



MINUTES
GOVERNANCE COMMITTEE
Thursday, October 22, 2020 – 9:00 AM
11th Floor, Conference Room #1
Zoom Conference Call/Teleconference
Dulles State Office Building

The Development Authority of the North Country Governance Committee met in regular session at the State Office Building, Conference Room #1, 11th Floor, 317 Washington Street, Watertown, New York on Thursday, October 22, 2020 at 9:00 am.

Members Present

Frederick Carter - Chairman
Margaret Murray – Vice Chair
Thomas Hefferon – Treasurer
Al Calligaris
Mary Doheny

Staff Present

Carl E. Farone, Jr., Executive Director
Jennifer Staples, Chief Financial Officer
Angela Marra, Executive Assistant

Guests Present

Committee Members - Absent

Dennis Mastascusa - Secretary
John Johnson, Jr.

Other Board Members Present

1. Chairman Carter called the meeting to order at 9:02 AM.

C. Farone stated that today's meeting, due to the Coronavirus emergency restriction and in compliance with Governor Cuomo's executive order, is being conducted in person and with teleconferencing available. This meeting has no in-person public access but is accessible through the Authority's live stream. During the meeting, because it is being done telephonically, it is asked that when speaking please state your name so you may be identified appropriately.

2. Resolution No. 2020-10-107, naming the Chairman, Treasurer, Executive Director, Chief Financial Officer, and Comptroller as authorized signatories on Authority bank accounts and that all documents required as evidence of this authority be executed by the appropriate Authority Officers/personnel. Further, Mary Allyn Baeslack of Benefits Services Group shall be named as an additional signatory on the Authority's Health Reimbursement Account (HRA) and Section 125 Plan Bank Account. This resolution further states that the Deputy Comptroller, Accountant I and Accounting Associate be designated authorized representatives for the purpose of initiating electronic transfers of Authority funds, when authorized by the designated Authority Officers/personnel, and that all documents required as evidence of such authority be executed by Authority Officers/personnel.

Upon a motion by A. Calligaris, and seconded by T. Hefferon, Resolution No. 2020-10-107, Authorizing Depository Account Resolutions and Check Signing Authorization, was unanimously recommended to the Board for approval.

3. Resolution No. 2020-10-108, naming the Chairman, Treasurer, Executive Director, Chief Financial Officer, and Comptroller be named as authorized signatories on the Voluntary Defined Contribution Program (VDC) bank account and that all documents required as evidence of this authority be executed by the appropriate Authority Officers/personnel. This resolution further states that the Deputy Comptroller, Accountant I and Accounting Associate be designated authorized representative for the purpose of initiating electronic transfers of Authority funds, when authorized by the designated Authority Officer/personnel, and that all documents required as evidence of such authority be executed by Authority Officer/personnel.

C. Farone stated that since this plan's implementation the Authority has not had an employee take advantage of that defined contribution program until recently. When an employee starts with the Authority making over \$75,000, the Authority offers them the option to participate in the defined benefits program. In turn, the Authority will need to create an escrow account to cover the 8% contribution of the employee's compensation into the escrow account. The employee will also pay a portion of their wage into this account. After 366 days, the employee would be vested and the Authority will remit the money from the escrow account to the State of New York.

A. Calligaris asked if the Authority has both the defined benefit plan and a defined contribution plan. C. Farone responded that yes, the choice is offered. He further explained the contribution is 8%, and the defined benefit cost to the Authority is 9.6% for a tier 6, which is less expensive than the traditional alternative and this does not take 10 years to vest. A. Calligaris commented that this is generous and private industry cannot compete against something like this. C. Farone further commented that this is mandatory, and the Authority does not have a choice whether or not to participate.

A. Calligaris asked if employees could do both. C. Farone responded that the employee has 30 days to choose one or the other, but they cannot do both. He further stated that the defined contribution will actually save the Authority money. M. Murray asked if they could switch, to which C. Farone responded no.

C. Farone stated that this will create an account with Community Bank for the defined contribution program. A. Calligaris asked if with the defined benefit plan they are in with everyone else in the state. C. Farone responded yes. A. Calligaris stated that with the defined contribution plan somebody else isn't making their contributions, and this is really better for the Authority as it is going into the name of the employee. C. Farone agreed in saying with this "Defined Contribution Plan" the funds are in the employee's name, there is no liability on the Authority.

J. Johnson joined the meeting via Zoom at 9:09 AM.

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2020-10-108, Authorizing the Establishment of Bank Account with Community Bank, Voluntary Defined Contribution Program, was unanimously recommended to the Board for approval.

4. Adoption of Health Insurance Premiums, Calendar Year 2021, Effective January 1, 2021

J. Staples presented, beginning with a little history regarding the health insurance. On January of 2016, the Authority was required to change the health insurance plan offered to employees due to the Affordable Care Act which caused the current healthcare provider to discontinue the existing plan resulting in the Authority having Excellus BlueCross Bronze IV Health Plan. She continued by reviewing the 2019 outcome, and why it is necessary to review. In 2019 the Authority had budgeted 45% HRA deductible utilization, but in fact used 51%, resulting in a 6% overage of the deductible utilization. The goal is to have 30% employee contribution, but due to the overage the employee contribution level of 30% was not realized. One of the reasons for the overage was there was a very high rate of employees utilizing the plan, with 10 people actually utilizing 90% or greater of the deductible. Of those 10 people, seven were on the family plan meaning they utilized a larger amount of the HRA, resulting in why the planned utilization went from 45% - 51%.

C. Farone stated that the HRA is the Authority self-insuring. The \$779,450 is the total liability to the Authority if all the employees were to use the entire HRA amount. We have estimated that 45% would be utilized, but actually used 51%. A. Calligaris asked if the numbers would be adjusted in the future. C. Farone replied yes.

J. Staples continued beginning with the health insurance calendar that runs from January 1st through December 31st. By looking at where we are currently in September, the year to date utilization is at 33%. 48% has been budgeted for 2020. There has been a reduction in the amount of people utilizing the plan. The estimate should remain at 48% versus the 45% from 2019. It is being estimated that the individual pay 28%, again due to the Affordable Care Act, meaning the individual coverage cannot exceed a certain percentage of the employee's monthly wages otherwise the health plan is deemed unaffordable.

Looking at 2021, nine different plans were reviewed this year, and the Excellus BlueCross Bronze IV plan is still the best plan for the employees as well as the most affordable for the Authority.

A. Calligaris asked if this plan is community rated. J. Staples replied that this is Upstate New York's largest nonprofit health plan and is a Preferred Provider Organization plan. C. Farone stated that the plan is community rated.

F. Carter asked if when reviewing these plans, the New York State plan was looked at. J. Staples responded that the different plans that Benefit Services Group has were looked at. This includes several different BlueCross plans, they also have MVP plans, and both HMO and EPO plans were reviewed. C. Farone stated that yes, the New York State plan was reviewed but is much more expensive by almost \$150,000/year. This was always part of the annual report, but eventually we stopped reporting it because it is much more expensive to both the employees and the Authority. F. Carter also asked if the Authority had looked into the county plan, to which C. Farone stated they did not. C. Farone is aware that the City is self-insured, but is not familiar with the county. A. Calligaris asked if 9 plans had been reviewed. When C. Farone responded that 9 had been reviewed, A. Calligaris expressed that is due diligence. F. Carter further stated that he was wondering because of the plans that are out there, being a state agency, we might want to look at the

county plan and make sure that everything was reviewed when it comes to this because it never seems to level off and continues to get more expensive. C. Farone stated he will look into the county's insurance plan.

J. Staples continued by discussing the 2021 plan with the premiums increase of 4.2% and the deductible increase by 3.7%. C. Farone commented that by averaging the two it is like a 4% increase.

Utilization rates were discussed and 2019 was estimated to be 45%, and came in at 51%. 2020 was estimated at 48% utilization, and 2021 is being estimated at 50%. At 50% utilization the individual will pay \$98 per pay period for an increase of 3%, employee/spouse will pay \$216, employee/child \$195, and family \$273 resulting in an increase of 5% to 6%. The individual is contributing 27% due to the Affordable Care Act, the individual coverage cannot exceed 9.83% of the monthly wages.

To review the cost to the Authority, in 2019 there were 71 people on the health plan, while only 67 are projected to participate in 2020, and it is estimated at 69 people for 2021. The reason for the decrease is believed to be the increase in the stipend amount in 2020 from \$3,750 to \$4,000 annually. In 2019 there were 17 employees taking the stipend, and in 2020 there is an average of 22.

M. Doheny asked what the stipend is. J. Staples and C. Farone explained that is when an employee chooses not to participate in the Authority health care coverage, and proved that they have alternative coverage, they receive the stipend. This in turn saves both the employee and the Authority money.

F. Carter asked what would happen if in the middle of the year someone decided to get off their spouses plan, can the employee come back to the Authority plan. J. Staples explained that they have to have a qualifying event, such as a divorce, to get back in unless it is during the open enrollment period that is offered once per year. The \$4,000 stipend is prorated over the 26 pay periods per year so it is not received all at once, eliminating a situation where someone could double dip.

F. Carter asked if the benefits had been reduced. C. Farone responded by saying no. A. Calligaris commented that this is a very good plan.

M. Doheny asked how the increased cost is communicated to the employees. J. Staples responded that a general meeting is held each year with the employees and John Kamide from Benefit Services Group to discuss any of the changes to the benefit plan.

J. Staples reviewed the total cost of the plan, comparing 2017 at \$455,168 to 2021 at \$847,959, showing an 86% increase. Health insurance is definitely going up with the cost per employee estimated to be \$12,289 for 2021. F. Carter asked why the cost has doubled from 2017 to 2021. C. Farone explained that the number of Authority employees has also increased. The per-employee cost in 2017 was \$8,429.04, while in 2021 it will be \$12,289. A. Calligaris commented that the way this plan is structured, part of this calculation is the actual cost. The Authority has such a big piece that is really self-insured. This is not only a premium increase, but a premium and utilization increase.

F. Carter asked if this is the same coverage in 2021 that the employees had in 2017. J. Staples responded that yes it is as the coverage itself has not changed as the Bronze 4 plan.

J. Staples continued with retiree health insurance coverage is the same as the individual coverage for active employees. The current retirees' participation rate is 30%. Retirees under the age of 65 are paying as much as an individual would without the Affordable Care Act because that only applies to active employees. They are paying the full monthly premium of \$234, versus the employee paid \$221. Those over 65 are on Medicare Part B, and those premiums will not be available until November.

Overall, management is recommending the Authority continue with the Bronze 4 plan for 2021. It is also being recommended to continue the \$4,000 health insurance stipend, and the retiree coverage.

J. Staples stated that as the cost of health insurance continues to increase, they started to look at alternatives to try and decrease the HRA utilization. The HRA utilization increases on average of 3% each year looking back to 2016. In an attempt to decrease the year to year increase in deductible utilization, management is recommending that the Authority purchase United Concierge Medicine (UCM). This is a telemedicine program that will allow employees and family members with Authority health coverage to communicate with an emergency room 24/7. UCM offers free triage treatment, prescription assistance, diagnostic imaging, and lab referrals at a cost of \$3.50 per month per covered employee for an annual estimated amount of \$2,900 based on the 69 participating Authority employees. There is no limit to the number of times an employee or family member can call, with access offered through the phone, web, or app making it easy to connect from anywhere. The cost savings is recognized when an employee or family member accesses this service and does not need to go to an urgent care or hospital emergency room. If someone calls UCM and it is determined that they need further care, UCM will make the proper appointments, ensuring the patient is seen at the right facility at the right time. UCM offers 100% follow up to track the recovery, 98% case resolution, and at an average saved consult cost for serious illness of \$2,330.

M. Murray asked if this charge only applies when it is used or if it is a flat rate. J. Staples responded that it is a flat rate, and is a reputable the firm based out of Rochester. C. Farone commented that John Kamide (our Benefit Services representative) has used it and found it to be really good service. Participation with UCM is a trial with the goal to decrease our HRA expense. The Authority offers very good health insurance, but is finding a need to control the HRA piece. For the expense of \$3,000, if a couple employees don't go to the ER and call UCM instead, the money invested will have been recouped. Under the current plan, the deductible for an emergency room visit is covered under the HRA plan and is part of the utilization cost. With the UCM, if the employee calls in and receives treatment, it will only cost the Authority \$3.50 as opposed to the possible \$6,000 per emergency room visit fee.

F. Carter commented that he uses this all the time by going to urgent care instead of the emergency room. J. Staples stated that even emergency [urgent] care would potentially result in a fee of a couple hundred dollars as opposed to the flat rate fee of UCM of only \$3.50. F. Carter agreed this is a good idea. M. Murray commented that people have been using telemedicine through COVID so this is really only an extension of that. A. Calligaris

commented that you can call and they can tell you what to do, with the key being not going to the hospital. J. Staples concluded by saying the plan will be to promote this among employees, to educate our employees about this being an important service. The Authority will be able to monitor how often it is being used and calculate the savings.

Upon a motion by A. Calligaris, and seconded by T. Hefferon, Adoption of Health Insurance Premiums, Calendar Year 2021, Effective January 1, 2021, was unanimously approved.

5. Upon a motion by T. Hefferon, and seconded by A. Calligaris, the committee moved in to Executive Session at 9:37 AM.

Upon a motion by M. Murray, and seconded by T. Hefferon, the committee moved out of Executive Session at 10:16 AM

There was no action taken during Executive Session.

6. Upon a motion by T. Hefferon, and seconded by M. Murray, the committee moved to adjourn at 10:17 AM.

Respectfully submitted,



Frederick Carter
Chairman, Governance Committee