Ithaca Health Alliance

2005 Annual Report

Ithaca Health Alliance
2005 Annual Report - Contents

2005 was a year of high activity and considerable change for the Ithaca Health Alliance, perhaps the most transfigurative year the organization has experienced since its founding in 1997. Through a combination of external (primarily regulatory) pressures, the pursuit of ambitious new projects, and changes in staff, directors and physical premises the organization has something of a new face in the current phase of its development. Unchanged through all of these factors is the underlying mission of the Health Alliance: to facilitate access to health care for all, especially those who cannot afford the continually rising costs of medical care and insurance coverage. Through a combination of new initiatives and improvements to existing programs, we believe that the Health Alliance is positioned to continue making precedents in the community based wellness movement.

Legal Scrutiny

Ongoing from 2004, an investigation by the New York State Insurance Department (NYSID) into the Ithaca Health Alliance and its activities proved to be a major stimulus for many of the organizational energies directing the organization in 2005, particularly in the first half of the year. The ongoing process of demonstrating good faith for the programs of IHA, and specifically demonstrating that the Ithaca Health Fund program did not operate as insurance (particularly with regards to the presentation and regulation thereof), required considerable introspection and a restructuring of the operations of this program. The original basis of the Health Fund was an ideology of cooperative resource sharing, with a central organization which could disperse funds contributed by members for the purpose of assisting members with the expenses of health care; it was the purpose of the organization's board of directors to monitor this fund and make prudent but incremental increases to the payments offered as resources grew. Funds were also to be set aside for additional charitable community health initiatives.

It was the concern of NYSID that aspects of this program presented an appearance of operation as insurance rather than the conduct of a charitable organization. A lot of work was directed into learning about the basis of this perception, explaining the intent and function of the organization, and expanding the organization's knowledge of legal matters relating to these issues. Ultimately, the experience was a trying but educational one which has allowed the Ithaca Health Alliance to learn to better express its goals and functions in ways which do not contribute to such misinterpretations; the organization's identity is much more defined internally and relative to the world at large than it had been before.

Two significant changes were made to the member based, health care cost assistance aspects of the Ithaca Health Fund program through this investigation:

1) The Health Fund was adjusted from being a contractual agreement between the Ithaca Health Alliance, Inc. and its members to a discretionary system of medical and dental grants made available to membership. The Grants & Loans committee of the Ithaca Health Alliance board was given responsibility for primary oversight of the Health Fund program, and a restructuring of the policies and procedures thereof.

2) General Membership in the Ithaca Health Alliance - members eligible to receieve grants through the Health Fund - was limited to persons with a New York State residence,

namely those who can 'affirm that they reside at an address in the state of NY for the majority of the calendar year.' Provider Members, who offer discounts on professional health care services to members of the Health Alliance, remained grant eligible provided they possessed a NY residence. New categories of Sponsoring and Affiliate memberships, who contribute to the mission of the organization or sponsor others as members were introduced, and the availability of memberships donated to low income community members otherwise unable to afford dues was increased.

These changes were presented as a referendum to the membership of IHA; both items of the referendum were approved 8/05 with 78% members voting for, 18% against, 3% no vote. Election participants represented 17% of active membership.

The investigation by NYSID officially closed in October, 2005, on the condition that the organization continue to practice by the changes made during the course of the investigation and that IHA report all complaints about its services and operation to NYSID every 6 months.

Legal Status / Tax Exempt Applications

Two tax exempt applications were filed with the US Internal Revenue Service in 2005, seeking to finalize considerations of the federal status of the Ithaca Health Alliance. The first application filed was for retroactive tax exempt status from the organization's founding in 1997 to 3/11/03, when the Ithaca Health Alliance, Inc. was incorporated as a not-for-profit corporation with the New York State Department of State, instead of as a project of another organization. In the course of the retroactive application, members from that time period were polled on questions of access to health care as part of an argument that the membership of IHA constitute a 'charitable class' with regards to access to health care. The criteria surveyed were:

> When you joined or renewed with Ithaca Health Fund between [date] & [date], did ANY of the following 8 situations apply to you?
> (1) You had no health insurance coverage.
> (2) You were underinsured, had inadequate health insurance which wasn't comprehensive
> (3) You had lost health insurance coverage which an employer had provided, & then had to pay for your own.
> (4) You were unemployed.
> (5) You had a recognized physical disability, or were under ongoing care for chronic illness.
> (6) Your medical, dental, optical & pharmacy expenses equalled 1/4th or more of your income.
> (7) You owed unpaid medical, dental, optical or pharmacy bills which had been billed 3 or more months earlier.
> (8) Your family income for [2003 or else last year a member] was under the following amount, according to your family size: [US bureau of census figures for low income by household size were used]

For 76% of members polled, 1 or more criteria applied, 5% none, and for the remainder no data was available. Continuing use of these evaluative criteria demonstrate that the proportions of members within the group broadly termed 'the health care poor' remains steady at this level.

Changes to Active Programs

Ongoing programs of the Health Alliance in 2005 consisted of the Ithaca Health Fund and the IHA Educational Programs. Comprehensive changes were also made to all Ithaca Health Alliance forms, publicity literature, and so on to clearly and consistently represent the functions of the organization and its programs. Changes to program operations are as follows:

Ithaca Health Fund

The Health Fund program was restructured into a discretionary grant program, retaining all health service payment categories previously in effect, with membership approval through a referendum vote in summer '05; preparations for this change were made by the board of directors starting in spring '05, including the formation of the Grants & Loans committee to provide oversight for the program and recommend procedure to the board as a whole. The Grants & Loans committee began a comprehensive review of IHA member & community benefit systems, and the development of new policies for them:

1) A community component of the Health Fund was added, comprised of a Community Grants Program. Approved scope and process for this program is as follows:

> "Organizations interested in applying for grants will complete an application and send it to IHA. The office manager will ensure that the application is complete. The Grants and Loans review committee comprising at least two people, one of whom must be a Board member, will review applications and make granting recommendations to the Board based on criteria pre-determined by the Grants and Loans Committee.
>
> Potential grantable activities include:
> • health services or projects
> • health education
> • increasing access to health & wellness
> • procurement of supplies or professional services for health program development
>
> Considerations for Grants & Loans Committee evaluators:
> • aware of # of for- & not-for- profit applicants; not for profit recipients receive preference
> • priority will be given to new applying organizations, vs. return applicants

• if there are no applicants/grants awarded in a month, funds do not roll over to future months.

Preference is to be given to organizations operating within 30 miles of Ithaca, NY. Grant applicants will be notified by the IHA office manager via correspondence regarding the status of their application; rejected grants will include rationale for rejection.

A total of $200 per month in Community Grants may be awarded. This amount may be divided between one or more approved projects, at the Grants & Loans committee's recommendation."

Three Community Grants were awarded in 2005, to the Cayuga Nature Center for training summer camp counselors in CPR and procuring first aid supplies; to the Tompkins County Health Care Task Force for outreach to area residents regarding health care options; to Tioga Opportunities, Inc.: Department of Aging to support the Health Fair and Expo for senior citizens.

2) Donated memberships for low income persons were expanded and policy clarified. This aspect of the program operates by the following:

"A base of 13 donated memberships per year was voted in by the IHA board (FY2004), with additional free memberships financed by specific donations to the program. IHA will reach out to other public service agencies who work with our target populations of low-moderate income, uninsured individuals. Initial outreach and partnership efforts will focus upon agencies in Tompkins County and the surrounding region, with a strategic interest in possible future partnership with agencies elsewhere in NY state.

Partner agencies will be informed of the programs of the Health Alliance, and provided with donated membership referral forms. When a partner agency has identified candidates eligible for enrollment as donated members, they will complete the referral form with the potential member and return the form to IHA via mail.

For persons interested in donated membership in IHA without an agency referral, IHA will consider the request if:
• Current # of donated memberships available is not expended
(3 donated memberships available per quarter, additional memberships donated are 1st come, 1st served. Children = 1/2 donated membership similar to IHA $50/yr memberships for children)
• The potential member is uninsured
• The potential member meets at least one other criterion of charitable class re: health care access as used in other member polls

Recipients of a donated membership are given the opportunity to renew membership at 50% discount on the year after donated enrollment. They are next eligible for a donated membership after 5 years. There is no limit to re-enrollment for members sponsored by independent donors, if sponsorship remains available."

A total of 15 memberships were donated in 2005. 5 grants were paid to members in this category, at $975 total.

3) The IHA revolving Dental Loan procedures were refined as follows:

"IHA will reach out to dentists and to community members encouraging their contributions to funds dedicated to dental loans. The IHA: Health Fund account may also pay into the revolving loan fund. Donors will be given the option to donate monies earmarked for dental loans without reciprocal benefits from IHA. The office manager will track dental loan funds with other bookkeeping tasks, by program.

An initial maximum five (5) interest free loans at a maximum of $500.00 will be made available to members for the purpose of paying for dental care. Dental loans are available to IHA members in good standing for 3 years or more. Members will submit an application, signed repayment contract, and a copy of bill or estimated cost of dental service from the service provider.

If a loan payment arrives more than ten (10) days late, a late fee of $20 will be levied. If a loan payment is up to three (3) months overdue, any grants that may be awarded to the member through the Health Fund program are first applied towards repayment of the loan. If a loan payment is more than six (6) months overdue, the member loses eligibility for grant awards from IHA.

Priority in revolving loan award will be given to persons who have successfully repaid previous IHA loans. Loans will not be given for purely cosmetic purposes."

Three dental loans were awarded in 2005; the first was repaid, the second two begin repayment cycle in January 2006.

4) Additions to the IHA member grants programs:

Available grants were added to include include adjunct palliative care in cancer treatment when recommended by a physician ($150 in complementary care + $150 in organic food assistance yearly). The Cancer Palliation grants were approved with a disclaimer offered by the Board of Directors: "The IHA is not able, at this time, to significantly offset the often huge costs of conventional cancer treatment. We are aware though that many people, at the time of such a diagnosis, would benefit from counseling, healthful organic

food, and energy enhancing and relaxing therapies. The IHA cancer palliation package is meant to help in obtaining some of these services at such a time in order to foster healing and wellbeing. These services are to be palliative, not curative: adjunct therapies when recommended by a M.D. or oncologist. This can include massage therapy, acupuncture, counselling, or other complementary therapy after initial diagnosis of cancer other than skin cancer [limitation relevant to massage]. Eligibility for this category of grant begins after 1 yr. membership."

Grant limits were increased for 2nd and 3rd degree burns, raised to a maximum $3000/year. Emergency room visit grants maxima were expanded to $125 for visits billed $300-500, $225 for visits billed $500-1,000, $450 for visits billed $1,000-2,000, and $600 for visits billed $2,000 or more in total. ER grants remain limited to one per member per year eligibility.

184 grants, total, were made to IHA members in 2005, for a total of $25,530.87. All IHA member grants made and denied are updated on the IHA website, quarterly. Specifics can be found there.

IHA Health Education Programs

The Education & Events committee of the Ithaca Health Alliance took 2005 as a time of strategic reorganizing as well, planning ahead for best effectiveness in providing health and wellness information to the public. The IHA lending library was modestly expanded with donations from a couple independent publishers of health related books, and overtures were made to several more.

Expansion of the volunteer base serving with the Education & Events committee's planning efforts in September 2005 brought much more energy and ideas into the process. Monthly education series for 2006 were planned, in addition to individual seminar events. The possibility of cosponsoring a larger event, such as a conference, with one of the local colleges was discussed, but not pursued for the short term.

New Program Development

Ithaca Free Clinic

The major new program development efforts for the Health Alliance in 2005 continued to focus on preparations to open Ithaca Free Clinic which were ongoing from 2004; in this process a Winter/Spring 05/06 opening date was targeted, and resolved to January 2006 by the third quarter of the year. Specific planning for the free clinic project was delegated to the IFC Steering Committee, chaired by IHA vice president Dr. Justine Waldman, along with board member DNA Ciccarone LMT, board treasurer Thomas Hoebbel and several community volunteers not involved in other IHA programs. Scott Marsland, RN assumed the position of committee co-chair mid-year. Steering Committee participation was variable by individual throughout the year, but consistently ~15 active participants. The Vision driving the organizational process: totally free health care services, integrated

allopathic & 'complementary/alternative'. A specific mission statement was derived on this theme: “Our mission is to provide access to healthcare based on need, not on ability to pay, where the talent and generosity of our healthcare community come together to provide mainstream medical services, Complementary Alternative Medicine and Social Advocacy to establish healthcare as a human right and not a privilege.”

Volunteer health care practitioners were recruited, with about 100 responses to initial solicitations. DNA Ciccarone spearheaded development of Complementary/Alternative Medicine services for the IFC with the input of several other CAM practitioners and committee volunteers. Mainstream allopathic services, including nursing care and pharmacy, were planned through the work of several task teams.

