

## Success story:

### Erie 1 BOCES Health Benefits Plan Trust

The Erie 1 BOCES Health Benefits Plan Trust is a consortium that provides health insurance coverage to employees of both Erie 1 BOCES and 22 other member entities in Erie and Cattaraugus Counties, including 18 public school districts and four private schools.

The consortium gives labor and management equal say over decisions affecting the plan. This arrangement, called an Article 44 Trust after the section of Insurance Law authorizing it, is one of four such trusts in the state involving multiple school districts in New York.

This particular consortium began in the 2003-04 school year. In the six years from 2003-04 to 2008-09, the consortium estimated that it saved \$9.1 million for Erie 1 BOCES alone based on the lower premiums Erie 1 BOCES paid for its employees (compared to what Erie 1 BOCES would have paid through a community-rated plan). The consortium estimated an additional savings of \$4.2 million collectively from 2005 to 2008 for other participants.

Premiums are based on the experience of plan participants, so the consortium offers incentives for members to participate in wellness activities: it reimburses them \$100 for an individual plan and \$150 for a family plan for participating in approved wellness activities. In addition, there are \$0 co-pays for doctor visits as an incentive for policyholders to see doctors to catch problems early and keep hospitalizations down. There is also a \$0 co-pay for generic drugs with a \$0-\$15-\$30 three-tier drug prescription plan.

Since this is a joint labor-management consortium, both sides must work together cooperatively. "There must be trust between the two sides," said Plan Administrator Darleen Michalak, who is also deputy superintendent and chief operating officer for Erie 1 BOCES. "It allows them to address issues and concerns before they become big problems."

#### Estimated Savings for Erie 1 BOCES

	(1) Encompass A Community Rate	(2) Erie 1 Benefits Trust Experience Rate	(3) Savings - Difference between Encompass A and Erie 1 Benefits Trust
2003-04	\$5,067,313	\$4,711,888	\$355,425
2004-05	\$5,587,793	\$4,960,084	\$627,709
2005-06	\$6,840,223	\$5,649,086	\$1,191,138
2006-07	\$8,025,892	\$6,296,029	\$1,729,863
2007-08	\$9,135,729	\$6,790,056	\$2,345,673
2008-09	\$11,486,941	\$8,589,011	\$2,897,930
		<b>Total</b>	<b>\$9,147,737</b>

Encompass A is the community-rated health care plan Erie 1 BOCES would have paid into in the absence of the health benefits trust. Column (1) shows how much Erie 1 would have had to pay each year for its employees' health insurance if it were still in the Encompass A Community Rate plan. Column (2) is what Erie 1 actually paid for its employees' health insurance through the trust. Column (3) shows the cost savings for each year of the plan and total.

Source: "State of the Trust: Status Report," by Dr. Darleen Michalak, plan administrator; Erie 1 BOCES Health Benefits Plan Trust, October 2008



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