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## AGENDA

### Joint Committee on Plan Structure and Design

### September 4, 2014 - 1:30 P.M.

### Rice Conference Room, Tompkins County Health Department

55 Brown Road, Ithaca, New York

1. Welcome
2. Chair's Report (1:30) Weatherby
  - a. How are "abstentions" considered? As a vote cast or not?
3. Approval of August 7, 2014 minutes (1:40)
4. Executive Director Report (1:45) Don Barber
  - a. Flu Clinics
  - b. Recertification Process
  - c. Retreat
5. Consultant Updates: (2:10) Steve Locey
  - a. Bronze Plan
6. Discussion: Providing non-unionized employees a set at the Joint Committee (2:25)
7. Next Meeting Agenda (2:35)
8. Adjournment (2:40)

Next Meeting: October 2, 2014 - 1:30 p.m.  
(Health Department)



draft

**MINUTES**  
**Greater Tompkins County Municipal Health Insurance Consortium**  
**Joint Committee on Plan Structure and Design**  
**August 7, 2014 – 1:30 p.m.**  
**Rice Conference Room, Health Department**

***Present:***

***Municipal Representatives: 11 members***

Judy Drake, Town of Ithaca; Michael Murphy, Village of Dryden; Jennifer Case, Town of Dryden; Ruth Hopkins, Town of Lansing; Carissa Parlatto, Town of Ulysses; Mack Cook, City of Cortland; Betty Conger, Village of Groton; Joan Mangione, Village of Cayuga Heights; Laura Shawley, Town of Danby, Schelley Michell Nunn, City of Ithaca; Cindy Whittaker, Town of Caroline

***Municipal Representative via Proxy: 1***

Brooke Jobin, Tompkins County

***Union Representatives: 8 members***

Scott Weatherby, TC3 Staff Unit CSEA Vice President; John Licitra, Town of Ithaca, DPW – Teamsters; Olivia Hersey, TC3 PAA; Tim Farrell, City of Ithaca DPW Unit; James Bower, IUOE Local 158, District 832 Bolton Point; Tim Logue, City of Ithaca Executive Unit; Steve Wright, Tompkins County Blue Collar Unit; Derek Reynolds, Cortland Fire Department

***Union Representatives via Proxy: 4***

Doug Perine; Tompkins County White Collar Unit President; June Overslaugh, City of Ithaca Admin Unit #8901-01; Jerry Wright, Village of Cayuga Heights Police; M. Skeval, Tompkins County Sheriff's Department

***Others in attendance:***

Don Barber, Executive Director; Steve Locey, Locey & Cahill; Margaret Gannon, CSEA Health Benefits Department; Ashley Masucci, ProAct, Excellus BCBS; Chris Buttino, City of Cortland

**Call to Order**

Mr. Weatherby, Chair, called the meeting to order at 1:38 p.m.

**Chair's Report**

Mr. Weatherby had no report.

**Approval of June 12 and July 10, 2014 Minutes**

It was MOVED by Mr. Weatherby, seconded by Ms. Hersey, and unanimously adopted by voice vote by members present, to approve the minutes of June 12, 2014 as submitted. MINUTES APPROVED.

It was MOVED by Mr. Weatherby, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to approve the minutes of July 10, 2014 as submitted. MINUTES APPROVED.

### **Executive Director's Report**

Mr. Barber provided the following overview of the history of the Consortium, the role of the Joint Committee on Plan Structure and Design, and the Executive Director position:

With limited revenue from property tax local governments formed the Tompkins County Council of Governments with its 1<sup>st</sup> task being to find ways of sharing services to become more efficient and save taxpayers money. Health Insurance became a focus early on as the premium increases significantly outpace growth in revenue and wages, in fact, many employees are bargaining to keep health insurance and forego wage increases.

TCCOG focused on creating a health insurance option that would allow all municipalities to participate and in New York State the only way to do that is through Article 47 of the New York State Insurance Law. The problem was that not one Article 47 insurance company had been created since the legislation passed in 1992. TCCOG sought and was awarded a Shared Municipal Service Incentive (SMSI) grant for nearly \$250K to work through the process. TCCOG, thru an RFP process, found and awarded a contract with Locey and Cahill to help us work thru the many facets of developing an Article 47 Insurance Company. Creating a governance structure was no small task and establishing a balance between municipalities like the County with over 1,200 employees and with small towns and villages with under 10 employees took a lot of negotiation and creativity. This was accomplished in late 2009 and we submitted our application and soon discovered that the hardest work was still to come.

One task was to create a meaningful role for labor within the Consortium's decision-making. The Joint Committee concept has been used by another Article 47 that was operating before 1992 and grandfathered in. Our initial bylaws included and still do include the Joint Committee with the authority to adopt its own bylaws and having the responsibility to review and provide guidance on any benefit plan changes that require Board of Directors action. The Joint Committee was envisioned to find a meaningful way for the labor partners to become involved from the ground floor on benefit plan design. The Joint Committee is the best venue within the Consortium structure for new ideas for a benefit plan to be generated and vetted. Labor liaisons from the Joint Committee to the Owning Your Own Health and Audit and Finance Committees would be beneficial for labor to have a voice at the table at all levels of the Health Insurance Consortium's policy decisions are being made and recommended to the full Board. That was the original vision and is still the way the Municipal Cooperative Agreement outlines the role of the Joint Committee.

However, the New York State Insurance Department's reading of the legislation and the bill packet information that goes along with it demanded that Labor have voting positions on the Board of Directors. Negotiations between labor, consortium designees, and the New York State Insurance Department ended with the current MCA which has the Chair of the Joint Committee which is elected by its members, and an additional labor representative elected by this Committee on the Board of Directors. Therefore, there are two labor representatives on the Board and if the number of municipalities increases there is a formula for labor's representation on the Board to increase.

Municipal governments had to collectively post \$1.22 million into a Rate Stabilization Reserve and we had to negotiate an IBNR (Incurred But Not Reported) Reserve that was one-half of what the law currently requires. The Consortium was able to negotiate this down because the Superintendent of Insurance has the authority to make decisions at their own discretion. Municipalities were able to come together to post the \$1.22 million and on October 1, 2010 the Consortium was awarded a Certificate of Authority to begin providing insurance on January 1, 2011.

The Consortium has now paid back that \$1.22 million plus interest and has filled all the reserves required by NYSID, plus has a cushion for those spikes in claims that are bound to hit in the future. Within three years the Consortium has grown from a \$24 million company to a \$36 million company. We have great support from Locey and Cahill as well as our Third Party Administrators and service providers like the actuary and auditor.

While this support has gotten the Health Insurance Consortium to its strong financial position, there are changes occurring with the health care provider and regulatory (Affordable Care Act and New York State) sector that require the Board of Directors to become more involved with strategic decisions. Recognizing that the Board of Directors are volunteers and have little spare time to become immersed in another field, they decided to create an Executive Director position to help them perform their function of directing and protecting the Company. The Executive Director's task is to provide the Board of Directors with timely information, analysis of risks to this business, and necessary actions for the discharge of their responsibilities.

Examples of 3<sup>rd</sup> quarter tasks include Board development: Orientation Manual, bi-monthly newsletter, and Retreat; support to committees thru providing timely information and analysis; and provide outreach to rank and file as an independent conduit for communication about the Consortium from Employers.

Mr. Barber circulated announcements of the Retreat that will be held on September 15<sup>th</sup>. It will be an insurance 101 format and attendees will learn how health insurance works, how risk pools work, how healthcare delivery works, and the changing business landscape. The Retreat is open to any committee member or employee who would like to attend.

### **Consultant's Report**

Mr. Locey responded to a question that was raised at the last meeting while reviewing the utilization report with Excellus. He distributed an Urgent Care utilization report for visits incurred in 2012 and 2013 and paid through March, 2014. In 2013 there were 2,317 visits of which 1,800 were related to Cayuga Medical Center.

He reported he has received final pricing information from EBS-RMSCO for the Flex Spending Accounts and said the pricing is comparable and a little better than the current pricing the County has with EBS RMSCO for Flex Spending and Health Reimbursement Accounts. The only difference is that there is a \$.15 increase in the FSA fee; however, there is a decrease in the HRA with debit card; therefore, the collective fees are lower.

### **Dependent Eligibility Audit**

Mr. Locey explained a process the Consortium will be undertaking with all employers within the Consortium. They are being asked to reaffirm everyone that is covered under the health insurance plan to make sure that everyone being covered is legitimately being covered,

and that employers are all following the same guidelines in terms of data collection and verification of employees. There will be a periodic process in the future that would reaffirm spouses continue to be eligible. Mr. Locey distributed an outline of the process and said the initial notification will go out in December and the process will conclude at the end of May. A draft letter that will be circulated to members was distributed to the Committee for comment. Mr. Locey said there will be a lot of advance warning given about this process and what documentation will be needed. There will also be an amnesty period and an appeals process at the end of the process. The Committee will be kept informed as this process moves forward.

Mr. Barber noted that the process has been instituted for new employees as of May 1, 2014.

