

Health Benefits Steering Committee

City of Ithaca- Steve Thayer, Controller

Tompkins County

Nate Shinagawa, County Legislator

Steve Whicher, County Administrator

Jackie Kippola, Risk Manager

Marcia Lynch, Public Information Officer

Anita Fitzpatrick, Commissioner of Personnel

Brooke Kominos, Benefits Manager

Michelle Benjamin, Public Library

Town of Caroline- Don Barber, Town Supervisor

Town of Ithaca – Herb Engman, Town Supervisor

Town of Ithaca- Judy Drake, Human Resource Director

Town of Ulysses-Doug Austic, Town Supervisor

Community Members

Jed Constanz, Physician Practice Manager

Health Planning Council – Betty Falco, Director of Health Planning Council

Tompkins Cortland Community College- Ruth Henneman, Director of Personnel

TST BOCES- Rich Weiss, Controller

Cayuga Medical Center- Travis Turner, Director of Physician Relations/CAP Liaison

Project Assistant - Shereen Chaudhry, Cornell Grad. Student

Project Assistant – Mike Parks, Cornell Grad. Student

**Municipal Cooperation and Health Benefits
By the Health Benefits Steering Committee in Tompkins County, NY**

Background

Tompkins County is located in Central New York, with a population of approximately 100,000 people, a college town hosting Cornell University, and a community served by few health insurance providers. The County’s local governments participate in an organization known as Tompkins County Council of Governments (TCCOG), which includes participation by every municipality within its geographic borders. TCCOG explores opportunities for inter-municipal cooperation, including but not limited to emergency management, animal shelter and control services, and employee benefits. Once a common problem and opportunity is identified, the group establishes a steering committee made up of group members and community experts.

What is the problem?

What do 2,000 people living within an area of 100 square miles have in common? Each wants to receive and afford decent health benefits from municipal employers.

Who are the stakeholders? Politicians, unions, health plan administrators, municipal employees, their dependents, insurance companies, some retirees, the local medical community, New York State, and last but not least, local taxpayers.

What are their in-common interests? In some cases, they have the same interests and in some cases, they have very different interests.

Key concepts

Most people who are paying health insurance premiums want the assurance that, if that dreaded day comes and they or their dependents are admitted to the hospital for a major surgery, they are financially covered for rising medical costs. This perspective appears common for anyone who pays for health benefits. Union officials, who strive for the best health plan available with the least concession, are especially interested in this issue. When changes are discussed, it can be unnerving to think that coverage may be lost or individual costs may increase, even though that is not necessarily the intent of the change.

Local government employers have the responsibility, a fiduciary duty, to provide services to the public at the lowest cost possible. Failing to provide health insurance and health benefits for public employees is not a viable option, so politicians and employers must find an affordable approach, especially considering that some of their constituents have no health benefits.

The challenge for elected officials, municipal administrators, and insureds is to reach a mutually beneficial agreement for affordable employee health care.

Addressing the issue

The State of New York recognized the conflicts built into the existing system, and developed a grants program for local governments that encouraged and enabled inter-municipal cooperation to provide employee health benefits at a reduced cost to taxpayers. The state's 2006 Shared Municipal Services Incentives (SMSI) program encouraged innovative solutions and offered financial incentives. Tompkins County's Department of Administration applied for a SMSI grant of approximately \$266,000, on behalf of the Tompkins County Council of Governments, seeking to drive down taxpayer costs while maintaining meaningful and affordable health benefits for its insureds. It was also recognized that this cooperative could serve as a model for other communities throughout the state.

Tompkins County's initial challenge was to bring together representatives from the county's 17 municipalities in the same room and focused on the same topic, each with its own history and interests. This feat took about a year-and-a-half to accomplish. Naturally, municipalities are first concerned about their immediate needs within the municipality. Legislators, mayors, town supervisors, council members, and trustees are elected by constituents to manage municipal challenges, regardless of what their neighbors are doing. Tompkins County municipalities reached a huge milestone when, collectively, they realized that if the municipalities would group together, each would be strengthened by linking together common efforts and tackling common problems – in this case, shopping for health benefits collectively. The county's largest municipal employer, the County of Tompkins, acknowledged that a collaborative approach might not carry initial financial benefit for county government. However, it was committed to support the concept, if costs for the collective group could be lowered while maintaining or improving employee health coverage, producing overall benefit for local taxpayers. Each municipality was asked to pass a resolution to support initial work toward formation of a healthcare consortium.

Getting Organized

In Spring 2007, TCCOG appointed a Health Benefits Steering Committee, comprised of some TCCOG members and other stakeholders, including representatives of the county library, Tompkins Cortland Community College, the medical community, the county Health Planning Council, and the Controller of the Tompkins-Seneca-Tioga (TST) BOCES. Since the TST BOCES had already formed a healthcare consortium with all of the schools in its district, its Controller was included to advise the committee and has since provided valuable insight on the dynamics of a consortium. The committee also invited a County legislator, who is seeking a Cornell University graduate degree in Public Healthcare Administration, to serve on the committee. That legislator invited two of his classmates to serve as project assistants, who assist with note taking and discussion documentation.

Forming an inter-municipal consortium requires shepherding by paid staff, very ambitious volunteers, or both. In Tompkins County's case, the County's Department of Administration dedicated significant staff resources to TCCOG for preparing and administering the grant; arranging meetings; writing requests for proposals; communicating with New York State; releasing press information; and coordinating consultants and stakeholders, including TCCOG and steering

committee members, union and retiree representatives, and other insureds. Without focused staff and dedicated volunteers, a project such as this cannot be accomplished.

Accurate and Timely Communication is Key

During each step in this process, TCCOG, legislators, and staff receive regular reports. The group also coordinates information sessions for key stakeholders, such as municipal and union representatives, retirees, and other interested parties. To make the committee's work as transparent as possible and to discourage rumors and disbelief, which could undercut the process, the committee now posts information concerning the project on the County's website.

Phase 1: Reaching Agreement on Consortium Formation

During the early stages of the Health Benefit Committee meetings, the members reached consensus on the group vision, with an end goal of reducing the overall cost of health benefits while providing affordable coverage to participants, keeping an open mind to innovative solutions. Regarding plan design, the committee agreed to consider not only health insurance, but also eyewear, dental coverage, and a healthy living components, such as smoke cessation classes, weight management, and other wellness programs. The committee also established regular bi-weekly meeting times, striving for timely completion of the project.

County Administration prepared a draft request for qualifications (RFQ) template for hiring of a Health Benefits consultant to guide TCCOG in establishing the consortium. The committee collectively fine-tuned the document, established criteria for selecting a consultant, and released it to the public on July 30, 2007. Once the responses to the RFQ arrived, the committee collectively ranked the responses based on the pre-determined criteria, and proceeded with interviewing the candidates. The consulting firm of Locey and Cahill was selected as the Phase 1 consultant, having demonstrated the most experience with other like-municipalities, clearly identifying next steps, and excelling throughout the interview process.

The committee met with Steve Locey, President of Locey and Cahill, to establish a clear scope of services to be included in his contract. It was pointed out to Mr. Locey that the committee was there to act as his support; to Mr. Locey's credit, group trust developed almost instantaneously, something not common when working with a consultant serving a group with multiple interests.

Know What You Have

Mr. Locey began with a two-step approach:

In October 2007, he wrote a letter to TCCOG members requesting language from municipal collective bargaining agreements and policies defining medical, prescription drug, dental, vision, and wellness coverage. He also requested the last three years worth of health insurance renewals associated with these policies and three years worth of monthly paid claims data. Gathering this information helped develop an understanding of each municipality's current situation in terms of the plans offered and what synergies could be found to help in establishing a consortium model.

To encourage municipal cooperation in releasing this data, the topic was discussed repeatedly at TCCOG meetings. After several requests, the consultant collected all plan information and circulated a summary to the steering committee and TCCOG.

