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Some suburbs may join to stem health care costs

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Faced with rising health care costs,

a group of Northeast Ohio suburbs is exploring the possibility of jointly purchasing employee benefits as a way to save money.

Through the First Suburbs Development Council, a group of mayors has hired a consultant to determine if a health care buying consortium is a viable option. Health care costs tend to be the largest budget item behind payroll for most communities, which generally pay a larger percentage of employee health care costs than private employers.

"We're gathering information from cities willing to participate," said Luke Frazier, executive director of the development council. "It's not everyone on the council; there is still a lot of resistance."

"They say, 'We have contracts, and we have specifics we've agreed to supply our employees,'" Mr. Frazier said.

Among the suburbs that are exploring participation are Bedford Heights, Brooklyn, Cleveland Heights, Euclid, Fairview Park, Lakewood, Shaker Heights and South Euclid, Mr. Frazier said.

The effort began in January, and the group has hired benefits consul-

tant Grossman & Associates of Beachwood to evaluate the communities' health insurance plans to see if a buying consortium makes sense.

The biggest positive is the cost savings that might be achieved through greater purchasing power and by spreading the risk across a larger pool of employees.

One major hurdle, though, is the varying union contracts that obligate communities to specific levels of health care coverage for parts of their work force. In addition, Mr. Frazier said, some communities are reluctant to give up local control for what would need to be a long-term commitment to the group.

Lakewood Mayor Edward Fitzgerald, who with Mayor Earl Leiken of Shaker Heights is taking the lead on the issue, understands these concerns and conceded he won't know until further along in the process if it makes sense for Lakewood.

"There is a hesitation for cities to pool their resources because they don't know (what level of insurance risk) they will be dealing with with other communities," Mayor Fitzgerald said. "We don't have a track record." ■