A Clinic Coordinator independent contractor position was developed and filled. Policies & procedures were planned, and possible options for legal status and funding were explored. Search for location closed with lease for clinic & office location at 225 S. Fulton St. Suite B in Ithaca, NY starting 10/05 with extensive remodelling by landlord & volunteers. The Ithaca Health Alliance offices were moved from The Ithaca Commons to the new clinic facility, along with the offices of the clinic coordinator. Donated equipment provided most of the initial infusion for setting up the physical framework for clinical care: an especial thanks is due to Northeast Pediatrics of Ithaca for approximately $6,000 worth of medical office equipment donated to the facility.

Membership Trends

Ithaca Health Alliance membership rates spiked in early 2005 after publication of article in *Utne Reader* (republished in other journals), which increased visibility for the organization and its programs. After the New York State residency requirement for general (grant eligible) membership was added as a temporary measure on 4/30/06 and approved as permanent by the membership in the summer referendum, new membership rates saw a predicted drop. Renewal rate among existing members with NY residency was somewhat reduced due to confusion about how the new granting system for the Health Fund program worked, and further attention was directed at making all promotional materials clear about the function of IHA programs.

New categories of memberships, for Affiliate (donor) members and Sponsor members (donating membership to individuals) were added, and enrollment in these categories was low but present (representing 10 individuals).

Specific recruiting measures for Provider Members offering discounts on health services to IHA members, and for businesses or organizations interested in enrolling staff and/or members were planned but not fully implemented. Long time IHA Board member Dianea Kohl stepped forward as the coordinator for IHA outreach efforts, focusing on inservices for organizations local to the Ithaca, NY area.

Methods for working with membership throughout NY state to coordinate local area recruitment of Providers and membership were planned, but sporadically implemented. Initial interest from members in the Buffalo region saw little follow-through, and are currently in suspension.

Member Complaints

No complaints about the Ithaca Health Alliance programs and services were filed in 2005. 7 denials of grant payment were appealed to the Grants & Loans Committee; 4 were grants denied for Exam Grants where the provider would not offer a discount on the cost of the exam, and 2 were for categories not included in the granting menu. 1 appealed grant was appealed on the basis of Root Canal grant availability "1 per member per membership year." This grant was subsequently awarded, on the basis that a prior RC grant was made within the same calendar year (February), but the denied grant request was for services rendered after reset of that individual's member year (May).

Although none were filed as complaints, there were numerous regrets expressed in correspondence from members without New York State residency who could no longer renew.

Membership Feedback

A process for surveying IHA membership began in planning in fall 2005, with expected execution in the 1st quarter of 2006. The primary goal of the process is to understand the wants and needs of membership more clearly, and to improve intraorganizational communication in accordance with expressed member desires.

Staff and Board Changes

In April, 2005, Robert Llwyd Brown was hired as new office manager for the Ithaca Health Alliance, on an independent contractor term. IHA founder, board member, and former office manager Paul Glover shifted his program duties to work as Programs Developer, with an emphasis on new program development, outreach, and presentation of the IHA business model for other social entrepreneurial use. In August, 2005, Mr. Glover left the Ithaca area, and resigned his position with the IHA.

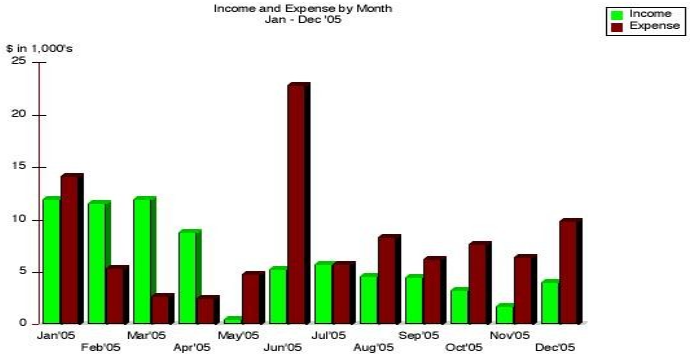
In September, 2005, the job search for an independent contractor clinical coordinator for Ithaca Free Clinic was resolved with the hiring of Marie Carmele Adrine Constant, and her contributions to the later stages of IFC planning for the January '06 opening were considerable.

