

**Greater Tompkins County Municipal Health Insurance Consortium
Board of Directors
September 24th 5:30 PM
Tompkins County Public Library -Borg Warner Room**

Present:

City of Ithaca - Carolyn Peterson, County of Tompkins - Anita Fitzpatrick, Town of Caroline - Don Barber, Town of Dryden - Mary Ann Sumner, Town of Enfield - Herb Masser, Town of Ithaca - Judith Drake, Town of Ulysses - Richard Coogan, Village of Cayuga Heights - Jim Gilmore, Village of Groton - Elizabeth T. Conger, Village of Trumansburg - Rordan Hart, Consortium Treasurer- David Squires

Absent:

Town of Danby, Town of Groton, Town of Lansing, Village of Dryden

Guests:

Town of Dryden - David Makar; Locey & Cahill - Steve Locey, David M Sanders; County Administrator - Joe Mareane; County Risk Manager- Jackie Kippola; Cayuga Medical Center - Travis Turner; Tompkins County Public Information - Marcia Lynch, Finger Lakes Medical Associates - Jed Constantz; and TC3 Human Resources Directors - Sharon Dovi.

Agenda****

- 1. Welcome and Review Agenda**
 - 2. Approval of Minutes**
 - 3. Election of Officers - Presentation by Nominating Committee of Slate of Officers**
 - 4. Grant Update- J. Kippola**
 - 5. Review Budget**
Establish timeline & process steps to approve budget and 2010 rates by 10/15
 - 6. Discussion of Contract with Excellus for Consortium Third Party Administrator**
 - 7. Prescription Drug - Third Party Administrator**
Recommendation for Steering Committee
 - 8. Process for Outreach to Unions for Representation of Board**
 - 9. Benefit Plan Review**
 - 10. Ancillary Benefits**
 - 11. Consortium Letterhead**
 - 12. Adjourn**
- Future Agenda items**
- Meet Attorney-in-Fact**
 - Advisory Committee- Skills, scope of tasks, staff support**
 - Local contact for questions**
 - Process for Board to deal with concerns with TPA**
 - RFP for Actuary**
 - RFP for Consultant**
 - RFP for Stop-Loss Insurance**

1. Welcome and Review Agenda

Interim Chair Don Barber called the meeting to order at 5:35pm.

2. Approval of Minutes

At the Chairperson Don Barber's request, the BOD reviewed the minutes from August 31, 2009. From page two, the word treasurer should be CFO, Chief Fiscal Officer. From page three paragraph five, EBS should not be in front Excellus, POMCO and RMSCO, all abbreviations of top three TPA (Third Party Administrator) were double checked and corrected.

Minutes to be approved
Moted by Mary Ann Sumner
Second by Carolyn Peterson
Carried 10-0

3. Election of Officers - Presentation by Nominating Committee of Slate of Officers

Don Barber began a discussion about the selection of officers by the Nominating Committee of Greater Tompkins County Municipal Health Insurance Consortium, comprised of Anita Fitzpatrick, Jim Gilmore and Mary Ann Sumner.

The Nominating Committee hereby nominates the following individuals to serve as officers of the Consortium:

Chair: Don Barber, Town of Caroline
Vice Chair: Charlie Becker, Village of Dryden
Chief Fiscal Officer: Steve Thayer, City of Ithaca
Secretary: Judy Drake, Town of Ithaca

As per the inter-municipal agreement, the officers shall serve for a period of one year, beginning September 24, 2009, or until their successors are elected and qualified.

Discussion by the Nominating Committee began with a philosophy of ensuring that both small and larger entities were represented by the Consortium Elected Officers. As they reviewed potential candidates, experience warranted the selection of Don Barber. However, one member had concerns over the Chairperson's ability to chair both TCCOG and the Greater Tompkins County Municipal Health Insurance Consortium. It was decided that if the work load became overbearing that Mr. Barber would inform the Consortium and they would act accordingly.

Mr. Charlie Becker brings with him an extensive background in the insurance industry and therefore was a judicious choice as Vice Chair.

A lengthy discussion was necessary as the Nominating Committee selected an Alternate as CFO, in Steve Thayer, from the City of Ithaca. Mr. Locey reviewed the Municipal Cooperative Agreement (MCA) where it states, page 7, paragraph G1. ... "The Board shall elect from its Directors a Chairperson, Vice Chairperson, Chief Fiscal Officer, and Secretary,"

Mr. Locey addressed that Steve Thayer is an Alternate Director not a Director. He offered that the City may re-evaluate their Director position, the Nominating Committee may want to reevaluate their recommendation for CFO or Mr. Locey can ask attorney John Powers if the BOD can make an amendment to the MCA, which would add from the selection of officers the following, "The Board shall elect from its Directors and Alternate Directors."

Mrs. Carolyn Peterson reminded the BOD that the initial strategy of the Nominating Committee was to present balance, between large and small entities. Mr. Don Barber reminded the BOD that the CFO position will be revisited at the next meeting.

Voting on the Nominating Committee of Slate of Officers
Motioned by Mary Ann Sumner
Second by Jim Gilmore
Abstain, Carolyn Peterson
Carried 9-0-1

4. Grant Update- J. Kippola

Ms. Jackie Kippola reported on the Shared Municipal Services Incentive (SMSI) Grant for Health Benefits, providing a financial document illustrating the grant's current (April 2009) balances. Row E., listed as "other" provides a \$123,000 balance that Mrs. Kippola stated was intended to be allocated for a healthy living component. The Health Benefits Steering Committee has yet to thoroughly investigate this component, but they have some initial ideas, and will work to provide the BOD's options and venues to consider.

Mr. Barber encouraged both Steering Committee and BOD members to research and offer ideas in developing programs and possible allocations for this incentive portion of the grant.

Ms. Kippola will work on arranging a contract extension, for possible re-allocation of the SMSI grant resources.

Mr. Barber asked when the contract extension is due.

Mrs Kippola stated that the contract with NYS is due to expire March 31st, 2010, and she will seek an extension within the next month.

5. Review Budget

Establish timeline & process steps to approve budget and 2010 rates by 10/15.

Mr. Don Barber requested that Mr. Locey present the proposed budget for review, the timeline for completion is Oct 15th. Mr. Barber encouraged the BODs to bring to the table any questions concerning they might have as this is one of the most important agenda items. Mr. Locey began by presenting the most recent updated budget, providing the newest census numbers and premium equivalent rates. The total revenue is expected at 25.1 million dollars for the first year.

This includes both employee, retiree, and employer contributions and conservative estimate for collected interest of \$40,000.00. Prescription drug rebates, will be an asset in the future, miscellaneous revenues, and stop-loss insurance rebates/recoveries most are considered second year incomes.

Adjustments: The three entities that have decided not to join the Consortium are the Town of Newfield, the Village of Lansing, and the Village of Freeville, totaling 23 employees of the consortiums 2,125 employees.

Interest rate : Mr. Locey asked David Squires what interest rate the County is receiving. Mr. Squires reported .65, Mr. Barber asked what that would be on 2.5 million, the answer from Mr. Locey approximately \$15,000.

Mr. Barber asked Mr. Locey to present the expense side: Expense balance is just over 18 million dollars. This a relative low amount, since this year is considered what is called an "immature year." Due to the initial lag , it is essential in developing the Consortiums' incurred but not received (IBNR) reserves. Mr. Locey warned that the expense side will go up considerably in year two. Each expense line-item was reviewed for Third Party Administrator, Excellus BCBS, stop-loss insurance (RFP request pending), Legal fees, Consultant, Audit fees, Ancillary Insurances (some Consortiums purchase directors and officers insurance although they are protected by public officers law.)

Jim Gilmore stated that Charlie Becker, had stated that he felt strongly about purchasing additional director/ officer protections.

Mr. Locey discussed the Internal Coordinator expense, which is yet to be determined, but might develop into a person who works as a liaison between the consortium/ entities and the TPA, which for 2010 will be Excellus BCBS.

Mr. Locey concluded the expenses with other, a line-item which could be used for refreshments and other miscellaneous costs.

Mr. Locey provided two budgets, based on two reserve fund requirements, the IBNR Reserve columns. He reminded the BOD that the way Article 47 is currently written, the law states that there needs to be 25% percent of expected incurred claims (5.2 million) or an amount that is approved by the Superintendent of the NYS Insurance Department. He said they have had lesser amounts approved in the past (around 17% or 3.6 million) for other consortiums. Mr. Locey spoke of a decrease of competitiveness with such a large amount of reserve fund requirements, which is why he recommends a request for 17% over 25%. Mr. Locey said that the Superintendent has approved lower IBNR Reserve amounts in the past, referring to the St. Lawrence-Lewis School Consortium which was approved for 17%.

The difference between 17% and 25% in dollars 1.6 million. If the Consortium is required to provide 25% there will be a negative balance of \$750,175.50, if the Consortium is given an, IBNR reserve requirement if 17% than the first year fund balance will be just under one million dollars. Both possibilities still exist.

The Rate Stabilization Reserve, different from the IBNR reserve, is the equal to 5% of the net income. Mr. Jim Gilmore asked if the Rate Stabilization Reserve was equivalent to what municipalities have to limit tax increases called a Fund Balance. Mr. Locey agreed, but stated that if the board uses the Rate Stabilization Reserve to keep rates lower, since the reserve is mandated, they must submit a plan to the State to replenish the reserve. Other reserves where discussed by Mr. Locey as long term goals and prudent fiscal management will provide other opportunities and efficiencies in the future.

Mr. Don Barber asked what would the Consortium be using attorney fees on from this day forward. Mr. Locey stated re-writes, negotiating contracts or if there was an issue with one of the entities within the Consortium, which Mr. Locey states has happened with the past. Consultants will provide budgeting, rates and guidance as well as claims and TPA audits.

Mr. Barber asked for an idea of how Internal Coordinators work in other Consortiums, which was varied to need. Mr. Barber stated that future meetings will focus on scope of work for Internal Coordinator. Updated budget and Premium Equivalent Rate will be provide at the next meeting. Mr. Barber, What if the State doesn't provide an answer to the IBNR reserve requirement?

Mr. Locey will have to accept a budget with or without their feedback, than react to whatever the State Insurance Department finally decides.

Ms. Mary Ann Sumner asked, "Where do we get the additional reserve if needed?"

Mr. Locey added that a letter of credit, works in the "insured world" if the state requires cash.

Mr. Locey stated that there are several angles from which to work, if this becomes an item of need. In order to get the budget passed on time a meetings was scheduled for October 9, 2009 at Noon, location Cayuga Heights Village Hall, lunch will be provided.

6. Discussion of Contract with Excellus for Consortium Third Party Administrator

A 27 page draft of the TPA Contract was presented to each of the BODs. Several members of the Steering Committee have spent considerable time and effort reviewing the Excellus BCBS contract.

Open enrollment sessions, will be arranged at each of the participating municipalities as Excellus staff are available.

7. Prescription Drug - Third Party Administrator

Mr. Locey confirmed that the Health Benefits Steering Committee is currently has eleven proposals to review, and will be ready with a recommendation in weeks to come.

8. Process for Outreach to Unions for Representation of Board

After a long discussion, the following strategies were approved for reaching out to the Unions and employees.

- Mailing
- Invite Unions leadership to BOD
- Invite Union Leadership to participate on the Steering Committee
- Provide large open meeting to all employees, with Mr. Locey and BCBS facilitating.
- Provide smaller, area specific meetings to employee groups, County, City, Towns and Villages.

9. Benefit Plan Review

After a long review, it was determined that the BOD wanted additional time to review the Health Benefit Plan. Ms. Carolyn Peterson asked that in the future, all agenda items that required a vote should be highlighted on the agenda, so all documents could be read and questions answered prior to a vote.

10. Ancillary Benefits

The Teamsters are experiencing financial crisis, per their most recent financial data and changes to their Supreme (Indemnity) Plan. This situation might allow and even welcome new partnerships.

Mr. Ken Stillwell (from the Teamsters) and Mr. Locey participated in a meeting to discuss Teamster/ Consortium strategies, as well as many other topics. Mr Locey is optimistic that the two parties will find common ground. Mr. Locey is awaiting a written response from the Teamsters to forgo Medical Plans and keep ancillary benefits, with an offer to provide to additional employees if they are negotiated. Unfortunately, this was back in late summer and a partnership seems less likely the longer we wait, Mr. Locey. With or without the Teamsters, the

Consortium will provide the necessary ancillary benefits, to those that currently have them. The Town of Dryden and the Town of Lansing are currently in negotiations. Many employees are not happy with the recent changes by the teamsters- increase costs and co-pays.

11. Consortium Letterhead

The Health Benefits Steering Committee reviewed several ideas and logos for the Greater Tompkins County Municipal Insurance Consortium, their most recent selection was brought before the BOD for review. Logo: "Municipalities building a stable insurance future."

Ms. Jackie Kippola presented a detailed website idea, which is envisioned to provide, Unions, employees, the general public, and municipalities access to an abundant amount of information and data.

12. Adjourn

Mr. Barber outlined some of the agenda items for the next meeting, including: Vote on Budget, PPO/Indemnity Plan, Excellus Contract, list of Contract issues, and updates on RFP's (Actuary, Consultant, and Stop-Loss Insurance)

The next meeting was scheduled for October 9, 2009 at Noon, location Cayuga Heights Town Hall. The BOD will attempt to meet of the fourth Thursday of each month, however, holiday conflicts lead to the following adjustments.

October 22, 2009 at 5:30, location Town of Ithaca - Town Hall

November 19, 2009 at 5:30, location Tompkins County Public Library -Borg Warner Room

December 17, 2009 at 5:30, location Tompkins County Public Library -Borg Warner Room.

The meeting adjourned at 7:25.