#### Discussion of Platinum Plan

Mr. Weatherby provided a brief report on the action taken at the last meeting and stated labor does not feel additional plans need to be added to the Consortium solely for the purpose of using them as tools for negotiations. At the last meeting labor was asked to draft a revised resolution that could be considered by the Committee and CSEA came up with a version that has been circulated to the Committee. Ms. Drake also circulated a revised version of that resolution to the Committee.

It was MOVED by Mr. Weatherby, seconded by Mr. Reynolds to approve the following resolution that was drafted by CSEA:

#### **RESOLUTION NO. - RECOMMENDATION TO ADD THE STANDARD PLATINUM PLAN METAL LEVEL OPTION CONSISTENT WITH THE PROVISIONS OF THE AFFORDABLE CARE ACT**

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium is a self-insured municipal cooperative health benefit plan operation pursuant to Article 47 of the New York State Health Insurance Law, and

WHEREAS, the Municipal Cooperative Agreement of the Greater Tompkins County Municipal Health Insurance Consortium authorized the creation of the Joint Committee on Plan Structure and Design, a joint labor and management committee, and

WHEREAS, the Joint Committee on Plan Structure and Design's principle function is to review and provide guidance to the Consortium Board of Directors on matters concerning the benefit plans offered by the Consortium to the Participating Municipalities, and

WHEREAS, the Joint Committee on Plan Structure and Design has reviewed the standard benefit plan option consistent with the Platinum Plan Level as defined by the Affordable Care Act, and

WHEREAS, the addition of the Platinum Plan Level Plan will not diminish, alter, or eliminate any current medical or prescription drug plan offered by the Consortium nor will the addition of such plan supersede or preempt the collective bargaining rights of any labor organization associated with the Participating Municipality within the Consortium, and

WHEREAS, "The addition of such plan shall be in addition to and not in lieu of other plans currently available and offered to participants by the Greater Tompkins County Municipal Health Insurance Consortium"

RESOLVED, the Joint Committee on Plan Structure and Design, hereby recommends, by virtue of a vote of yes to no, to the Greater Tompkins Municipal Health Insurance Consortium Board of Directors that one standard plan design be made available at the Platinum Metal Level as defined by the Affordable Care Act, hereinafter referred to as the "Platinum Plan," Such addition of this plan shall not diminish the availability of the current plans offered by the Greater Tompkins County Municipal Health insurance Consortium unless negotiated with the individual bargaining units.

RESOLVED, further, that the Platinum Plan will have an Actuarial Value as defined by the Affordable Care Act equal to an overall plan benefits for the average participant of 90%,

RESOLVED, further, that the rating and underwriting department at Excellus BlueCross BlueShield or and independent actuarial firm will certify the Actuarial Value of the aforementioned plan prior to its approval by the Board of Directors of the Greater Tompkins County Municipal Health Insurance Consortium,

RESOLVED, further, that the aforementioned plan design is recommended for the inclusion in the Greater Tompkins Municipal Health Insurance Consortium's available plan menu to be effective as soon as practicable.

It was MOVED by Ms. Drake, seconded by Mrs. Shawley, to amend the motion with the following version:

**RESOLUTION NO. - RECOMMENDATION TO ADD THE "PLATINUM PLAN" TO THE  
GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE  
CONSORTIUM MENU OF HEALTH INSURANCE PLANS**

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium is a self-insured municipal cooperative health benefit plan operation pursuant to Article 47 of the New York State Health Insurance Law, and

WHEREAS, the Municipal Cooperative Agreement of the Greater Tompkins County Municipal Health Insurance Consortium authorized the creation of the Joint Committee on Plan Structure and Design, a joint labor and management committee, and

WHEREAS, the Joint Committee on Plan Structure and Design's principal function is to review and provide guidance to the Consortium Board of Directors on matters concerning the benefit plans offered by the Consortium to the Participating Municipalities, and

WHEREAS, the Joint Committee on Plan Structure and Design has reviewed the standard benefit plan option consistent with the Platinum Plan Level as defined by the Affordable Care Act, and

WHEREAS, the addition of the Platinum Plan Level Plan will not diminish, alter, or eliminate any current medical or prescription drug plan offered by the Consortium nor will the addition of such plan supersede or preempt the collective bargaining rights of any labor organization associated with the Participating Municipality within the Consortium, and

WHEREAS, the addition of such plan shall be in addition to and not in lieu of other plans currently available and offered to participants by the Greater Tompkins County Municipal Health Insurance Consortium, now therefore be it

RESOLVED, the Joint Committee on Plan Structure and Design, hereby recommends, to the Greater Tompkins Municipal Health Insurance Consortium Board of Directors that ~~one~~ a

standard plan design be made available at the Platinum Metal Level as defined by the Affordable Care Act, hereinafter referred to as the "Platinum Plan," and

