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125 E. Court Street
Ithaca, NY 14850
604-274-5590
INFO: consortium@twcny.rr.com
www.tompkinscountyny.gov/hcconsortium

MINUTES

**Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
November 6, 2014 – 1:30 p.m.
Rice Conference Room, Health Department**

Approved

Present:

Municipal Representatives: 9 members

Judy Drake, Town of Ithaca; Brooke Jobin, Tompkins County; Jennifer Case (excused at 2:30 p.m.); Joan Mangione, Village of Cayuga Heights; Mack Cook, City of Cortland; Schelley Michell Nunn, City of Ithaca (arrived at 1:46 p.m.); Michael Murphy, Village of Dryden; Cindy Whitaker, Town of Caroline; Sharon Bowman, Town of Lansing

Municipal Representative via Proxy: 0

Union Representatives: 7 members

Scott Weatherby, TC3 Staff Unit CSEA Vice President; Tim Logue, City of Ithaca Executive Unit; Tim Arnold, Town of Dryden Teamsters; Olivia Hersey, TC3 Professional Admin. Assoc. Unit; Jon Munson, Town of Ithaca Teamsters; Melissa Schmidt, TC3 Staff Unit; Doug Perine, Tompkins County White Collar

Union Representatives via Proxy: 2

James Bower, IUOE Local 158, District 832 Bolton Point (S. Weatherby); Wilma VanDee (D. Reynolds)

Others in attendance:

Don Barber, Executive Director; Steve Locey, Locey & Cahill; Sharon Dovi, TC3; Margaret Gannon, CSEA Health Benefits Department; Beth Miller, Excellus

Call to Order

Mr. Weatherby, Chair, called the meeting to order at 1:35 p.m.

Approval of Minutes of August 7 and September 4, 2014

The minutes of August 7 and September 4, 2014 were deferred due to lack of quorum.
MINUTES DEFERRED.

Chair's Report

Mr. Weatherby, Chair, had no report.

Report from the Board of Directors

Ms. Drake, Board Chair, reported the final Municipal Cooperative Agreement has been signed by all members and is now available on the Consortium website. The 2015 Budget was approved and included a premium rate increase of 5%. The 2011 Audit by the New York State Department of Financial Services was finalized and is also available on the website.

Executive Director

Mr. Barber reported the last flu clinic was held and according to ProAct they were very successful; a full report will be presented to the Owing Your Own Health Committee.

He reported the roll-out of the recertification process is underway and he and Beth Miller held 12 meetings with City and County employees during the last week and a half. He said Cortland has hired an outside firm to perform the recertification process. He said if anyone did not attend the Retreat they are encouraged to view the presentation along with the PowerPoint presentation that is available on the Consortium website.

Ms. Jobin said she would like information on how many spaces were made available and filled at each flu clinic location. She is interested in knowing if there was successful outreach to fill those spaces by location.

2-Person Category for Benefit Plans

Mr. Barber said the Audit and Finance Committee has been asked to consider a two-person premium. He referred to a memorandum prepared by Locey and Cahill dated September 25, 2014 containing detailed information.

Mr. Barber said the Consortium does not pay Excellus a certain amount to execute the claims. He said although it makes sense if someone is from the same age group and has only two people as opposed to having more people you would expect to pay less in claims because there are fewer people. However, the medical and prescription costs increase by age; if there is a disproportionate number of the population that are older who are two-person it may not be the same if they were equal parts of the population paying a two-person rate. He said prior to the Consortium the majority of health insurance plans did not have a two-person rate; this is why it was not included as an option and would need to be approved by both labor and management.

He said since 93% of the Consortium's premium pays for actual claims, adding a two-person tier does not change the covered population or the resulting claims so the amount that has to be raised to pay claims remains the same. If the two-person rate were an intermediate premium between single and family then to receive enough premium to pay those claims the other two rates would need to be adjusted.

Mr. Barber said that since the rates are negotiated and a part of the collective bargaining process this Committee should discuss a process to move forward as the Consortium could only offer it if there was across-the-board change for single and family rates. He said Mr. Locey had offered to work with an individual municipality to adjust rates if the Consortium didn't move forward with a two-person rate and an individual municipality wished to move forward.

Ms. Nunn arrived at this time.

Ms. Miller clarified a two-person rate would apply to the subscriber and one other person; it would not have to a spouse. She also said it should be assumed that anyone eligible to have a two-person rate would take advantage of it because it would be a lower rate.

Mr. Barber said the Audit and Finance Committee looked at this to do an analysis to determine what the impacts would be but has referred it to this Committee for discussion.

During a discussion of the estimated savings it was stated that a 2-person family would receive a \$138 decrease in their rate while all other family plans would experience a \$102 increase in their monthly rate. Mr. Murphy noted employees generally only pay a portion of the premium; therefore, there would not be a major savings or cost increase to the employee. Ms. Drake said the one population that this would benefit would be the retirees because they are typically paying 50% of the premium or more. When the Consortium was formed the Town of Ithaca moved from a three-tier rate to a two-tier rate.

Mr. Locey said from a Consortium perspective it doesn't matter whether there are two or three rates because in the end the same amount of money would be collected in rate. He thinks one reason this has been brought forward is that there are plans available on the open market that have multiple rate choices. He said there needs to be a look taken at whether it makes sense to give a price break to a particular group.

Mr. Weatherby said he thinks this would be difficult to get support from a bargaining unit for this.

Based on the lack of interest Mr. Cook suggested the Audit and Finance Committee table this indefinitely. If at some point in the future there is interest expressed in pursuing it further it can be brought back for further discussion and consideration.

Ms. Nunn said when this was suggested previously at the City of Ithaca there was concern about the financial impact it would have on families and doesn't think the City's position has changed. She asked if it makes sense to move in this direction if it would also make sense to move to a two-tiered system in terms of new hires. Mr. Locey said he thinks this would be difficult because of complexity and fairness issues as a result of employees who would be paying different sets of rates. He also noted the billing process is already very complicated.

Mr. Barber summarized the discussion and said this Committee is not interested in pursuing a two-person rate at this time. If a group would like to have a three-tier rate they could contact Mr. Locey and establish that internally.

Recertification Process

Mr. Cook said several municipalities have received an e-mail from CSEA asking that they cease and desist the Recertification process and asked for direction on this.

Mr. Barber said the Board of Directors authorized the recertification process and there was full transparency. If an employer decides to respond to the letter from CSEA it is a collective bargaining issue and not a Consortium issue. Until the Board of Directors stops the process it is continuing to move forward. Mr. Cook asked if municipalities fulfill their responsibility as instructed by the Board if the Consortium would hold them harmless for any monetary damages that are rendered if they don't honor the order to cease and desist. Mr. Barber said the Board would have to make a decision on this and they will meet again in December and this is timely enough to provide an opportunity if something needs to be

changed. He cautioned that this Committee is not to be discussing collective bargaining issues. He said if a municipality decides not to continue it should bring this to the Board.

Mr. Weatherby read the following statement:

“In CSEA’s case the issue has been referred to our CSEA attorneys and respective labor relations specialists. It is a mandatory subject of bargaining for the individual CSEA units and that has already been established by PERB (Public Employee Relations Board)”. He said there have been two court cases on this already of which one was in Cortland County.

Mr. Cook asked if it is CSEA’s position that it only impacts their bargaining units and for those municipalities that have several different bargaining units does it apply. Ms. Hersey said her bargaining unit, NYSID, has also said the same thing as CSEA. She thinks most of the bargaining units will have the same perspective that it is a mandatory subject of bargaining. Mr. Barber said if the labor Directors on the Board want to ask that the Board take a different path there is a process for that to happen.

Mr. Weatherby said CSEA doesn’t oppose ensuring that all of the right people are being insured but there are impacts of which one could be the cost associated with obtaining a document such as a marriage license.

Ms. Gannon suggested that anyone represented by CSEA reach out to their labor relation specialist who handles that municipality. She said she thinks an audit is important and if there are fraudulent claims being made they need to be caught and stopped; however, there are also concerns with personal information being provided. Ms. Hersey said one of her members is not in possession of their marriage license and has to wait 14 to 16 weeks to obtain a copy which would prohibit them from completing the process in the timeline.

Mr. Barber asked that Mr. Weatherby take the issue of what this Committee is back to CSEA. The Consortium is an Article 47 and the Committee was created to have a venue for labor and management to sit down together to run the Consortium. This problem he said shows it is not being done well since being this far into the process and having the process stopped. He said there needs to be an understanding of how both sides are going to work together smoothly.

Mr. Perine asked why the Consortium didn’t come to the unions when this process was being decided upon and request that they check with their legal department and members to see if there were any problems. Mr. Barber said every bargaining unit gets a copy of the information discussed by this Committee and this has been discussed at least twice in the past. He said if there is a better way to communicate he is open to hearing suggestions.

Mr. Barber said this process was brought forward as a result of the audit performed by the New York State Department of Financial Services. Late last year the Board was introduced to the process that would start on new hires that began on January of 2014. There have been discussions along the way of doing a full recertification and that date was established in the Spring of 2014 with the rollout set to take place in the Fall. He also said he reported on two different occasions what the roll-out plan was to this Committee. Mr. Barber said employers and employees have a stake in the outcome of the Consortium and there needs to be a way to communicate among everyone that will work better.

Mr. Locey said Locey and Cahill has been involved in two similar audits but each used outside firms to perform the audits. Both involved NYSID and CSEA and no one objected to the

process so this process was built with similar safeguards and he even thought it was better protected because an outside firm was not being used. He said they thought that by having employees sharing information with their employer it would be better than sending to a stranger, an amnesty period was built in, nothing was built in with regard to any punitive action to an employee although there was discussion about punitive action about fraudulent claims, and there was discussion about an appeals process. There was not any discussion built in about the reimbursement of the costs to secure documentation because they had not seen this as being an issue with the other audits. Mr. Locey said the Consortium has an attorney, Hancock and Estabrook, and if anyone would like something reviewed it can be referred to them upon approval by the Board of Directors for analysis and opinion.

Basics of Benefit Plan Design

Mr. Locey distributed a detailed memorandum dated November 6, 2014 regarding "Building a Medical and Prescription Drug Benefits Plan". He explained the Consortium is self-insured and the State has deemed that Article 47 Municipal Cooperative Health Benefit Plans have to operate under the same rules as an Article 43 Not-for-Profit insurance company in terms of benefits. There are also many other rules and regulations the Consortium must comply with. Mr. Locey pointed out highlights contained in the lengthy document that provided an overview of how a medical and prescription drug benefit plan is developed in New York State. Due to the comprehensive nature of the document and usefulness in future discussions it is included as an addendum to these minutes.

Mr. Barber thanked Mr. Locey for putting together the document and said it will be very useful during the Committee's discussion of developing plans.

New Business

There was no new business.

Old Business

There was no old business.

Next Meeting Agenda

Discussion of the role of the Joint Committee in relation to the Consortium Board of Directors and review of a draft Bronze Plan was deferred to the next meeting. The Committee will also establish a 2015 meeting schedule and appoint an alternate to the Board of Directors to replace John Licitra.

Adjournment

The meeting adjourned at 2:48 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk