

Regional health care plan set to expand

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In 2020, Don Barber will take his show on the road. Barber, former executive director of a \$46 million, 43-member municipal health care consortium, plans to reach out in the coming months to municipal leaders in Tompkins County and in the six counties that surround it.

His goal: To convince as many municipalities as he can to join the Greater Tompkins County Municipal Health Insurance Consortium, which currently saves its members up to 30 percent of what they would be paying under private health insurance plans.

That level of savings may sound too good to be true, but it's real. Yet it no longer sounds incredible once you understand how the consortium operates, said Barber, and this is exactly what he intends to explain to municipal leaders.

The city of Cortland is a member, as are the towns and villages of Dryden, Groton, Lansing and Homer. Other area participants: The towns of Willet, Virgil, Truxton, Marathon, Moravia, Preble, Cincinnatus and Niles and the village of Freeville; the Lansing Community Library will join in 2020.

The Affordable Care Act requires that health care consortia like this one spend at least 80% of expenditures directly on insurance claims. The consortium, Barber said, blows that number away: The consortium spends 93.5% of its expenditures on claims, or "actually paying for health care." Really low overhead — about 6.5 of expenditures — is one of the reasons for this.

"We're a pretty lean organization," he said.

About half of overhead spending —

or 3% of total expenditures — goes to a private insurance company — Excellus — for administration. But only 0.9% goes to the consortium's own staff, which has two full-time staffers — executive director Elin Dowd and an administrative assistant — plus another part-time administrative assistant.

The consortium also uses the services of an attorney and an actuary, has a contract with the Tompkins County treasurer's office to handle billing, and employs two consultants — Barber, who is no longer on the staff — and Locey & Cahill LLC of Syracuse, the firm that helped the Tompkins County Council of Governments create the consortium.

The consortium also keeps premiums low through sheer numbers, and savings have increased each year as more participants have joined.

The consortium, which began with 13 members on Jan. 1, 2011, originally covered 2,000 contracts, for both employees and retirees, said Barber; the consortium now covers about 3,000 contracts.

In 2018, the consortium saved its members about \$2 million, according to Barber.

Satisfied customers

The savings tends to create satisfied customers, said Barber, and consortium members are "oftentimes ... our best salespeople."

Homer Town Supervisor Fred Forbes, for instance. His town joined the consortium on Jan. 1, 2018, and immediately saw "significant savings" when it joined, said Forbes. Under the previous private plan, the town was looking at annual premium increases of about 11%. This year, with the consortium, the increase was 5%, he said.

It's not just the savings that im-

presses Forbes, it's also the manner in which the consortium operates.

"It's not often that you see a government entity like this run in the manner that it is run," he said. "They are much more accountable for the money ... They're just extremely focused on the financial well-being of all the participants."

Tom Adams, supervisor of the town of Marathon, said he is glad his town joined the consortium in 2016. The relatively stable yearly cost increases not only save the town money, he said, but also make budgeting a lot easier.

"Now we can budget two years out if we wanted to," he said. With a private plan, that wasn't possible because increases fluctuated from year to year.

"You never knew with the open market," he said, noting that increases could swing from 15 to 25% from one year to the next. With the consortium, the rate of increase stays close to 5%.

Mack Cook, the city of Cortland's director of administration and finance, also speaks highly of the consortium.

"It's a high-performing, very functional example of shared services, and it has brought the cost of health care under control for us," said Cook, who also serves as the chair of the consortium's audit and finance committee.

The consortium came along at the right time, he said. Back in 2012, the city was facing premium increases of between 18 and 21% annually with Excellus, its previous insurance company. Since employee health care accounts for about a quarter of the city's budget, or roughly \$4.2 million annually, these increases were increasingly putting pressure on the rest of the budget. Health insurance for city workers, however, is protected through collective bargaining agreements, so unless something changed,

the city would have had to start cutting elsewhere, he said.

Had the city stayed with the private insurance company, city residents would have seen "a substantial reduction in city services," he said.

Instead, Cortland joined the consortium in 2013, becoming the 14th member. Since then, the city's premium increases have averaged about 5% annually, according to Cook.

Almost a fluke

To hear Barber tell it, the consortium started almost as fluke. Barber puts the origin at around 2007, after he, then the supervisor of the town of Caroline, became the unlikely president of the newly-formed Tompkins County Council of Governments. Barber said he was a politically palatable choice because he was from a small rural town, as were a majority of the TCCOG members, who preferred being represented by a rural candidate.

As TCCOG president, Barber brought up for discussion major problems he himself experienced as town supervisor. One of the big ones was the cost of health care, and that concern immediately resonated at every level of government across the county, since municipal leaders — from the city of Ithaca to the rural towns and villages — said they were routinely grappling with double-digit annual premium increases.

"We wanted to see if there was a way to get that under control," he said.

TCCOG then moved to tackle the problem, securing a \$250,000 state grant and hiring a consultant — Locey & Cahill — to help find a solution. The consortium grew out of this effort, said Barber.

Article 47

The consortium has not gone unnoticed elsewhere in the state. The New York State Conference of Mayors and

Municipal Officials, or NYCOM, for instance, sees the consortium as an effective municipal insurance provider, according to Peter Baynes, NYCOM executive director, but he said state law needs to be updated in order to make creating these consortia easier.

Barber agreed that starting the consortium was not a simple process, and it took nearly four years from start to finish.

"The lift was pretty heavy to get this off the ground," Barber said.

This was by design, because the law that governs such consortia — Article 47 — was passed in 1993 partly with the intent of making consortia difficult to start up, since earlier, under-capitalized attempts had ended in failure, Barber said.

The Tompkins consortium managed to get waivers to some of these restrictions, which made start-up easier than it would have been, said Elin Dowd, the consortium's current executive director. But those restrictions, she said, can be daunting to other municipalities in the state who might want to follow the Tompkins consortium's example. While she still thinks some restrictions should remain in place to ensure that consortia are adequately funded, Dowd, like Baynes, thinks the law should be changed to make consortia more feasible.

While "having the appropriate amount of capital is essential," said Baynes, the time frame for establishing that reserve "could be stretched out in a way that's more affordable to local governments."

Currently, the Tompkins consortium is the only one of its kind in the state; there are a few others — consortia of school district — but they were created prior to the passage of the 1993 law and are grandfathered in, according to Barber.