

**CENTRAL OHIO  
HEALTH CARE CONSORTIUM**  
LICKING COUNTY, OHIO

**REGULAR AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARepor@ohioauditor.gov  
(800) 282-0370

Board of Directors  
Central Ohio Health Care Consortium  
141 East Broadway  
PO Box 514  
Granville, Ohio 43023

We have reviewed the *Independent Auditor's Report* of the Central Ohio Health Care Consortium, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Central Ohio Health Care Consortium is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 21, 2021

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**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

TABLE OF CONTENTS

|   |         |
|---|---------|
| Independent Auditor’s Report .....  | 1 - 2   |
| Management’s Discussion and Analysis .....  | 3 - 5   |
| Basic Financial Statements:   |         |
| Statements of Net Position .....  | 6       |
| Statements of Revenues, Expenses and Changes in Net Position.....   | 7       |
| Statements of Cash Flows .....  | 8       |
| Notes to the Basic Financial Statements.....  | 9 - 16  |
| Required Supplementary Information:   |         |
| Ten-Year Claims Development Information .....   | 17 - 19 |
| Independent Auditor’s Report on Internal Control over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 20 - 21 |

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## Independent Auditor's Report

Central Ohio Health Care Consortium  
Licking County  
141 East Broadway  
P.O. Box 514  
Granville, Ohio 43023

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Central Ohio Health Care Consortium, Licking County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Central Ohio Health Care Consortium's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Central Ohio Health Care Consortium's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Ohio Health Care Consortium's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Ohio Health Care Consortium, Licking County, Ohio, as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Central Ohio Health Care Consortium. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*


Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and *Ten-Year Claims Development Information* listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Report on Summarized Comparative Information*

We have previously audited the Central Ohio Health Care Consortium's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2021 on our consideration of the Central Ohio Health Care Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Central Ohio Health Care Consortium's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Central Ohio Health Care Consortium's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 21, 2021



**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

The discussion and analysis of the Central Ohio Health Care Consortium's ("the Consortium") financial performance provides an overall review of the Consortium's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Consortium's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Consortium's financial performance.

**Using this Annual Report**

This discussion and analysis is intended to serve as an introduction to the Consortium's basic financial statements. The Consortium uses the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The basic financial statements, which follow this section, provide both long and short-term information about the Consortium's financial status. The statement of net position and the statement of revenue, expenses, and changes in net position provide information about the financial activities of the Consortium. These are followed by the statement of cash flows, which represents detailed information about the changes in the Consortium's cash position during the year.

**Financial Overview**

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplemental information.

The three basic financial statements presented are as follows:

**Statement of Net Position** - This statement presents information reflecting the Consortium's assets, liabilities, and net position and is categorized into current assets and liabilities.

**Statement of Revenues, Expenses, and Changes in Net Position** - This statement reflects the operating and nonoperating revenue and expenses for the current year. Operating revenue consists primarily of member contributions, with the major sources of operating expenses being losses and loss adjustment expenses, general and administrative expenses, and reinsurance costs. Nonoperating revenue and expenses consist of investment activity.

**Statement of Cash Flows** - This statement is presented on the direct method of reporting and reflects cash flows from operating activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 9-16 of this report.

**Financial Highlights**

Key financial highlights for the year 2020 are as follows:

- Cash and cash equivalents and investments were \$6,747,467 at December 31, 2020, which represents an increase of 59.66% from 2019.
- The Consortium has retained an independent actuary to determine the loss and loss adjustment expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserves were \$1,395,000 and \$1,785,000 at December 31, 2020 and 2019, respectively.
- The Consortium had operating revenues of \$21,034,104 and \$19,584,972 for the years 2020 and 2019, respectively. The Consortium had operating expenses of \$16,973,202 and \$21,830,909 for the years 2020 and 2019, respectively. The Consortium also reported net investment income of \$73,663 and \$102,685 for the years 2020 and 2019, respectively.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

- The Consortium had claims that exceeded the individual stop loss limit of \$250,000 for the plan year ended December 31, 2020, amounting to a recovery of \$1,912,255. The Consortium had claims that exceeded the individual stop loss limit of \$250,000 for the plan year ended December 31, 2019 amounting to a recovery of \$1,769,409.
- The Consortium consisted of eleven members in 2019 and 2020.

The table below provides a summary of the Consortium's net position at December 31, 2020 and 2019.

| <b>Net Position</b>                      |              |              |
|--|--------------|--------------|
|  | 2020         | 2019         |
| <b><u>Assets</u></b>                     |              |              |
| Cash and cash equivalents                | \$ 5,117,240 | \$ 2,665,611 |
| Investments                              | 1,630,227    | 1,560,501    |
| Receivables:                             |              |              |
| Stop loss recoverable                    | 278,000      | 282,000      |
| Prescription rebates                     | 538,046      | 432,797      |
| Member contributions                     | 1,294,782    | 106,504      |
| Accrued interest receivable              | 4,702        | 4,985        |
| Total assets                             | 8,862,997    | 5,052,398    |
| <b><u>Liabilities:</u></b>               |              |              |
| Unpaid loss and loss adjustment expenses | 1,395,000    | 1,785,000    |
| Unearned participant contributions       | 507,814      | 443,189      |
| Accrued expenses                         | 2,438        | 1,029        |
| Total liabilities                        | 1,905,252    | 2,229,218    |
| <b><u>Net Position:</u></b>              |              |              |
| Unrestricted                             | \$ 6,957,745 | \$ 2,823,180 |

Net position in 2020 increased \$4,134,565 from 2019 as member contributions, prescription drug rebates, stop loss reimbursements outpaced loss and loss adjustment expenses and excess loss insurance premiums.

Member contributions receivable at December 31, 2020 increased \$1,188,278 from 2019, due to several months of 2020 member contributions not being paid until 2021. The unpaid loss and loss adjustment expenses liability at December 31, 2020, decreased 21.85% from the prior year. The unpaid loss adjustment expenses liability at December 31, 2020 and 2019 is provided by the Consortium's independent actuary. The table below shows the changes in net position for years 2020 and 2019.

| <b>Change in Net Position</b>        |               |                |
|--------------------------------------|---------------|----------------|
|                                      | 2020          | 2019           |
| <b><u>Revenues</u></b>               |               |                |
| Operating revenues                   | \$ 21,034,104 | \$ 19,584,972  |
| Investment income, net               | 73,663        | 102,685        |
| Total revenues                       | 21,107,767    | 19,687,657     |
| <b><u>Expenses</u></b>               |               |                |
| Loss and loss adjustment expenses    | 14,754,982    | 19,684,537     |
| Insurance coverages                  | 1,318,285     | 1,202,806      |
| Legal and professional fees          | 30,863        | 20,982         |
| Administrative fees & other expenses | 869,072       | 922,584        |
| Total operating expenses             | 16,973,202    | 21,830,909     |
| Change in net position               | \$ 4,134,565  | \$ (2,143,252) |

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

The overall increase in net position and decrease in loss and loss adjustment expenses during 2020 is attributed to a decrease in the number of high-cost claimants as compared to 2019. Prescription drug rebates increased 13.90% in 2020. The Consortium changed from Express Scripts, Inc. to RxBenefits for third party administrator services for prescription claims effective January 1, 2020. The ratio of loss and loss adjustment expenses incurred compared to the total revenues earned was 69.90% for 2020 and 99.98% for 2019.

Net investment results were an investment income of \$36,066 for 2020, compared to \$80,168 for 2019. During 2020, an increase in fair value of investments of \$37,597 was also reported.

**Capital Assets and Debt Administration**

At December 31, 2020 and 2019, the Consortium had no capital assets or outstanding debt obligations.

**Required Supplemental Information**

Ten years of claims development information can be found on pages 17-19 of this report.

**Current Financial Related Activities**

The Consortium is a not-for-profit insurance consortium owned by eleven political subdivisions ("members") located throughout central Ohio. The Consortium's main source of revenue is from contributions/premiums paid by the member political subdivisions. The Consortium also receives interest revenue through its investments.

The Consortium is committed to providing its members with the advantages of a large buying cooperative, while maintaining control by the members' leadership. Underwriting considerations are of utmost importance in reviewing new membership applications, as the Consortium is committed to protecting the long-term financial interest of its core members, and will not admit a new member that will adversely impact premiums and claims payments.

The Consortium Board of Directors and its consultant, USI Insurance Services, Inc., continually discuss program enhancements to the Plan and the establishment of premium rates. Establishing premium rates that satisfy all claims, administrative expenses and other expenses of the Consortium, in addition to enhancing its net position, is important to the short-term and long-term interests of the Consortium.

The most significant challenge facing the Consortium Board of Directors is the continuing trend of increasing health care costs affecting medical and prescription drug coverage. This was the impetus that brought the participating members together in an attempt to benefit from the economies of scale that could be obtained from a group of approximately 878 covered employees, in lieu of each individual member independently entering the insurance marketplace. As the claims costs for medical and prescription drugs continue to escalate, the Consortium Board of Directors is faced with the task of attempting to balance a quality benefits offering within the financial constraints of its members. The Consortium continuously entertains offers to potential members.

**Contacting the Consortium's Financial Management**

This financial report is designed to provide our members with a general overview of the Central Ohio Health Care Consortium's finances and to reflect the Consortium's accountability for taxpayer monies that it receives from its members. Questions concerning any of the information in this report or requests for additional financial information should be directed to Carie Kraner, Treasurer, Central Ohio Health Care Consortium, 141 East Broadway, P.O. Box 514, Granville, Ohio 43023.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

STATEMENTS OF NET POSITION  
DECEMBER 31, 2020

(WITH COMPARATIVE AMOUNTS FOR 2019)

|   | <b>December 31,</b> |              |
|---|---------------------|--------------|
|   | <b>2020</b>         | <b>2019</b>  |
| <b>Assets:</b>  |                     |              |
| Current assets:   |                     |              |
| Cash and cash equivalents . . . . .                             | \$ 5,117,240        | \$ 2,665,611 |
| Investments . . . . .   | 1,630,227           | 1,560,501    |
| Accounts receivable:  |                     |              |
| Stop loss recoverable . . . . .                                 | 278,000             | 282,000      |
| Prescription rebates . . . . .                                  | 538,046             | 432,797      |
| Member contributions . . . . .                                  | 1,294,782           | 106,504      |
| Accrued interest receivable . . . . .                           | 4,702               | 4,985        |
| Total assets . . . . .  | 8,862,997           | 5,052,398    |
| <b>Liabilities:</b>   |                     |              |
| Current liabilities:  |                     |              |
| Unpaid loss and loss adjustment expenses (see Note 5) . . . . . | 1,395,000           | 1,785,000    |
| Unearned participant contributions . . . . .                    | 507,814             | 443,189      |
| Accrued expenses . . . . .                                      | 2,438               | 1,029        |
| Total liabilities . . . . .                                     | 1,905,252           | 2,229,218    |
| <b>Net position:</b>  |                     |              |
| Unrestricted . . . . .  | \$ 6,957,745        | \$ 2,823,180 |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2020

(WITH COMPARATIVE AMOUNTS FOR 2019)

|  | <b>Years Ended December 31,</b> |                     |
|--|---------------------------------|---------------------|
|  | <b>2020</b>                     | <b>2019</b>         |
| <b>Operating revenues:</b>                       |                                 |                     |
| Member contributions . . . . .                   | \$ 18,298,395                   | \$ 17,102,409       |
| Prescription drug rebates . . . . .              | 801,008                         | 703,241             |
| Stop loss reimbursements . . . . .               | 1,912,255                       | 1,769,409           |
| Other revenue . . . . .                          | 22,446                          | 9,913               |
| Total operating revenues . . . . .               | <u>21,034,104</u>               | <u>19,584,972</u>   |
| <b>Operating expenses:</b>                       |                                 |                     |
| Loss and loss adjustment expenses . . . . .      | 14,754,982                      | 19,684,537          |
| Excess loss insurance premiums . . . . .         | 1,318,285                       | 1,202,806           |
| Legal and professional fees . . . . .            | 30,863                          | 20,982              |
| Administrative fees . . . . .                    | 851,587                         | 906,173             |
| Other expenses . . . . .                         | 17,485                          | 16,411              |
| Total operating expenses . . . . .               | <u>16,973,202</u>               | <u>21,830,909</u>   |
| Operating income (loss) . . . . .                | <u>4,060,902</u>                | <u>(2,245,937)</u>  |
| <b>Non-operating revenues:</b>                   |                                 |                     |
| Investment income . . . . .                      | 36,066                          | 80,168              |
| Change in fair value of investments . . . . .    | 37,597                          | 22,517              |
| Total non-operating revenues . . . . .           | <u>73,663</u>                   | <u>102,685</u>      |
| Change in net position . . . . .                 | 4,134,565                       | (2,143,252)         |
| <b>Net position, beginning of year . . . . .</b> | <u>2,823,180</u>                | <u>4,966,432</u>    |
| <b>Net position, end of year . . . . .</b>       | <u>\$ 6,957,745</u>             | <u>\$ 2,823,180</u> |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

(WITH COMPARATIVE AMOUNTS FOR 2019)

|  | Years Ended December 31,   |                              |
|--|----------------------------|------------------------------|
|  | 2020                       | 2019                         |
| <b>Cash flows from operating activities:</b>   |                            |                              |
| Cash received from members . . . . .   | \$ 17,174,742              | \$ 17,191,631                |
| Cash received from prescription drug rebates . . . . .   | 695,759                    | 639,858                      |
| Cash received from stop loss reimbursements . . . . .  | 1,916,255                  | 1,735,649                    |
| Cash received from miscellaneous revenues . . . . .  | 22,446                     | 9,913                        |
| Cash payments for loss and loss adjustment expenses . . . . .  | (15,144,982)               | (19,308,537)                 |
| Cash payments for excess loss insurance premiums . . . . .   | (1,318,285)                | (1,202,807)                  |
| Cash payments for legal and professional fees. . . . .   | (30,554)                   | (24,431)                     |
| Cash payments for administrative fees . . . . .  | (851,587)                  | (906,173)                    |
| Cash payments for miscellaneous expenses . . . . .   | (16,385)                   | (16,411)                     |
|  | <u>2,447,409</u>           | <u>(1,881,308)</u>           |
| <b>Cash flows from investing activities:</b>   |                            |                              |
| Interest received . . . . .  | 34,220                     | 50,422                       |
| Purchase of investments . . . . .  | (1,310,000)                | (285,000)                    |
| Sale of investments. . . . .   | 1,280,000                  | 280,000                      |
|  | <u>4,220</u>               | <u>45,422</u>                |
| Net increase (decrease) in cash and cash equivalents . . . . .   | 2,451,629                  | (1,835,886)                  |
| <b>Cash and cash equivalents, beginning of year . . . . .</b>  | <u>2,665,611</u>           | <u>4,501,497</u>             |
| <b>Cash and cash equivalents, end of year . . . . .</b>  | <u><u>\$ 5,117,240</u></u> | <u><u>\$ 2,665,611</u></u>   |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |                            |                              |
| Operating income (loss) . . . . .  | \$ 4,060,902               | \$ (2,245,937)               |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                            |                              |
| Changes in assets and liabilities:   |                            |                              |
| (Increase) decrease in stop loss recoverable. . . . .  | 4,000                      | (33,760)                     |
| (Increase) in prescription rebate receivable . . . . .   | (105,249)                  | (63,383)                     |
| (Increase) in member contributions receivable. . . . .   | (1,188,278)                | (5,792)                      |
| Increase (decrease) in incurred but not reported claims . . . . .  | (390,000)                  | 376,000                      |
| Increase in deferred participant contributions . . . . .   | 64,625                     | 95,013                       |
| Increase (decrease) in accrued expenses. . . . .   | 1,409                      | (3,449)                      |
|  | <u>1,409</u>               | <u>(3,449)</u>               |
| Net cash provided by (used in) operating activities . . . . .  | <u><u>\$ 2,447,409</u></u> | <u><u>\$ (1,881,308)</u></u> |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 - DESCRIPTION OF THE CONSORTIUM**

The Central Ohio Health Care Consortium (the "Consortium") is a legally separate entity organized under Ohio Revised Code Section 9.833. The Consortium was established in 1992, as a joint self-insurance program formed by several political subdivisions throughout Central Ohio. The purpose of the Consortium is to maximize benefits and reduce the costs of medical and prescription drug coverages for their employees and eligible dependents. These coverages are described in the summary of coverage benefits, which has been distributed to all member officers and employees covered by the Plan. Participants should refer to the plan agreement for a complete description of the Plan's provisions.

**A. Board of Directors**

The Board of Directors is the governing body of the Consortium. Each Consortium member appoints one individual to be its representative on the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman, Secretary and Treasurer, who are elected at the annual meeting of the Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors. The Board of Directors sets and approves all benefit programs to be offered through the Consortium, and all policies and other contracts are accepted or entered into by the Consortium. The Board of Directors sets all premium and other amounts to be paid by the Consortium members. All members of the Board of Directors serve without compensation.

**B. Enrollment by Members**

The original members entered into an irrevocable agreement to remain a member of the Plan for a minimum of three years. Any subsequent new members are required to remain as a member of the Plan until the end of the three-year term in effect. As a part of this agreement, each member has agreed to participate in the funding of losses and other insurance related costs and administrative expenses of operating the Plan. The Consortium has established a new pool every three years to continue its self-insurance program.

**C. Withdrawal of a Consortium Member**

The Consortium members may withdraw from the Consortium as of the end of the three-year trust term by giving written notice no later than September 1 of that year. Non-founding members must remain in the Consortium for a minimum of three years, regardless of the trust term. At and after the effective time of withdrawal, the withdrawing member is wholly and solely responsible for providing health care benefits that had been previously provided by the Consortium, including, but not limited to, any and all incurred, but not reported claims related to its prior participation. The Consortium will have no liability to the withdrawing member in any regard after the effective date of withdrawal.

**D. Contributions**

All members are required to remit monthly contributions to the administrator, which are used to pay claims and related claim settlement expenses, to purchase excess loss insurance for the Plan and to establish and maintain sufficient loss reserves. Each member may require contributions from its employees toward the cost of any benefit program being offered, and such contributions are included in the payments from such member to the administrator. The monthly contribution is determined for each member in accordance with the number of covered employees and dependents and the prior loss experience of the respective member group. The members' contributions represent an amount in excess of the expected costs of the Plan, which has allowed the Plan to establish reserves for future operations. The funds are maintained in a bank trust account established for the sole purpose and benefit of the Plan's operations.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 - DESCRIPTION OF THE CONSORTIUM - (Continued)**

**E. Administration of the Plan**

Effective January 1, 2013, the Plan has entered into an agreement with UMR, an independent third party administrator (the “Administrator”) to perform the majority of the duties related to the day to day operations of the Plan. These duties include full responsibility for the approval and payment of claims submitted under the Plan, authority to pay all expenses incurred in the operation of the Plan and the preparation of a monthly report presenting receipts and disbursements by category, including the Administrator’s fees. In addition, the Administrator is required to maintain both a fidelity bond covering all of its agents and employees and an errors and omissions insurance policy.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the Consortium is presented to assist in understanding the accompanying financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity.

**A. Basis of Presentation**

The basic financial statements of the Consortium have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. Basis of Accounting**

For financial reporting purposes, the Consortium is engaged in business-type activities and utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when incurred.

The Consortium distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from charges to members for insurance premiums, loss contributions, claims handling fees and administrative expenses. Operating expenses include loss and loss adjustment expenses, insurance premiums, administrative fees and professional fees. The principal non-operating revenue of the Consortium is investment income and change in fair value of investments, respectively.

**C. Cash and Investments**

During 2020, investments of the Consortium were limited to negotiable certificates of deposit (CDs) and federal agency securities. Investments are reported at fair value, which is based on quoted market prices.

For purposes of the statement of net position and the statement of cash flows, investments purchased by the Consortium with original maturities of three months or less at the time they are purchased are considered to be “cash equivalents”. Investments purchased by the Consortium with original maturities of more than three months at the time they are purchased are considered to be “investments”. An analysis of the Consortium’s cash and investments at year-end is provided in Note 3.

**D. Fair Value Measurements**

The Consortium categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.



**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Receivables**

All receivables are shown net of an allowance for uncollectible amounts, as applicable. Receivables are written off when deemed uncollectible. The Consortium had no uncollectible amount at December 31, 2020.

**F. Unpaid Loss and Loss Adjustment Expenses**

Provisions for losses and loss adjustment expenses are charged against income based upon the date the services are rendered to the covered member. These provisions represent an estimate of reported unpaid claims plus a provision for claims incurred, but not reported, and the administrative costs to process these claims. The liability at December 31, 2020, is determined by an independent actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data.

The Consortium's management believes that the estimate of the liability for unpaid losses and loss adjustment expenses is reasonable. However, the ultimate settlement of losses and the related loss adjustment expenses may vary from the estimated amounts included in the accompanying financial statements.

**G. Excess Loss Agreement**

The Consortium uses a reinsurance agreement to reduce its exposure to large losses. This excess loss agreement allows the Consortium to recover a portion of losses incurred. The Consortium does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by the excess loss agreement.

**H. Net Position**

Net position is the excess of revenues over expenses during the period in which the Consortium has been in existence. If adequate provision has been made for the payment of all claims and expenses of the Consortium, the Board of Directors, at its discretion, may distribute surplus funds to members subject to certain restrictions. In lieu of distributing surplus funds, the Board may carry forward the surplus to future years.

**I. Member Contributions**

Member contributions are recognized on an accrual basis and are recorded in the month earned. Contributions receivable represent contributions due, but not received in the current period. Unearned contributions represent the portion of contributions received, which will be earned in a future period.

**J. Estimates**

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of Consortium assets, liabilities and benefit obligations, and the reported increases and decreases of Consortium assets during the reporting periods. Actual results could differ from those estimates.

**K. Federal Income Tax**

The Consortium has received an exemption from Federal income tax as an organization formed under Section 501(c)(9) of the Internal Revenue Code. The Consortium is not classified as a private foundation. Under ASC No. 740-10, the Consortium's tax returns for the years 2015-2020 are subject to examination by tax authorities.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 3 - CASH AND INVESTMENTS**

The Consortium's cash and cash equivalents are held by the Trustee in a bank located in Central Ohio. The carrying value was \$5,117,240 and \$2,665,611 at December 31, 2020 and December 31, 2019, respectively.

The Consortium may invest in the following instruments: U.S. Government Securities, U.S. Government Agency Securities and Instrumentalities of Government Sponsored Agencies, Interest-Bearing Certificates of Deposit, Mutual Funds, State Treasury Asset Reserve of Ohio, Repurchase Agreements, and Commercial Paper.

As of December 31, 2020, the Consortium had the following investments and maturities:

| Measurement/<br>Investment type | Measurement<br>Amount | Investment Maturities |                   |                    |                    |                           |
|---------------------------------|-----------------------|-----------------------|-------------------|--------------------|--------------------|---------------------------|
|                                 |                       | 6 months or<br>less   | 7 to 12<br>months | 13 to 18<br>months | 19 to 24<br>months | Greater than<br>24 months |
| <i>Fair Value:</i>              |                       |                       |                   |                    |                    |                           |
| Negotiable CDs                  | \$ 1,213,810          | \$ -                  | \$ -              | \$ 203,630         | \$ 118,814         | \$ 891,366                |
| FNMA                            | 201,381               | 100,537               | 100,844           | -                  | -                  | -                         |
| FHLB                            | 115,000               | -                     | -                 | -                  | -                  | 115,000                   |
| FHLMC                           | 100,036               | -                     | -                 | -                  | -                  | 100,036                   |
| <b>Total</b>                    | <b>\$ 1,630,227</b>   | <b>\$ 100,537</b>     | <b>\$ 100,844</b> | <b>\$ 203,630</b>  | <b>\$ 118,814</b>  | <b>\$ 1,106,402</b>       |

The weighted average maturity of investments at December 31, 2020 is 2.55 years.

As of December 31, 2019, the Consortium had the following investments and maturities:

| Measurement/<br>Investment type | Measurement<br>Amount | Investment Maturities |                   |                    |                    |                           |
|---------------------------------|-----------------------|-----------------------|-------------------|--------------------|--------------------|---------------------------|
|                                 |                       | 6 months or<br>less   | 7 to 12<br>months | 13 to 18<br>months | 19 to 24<br>months | Greater than<br>24 months |
| <i>Fair Value:</i>              |                       |                       |                   |                    |                    |                           |
| Negotiable CDs                  | \$ 691,006            | \$ -                  | \$ 205,418        | \$ -               | \$ -               | \$ 485,588                |
| FNMA                            | 299,879               | -                     | 99,997            | 100,251            | 99,631             | -                         |
| FHLB                            | 299,737               | -                     | 299,737           | -                  | -                  | -                         |
| FHLMC                           | 269,879               | 99,987                | -                 | -                  | -                  | 169,892                   |
| <b>Total</b>                    | <b>\$ 1,560,501</b>   | <b>\$ 99,987</b>      | <b>\$ 605,152</b> | <b>\$ 100,251</b>  | <b>\$ 99,631</b>   | <b>\$ 655,480</b>         |

The weighted average maturity of investments at December 31, 2019 is 1.37 years.

The Consortium's investment in negotiable CDs, FNMA, FHLB, and FHLMC securities are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Consortium's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The investment in FHLB, FNMA, and FHLMC securities carries ratings of Aaa by Moodys and AA+ by Standard & Poor's. The negotiable CDs were not rated. The negotiable CDs are covered by FDIC. The Consortium's investment policy does not specifically address credit risk beyond requiring the Consortium to only invest in securities authorized by State statute.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 3 - CASH AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Consortium will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Consortium's name. The Consortium has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Consortium Treasurer or qualified trustee.

*Concentration of Credit Risk:* The Consortium places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Consortium at December 31, 2020 and December 31, 2019:

| Measurement/<br>Investment type | 2020                  |               | 2019                  |               |
|---------------------------------|-----------------------|---------------|-----------------------|---------------|
|                                 | Measurement<br>Amount | % of Total    | Measurement<br>Amount | % of Total    |
| <i>Fair Value:</i>              |                       |               |                       |               |
| Negotiable CDs                  | \$ 1,213,810          | 74.46         | \$ 691,006            | 44.28         |
| FNMA                            | 201,381               | 12.35         | 299,879               | 19.22         |
| FHLB                            | 115,000               | 7.05          | 299,737               | 19.21         |
| FHLMC                           | 100,036               | 6.14          | 269,879               | 17.29         |
| Total                           | <u>\$ 1,630,227</u>   | <u>100.00</u> | <u>\$ 1,560,501</u>   | <u>100.00</u> |

The following schedule summarizes the investment return and its classification in the Statements of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2020 and December 31, 2019:

|                                     | 2020             | 2019              |
|-------------------------------------|------------------|-------------------|
| Interest                            | \$ 36,066        | \$ 80,168         |
| Change in fair value of investments | <u>37,597</u>    | <u>22,517</u>     |
| Total investment return             | <u>\$ 73,663</u> | <u>\$ 102,685</u> |

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**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 4 - LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES**

The Consortium established a reserve liability that includes a provision for reported and unreported insured events and an estimate of future payment of losses and loss adjustment expenses. The liability was provided by the Consortium's independent actuary for the year ended December 31, 2020 and 2019, respectively, as follows:

|  | (in thousands) |          |
|--|----------------|----------|
|  | 2020           | 2019     |
| Unpaid loss and loss adjustment expenses at the beginning of the year                | \$ 1,785       | \$ 1,409 |
| Incurring loss and loss adjustment expenses:   |                |          |
| Provision for insured events of the current year                                     | 14,707         | 19,410   |
| Increase (decrease) in provision for insured events of the prior years               | 48             | 275      |
| Total incurred loss and loss adjustment expenses                                     | 14,755         | 19,685   |
| Payments:  |                |          |
| Loss and loss adjustment expenses attributable to insured events of the current year | 13,312         | 17,625   |
| Loss and loss adjustment expenses paid attributable to insured events of prior years | 1,833          | 1,684    |
| Total payments   | 15,145         | 19,309   |
| Unpaid losses and loss adjustment expenses at end of the year                        | \$ 1,395       | \$ 1,785 |

**NOTE 5 - UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES**

The Consortium has retained the services of two independent third party administrators for 2020: UMR for medical claims and RxBenefits for prescription claims. The Consortium's two independent third party administrators for medical claims and prescription claims for 2019 were UMR and ExpressScripts, Inc., respectively. A valid claim must be submitted to the Administrator within ninety days after services have been provided. However, the Consortium will accept claims up to twelve months after the usual filing deadline with a valid reason for the late filing of such a claim.

The provision for unpaid losses and loss adjustment expenses is based upon an estimate, prepared by an independent actuary for claims reported as of year-end and those claims incurred, but not reported to the Consortium as of year-end.

The inherent uncertainty in estimating reserves may result in actual ultimate claims differing significantly for amounts provided for in the statement of net position.

The Consortium is contingently liable with respect to excess loss coverage which would become a liability in the event that the excess loss insurance carriers are unable to meet the obligations assumed under these contracts. Claims in excess of members' surplus, additional member assessments and excess carrier coverage are the responsibility of the members and not the Consortium.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 5 - UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES - (Continued)**

At December 31, 2020 and 2019, the breakdown of unpaid loss and loss adjustment expenses was as follows:

|                               | 2020             | 2019             |
|-------------------------------|------------------|------------------|
| Medical and prescription drug | \$ 1,117,000     | \$ 1,503,000     |
| Loss adjustment expenses      | 278,000          | 282,000          |
| <br>Total liability           | <br>\$ 1,395,000 | <br>\$ 1,785,000 |

**NOTE 6 - EXCESS LOSS AGREEMENT**

The Consortium has entered into an agreement for individual loss coverage with a commercial insurance carrier during 2020 and for individual and aggregate excess loss coverage during 2019. The individual excess loss coverage has been structured to indemnify the Consortium for medical claims paid to an individual in excess of \$250,000 in 2020 and 2019. In 2020, the Consortium discontinued aggregate stop loss insurance with UMR. The aggregate excess loss coverage was structured to indemnify the Consortium for aggregate claims paid in excess of \$18,809,604 in 2019, to a maximum of \$1 million annually per covered individual. The cost of excess loss coverage was \$1,318,285 in 2020 and \$1,202,806 in 2019.

The Consortium has incurred losses recoverable in excess of the individual loss limits in 2020 and 2019 of \$1,912,255 and \$1,769,409, respectively.

**NOTE 7 - CONCENTRATIONS OF CREDIT RISK**

The Consortium has concentrated its credit risk for cash and cash equivalents by maintaining deposits in a high-quality bank located in Central Ohio. At December 31, 2020, \$500,000 was covered by the Federal Deposit Insurance Corporation (FDIC), \$2,258,590 was covered by the Ohio Pooled Collateral System (OPCS) and \$2,655,090 was exposed to credit risk because the amount was uninsured and uncollateralized. The maximum uninsured loss that would have resulted from risk at December 31, 2019 was \$1,345,126.

Custodial credit risk is the risk that, in the event of bank failure, the Consortium will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Consortium has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (a) eligible securities pledged to the Consortium and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or (b) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020 the Consortium's depository institutions was approved for a reduced collateral rate of 50% through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Consortium to a successful claim by the FDIC.

The Consortium's eleven members are political subdivisions generally located in Central Ohio, which represents a limited number of potential Plan members.

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 8 - TERMINATION OF PLAN**

Under certain conditions, the Plan may be terminated. Upon termination, the assets then remaining shall be subject to the applicable provisions of the Plan then in effect and shall be used to pay benefits to the participants as calculated by the Administrator. Any remaining assets will then be returned to the participating members.

If a participating member terminates its agreement with the Consortium, that member immediately becomes responsible for its benefit obligation. If a member terminates before its three-year term has expired, the member forfeits all rights to the Consortium's member reserves.

**NOTE 9 - THIRD PARTY ADMINISTRATION**

The Consortium has agreements with third party administrators for the purpose of claims administration, claims adjustments, loss control and financial record keeping. For the year ended December 31, 2020 and 2019, the amount charged to expense was \$851,587 and \$906,173, respectively.

**NOTE 10 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Consortium. The Consortium's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Consortium's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

**TEN-YEAR CLAIMS DEVELOPMENT INFORMATION  
REQUIRED SUPPLEMENTARY INFORMATION**

The following table illustrates how the Consortium's earned revenues (net of reinsurance) and investment income compares to related costs of loss and other expenses assumed by the Consortium as of the end of the year. The rows of the table are defined as follows:

- (1) This line shows the total of each year's gross earned contributions and reported investment income.
- (2) This line shows each year's other operating costs of the Consortium including overhead and loss expenses not allocable to individual claims.
- (3) This line shows the Consortium's incurred losses originally reported at the end of the year in which the event that triggered coverage occurred (called policy year).
- (4) This section shows the cumulative amounts paid as of the end successive years for each policy year.
- (5) This section shows how each policy year's incurred losses increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims and emergence of new losses not previously known.
- (6) This line compares the latest re-estimated incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred losses currently recognized in less mature policy years. The columns of the table show data for successive policy years.



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**CENTRAL OHIO HEALTH CARE CONSORTIUM  
LICKING COUNTY, OHIO**

TEN-YEAR CLAIMS DEVELOPMENT INFORMATION (CONTINUED)

|  | <b>Policy Year Ended (in thousands)</b> |             |             |             |             |
|--|---|-------------|-------------|-------------|-------------|
|  | <b>2011</b>                             | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| <b>1. Net earned required contribution and investment revenues</b>                             | \$ 9,276                                | \$ 11,518   | \$ 11,909   | \$ 12,250   | \$ 13,422   |
| <b>2. Unallocated expenses</b>   | 632                                     | 1,007       | 1,195       | 1,297       | 1,301       |
| <b>3. Estimated incurred claims and expenses</b>   | 9,879                                   | 8,629       | 9,569       | 10,825      | 11,199      |
| <b>4. Paid, cumulative as of:</b>  |   |             |             |             |             |
| End of policy year   | 8,779                                   | 7,473       | 8,681       | 9,829       | 10,053      |
| One year later   | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Two years later  | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Three years later  | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Four years later   | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Five years later   | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Six years later  | 9,631                                   | 8,579       | 9,669       | 10,839      | -           |
| Seven years later  | 9,631                                   | 8,579       | 9,669       | -           | -           |
| Eight years later  | 9,631                                   | 8,579       | -           | -           | -           |
| Nine years later   | 9,631                                   | -           | -           | -           | -           |
| <b>5. Re-estimated incurred claims and expense:</b>  |   |             |             |             |             |
| End of policy year   | 9,879                                   | 8,629       | 9,569       | 10,825      | 11,199      |
| One year later   | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Two years later  | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Three years later  | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Four years later   | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Five years later   | 9,631                                   | 8,579       | 9,669       | 10,839      | 11,469      |
| Six years later  | 9,631                                   | 8,579       | 9,669       | 10,839      | -           |
| Seven years later  | 9,631                                   | 8,579       | 9,669       | -           | -           |
| Eight years later  | 9,631                                   | 8,579       | -           | -           | -           |
| Nine years later   | 9,631                                   | -           | -           | -           | -           |
| <b>6. Increase (decrease) in estimated incurred claims and expense from end of policy year</b> | (248)                                   | (50)        | 100         | 14          | 270         |

**Policy Year Ended (in thousands)**

|    | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
|----|-------------|-------------|-------------|-------------|-------------|
| \$ | 13,980      | \$ 14,391   | \$ 17,897   | \$ 19,688   | \$ 21,107   |
|    | 1,549       | 1,561       | 1,906       | 2,146       | 2,218       |
|    | 13,115      | 13,670      | 15,555      | 19,410      | 14,707      |
|    | 11,295      | 11,707      | 14,146      | 17,625      | 13,312      |
|    | 12,161      | 13,536      | 15,830      | 19,458      | -           |
|    | 12,161      | 13,536      | 15,830      | -           | -           |
|    | 12,161      | 13,536      | -           | -           | -           |
|    | 12,161      | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | 13,115      | 13,670      | 15,555      | 19,410      | 14,707      |
|    | 12,161      | 13,536      | 15,830      | 19,458      | -           |
|    | 12,161      | 13,536      | 15,830      | -           | -           |
|    | 12,161      | 13,536      | -           | -           | -           |
|    | 12,161      | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | -           | -           | -           | -           | -           |
|    | (954)       | (134)       | 275         | 48          | -           |

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Central Ohio Health Care Consortium  
Licking County  
141 East Broadway  
P.O. Box 514  
Granville, Ohio 43023

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Ohio Health Care Consortium, Licking County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Central Ohio Health Care Consortium's basic financial statements, and have issued our report thereon dated May 21, 2021, wherein we noted as described in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Central Ohio Health Care Consortium's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central Ohio Health Care Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Central Ohio Health Care Consortium's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Central Ohio Health Care Consortium's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Central Ohio Health Care Consortium's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Central Ohio Health Care Consortium's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Central Ohio Health Care Consortium's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
May 21, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**CENTRAL OHIO HEALTH CARE CONSORTIUM**

**FRANKLIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 7/1/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)