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MINUTES

**Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
December 4, 2014 – 1:30 p.m.
Rice Conference Room, Health Department**

Approved

Present:

Municipal Representatives: 9 members

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

Municipal Representative via Proxy: 2

Judy Drake, Town of Ithaca (Proxy - L. Shawley); Jennifer Case (Proxy – L. Shawley)

Union Representatives: 7 members

Tim Logue, City of Ithaca Executive Unit; Tim Arnold, Town of Dryden Teamsters; Olivia Hersey, TC3 Professional Admin. Assoc. Unit; Bradley Berggren, Town of Danby Highway; Phil Van Wormer, City of Ithaca Admin. Unit

Union Representatives via Proxy: 1

James Bower, IUOE Local 158, District 832 Bolton Point (Proxy - S. Weatherby)

Others in attendance:

Don Barber, Executive Director; Steve Locey, Locey & Cahill; Ashley Masucci, ProAct; Beth Miller, Excellus

Call to Order

Mrs. Shawley, Vice Chair, called the meeting to order at 1:35 p.m.

Vice Chair's Report

Mrs. Shawley, Vice Chair, thanked Mr. Locey for the valuable work he has done for the Consortium over the past year.

Approval of Minutes of August 7, September 4, and November 6, 2014

The minutes of August 7, September 4, and November 6, 2014 were deferred due to lack of quorum. MINUTES DEFERRED.

Executive Director Report

Mr. Barber reported the Board of Directors has not met since the last Committee meeting.

Mr. Barber said at the last meeting there was a discussion of the recertification process and CSEA is requesting that there be impact bargaining. He stated labor and management are working through that process and he expects a resolution will come forward at a later time to extend the process.

He reported he and Mr. Locey have been requested by a number of municipalities in Cortland County to speak to them about joining the Consortium. The Village of Homer has passed a resolution to join and the Board will be considering the request at the next meeting. Mr. Locey said rates for metal level plans through the New York State Health Insurance Marketplace went up substantially this year so there is a good chance more interest will be expressed in joining the Consortium, particularly because the Standard Platinum Plan is now available.

Review of First draft of Bronze Benefit Plan

Mr. Locey distributed a spreadsheet of a draft standard Bronze benefit plan to show how a Bronze plan compares to an existing Consortium Indemnity and PPO plan. The Bronze plan meets the 60% actuarial value level. He said the Plan is the minimum that employers have to offer to be compliant with the Affordable Care Act's Employer Responsibility Provisions. He noted that even with the lowest level plan there is a capping of the total out-of-pocket expense. The individual out-of-pocket maximum cannot be greater than \$6,350 and a family out-of-pocket expense cannot be greater than \$12,700 which is inclusive of deductibles, co-pays, and any co-insurance or percentage amounts paid by a member. He said the deductible is very important with the Bronze Plan because not only does it hit the out-of-network benefits it also hits the in-network benefit; therefore, before anything is paid out of the Bronze plan an individual would have to satisfy the \$3,500 deductible and \$7,000 for family.

Mr. Locey noted that because of the federal mandate, preventive benefits for all of the plans are the same and are covered in full for in-network; out-of network coverage is percentage-based for the different plans. He said it is important to keep in mind with the deductible and the out-of-pocket maximum that no person would ever have to meet more than the individual maximum.

Ms. Nunn asked what the premium would be for this plan. Mr. Locey said the total premium would be approximately \$9,400 for a family. She questioned why anyone would offer the Bronze Plan. Mr. Locey responded that there a couple of reasons why it would be important for the Consortium. Under the Affordable Care Act Employer Responsibility Provisions there is a requirement that in 2015 large employers have to offer coverage to at least 70% of all full-time employees; in 2016 that level goes up to 95%. A full-time employee is defined as anyone who works an average of 30 hours per week; by contract a municipality may currently have employees who are not being offered coverage to employees who may be deemed "part-time"; however, when hours are evaluated they may go over the 30-hour threshold. Therefore, there are employees who may need to be offered a minimum-cost health insurance that is affordable to satisfy the requirements of the Affordable Care Act. If this requirement is not satisfied, employers will pay a penalty of \$2,000 times all of the employees, less 30. Mr. Locey said a lot of employers have been asking for a low-cost option that meets the requirement to avoid the penalty and to be able to offer a plan that is affordable to an employee.

Mr. Locey noted one thing that is available with the Bronze Plan is the ability to open a health savings account.

Mr. Cook said he is encountering retirees who are looking at the supplement and cases where the retiree is over Medicare-age and a spouse generally being much younger. He said he has no option to offer that would allow them to leave the high-cost family plan because there is no option for the spouse and asked if this could be an intermediary step in those cases until the spouse reaches Medicare-age. Mr. Locey responded that it could be a lower-cost alternative that could be made available to retirees and spouses of retirees.

In response to a request for further clarification Mr. Locey said there are two tests for the employer:

1. Is the employer offering affordable health insurance coverage at a minimum level to 95% of active employees? If a determination is made after evaluating a variable level of employee hours that an employee is eligible for insurance, the employer will have 90 days to offer a plan.
2. If there are active employees who are working full-time and offered health insurance through an employer but are paying more than 9½% of their income towards health insurance the employer could be exposed to a \$3,000 penalty for each individual who falls into that category if that person chooses not to take the employer-sponsored health plan, goes into the health insurance marketplace, and qualifies for health insurance premium tax credit. The household income has to be below 400% of the poverty level in order to get the tax credit.

