

GREATER

**TOMPKINS COUNTY MUNICIPAL
HEALTH INSURANCE CONSORTIUM**

Municipalities building a
stable insurance future.

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AGENDA

Board of Directors Meeting

July 22, 2010 – Old Jail Conference Room 5:30 pm- 7:30 pm

1. Approval of minutes both May 13 and June; May 27th to be reviewed later
2. Report by each municipality on it's union consent-All
3. Status of amended application- S. Locey-
4. Discuss capitalization reserving commitment and resolution – All
5. Discuss premium and capitalization invoicing by County- D. Squires
6. Discuss implementation protocol with both Excellus and Medco - Locey
7. Discuss budget and premiums for 2011.- S. Locey
8. Discuss start up of Joint Committee of Benefits - D. Barber and C. Demarco
9. Discuss Planning Committee (formerly steering committee) charge to the committee and appointments; list attached- D. Barber

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

Health Benefits Steering Committee

Contact	Title	Entity
Joe Mareane	County Administrator	County of Tompkins
Jackie Kippola	Risk Manager	County of Tompkins
Marcia Lynch	Public Information Officer	County of Tompkins
Michelle Benjamin	Library Business Manager	TC Public Library
Don Barber	Town Supervisor	Town of Caroline
Herb Engman	Town Supervisor	Town of Ithaca
Betty Falco	Director- Health Planning Council Program	Community
Bev Chin	Access Coordinator	Community
Anita Fitzpatrick	Commissioner of Personnel	County of Tompkins
Sharon Dovi	Human Resources Manager	TC3
Judy Drake	Human Resources Director	Town of Ithaca
Jed Constantz	Exec. Director, CNYMSS	Community
Brooke Kominos	Benefits Manager	County of Tompkins
Nathan Shinagawa	County Legislator	County of Tompkins
Steve Thayer	Controller	City of Ithaca
Schelle Michelle-Nunn	Human Resources Director	City of Ithaca
Travis Turner	Dir. of Physician Relations/CAP Liaison	Community
Steve Locey	President	Locey & Cahill
David Squires	Comptroller, Treasurer	County of Tompkins
Chantalise DeMarco	County's CSEA White Collar Union President	County of Tompkins

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**Greater Tompkins County Municipal Health Insurance Consortium
Board of Directors
May 13, 2010
Town of Ithaca Board Room
Agenda ******

1. Union Response
2. NYHSUT FOIL Request
3. Reserves
4. Community Rating
5. Adjourn

****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 Ithaca - Judith Drake, Town of Ulysses, Lucia Tyler, Village of Groton - Charles V. Rankin, Town of Enfield, Herb Masser, Village of Dryden, Charlie Decker

Union:

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

Absent:

Town of Groton, Village of Trumansburg, Village of Cayuga Heights

In attendance:

Tompkins County - David Squires, City of Ithaca - Steve Thayer, TC3 - Sharon Dovi, Faculty Association TC3 - Scott Ochs, Trumansburg - Chris Thomas, CSEA - Margaret Lloyd, Locey & Cahill - David M Sanders

Welcome Agenda

Chair Don Barber called the meeting to order at 3:38pm.

Minutes Tabled

1. Union Response

CSEA Union representative Ms. Chantalise Demarco discussed the May 3rd meeting between Union

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representatives, which discussed among other issues and concerns, the number of Union voting seats the Consortium should provide to Union members. It was concluded that they would seek at least two seats on the Consortium's BOD with an option to increase the number of seats, if there were an increase in the number of municipalities.

Mr. Barber provided the BOD section 4705 of NYS Municipal Cooperative agreements, highlighting sections (5), (8), (c), (1). A single Union representative has been the consortium's position, since it satisfies the above law requirements and ensures a voice at the table.

Mathematically, the NYSID has made several assumptions to warrant and promote additional Unions members. They have assumed that twenty percent of premiums are contributed by Unions members, if true, than 13 municipalities multiple by the decimal equivalent of twenty percent (0.2) would equal 2.6 or rounded up three Union seats.

This according to the NYSID, per feedback for Union members.

However twenty percent participant contribution can be argued, as the County believes the actual number is closer to 15%, the City states their number are closer to 10-12%. Within the remaining municipalities the percentages vary, many considerably lower as some municipalities pay one hundred percent of premium contribution.

Therefore using several different percentages, numbers would equate to the following;

$$13 \times (.15) = 1.95$$

$$13 \times (.12) = 1.56$$

$$13 \times (.10) = 1.30$$

Union consensus, what is the NYSID's position?

The NYSID has not commented on whether or not all Unions must unilaterally, agree to the consortium. As has been the case so often the NYSID selected to provide no comment. One hundred percent Union consensus is unreasonable, according to Mr. Barber, primarily due to the number of Unions, diversity, issues and concerns. A letter by Mr. Jeff Huddle, PBA President illustrates this point. The PBA City represents 3.3% of the overall consortium, all PBA members collectively represent 4.8%. Will the consortium be required to have 100% Union approval, which again is not rationally achievable? If not what are the guidelines? NYSID will have to address this issue, with any hope in a timely manner.

Finally, each BOD was asked their position on the number of Union representatives which the consortium should provide to Union members. A few stated two was always their choice, many stated two if that is what it took to start the consortium with Union support, and a few stated their position has always been one, a single Union representative. The majority supported Two Union BOD members, three only if the number of municipalities increased. Prior to full support for additional Union members on the BOD, many wished to see the effect this would have on the Weighted Voting Model.

2. NYSUT FOIL Request

Mr. Barber addressed the FOIL request by NYSUT (New York State United Teachers), the extremely broad request is costly and time consuming, requiring at a minimum over \$8,000 dollars in copies and materials, according the County Risk Manger, Jackie Kippola.

A long discussion unfolded, including what was FOIL-able, the consortium's current status, legal feedback on the topic, a timely reply, and need to ensure consortium's position to transparency and openness.

Mr. Scott Ochs, Faculty Association President from TC3, a NYSUT member, informed the Consortium BODs that the request was not a local action, but a regional decision. He was unaware of the request made by NYSUT.

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Mr. Barber provided the consortium's options:

- Comply
- Comply asking for monetary assistances with the request
- GTCHIC has no official status, therefore can not FOIL-able.
- GTCHIC data not complete, not FOIL-able.

Below is the resolution the BOD voted in response to NYSUT.

Resolution

Motion: Mary Ann Sumner

Second: Chuck Rankin

Amend second statement by Mr. Powers, not a municipal entity, denial based on materials being considered intra or inter agency materials

Motion: Carolyn Peterson

Second: Mary Ann Sumner

Whereas the GTCMHIC has not achieved the status of an operating municipal cooperative yet, as we have not received our Certificate of Authority, required to operate as a municipal cooperative.

Resolved that until we receive this status, we are not required to respond to FOIL requests. In developing our Consortium, we have tried to be as transparent as possible and a great deal of information at our website:

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

However, if you provide GTCMHIC with a request for specific information, we will try to oblige.

3. Reserves

A long discussion was conducted on what is and what isn't considered an asset, along with discussing satisfactory methods of creating reserves compliant with the requirements set by Article 47, they include the following:

Increasing premiums by 9 %.

- Not an practical option
- Abolishes the consortium's competitiveness with other Insurance options
- Eliminates one of the initial goals, which is cost savings.

Use of local fund balances to cover the shortfall

- With the State budget crisis, most governments do not have adequate excess funds.
- Villages have tighter financial constraints than other municipalities
- For those that have funding the overall balance will not reach 2.2 million

Surety Bond (to cover the shortfall between admitted assets and reserving requirements)

- This is not an avenue concurrent with Article 47
- NYSID Commissioner does have discretionary latitude
- Understanding the limitations of municipalities, some flexibility may be granted

Municipalities pledge to pay their share of the reserve over a five year period

- Allow municipalities to develop the funds, through taxing power over time.
- NYSID has approved this type of model in the past, example NYMIR

Many municipalities offered local fund balance amounts that may be available. Over 1.1 million dollars may be obtainable contingent upon appropriate approval, this from only five of the 13 municipalities. A request was made to review each municipality's proportionate financial risk and participant ratios.

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Municipality	Ratio per participant	Ratio per financial contribution
County of Tompkins	58.46%	54.55%
City of Ithaca	31.34%	34.97%
Town of Ithaca	3.97%	3.63%
Town of Caroline	0.29%	0.13%
Town of Danby	0.34%	0.33%
Town of Dryden	1.72%	1.88%
Town of Groton	0.54%	0.51%
Town of Enfield	0.29%	0.21%
Town of Ulysses	0.64%	0.46%
Village of Cayuga Heights	0.69%	0.39%
Village of Groton	0.59%	0.62%
Village of Dryden	0.69%	0.50%
Village of Trumansburg	0.44%	0.38%
	100.005%	* 98.56%

* Note: ratio per financial contribution is compiled from budget numbers provided by the 2010 Fiscal Year Premium Equivalent Rate chart; total percentage equals 98.56% since the Teamster Supreme Plan which constitutes 1.455% of the budget was omitted.

4. Community Rating

A brief discussion promoting networking efforts were requested from anyone with the ability to communicate with NYS Legislatures or NYSID personnel, as they review the possible changes to Municipal Cooperatives. The report is due out September of this year.

Possible changes in community rating legislation could drastically decrease regulations, making the development of a Municipal Cooperative on the same playing field as that of other Health Benefit Consortiums similar to BOCES.

A draft letter of support was requested, from Locey and Cahill to all BOD members, an upcoming meeting of Mayors maybe a good venue to advocate the GTCMHIC position.

5. Adjourn

Motion: Charle Becker

Second: Herb Masser

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**Greater Tompkins County Municipal Health Insurance Consortium
Board of Directors MINUTES
June 24, 2010
Old Jail Conference Room
Agenda ******

draft

1. Approve May 2010 Minutes VOTE
2. Union Consent Letter
3. Reserves

****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 - Steve Thayer, Town of Caroline - Don Barber, Town of Danby, Town of Dryden - Mary Ann Sumner, Town of Ithaca - Judith Drake, Village of Cayuga Heights – Norma Manning, Village of Groton - Elizabeth T. Conger, County of Tompkins – Anita Fitzpatrick, Herb Masser, Village of Trumansburg - Rordan Hart, City of Ithaca – Carolyn Peterson, Town of Danby – Laura Shawley

Union:

CSEA - Chantalse Demarco, President TC3 PAA - Darlene Finn

In attendance:

County Finance - David Squires, Ithaca Journal - Stacy Shackford

Welcome Agenda

Chair Don Barber called the meeting to order at 5:36 pm.

1. May 2010 Minutes

The Board of Directors reviewed the minutes and made several revisions. The Board will vote on the May minutes at the July meeting.

2. Union Consent Letter

There was a discussion regarding bargaining units/unions and how their presence is reflected in

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Section W of the Municipal Cooperative Agreement. The language should be consistent with the language of the union consent letter. The board discussed a letter written by Mr. Greg Stevenson, president of the City's firefighters' union, which expresses opposition to the existence of the Consortium. It was pointed out that the representative from NYSID indicated that if the majority unions indicated support for the Consortium, then the NYSID would be satisfied. Ms. DeMarco expressed optimism that the CSEA units would likely show support. The County, City, and Town of Ithaca were reminded to seek all other letters of support from their union officials.

The following language was presented to add to section W of the Municipal Cooperative Agreement:

No findings or recommendations made by the Joint Committee on Plan Structure and Design or by the Chair of the Joint Committee shall be considered a waiver of any bargaining rights under any contract, law, rule, statute, or regulation.

Moved by : Mary Ann Sumner, Seconded by Laura Shawley – passed unanimously.

3. Reserves

Mr. Barber distributed a document that Assemblyperson Joe Morrelle and Assemblyperson Barbara Lifton are attempting to work on with the NYSID. The document calls for revisions to Article 47 in effort to make it easier for other municipalities to establish a health consortium.

Mr. Barber also discussed the Capitalization worksheet that establishes each municipality's pay in to reserves that must be in place for start up. Since the amounts can be distributed over 5 years, a couple of municipalities pledged that option. However, some municipalities are able to pay more than their share of reserves; they would be paid back first once adequate reserves are in place.

The final amounts agreed upon will be delivered to NYSID for approval.

On a final note, it was suggested to send an updated application with the capitalization sheet to NYSID for them to consider as the complete application.

Adjournment

The meeting adjourned at 6:15 pm.

