



Municipalities building a  
stable insurance future.

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## MINUTES

Greater Tompkins County Municipal Health Insurance Consortium  
Joint Committee on Plan Structure and Design  
October 4, 2012 – Noon  
Old Jail Conference Room

Approved  
11/7/2013

### ***Present:***

#### ***Municipal Representatives: 9 members***

Judy Drake, Town of Ithaca; Brooke Jobin, Tompkins County; Schelley Michell Nunn, City of Ithaca; Laura Shawley, Town of Danby; Jeff Brockway, Town of Groton; Herb Masser, Town of Enfield; Don Barber, Town of Caroline and Chair, Board of Directors; Marsha Georgia – Town of Ulysses

#### ***Municipal Representative via Proxy: 2 members***

Mary Mills, Village of Cayuga Heights; (Proxy - Laura Shawley); Jennifer Case, Town of Dryden (Proxy – Chantalise DeMarco) Betty Conger, Village of Groton (Proxy – Mary Mills)

#### ***Union Representatives: 5 unit members***

Chantalise DeMarco, County White Collar-CSEA; Bradley Berggren, Town of Danby Highway; Patty VandeBogart, TC3 Faculty Association; George Apgar, President; Ithaca Professional Fire Fighters Assoc. and Ithaca Area Fire Fighters #73

#### ***Union Representative via Proxy: 1 member***

Jim Bower, Bolton Point (Proxy – Chantalise DeMarco)

### ***Others in attendance:***

Steve Locey, Locey & Cahill (via conference call); Sharon Dovi, TC3; Mack Cook and Paul Sandy, City of Cortland; Ken Foresti, Excellus

### **Call to Order**

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

### **Update on Request for Proposals**

#### **Flex Spending Account and Employee Assistance Programs**

Mr. Locey reported additional information has been received from employers that currently utilize these services. In both cases it appears there are some quotes that may be economically advantageous to the group once information in terms of what employers are paying is clarified. However, due to the New York State Audit, it will be unlikely that this item will move forward until work on that is complete.

### **Update on Board of Directors Meeting**

Mr. Barber reported there have been two Board of Directors meetings since this Committee met last. At the regular meeting the Board reviewed the Consortium's finances and

the report from the auditor. Last week a special Board meeting was held and the Board of Directors approved the 2013 Budget.

He reported finances for the Consortium are looking strong for 2013 with claims running under the budgeted figure. The Consortium began the year with a 9.5% premium increase, which has allowed it to build reserves. The Board reviewed the comments from the outside auditor and also received notification that the Consortium is also being audited by the New York State Department of Financial Services. This is an intense audit and work is being done to compile the voluminous amount of information requested.

The Consortium also had an independent actuarial opinion conducted of how claims are being reported and what the IBNR (Incurred But Not Reported) would be. He explained when the Consortium began an IBNR rate of 12% was negotiated with the State. The Actuary said the IBNR is 10.15%; therefore, the Consortium is performing as it should be. At its last meeting the Board of Directors adopted a 9% increase in premiums across-the-board. One of the reasons for this increase is to gain reserves. The Capitalization Reserve was funded by the participating members in the amount of \$2 million; it is intended that money will be transferred back to the participating municipalities in 2015.

Mr. Barber reported the Board of Directors also approved a request by the City of Cortland to join the Consortium. The City has 200 employees and would be considered a small employer in the Consortium.

In addition, the Board voted to change the Consortium's Prescription Drug Manager from Medco/Express Scripts to ProAct and work is being done to ensure the transition goes as smoothly as possible.

### **Update on Prescription Drug Manager Transition Process**

Mr. Locey said discussions have been taking place with both Medco/Express Scripts and ProAct about the transition process. All of the benefit and eligibility information is going to be transferred electronically to ProAct, including all active mail order prescriptions. However, once ProAct begins processing the mail order prescriptions after January 1<sup>st</sup> they are only legally allowed to refill one time and then the member will need to submit a new prescription. Information will be sent to members informing them of this. Mr. Locey said although there may be minor problems he is hopeful the transition will go smoothly.

### **City of Cortland Membership in Consortium**

Mr. Locey reported that since the Board of Directors meeting there has been a lot of communication with the consultant for the City of Cortland concerning an individual speaking at the City's last Council meeting in opposition to the City joining the Consortium. Mr. Locey said the City is still moving forward with joining the Consortium and has spoken at length with the consultant about the financial matter relating to the transition.