Ms. Miller noted that a lot of Excellus clients are offering the Bronze Plan in order to avoid penalties. Mr. Locey said when the analysis was done for the Village of Homer, even though they had the two-person rate categories it still ended up being a six percent cost reduction for them to move from their current plan to the Consortium. He noted that the plan variables that can be altered as long as it stays within the standard deviation for the 60% actuarial value.

Report from the Audit and Finance Committee

2-Person Category

Mr. Barber said this was discussed at the last meeting and members have been provided with the information that was considered by the Audit and Finance Committee. He said if the Consortium were to adopt a 2-person rate the family rate would have to go up to make up for it because revenue has to pay for the claim expenses. If there is no interest by the Consortium but there is by an individual municipality Mr. Locey can assist that municipality in creating a premium structure. No member expressed interest in moving forward with a 2-person rate at this time.

New Members and Acceptance Process

Mr. Barber said at the December 18 Board of Directors meeting there will be a resolution considered that will address the initial investment for new members. For small groups joining the amount of money is insignificant and could pose an administrative burden to joining. At the Board meeting members will consider an amendment to the existing policy that would allow the Consortium to ask for some, all, or no initial investment and would be a decision made on an individual applicant basis.

Discussion of the Role of the Joint Committee in Relation to the Board of Directors

Mr. Barber said he and Mr. Weatherby had a discussion after the meeting at which there was debate over the Platinum Plan and the question arose “what is the purpose of the Joint Committee”? He briefly explained how this Committee was created and provided copies of Section K of the Municipal Cooperative Agreement.

Mr. Barber said when the Consortium was being developed the New York State Department of Financial Services (formerly the New York State Insurance Department) said Article 47 of Insurance Law states that labor has to have a meaningful role. A Consortium that was already in place elsewhere had created a joint committee on plan benefit design that this Committee is modeled after. This was offered to the NYSID as the Consortium’s plan to create a meaningful role for labor and the State came back and said this was not enough and that labor had to have a seat on the Board of Directors. The Chair of this Committee which is a labor representative has a seat on the Board and there is a seat on the Board for an additional labor representative; and recently the Board approved an amendment to the Municipal Cooperative Agreement that outlined a process for additional labor representatives to be added to the Board as the number of Consortium members increases beyond 17. After a conference call with the State, labor representatives, municipal representatives, there was agreement on having the initial two labor representatives on the Board.

Mr. Barber said the Consortium is the only Article 47 that has labor sitting on the Board of Directors which is a very powerful place to be; however, he noted that attendance by labor at Board meetings has not been stellar and this Committee should be informed as to who its representatives and alternates are on the Board and what their attendance record is. He encouraged labor to be part of the process and to have representatives attend Board meetings to register a vote. There are currently 28 labor groups that have a seat on this Committee and 15 municipal members that have a seat on this Committee.

Mr. Barber said the MCA states “The Joint Committee shall review all prospective Board actions in connection with benefit structure and design and shall develop findings and recommendations with respect to such matters”. He noted that although there is no approval process the Committee does have the responsibility to review and provide findings and recommendations. Lastly, he reviewed the process for the annual election of the Chair and Vice Chair of the Committee and stated the Committee develops its own bylaws.

Ms. Nunn referred to discussions that took place at this Committee about the recertification process and the different plan models and asked if there could be a discussion by the Committee about what is the expectation or obligation of Committee members is when moving something forward as far as taking information back to individual municipalities or bargaining groups. Mr. Barber said he would welcome this discussion and noted that although the recertification process was not recommended by this Committee there were frequent updates about it and information can be found in the meeting minutes.

Mr. Murphy noted that there was a PERB (Public Employee Relations Board) ruling that was made at almost the same time as the Consortium began to undertake the actual process and something like this could not be foreseen. Mr. Locey said when the structure of this Committee was created one of the things that was thought about early on was that although it may not be a requirement, that if an item is coming forward would impact not only the employers but bargaining units that this Committee would be used as a communication vehicle to inform and relay information.

Mr. Cook said there are other Consortium subcommittees that have open seats and suggested members of labor consider serving on those other committees. Ms. Nunn would also like to discuss getting better representation at meetings by members of this Committee. Ms. Hersey said while her employer encourages attendance at these meetings there are some employers that do not. She suggested there be a discussion of ways to make meetings more accessible. Mr. Locey suggested looking at opportunities for remote access to meetings. Mr. Berggren suggested the meeting time could also be looked at.

Mrs. Shawley said each year the Committee must select a Chair and Vice Chair and asked for ideas on how this could come forward. Ms. Hersey suggested developing a description of the positions and said she thinks having nominations made from the floor may encourage better attendance. She said people need to have a clear understanding of the commitment involved in being a member of this Committee or any of the other Consortium subcommittees. Mr. Logue suggested reaching out by e-mail to members who do not attend to try to learn what obstacles might exist to them attending meetings. Ms. Nunn suggested some type of "infogram" be sent out to members informing them of what the Committee has been discussing.

2015 Meeting Schedule

The Committee tentatively agreed to continue meeting on the first Thursday of each month at 1:30 p.m. in the Rice Conference Room at the Health Department.

New Business

There was no new business.

Old Business

There was no old business.

Next Meeting Agenda

The following items were suggested for inclusion on the next agenda: Election of Chair and Vice Chair and alternates and a discussion of the responsibilities of members.

Adjournment

The meeting adjourned at 3:00 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk