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HEALTH INSURANCE CONSORTIUM**

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125 East Court Street
Ithaca, NY 14850
607-274-5590

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AGENDA
Joint Committee on Plan Structure and Design
January 12, 2012 – Noon
Old Jail Conference Room

1. Welcome

2. Approval of Minutes:
 - October 13, 2011
 - November 3, 2011
 - December 8, 2011

3. Continued Discussion of EAP and Flex Programs

4. Continued Discussion of Medicare Supplement

5. Update on RFP for Prescription Drug Benefit Manager

6. New Business

7. Adjournment

Next Meeting: February 2, 2012



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**Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
October 13, 2011 - Noon
Old Jail Conference Room**

draft

Present:

Municipal Representatives: 10 members

Judy Drake, Town of Ithaca; B. Jobin, Tompkins County; M. Sumner, Town of Dryden; M. Mills, Village of Cayuga Heights; H. Masser, Town of Enfield; L. Shawley, Town of Danby; M. Petrovic, Village of Trumansburg; B. Conger, Village of Groton; Schelley Michell Nunn and Steve Thayer, City of Ithaca; Don Barber, Town of Caroline

Union Representatives: 5 unit members

Chantalise DeMarco, County White Collar-CSEA; Jim Bower, Bolton Point; B. Berggren, Town of Danby Highway (CSEA); Darlene Finn, TC3 Professional Admin. Assoc. Unit; Chris Parker, Tompkins County Blue Collar Unit

Union Representatives via Proxy: 4 members

George Apgar, President; Ithaca Professional Fire Fighters Assoc. and Ithaca Area Fire Fighters #737; Patricia VandeBogart, TC3 Staff Unit; John Lictra, Town of Ithaca Teamsters

Others in attendance:

J. Taber, Locey & Cahill

Call to Order

Ms. DeMarco called the meeting to order at 12:10 p.m.

Update on Census Data

Ms. Taber distributed updated contract count data broken down by group and noted there are still changes that need to be made to the document. She noted Newfield is still listed but is not a member of the Consortium; the Towns of Danby and Cayuga Heights were also missing from the document. She said Mr. Locey is working with Excellus on getting the reporting system updated to provide more accurate counts. She stated the actual number of contracts is approximately 2,063. *Mr. Locey will provide an update once information is available.*

Members reviewed the information and questioned which groups related to the subscriber numbers listed. *Ms. Sumner asked that the numbers be broken down and identified as to which municipality each is associated with.*

Review of Responses from the Flex Program and EAP Survey

Ms. Taber distributed a document showing results of the survey of which municipalities offer a Flexible Spending Account program or an Employee Assistance Program. She said at this time there has not been a good enough response rate to accurately analyze the information. *The survey will be re-circulated to members and an update will be provided at the next meeting.* She said Mr. Locey thinks it may make sense to offer this globally to the Consortium.

Report on RFP for Prescription Drug Benefit Manager

Ms. Taber stated there have been six responses to the Request for Proposals for Prescription Drug Benefit Manager. Those responders include Medco, Pro Act, United Health Care, Independent Health Care (Informed Rx), Express Scripts, and Excellus. She said they followed up with a couple of the responders to obtain additional data. The RFP review Committee will meet next week to go over responses. *Updates will continue to be provided on this process.*

Update on Utilization Data

Ms. Taber distributed utilization data and said at this time the budget looks good with actual versus budgeted costs. The Consortium's actual budget is within 1% of the budgeted claims cost. It was noted there were spikes in claims during the months of April and August. *She will ask Mr. Locey if he is aware of any single reason for these spikes.*

Discussion of Medicare Supplement

Ms. Taber said Mr. Locey has indicated that the cost of a Medicare supplement policy for medical only would about \$200/month. This would only be for retirees who are eligible for Medicare and would have to have Medicare coverage.

Ms. Drake asked if by doing this as medical only would the assumption be that they would pick up the Part D on their own. Ms. Taber said that would be a decision the Consortium would have to make. She said a Medicare supplemental policy generally subsidizes the balance left after Medicare Part A and B which includes the deductible and 20% co-insurance for those items that are paid at 80%. She also said one of the biggest costs for retirees is for prescription drugs.

Mr. Barber said he had a conversation with Mr. Locey about these premiums and said the new retirees on Medicare were figured in the original premiums for the Consortium. Therefore, if premiums were reduced for a supplement plan without changing any benefits, the difference would be made up in the rates of others. He said Mr. Locey would need to address the question of what the impact would be on the current population if a Medicare supplement was offered. He also said there needs to be consideration given to the question of if benefits were changed for retirees how that would be done to allow them to realize a real savings.

Ms. Sumner asked how many retirees over 65 are in the Consortium. *Ms. Taber said she will ask Mr. Locey to report back on this.* Mr. Masser asked if individuals under 65 who are disabled would be eligible. Ms. Taber said they would be eligible but noted there is a two-year waiting period where the individual would have to be without coverage before they would be able to go on Medicare. Mr. Barber said a question for Mr. Locey is if the Consortium were to manipulate the retirees for that population how would this affect the others on the current plan if

a supplement was offered. Mr. Barber said they should also see if an estimate can be made on how many fall into the under 65 disabled population.

There was a brief discussion of the timeline and when a decision would need to be made with it being noted that the State Insurance Department typically needs to approve any plan changes.

Ms. Taber summarized the following questions that need to be answered:

- What impact on current plans if a supplemental policy is offered;
- The number of retirees and how many would be eligible;
- How many disabled would be eligible who are currently under contract that would switch;
- Would there be any changes to benefit levels;

Ms. Drake suggested finding out if and how many retirees would be interested in this type of plan if it were offered.

New Business

There was no new business.

Approval of Minutes of August 4 and September 1, 2011

It was MOVED by Ms. Mills, seconded by Ms. Conger, and unanimously adopted by voice vote by members present, to approve the minutes of August 4 and September 1, 2011 as presented. MINUTES APPROVED.

Adjournment

On motion the meeting adjourned at 12:53 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk



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MINUTES

draft

**Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
November 3, 2011 – Noon
Old Jail Conference Room**

Present:

Municipal Representatives: 7 members

Betty Conger, Village of Groton; Schelley Michell Nunn, City of Ithaca; Judy Drake, Town of Ithaca; Mary Mills, Village of Cayuga Heights; Herb Masser, Town of Enfield; Laura Shawley, Town of Danby; Don Barber, Town of Caroline

Municipal Representatives via Proxy: 1 member

B. Jobin, Tompkins County

Union Representatives: 6 unit members

Bradley Berggren, Town of Danby Highway; Michael Thomas, City of Ithaca Admin. Unit – CSEA 1000; George Apgar, President; Ithaca Professional Fire Fighters Assoc. and Ithaca Area Fire Fighters #73; Chantalise DeMarco, County White Collar-CSEA; Jim Bower, Bolton Point

Union Representatives via Proxy: 2 members

Chris Parker, Tompkins County Blue Collar Unit; Patricia VandeBogart, TC3 Staff Unit;

Others in attendance:

J. Taber, Locey & Cahill; S. Dovi, TC3

Call to Order

Ms. DeMarco called the meeting to order at 12:05 p.m.

Approval of Minutes of October 13, 2011

Due to lack of quorum, approval of minutes was deferred to the next meeting.

Report from Locey and Cahill

Ms. Taber reported they have been busy working on rates and she expects to have them ready soon.

Review of Responses to EAP and Flex Program Survey

Ms. Taber distributed an updated spreadsheet of responses to the EAP and Flex Program Survey. She said Mr. Locey feels the Consortium should consider offering these programs instead of each individual municipality. Ms. DeMarco said she is interested in

hearing from the smaller municipalities on who doesn't offer these currently and whether they would be interested in offering these programs to employees. There was consensus the Committee would like more information about and would also like to hear from those who currently have these programs. Ms. Nunn said the EAP service that is currently available to City employees is only available from 9 a.m. to 4:30 p.m. and it may be worthwhile to look all available options. Ms. DeMarco said if the Consortium decided to move forward with this a Request for Proposals would be issued.

Ms. Taber said this Committee should have a discussion of benefits and what components are included in the administrative fee. There can also be a discussion of what components members would like to have explored. Ms. DeMarco said with regard to the Flex Spending she would like to know how many have debit card offerings.

Update on RFP for Prescription Drug Manager

Ms. Taber reported interviews with the finalists are scheduled for next week. Members of the Review Committee include Chantalise DeMarco/George Apgar, Brooke Jobin, Judy Drake, Jackie Kippola, Sharon Dovi, and Steve Locey.

Update on Contract Count Information

Ms. Taber distributed information on covered lives per group. There is currently a total of 2,003 covered lives.

Medicare Supplement Plans

Ms. Taber distributed a memorandum from Mr. Locey in response to a request to provide information and analysis on the impact of Medicare Supplement Plans on the Consortium and individual municipalities. She noted the following points:

1. Mr. Locey believes the Consortium is set up in the most efficient way to manage the medical expenses of the people involved, and
2. In essence, the Consortium is a community-rated entity with everyone sharing the costs together. The premium variances are applied to benefit differences, which exist in areas such as prescription drug co-pays and deductibles.

Ms. Taber said when you look a pulling out a segment of the population you have to look at what impact that would present to the other members of the Consortium. In order to figure out what the impact of a Medicare supplement plan would be there would need to be a look taken at what the costs of the 65+ population are currently to the Consortium. She said the benefits offered to retirees through the Consortium are better than what they would get as a Medicare stand-alone product.

With regard to demographic information, Ms. Taber said Mr. Locey was unable to pull out whether the 65+ population is retired or not and that would make a big difference. If retired, Medicare would be their primary carrier and that would impact the overall cost; if they are still active employees, the Consortium is the primary and would absorb more of the costs than if they were retired.

There was discussion of when Medicare becomes primary with a question raised which is primary in cases where employees are over 65 and still working. Ms. DeMarco said she believes that the CSEA contract states that once an employee became age 65 and is still

working that Medicare is primary. She said the only way Medicare would not be primary would be in the event of an on-the-job injury. Ms. Taber said according to the rules she is aware of, unless the employer has less than 25 employees or an employee has end-stage renal disease, Medicare is secondary. Following a brief discussion and some confusion over when Medicare became primary, *Ms. Taber said she will follow-up with Mr. Locey on this.*

Mr. Masser asked if people who are disabled are reflected. Ms. Taber said Mr. Locey asked Excellus for the information but was unable to receive a breakdown showing that number.

The Committee reviewed the information on 2011 claims paid as of September 2011. She stated with regard to medical claims, the Medicare-aged population is costing the Consortium approximately \$200 per month, whereas, the average cost of the Consortium per member per month is \$465. If the Medicare population were pulled out from the difference in premium (\$265) would be spread out amongst the other members. Ms. DeMarco also noted it would be a diminished benefit.

Ms. Drake said the \$200 premium reflects medical only and asked what the prescription rate would be. Ms. Taber said it would be same as the other members. She also noted approval by the State would be needed for a Medicare supplement plan.

New Business

There was no new business.

Adjournment

The meeting adjourned at 12:55 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk

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**Joint Committee on Plan Structure and Design
December 8, 2011 - Noon
Old Jail Conference Room**

Present:

Municipal Representatives: 6 members

Judy Drake, Town of Ithaca; Brooke Jobin, Tompkins County; Mary Mills, Village of Cayuga Heights; Herb Masser, Town of Enfield; Steve Thayer, City of Ithaca; Glenn Morey, Town of Groton

Municipal Representatives via Proxy: 1 member

Don Barber, Town of Caroline

Union Representatives: 4 unit members

Chantalise DeMarco, County White Collar-CSEA; Jim Bower, Bolton Point; June Overslaugh, City of Ithaca Admin. Unit; J. Licitra, Town of Ithaca Teamsters

Union Representatives via Proxy: 2 members

George Apgar, President; Ithaca Professional Fire Fighters Assoc. and Ithaca Area Fire Fighters #737

Others in attendance:

Sharon Dovi, TC3 Human Resources Manager; Steve Locey, Locey & Cahill

Call to Order

Ms. DeMarco called the meeting to order at 12:06 p.m.

Approval of Minutes

Approval of the October 13 and November 3 minutes were deferred to the next meeting due to lack of quorum.

Discussion of EAP and Flex Programs

Mr. Locey distributed updated results of the survey telling which municipalities currently offer EAP or Flex Spending programs. He asked for discussion of whether the Consortium would be requesting quotes for either or both of these programs and whether it would make sense to coordinate that contract through the Consortium or to continue having each employer offer their own programs.

With regard to Flex Spending programs, Mr. Locey said most employers have Sieba or EBS RMSCO. He said the TST BOCES Consortium does not contract collectively for flex spending, each school district does it on its own. He said one of the advantages to having this Consortium do it collectively is that it may allow some of the smaller municipalities the opportunity to get a much better rate. It was the consensus of those present to direct Mr. Locey to develop a full RFP (Request for Proposals). He will distribute copies in advance of the

meeting. Mr. Licitra asked and others agreed, that the ability to make electronic submissions be required. Ms. Jobin asked to be part of the RFP Review Committee.

Discussion of Medicare Supplement

Mr. Locey said the biggest concern that exists overall in developing a Medicare supplement is to make sure that the Consortium remains financially balanced. He explained that currently in the Consortium there is the medical plan that goes along with Medicare and then there is the prescription drug benefit. The prescription drug is the primary benefit for the over 65 membership. The medical plan works almost like a Medicare supplement as Medicare pays first before the policy. Mr. Locey said because Medicare is primary, the Consortium's Medicare-aged population is subsidizing the active rate to some degree. Mr. Locey said if the Consortium were to rate the medical program for this population at a lower cost, the lost revenue would need to be made up by the active employees.

Mr. Locey said the reverse would happen on the drug side. Since there is no Medicare coverage on the drug side, the Consortium is picking up primary coverage of the drugs for them. He said typically the Medicare-aged population uses substantially more prescription drugs than the average active employee or their family members. In this regard, the active employees are subsidizing those individuals. He said if the Consortium were to move to a Medicare supplement it would need to make sure it matches claims expenses with revenue on the premium side. In conclusion, he stressed if one group were to be given a lower rate, the rate of the other group would need to be increased or the benefit reduced.

Mr. Locey said one of the complications is that there are a lot of different set-ups in terms of what retirees with Medicare pay for their coverage. In terms of what people are paying, a solution that works for one municipality may not work for another.

Ms. DeMarco recalled the original intent was to bring in retirees who are not currently covered by the Consortium and giving them an option that might be available that was more cost effective for them. Mr. Locey said while that could be an outcome, if a Medicare supplement is brought into the Consortium it could be not limited to those who currently aren't buying coverage and there would be a shift in costs.

Ms. DeMarco said she would like to see a comparison of what the Consortium would potentially offer versus what is currently on the open market and what the cost structures are. She said if this population would only be saving a small amount from what they could purchase on the open market, it may not be worthwhile for the Consortium to continue looking at this.

Ms. Jobin said there is no County policy that prohibits an employee who drops the County's insurance from coming back. Over the last ten years she said there have only been a couple people who have come back.

Mr. Locey spoke of how to move this forward and said he would take the plans that have already been produced and put a firm rate with it with and without drug and will show what the impact on the premium will be as well as the active rate.

Mr. Locey said he will send out an e-mail to employers to see how many are in the Medicare population who are actively employed and how many are retirees. Ms. Jobin said the County has approximately ten active contracts that are Medicare eligible. Mr. Thayer will look into how many the City has.

Update on RFP for Prescription Drug Manager

Mr. Locey provided an update on the RFP process and said the Review Committee has not finished its work and will be recommending that the Consortium renew with Medco while the Committee continues its investigation and review of the proposals. He expects a recommendation to be made to the Board of Directors to sign a multi-year agreement with whomever is selected. He reported an e-mail has been sent to Medco giving them notice of the stipulations are under the renewal:

1. The contract must include a 60-day egress clause which allows the Consortium to cancel with a minimum of 60-days written notification to Medco.
2. The Consortium would like to implement the new pricing offer included in the Medco Proposal to be effective as soon as possible.
3. The Consortium would like to put Medco on notice that it expects better assistance in terms of on-sight meeting support from Medco for employer communication and labor negotiations during the term of the new contract.
4. A meeting should take place between Medco and key Consortium Board members to discuss any issues which have come up in the past year, learn more about Medco processes, and discuss expectations for the upcoming year.

Mr. Locey received a response to the e-mail from Medco in which it was stated Medco would like a one-year commitment with a termination notification period of 90 days. The RFP Review Committee will meet again in January and will continue discussion.

New Business

Mr. Locey explained Cayuga County has a quasi Consortium that includes the County, college, and the Soil and Water Conservation District and with reserve funds they conducted a flu clinic this year as a wellness initiative. In cooperation with the County's Health Department, they offered a free two-day flu immunization clinic that was available to any covered employee, spouse, or dependent. The cost for the vaccine was less than \$10 per dose and it likely saved the plan a clinic charge or an office visit expense in addition to the cost of the vaccine if it were provided at a physician's office. He said as this Committee begins to talk about wellness initiatives, this may be something that members would like to consider next year.

Adjournment

The meeting adjourned at 12:55 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk