



Massage and Acupuncture Bill: \$1.4 Million

Review by the Office of Erie County Comptroller shows taxpayers shelled out big bucks over a four-year period so employees could receive massages and acupuncture

(Buffalo) – Erie County Comptroller Stefan I. Mychajliw released the findings of a review that shows taxpayers were billed \$1.4 million over a four-year period so that Erie County workers could receive massages and acupuncture. The review itself began when the newly elected Comptroller received his medical benefit package prior to taking office on January 1st, 2013.

Erie County employees are entitled to 12 massages and six acupuncture sessions per year. Both benefits are covered by health insurance, with the exception of a minimal \$8 or \$10 co-pay.

“Before taking office I met with benefits representatives. They handed me a list of massage therapists and acupuncturists. I was told these perks were pretty much fully covered by a county health insurance plan. Hard working taxpayers should not have to pay for massages and acupuncture. For most folks, these are luxury benefits,” said Comptroller Mychajliw.

Year	2009	2010	2011	2012	4-Year Total
Massage	\$336,455.00	\$367,084.70	\$291,668.25	\$304,740.00	\$1,299,947.95
Acupuncture	<u>\$20,518.78</u>	<u>\$19,778.48</u>	<u>\$16,704.96</u>	<u>\$20,051.63</u>	<u>\$77,053.85</u>
Annual Total	\$356,973.78	\$386,863.18	\$308,373.21	\$324,791.63	\$1,377,001.80

“My elderly parents live down the street from me in Kaisertown. They are on a fixed income and struggle to pay bills. Their limited income should not pay for workers to receive massages and acupuncture,” added Comptroller Mychajliw.

Erie County started the year facing a cash shortage and did not have enough money to pay bills. An estimated \$34 million cash deficit was identified on the first day of 2013. An initial analysis shows Erie County will be forced to borrow \$110 million in 2013 just to pay bills, a high borrowing figure not seen since the Red/Green Budget crisis years of 2005 and 2006.

“Every penny counts in the county budget. Multiple ways to save could add up to property tax relief for struggling homeowners. We could put more Sheriff’s Road Patrol officers on the street. More Corrections Officers could be hired at the Holding Center. Library supporters and Arts and Cultural groups are practically forced to beg for funds every year,” concluded the Erie County Comptroller.

The recently negotiated CSEA contract eliminated this massage and acupuncture perk for newly hired Corrections Offices starting on or after January 1st, 2013.

When considering the potential annual cost savings of \$340,000 if these services were to be eliminated, our office will commence an audit on the overall cost of medical insurance provided to employees and retirees, how the cost of these health care benefits compare to those found in the private sector, if potential savings can be warranted, and the fiscal impact of the Affordable Care Act as it pertains to future budgets.

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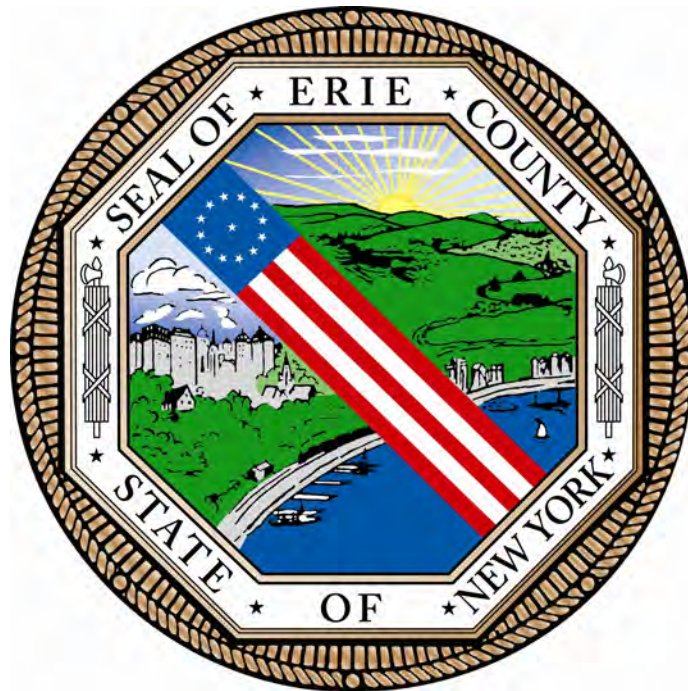
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February 2013

MEMORANDUM

**COST OF SELECTED HEALTH CARE SERVICES
FOR ERIE COUNTY EMPLOYEES**

DIVISION OF AUDIT AND CONTROL



**TERESA M. FRAAS
ERIE COUNTY DEPUTY - COMPTROLLER
AUDIT AND CONTROL**

February 1st, 2013

Hon. Stefan I. Mychajliw
Erie County Comptroller
95 Franklin Street, 11th Floor
Buffalo, New York 14202



Dear Comptroller Mychajliw:

At your request, we have gathered information pertaining to the cost of acupuncture and massages available to employees, family members and retirees of Erie County for the period 2009-2012.

BACKGROUND

Acupuncture and massage services were included in the blend of services from prior plans when a single health care plan was formed in October 2003. Prior to 2003, these services were included in some of the 5 plans that were in existence and therefore we were unable to break out the costs of these services before 2003.

From 2009 through 2012, the County has expended almost 1.4 million dollars on acupuncture and massage services. These costs are "capitated" meaning that the costs are not based upon actual services provided but rather on an annually calculated amount generated by employee head count and previous service experience. The costs noted below do not include the costs of such similar services provided to employees, family members and retirees of Erie Community College, the Erie County Medical Center Corporation or the Erie County Water Authority.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Massage	\$336,455.00	\$367,084.70	\$291,668.25	\$304,740.00	\$1,299,947.95
Acupuncture	\$ 20,518.78	\$ 19,778.48	\$ 16,704.96	\$ 20,051.63	\$ 77,053.85
	\$356,973.78	\$386,863.28	\$308,373.21	\$324,791.63	\$1,377,001.80

EXECUTIVE SUMMARY

1. The methodology for determining the costs for these services changes periodically. Prior to 2009 it based on a fee for service method while for the period 2009 – 2012 it was based on the capitated method. We were informed that for 2013 the method again has changed to a fee for service basis. Unfortunately, as we were unable to obtain the actual amount number of services provided during our review period, we could not determine if the capitated cost method was more cost effective than if it was based on the actual cost of services provided.

2. The County's current Blue Cross/Blue Shield plan is comprised of three plans including Enhanced, Core and Value. Acupuncture and massage services are included only for the Enhanced and Core plans. Employees, family members and retirees are allowed up to 12 massages per calendar year and up to six acupuncture visits per calendar year. Co pays for the Enhanced plan are \$8 per visit and \$10 per visit for the Core plan.

The County currently is in the process of trying to eliminate payment for these services in all of the union contracts as they come up for renewal. We were informed that the Corrections unit of the CSEA union approved a change to the contract that eliminated acupuncture and massage services for all new employees starting in 2013.

3. When savings are realized, the obvious question arises as to how the savings from the elimination of these services could be utilized. Using an average annual amount of approximately \$344,250, either four (4) road patrol deputies could be funded or five (5) E-911 dispatchers could be hired.

When considering the potential annual cost savings of \$340,000 if these services were to be eliminated, our office will commence an audit on the overall cost of medical insurance provided to employees and retirees, how the cost of these health care benefits compare to those found in the private sector, if potential savings can be warranted, and the fiscal impact of the Affordable Care Act as it pertains to future budgets.