RESOLVED, that this "Platinum Plan" shall be in addition to the current plans offered by the Greater Tompkins County Municipal Health Insurance Consortium available for negotiation with the individual bargaining units, and

RESOLVED, further, that the Platinum Plan will have an Actuarial Value as defined by the Affordable Care Act equal to an overall plan benefits for the average participant of 90%, and

RESOLVED, further, that the rating and underwriting department at Excellus BlueCross BlueShield or an independent actuarial firm will certify the Actuarial Value of the aforementioned plan prior to its approval by the Board of Directors of the Greater Tompkins County Municipal Health Insurance Consortium, and

RESOLVED, further, that the aforementioned plan design is recommended for the inclusion in the Greater Tompkins Municipal Health Insurance Consortium's available plan menu to be effective as soon as practicable.

Discussion followed on the amendment and Mr. Weatherby said including the word "negotiations" in the resolution opens the door to talking about negotiations in this meeting. He said labor doesn't want plans used as tools against them and it has already been happening and the White and Blue Collar unions have gone to impasse because this plan has been introduced. He said if there was a body of employees who wanted another plan he would be open to discussing it but cannot support adding plans when employees have not asked for them.

Mr. Locey said labor has the opportunity to vote a plan down at the bargaining table; this meeting is not a collective bargaining venue. He said these plans are available to municipalities today, they are just not available through the Consortium. Therefore, if an employer in the Consortium wants to offer one of the plans that is designed around the Affordable Care Act they can ask Blue Cross Blue Shield to provide it and it can be brought to the table. The reason for bringing it here is to make sure that the Consortium has enough options available to satisfy the needs of all the employers and all the collective bargaining units. Just because it may not be right for CSEA in one bargaining unit does not mean it wouldn't be acceptable at a town or village. The only thing the Consortium can do is to make sure it makes the tools available to the employers and employees for collective bargaining. He said just because it is restricted here doesn't mean that it won't come because they could go out on the open market and purchase it.

Ms. Nunn said there are other municipalities that have said they cannot afford the plans that are in the Consortium right now. Mr. Weatherby said he will not support adding any plan until employees say they want another plan. Ms. Conger said there are nonunionized employees in the Village of Groton who are interested in this plan.

Mr. Reynolds said he has asked for comparative information on the City's old plans versus its new plan has not received anything. He said they were told it was going to be 100% comparable to what they did have and it has not been. Mr. Locey said he has not received any request from the City of Cortland for this information. Mr. Barber clarified that because the City of Cortland joined the Consortium after the plans were established the Board would have had to make a decision to approve a plan that was identical to what the City had before and it would be helpful to know what those plan differences are. When those differences are identified a plan could be brought forward to the Board for approval.

Mr. Barber stated that the Board of Directors will decide whether to move forward with this. The Board has been asked to include this on their August 28<sup>th</sup> meeting agenda. Whatever this Committee does will be brought forward and Board members will be informed about the discussion that has taken place.

Mr. Logue expressed concern that some employees may not be aware or what benefit plan they currently have and may be misled by the name "Platinum" as it sounds like it is the best plan, when in fact, it is a step down from what the vast majority of employees currently have.

Mr. Wright said as the President of Tompkins County's Blue Collar unit he attended an informational meeting for members and no one was interested in the Platinum Plan. He said it is correct that this meeting is not a negotiation; however, he cannot support this Plan if he is being told that only a few people from a municipality want the plan. He said he has to go with what the majority of his members want. He referred to a report given by Mr. Barber that the Consortium is doing well and doesn't think that not having the plan will hurt the Consortium.

A roll call vote on the amended version offered by Ms. Drake resulted as follows: Ayes - 12 (Hopkins, Cook, Murphy, Drake, Nunn, Parlato, Bower, Mangione, Drake, Conger, Shawley, and Jobin); Noes – 11 (Weatherby, Hersey, Logue, Farrell, Logue, Reynolds, Wright, Skeval, Perine, Licitra, Overslaugh); Abstentions – 1 (Whittaker). MOTION FAILED.

It was MOVED by Mr. Reynolds, seconded by Ms. Hersey, to Table the original resolution. A roll call vote resulted as follows: Ayes - 12 (Hopkins, Cook, Murphy, Drake, Nunn, Parlato, Bower, Mangione, Drake, Conger, Shawley, and Jobin); Noes – 11 (Weatherby, Hersey, Logue, Farrell, Logue, Reynolds, Wright, Skeval, Perine, Licitra, Overslaugh); Abstentions – 1 (Whittaker). MOTION FAILED.

A roll call vote on the original resolution resulted as follows: Ayes - 12 (Hopkins, Cook, Murphy, Drake, Nunn, Parlato, Bower, Mangione, Drake, Conger, Shawley, and Jobin); Noes – 11 (Weatherby, Hersey, Logue, Farrell, Logue, Reynolds, Wright, Skeval, Perine, Licitra, Overslaugh); Abstentions – 1 (Whittaker). MOTION FAILED.

Mr. Murphy said there are municipalities that have not been able to join because there is not a plan they could go to and asked if Mr. Locey could bring information forward on a Bronze and Silver metal level plan. Following a brief discussion, it was MOVED by Mr. Murphy, seconded by Ms. Drake, to direct the Consultant to provide the Committee with information on a Bronze metal level plan that would be an option for new members or existing members to negotiate to.

In response to a question as to whether there are municipalities that have inquired about joining the Consortium but could not because there is not an adequate plan for them to do so Mr. Locey responded that this is true for at least two municipalities that have inquired.

Mr. Reynolds suggested this be a topic for the Retreat. Mr. Logue said he would support this because the idea behind the Consortium is that the more members there are the greater savings that could be achieved. He said a Bronze plan may be able to bring in more members as opposed to members leaving because of having a Platinum Plan.

A roll call vote on the motion resulted as follows: Ayes – 22, Noes – 2 (Wright and Reynolds). MOTION CARRIED.

**ProAct Utilization Report**

Ms. Masucci provided the Committee with an overview of the Performance Summary showing utilization of the prescription plan. The following are highlights from that report:

	<b>Membership Utilization</b>
• Eligible Member Months	5,094
• Avg. Utilizing Member Months	2,293
• # of RX's Dispensed	76,539
• # of RX's Normalized	104,455
• Approved Ingredient Cost*	\$7,510,175.63
• Total Fill Fee	\$ 107,758.79
• Total Cost	\$7,617,934.42
• Total Member Paid	\$ 598,483.99
• Other Amount Paid	\$ 2,291.76
• Total Paid by Plan	\$7,017,157.67

\*Normalized Rx Count translates Rx Count to 30 day equivalent (Ex. 90days = 3 Rx's)

	<b>Membership Utilization Current</b>	<b>Similar Client Type Benchmark</b>
• # of Rx's PMPM	1.71	1.82
• Avg. Amt Paid PMPM	\$114.79	\$132.11
• % Generic Rx's	78%	78%
• Avg. Amt Paid/Generic Rx	\$17.92	\$23.08
• % Brand Rx's	22%	22%
• Avg. Amt Paid/Brand Rx	\$245.70	\$215.00
• % Formulary Rx's	94%	93%
• Avg. Appvd. Ingrid Cost/Rx	\$71.90	\$74.36
• Avg. Fill Fee/Rx	\$1.03	\$.80
• Avg. Total Cost/Rx	\$72.93	\$75.16
• Avg. Member Paid/Rx	\$5.73	\$6.19
• Other Pay Amount/Rx	\$0.02	\$0.03
• Avg. Amount Paid/Rx	\$67.18	\$68.94

**Specialty Drug Usage**

• # of Specialty Utilizers	110
• Total Specialty Plan Spend	\$1,773,081.91
• Total Specialty Ingredient Cost	\$1,783,486.42
• Total Specialty Member Spend	\$10,534
• # Specialty Rx's	804
• Cost Per Specialty Rx	\$2,205.33
• % of Total Claims	1.05%
• % of Total Dollars	25.27
• % of Member Share	0.59%

Ms. Masucci spoke of the important of educating members on several areas including the cost difference between brand and generic drugs, knowing what co-pays are, and utilizing

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mail order of which only 6% of members utilized. She said there is information that ProAct can provide to distribute to members through such methods such as payroll or at health benefit fairs.

### **Next Agenda Items**

Two items identified for the next agenda were providing additional information on the recertification process and information on the Bronze level plan.

Mr. Barber announced the Owning Your Own Health Committee will meet on August 20<sup>th</sup> and invited anyone interested to attend. The Audit and Finance Committee will meet on August 21<sup>st</sup> and will be discussing a number of items, including setting premiums for the upcoming year.

The Board of Directors will meet on August 28<sup>th</sup>.

### **New Business**

Mr. Reynolds suggested looking into a way to provide nonunionized employees with a voice on the Committee. Mr. Barber said that would need to come in the form of a recommendation to the Board of Directors to amend the Municipal Cooperative Agreement.

### **Old Business**

There was no old business.

### **Adjournment**

The meeting adjourned at 3:20 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk