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MINUTES

Approved

**Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
February 6, 2014 – 2 p.m.
Rice Conference Room, Tompkins County Health Department**

Present:

Municipal Representatives: 10 members

Michael Murphy, Village of Dryden; Brooke Jobin, Tompkins County; Mack Cook, City of Cortland (arrived at 2:10 p.m.); Betty Conger, Village of Groton (excused at 3:30 p.m.); Schelley Michell Nunn, City of Ithaca; Laura Shawley, Town of Danby; Jennifer Case, Town of Dryden; Judy Drake (excused at 3:00 p.m.); Ruth Hopkins, Town of Lansing; Joan Mangione, Village of Cayuga Heights

Municipal Representative via Proxy: 1

Don Barber, Town of Caroline

Union Representatives: 7 members

Scott Weatherby, TC3 Staff Unit CSEA Vice President; John Licitra, Town of Ithaca, DPW – Teamsters; Olivia Hersey, TC3 Professional Admin Assoc. Unit; Doug Perine, White Collar CSEA #1000 Unit President; Tim Farrell, City of Ithaca DPW; Phil VanWormer, City of Ithaca Admin. Unit; Derek Reynolds, City of Cortland Firefighters

Union Representative via Proxy: 3

Jerry Wright, Cayuga Heights Police Benevolent Association; Brad Berggren, Town of Danby Highway; Scott Ochs, TC3 Faculty Association President; James Bower, IUOE Local 158, District 832 Bolton Point; Steve Makela, Town of Lansing Teamsters; Matt Skeval, Tompkins County Road Patrol

Others in attendance:

Judy Taber Locey & Cahill; Beth Miller, Excellus

Call to Order

Mr. Weatherby called the meeting to order at 2:04 p.m.

Consultant Updates

Flex Spending Account and Employee Assistance Program Updates

Ms. Taber reported on behalf of Steve Locey who is currently on vacation. She reported a meeting is scheduled with EBS RMSCO on February 18th to start developing an agreement that would be available to the Consortium. The goal is to have EBS RMSCO to eliminate the minimum each municipality would have to pay each month and to view the Consortium as a

whole with subdivisions. A meeting is still in the process of being scheduled with the Family and Children's Services.

Mr. Cook arrived at 2:10 p.m.

Ms. Nunn asked if municipalities would have to use these providers or if they could use someone else. Ms. Miller said it is her understanding the rate negotiated by Locey and Cahill would be available to all members of the Consortium at a discounted rate; however, each municipality would still have its own choice of what provider they would like to use. It will help consolidate the service and provide an option and benefits to members of large scale purchasing. Ms. Taber said EBS RMSCO has also been asked about the cash subsidy program for the City of Ithaca. Mr. Locey will provide an update at the next meeting.

Medicare Supplement

Ms. Taber said if a Medicare supplement plan were offered the rates would be comparable to the other rates within the Consortium. When data was broken out by age bands for those over age 65 they were not able to determine if members were active or retired. Mr. Locey will continue to gather data and do more analysis but believes the rates he has provided have been reasonably accurate. She said Mr. Locey has also discussed the Medicare Advantage Plan but is not recommending the Consortium move in that direction as they are many unstable parts as the federal government is pulling back many of the subsidies attached to that.

In response to a question by Mr. Murphy, Ms. Miller said the figures Mr. Locey provided were slightly lower than the current premium equivalent rate but it was not a significant difference. There was a lot of further discussion that has taken place and questions raised, such as who would it be offered to, would it just be employees retiring as of a certain date, would employees be able opt in and out, and would it be a negotiated union benefit. She said she thinks Mr. Locey needs to come back to this Committee to answer questions from the different entities because everyone is doing something different when it comes to retirees, including what each employer pays towards the retiree's premiums. She said there needs to be fair and balanced rules for when people come in and out of it.

Ms. Drake said retirees are able to get their own supplemental plan, however, some municipalities will only contribute towards the premium cost if a retiree stays on their plan. If a Town of Ithaca retiree leaves the Town's plan they lose their 50% employer contribution towards their premium. Ms. Miller said there are differences in what the different individual contracts say about health insurance and many say once a retiree opts out they cannot opt back in.

Mr. Cook said the City of Cortland is getting a tremendous amount of inquiries from current retirees who have left employment who are 65 to 70 years old and who are taking a look at the cost of their contribution to premium in addition to the cost of the Medicare deductible and the Part D deductible. They are feeling their 15-20% contribution is rising faster than their income and are being squeezed out of coverage. They are having a hard time supporting their premium and their contribution to Medicare Part D. He said the Consortium is looking at a way to continue to offer retirees quality coverage as they are getting pushed away and this has been a large driver in this discussion.

Ms. Miller said because of the many different ways municipalities treat retiree coverage there is no "one size fits all". She said Mr. Cook was correct in his statement about how those

who have been on retirement for ten plus years are having a difficult time paying the cost and are now starting to question whether they can live with a supplemental policy and have a lower premium as opposed to keeping the union-negotiated benefits.

Mr. Licitra said there are so many issues involved in this subject and proposed that a subcommittee be created to work with Locey and Cahill on this. He said this has been discussed for a couple of years and would like to see a resolution to this and more options developed for retirees.

Mr. Murphy clarified that a retiree can get as good of a rate on the open market for a supplemental plan as the Consortium can provide. What would make it less expensive for a retiree within the Consortium is what an employer contributes towards their premium. He said the supplemental plans a retiree can get on the open market are probably fairly competitive to what the Consortium could offer. The only way a supplement would be cheaper for them right now would be if the employer subsidized what they are paying into it. He questioned if an employer would want to do that because a retiree can get as good of a rate out on the market for the supplemental as the Consortium can do. He said if the employer doesn't supplement what they would be paying on the supplement on the open market it may still be cheaper than what they are paying for the current insurance premium.

Ms. Drake said when the Municipal Cooperative Agreement was signed municipalities signed on the basis they were bringing in their entire group, including retirees. Mr. Murphy asked if Ms. Drake would propose having two options for retirees – to stay on the full plan or to have a supplemental plan that the employer would contribute to. She said this is what she has expected.

Ms. Hersey questioned what the effect would be of pulling the retirees out of the active employees. Ms. Miller said it is a risk but there is actuarial data that can be used to estimate this. Ms. Hersey said she supports trying to get affordable insurance for retirees but also has a young active population she represents that she needs to look out for.

Ms. Taber said at the last meeting Mr. Locey provided other plan options that could be considered which would be more affordable. Ms. Miller said as the landscape of healthcare changes these options will need to be available during negotiations. Ms. Hersey said any reduction in employee benefits will be a very hard sell.

Mr. Cook said the intent is not to lower benefits. However, if the premium rates continue to increase at a rate of eight percent annually the employee's contribution will double in eight years. Not only will this outstrip an employer's ability to furnish insurance it will also be unaffordable for families. He said health insurance in eight years at the current rate will cost more than the average person's home mortgage. Ms. Hersey said changing plans would be undoing the premise of negotiations that has been happening for decades

Ms. Drake spoke of the value in having different options and said unless the Consortium develops new plans and gets them approved by the State employers cannot even consider offering them. Ms. Hersey questioned how useful it would be to develop a plan that would not be used. Ms. Miller spoke of the importance of educating the population on healthcare costs. Ms. Hersey said she is skeptical about this because she thinks the problem relates more to behaviors which are difficult to change. She also said she didn't support having a different plan for new employees.

Mr. Cook said the easiest way for him to cut costs is to do nothing because at the current rate of increase employees will not be able to afford it and will drop their insurance. He said there is no intention to do this. The intention is to have insurance be what it is intended to be and that employees have it for themselves, their spouse, and their children.

Ms. Mangione spoke of the expense of healthcare costs on employers and said in order to cover costs employers will be faced with reducing the workforce.

Mr. Weatherby said he would contact a CSEA health benefits representative about possibly attending a future meeting to provide input.

Eligibility Audit

Ms. Taber distributed a sample eligibility verification form. She said Mr. Locey is recommending the Consortium conduct a precertification eligibility audit. This would require everyone to complete a new enrollment form and provide documentation supporting the eligibility of spouses and dependents being eligible to be covered under the employee's health insurance policy.

Ms. Drake was excused at this time.

Ms. Taber said each municipality would be responsible for distributing and collecting the information. She also noted that in other places where this was done employees were offered a period of amnesty to have ineligible individuals to be removed from their policy without any penalty.

Ms. Nunn asked what the consequences would be of having someone on the policy who was not eligible. Ms. Taber said this is something the Consortium would need to discuss and decide on. Ms. Miller spoke of the purpose of doing a recertification audit and said it is very important for self-funded groups. She said this is a balance and check to make sure people are covered who are supposed to be covered so that the Consortium is not paying for people who shouldn't be covered. She said it is a big exercise initially but follow-up audits would not be as labor intensive.

Mr. Cook asked how much of the Consortium's population would be at risk. Ms. Taber said that question would need to be asked of Mr. Locey.

Ms. Hersey expressed concern for the large employers as this will be a big undertaking administratively. Ms. Nunn agreed but believes an employer has a responsibility to the taxpayers to do this.

Ms. Jobin said Tompkins County has discussed this issue before and has been interested in moving forward and conducting an audit.

Ms. Conger was excused at 3:30 p.m.

Ms. Shawley said the Consortium's Audit Committee is reviewing this. Ms. Pottorff said the Audit Committee is not supportive at this time of issuing an RFP for a full audit of the claims that have been paid by Blue Cross but is supportive of the recertification process that would be conducted by employers. This will be an item on the Board of Directors agenda on February 27th.

There was consensus that the Committee supports a recertification process be undertaken by the Consortium.

Appointment of Subcommittee to Review Bylaws

Members were provided with proposed changes to the bylaws and asked to send comments to Mr. Licitra or Ms. Hersey prior to the next meeting.

Election of Chair

It was MOVED by Mr. Perine, seconded by Ms. Hersey, and unanimously adopted by voice vote by members present, to appoint Scott Weatherby as Chair.

Election of Board of Directors Alternates

Mr. Weatherby asked that alternates to the Union Members' seats on the Board of Directors be selected in the event he or Mr. Perine is unable to attend a Board meeting. The Committee selected Olivia Hersey as Mr. Weatherby's alternate and Mr. Licitra as Mr. Perine's alternate to the Board of Directors.

New Business

There was no new business.

Old Business

There was no old business.

Approval of Minutes

It was MOVED by Ms. Shawley, seconded by Ms. Hersey, and unanimously adopted by voice vote by members present, to approve the minutes of November 7 and December 5, 2013 and January 9, 2014. MINUTES APPROVED.

Next Meeting

It was agreed the next meeting would be held at 2 p.m. in the Scott Heyman Conference Room on March 6th.

Adjournment

The meeting adjourned at 4:35 p.m.

Joint Committee on Plan Structure and Design
February 6, 2014

Respectfully submitted by Michelle Pottorff, Administrative Clerk