

**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

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 and when 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. It was, however, 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.

In addition, 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 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.

At a future date, we will also seek an outside law firm to review the consortium agreement.

Updated May 23, 2008

Multiple Activities in Spring 2008

## **Legal Representation**

The Spring of 2008 was very active for TCCOG, the Health Benefits Steering Committee, and County staff. TCCOG's consultant was asked to provide names of seasoned law firms with experience with municipal health benefits consortiums. The Committee received three proposals, and interviewed two firms that responded. The criteria used to select a law firm to represent TCCOG's future consortium was identical to the criteria used in the Phase 1 consultant RFQ. Points were awarded in the following categories:

1. Qualifications and experience in working with municipalities, political bodies, consortiums, and regions comparable to Tompkins County (0-30 points);
2. Past performance (0-35 points);
3. Responsiveness to the RFQ (0-10 points);
4. Resources (0-15 points); and
5. Compensation (0-10 points).

The law firm, Hancock & Estabrook, was selected by the Health Benefits Steering Committee, TCCOG, a legislative committee, and on May 20, 2008, by the County Legislature. For simplicity, each committee requested that the County serve as the lead agency for TCCOG and enter into the contract with the law firm.

It should be pointed out that hiring one law firm to represent the interests of all of the municipalities participating in the future consortium creates a scale of economy without draining the resources of the municipal attorneys.

## **Phases 2 (plan design) and 3 (implementation) Consultant**

On March 3, 2008, the County, on behalf of TCCOG issued a Request For Proposals (RFP) for consulting services for Phases 2 and 3 of the project. Another critical step throughout the process has been to keep TCCOG membership completely aware and invested in the process. They were given several opportunities to edit and comment on the content of the RFP. While the Health Benefits Steering Committee spent a great deal of time carefully drafting the document, TCCOG members had the ultimate authority to release the RFP.

Seven firms submitted responses to the RFP. Once the Steering Committee carefully considered each proposal, they narrowed the search to four candidates. The selection criteria, as listed in the RFP, were identical to the criteria used in the legal representation (see above). After the interviews were complete, the Steering Committee collectively tabulated the points for each of the interviewees, and concluded which consultant should be recommended as the Phases 2 and 3 consultant.

TCCOG has voted in favor of the selection, and next approval will be asked of the legislative committee and County Legislature on June 17, 2008. The name will be released after the Legislature votes on the recommendation.

## **Keeping Stakeholders Informed**

As stated earlier, one must acknowledge the importance of keeping stakeholders informed, so in the early spring of 2008, staff heavily promoted the workshops that the consultant conducted, focusing on the overall goals for this project, and the impact on stakeholders. While certain groups were invited to specific workshops, each was open to anyone wishing to attend. Those groups were:

- County union representatives
- Other municipalities' union representatives
- Retirees
- TCCOG
- Other municipal officers (legislators, town board/city council members, supervisors/mayors, clerks who did not sit in at TCCOG meetings)

Within the invitations, an offer was given to deliver the information from workshop via the mail, and approximately 100 packets were mailed out. Future workshops are anticipated as a health plan is developed. Turnout was greater than expected in each instance; one must be mindful of timing, methods of communications, and venue. Each group responds differently to how the invitation is received: email versus hard copy invitations, whom the invitation is from, and what time of day/night the workshop is conducted. Understanding the customers' needs is important when rolling out a new concept regarding health benefits.

## **Strengthen municipal buy-in**

To further emphasize and acknowledge the willingness each of the municipalities within TCCOG, the Health Benefits Steering Committee requested that each municipality pass a resolution whereby the municipality agreed to participate in the development of a health benefits consortium. The resolution noted that the municipality would later be asked to pass another resolution to authorize the municipality to sign an inter-municipal consortium agreement. At this date, all municipal resolutions are passed, except one resolution that is anticipated in June 2008.

TCCOG's Phase 1 consultant made presentations three months in row to TCCOG. Since health benefits are complex matters, reinforcement of the materials was stressed. Each month an update is provided. In the future, we plan to require the Phases 2 and 3 consultant to provide a monthly "newsletter" that will be posted on the County's website, as well as emailed to parties wishing to receive it. Other cost effective methods of delivery will be considered.

## **Audit**

As mentioned earlier, County 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. The successful respondent to the RFP will thoroughly review the past year's claims to check for any potential overpayments to the insurance company and seek recovery of the funds.

## **Next Steps**

As Phase 1 concludes, the Health Benefits Steering Committee will again review TCCOG's current health benefit plan designs, to transition into Phase 2. It is expected that during the summer and fall of 2008, the committee will draft a plan design and then review it with the stakeholders. The draft plan design will be introduced at workshops throughout the November 2008-February 2009. If the plan entails TCCOG establishing a self-insurance plan, it is likely that a RFP will be sent out for the provision of a third party administrator services. The dates outlined herein are approximate and the schedule allows for flexibility.