

Greater Tompkins County Municipal Health Insurance Consortium

NYS Local Government Innovation Conference

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Presented by:

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Chair , Board of Directors



Presentation Topics

- Introduction to GTCMHIC
 - Establishing an Article 47
 - MCA & Governance Model
 - Membership
- Growing a New Plan
- Benefit Plans
- Managing Costs
- Challenges/Opportunities

Article 47

- ❖ Article 47's are: one self-insured community.
- ❖ Created in 1993 – Article 47 allows all Municipal Corporations, regardless of size, to Pool risks
- ❖ Municipal partners are the Owners
- ❖ Article 47 Regulatory Requirements Highlights:
 - ❖ Adoption of a Municipal Cooperative Agreement
 - ❖ Establishment of Surplus and IBNR Financial Reserves
 - ❖ Purchase Stop-Loss Insurance
 - ❖ Role for Labor in the Governance Structure
 - ❖ Voting Seats on the GTCMHIC Board of Directors
 - ❖ Quarterly & Annual Financial Reporting to DFS

Creating Municipal Coop. Agreement

- ❖ Tompkins County Council of Governments mission: educating and sharing services.
- ❖ In 2007, TCCOG determined that creating a Health Insurance Cooperative was a priority as premiums were far outpacing the growth in revenue.
- ❖ Article 47 of the New York State Insurance Law allowed all Tompkins County municipalities to participate, yet not one had been created since 1993.
- ❖ TCCOG was awarded (2007) a Shared Municipal Services Incentive grant of \$250,000 to assist in the development, approval, and implementation of the GTCMHIC
- ❖ May 2009 final draft MCA completed as approved by potential municipal boards and sent to NYS Insurance Dept. (now Department of Financial Services - DFS)
- ❖ Negotiations with Ins. Dept. took until mid- 2010 to establish MCA language, municipal adoption in mid-2010

MCA Highlights

- Establishes Board of Directors made up of all partners plus 15% in Labor
- Re-affirms required responsibility of Board as stated in Article 47
- Three year commitment upon joining and 3 year waiting to rejoin
- Weighted Voting can be invoked for members with over 200 contracts
- Joint Committee, composed of every bargaining unit and each municipal partner, reviews and provides recommendations about benefit plan changes
- Partners must enroll all eligible subscribers
- Prorata share of assets and liabilities
- Required review of MCA every 5 years
- Establishes geographic boundaries of Consortium
- Surplus fee of 5% of premium due before joining plan

Governance Model

Board of Directors – Direct & Protect

- Each municipal partner
- Organized Labor Directors (no more than 15% of owner total)

Advisory Committees

- Audit and Finance
- Joint committee on Benefit Plan Design & Structure
- Owning Your Own Health
- Appeals
- Special Subcommittees

Mission and Vision Statement

Belief: Individually and collectively we invest in realizing high quality, affordable, dependable Health Insurance

Mission Statement:

GTCMHIC is an efficient inter-municipal cooperative that provides high-quality, cost-stable health insurance for members and their employees and retirees.

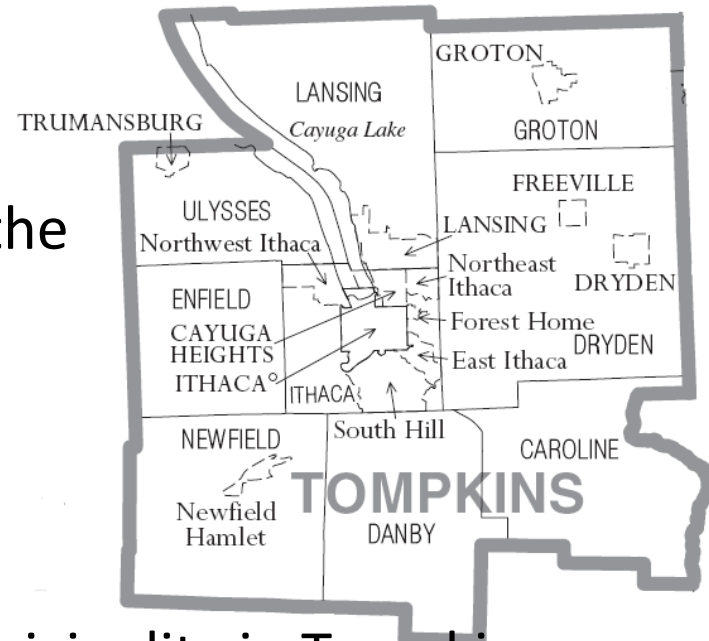
Vision Statement:

GTCMHIC provides its municipal partners in Tompkins County and the six contiguous counties, a menu of health insurance plans to the benefit of the employees, retirees, and their families.

- **The Consortium administers operations by collaborating with claims administrators, providers, and employee representatives in an effort to manage its costs, efficiencies, and success.**
- **The Consortium strives to provide a trust-worthy, responsive, and efficient vehicle that enables access to its quality products, models a new health insurance paradigm, and educates its members to become more directly involved in their own personal health.**
- **The Consortium promotes a culture of preventative health care for the well-being of its members.**

Geographic Boundaries

Consortium membership was initially established by 13 municipalities within the geographical boundary of Tompkins County.



Boundary has now expanded to any municipality in Tompkins County and the Counties contiguous to Tompkins County which includes any municipality in Cayuga, Chemung, Cortland, Schuyler, Seneca, and Tioga Counties.

Benefits for Municipal Partners

- ❖ Joining self-insured Risk Pool with lower cost structure
- ❖ Part of a larger Risk Pool to buffer large claim exposure
- ❖ Distribution of fixed costs over a larger subscriber base
- ❖ No broker fee (4% of premium)
- ❖ No PPACA Insurer Fee (3% of premium)
- ❖ Resulting in Lower premiums
- ❖ Budget set by October 15th
- ❖ Stability of rate changes
- ❖ Participate in establishing Benefit Plans and Managing Changes

Benefits for Subscribers

- ❖ Process to participate in Benefit Plan Changes
- ❖ Representation on Board of Directors
- ❖ Reduced premium increases
- ❖ Transparency

Start-up – Financial Hurdles

Funding Article 47 two mandated reserves

- ❖ Incurred But Not Reported (IBNR)
 - ❖ Statute: 25% of paid claims or amount set by Superintendent (negotiated 12%)
 - ❖ Build IBNR during first year of operation
- ❖ Surplus Reserve (5% of premium)-must be posted before Certificate of Authority can be issued

Securing Stop-Loss Insurance

GTCMHIC received its COA on 10/1/10- began operations on 1/1/11

Growing GTCMHIC Financial Base

- Started with blank sheet
- Surplus Reserve funded before premiums collected
- Built IBNR in year one – there after increases by claims inflation & additional covered lives
- Years 2 & 3, continued to build fund balance
- Year 3 created Catastrophic Claims Reserve due to laseded individual of Stop-Loss carrier

- Fund Balance as a % of premium:: Premium increase

– 2011:	0%	9.5%
– 2012:	9%	9.5%
– 2013:	17%	9.0%
– 2014:	24%	8.0%
– 2015:	36%	5.0%
– 2016:	35%	4.0%
– 2017 (projected):	39%	5.0%
– 2018		4.0%

Reserves

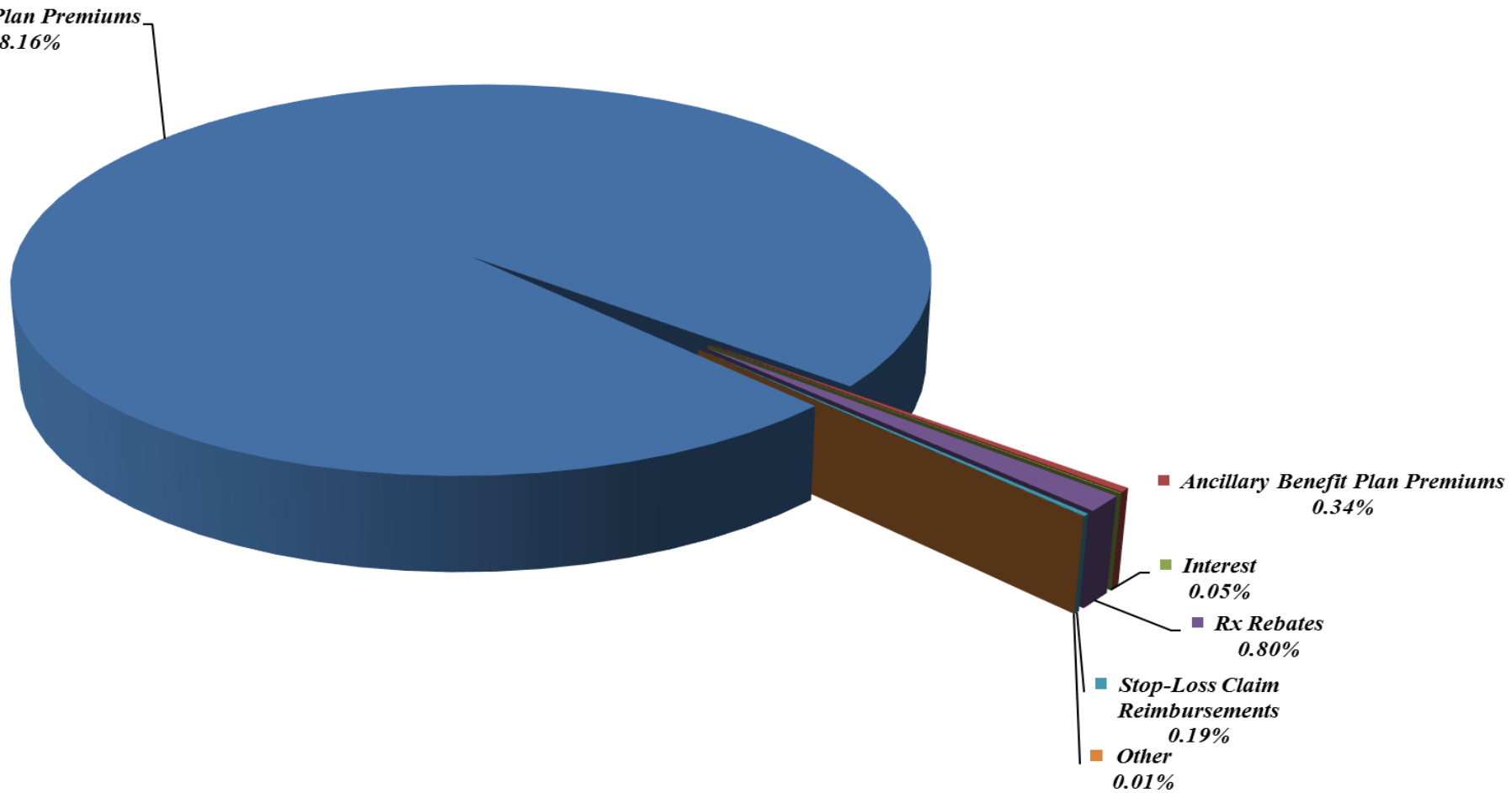
Statutory:

- Surplus - 5% of premium
- IBNR – 12% of paid claims

Discretionary

- Catastrophic Claims (2013 @ \$600K, 2015 \$1,050K)
- Rate Stabilization (2015 @ \$1.5M (5% paid claims))

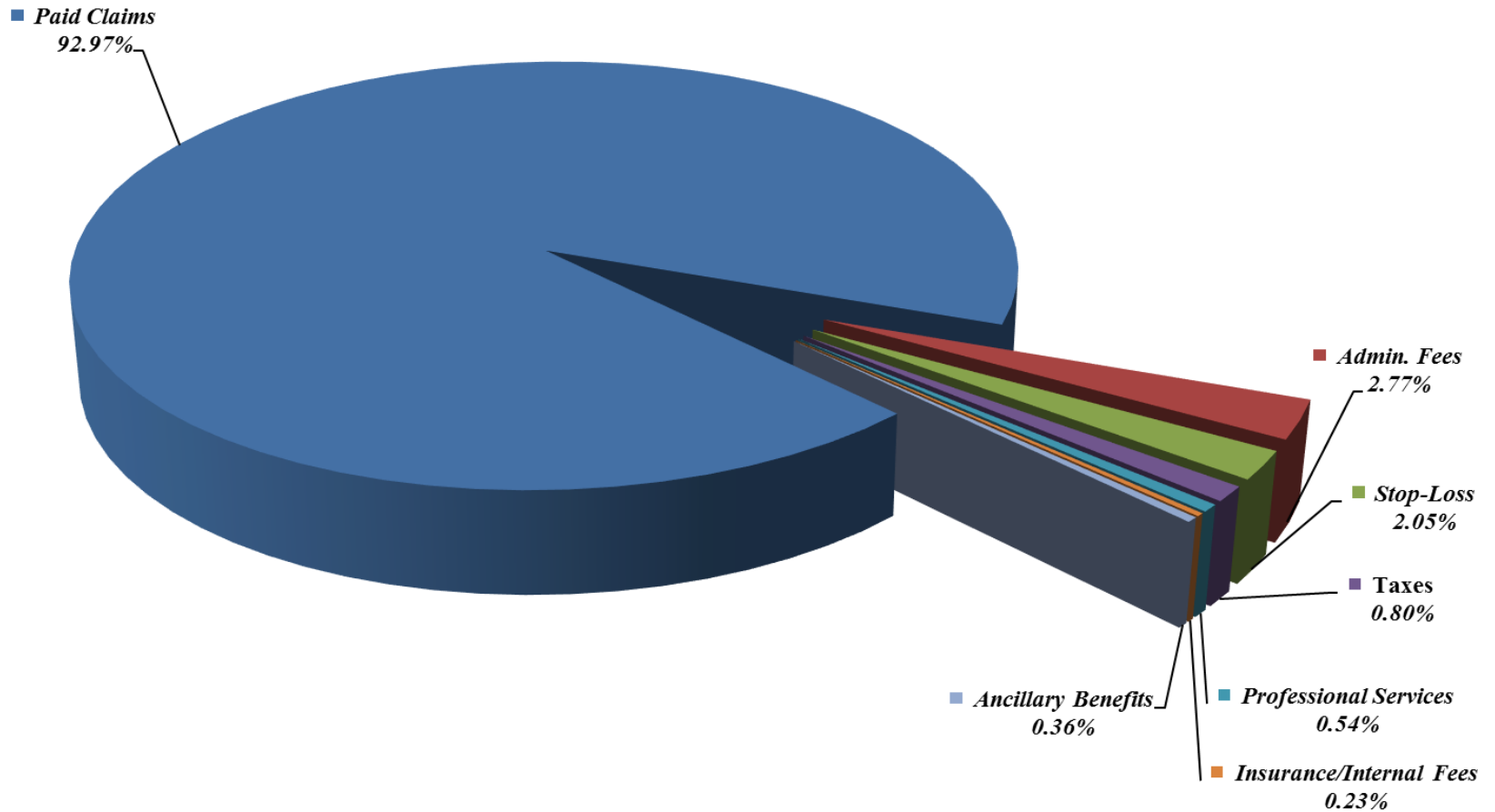
Greater Tompkins County Municipal Health Ins. Consortium
2016 Income Distribution
January 1, 2016 to December 31, 2016



Greater Tompkins County Municipal Health Ins. Consortium

2016 Expense Distribution

January 1, 2016 to December 31, 2016



Financial History

	2011 Fiscal Year	2012 Fiscal Year	2013 Fiscal Year	2014 Fiscal Year	2015 Fiscal Year	2016 Fiscal Year
Income						
Premiums	\$25,794,917	\$28,575,531	\$34,507,670	\$36,063,291	\$37,587,353	\$38,519,955
Other Revenues	\$167,294	\$105,902	\$146,563	\$134,659	\$128,523	137,065
Interest Earnings	\$6,004	\$7,332	\$9,871	\$12,641	\$13,526	\$16,533
Total Income	\$25,968,215	\$28,688,765	\$34,664,104	\$36,210,591	\$37,729,402	\$38,673,533
Expenses						
Claims Expenses	\$25,136,185	\$24,799,035	\$28,013,757	\$29,755,490	\$28,750,405	\$34,999,888
Administrative Fees	\$841,543	\$928,502	\$939,946	\$988,796	\$1,003,466	\$1,046,447
Other Expenses	\$353,292	\$373,096	\$610,890	\$562,919	\$610,589	622,555
Stop-Loss Ins	-\$170,613	-\$590,041	\$310,713	\$836,935	\$706,517	\$692,329
Total Expenses	\$26,160,407	\$25,510,592	\$29,875,306	\$32,144,140	\$31,070,977	\$37,401,219
Net Income	\$525,808	\$3,258,773	\$4,788,798	\$4,066,451	\$6,658,425	\$1,173,320
Total Assets	\$4,320,054	\$7,708,613	\$11,135,054	\$15,443,004	\$22,153,922	\$24,290,896

Greater Tompkins County Municipal Health Insurance Consortium

GTCMHIC Budget Income % Increase and Excellus Small Group
PPO % Rate Increase

<i>Fiscal Year</i>	<i>Budget Income % Increase (2018-2019 Projected)</i>	<i>Excellus BCBS Small Group Rates % Increase *</i>
<i>2011</i>	9.50%	10.00%
<i>2012</i>	9.50%	11.50%
<i>2013</i>	9.00%	11.90%
<i>2014</i>	8.00%	ACA
<i>2015</i>	5.00%	12.20%
<i>2016</i>	4.00%	7.10%
<i>2017</i>	5.00%	14.50%
<i>2018</i>	4.00%	TBD
<i>2019</i>	<i>6.00%</i>	TBD
<i>Average Increase</i>	<i>6.75%</i>	<i>11.20%</i>

* Data Provided by NYS Dept. of Financial Services Reports for Excellus BCBS Small Group PPO Plans in the Syracuse New York Region.

Benefit Plans

To gain subscribers acceptance and compliance with CBA's, promised no reduction in benefit

2010

- 10 PPO and Indemnity Medical Plans
- 10 Rx Plans

Added since start-up

- 1 more Rx plan
- Medicare Supplement
- 4 “Metal” plans modeled pegged to Actuarial Value
 - 3 are High Deductible

Comparison of Premiums

2016 GTCMHIC Premiums	Individual	Employee & Spouse	Employee & Child(ren)	Family
Platinum Plan	\$556.97	\$1,448.13	\$1,448.13	\$1,448.13
Gold Plan	\$500.89	\$1,302.30	\$1,302.30	\$1,302.30
Silver Plan	\$415.67	\$1,080.74	\$1,080.74	\$1,080.74
Bronze Plan	\$324.72	\$844.26	\$844.26	\$844.26

2016 Excellus Premiums	Individual	Employee & Spouse	Employee & Child(ren)	Family
Platinum Plan	\$678.32	\$1,356.64	\$1,153.14	\$1,933.21
Gold Plan	\$582.97	\$1,165.94	\$991.05	\$1,661.46
Silver Plan	\$490.46	\$980.92	\$833.78	\$1,397.81
Bronze Plan	\$364.52	\$729.04	\$619.68	\$1,038.88

Management Tools

Premiums

Managing Expenses

- Increasing Risk Pool
- Increasing Stop-Loss Deductible
- Subscriber & Partner Education
- CanaRx pharmacy

Management Philosophy

- Conservative Estimates
- Fund Balance Goal
- Working Relationship with a large segment of Provider Network

Challenges/Opportunities

- Stop-Loss Insurance Premium Increases
- Specialty Drugs
- Building Preventative Health Care culture within 30+ autonomous employers framework
- Managing and engaging 36+ member Board
- Reacting to changes in healthcare costs from Repeal and Replace
- Reacting to Consolidation of Provider networks
- Effective tools for Communicating with Subscribers



Questions