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MINUTES

Joint Committee on Plan Structure and Design December 8, 2011 - Noon Old Jail Conference Room

APPROVED

Present:

Municipal Representatives: 6 members

Judy Drake, Town of Ithaca; Brooke Jobin, Tompkins County; Mary Mills, Village of Cayuga Heights; Herb Masser, Town of Enfield; Steve Thayer, City of Ithaca; Glenn Morey, Town of Groton

Municipal Representatives via Proxy: 1 member

Don Barber, Town of Caroline

Union Representatives: 4 unit members

Chantalise DeMarco, County White Collar-CSEA; Jim Bower, Bolton Point; June Overslaugh, City of Ithaca Admin. Unit; J. Licitra, Town of Ithaca Teamsters

Union Representatives via Proxy: 2 members

George Apgar, President; Ithaca Professional Fire Fighters Assoc. and Ithaca Area Fire Fighters #737

Others in attendance:

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

Call to Order

Ms. DeMarco called the meeting to order at 12:06 p.m.

Approval of Minutes

Approval of the October 13 and November 3 minutes were deferred to the next meeting due to lack of quorum.

Discussion of EAP and Flex Programs

Mr. Locey distributed updated results of the survey of which municipalities currently offer EAP or Flex Spending programs. He asked for discussion of whether the Consortium would be requesting quotes for either or both of these programs and whether it would make sense to coordinate that contract through the Consortium or to continue each employer offer their own programs.

With regard to Flex Spending programs, Mr. Locey said most employers have Sieba or EBS RMSCO. He said the TST BOCES Consortium does not contract collectively for flex spending, each school district does it on its own. He said one of the advantages to having this Consortium do this collectively is that it may allow some of the smaller municipalities the opportunity to get a much better rate. It was the consensus of those present to direct Mr. Locey to develop a full RFP (Request for Proposals). He will distribute copies in advance of the

meeting. Mr. Licitra asked and others agreed, that the ability to make electronic submissions be required. Ms. Jobin asked to be part of the RFP Review Committee.

Discussion of Medicare Supplement

Mr. Locey said the biggest concern that exists overall in developing a Medicare supplement is to make sure that the Consortium remains financially balanced. He explained that currently in the Consortium there is the medical plan that goes along with Medicare and then there is the prescription drug benefit. The prescription drug is the primary benefit for the over 65 membership. The medical plan works almost like a Medicare supplement, Medicare pays first before the policy. This is very similar to a Medicare supplement. Mr. Locey said because Medicare is primary, the Consortium's Medicare-aged population is subsidizing the active rate to some degree. Mr. Locey said if the Consortium were to rate the medical program for this population at a lower cost, the lost revenue would need to be made up by the active employees.

Mr. Locey said the reverse happens on the drug side. Since there is no Medicare coverage on the drug side, the Consortium is picking up primary coverage of the drugs for them. He said Medicare-aged population use substantially more prescription drugs than the average active employee or their family member. In this regard, the active employees are subsidizing those individuals. He said if the Consortium were to move to a Medicare supplement it would need to make sure it matches claims expenses are matched with revenue on the premium side. In conclusion, he stressed if one group were to be given a lower rate, the rate of the other group would need to be increased or benefit reduced.

Mr. Locey said one of the complications is that there are a lot of different set-ups in terms of what retirees with Medicare pay for their coverage. In terms of what people are paying, one solution may work for one municipality but not work for another.

Ms. DeMarco recalled the original intent was to bring retirees who were not currently covered by the Consortium and giving them an option that might be available that was more cost effective for them. Mr. Locey said while that could be an outcome, if a Medicare supplement is brought into the Consortium it would be not limited to those who currently aren't buying coverage and there would be a shift in costs.

Ms. DeMarco said she would like to see a comparison of what the Consortium would potentially offer versus what is currently on the open market and what the cost structures are. She said if this population would only be saving a small amount from what they could purchase on the open market, it may not be worthwhile for the Consortium to continue looking at this.

Ms. Jobin said there is no County policy that prohibits an employee who drops the County's insurance from coming back. Over the last ten years she said there have only been a couple people who have come back.

Mr. Locey spoke of how to move this forward and said he would take the plans that have already been produced and put a firm rate with it with and without drug and will show what the impact on the premium will be as well as the active rate.

Mr. Locey said he will send out an e-mail to employers to see how many are in the Medicare population who are actively employed and how many are retirees. Ms. Jobin said the County has approximately ten active contracts that are Medicare eligible. Mr. Thayer will look into how many the City has.

Update on RFP for Prescription Drug Manager

Mr. Locey provided an update on the RFP process and said the Review Committee has not finished its work and will be recommending that the Consortium renew with Medco while the Committee continues its investigation and review of the proposals. He expects a recommendation to be made to the Board of Directors to sign a multi-year agreement with whomever is selected. He reported an e-mail has been sent to Medco giving them notice of the stipulations are under the renewal:

1. The contract must include a 60-day egress clause which allows the Consortium to cancel with a minimum of 60-days written notification to Medco.
2. The Consortium would like to implement the new pricing offer included in the Medco Proposal to be effective as soon as possible.
3. The Consortium would like to put Medco on notice that it expects better assistance in terms of on-sight meeting support from Medco for employer communication and labor negotiations during the term of the new contract.
4. A meeting should take place between Medco and key Consortium Board members to discuss any issues which have come up in the past year, learn more about Medco processes, and discuss expectations for the upcoming year.

Mr. Locey received a response to the e-mail from Medco in which it was stated Medco would like a one-year commitment with a termination notification period of 90 days. The RFP Review Committee will meet again in January.

New Business

Mr. Locey explained Cayuga County has a quasi Consortium that includes the County, college, and Soil and Water Conservation District. With reserve funds they conducted a flu clinic this year as a wellness initiative. In cooperation with the County's Health Department, they offered a free two-day flu immunization clinic that was available to any covered employee, spouse, or dependent. The cost for the vaccine was less than \$10 per dose and likely saved the plan a clinic charge or an office visit expense in addition to the cost of the vaccine if it were provided at a physician's office. He said as this Committee begins to talk about wellness initiatives, this may be something that members would like to consider next year.

Adjournment

The meeting adjourned at 12:55 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk