

NY44 Health Benefits Plan Trust (formerly the Erie 1 BOCES Health Benefits Plan Trust)

**Treating an Epidemic of Rising Health Costs
With a Health Plan Cooperative**

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Presented By:

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and**

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BACKGROUND

2002-03 Health Care Dilemma:

- Approximately 1,000 employees
- Four bargaining units
- Five health insurance providers (BC/BS; GHI; IH; Univera; Community Blue) since 1980s
- 95% / 5%- employer/employee contribution
- Double digit increases in costs
- Insurance companies changed prescription drug tier plan mid-contract from 2 tier plan (\$1/\$5) to a 3 tier plan(\$3/\$15/\$30)

Approach:

- Met with all four bargaining units to explore new options
- Formed health insurance committee/held meetings
 - Reps from labor and management
 - Included State affiliate representatives in discussions (SAANYS and NYSUT)
 - Legal Counsel
- Determined health care plan boundaries/expectations
- Added consultant to gather data and be objective
- Reviewed plans to determine the most cost effective option
- Developed memoranda of agreement with each unit
- Held 14 information sessions with bargaining units

What was considered:

- Community Rated vs. Experience Rated
- Going Self-Funded
- Selecting a Managed Health Care Network
 - Health Maintenance Organization (HMO)
 - Point of Service (POS)
 - Preferred Provider Organization (PPO)
- Higher co-pays (Encompass A vs. Encompass C)
 - \$20 Office visits / \$500 in-patient (\$0 co-pays)

What Was Considered (Continued...)

- Ability to go back to Community Rating with no penalties
- NYS Insurance Law
 - Article 44 (Labor-Management Plan)-currently 4 Plans in NYS
 - Article 47 (Municipal Coop. Health Benefit Plan)-currently 10 Plans in NYS
- Cost Containment
 - Plan needed to show cost containment for BOCES along with no reduction in benefits

2003-2004 What was formed:

- Erie 1 BOCES Health Benefits Plan Trust
(Article 44 of NYS Insurance Law)
 - (Employee/Employer arrangement)
 - Non-profit
- Internal Revenue Code (IRC) Section 105h– Employer contribution to pay co-pays
- Partnership with Health Insurance Company through a bid process
(Independent Health)

Implementation-Keys to Success:

- Collaboration (Labor/Management; Erie 1 BOCES/Independent Health)
- Competent plan facilitator at Erie 1 BOCES; knowledgeable health consultant; staff with health ins. expertise at IH
- Numerous information sessions
- Customer service oriented
- Cost containment
- Focusing on Health/Wellness

Trust Membership:

In 2004-05

- Erie 1 BOCES Four Bargaining Units
- Piloted Plan with Two School Districts
 - Hamburg Administrators
 - Maryvale Administrators

- Approximately 800 enrollees
- 6 Bargaining Units

As of July 1, 2010

- Erie 1 BOCES Five Bargaining Units
- Twenty-six Entities:
 - Alden CSD
 - Akron CSD
 - Charter School for Applied Technology
 - Cheektowaga CSD
 - Cheektowaga-Sloan UFSD
 - Cleveland Hill UFSD
 - Ellicottville CSD
 - Elmwood Franklin School
 - Erie 1 BOCES
 - Frontier CSD
 - Gowanda CSD
 - Grand Island CSD
 - Hamburg CSD
 - Hopevale
 - Iroquois CSD
 - Kadimah School
 - Kenmore UFSD
 - Lackawanna City
 - Maryvale UFSD
 - North Collins CSD
 - Pioneer CSD
 - St. Francis School
 - Springville CSD
 - Sweet Home CSD
 - The Park School
 - West Seneca CSD

- Approximately 6,800 enrollees
- 86 Bargaining Units

Benefits:

In 2003-04:

- \$0 Co-pay for Office Visits
- Dependent Coverage for College Students – Age 25
- Health and Wellness Workshops
- \$3/\$15/\$30 – 3 tier drug plan

As of July 2010:

- \$0 Co-pay Office Visits
- Dependent Coverage for College Students – Age 25
- Health and Wellness Workshops
- \$0 co-pay for Tier 1 drugs;
\$15/\$30 – 3 Tier drug plan
- \$0 Co-pay for diabetic supplies and services
- \$0 Co-pay for Tier 2 Inhaled Corticosteroids
- Annual Wellness Activity Benefits
reimbursement of \$100 (S) / \$150 (F)

Staffing:

In 2003-04:

- Plan Administrator
- Fiscal Agent
- Legal Consultant
- Health Consultant

As of July 2010:

- Plan Administrator
- Fiscal Agent/Software Trainer
- Legal Consultant
- Health Benefits/Claims Consultants
- Communications/PR Representative
- Wellness Reimbursement Representative
- Medical Consultant
- Actuarial Consultants

Percentage Increases on Contribution Rates (Premiums)

Year	NY44 Trust Monthly Contribution Rate	NY44 Trust Annual Contribution Rate
Year 1: 03-04	8% Increase	
Single	\$253.45	\$3,041.40
Family	\$702.04	\$8,424.48
Year 2: 04-05	4.8% Increase	
Single	\$264.18	\$3,170.16
Family	\$731.97	\$8,783.64
Year 3: 05-06	5.3% Increase	
Single	\$278.81	\$3,345.72
Family	\$767.82	\$9,213.84
Year 4: 06-07	8.5% Increase	
Single	\$305.30	\$3,663.60
Family	\$829.25	\$9,951.00
Year 5: 07-08	8.9% Increase	
Single	\$332.50	\$3,990.00
Family	\$903.00	\$10,836.00
Year 6: 08-09	9.5% Increase	
Single	\$369.10	\$4,429.20
Family	\$975.25	\$11,703.00
Year 7: 09-10	9.5% Increase	
Single	\$407.32	\$4,887.84
Family	\$1,068.03	\$12,816.36
Year 8: 10-11	9.5% Increase	
Single	\$434.50	\$5,214.00
Family	\$1,180.00	\$14,160.00

Cost Containment Report

NY44 Health Benefits Plan Trust :

Year 1: (2003-04)	\$ 355,424
Year 2: (2004-05)	\$ 627,709
Year 3: (2005-06)	\$1,191,138
Year 4: (2006-07)	\$1,680,896
Year 5: (2007-08)	\$2,406,992
Year 6: (2008-09)	\$2,897,929
Year 7: (2009-10)	\$2,461,879

Total 7 Year Savings: \$11,621,968

NY44 Health Benefits Plan Trust

Schools' Cost Containment - Summary

Year	Saving
2005-06	\$ 549,947
2006-07	\$ 1,922,743
2007-08	\$ 5,321,910
2008-09	\$10,050,112
Sub-Total Districts	\$17,844,712
Erie 1 BOCES	\$9,160,088
Total Savings	\$27,004,800

Numbers are estimated comparing the Independent Health Encompass A rate to the Erie 1 BOCES Health Benefit Plan Trust rate

What's Next:

- Additional potential schools
- Adding Another Health Provider for Outside Western NY
 - MVP and CIGNA
- Dental plan option for participating districts
- Optical option to be researched in the future
- Additional Enhancements (i.e. adjusting co-pays for certain medications and enhancing wellness benefits)

Contacts for Additional Trust Information:

- Plan Administrator
 - Dr. Darleen Michalak
 - **716-821-7161**

Site Shortcuts

- Benefit Assistant
- Medical and Vision Benefit Summary Grid
- Drug Formulary
- Frequently Asked Questions
- Provider Directories
- Wellness Claim Form
- Beech Street Network



Announcements



Golf Open, Wine Tour July 21, 2010

There is still time to reserve your spot for golfing and the wine tour. Don't miss out on being part of this special event. Register today!

[Golf/Wine Registration Form](#)
[More information & Tourney FAQs](#)

Welcome!

... to what we consider the most progressive and benefit-friendly health care plan in Western New York for school districts and their employee associations. The NY44 Health Benefits Plan Trust is a unique partnership that succeeds on its collaborative framework of respect between labor and management. Established in 2003, the plan received self-funded status in 2008. It has grown significantly in its membership while containing annual costs.

How do we do it? [Read more.](#)

Plan Administrator/Ex Officio Trustee