

**MINUTES****Greater Tompkins County Municipal Health Insurance Consortium  
Joint Committee on Plan Structure and Design****Approved  
11/7/2013****October 2, 2013 – Noon  
Old Jail Conference Room*****Present:******Municipal Representatives: 7 members***

Betty Conger, Village of Groton (excused at 1:15 p.m.); Judy Drake, Town of Ithaca; Schelley Mitchell Nunn, City of Ithaca; Jennifer Case, Town of Dryden; Laura Shawley, Town of Danby; Ruth Hopkins, Kathy Miller, Town of Lansing; Brooke Jobin, Tompkins County

***Municipal Representative via Proxy: 0******Union Representatives: 5 members***

Steve Wright, Blue Collar Unit – CSEA #855; Jim Bower, Bolton Point Water Unit – IUOE; Olivia Hersey, TC3 Professional Admin. Association Unit; John Licitra, Town of Ithaca, DPW – Teamsters; Tim Farrell, City of Ithaca DPW Unit – CSEA 1000

***Union Representative via Proxy: 2***

Jerry Wright, Cayuga Heights PBA; Bradley Berggren, Town of Danby Highway; Officer

***Others in attendance:***

Steve Locey, Locey & Cahill; Ashley Ahmadipour, Kim Johnson, ProAct; Beth Miller, Excellus

**Call to Order**

Ms. Shawley, Vice Chair, called the meeting to order at 12:05 p.m.

**Consultant Updates****Employee Assistance Program and Flex Spending Accounts**

Mr. Locey asked that this item be deferred to the next meeting. At that time he expects to have a recommendation to present.

**Medicare Supplement**

He distributed information to be used in the discussion and said the goal is to look for some type of opportunity to provide Medicare-age people with a plan. The first document was a side-by-side comparison that showed some of the major benefits associated with Medicare, a listing of what Medicare covers, a listing of what is currently covered under the Town of Ithaca's plan, and what a Medicare Supplement Plan would typically cover. In terms of making sure everyone has an understanding of the different types of plans that are available he explained the components of Medicare Part A and Part B.

Mr. Locey said the Town's plan is referred to as a Medicare carve-out. It is the same plan as it is for the actives; the only difference is the amount Medicare pays is carved out. For

example, if someone has unlimited hospital coverage under their plan, even after the 150<sup>th</sup> day when Medicare no longer pays, the Town of Ithaca's plan would pick up and pay 100%. Whereas, with a Medicare Supplement, there is no coverage after Medicare exhausts.

He provided information on the Medicare Advantage Program and said it is comprehensive coverage that incorporates Medicare and also provides some benefits that Medicare typically would not provide. It is an insurance plan that is purchased through a private company and not the federal government. The reason private companies can offer it at a fairly low rate is because the Medicare federal program doesn't have to cover that person and pays the insurance company a subsidy that equates to what they would have paid for Medicare coverage for that individual. Mr. Locey said the federal government will be reducing those subsidies and using the savings to help pay for the Affordable Care Act. When this happens rate will either go up or benefits will be trimmed, or both.

Mr. Locey provided information from Excellus about two popular supplemental programs they offer under the traditional insurance model that people can sign up for individually. He said when Locey and Cahill put it's Medicare Supplement model together they estimated a premium of about \$200. The Excellus plans have no prescription drug coverage and range from \$191 to \$194. He referred to data from a large school consortium in the Syracuse area with 30,000 covered lives and said the average monthly expense for prescription drug coverage was \$332. He said to add the drug coverage and the Medicare Supplement model the premium would be approximately \$532.

Mr. Locey distributed 2013 and 2014 rates to demonstrate where the Consortium is from a benefit/rate perspective. He said one thing that happens with Medicare-age individuals is that although they do subsidize the actives on the medical plan side the reverse happens on the drug side. He said the biggest problem in carving the population out is making sure that in the end by doing something for the Medicare-age retirees that it doesn't disrupt the active population and in the end doesn't solve the employer's issue in terms of the global budget of how much is being spent on health insurance. He said it is important to keep in mind that for the people who are already being covered that if their benefit is not altered the rate cannot be altered. If their rate is altered someone else's rate has to be altered to make up the difference. He said he looked up the AARP plan through United Health Care and it is about \$180 for medical coverage only.

Ms. Shawley asked Mr. Locey what he would recommend to move this discussion forward. Mr. Locey spoke of challenges that exist relative to plan design, cost, and the Consortium. Another challenge is that all employers are at a different place with regard to employees and there are many different perspectives. He suggested creating a survey of employers to find out how they are currently treating their employees. Suggested questions were: How are retirees currently being treated relative to health insurance coverage, years of service before they vest for coverage, how much employer is paying towards coverage, how long retirees are permitted to keep coverage, are there types of setups such as using unused sick days to pay for the coverage, are spouses and dependents covered, what are the contribution rates for individual/family. Mr. Locey said it will be difficult to get everyone to the same point because of the different places each employer would be starting from, negotiations, etc. Ms. Pottorff will work with Mr. Locey in preparing a survey.

Ms. Drake said this is something the Town of Ithaca has been looking at, especially with the post-employment number. She said the Town, as a member of the Consortium, is not able to pull its retirees and find other coverage. Mr. Locey said there are a couple of municipalities that are currently doing something outside of the Consortium. He stated the Municipal

Cooperative Agreement allows for anyone who is providing insurance outside of the Consortium, that they could be charged a risk assessment fee. An employer could pull its retirees out and put them in a Medicare supplement program for a lower cost; however, this would result in the rest of the Consortium having a higher cost because they would pick up any subsidation that was present as the result of having that population in the larger pool.

#### Flexible Spending Accounts

Mr. Locey requested this item be deferred to the next meeting.

#### **Proposal to Amend Quorum Requirements**

Ms. DeMarco asked that members review the proposal to amend the quorum requirement to 5 municipal members and 10 labor representatives (15 total). Presently the number of members needed for quorum is 23.

#### **Affordable Care Act**

Mr. Locey distributed information on the various plan models that currently exist through the Consortium. He said through the Affordable Care Act the health insurance programs that are available to the general public through the health insurance exchanges range from an individual Platinum plan to a catastrophic plan and for an employer it goes from Bronze to Platinum. He explained a Platinum plan is designed to cover 90% of an individual's health care, Gold is 80%, Silver is 70%, and Bronze is 60%. The Bronze plan is the basic coverage employer must provide to avoid penalties. Most of the plans in the Consortium are Platinum. He distributed the State's template of the different plan designs and benefit levels for members and reviewed the different deductibles for plans in comparison to the Consortium and asked that members keep in mind that the benefits may be different than what employers are currently providing. All rates are by region; he distributed a map showing the regions and noted Tompkins County is in the Syracuse region. He also provided information on what plans are available in Tompkins County. Mr. Locey said the Consortium may want to re-vamp the PPO plan to mirror one of the levels of coverage to produce a lower rate that would be available to employers.

Ms. Miller reported an in-depth training was held for health insurance clerks in September on the Affordable Care Act and highlighted some of the topics that were discussed. She spoke of considering putting a plan in place that meets the 60% plan. She said employers need to think about pay scales and noted premiums cannot be more than 9.5% of an employee's annual pay. The Consortium's plans all meet the requirement for providing essential benefits; however, it was implied that for 2014 there would be an out-of-pocket maximum that would apply to deductibles, co-insurance, co-pays, and prescription co-pays. Ms. Miller referred to the "Safe Harbor" for 2014 and said because the Consortium has its drugs carved out through ProAct it falls under the Safe Harbor and will not have its drugs pulled into the system to create the out-of-pocket maximum. Mr. Locey said most people will not hit the maximum; however, there are a few plans where individuals are paying a percentage of the drug costs which could have the potential. There may be a need to take a look at those plans rates to see if adjustments need to be made. Ms. Ahmadipour said there are many cases where an individual who is taking a high-cost drug is able to receive co-pay assistance from the drug manufacturer.

Ms. Conger was excused at this time.

Mr. Locey said there are some programs that qualify for health insurance and therefore, are exempt. Examples Medicare, Medicaid, employer-sponsored health plans, and military plans. He will provide Ms. Pottorff with a list that can be distributed to the Committee.

### **Quorum Requirement**

At the present time there are 45 members of the Committee. Following discussion it was agreed Ms. Shawley and Ms. Nunn would work on contacting members and getting them to attend the next meeting or send in a proxy form. It was also suggested that the next meeting be scheduled for later in the day. This item was deferred to the next meeting.

### **Old Business**

There was no old business.

### **Approval of Minutes**

Approval of minutes of September 5, 2013 was deferred due to lack of quorum.

### **Adjournment**

The meeting adjourned at 1:30 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk