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Municipalities building a  
stable insurance future.

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## MINUTES

### Greater Tompkins County Municipal Health Insurance Consortium Joint Committee on Plan Structure and Design

July 7, 2011

Old Jail Conference Room

Approved 8-4-11

**Present:**

**Municipality Representatives: 8 members**

Mary Mills, Village of Cayuga Heights; Don Barber, Town of Caroline; Laura Shawley, Town of Danby  
Herb Masser, Town of Enfield; Betty Conger, Village of Groton; B. Jobin, Tompkins County

**By Proxy: 2 members**

Judy Drake (Joe Slater), Town of Ithaca; M. Sumner (B. McIlroy), Town of Dryden

**Union Representative: 10 unit members**

Chantalise DeMarco, County White Collar-CSEA; M. Schmidt, TC3 Faculty Association; James Bower,  
Bolton Point Water unit – IUOE; Joe Slater, Town of Ithaca DPW Teamsters; George Apgar, President;  
Ithaca Professional Fire Fighters Assoc.; Michael Thomas, President; Ithaca City Admin. Unit; J. Slater,  
Town of Ithaca DPW Teamsters

**By Proxy: 3 members**

Mary Portzline (C. DeMarco), CSEA Unit 8908; Dan Tier, III (George Apgar), Chief Officer's Unit;  
Darlene Finn (M. Schmidt), TC3 Professional Admin. Assoc.

**Others in attendance:**

Sharon Dovi, TC3 Human Resources Manager; Steve Locey, Locey and Cahill

**Call to Order**

Ms. DeMarco called the meeting to order at 12:10 p.m.

**Approval of Minutes of January, February, March, April, May, and June Meetings**

Due to lack of quorum, minutes were deferred to the next meeting.

**Discussion of Quorum**

There was a brief discussion of the continuing quorum issue with emphasis on the importance of utilizing the proxy form. Although attendance improved at this meeting, efforts need to continue to increase participation by both municipalities and bargaining units.

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**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

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**Discussion of CanaRx Presentation**

Mr. Locey reported he was informed by the State Insurance Department that a draft response is being reviewed by counsel and they will provide the response to whether the Consortium could enter into a this type of contract. Mr. Barber said if the Consortium could not contract with CanaRx municipalities would have the option of entering into a contract on their own.

Mr. Masser asked how reimbursement would work. Mr. Locey said if the Consortium was in a contract with CanaRx the County would not longer being paying CanaRx directly. All of the bills would come through the Consortium and rates would reflect that; other than the premium there would be no additional cost to a municipality. Mr. McIlroy expressed concern that municipalities could potentially pay more if they individually contracted with CanaRX when they added the discounted premium to the Consortium (reflecting paying CanaRx directly) and payments to CanaRx.

Mr. Locey said there are two reports that would come to the Consortium or employer; one is a list of employees and the amount of drugs spent and the other is a list of drugs that were prescribed without employee-identifying information. It was acknowledged that in small municipalities it would be easier to identify employee's prescription usage; however, Ms. Conger noted the information would be confidential; Mr. Locey said there should be systems in place to treat claims information in the same manner as information that is subject to HIPAA is treated.

There was discussion of the potential savings that can be realized by the Consortium contracting with CanaRx. Mr. McIlroy expressed concern for smaller municipalities that may end up paying increased costs by the Consortium going with CanaRx and asked if everything were pooled together whether municipalities would be better off. It was the consensus that the preference would be for the Consortium to contract with CanaRx; however, municipalities could contract and send the bills to the Consortium. Mr. Locey said there would need to be adjustments as this is not currently being done for the County; it was also noted that the County's claim experience is already impacting the premium rate. Mr. Locey will report back when he receives new information.

**Discussion of Adding Items (EAP, Flex Spending)**

Mr. Locey reported there are some consortiums that have Flex spending included and explained one contract is negotiated for all employers. He said there could be consolidation of administration, but the primary benefit would be a lower administrative fee. Mr. Masser spoke in support of Employee Assistance Programs and said for every dollar invested in an EAP program there is \$4 saved. He is a provider for approximately one dozen EAP programs and said there are several providers in town as well as national providers. He offered to work on this issue if the Consortium moves in this direction.

Ms. Jobin said the County pays approximately \$2,000 quarterly for EAP and cost is based on utilization. The County's EAP program allows eight free visits per issue per family member. Mr. Locey said he will survey members of the Consortium to see what EAP and/or Flex benefits are currently being provided.

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### **Consultant's Report**

Mr. Locey distributed a sample of a Medicare Supplement model plan; he has been working with the Blues to try to get claims data but noted data from the medical side is not accurate yet as some of the groups were missing. He reviewed the model plan showing what the standard Medicare benefits are and what a typical PPO looks like under a consortium. He noted that a Medicare supplement only pays what Medicare allows; therefore there are some gaps in what is provided in an overall Medicare supplement plan.

Mr. Locey distributed demographic information showing members by relation and age range and a Medicare Over/Under 65 Claims Report. In May, there were 522 covered lives over age 65; the claims data for Medco shows an average of \$3,400 per year in drug spending for this age group. The under 65 population had 3,871 covered lives with an average usage for the year being \$1,270. Mr. Locey said in talking about a Medicare supplement the drug coverage will have a significant impact on what the premium equivalent rate ultimately is. He noted the importance in making sure the premium equivalent rate matches the benefit or there could be a problem with adverse risk selection or the program not funded properly. Those municipalities that have the percentage-based co-pay may not be able to develop a Medicare supplement that is cheaper than what members are currently getting.

Mr. Locey responded to Ms. DeMarco and said it is possible to have a Medicare supplement plan that does not include the prescription portion and have a Part D plan. He does not recommend a Medicare Advantage Plan. He strongly urged caution in members frequently changing plans and said that would be very harmful for the Consortium. He will continue to develop information and will have rate information and medical utilization for the next meeting.

### **Update from the Board of Directors Meeting**

Mr. Locey reported the Consortium is on budget from a claims perspective and reserve development is running slightly behind. He announced the remaining funds from the grant that was applied for by the County for development of the Consortium was awarded to the Consortium to help fund the reserves and encourage municipalities to join. He believes if things continue the way they are, municipalities that loaned funds in to the reserve fund may be able to be paid back at a slightly faster pace than originally planned on.

### **Adjournment**

The meeting adjourned at 12:48 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk

***Next meeting: Thursday, August 4<sup>th</sup> at noon in the Old Jail Conference Room***

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