



Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590
www.tompkinscountyny.gov/hconsortium • consortium@tompkins-co.org

"Individually and collectively we invest in realizing high quality, affordable, dependable health insurance."

AGENDA Joint Committee on Plan Structure and Design October 5, 2017 - 1:30 P.M.

Rice Conference Room, Tompkins County Health Department

1. Welcome
2. Changes to the Agenda
3. Approval of September 7, 2017 Minutes (1:35)
4. Chair's Report (1:37) Olivia Hersey
5. Board of Directors Chair Report Judy Drake
6. Consultant Report (1:40) Steve Locey
 - a. Financial Report
 - b. Budget
7. Executive Director Report (1:50) Don Barber
 - a. CanaRx
 - b. Audit and Finance Committee
 - c. Owing Your Own Health Committee
 1. Update on Flu Clinic
 - d. Website Committee
 - e. Governance Structure Committee
8. Election of 3rd Labor Representative on Board of Directors & Alternate Director (2:20)
9. Next Meeting Agenda (2:30)
10. Adjournment (2:30)

Next Meeting: November 2, 2017



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Draft

MINUTES – **DRAFT**

Greater Tompkins County Municipal Health Insurance Consortium Joint Committee on Plan Structure and Design September 7, 2017 – 1:30 p.m. Rice Conference Room, Health Department

Present:

Municipal Representatives: 11 members

Eric Snow, Town of Virgil; Jeff Walker, Village of Cayuga Heights; Schelley Michell-Nunn, City of Ithaca (arrived at 1:38 p.m.); Laura Shawley, Town of Danby; Michael Murphy, Village of Dryden; Mark Witmer, Town of Caroline (arrived at 1:40 p.m.); Sharon Bowman, Tompkins County; Carissa Parlato, Town of Ulysses; Judy Drake, Town of Ithaca and Board of Directors Chair; Betty Conger, Village of Groton; Bud Shattuck, Village of Union Springs

Municipal Representative via Proxy: 2

Charmagne Rungay, Town of Lansing (Proxy – Betty Conger) Sandy Doty, Town of Willet (Proxy – Judy Drake);

Union Representatives: 7 members

Tim Farrell, City of Ithaca DPW Unit; Jim Bower, Bolton Point Water Unit; Tim Arnold, Town of Dryden DPW Teamsters; Olivia Hersey, TC3 Professional Admin. Assoc. Unit; Doug Perine, Tompkins County White Collar President; Jeanne Grace, City of Ithaca Executive Unit (arrived at 1:42 p.m.); Zack Nelson, Ithaca City Admin. Unit

Union Representatives via Proxy: 3

Theresa Viza, Tompkins County Library Staff Unit (Proxy – Olivia Hersey); Jon Munson, Town of Ithaca Teamsters (Proxy – Jim Bower); Kate Devoe, TC Library Professional Unit (Proxy – Olivia Hersey)

Others in attendance:

Don Barber, Executive Director; Steve Locey, Locey and Cahill; Sharon Dovi, TC3 Human Resources; Beth Miller, Excellus; Ted Schiele, Owing Your Own Health Committee Chair

Call to Order

Ms. Hersey, Chair, called the meeting to order at 1:33 p.m.

Changes to the Agenda

There were no additions or deletions to the agenda.

Mr. Arnold arrived at this time.

Approval of Minutes of August 3, 2017

It was MOVED by Ms. Drake, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present, to approve the minutes of the August 3, 2017 meeting as submitted. MINUTES APPROVED.

Chair's Report

Ms. Hersey reported the Governance Structure and Audit and Finance Committees met in August. The main item discussed at the Audit and Finance Committee meeting was the preliminary 2018 budget and a recommended 5% premium rate increase. The Committee also approved the changes to the Gold Metal Level Plan that were recommended by this Committee. These items will be considered by the Board of Directors at its September meeting.

Consultant's Report

Mr. Locey distributed a spreadsheet and reviewed the budget versus actual results thru July 31st and stated revenue is up and is almost 7% (\$1.6 million) over budget. This is primarily due to \$1.2 million in prescription drug rebates and the addition of contracts with enrollment being up 2-3%. He stated prescription drug rebates were budgeted at only \$250,000 for the year and this has been adjusted going forward. On the expense side, medical claims are 9.4% (\$1.5 million) below budget and prescription drug claims are 15.4% below budget (\$1.1 million). Total expenses are approximately 11.4% (\$2.6 million) below the budgeted amount. Mr. Locey noted that instead of having the projected \$900,000 shortfall in revenue the Consortium has experienced an increase in the fund balance of approximately \$3.5 million. He said this will result in the Consortium being able to have a modest premium increase in 2018 of 5%.

Ms. Michell-Nunn arrived at this time.

Mr. Locey reviewed Admin. fees, Stop Loss, professional services, and insurance expenses and said these fees are typically built in to a premium that is paid to an insurance company; however, the Consortium's administrative overhead that includes these three items is slightly over 6% and leaves approximately 93% for everything else. This compares to the community-rated side which is using 15% for administrative overhead and why the Consortium's rates are significantly lower. He stated in order for a community-rated plan to be considered efficient under the Affordable Care Act the split between what is used to pay out benefits and the administrative expenses is 80/20. This allows the Consortium to use funds from good years to offset future rate increases, whereas, this would be a profit for an insurance company.

Mr. Bower and Ms. Grace arrived at this time.

Mr. Locey distributed and reviewed a spreadsheet showing actual results from 2011 thru what was budgeted thru 2017 and a five-year projection. He called attention to the overall paid claims trend in the amount of 8.1% (7.5% medical; 8.5% prescription drug). The current projected rate increase is 5% for 2018, 5% for 2019, and 7% for 2020-2022 based on current results and the goal is to try to maintain the unencumbered balance near the 18% level while maintaining all of the Consortium's reserves.

Mr. Locey distributed and reviewed a spreadsheet showing what the plan paid versus what members pay for fiscal year 2016 thru July, 2017. For medical claims, all plans collectively paid out slightly over \$14.8 million in 2017 which covers 95.3% of all costs paid to medical providers; members paid \$727,660 (4.7%). For prescription drug claims, all plans collectively paid out \$6.5 million (94.23%) and members paid \$392,000 (5.77%). In aggregate, members are paying approximately 5%

of the costs and the plan is paying 95% of the cost for most covered members. In 2016 the average person covered under the plan paid approximately \$317 for the year for their medical care coverage; the amount paid per contract was \$700. To date in 2017, the plan has paid out \$216 on a per covered life and \$466 on a per contract basis. The plan covered slightly over \$7,000 per person and \$15,000 per contract. He noted the report did not include any costs members paid for care that was not covered or out-of-network claims that were above the amount allowed by BlueCross BlueShield.

Executive Director Report

CanaRx Program

Mr. Barber reported eight individuals signed up in August for the CanaRx program. Ms. Drake said she was approached by two individuals who said their medications were on the CanaRx formulary but did not receive letters from ProAct. Mr. Barber said he would communicate this to ProAct.

Committee Reports

Mr. Barber said in addition to items already reported on, the Audit and Finance Committee is looking at the Stop Loss deductible which is currently \$450,000 as well as the Aggregate Stop Loss which is mandated by the State. He said the Consortium would not receive any payment from that policy unless claims were 125% of the budgeted amount. He stated it is extremely unlikely this would happen given the Consortium's claims history and this brings into question why the Consortium would be paying a premium for this insurance of approximately \$70,000. The Consortium's Stop Loss carrier has been asked to assess this risk but a response has not been received.

Mr. Schiele asked if the Consortium would need to weigh the potential shifts in the population that could create significant changes in future years. Mr. Barber responded that there has been a very small population added and there has been no change in the claims trend.

Mr. Barber said the other area that the Committee looks at is the level of the reserves. There are two reserve funds (Surplus and IBNR) that are mandated by the State and two created by the Consortium (Catastrophic Claims Reserve and the Rate Stabilization Reserve). In addition, the Committee looks at the level of the Fund Balance with a target of 18%; currently it is at 36%.

Other items under discussion by the Committee include the audit of prescription drug claims, negotiating terms of the Excellus contract, and considering requests by other municipalities to join the Consortium. The three currently in process for 2018 include the Towns of Homer, Owasco, and Newfield.

Mr. Barber said the charge to the Owing Your Own Health Committee is to work on preventive healthcare and communication with subscribers. The Committee has been planning for the fall flu clinics that have zero cost to members and noted last year over one-quarter of the Consortium's members received the flu vaccines which compares to Excellus' book of business at 17%. The Committee has also been investigating options for the Consortium's role in advancing its mission to encourage subscribers on the practice of preventive healthcare. It was through discussions by the Committee that the idea of restructuring the Consortium website and adding instructional videos to the Consortium's website originated. The Website Committee is not only looking at a restructure of the website, but also changing the domain name, making the site mobile-friendly, and looking at the associated technical support.

Mr. Barber reported on the Governance Structure Committee that was created to look at the governance structure of the Consortium as there are currently 33 Directors and will likely increase to 36 in 2018. After reviewing other organizational structures the Committee compiled a survey that was responded to by a large number of Directors who expressed that they would like to maintain control

over the Consortium's finances but would be willing to relinquish some authority to committees. Based on this, a proposal is being prepared that will be presented to the Board of Directors for input.

Election of 3rd Labor Representative on Board of Directors & Alternate Director

Ms. Hersey said she believes in order to make an informed decision the person who serves as the 3rd Labor Director on the Board of Directors should be attending and participating in these Committee meetings.

Mr. Locey said because of things that are happening at the State level every county is looking for ways to collaborate with local municipalities to save money. One thing that is happening is that there are efforts to press the State to make changes to Article 47 to make it easier for municipalities to come together to do this. One thing that could come from that is some discussion about the Board of Directors as the current language requires labor representation on the Board although it is unclear as to how it is structured. He said this could likely result in the State looking at this Consortium's model for labor participation as this is the only group that was set up under Article 47 and is the only existing model in the State that allows large municipalities to pool resources together with small municipalities in a health insurance environment that is working. He cautioned that if labor positions are not filled it could jeopardize the model with regard to labor representation.

Mr. Nelson said he would consider serving as the 3rd Labor Director. Ms. Grace said she would be willing to serve as the alternate labor Director.

It was MOVED by Mr. Farrell, seconded by Mr. Bower, and unanimously adopted by voice vote by labor members present, to appoint Jeanne Grace to serve as an alternate Labor Director. MOTION CARRIED.

Next Meeting Agenda

The following items were suggested for inclusion on the next agenda:

September 7, 2017 minutes approval;
Selection of 3rd Labor Representative to the Board of Directors; and
Committee reports to include update on flu clinics

Adjournment

The meeting adjourned at 2:18 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk