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125 East Court Street
Ithaca, NY 14850
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AGENDA

Board of Directors Meeting

April 29, 2010 – Old Jail Conference Room

1. Approve March 2010 minutes
2. Financial update
3. Reserving requirements/ financial instruments
4. Union participation/Joint Committee update
5. Public Officials insurance and Errors and Omissions insurance update

Consortium Members:

County of Tompkins ~ City of Ithaca ~ Town of Caroline ~
Town of Danby ~ Town of Dryden ~ Town of Enfield ~ Town of Groton ~ Town of Ithaca ~
Town of Ulysses ~ Village of Cayuga Heights ~ Village of Dryden ~ Village of Groton ~ Village of Trumansburg

GREATER

**TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM**

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**Greater Tompkins County Municipal Health Insurance Consortium
Board of Directors
March 25, 2010
Old Jail Conference Room
Agenda ******

draft

1. Approve February 2010 Minutes VOTE
2. Letter of Credit update
3. Stop Loss Insurance update
4. Errors and Omissions Insurance update
5. MEDCO update
6. Resolutions to join update
7. Financial reports for NYSID discussion
8. Union participation

****Disclaimer: While these items have been discussed, NONE of them have been voted on or finalized. All plans are in the DRAFT phase.*

Present:

Municipalities:

City of Ithaca - Carolyn Peterson, County of Tompkins - Anita Fitzpatrick, Town of Caroline - Don Barber, Town of Danby - Laura Shawley, Town of Dryden - Mary Ann Sumner, Town of Enfield - Herb Masser, Town of Ithaca - Judith Drake, Town of Ulysses - Lucia Tyler, Village of Cayuga Heights - Jim Gilmore, Village of Dryden - Charles Becker, Village of Groton - Charles V. Rankin, Village of Trumansburg - Rordan Hart

Union:

CSEA - Chantalise Demarco, President TC3 PAA - Darlene Finn, Ithaca

Absent:

Town of Groton

In attendance:

Locey & Cahill - Steve Locey, Locey & Cahill - David M Sanders, Village of Cayuga Heights - Kate Supron, TC3 - Sharon Dovi, Ithaca Paid Fire Fighters Association - David Teeter Paid Fire Fighters Association President - Greg Stevenson

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Welcome Agenda

Chair Don Barber called the meeting to order at 5:34pm. Mr. Barber began by asking all in attendance to introduce themselves as there were several new people in attendance.

1. Approval of February Minutes

February minutes were reviewed by the Board of Directors.

Motion: Jim Gilmore

Second: Charles V. Rankin

Discussion: Jim Gilmore

Carried: Unanimously approved

2. Letter of Credit update

Discussion, how to secure reserves?

Some of the possible options that have been discussed include, doubling first two-month premiums, Letter of Credit, Performance Bond, and/or a Surety Bond. When asked if the NYSID will be satisfied by a Performance Bond, Mr. Locey responded that they will not be. Not fully, not at the end of the year. What it will do is match Excellus BCBS and allow us time to develop cash by the end of the year.

NYSID anxiety is that we will not have reserves on day one, they are willing to allow the consortium to build over time, when complimented by some type of security mechanism, letter of credit, but they want the capital surplus reserves on day one, 1.2 million dollars. The IBNR can be built over time, as long as there is some method of security on our liability, like a Letter of Credit, but the LOC itself, is no longer a option, due to the consortium being its own entity, not that of the county or city for example. Our request for an IBNR of 17% has been granted by the state, according to Mr. Locey.

No action required, concluded Mr. Barber

3. Stop Loss Insurance update

Mr. Locey reviewed an updated Stop-Loss renewals/ proposal from Excellus BCBS as the original has expired. Mr. Locey outlined costs, adm. fees, consortium budget, and told the BOD that there are no remaining issues or concerns with the NYSID on this topic. It was presented to the BOD that an agreement has been reached with the NYSID that we will purchase Stop-Loss Insurance when the consortium is given the "green light" by the state to begin.

4. Errors and Omissions Insurance update

Mr. Locey spoke about recent applications of Directors and Officer Insurance coverage researching liability of one, two and five million dollar coverage with and without deductibles. He stated that Ms Kippola has worked diligently on this agenda.

Mr. Locey presented a copy of the New York State Public Officers Law, section 18, outlining 1 (b) and 3 (a).

(b) The term "**employee**" shall mean any commissioner, member of a public board or commission, trustee, director, officer, employee, volunteer expressly authorized to participate in a publicly sponsored volunteer program, or any other person holding a position by election, appointment or employment in the service of a public entity, whether or not compensated, but shall not include the sheriff of any county or an independent contractor. The term

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"employee" shall include a former employee, his estate or judicially appointed personal representative.

3. (a) Upon compliance by the employee with the provisions of subdivision five of this section, the public entity shall provide for the defense of the employee in any civil action or proceeding, state or federal, arising out of any alleged act or omission which occurred or allegedly occurred while the employee was acting within the scope of his public employment or duties. This duty to provide for a defense shall not arise where such civil action or proceeding is brought by or at the behest of the public entity employing such employee.

