

Don't blame health benefits brokers

Forcing everyone into state pool isn't answer to cutting costs



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The Asbury Park Press' Oct. 14 article "How to save \$100 million" was based on a widely criticized and discredited state comptroller's 2012 report

examining the state of health benefits for public workers of municipalities, county governments and school districts benefit plans.

The report, which was panned by most benefit and insurance professional at the time as being actuarially and statistically invalid, also failed to accurately reflect the process local governments must use when selecting benefits for its employees. The report made for good headlines, but it didn't make for good policy.

The takeaway of the report was that local entities in New Jersey — counties, townships, boroughs, school districts — could simply join the state health benefit plan and save the state \$100 million. But that wasn't correct then and it isn't correct now.

The report overlooked the fact that benefits are collectively bargained for and can't simply be changed on whim or all at once. It also made the false assumption that just by merging all the groups

across the state, their claims history, which is how insurance policies are priced, would miraculously get better and generate savings.

Finally, the report largely blamed local benefit brokers and consultants for the high cost of health care for public plans even though the cost of brokerage services is about 2 percent of the total cost of health care. The state plan is a solution for many public employers as are other private plan options. The key is to examine all of the options and align the entity with the best solution for their circumstances.

The report was largely discredited and dismissed at the time of its issuance by industry experts for being naïve and non-factual. But because it includes an eye-popping alleged savings number, the nearly 4-year-old report is regularly dusted off and recirculated by political operatives and media types looking to recreate a controversy that never existed.

Yes, the cost of health care in New Jersey and across the nation is debilitating, but the issues and challenges related to this issue have nothing to do with whether a New Jersey public entity is in the state plan, is in a private plan or uses a broker. In the case of New Jersey, the issues have to deal with generous benefits; a complicated system of collective bargaining and a national health care

system that remains broken and is costly and overly complex.

To suggest that by placing all public workers in a state pool and eliminating brokers will fix the ongoing problem of too-high health care costs (or even make a dent in it) is demonstrably false. The inability of the federal Affordable Care Act's failure to make any real dent in rising health care costs is proof that enlarging an insurance pool does not reduce costs like many hope.

Rather than relying on an outdated and discredited report, the recent bipartisan report, The Roadmap to Resolution, speaks to a mounting set of issues and problems. The report, presented to the governor and state Legislature in February, does not suggest, or even mention, the creation of a large state plan nor does it point to benefit brokers as being a part of the cost crisis in New Jersey. Correctly, the report finds that broad sweeping changes to coverage levels are needed, along with a push toward wellness and population health and other systematic and structural changes that may improve health care costs.

It is unfortunate that special interests are looking to change the subject and create distractions from the real issues challenging public worker health care costs in New Jersey. Recirculating a discredited 2012 report that has long since been sent to the archives allows too many to bypass having to deal with the real issues. Thankfully, most won't be fooled by these distractions. It is my hope that responsible parties will continue to work hard to find real solutions rather than just making headlines.

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