

Success story:



Rochester Area School Health Plan

The Rochester Area School Health Plan (RASHP) was created in 2004 to save money for school districts that wanted to move from their community-rated HMO plans into an experience-rated plan. RASHP is comprised of two BOCES and 17 school districts. The consortium is organized and governed by a board of directors composed of representatives from the participating districts and BOCES.

The 19 members of the plan are expected to save about \$67 million in premiums in 2009 as a result of their participation in the plan. The \$145 million in total premiums paid by those 19 districts is roughly 32% less than the \$212 million in total premiums that they would have been charged through the community rated HMOs in their area. The consortium provides the same level of benefits as the community-rated HMOs.

“Our savings comes from paying the actual cost of claims as an experience rated plan,” said Plan Trustee Scott Covell. “When in the community, we would pay the cost of the premium even if our claims experience was less expensive. The insurance company earns more money on the healthier groups in a community rated plan.”

“When we set rates, we have to estimate what our claims experience will be and negotiate the retention rate with Excellus (a third-party administrator),” Covell added. “The retention includes the cost of administering the plan and profit. Our combined purchasing power gives us leverage with the insurance company to negotiate a competitive rate.”



24 Century Hill Drive, Suite 200, Latham, NY 12110-2125

www.nyssba.org