4. (a) The public entity shall indemnify and save harmless its employees in the amount of any judgment obtained against such employees in a state or federal court, or in the amount of any settlement of a claim, provided that the act or omission from which such judgment or claim arose occurred while the employee was acting within the scope of his public employment or duties; provided further that in the case of a settlement the duty to indemnify and save harmless shall be conditioned upon the approval of the amount of settlement by the governing body of the public entity.

Mr. Locey stated that the BODs are employees per definition, which includes elected officials and that as an employee each is indemnify and save harmless, by the NYS Public Officers Law. Each BOD has been appointed by resolution from their respective municipalities that ensures this protection. It is therefore concluded that each member has some level of protection under the above law, however each municipal liability insurance should be reviewed to make certain another level of protection. For example, Mr. Becker has been informed by his insurance representative that he will not be covered under the Villages current plan. This uninsured exposure represents of the municipality, not the individual BOD. Each BOD should contact their municipal attorney to ensure that they considered an "Employee and contact their Insurance Representative to discuss scope of the insurance coverage. In the meantime, review quotes, review coverage, if low cost additional coverage is available, its purchase should be analyzed. Mr. Locey will send out to the BOD a reminder to check coverage and ensure compliance with NYS Public Officers Law.

5. MEDCO update

Mr. Locey completed an investigation of the County's replacement of prescription company Informed Rx to Medco. Although there were an array of issues during the conversion, which have been discussed in the past, the short timeline, the overall impact, tier changes, refill issues, 90 day supply verses 90 pills and overall costs were regarded to be "not significant".

Mr. Locey provided Medco Formularies for comparisons.

Medco Rx Formulary

<http://www.tompkins-co.org/pubinfo/health/2009MedcoRxFormularyGuidePrinted1109.pdf>

6. Resolutions to join update

List of resolutions which have accepted and passed the newest changes to the Inter-municipal Cooperative Agreement 2/8/2010.

Town of Enfield
Town of Caroline
Town of Ulysses
Town of Ithaca
Village of Groton

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7. Financial reports for NYSID discussion

Mr. Barber began with a brief review of the issues with the NYSID. He stated that there as been an increasing level of frustration, over the last three months, with the back and forth questions and answers with the NYSID as it pertains to our budget. Not with the questions per say, but with the inefficient methods. Our newest strategy is to ask the NYSID to sit down with us and review the budget, answer questions, present numbers, and document concerns in one productive meeting.

Mr. Locey presented his 2010 and 2011 fiscal year preliminary budget estimates. Mr. Locey systematically reviewed the preliminary budget, line item per line item. He explored how each amount was determined, assumptions when predicting 2011 amounts, changes from pervious budgets, Paid claims, Adm. Fees, and Stop-loss numbers. This information is being shared with the NYSID and will hopefully resolve the consortium finance concerns by the State.

If the NYSID agrees with our numbers things will move very quickly assuming governance issues are resolved over the next month.

Mr. Locey explained the differences between the school consortiums and the Greater Tompkins County Municipal Health Insurance Consortium under article 47. The school consortiums do not require as much state governance, since they are purchasing an insurance instrument, which only requires approval. Our consortium requires much more regulation, due to community rating for smaller employers, employers of fewer than 50 employees. If we did not include these smaller entities we would not be exposed to as much regulation, however that is not an option.

Federal Health Care Reform

In order to provide the BOD a brief understanding of the new Federal Health Care Reform, Mr. Locey outlined and provided additional resources in an attempt to summarize the more than 2,400 page legislation.

The following are the most significant provisions that would directly impact costs:

Exclusions of the costs associated with over-the-counter drugs not prescribed by a doctor from being reimbursed by an HRA, FSA, HAS, or MSA. *(effective January 1, 2011)*

Limit the amount that can be contributed to an FSA for medical expenses to \$2,500 per annum. *(effective January 1, 2011)*

Elimination of the tax deduction for employees who receive Medicare RDS payments.

Expanding dependent coverage under all individual and group policies to include children up to age 26. *(effective six months after bill is signing)*

Elimination of lifetime and/or annual maximums on the dollar value of coverage.

Enhanced prevention care coverage

Mr. Locey provided an informative website, the source, Henry J. Kaiser Family Foundation, a leader in the field of health policy and communication. <http://www.kff.org/>.

8. Union participation

Ms. Chantalse Demarco was asked to summarize the Union/ Bargaining Unit meeting from March 23, 2010. She stated that there were no decisions made, plenty of discussion and a range of ideas and topics. Guidance is hampered by the lack of consistency within existing consortiums. Several concerns were presented by both Union/ Bargaining Unit representatives and BOD, which included;

How each unit would be represented on the Board?

Delusion of municipal vote, by the inclusion of Unions, while considering the weighted voting model.

Stability of the number of jobs.

The need to control costs.

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Separate the two areas of concerns, finance and benefits.

Conclusion, there are mutual goals, decrease costs, (Unions to maintain jobs, Elected official control spending), while allowing a system in which the day to day business of the consortium maybe done efficiently and promptly.

Adjournment 7:02

Motion: Carolyn Peterson

Second: Mary Ann Sumner