



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 1, 2015 – 1:30 p.m.  
Rice Conference Room, Health Department

Approved

### ***Present:***

#### ***Municipal Representatives: 6 members***

Judy Drake, Town of Ithaca and Board of Directors Chair; Michael Murphy, Village of Dryden; Brooke Jobin, Tompkins County; Jennifer Case, Town of Dryden (arrived at 1:35 p.m.); Schelley Michell Nunn, City of Ithaca; Carissa Parlato, Town of Ulysses

#### ***Municipal Representative via Proxy: 3***

Betty Conger, Village of Groton (Proxy – Judy Drake); Genevieve Suits, Village of Homer (Proxy – Judy Drake); Joan Mangione, Village of Cayuga Heights (Proxy – Judy Drake)

#### ***Union Representatives: 7 members***

Scott Weatherby, TC3 Staff Unit; James Bower, IUOE Local 158, District 832 Bolton Point; Tim Farrell, City of Ithaca DPW Unit; Olivia Hersey, TC3 Professional Admin. Assoc. Unit (excused at 2:30 p.m.); Doug Perine, Tompkins County White Collar President; Jon Munson, Town of Ithaca Teamsters; Phil Vanwormer, City of Ithaca Admin. Unit

#### **Union Representatives via Proxy: 1**

Jerry Wright, Village of Cayuga Heights Police (Proxy – Scott Weatherby)

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

Don Barber, Executive Director; Steve Locey, Locey & Cahill; Ted Schiele, Owning Your Own Health Committee, Margaret Gannon, CSEA Health Benefits Department

### **Call to Order**

Mr. Weatherby, Chair, called the meeting to order at 1:33 p.m.

### **Chair's Reprt**

Mr. Weatherby announced he will be retiring from TC3 in February and he will no longer be chairing this Committee after December.

### **Report from the Chair of the Board of Directors**

Ms. Drake reported the Board met last month and adopted a budget for 2016 that includes a premium increase of 3%. The Board also approved the Gold and Silver metal level plans, added the Town of Virgil as a member of the Consortium, and adopted the Blue4U

Program as the wellness component for the metal level plans. There was discussion of the Code of Ethics Policy and the Board deferred that to the next meeting.

Mr. Murphy asked what the average premium rate increase is for other health plans. Mr. Locey responded that the regional and national average increase is between 8-9% with no change in benefits.

### **Executive Director Report**

Mr. Barber reported the Town of Virgil will be joining the Consortium on January 1, 2016 and will bring five employees. The Town of Newfield and the Town of Truxton are still very interested in joining in 2016.

### **Mission/Vision Statement**

Mr. Barber presented the Committee with a draft mission/vision statement and three questions for members to consider answering. Once a significant number of responses are received a special committee will be created to work through the responses and develop a proposal for the Board to consider.

### **Medicare Advantage and Medicare Supplement**

Mr. Locey said this item is on the agenda for the purpose of starting a discussion of the way benefits are provided to individuals who are retired and on Medicare. In a traditional setting with most employers there is a Medicare carve-out. There are three ways that individuals with Medicare get additional coverage to help offset expenses that Medicare does not cover. The first is the Medicare carve-out; this is when a person who is retired maintains their employer's health insurance plan into retirement. When they become 65 they sign up for Medicare and that becomes their primary insurance carrier. Their base plan from the employer remains exactly the same as it was. When the employer plan receives a claim it will adjudicate it just as they would for an active employee and will pay anything that was covered as it would have paid minus what Medicare paid. If Medicare denies a claim that the plan would have covered the plan will still pay. He gave an example for prescription drugs and said since Medicare does not cover prescription drugs the plan would pay anything the plan would have paid.

The second option is a Medicare supplement. This follows form with Medicare and only generally pays things that are approved by Medicare that are not paid (deductibles, co-insurance, co-payments). The Consortium has a base Medicare supplement plan with drug add-ons.

The last option is a Medicare Advantage Plan. This is an insured plan from an insurance company that incorporates both Medicare and a traditional insurance plan. The coverage is somewhat different than Medicare because some of the traditional things covered may have higher or lower co-pays and the premiums with those programs are fairly low. He explained the history of the federal government funding these programs and said currently insurance companies are getting approximately \$9,000 for these programs; however, when they first began that amount would have covered not only what Medicare didn't pay but also a lot of additional items. Over the years the benefits have been scaled back and there is now a premium for these programs.

