

SPANY | BCPA



Reducing Healthcare Cost Volatility for New York Public Employers

Prepared for Municipal Leaders, School Districts,
Finance Officers, HR Directors, and Elected Officials

March 2026

The Growing Challenge

Structural forces are making traditional health plans unsustainable for NY municipalities

The Fiscal Gap

Combined medical and pharmacy trend (12%) consistently outpaces the tax cap (2%) and general revenue growth, creating a structural deficit.

Budget Volatility

A single catastrophic claim (e.g., hemophilia, gene therapy) can destabilize a municipal budget overnight.

Pharmacy Cost Explosion

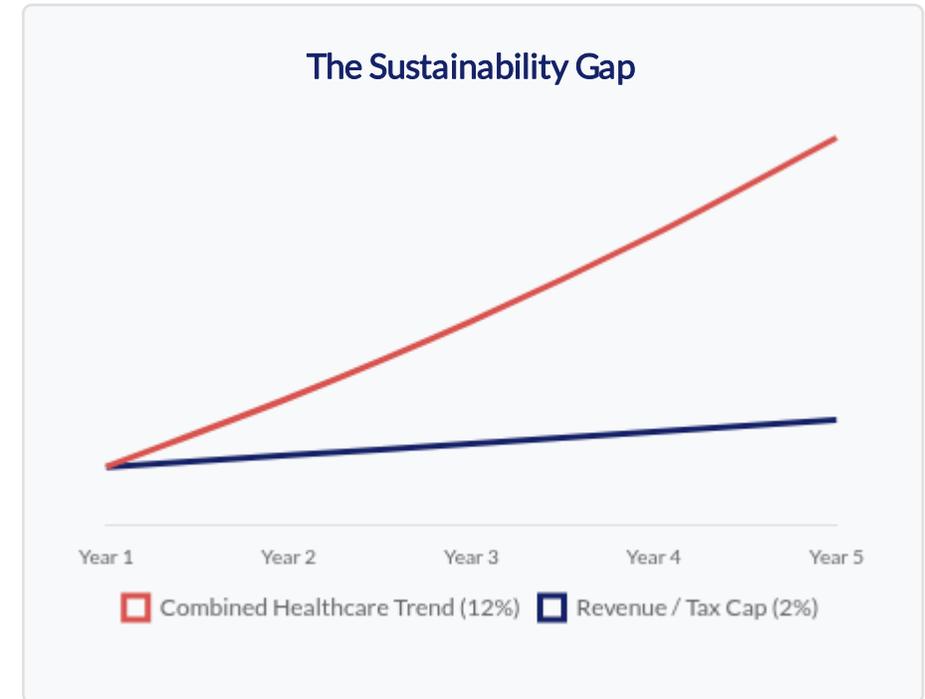
Specialty drugs now account for ~50% of total pharmacy spend despite representing less than 2% of claims.

Demographic Risk

An aging public sector workforce and retirees living longer increase the prevalence of chronic, high-cost conditions.

System Complexity

PBM spread pricing, hidden rebates, and opaque carrier fees make it difficult to audit or control costs effectively.



Why This Matters



Without structural change, municipalities face a choice between raising taxes, cutting services, or reducing benefits.

Hidden Cost Drivers

Structural inefficiencies and opaque pricing models that inflate public sector healthcare spend



Medical Drug Markup

"J-code" drugs administered in hospitals are often marked up 200-500% compared to specialty pharmacy pricing, with no rebate transparency.



Site-of-Care Variance

The same infusion therapy can cost \$15,000 at a hospital outpatient department versus \$4,000 at a standalone center or home setting.



Opaque Pricing

Complex PBM pricing models with administrative fees and price concessions can make it difficult to understand true net costs.



Spread Pricing

A practice where the PBM charges the employer a higher price for a drug than it reimburses the pharmacy, keeping the "spread" as profit.



Net Result

Public employers overpay by **15-25%** due to these hidden layers of friction, reducing funds available for other municipal services.

Traditional Approaches

Comparing the two primary models currently used by NY public employers



Fully Insured (MAPD Retirees)

Employer pays a fixed premium to carrier; carrier holds all risk and profit.

The Appeal

- ✓ Budget certainty (1 year)
- ✓ Minimal administrative burden
- ✓ Less complex
- ✓ Simple "one card" experience
- ✓ One contract

The Trade-off

- ✗ Experience Rated - Highest long-term cost
- ✗ No data transparency
- ✗ Paying for carrier profit margin
- ✗ Loss of Rx rebate value (hidden)
- ✗ Restrictive networks possible
- ✗ Carrier controls the formulary



Self-Funded

Employer pays claims as incurred + admin fees; uses stop-loss for protection.

The Appeal

- ✓ Full control over plan design
- ✓ Access to claims data
- ✓ Higher Care, Cost and Claim Management
- ✓ Full control of financial arrangement

The Trade-off

- ✗ Extreme budget volatility
- ✗ Unlimited liability exposure
- ✗ Complex administration

A Better Way Forward

Moving from unpredictability to strategic control



Introducing the Hybrid Strategy

A structural approach to balance risk transfer, cost control, and plan stability

"TRANSFER WHAT YOU CANNOT CONTROL. MANAGE WHAT YOU CAN."



Active Employees

Maintain Control

- ✓ Keep self-funded status
- ✓ Preserve plan design
- ✓ Stop-loss protection



Retiree Medical

Transfer Risk

- ✓ Move to MA-Only Plan
- ✓ Transfer 100% claims risk
- ✓ Eliminate GASB volatility



Retiree Pharmacy

Manage Cost

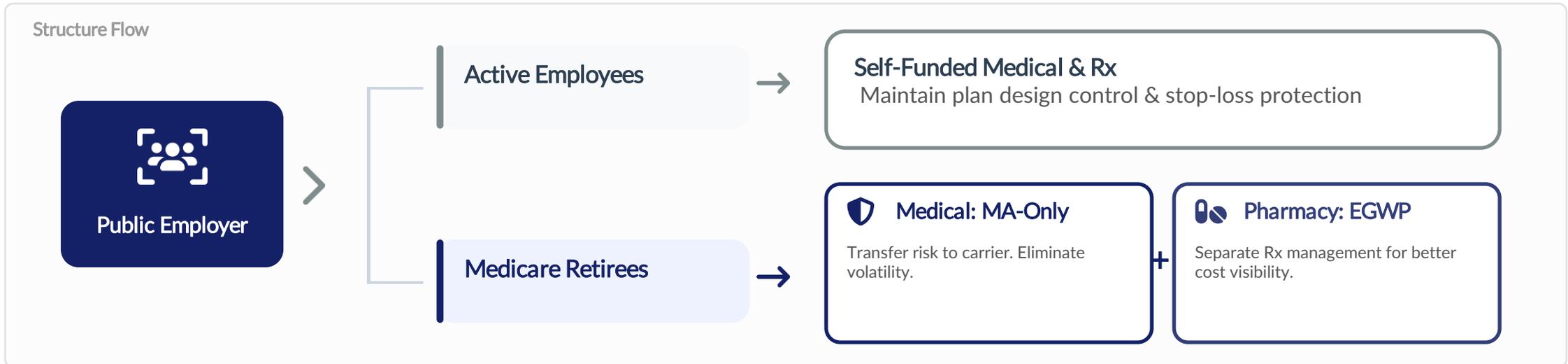
- ✓ Implement EGWP + PBM
- ✓ Separate Rx management
- ✓ Optimize formulary design



Powered by SPANY / BCPA Pooled Purchasing

The Hybrid Architecture

Structural transformation: From volatility to predictability



Comparative Impact

Before: Traditional Model

- × **Medical Risk:** Employer retains volatility (Self-Funded) or pays high premium (Fully Insured)
- × **Pharmacy:** Bundled with medical; limited cost visibility and flexibility
- × **Governance:** Individual purchasing; limited audit rights

After: Hybrid Strategy

- ✓ **Medical Risk:** 100% transferred to carrier (Retirees); capped via stop-loss (Actives)
- ✓ **Pharmacy:** Separate EGWP structure provides better cost management & flexibility
- ✓ **Governance:** Pooled purchasing via SPANY/BCPA; collective leverage

SPANY / BCPA Overview

A proven strategic framework for public sector healthcare stability



More Than a Product—A Strategy

The Alliance is not an insurance consortium and is not bound by the restrictions or long-term commitments that typically come with those models. Instead, it is a purpose-built coalition of public employers that harnesses the full strength of collective purchasing power to secure best-in-class coverage and highly competitive pricing.

Simply put: We are Stronger Together.



Pooled Purchasing Power

We aggregate tens of thousands of lives to secure "Fortune 500" pricing and competitive administrative fees that individual municipalities cannot access alone.



Hybrid Architecture

Our standardized model implements the **MA-Only + EGWP** split structure, optimizing risk transfer for medical claims while maximizing control and transparency for pharmacy spend.



Multi-Year Stability

We secure rate caps and multi-year guarantees to protect your organization from market volatility. This allows for predictable budgeting and long-term financial planning without the shock of annual renewal spikes.



Retiree-First Design

We prioritize "equal to or better than" benefits. Our national passive PPO networks allow retirees to see any provider who accepts Medicare, minimizing member disruption.

Current Program Highlights



Multi Year Rate Guarantees

7.5% annual cap through 2027 provides long-term predictability.



Empowers Groups To Do a Full Analysis of Their Program

Groups receive a full analysis free of charge.



Premium and Budget Stability

Consistent pricing model removes volatility from annual planning.



Broker Friendly Program

Designed to work hand in hand with your existing consultant, not replace them.



No Minimum Participation

Our program may be offered on a voluntary basis, multiple plan offerings to groups of any size.



Community Rated Plans

Pooled risk structure protects individual employers from claim spikes.

Free, No-Obligation Analysis

We evaluate your current program to quantify savings and risk reduction opportunities—at no cost to you.



What We Review

-  Rx Claims Data
-  Census & Eligibility
-  Current Plan Designs
-  Fixed and Medical Costs on PMPM Basis
-  Net Rx Costs on PMPM Basis



What You Receive

-  Quantified Savings Report
-  Coverage Comparison
-  MA Only + EGWP and MAPD -vs- Current
-  Implementation Roadmap



No Disruption to Operations. No Commitment Required.

Start Your Journey to Stability

Partner with the Statewide Purchasing Alliance of New York

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Online



Immediate Next Step



Secure Data Transfer:

Prepare your de-identified claims and census/eligibility files. We will provide a secure upload link to begin your free analysis.

[REQUEST SECURE LINK](#)