



Rochester Area School Health Plan II

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ROCHESTER AREA SCHOOL HEALTH PLAN II

March 23, 2022

ZOOM Meeting ID: 927 5425 4086

The following were present:

Brockport	Absent
Churchville-Chili	Frank Nardone
Gates Chili	Mitch Ball
Greece	Romeo Colilli
Hilton	Adam Geist
Spencerport	Rick Wood
Wheatland-Chili	Jessica Jackson
Monroe #2 BOCES	Absent

Brighton	Lou Alaimo
East Irondequoit	John Abbott
East Rochester	Staci SanSoucie
Fairport	Matt Stevens
Honeoye Falls-Lima	Bruce Capron
Penfield	Dan Driffill
Pittsford	Darrin Kenney
Rush-Henrietta	Andrew Whitmore
Webster	Brian Freeman
West Irondequoit	James Brennan
Monroe #1 BOCES	Scott Covell

Gallagher Charles McLaughlin, Kara Burden, Geoff Gerbasi, Sharon Brognia, Jon Kresky, Bob Jordan, Melissa Weise

Union Reps Charlotte Kimberly-Haag, Dwayne Cerbone, Bill Gregory, Kathy Occhioni, Kevin Thornton

Superintendents Loretta Orologio, Jim Haugh

Others Present Carrie Andrews (NYSUT), Jen Talbot (BOCES 2)

Scott Covell called the meeting to order at 2:32 PM. Sharon Brognia introduced Jon Kresky as the new member of the team replacing Kara Burden. She also introduced Melissa Weise as the pharmacy consultant added to the RASHP II team.

I. Action Items

A. Minutes – December 15, 2021 – John Abbott moved, Matt Stevens seconded, that the minutes of December 15, 2021, as amended, be approved.

Vote: All in favor

B. Treasurer's Report – December 31, 2021

i. Accounting Adjustments: Jennifer Talbot, Deputy Treasurer for the RASHP II Plan, presented on certain accounting adjustments that modify the presentation of liabilities and fund balance. The purpose of the accounting adjustments is to be consistent with DFS financial reporting requirements. She highlighted the Fund Balance Reconciliation which restated \$13M from Fund Balance to Liabilities and \$9.1M to run through plan performance. Discussion followed regarding adequacy of total fund equities, as restated.

Scott Covell presented summary of reserved liabilities and equity highlighting the business purpose for each account that reconciles to the Unassigned Fund totaling \$75.3M.

Brian Freeman moved, Bruce Capron seconded, that Treasurer's Report for the period ending December 31, 2021 be approved.

Vote: All in favor.

A resolution was put forward and read into the record by Scott Covell to restate the balance sheet for the period ending 12/31/2021. See attached.

Motion to restate financial statements at of 12/31/2021 moved by Darrin Kenney, seconded by Bruce Capron.

Vote: All in favor

C. Gallagher Management Report – Geoff Gerbasi presented the Gallagher Management Report for the period ending December 31, 2021. Overall, plan performance showed a loss of \$11.5M. Contributing factors include a lower-than-expected enrollment of 3.2%. This led to a 3% shortfall in premiums collected resulting in \$8.4M revenue deficit. The next most significant short-fall was in Pharmacy rebates which resulted in a \$2.5M deficit.

Charles expanded on the relative accuracy of the claims projection despite the decline in the number of participants and shortfall in premiums collected. Bob Jordan explained the impact that COVID 19 has on this relationship. He explained the surge in claims in the last quarter which is consistent across different industries. This surge represented about a 1.5% increase in claims which equates to approximately \$4M.

Discussion followed regarding the impact the operating loss has on fund equity and flags that may be raised by DFS. Gallagher responded with reassurance that the Plan still maintains a strong financial position, despite the operating loss. The loss is explainable and is expected to satisfy DFS inquiry.

Discussion followed about participant enrollment projections and opportunity to evaluate data collection systems to identify trends earlier in the open-enrollment process.

Geoff discuss the loss ratios for each plan. He highlighted the Plan target of 98% utilization. He noted that Value performed at 97% and HDHP performed 86%. HDHP increased from 64% from prior year. Charles explained the reasons that claims on plan performance does not reconcile to medical loss ratios. Medical loss ratios are based on claims incurred during the financial period (regardless of paid or not). Plan performance is based on all claims paid regardless when incurred.

Geoff also provided summary of high cost claimants with claims over \$100K. The number of claims increased from 41 to 64. The increase indicates an abnormal spike in claim performance.

Dwayne Cerbone moved, Bruce Capron seconded, that Gallagher Management Report for the period ending December 31, 2021 be approved.

Vote: All in favor

II. Updates

A. COVID-19 Update - Bob Jordan recapped the impact that COVID has had on claims the surge in claims seen in the 4th quarter.

B. RASHP II Initiatives

- i. Claims Audit Status – Charles McLauchlin provided an update on claims audit. Gallagher has received a draft report that is under review. He noted that there were no significant audit findings but some inconsistencies that warrant further investigation with Excellus.
- ii. Rx Cost Controls & Alternatives – Melissa Weise presented an overview of the scope of the pharmacy practices group. She discussed strategic advisement services, industry updates and education, performance oversight to look for cost savings/avoidance, and vendor management services.

She outlined the reporting goals of the service. The priority will be to get direct data file feed from ESI. The objective is to improve checks and balances with Excellus.

Melissa discussed the Rx Concierge Program and the cost/benefit of the program. She noted substantial cost savings, however she observed opportunities for cost avoidance independent of the program. For now, Melissa advised the Board to continue with the Concierge Program because it is resulting in a net savings.

iii. Ongoing Businessolver Training / Education: 3/16 All Admin. Meeting – Scott Covell shared that the benefit representatives met on 3/16 to discuss means and methods of enrollment and administration utilizing BusinessSolver. Sharon recognized the efforts of BOCES staff in preparing a user’s guide.

C. Transparency Requirements – Jon Kresky shared that Excellus has met the transparency compliance requirements.

D. Excellus Performance Guarantees – Jon Kresky noted that Excellus met all benchmarks in the performance guarantees.

E. Excellus Health Plan Management Report – Schedule – On Tuesday May 24 at 2:30 PM, Excellus will present the full utilization report.

F. The Board asked about format of future board meetings. Scott Covell recommended maintaining Zoom for the remainder of the school year and revisit for 22-23.

F. Adjournment

Motion to adjourn at 3:57 PM moved by John Abbott, seconded by Bruce Capron

Vote: All in favor

Respectfully Submitted,

Lou Alaimo

Attachment (1)



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RASHP II Board of Directors

Resolution

Restatement of Financials 2021

WHEARAS, the Board of Directors of the RASHP II Health Plan has established sound financial management practices and established reserves that meet or exceed the minimum requirements of Article 47 of the New York State Insurance Law. The Plan has historically recorded the estimated actual claims in an IBNR calculation along with any accounts payable. Fund equity has always been allocated in "reserves" designated by the Board.

WHEREAS, the Department of Financial Services (DFS) requires quarterly and annual financial reporting that reflect the NY Ins L §4706(a) Reserve and Surplus Requirements, including:

1. a reserve for payment of claims and expenses reported and not yet paid, and claims and expenses incurred but not yet reported (17% of medical and 5% of Rx claims) as per §4706(a)(1)
2. a claim stabilization reserve (2% of reported claims) as per §4706(a)(3)
3. a surplus account for the sole purpose of satisfying unexpected obligations in the event of termination or abandonment of the plan (5% of the annualized earned premium equivalents during the current fiscal year) as per §4706(a)(5)

WHEREAS, the Board has re-evaluated the current calculation for liabilities and reserves and determined that it would be in the best interest of the Plan to recognize the required reserves for liabilities and surplus that align with DFS reporting requirements and Article 47.

NOW THEREFORE BE IT RESOLVED, that the Board approves the restatement of fund balance at January 1, 2021 in the amount of \$13,653,929.65 to establish a liability equivalent to the full Claims Payable and Claim Stabilization reserve calculations. Any Board designated reserves, such as the Stop Loss Reserve will be liquidated and replaced at 12/31/21 with the Surplus Account required per Article 47 –§4706(a)(5).

The Board will continue to monitor the health of the plan to determine if any other Board designated reserves will be necessary.