Also, in October 2007, Mr. Locey presented for committee review a draft municipal cooperative agreement that defined the following elements of a consortium:

- Membership
- Governance structure
- Entry and exit procedures
- Liability of the employers
- Duties and responsibilities of the board
- Actions of the board
- Officers of the board
- Executive committee
- Fiscal officer duties
- Money management processes
- Premium rate setting model
- Reporting procedures
- Benefit plan design options
- Records retention
- Dissolution procedures
- Dispute resolution

Upon review of the draft agreement, it became clear that no municipality would sign the agreement until the benefit plan was established. (Earlier in the project, it had been conceived that the agreement would be signed first by most or all of the TCCOG members, then the plan would be designed.) TCCOG, however, decided to present the draft agreement and obtain comments from municipal attorneys before developing the benefit plan, a review process expected to continue through the first quarter of 2008.

Moving ahead to design and implementation

The Health Benefits Steering Committee's next task is to prepare a Request For Proposals (RFP) to hire a consultant to work with the committee through Phase 2 (plan design) and Phase 3 (implementation).

Concurrently, County Administration staff will prepare an RFP for auditing services for prescription drug and medical claims for the County of Tompkins, the City of Ithaca and the Town of Ithaca, the only three municipalities within TCCOG that are not community-rated, but represent approximately 80 percent of those insured.

[Updated 9/11/2008](#)

On April 2, 2008, two external law firms presented legal counsel proposals to the Steering Committee. Members of the Steering Committee selected the law firm Hancock & Estabrook to provide representation for TCCOG. This selection was based on the following criteria: (1) past experiences addressing the legal issues that arise in the formation and operation of similar municipal health benefits consortiums, (2) working knowledge of New York State insurance law, and (3) past experiences working with municipal representatives, voting Consortium Board

members, and Consortium administrators. The responsibilities of the legal counsel include: (1) reviewing the Municipal Cooperative Agreement, (2) providing legal representation in claims disputes, and (3) ensuring that Board decisions and policies are consistent with New York State insurance law.

Critical to obtaining support from each municipality is the need to properly educate and inform each participant on the progress of the project. Mr. Locey along with representatives of TCCOG will present at monthly TCCOG meetings to provide municipality representatives and the public with this information and address questions. Additionally, Mr. Locey will be meeting individually with specific stakeholder groups to address their specific needs and concerns. There are two critical goals to accomplish: (1) To educate the communities on their current health insurance plan and how the Consortium will reduce individual health spending and enhance benefits, (2) To gain greater support from each respective municipality to produce a smoother transition under the new agreement by increasing transparency and fostering awareness of the Steering Committee's progress. To this date, Mr. Locey and members of TCCOG have presented at TCCOG meetings and separately to stakeholder groups.

Updated 9/26/2008

A draft of the Municipal Cooperative Agreement has been sent for review by the consortiums legal counsel, John Powers of Hancock and Estabrook, Syracuse, NY. Powers' comments on the agreement will be presented to the steering committee at an upcoming meeting. In addition, drafts of the Municipal Cooperative Agreement have been sent to all municipalities for review. In late spring 2008, TCCOG successfully asked each municipality to pass a resolution of commitment with no obligation to sign on in the end.

Phase II: Development of Benefit Plan Design

TCCOG selected the consultant firm, Locey and Cahill of Syracuse, NY to execute Phase II of the municipal consortium development. The firm's major role in Phase II will be to develop the base plans that will be offered by the consortium and any other ancillary benefits. Under consideration but not decided at this date are three base plan options to be offered by the consortium: (1) an indemnity plan, (2) a preferred provider (PPO), and (3) a high deductible more inclusive plan. Ancillary benefits may include options for Medicare supplemental, dental, vision, and flexible spending accounts. The consultant's goal is to develop a base plan that matches the best base plan currently available to municipal employees.

Another pivotal role of the consultants will be to gain buy-in from various stakeholders throughout the development process to ensure transparency, foster education, and address concerns. From the parties that have been met with thus far, the major concerns have been to insure that their current level of benefits will not be reduced and that costs to the beneficiaries will not increase significantly. All parties should understand that plan designs are being researched and will not be finalized until all parties have had the opportunity to provide input. Additional informational meetings will be set up for all parties that would like to learn and be involved in the process. Reminder notifications will be sent via email and in some cases US mail.

Additionally, consultants and steering committee members have been interviewing candidates for a consortium project manager. The role of the project manager throughout Phase II and III will be to oversee and coordinate all activities of the steering committee in relation to the SMSI grant.

Ultimately, this role might evolve into a general manager of the municipal health benefits consortium following plan implementation.