

Health Care a Big Cost for Town

Like many service organizations, health and medical benefits make up a large portion of the Town of Pittsford's annual costs. Specifically, in 2009, it contributed to roughly 6 percent of the Town's budget – approximately \$1 million.

Last week, the Town of Pittsford, like many other local businesses, was shocked and disappointed to receive a letter from MVP Health Care informing us of an increase in rates for 2010. The Town's rates will increase almost 20 percent. The rate notification was timed two weeks prior to the Town's renewal deadline. While I am certain this timeline was not a coincidence, the Town of Pittsford, like most employers, is left with few options.

Two weeks does not provide sufficient time to make the critical decisions necessary. The proposed rates may make it more economically advantageous to change from a community-rated plan to an experience-rated plan – a change which will impact over one hundred Town employees and their families. In a community-rated plan (which Pittsford has currently), a number of groups are put in a risk pool and charged rates based on an average of all members' experience. In an experience-rated plan, each group's rate is based on its previous year's claims. However, the short notice may make such a switch impossible.

Undoubtedly, most municipalities and organizations are faced with the same challenge. As both the first and second largest insurance carriers in Rochester announced double digit rate increases for next year, I know many residents will also be faced with difficult choices for their families. Many will be forced to choose between higher premiums (and a large monthly deduction from their paycheck) or choosing a higher deductible plan (resulting in more out of pocket expenses).

Among other factors, MVP blames higher state taxes and assessments, the economy and H1N1 for the higher rates and premiums (it should be noted that MVP passed on a 14% rate increase at the end of 2008 and a 6% mid-year adjustment due to increased State taxes). While I do not believe such an enormous hike is fair or warranted, I do know that like many other areas, they have been greatly impacted by State and federal whirlwind spending and mandates.

The rate hike and increased pressure from New York State will make 2010 a very difficult year for Pittsford. We have already been looking at ways to partner with other communities to try and consolidate our healthcare costs in the future. However, all the masterful budgeting techniques available will not change the need for true reform in the spending practices of both the insurance industry and the State of New York. Towns, residents and resources are stretched out as far as they can go.