Mr. Cook arrived at this time. He responded to Mr. Locey's comments and said the individual who spoke at the City's Council meeting was Brian Duffy, an insurance broker who was not previously selected by the City under a previous request for proposals. The City reviewed the information and claims made by Mr. Duffy and subsequently voted unanimously to move forward with joining the Consortium.

Ms. DeMarco explained that once the City is a member of the Consortium each labor group will in addition to the City will have a seat on this Committee. Mr. Cook said there will be six labor representatives.

### **Discussion of Communication with Membership**

Ms. DeMarco raised the issue of participation and members being invested in the process and asked members to talk about what efforts are currently taking place and what can be done to move initiatives forward.

Ms. Dovi said she has brought wellness discussions back to the College labor and management groups as well as the Wellness Council. She said because they are looking to establish wellness goals at the College this year for staff and students she is moving ahead on that front and will integrate initiatives from the Consortium as they move forward.

Ms. Drake said the Town of Dryden is starting a wellness committee and she has shared the Town of Ithaca's program relating to gym membership with them. Mr. Masser said he has shared information that has been presented to this Committee with the Town of Enfield. Ms. Shawley said she has also been sharing information with Town of Danby employees.

Mr. Locey spoke of another Consortium he works with where members report back on wellness activities that are taking place and share information. Mr. Forresti also spoke of a wellness event that took place that was very successful. Mr. Barber spoke of efforts that are taking place within some municipalities as well as Cornell and Ithaca College and suggested there may be ways to communicate and collaborate amongst each other. He recommended that this Committee focus on some wellness initiatives and make a recommendation to the Board of Directors.

Mr. Locey said part of the Affordable Care Act talks about having financial incentives built into the premium. It appears Excellus is restricted on what they are able to do on their community-rated plans and a formal opinion is still needed as to what the Consortium can do with regard to wellness and initiatives or credits from a financial perspective to get people more invested in programs. The Affordable Care Act does not allow this until 2014 so there is nothing that can be done at this time but this is something he will continue to explore and report back on.

It was agreed that a standing agenda topic would be added: "Sharing Wellness Information".

### **Approval of Minutes**

Approval of the minutes from June, July, and August meetings were deferred due to lack of quorum.

### **Excellus**

Mr. Foresti distributed 2013 calendars containing major wellness timelines and themes. He announced next month is the Great American Smokeout for the American Cancer Society and left samples of resources from the New York State Quitline.

### **Medicare Supplement**

Mr. Locey presented an idea for the Committee's consideration. He said if an entity wanted to offer a Medicare supplement, that a plan could be built into the Consortium at a lower

rate. The entity would have to move all of their Medicare-age population into the Medicare supplement. From a financial perspective the Consortium could protect itself since the rate now includes both the Medicare age and those under 65 who do not qualify for Medicare, there could be a risk adjustment on the active and early retiree premium for the entity that uses the Medicare supplement. In the end it may be cheaper to carve those individuals out and give them a Medicare supplement, it would lower the Consortium's GASB 45 liability, and make it more affordable for some retirees to participate. This would provide an option by entity but still protect the Consortium from a cost perspective. It was clarified that if an entity chose to do this all eligible employees within the entity would have to take it.

Following a lengthy discussion Mr. Barber said the cost for operating the Consortium is based on a Medicare supplement since Medicare becomes the primary payer for individuals over 65 years of age. He said by offering a Medicare supplement plan, the premium income would be reduced, making there be less revenue with the same expenses. By offering a plan on a municipality basis each municipality would absorb the shortfall in revenue. He said the other option would be to have everyone agree that actives should be charged more than the retirees. Mr. Barber said he would work with Mr. Locey on developing a spreadsheet showing what their current cost would for the next five years for a number of retirees and what the impact would be.

Ms. Georgia said the Town of Ulysses offers and pays the entire premium for a Medicare supplement for the Town's three retired employees.

Ms. Drake said she would like in 2013 to look back and see what it would have done to the rates and the Consortium if there had been a Medicare supplement plan in place. Mr. Locey said part of this would depend on what the Medicare supplement looks like and what coverage would be included.

Mr. Locey spoke of the Consortium still being new and said he doesn't think the Consortium is in a position at this time to approve a Medicare supplement from a financial standpoint.

It was agreed that once the State Audit is complete Mr. Barber and Mr. Locey will work together to present figures and a list of questions.

### **New Business**

There was no new business.

### **Old Business**

There was no old business.

### **Approval of Minutes**

Due to lack of quorum approval of the minutes of the June 7 and July 5, 2012 meeting were deferred to the next meeting.

### **Adjournment**

The meeting adjourned at 1:12 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk