix as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2021.

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**RESOLUTION NO. - 2020 - ACCEPTANCE OF APPLICATION BY THE TOWN OF  
HECTOR TO BECOME A PARTICIPANT IN THE GREATER**

**TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE  
CONSORTIUM**

MOVED by Mrs. Shawley, seconded by Mr. Snow, and unanimously adopted by voice vote.

WHEREAS, by Resolution No. 16 of 2019 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

WHEREAS, the Town of Hector has submitted an official resolution authorizing the Town of Hector to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement, and

WHEREAS, the Town of Hector has complied with membership process and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, on recommendation of the Audit and Finance, That the Board of Directors hereby accepts and welcomes the Town of Hector as a Municipal Participant in the Consortium, with health insurance coverage beginning January 1, 2021.

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**Financial Update**

2020 Budget Update

Mr. Locey reviewed financial results through August 31, 2020 and said the Consortium's financial position improved slightly. With regard to income, revenue has exceeded projections by 1.05% for the year. On the medical side, although there has been an increase in paid claims, as a whole they continue to be down (16.7%) compared to budget. Prescription drug claims are slightly above budget but were down for August, bringing the total closer to the budgeted amount. In aggregate, total claims are approximately 11% below budget year-to-date. He said Locey & Cahill continues to be confident that the Consortium will finish the year with a good fund balance position that will allow for a premium holiday and mitigation of the 2021 premium rate.

Mr. Locey said there have not been any large losses for 2020. Mr. Spenard reported the Stop Loss report that was received today shows 29 claimants above \$100,000; the highest is currently at \$406,000. Mr. Locey commented these results are lower than what the Consortium has experienced in previous years.

2021 Recommended Budget

Mr. Locey provided a draft 2021 presentation on the budget that will be distributed to the Board of Directors. He noted the presentation will need to be updated with August financial information, but the contents of the draft presentation have been reviewed by Ms. Dowd and is being provided to the Committee. There hasn't been much change to what was previously discussed by the Committee and provides solid information to ensure Directors are as informed as possible when voting on the budget. He reviewed the layout of the presentation, budget forecast, and projections thru 2025.

Mr. Locey summarized the contents of the 2021 budget recommendation as follows:

Premium rate increase of 5%

Maintaining the IBNR Reserve at 12%;  
Maintaining the Catastrophic Claims Reserve at \$4.5 million;  
Maintaining the Rate Stabilization Reserve at 7.5%;  
Includes a one-month premium holiday; and  
Forecasts outlying years

Mr. Locey suggested that Directors be asked to ask questions in advance of the September 24<sup>th</sup> Board meeting to allow time to respond and provide answers that can be shared with the full Board. He noted this a very different year and a lot of work has gone into managing the various perspectives and goals of those involved in the Consortium to ensure that the recommendation is conservative and prudent and provides a sound and stable budget. He commented that he believes this Consortium is one of the best-run consortiums in the State and said Locey & Cahill welcomes all feedback on the recommendation.

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Mr. Salton referenced input received from Mr. Barber and said he thought they were all good. However, from an administrative standpoint he doesn't think he could support a premium holiday for only a portion of a month.

**RESOLUTION NO. – 2020 – ADOPTION OF BUDGET, PREMIUM RATES, AND  
RESERVE AMOUNTS FOR 2021**

MOVED by Mr. Salton, seconded by Mr. Snow, and unanimously adopted by voice vote.

WHEREAS, the Audit and Finance and Executive Committees have had detailed discussions and has given great consideration to the Consortium's 2021 budget and premium rates, and

WHEREAS, the Board of Directors has adopted a policy that provides guidance on targets for net income, fund balance, and both statutory and discretionary reserve levels in addition to creating a mechanism by which excess net income/fund balance can be returned to members, and

WHEREAS, the 2021 budget reflects the proposed guidelines and provides for a premium holiday to members for coverage in the month of December 2020 to reduce the current fund balance,

WHEREAS, notable items included in the proposed budget are the following:

- Maintain Incurred But Not Reported Claims Reserve at 12% of total claims;
- Maintain the Surplus Account at 5% of the annual premium of the Consortium in compliance with §4706(a)(5) of the New York State Insurance Law;
- Maintain the Rate Stabilization Reserve in an amount equal to 7.5% of expected paid claims;
- Maintain Catastrophic Claims Reserve at \$4,500,000;
- Premium Revenue Increased by 5.0% in 2021;

now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Consortium's 2021 budget as attached, including premium equivalent rates and reserve amounts are hereby adopted by the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors.

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**RESOLUTION NO. – 2020 – ADOPTION OF PREMIUM HOLIDAY FOR MEMBERS–  
DECEMBER 2020**

MOVED by Mr. Salton, seconded by Mr. Cook.

Mr. Cook said he believes there is consensus by the Committee to offer a premium holiday; what is under discussion is the amount of the holiday. Mr. Snyder said the premium holiday as discussed by Ms. Dowd, Ms. Drake, and his staff was considered as an all-or-nothing type of holiday for a full one-month holiday in December. He expressed concern with trying to figure out how to administer a partial month holiday and is skeptical as to whether it could be done.

In response to Ms. Drake as to what the total dollar equivalent of the holiday would be. Mr. Locey responded it would represent approximately \$4.4 million. A friendly amendment to the resolution was accepted to remove the reference to an amount.

WHEREAS, the Board of Directors has adopted a policy that provides guidance on targets for net income, fund balance, and both statutory and discretionary reserve levels in addition to creating a mechanism by which excess net income/fund balance can be returned to members, and

WHEREAS, the Policy provides that the Board of Directors may annually consider a premium reduction for subsequent year(s) to refund excess amounts of reserves and fund balance over budget targets through a premium reduction mechanism that may be in full monthly increments or partial monthly increments or other mechanisms, but not a reduction in premium increase that is significantly below the claims trend assumption, and

WHEREAS, the 2020 Budget is expected to have an excess net income in an amount that in accordance with the Budget Guidelines Policy would allow for a premium holiday to be granted for coverage to members in December 2020, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby approves a premium holiday for members for coverage for the month of December 2020,

RESOLVED, further, That the Executive Director is directed to work with the Consortium Treasurer to implement the premium holiday for members that will include the expectation that each municipality will include a mechanism to extend the holiday to employees and retirees who are enrolled and contribute to a Consortium benefit plan.

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**Next Agenda Items**

There were no topics suggested at this time for the next meeting. Mr. Cook asked that suggestions be submitted prior to the meeting.

**Adjournment**

The meeting adjourned at 4:45 p.m.

Audit and Finance Committee Minutes  
September 15, 2020

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