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Greater Tompkins County Municipal Health Insurance Consortium
2010 - 2015 Fiscal Year Budget Projections

as of 7/20/10

	Original Estimates	Revised Estimates	Eff. Date 10/01/10	Future Estimates	Future Estimates	Future Estimates	Future Estimates	Future Estimates
	<u>2010 Fiscal Year</u>	<u>2010 Fiscal Year</u>	<u>2010 Fiscal Year</u>	<u>2011 Fiscal Year</u>	<u>2012 Fiscal Year</u>	<u>2013 Fiscal Year</u>	<u>2014 Fiscal Year</u>	<u>2015 Fiscal Year</u>
Beginning Balance	0	0	0	4,146,536	4,751,460	5,611,012	6,764,397	6,918,284
Income								
Premium	24,474,709	24,474,709	6,118,677	26,799,806	29,345,788	32,133,638	35,186,333	38,529,035
Interest	40,000	40,000	0	41,465	47,515	56,110	67,644	69,183
Capitalization Investment	0	1,223,736	1,223,736	0	0	0	0	0
Other	0	0	0	150,000	150,000	150,000	150,000	150,000
Total Income	24,514,709	25,738,445	7,342,413	26,991,272	29,543,302	32,339,748	35,403,977	38,748,218
Expenses								
Paid Claims	17,569,409	20,005,221	2,811,580	24,745,094	26,935,035	29,318,786	31,913,498	34,737,843
Admin. Fees	693,168	686,112	171,528	713,556	734,963	757,012	779,722	803,114
NYS Graduate Medical Exp.	231,883	231,883	57,971	243,477	255,651	268,434	281,855	295,948
Specific Stop-Loss (Ded. \$250k)	259,938	381,672	95,418	438,923	504,761	580,475	667,547	767,679
Aggregate Stop-Loss (125%)	75,000	32,521	8,130	34,147	35,854	37,647	39,529	41,506
Legal Fees	25,000	25,000	6,250	25,750	26,523	27,318	28,138	28,982
Consultant Fees	50,000	50,000	12,500	51,500	53,045	54,636	56,275	57,964
Audit Fees	5,000	5,000	1,250	5,150	5,305	5,464	5,628	5,796
Insurances (Directors & Officers)	20,000	20,000	5,000	20,600	21,218	21,855	22,510	23,185
Internal Coordination (Finance)	57,000	57,000	14,250	58,710	60,471	62,285	64,154	66,079
Internal Coordination (Support)	43,000	43,000	10,750	44,290	45,619	46,987	48,397	49,849
Surety Bond Fee / Loan Interest	n/a	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capitalization Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$1,337,209	\$0
Other Expenses	\$5,000	\$5,000	\$1,250	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796
Total Expenses	\$19,034,398	\$21,542,409	\$3,195,877	\$26,386,348	\$28,683,750	\$31,186,363	\$35,250,091	\$36,883,741
Net Income	\$5,480,311	\$4,196,036	\$4,146,536	\$604,924	\$859,553	\$1,153,385	\$153,886	\$1,864,477
Ending Balance	\$5,480,311	\$4,196,036	\$4,146,536	\$4,751,460	\$5,611,012	\$6,764,397	\$6,918,284	\$8,782,760
Liabilities								
IBNR Reserve	\$3,422,510	\$2,777,910	\$383,505	\$3,166,362	\$3,442,050	\$3,742,364	\$4,069,546	\$4,426,049
Rate Stabilization Reserve	\$1,223,735	\$1,223,735	\$1,223,735	\$1,339,990	\$1,467,289	\$1,606,682	\$1,759,317	\$1,926,452
Unencumbered Fund Balance	\$834,066	\$194,391	\$2,539,295	\$245,108	\$701,673	\$1,415,352	\$1,089,421	\$2,430,260

Assumptions 2011 to 2015 Fiscal Years

1. Premium Revenue Increased by 9.5%
2. Interest Income = 1% of Beginning Balance
3. Prescription Drug Rebates = \$150,000
4. Paid Claims Trend = 8.85%
5. Administrative Fees Per Agreement with Excellus BCBS then Increased by 3% Per Annum
6. NYS GME Increased by 5%
7. Specific Stop-Loss Insurance Increased by 15%
8. Aggregate Stop-Loss Insurance Increased by 5%
9. Surety Bond Fee / Loan Interest Estimated at 3% of Principle Balance
10. All other Fees Increased by 3%
11. Capitalization Repayment includes annual interest of 3%