Mr. Locey distributed information to help begin the discussion of additional coverages that the Consortium could offer Medicare-age retirees and how it could impact the Consortium.

He said because Medicare Advantage programs are private insurance programs and community-rated the individuals would no longer participate in the Consortium if they were allowed to go purchase them. Pulling that demographic population out of the Consortium could alter the remaining people in the Consortium because of the loss incurred by pulling them out. Generally, the Medicare age people do subsidize to some extent the actives and retirees under 65. He said if the Consortium were to lose more revenue than expense those funds would need to be made up elsewhere. When an individual moves to Medicare the amount of claims expense declines dramatically although the prescription drug expenses for those individuals typically goes up. Approximately 30% of the Consortium's population is 65 years of age or older. Mr. Locey said a few municipalities have adopted the Medicare Supplement plan since the Consortium began to offer it.

Mr. Weatherby asked which plan is more beneficial for the Consortium to offer. Mr. Locey said the plan that keeps the Consortium the most stable and is the most financially beneficial is the carve-out. The Medicare Supplement is not a great plan for the Medicare-age individuals because what they really want is a plan with a lower premium and although it is slightly lower it is not much lower than what they were paying for the employer plan. He walked the Committee through a grid showing various benefits and differences between what Medicare, a Supplement Plan, and a carve-out would pay. He noted some employers who offer a Medicare carve-out receive a retiree drug subsidy from the federal government which is a percentage of money on the drug spend for Medicare-age individuals as a reward for continuing to provide them coverage. The loss of this revenue, in addition to increasing premiums because of moving this group out would need to be compared to the savings by having a Medicare Advantage program would need to be looked at.

Mr. Locey said there are employers that are looking to join the Consortium that have employees enrolled in Medicare Advantage and there are some employers within the Consortium that would like to offer it but the rules currently encourage people not to do that to avoid situations where employers are doing things differently. The Consortium does have the opportunity to set a risk assessment charge if it is felt someone is doing something that advantages them but affects everyone else in the Consortium and this is something that needs further discussion. Since the Consortium cannot offer a Medicare Advantage Plan there needs to be consideration given to what the impact would be on the entire Consortium if employers were permitted to offer this. In the end he said it is important to make sure that everyone is paying a fair amount into the Consortium for Consortium expenses regardless of what is going on outside of the Consortium.

Mr. Masser asked if the Consortium could explore offering a nursing home rider on a policy. Mr. Locey said it could be explored but hasn't been discussed yet. Mr. Masser requested that this be looked into.

Mr. Locey explained why the Consortium cannot offer the Medicare Advantage Plan and said it must be offered by a traditional insurance company on a community-rated basis. Although the Consortium is treated somewhat like an insurance company by the New York State Department of Financial Services it is not selling products and does not have the ability to establish a Medicare Advantage Program and receive funding from the federal government.

Mr. Farrell asked why a person would choose to go to a Medicare Advantage Program. Mr. Locey said the premium cost is the main reason.

Ms. Jobin asked which municipalities in the Consortium offers a Medicare Advantage Program. Mr. Locey said the Town of Ulysses and the Town of Lansing currently offer it.

Ms. Hersey expressed concern that the population that would leave the Consortium to go with a Medicare Advantage Plan would be the healthier older population who typically do not have a lot of medical costs. She said the Consortium needs to be careful that the older population that is more unhealthy doesn't stay in the Consortium and drive more of the pharmaceutical costs up as this would result in everyone paying more and create a disparity.

Mr. Locey said this is the beginning of a long and complex discussion that will follow in the coming months. He commented that one thing that can quickly undo something like the Consortium is to have people feel that they are being treated unfairly.

Ms. Hersey was excused at this time.

### **Flu Clinic Update**

Mr. Barber reported there were 250 vaccinations administered during the Consortium's flu clinics, which is a lot more than last year. More information will be available at the next meeting.

### **Approval of Minutes of September 3, 2015**

The minutes of September 3, 2015 were deferred due to lack of quorum. MINUTES DEFERRED.

### **Next Meeting Agenda**

The following items were suggested for inclusion on the next agenda: Discussion of developing rules relating to employees moving to different metal plans, continue discussion of retiree options, and a flu clinic update.

### **Adjournment**

The meeting adjourned at 2:00 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk