

Meeting Notes
Greater Tompkins County Municipal Health Insurance Consortium
New Participant Process Committee
August 9, 2012

Attendees: C. Rankin, C. DeMarco, B. Jobin, A. Fitzpatrick, D. Barber, D. Squires, M. Cahill (via conference call)

Mr. Barber called the meeting to order at 3:05 p.m. At the last meeting there was a consensus that the Consortium not get into a practice of creating new plans to entice new membership and to work off the ones that already exist.

It was also agreed the Consortium would need to find a good indicator of fiscal responsibility; this led to a discussion of what would be appropriate to request of a municipality that is asking to join the Consortium.

Mr. Cahill said following the initial meeting of this Committee he and Mr. Locey reviewed other municipal consortium agreements and a number mention requiring an indication of financial and fiscal responsibility; however, none have defined what that is. In the past when there has been a question about their fiscal responsibility a request has been made for the audit. One suggestion he offered was to have the County's auditor review the potential member's audit.

Mr. Rankin asked if a municipality was determined by Fiscal Advisors to be credit worthy enough to borrow money wouldn't this be sufficient for the Consortium. He suggested obtaining a copy of the potential member's audit and asking Mr. Squires to review it. Mr. Cahill believed this would be sufficient.

Ms. Fitzpatrick asked if a group's credit rating would be an indicator of its credit worthiness and if this information would be contained within the audit. Mr. Cahill said if a municipality's credit level was not good a determination would need to be made to determine at what level it would to be to not be accepted into the Consortium. He recommended putting together a procedure for a new group to submit their annual audit and inform the Consortium of what their credit rating is. He noted some small municipalities that have not had to do borrowing in recent years may not have an up-to-date credit rating. Mr. Barber said an annual audit is not required of smaller municipalities. Mr. Rankin said every municipality has to submit an annual financial report to the State (known as the AUD).

It was the consensus to develop a procedure outlining to require a group expressing interest in joining the Consortium to submit a copy of its annual audit or financial report for the last three years that would be reviewed by the David Squires, Steve Thayer, or the Consortium's Auditor.

Capitalization and Fees

Mr. Barber said at the last meeting there was discussion about the Contingency Reserve which is five percent of the annual premium. *It was agreed that a new member would be asked to contribute to the Contingency Reserve.*

At the last meeting Mr. Locey commented about the effect on the surplus by a group joining “mid-stream”. There was discussion about having a group contribute so they are at the same level as everyone else or that a separate accounting be done for the new members and the disparity be kept track of. Mr. Cahill said they have seen it done both ways and commented that as the Fund Balance grows it can become an impediment to new members joining. Most of the consortium’s they work with measure the fund balance from the day a member joins. If they left at some point in the future they would pro-rata the fund balance shared based on what portion of the fund balance had been generated or deteriorated since the date they first joined. Mr. Squires commented that any liquidity issue would likely be identified in the narrative portion of the audit.

It was the consensus to recommend that a standard policy be approved that offers incoming members a pro-rata share of the surplus but to also offer them a choice of the option to be full members on the Fund Balance.

Rate Stabilization Reserve

It was reiterated that there was agreement at the first meeting that the Committee recommends that a new member pay the “Rate Stabilization Reserve” fee prior to joining (5% of annual premium) and the Board of Directors will negotiate the terms of payback to this Reserve based on the appropriated Fund Balance of the Consortium.

Weighted Voting

Mr. Barber said Cortland has under 500 contracts; therefore, would be considered a small municipality. With this the City and the County would move to five votes as opposed to four in situations of weighted voting; however nothing would change in the balance of current voting. Mr. Cahill commented that as they work on the balance of voting the Consortium Board should develop a mechanism so that as it grows and outnumbers the number of members presently included in the Consortium there wouldn’t be a problem getting the agreement through municipal boards.

Labor Representation on the Board of Directors

Mr. Barber said the Municipal Cooperative Agreement allows up to 17 members. Following the last meeting Ms. DeMarco said she would check with her CSEA notes on labor representation on the Board. Ms. DeMarco said she forwarded language to Mr. Barber and to Mr. Locey this afternoon that reiterated the 15% that was previously stated (four votes at 24 members and five votes at 29 members). She said there hasn’t been discussed with other labor groups but believes this 15% figure would still be acceptable.

Mr. Cahill said once draft language has been presented for tentative approval by the Board of Directors it should be submitted to the State Department of Financial Services. Following approval by the State it should be formally approved by the Board of Directors and then forwarded for approval to municipalities.

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Mr. Cahill said the longer the Consortium gets away from the initial group of people that were involved in the formation of the Consortium the more difficult it can be to get a new Municipal Cooperative Agreement signed. The more years that pass by the more efforts there would need to be to re-educate members. He said the more a Consortium can make an agreement not specific about numbers the easier it will be in the long-term.

Adjournment

The meeting adjourned at 3:45 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk