

**Audit and Finance Committee
Minutes – APPROVED
December 8, 2020
Meeting Held Remotely via Zoom**

Present: Mack Cook, Eric Snow, Rordan Hart, Peter Salton, Steve Thayer, Jon Munson (arrived at 3:36 p.m.); Laura Shawley, Jason Molino (arrived at 3:43 p.m.), Jim Bower (arrived at 4:00 p.m.)
Staff/ Guests: Judy Drake, Board of Directors Chair; Elin Dowd, Executive Director; Rick Snyder, Treasurer; Steve Locey, Robert Spenard, Locey and Cahill; Michelle Cocco, Clerk of the Board

Call to Order

Mrs. Shawley called the meeting to order at 3:31 p.m.

Changes to the Agenda

Ms. Dowd requested an executive session to discuss contract negotiations.

Approval of Minutes of October 27, 2020

It was MOVED by Mr. Snow, seconded by Mr. Salton, and unanimously adopted by voice vote by members present, to approve the minutes of October 27, 2020 as submitted. MINUTES APPROVED.

Mr. Munson arrived at this time.

Executive Director Report

Financial Update

Ms. Dowd reported on the outcome of work by the Nominations and Engagement Committee and presented a draft slate of members to serve on Consortium committees in 2021. Along with the new Executive Bylaws, the Board of Directors will be asked to consider the proposed slate at its meeting on December 17th.

Mr. Munson arrived at this time.

Ms. Dowd called attention to the new representatives that will be serving on the Executive Committee, noting there will be a good representation from all areas that encompass Consortium members.

Ms. Dowd referred to the updated budget spreadsheet and explained adjustments that have been made since the budget was approved by the Board of Directors in August. She said at the last meeting this Committee recommended the Stop Loss insurance contract with the condition that she and Mr. Locey continue negotiations. The outcome of those negotiations is a contract that is within the budget and will be presented to the Board of Directors for approval next week.

Mr. Molino arrived at this time.

She reported on actuarial services and said up to this point Armory Associates has been doing the actuarial work (GASB) for several municipalities; however, in 2021 municipalities will be responsible for their own payment of this expense. This will result in the line item being significantly less going forward. Mr. Snyder asked that Armory Associates be instructed to directly bill municipalities for this service and not the Consortium. Ms. Dowd will communicate this with Armory Associates.

Ms. Dowd reviewed changes in budget lines; noting the Wellness Consultant line has been changed to a Wellness Program line as no consultant will be hired in 2021. Many of the other changes are the result of staffing expenses that will be discussed later in the meeting.

Mr. Locey said further adjustments will include premium income expectations being further adjusted due to changes in people moving from older plans into the Platinum Plan at the County and/or City of Ithaca, as well as including new members coming in to the Consortium.

Ms. Dowd spoke of Covid-19 and said further information is needed on what the federal government will be doing with regard to vaccinations; however, at this time she believes the Consortium will only be covering the administration fee and not the total cost of the vaccination. This should not have a large impact on the budget.

Staffing

Ms. Dowd said the staffing plan being proposed includes moving the Clerk of the Board to a full-time position and the Administrative/Computer Assistant Position will not be filled at this time. The Board will also be asked to create the positions of Finance Manager and Benefits Specialist. At this time the Committee is being asked to recommend funding for a cost of living wage increase for staff and to fund the new positions that have been recommended by the Operations Committee.

RESOLUTION NO. - 2020 – APPROVAL OF 2021 CONSORTIUM WAGE INCREASES AND ESTABLISHING HIRING RATES FOR FINANCE MANAGER AND BENEFITS SPECIALIST POSITION

It was MOVED by Mr. Snow, seconded by Mr. Hart, and unanimously adopted by voice vote by members present.

WHEREAS, the Board adopted the 2021 Budget which included estimated wages for staff; and

WHEREAS, the Executive Director and Human Resources Manager have reviewed the staffing plan, budget and current market and recommends a 2.0% cost of living adjustment for all current staff, and

WHEREAS, the Executive Director and Human Resources Manager recommend a hiring range salary of \$70,000-\$75,000 for the Finance Manager position and an hourly hiring range of \$27.00-\$29.00 for the Benefits Specialist position, both to be filled in 2021, and

WHEREAS, hiring ranges reflect comparable positions in other local municipalities and non-profits, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committees, That the Board of Directors of GTCMHIC hereby establishes a cost of living adjustment for current staff wages at 2.0% effective January 1, 2021, and

RESOLVED, further, establishes a hiring range salary of \$70,000-\$75,000 for the Finance Manager position and an hourly hiring range of \$27.00-\$29.00 for the Benefits Specialist position, both to be filled in 2021,

RESOLVED, further, That the Executive Director will make every attempt to secure a qualified applicant in the assigned hiring range but will also have the flexibility to return to the Audit and Finance Committee with a request to expand the hiring range if no candidates have been secured.

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Mr. Bower arrived at this time.

**RESOLUTION NO. - 2020 – INCREASE POSITION FROM PART-TIME TO FULL-TIME -
CLERK OF THE BOARD**

It was MOVED by Mr. Shattuck, seconded by Mr. Snow.

Mr. Snyder said as a result of staffing changes there currently is not a backup for the responsibility of billing and receipt of funds for the Consortium and questioned how that will be handled. Ms. Dowd said those duties will be assumed by the Finance Manager once that individual is hired.

The resolution was unanimously adopted by voice vote by members present.

WHEREAS, the Executive Committee has discussed the current and future staffing needs of the Consortium and recommends increasing the position of Clerk of the Board from a part-time position to a full-time position, now therefore be it

RESOLVED, on recommendation of the Audit and Finance and Executive Committees, That the Board of Directors of GTCMHIC hereby increases the Clerk of the Board position to full-time with benefits offered to all Consortium employees effective January 3, 2021.

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**RESOLUTION NO. – 2020 - AUTHORIZATION TO PURCHASE INSURANCE POLICIES:
ERRORS AND OMISSIONS, DIRECTORS AND OFFICERS
LIABILITY, EMPLOYMENT PROTECTION COVERAGE, AND
A FIDELITY BOND**

Ms. Dowd said the average increase in the health care industry is 30 percent; however, the Consortium will experience an average increase of 20 percent for these policies. She noted that when the Consortium transfers some of the financial responsibilities from Tompkins County the Consortium may need to look at increasing its employee dishonesty policies and practices that are currently covered under Tompkins County.

The resolution was unanimously adopted by voice vote by members present.

WHEREAS, it is the desire of the Board of Directors to ensure liability coverage for the Consortium, the Board of Directors personally and professionally, and the participating municipalities, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Consortium shall purchase coverage for these policies from the following for the period January 1, 2021 thru December 31, 2021:

- Errors and Omissions Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon);
- Directors and Officers Liability Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention and Employment Protection Liability at \$1,000,000 limit (placed by insurance agent Haylor, Freyer and Coon); and
- A Fidelity Bond

RESOLVED, further, That the Chair of the Board is authorized to execute the renewal documents for the policies listed above.

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**RESOLUTION NO. - 2020 – AUTHORIZATION TO ENTER INTO AGREEMENT WITH
BONADIO & CO. LLP - FINANCIAL REPORTING FOR
2021-2023**

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

Ms. Dowd said due to Bonadio becoming more efficient we will now have a flat rate contract for an annual rate less than we are currently spending for 2020 and previous year services.

WHEREAS, the Consortium entered into a contract with Bonadio & Co. LLP for financial reporting services during the years 2013-2020, and

WHEREAS, the Consortium wishes to continue the current arrangement for three additional years, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors authorizes the Chair to sign a letter of engagement with Bonadio & Co. LLP for a three-year contract expiring December 31, 2023.

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**RESOLUTION NO. - 2020 – APPROVAL OF CONTRACT FOR INVESTMENT
MANAGEMENT SERVICES – WILMINGTON TRUST
ADVISORS, INC. – JANUARY 1, 2021– DECEMBER 31,
2021**

It was MOVED by Mrs. Shawley, seconded by Mr. Snow, and unanimously adopted by voice vote by members present.

WHEREAS, Wilmington Trust has satisfactorily honored the terms of its contract including the delivery of reporting as requested, completion of Schedule B of the Consortium's JURAT financial filings with DFS (Department of Financial Services), and

WHEREAS, the Consortium is pleased with the service provided by Wilmington Trust Advisors, Inc. (WTIA) and wishes to extend its contractual relationship for 2021, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors authorizes the Consortium to enter into a contract extension with Wilmington Trust Advisors, Inc. (WTIA) for investment management services for a one-year term period January 1, 2021 through December 31, 2021,

RESOLVED, further, That the Chair of the Board of Directors is hereby authorized to execute said contract on behalf of the Consortium.

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**RESOLUTION NO. - 2020 – AUTHORIZING CONTRACT FOR ACTUARIAL SERVICES
- ARMORY ASSOCIATES – FISCAL YEARS 2020 AND
2021**

It was MOVED by Mr. Snow, seconded by Mr. Hart, and unanimously adopted by voice vote by members present.

WHEREAS, the Greater Tompkins County Health Insurance Consortium issued a Request for Proposals for Actuarial Services on January 4, 2016 and awarded a contract to Armory Associates of Syracuse, and

WHEREAS, the Consortium wishes to continue its relationship with Armory Associates under the terms outlined in the proposed revised agreement for actuarial services for fiscal years 2020 and 2021, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Chair of the Board is hereby authorized to sign a contract on behalf of the Consortium with Armory Associates for fiscal year 2020 and fiscal year 2021.

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Financial Update

Mr. Locey reported that although he has not received the financial results through November, it appears that November will be below budget and another prescription drug rebate is expected before year-end. Through October 31st the Consortium is close to being on-budget in terms of premium received; however, interest income remains under budget as a result of the pandemic. This will have a negative impact on the overall budget. The Consortium has received \$1.2 million in prescription drug rebates for the year and it is expected that the year will

end with \$1.6 million in total rebates received. Based on the proposed contract with ProAct this number will be increased for next year.

Mr. Locey reported on Stop Loss reimbursements and said the one reimbursement that was received in 2020 was related to a claim from 2019; there has not been any activity to date in 2020 above \$500,000. He pointed out that most of Consortium's income comes from premium revenue; however, by the end of 2020 prescription drug rebates will account for close to four percent.

Mr. Locey reported on budgeted versus actual expense and said the Consortium is still well-below budget in overall claims with the total aggregate claims being approximately 9% (\$4.3 million) below budget. Year-to-date claims account for approximately 94.3% of the total expense which means that only slightly over 5% of the funds are going directly towards the payment of all fees and administrative expenses. There was approximately a two percent increase in covered lives and almost three percent in contract counts. On the prescription drug expense side of the budget, claims are approximately 2.6 percent over budget; however, this is not a concern due to the increase in contracts.

Large Loss Report

Mr. Locey provided an update on large losses for the year, stating there has been more frequency of claimants in excess of \$100,000; however, there has been a reduction in high-cost claims. In aggregate, the total of claims in excess of \$100,000 continues to rise each year; over the last couple of years the Consortium has averaged \$8.9 million in high dollar claimants.

In response to a question by Mr. Salton with regard to projections for year-end claims, Mr. Locey said over the coming months the Consortium will continue to see lower-than-expected claims as the hospitals are beginning to cut back on elective and minor procedures due to the uptick in Covid-19 cases. He expects this to continue early into 2021.

Mr. Hart questioned the overage year-to-date in medical administration fees. Mr. Locey said some of it may be due to an increase in contract counts but will have to look into what else this is the result of.

There were no questions on the vendor payment or premium receivables report.

Ms. Dowd commented that TC3 has committed that by December 18th that they will be paid in full through that time period. The Consortium is working with another town on a past late payment.

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Committee Leadership and Meeting Schedule

The Committee agreed to continue to meet the fourth Tuesday of each month at 3:30 p.m. The next meeting will be January 26, 2021.

There was consensus by members present to appoint Mr. Cook as Chair and Mrs. Shawley as Vice Chair for 2021.

Next Agenda Items

There were no topics suggested at this time for the next meeting. Mr. Salton said the

Committee should always take a careful look at paid claims.

Executive Session

It was MOVED by Mrs. Shawley, seconded by Mr. Snow, and unanimously adopted by voice vote, to enter into an executive session at 4:32 p.m. to discuss contract negotiations. MOTION CARRIED.

The meeting returned to open session at 4:49 p.m.

**RESOLUTION NO. – 2020 - AUTHORIZE EXTENSION OF CONTRACT FOR
PRESCRIPTION DRUG CLAIMS ADMINISTRATOR FOR
2021 – PROACT**

It was MOVED by Mr. Molino, seconded by Mr. Snow, and unanimously adopted by voice vote.

WHEREAS, the Board of Directors by Resolution No. 029-2018 authorized a two-year extension of the Consortium’s contract with ProAct for Prescription Benefits Manager services, and

WHEREAS, the Audit and Finance Committee has discussed and desires to extend the Prescription Benefits Manager services with ProAct for an additional year pursuant to the Contract Addendum proposed December 8, 2020, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the contract with ProAct for Prescription Benefits Manager services be extended per the terms outlined in the Addendum for the period January 1, 2021 through December 31, 2021,

RESOLVED, further, That the Chair of the Board of Directors is hereby authorized to execute said contract with ProAct, Inc.

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Adjournment

The meeting adjourned at 4:51 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the Board