

Municipalities building a
stable insurance future.

125 East Court Street
Ithaca, NY 14850
607-274-5590
INFO: consortium@twcny.rr.com
www.tompkins-co.org/healthconsortium

Board of Directors Meeting

March 28, 2013 – 5:30 pm - Old Jail Conference Room

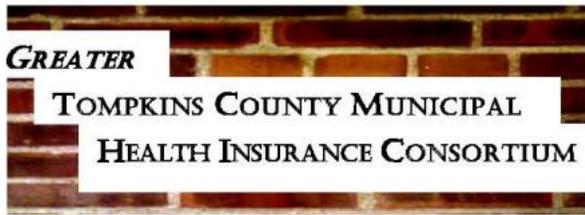
(free parking in County lots after 5:00 pm)

1. Call to Order
2. Approval of December 20, 2012 Minutes (**VOTE**) (5:30)
3. Changes to the Agenda
4. Reports from Steve Locey:
 - a. Financial Update (5:35)
5. Chair's Report: (5:45)
 - a. Update on New York State Department of Financial Services Audit
 1. Joint Committee Citation
 - b. Affordable Care Act and Implication for Consortium and Employers
 - c. Status Report on of 2012 JURAT (Actuary and Bonadio work)
 - d. Update on Clinical Integration
6. **RESOLUTION: (VOTE)** Authorizing Contract for Actuarial Services - Aquarius Capital (6:05)
7. **RESOLUTION: (VOTE)** Amendment to Res. No. 14 of 2013 - Appointments to Finance Committee (6:10)
8. Bonadio Group Invoice:
 - a. Approval of Payment
 - b. Process for Future Payments
9. Discussion of Amending the Municipal Cooperative Agreement if number goes above 17 (6:15)
10. Update on Prescription Benefit Manager Transition (6:25)
 - a. Discussion: Process for Board to Decide on Policy for Private Advertising on Consortium Information
11. Report from Joint Committee on Plan Structure and Design (6:35) C. DeMarco
12. Report from the Audit Committee (6:40) L. Shawley
13. Report from the Finance Committee (6:50) D. Barber
14. Adjournment (7:00)

Next Meeting: May 23, 2013

Consortium Members:

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



Municipalities building a
stable insurance future.

125 East Court Street
Ithaca, NY 14850
607-274-5590
INFO: consortium@twcny.rr.com
www.tompkins-co.org/healthconsortium

**Board of Directors
December 20, 2012
5:30 p.m.**

Draft 12-21-2012

Scott Heyman Conference Room

Municipal Representatives: 10

Don Barber, Chair; Charles Rankin, Village of Groton; Elizabeth Karns, Village of Cayuga Heights; Lucia Tyler, Town of Ulysses; Mary Ann Sumner, Town of Dryden (excused at 6:33 p.m.); Judith Drake, Town of Ithaca; Anita Fitzpatrick, Tompkins County; Rordan Hart, Village of Trumansburg; Steve Thayer, City of Ithaca (arrived at 5:35 p.m.); Laura Shawley, Town of Danby (arrived at 5:51 p.m.)

Voting Union Representatives: 2

Chantalise DeMarco, CSEA President, Joint Committee Chair; George Apgar II, Ithaca Professional Fire Fighters Association, President, 2nd Labor Representative (arrived at 5:36 p.m.)

Excused: 1

Herb Masser, Town of Enfield

Absent: 2

Glenn Morey, Town of Groton; Charles Becker, Village of Dryden

Others in attendance:

Kathy Miller, Town of Lansing; Mack Cook, Cortland City Manager; Travis Turner, Cayuga Area Physicians; Steve Locey, Locey & Cahill; David Squires, Tompkins County Finance Director; Sharon Dovi, TC3; Beth Miller, Kristen Rusho, Excellus

Call to Order

The meeting was called to order at 5:30 p.m. by Mr. Barber, Chair.

Approval of Minutes – October 25, 2012

It was MOVED by Mr. Rankin, seconded by Ms. DeMarco, and unanimously adopted by voice vote by members present, to approve the minutes of October 24, 2012, as submitted.

Changes to the Agenda

There were no changes made to the agenda.

Report from Locey and Cahill

Financial Update

Mr. Locey distributed a financial report thru November 30, 2012 and reported year-to-date the Consortium is slightly over in revenue from expenses by \$2.2 million. Prescription

drug rebates that come into the program are \$400,000; overall revenue is \$26.85 million. To date, \$22.9 million has been spent in claims out of the total expense budget of \$24.6 million.

Mr. Thayer arrived at this time.

Mr. Locey reviewed the contents of the report and stated that overall things are looking extremely well for the Consortium through the first 23 months of operation and expects to finish the year farther ahead than expected. In terms of liabilities the reserve for the IBNR (Incurred But Not Reported) claims liability is at \$3.14 million and the Rate Capitalization Reserve is at \$1.3 million, leaving an unencumbered balance of slightly over \$1.76 million. Although not in a position to pay it back fully, he said the Consortium is getting close to potentially start paying back the Capitalization Reserve if things continue to progress as they have been.

Mr. Locey referred to the adopted budget, year-to-date budget, and actual results and said in terms of income the Consortium is slightly over budget. There has been 1.08% more revenue than anticipated. In terms of expenses the Consortium is almost 4.5% below budget which is primarily for medical paid claims even with one significant loss.

He reviewed the Paid Claims Development model and said as the Plan was developed for the Consortium it was estimated where claims would be. Based on the original models the Consortium is 1½% (\$700,000) below the expected level. Total budgeted claims were \$45.8 million and are currently just under \$45.1 million.

Mr. Locey presented the medical and prescription drug claims broken out and noted the prescription drug expenses are much easier to predict from month to month. He reviewed the Capitalization investment document, noting the City of Cortland and Town of Lansing information will be added on January 1, 2013. When the Consortium is ready to begin paying monies back it will be documented when the investment was made, how many years of interest needs to be paid, and the proportionate share that needs to be paid back.

Ms. Karns called attention to the administrative fees being 17% over what was budgeted. Mr. Locey said it may be because the Consortium moved from Excellus to an outside vendor that enacted a 37 cent per contract per month fee. Ms. Karns said while she thinks the Consortium is in a great position overall the details of why some of the lines are off budget are unclear. Mr. Locey said he will look into this and provide more detail on each one on the year-end report.

Mr. Mareane said the State had a way of calculating Reserve requirements and there was some dispute about that. He asked if the figures reflect the more conservative way of computing what the required reserves are. Mr. Locey said they do; the IBNR is 12% (\$3.14 million and the Rate Stabilization is 5% (\$1.437 million).

Prescription Drug Manager

Mr. Locey said one of the things that was done with ProAct was with the transitioning and claims processing systems at Excellus. There was an opportunity for ProAct to set up all the group structures to resemble how the Excellus had them so that when a change is made in the Excellus system it will be electronically sent to ProAct. He said although there were some challenges with this at the beginning he believes things have been worked out and ProAct is ready. He asked if anyone experiences any issues to let him or ProAct know.

Ms. Shawley arrived at this time.

Mr. Locey said he will be keeping a close eye on the financial side of the transition to ProAct; it is a multi-year agreement in terms of the guarantee on reimbursement rates and administrative fees but it is a year-by-year contract. He wants to make sure that the switch to ProAct from Express Scripts accomplishes having better service and at least the same financial arrangement if not better. Any problems will be brought to the Board's attention.

Ms. Miller said Excellus and ProAct held information and training sessions for the Consortium that included providing municipal clerks with information the new Excellus system. She said reported on changes to groups coming into the Consortium and stated the Town of Dryden and the Village of Cayuga Heights brought groups into the Consortium. She said ProAct is finalizing information before releasing the new cards.

Ms. DeMarco said she received a letter from Excellus but didn't notice a three-letter prefix; Ms. Miller said she would look into this and report back.

Excellus Rate Information

Mr. Locey said at the last meeting there was a request to provide a breakdown of the Excellus Administrative fee and what services are covered. He distributed a document outlining what is included in the administrative fee and stated the Consortium is in the second year of a three-year agreement with Excellus on the administrative rate for providing service. For 2013 the rate is going up to \$30.43 per contract per month with a guarantee for 2014 of \$31.80. The document contained a pie chart showing a breakdown of what is covered by that fee. Those items include: claims and administration, customer service, health benefits management, marketing and sales, membership and billing, reporting and actuarial services, contracting, and legal services.

Chair's Report

Mr. Barber said the New York State Financial Services Department has set up an office in the Ithaca Town Hall and is going through records. The auditor, Gail Ross, has been reviewing information that has been provided through a website set up specifically for the audit. Ms. Ross has made additional information requests, conducting interviews, and communicating with Excellus.

Ms. Karns asked if it is known what the cost of the audit will be. Mr. Barber said he asked this question and was told it will be somewhere between \$10,000-\$15,000. He said one of the things that was clear from his interview with the State was that the Consortium needs to be conducting an audit of claims.

Report from the Executive Committee

Mr. Barber said at the last meeting there was discussion of the Consultant's contract and concerns with the reporting to the Department of Financial Services Department. The Executive Committee met after the third quarter was filed and directed Mr. Barber to amend the contract with Locey and Cahill to remove the JURAT, quarterly, and annual reporting from the contract and work out an agreement with the Bonadio Group to prepare those reports. One of the things they will be asked to do is to put together a process so that it doesn't require a CPA firm to do this.

Mr. Barber said at the last meeting and as a result of reading the audit documents there was discussion about creating a Finance Committee. The scope of work for that Committee would be to: develop a budget for the Consortium, be involved in setting the rate, review reserves, and review stop loss insurance and retention.

Ms. Sumner asked how the Bonadio Group was selected. Mr. Barber said Tompkins County and the City of Cortland has worked with the Bonadio Group on this type of work. At this point the purpose is to set up a process; this would be a one-year contract that could be put out to bid next year if the Board chooses to.

Update on Clinical Integration

Mr. Barber reported Clinical Integration will begin in 2013. When this was originally presented by the Cayuga Area Physicians Alliance to the Consortium, it came with a cost of \$300,000 per year to fund this. They are no longer asking for those funds and have made arrangements through Excellus to recapture those funds and the Consortium will hear more about those arrangements at a later date.

Mr. Turner said since this was originally presented CAP has signed agreements with Excellus and Aetna and Ithaca College and Cornell University are working directly with them through that relationship sharing historical and ongoing data that is specific to their population. Because that relationship with Excellus covers their entire business it is a confidential relationship and as discussions about sharing data with the Consortium there can be discussion of population and care management specific to the Consortium's population.

Ms. Sumner asked how she can learn more about this. Mr. Turner said they are currently constructing a website and there is a great deal of information available on the internet. He will provide members with information. This item will also be included on the next agenda.

Overview of Medical Management Programs Offered by Excellus

Ms. Miller explained what Excellus is doing in relation to the Consortium's standard benefits. She said approximately 80% of the Consortium's members are in an indemnity plan which does not require any type of prior authorization and does not mandate any type of medical management. There are about 15% of the population in a PPO plan which Ms. Rusho will be addressing.

Ms. Rusho said to medically manage Consortium members in the PPO plan, Excellus begins with utilization management and begins with prior authorization review to make sure the procedure is medically necessary and is appropriate care in the right time and right place. There is also a review that takes place on the back end; this is the lowest review and these are taken care of by customer service and go against the medical plan design. Where medical management utilization comes into play is for the high cost/high risk services and making sure something that has been put through the prior authorization process and what Excellus medical directors, and clinical nurses are looking at and reviewing on a regular basis.

With regard to disease and case management, this takes place on the back-end and are generally the high risk/high cost members that they find in one of two ways. They pull those off of discharge lists, provider referrals, self-referrals, and through predictive modeling. Through the predictive modeling they focus on the six chronic conditions that they serve: diabetes, asthma, COPD, CAD, CHF, and depression. By running these people through the predictive modeling they come up with a risk score and get stratified and outreach is conducted based on what their risk score is. They also do medical outreach to members if there are gaps in care to remind them of things they should focus on but is not intrusive in nature. There is also a yearly newsletter in addition to mailings that go out to every member with a chronic condition. There is also an annual preventive newsletter that goes out to each household. Ms. Rusho noted their intention is not to deny a claim and their goal is to see the care is appropriate.

Ms. Karns asked if the population in the Consortium's PPO have a different claim experience than the rest of the group. Ms. Rusho said they would have to go back and see what the claims experience is to get this information. Ms. Miller said she would check on this.

Ms. Sumner was excused at 6:33 p.m.

There was a brief discussion concerning the number of Consortium members that are in a PPO plan versus an indemnity plan. It was stated that because there is not a huge difference in the premium there is not a huge incentive for members to move to a PPO plan. Ms. Karns asked what committee would look at this to follow-up; Mr. Locey said this overlaps different committees, including the Strategic Planning Committee and the Finance Committee and should be discussed further.

RESOLUTION NO. 009 - 2012 – AMENDMENT TO CONTRACT FOR PLAN CONSULTANT

MOVED by Mr. Barber, seconded by Ms. Karns, and unanimously adopted by voice vote by members present.

WHEREAS, the Consortium entered into a contract for Consulting Services on January 1, 2011 for a two-year period, and

WHEREAS, the contract was extended by Resolution No. 8 of 2012 for one-year period thru December 31, 2013, and

WHEREAS, based on a review of the services provided by the Consultant and on recommendation of the Executive Committee, the Board of Directors has determined that it would be in the best interest of the Consortium to amend the original contract, now therefore be it

RESOLVED, That the Board of Directors approves an amendment to the contract between the Greater Tompkins County Municipal Health Insurance Consortium and the Plan Consultant, Locey & Cahill, LLC, and authorizes the Chair to sign a contract amendment.

* * * * *

RESOLUTION NO. 010 - 2012 – AUTHORIZATION TO ENTER INTO AGREEMENT WITH BONADIO & CO. LLP - FINANCIAL REPORTING

MOVED by Mr. Barber, seconded by Ms. Drake, and unanimously adopted by voice vote by members present.

Mr. Barber said the scope of services would include completing the Annual Report for 2012 and the first three quarters of 2013 and the Annual Report for 2013. It would also require that an actuary complete work before the 120 days are up so it could be included in the Annual Report. The Bonadio Group has been asked to communicate by phone whenever possible as way to reduce time and expenses. They will also be communicating with the New York State Department of Financial Services to make sure they are providing them with the necessary information.

RESOLVED, That the Board of Directors authorizes the Chair to sign a letter of engagement with Bonadio & Co. LLP for a one-year contract expiring December 31, 2013.

* * * * *

RESOLUTION NO. 011-2012 - ACCEPTANCE OF APPLICATION BY THE TOWN OF LANSING TO BECOME A PARTICIPANT IN THE GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM

MOVED by Mr. Barber seconded by Ms. Shawley, and unanimously adopted by voice vote by members present.

Whereas, by Resolution No. 005 of 2012 the Consortium Board of Directors adopted a policy outlining a process of applying for membership to the Consortium, and

Whereas, the Town of Lansing has submitted an official resolution authorizing the Town of Lansing to join the Consortium in accordance with the terms and conditions outlined in the Municipal Cooperative Agreement,

Whereas, the Town of Lansing has complied with membership process outlined in Resolution No. 005 of 2012 and has submitted copies of financial reports which have been reviewed and found acceptable by the Consortium's Treasurer, Chief Financial Officer and/or the Consortium's Auditor, now therefore be it

RESOLVED, That the Greater Tompkins County Municipal Health Insurance Consortium, accepts the Town of Lansing as the 15th municipal participant.

* * * * *

Ms. DeMarco said the Consortium is moving closer to the membership of 17 and asked that the discussion on addressing this in relation to the Municipal Cooperative Agreement take place at an upcoming meeting.

RESOLUTION NO. 012-2012 - AUTHORIZATION TO PURCHASE INSURANCE POLICIES: STOP LOSS, ERRORS AND OMISSIONS, AND DIRECTORS AND OFFICERS LIABILITY COVERAGE

MOVED by Mr. Barber, seconded by Ms. Karns.

Mr. Locey reported that since the last meeting there have been significant changes in terms of the number of large losses the Consortium has had. He referred to a memorandum distributed and explained the census counts are based on the current population plus the City of Cortland and all quotes include both prescription and medical drug claims. In terms of the contract timing, all of the claims that are covered under these contracts have to be incurred during the policy year. The specific Stop Loss covers individuals and is like a high deductible health plan. The deductible this year was \$275,000. Once someone gets above that level claims are submitted to the Stop Loss carrier and they reimburse those monies to the plan. In all cases the plan pays the claim and is then reimbursed. In terms of the annual maximum, last year it was based off of \$1 million. In 2013 Highmark adjusted it up to \$2 million for the year; the Blues are unlimited, the lifetime maximum is unlimited under all of them.

Mr. Locey explained Aggregate Stop Loss covers the entire population; most groups don't purchase it and he wouldn't recommend it but its required by Law. In terms of protection it is \$1 million maximum for the year. He explained the insurance company sets an expected claims cost for the year. There is a deductible (in this case 25%). The Consortium has to get to 125% of expected claims costs before they begin reimbursing.

He said they are recommending Highmark option 1, which the specific deductible increases by \$25,000, the annual maximum is increased to \$2 million, and keeps the rate down slightly. He said the first quotes came in quite high and were because of the large losses the Consortium has experienced and why it is a significantly higher amount than what was budgeted (\$100,000 difference). Mr. Locey said currently the Consortium has approximately \$1 million in claims and expects to get back \$695,000 in reimbursements, which will result in a net reimbursement after this year's premium in the amount of approximately \$300,000. There were 57 claimants over \$25,000, 8 over \$100,000, 4 over \$200,000 and 1 that is close to \$1 million. He suggested the Audit Committee could look at different ways to strategize with this next year to keep costs down but still provide the needed cash flow protection and satisfy Article 47.

A voice vote resulted as follows: Ayes - 11, Noes - 0, Excused - 2 (Ms. Sumner, Mr. Masser); Absent - 2 (Mr. Morey and Mr. Becker). RESOLUTION ADOPTED.

Whereas, the Consortium must select stop loss insurance, as required by Article 47 of New York State Insurance Law, and

Whereas, it is the desire of the Board of Directors to ensure liability coverage for the Consortium, the Board of Directors personally and professionally, and the participating municipalities, now therefore be it

Resolved, That upon recommendation of the Plan Consultant, Locey & Cahill, LLC and the Tompkins County Risk Manager, Jacqueline Kippola, after seeking quotations from a number of qualified insurance carriers licensed to conduct business in the State of New York, the Consortium shall purchase coverage for these insurance policies from the following for the period January 1, 2013 thru December 31, 2013:

- Stop-Loss Insurance for Medical and Prescription Drug Benefits that includes Aggregate Stop-Loss Insurance with an Aggregate Corridor of 125% (Highmark Insurance Company);
- Errors and Omissions Insurance (placed by insurance agent Haylor, Freyer and Coon);
- Directors and Officers Liability Insurance (placed by insurance agent Haylor, Freyer and Coon)

Resolved, further, That the Plan Consultant is directed to provide the Administrative Clerk of the Consortium with a copy of each policy.

* * * * *

Report from the Audit Committee

Mr. Thayer reported the Audit Committee met on December 10th. During discussions Jerry Mickelson suggested that David Squires be an advisory member and not a voting member. It was also suggested that the Committee have two additional members. The overall mission of the Committee is to attain a general understanding of what is happening with both collections and expenses. The Committee will look at internal and external auditing and the financial reporting to the State. The Committee will begin to meet monthly and eventually move to quarterly meetings.

**RESOLUTION NO. 013-2012 – AMENDMENT TO RESOLUTION NO. 7 OF 2012 -
APPOINTMENTS TO THE AUDIT COMMITTEE**

Ms. Drake said her only concern is that this Committee is very employee heavy and it may be a good idea to have a municipal representation. Mr. Locey said there is always a desire to try to balance representation membership on committees to make sure there is a good mix of representation on committees. He suggested this be something the Nominating Committee could look at.

A voice vote resulted as follows: Ayes - 11, Noes - 0, Excused - (Ms. Sumner, Mr. Masser); Absent - 2 (Mr. Morey and Mr. Becker). RESOLUTION ADOPTED.

WHEREAS, the Board of Directors recently passed Resolution No. 7 of 2012 and appointed the following representatives to the Audit Committee:

Treasurer - no set term
Chief Financial Officer - no set term
Laura Shawley - term expires December 31, 2014
Judy Drake - term expires December 31, 2014

, and

WHEREAS, following an initial meeting the Committee recommends membership be amended to include an additional representative with a staggered term, and

WHEREAS, the Audit Committee also recommends that the Board appoints a replacement to the seat currently held by the Treasurer and that the Treasurer be appointed to serve in an advisory capacity, now therefore be it

RESOLVED, the Board of Directors hereby amends the membership of the Audit Committee to include Chantalise DeMarco and Charles Rankin with terms expiring December 31, 2013, and the appointment of the Treasurer be amended to an advisory, non-voting seat.

Report from Nominating Committee

Ms. Karns reported the Committee recommends membership continue.

RESOLUTION NO. 014-2012 - ELECTION OF OFFICERS FOR 2013

MOVED by Ms. Karns, seconded by Mr. Hart, and unanimously adopted by voice vote by members present.

WHEREAS, the Nominating Committee has proposed a slate of Officers to the Board of Directors at the December 20, 2012 meeting, now therefore be it

RESOLVED, That the Board of Directors elects the following individuals to serve January 1, 2013 through December 31, 2013 in the roles so elected as follows:

Chairperson	Donald Barber, Town of Caroline
Vice Chairperson	Elizabeth Karns, Village of Cayuga Heights
Chief Fiscal Officer	Steven Thayer, City of Ithaca, Controller
Secretary	Judith Drake, Town of Ithaca, Human Resources Manager
Treasurer	David Squires, Tompkins County, Comptroller

Creation of Finance Committee

Mr. Barber said the Committee will be reviewing the process for how money flows through the Consortium and would not work on budgeting. Mr. Locey suggested the Committee could merge with the Audit Committee at some point in the future.

RESOLUTION NO. 015-2012 – CREATION AND APPOINTMENTS TO THE FINANCE COMMITTEE

MOVED by Mr. Barber, seconded by Ms. Drake, and unanimously adopted by voice vote by members present.

RESOLVED, the Board of Directors hereby establishes an “Finance Committee” to recommend a budget, recommend premium rates, review Jurat reports, recommend reinsurance and retention policies, and a reserving and payback plan for capitalization policies,

RESOLVED, further, That the following appointments are made to the Committee:

Mack Cook
Liz Karns

* * * * *

2013 Meeting Schedule

It was MOVED by Mr. Rankin, seconded by Ms. Tyler, and unanimously adopted by voice vote by members present, to approve the following 2013 meeting schedule:

March 28
May 23
July 25
September 26
December 19

Report from the Joint Committee on Plan Structure and Design

Ms. DeMarco said the majority of the Committee’s last meeting was a sharing of wellness activities and ideas to move forward jointly. The Committee will continue to meet monthly and will cancel a meeting if there is no business. There was a discussion of the quorum issue and a decision was made that because there is a core group of members who attend meetings that they will meet to continue those discussions and will reach out to members when a quorum is crucial. She said there was discussion of a Medicare supplement and requested that Mr. Locey bring information to the January meeting to have a discussion of the impacts on premium rates.

Report from Strategic Planning Committee

Mr. Barber reported the Committee has not met since the last Board of Directors meeting but expects the next meeting to be focussed on wellness programs and how the Consortium might work together with Cornell’s wellness programs. He asked for volunteers to help pull the meeting together.

Board of Directors
December 20, 2012

He said the Consortium needs to hire an actuary firm prior to the next meeting. Jackie Kippola is putting together a Request for Proposals that will be sent out shortly. He spoke of the process that will be used to go select the actuary and asked what the Board's preference is for the process for this and making recommendations and suggested information be communicated by e-mail. There was no objection to communicating via e-mail on the selection of the actuary.

Adjournment

On motion the meeting adjourned at 7:23 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk



Municipalities building a
stable insurance future.

125 East Court Street
Ithaca, NY 14850
607-274-5590
INFO: consortium@twcny.rr.com
www.tompkins-co.org/healthconsortium

**RESOLUTION NO. _____ – AUTHORIZING CONTRACT FOR ACTUARIAL SERVICES -
AQUARIUS CAPITAL**

WHEREAS, the Board of Directors was informed on December 20, 2013 that a Request for Proposals (RFP) for actuarial services was being developed, and

WHEREAS, the Board of Directors was notified of responses to the RFP and through an e-mail poll, members directed the Chair of the Board to negotiate a contract with Aquarius Capital for actuarial services for 2013 with the option to extend the contract for 3 years with an annual renewal option, now therefore be it

RESOLVED, That the Board of Directors authorizes the Consortium to enter into a contract with Aquarius Capital effective retroactively for the period January 29, 2013 through December 31, 2013 with the option to renew for three additional one-year terms.

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



Municipalities building a
stable insurance future.

125 East Court Street
Ithaca, NY 14850
607-274-5590
INFO: consortium@twcnny.rr.com
www.tompkins-co.org/healthconsortium

**RESOLUTION NO. _____ – AMENDMENT TO RESOLUTION NO. 15 OF 2012 -
CREATION AND APPOINTMENTS TO THE FINANCE
COMMITTEE**

WHEREAS, the Board of Directors established a “Finance Committee” to recommend a budget, recommend premium rates, review Jurat reports, recommend reinsurance and retention policies, and a reserving and payback plan for capitalization policies on December 20, 2012, and

WHEREAS, on December 20, 2012 the Board appointed Liz Karns and Charles Rankin to serve on this Committee, now therefore be it

RESOLVED, That the following additional appointments are made to the Finance Committee with initial terms to expire December 31, 2015 and for two-year terms thereafter:

Glen Morey
Don Barber
Jared Pittman

RESOLVED, further, That the terms for Liz Karns and Charles Rankin shall be for two years with initial terms expiring December 31, 2014.

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

**Tompkins County Municipal Health Insurance Consortium
Audit Committee Mission Statement (adopted 1/17/13)**

The purpose of the Audit Committee is to oversee the integrity of the Consortium's financial statements, the compliance with accounting and auditing requirements and the performance of the internal and external auditors. We shall assist and advise the Consortium's Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, internal controls, performance of external and internal auditors and compliance with various laws and regulations. The Audit Committee shall review all contracts for audit and non-audit services provided by the independent public accountants and recommend action to the Board.

Greater Tompkins County Municipal Health Insurance Consortium

Audit Committee Charter

On behalf of the Board of Directors of Directors, the Audit Committee is charged with:

- Reviewing financial reports and filings;
- Audit policies and procedures to be sure they are in compliance with Article 47 and the Certificate of Authority;
- Reviewing medical claims audit reports;
- Establishing a list of all reports due to the Board and regulators and the process and time line to insure accurate and timely reporting

The Audit Committee shall review with the external and internal auditors the financial statements, the financial reporting process, the system of internal controls, the audit process, and the Consortium's monitoring of compliance with laws and regulations. The Audit Committee shall report this information to the Board of Directors.

In addition, the Audit Committee shall provide its recommendations for action to be taken by the Board of Directors and management in order to strengthen the Consortium's controls, compliance procedures and financial reporting process.

The Audit Committee shall monitor management's progress in responding to the internal and external auditors' findings.

The Audit Committee shall be composed of no fewer than three and no more than five Board of Directors members. No member of the Audit Committee shall be an officer or employee of, or receive any compensation from, the Consortium. The Board of Directors treasurer may not serve on the Audit Committee. The Chair of the Board of Directors shall be an ex officio non-voting member of the Audit Committee. At least one member shall serve as the financial expert, defined as an individual professionally knowledgeable in business management and financial reporting. Ideally, the financial expert shall have specific experience with a similar Consortium.

Internal control

- Assuring that management is setting the appropriate tone in communicating the importance of internal controls and in establishing policies and procedures to mitigate risk;
- Determining whether internal control recommendations made by internal and external auditors have been implemented by management;
- Making certain that the internal and external auditors keep the Audit Committee informed about fraud, illegal acts, deficiencies in internal control and other audit-related matters;
- Determining which aspects of internal control and compliance procedures are being tested annually by the internal and external auditors; and
- Understanding the nature of significant deficiencies and material weaknesses reported with the financial statements and reportable findings under *Government Auditing Standards*

General

- Reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understanding their impact on the Consortium's financial statements; and
- Reviewing significant risks and exposures and the plans to minimize them

Annual financial statements

- Reviewing the annual financial statements and related footnotes and assessing whether they reflect appropriate accounting principles;
- Reviewing the Management Discussion and Analysis (**MD&A**) disclosures and concluding as to their reasonableness based on the Audit Committee's knowledge of the Consortium;
- Reviewing the management letter and monitoring the Consortium's compliance with its recommendations;
- Ascertaining whether the internal and external auditors have communicated issues and concerns to each other for appropriate follow-up and action;
- Verifying that the external auditors communicate all matters to the Audit Committee as required by their professional standards; and
- Review, as necessary, other monthly or quarterly financial statements for accuracy and timeliness

Compliance with laws and regulations

- Reviewing the effectiveness of the Consortium's system for monitoring compliance with laws and regulations; and
- Satisfying itself that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- Reviewing the findings of any significant examinations by regulatory agencies; and
- Reviewing any state funding and reports filed

Internal audit

- Ascertaining that the organization has the appropriated structure and staffing levels to carry out its internal audit; and
- Confirming that health insurance claims are audited, internally as needed

External audit

- Selecting and retaining the Consortium's external auditors; and
- Approving the external auditors' fees; and
- Reviewing and approving the external auditors' proposed audit scope and approach; and
- Reviewing the performance of the external auditors and recommending their retention or discharge; and
- Reviewing and confirming the external auditors' assertion of their independence in accordance with professional standards; and
- Reviewing and approving the engagement of the external auditors to perform services, including consulting services, unrelated to the audit

Reporting responsibilities

- Reporting to the Board of Directors at least annually with appropriate recommendations regarding the Audit Committee's activities and any key external audit issues

Other responsibilities

- Meeting with the external auditors, internal auditors and management in separate executive sessions at least annually;
- Confirming that significant findings and recommendations made by the internal and external auditors are received, discussed, and acted upon appropriately and promptly;
- Reviewing and updating the Audit Committee Charter; and
- Reviewing and approving the Consortium's conflict-of-interest, code-of-ethics and whistleblower policies