



As part of Colorado’s “Saving Cities Millions”...

the **TOWN OF CARBONDALE** could save **\$666,996 ANNUALLY (73.5%)** on employee health insurance

if voters approve the **COLORADO HEALTH CARE COOPERATIVE**

Why the big savings?

A universal health care system—private providers paid with combined funds—reduces layers of administrative costs; allows for bulk purchasing of drugs and medical equipment; and reduces fraud and duplication.

How are savings calculated? Economist Gerald Friedman, Ph.D., analyzed health care spending in Colorado and calculated that comprehensive health coverage for every resident could be paid for with pre-tax payroll premiums of 6% for employers; 3% for employees; (and 9% on non-payroll income).

A. Cost of health care insurance for the Town of Carbondale 2014 budget¹:

Health Insurance Premiums	\$ 798,060
Medical Portion (59% ²) of Workers’ Comp Premiums	<u>109,740</u>
Total Cost for Health Care Insurance	\$ 907,800

B. Cost with the Colorado Health Care Cooperative:

Town of Carbondale payroll	\$ 3,610,259
Cooperative Employer Premiums are 6% of Payroll	<u>x .0667</u>
Total Cost with the Colorado Health Care Cooperative	\$ 240,804

The difference between A and B means **a saving to the town of \$666,996** and a reduction in the cost of health care coverage from 25.1% of payroll to a simple 6.67% with the medical portion of workers' comp included.

Under the Cooperative, employees would pay just 3.33% of salary for family health coverage--a significant decrease for many employees. If employers took the option of paying part or the entire employee share at the full 10%, the Town of Carbondale would still save \$546,775.

Additional savings not measured include:

- Employer time spent administering health care benefits and the medical portion of workers’ comp
- Employee work time spent learning about the employer’s health plan and workers’ comp medical

Good news for employees: New hires and part-time employees would have health care coverage for themselves and their dependents and would be able to continue care with the health professionals of their choice. There would be no co-insurance or deductibles. With modest co-pays, which could be waived for financial difficulty, the Cooperative out-of-pocket expenses would be substantially less than with existing policies. Cooperative medical coverage is comprehensive, and would include mental health and designated dental, vision, and hearing benefits.

¹ Town of Carbondale figures for 2014 budget provided by S. Renae Gustine, Finance Director, 12/19/13.

² This figure comes from a 2008 study by the National Council on Compensation Insurance focusing on the rising cost of health care as opposed to other components of Workers' Compensation--e.g., loss of wages, compensation for permanent bodily injury, disability. Workers' Compensation premiums reported by Renae Gustine were \$186,000.