

**PRESS RELEASE 7/19/10**

**State Decreases Reserve Requirements for Health Insurance Consortium**

The New York State Insurance Department has agreed to a \$1 million reduction in reserving requirements for the Greater Tompkins County Municipal Health Insurance Consortium, a decision Consortium leaders consider a significant breakthrough in efforts to make the long-planned inter-municipal health insurance program reality. The Consortium, through which 13 member municipalities would pool their employee health insurance coverage, is projected to save local taxpayers over \$900,000 a year in health costs.

Based on its review of local claims data, the State Insurance Department (NYSID) has reduced its reserve requirements by about \$1 million, provided that \$1.22 million in Rate Stabilization reserve funds are deposited with the Consortium at the time it begins operations. Actuaries found that claims experience shows that a 12% reserve (the amount the Consortium has advocated) is adequate, instead of the previous 17% required reserve, which the Consortium had been struggling to meet. NYSID requires an "incurred but not reported" (IBNR) reserve to ensure that sufficient funds would exist to pay for claims reported, should the program be terminated.

"I appreciate NYSID taking a second look at our actual data and making this prudent decision," says Caroline Town Supervisor Don Barber, Chair of the Consortium Board. "It appears that the fate of the Consortium is now in our hands and that an October 1<sup>st</sup> start-up date is achievable. This is truly an exciting time."

NYSID requires the Consortium to post a 5% Rate Stabilization reserve (\$1.22 million). "This reserve appears to be within our grasp," Barber adds, "as some of the smaller municipalities are coming forward to make up the reserve gap of the larger ones. This action shows the commitment and support to this inter-municipal effort by all 13 of its members." All of the 13 participating municipalities have informally indicated they could collaboratively post the Rate Stabilization Reserve up front.

Financial projections, with the lower reserve level, show the Consortium adding to its reserves every year and by 2013 achieving sufficient reserves to pay back the initial capitalization to its members in 2014.

The Board of Directors will file an amended application for a Certificate of Authority this week. The Greater Tompkins consortium would be the first health insurance consortium to start up since Article 47 of State insurance law, governing such consortiums, was adopted. Work toward the consortium began nearly four years ago.

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