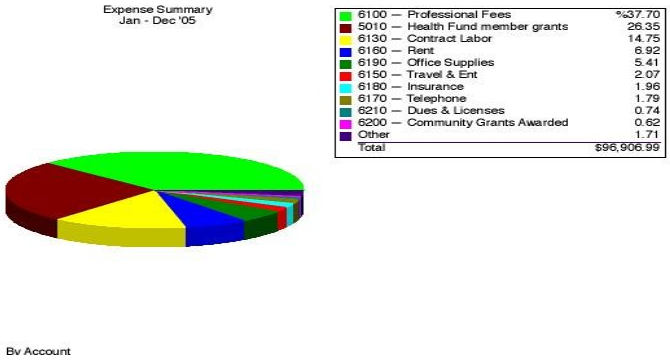
In addition to Mr. Glover's leaving active service on the board of directors, the 2005 directors' election by general membership added several new faces and new energy to the

board. In Fall 2005, the board of directors continued its internal process of improving goal setting, efficiency, and communication through a board retreat.

Financial

IHA financial structure and records were reexamined and rebuilt in summer 2005. After extensive review of past account activity and current assets, the IHA accounting structure is better delineated than ever before, with more stringent policies for spending and accountability in place to ensure high accuracy tracking for all programs. Legal fees accounted for a large sum of organizational assets spent throughout the year, but are expected to have been an incidental rather than repeating expense.





Ithaca Health Alliance
Income and Expense by Programs
2005

	Clinic	Fund	General overhead	Unclassified	TOTAL
Ordinary Income/Expense					
Income					
4090 — Membership Dues	0.00	24,375.25	47,318.75	0.00	71,694.00
4120 — Interest Earned	0.00	0.00	250.58	1,005.08	1,255.66
4130 — Donations for Membersh...	0.00	150.00	971.00	0.00	1,121.00
4135 — Donations for Clinic	168.00	0.00	0.00	0.00	168.00
4140 — General Donations	0.00	0.00	66.10	0.00	66.10
4150 — Unallocated Income	0.00	0.00	-116.00	-100.00	-216.00
4175 — Over/Under	0.00	0.00	-85.00	0.00	-85.00
Total Income	168.00	24,525.25	48,405.43	905.08	74,003.76
Cost of Goods Sold					
5010 — Health Fund member gr...	0.00	25,530.87	0.00	0.00	25,530.87
Total COGS	0.00	25,530.87	0.00	0.00	25,530.87
Gross Profit	168.00	-1,005.62	48,405.43	905.08	48,472.89
Expense					
6140 — Sponsored Events	0.00	0.00	104.21	0.00	104.21
8015 — - Membership refund	0.00	0.00	430.00	120.00	550.00
6100 — Professional Fees					
6105 — Legal Fees	0.00	0.00	29,664.00	0.00	29,664.00
6110 — Accounting	0.00	0.00	6,096.00	330.00	6,426.00
6115 — Consulting	225.00	0.00	210.00	0.00	435.00
6100 — Professional Fees - Other	0.00	0.00	10.00	0.00	10.00
Total 6100 — Professional Fees	225.00	0.00	35,980.00	330.00	36,535.00
6130 — Contract Labor					
6135 — Labor Paid to Board Me...	0.00	0.00	4,479.00	0.00	4,479.00
6130 — Contract Labor - Other	2,989.75	0.00	6,822.00	0.00	9,811.75
Total 6130 — Contract Labor	2,989.75	0.00	11,301.00	0.00	14,290.75
6150 — Travel & Ent					
6156 — Meals	211.84	0.00	149.39	0.00	361.23
6157 — Travel	295.00	0.00	1,295.57	0.00	1,590.57
6150 — Travel & Ent - Other	40.33	0.00	12.00	0.00	52.33
Total 6150 — Travel & Ent	547.17	0.00	1,456.96	0.00	2,004.13
6160 — Rent	6,351.50	0.00	350.00	0.00	6,701.50
6165 — Utilities	76.13	0.00	0.00	0.00	76.13
6170 — Telephone					
6171 — Internet Fees	0.00	0.00	200.00	0.00	200.00
6170 — Telephone - Other	88.68	0.00	1,444.62	0.00	1,533.30
Total 6170 — Telephone	88.68	0.00	1,644.62	0.00	1,733.30
6180 — Insurance	274.00	0.00	1,627.00	0.00	1,901.00
6190 — Office Supplies					
6191 — Printing and Reproduction	27.85	0.00	480.66	0.00	508.51
6192 — Postage and Delivery	37.00	0.00	450.64	0.00	487.64
6193 — Supplies	816.10	0.00	1,187.34	0.00	2,003.44
6194 — Promotion and Advertizing	806.66	0.00	1,249.80	0.00	2,056.46
6190 — Office Supplies - Other	149.80	0.00	32.32	0.00	182.12
Total 6190 — Office Supplies	1,837.41	0.00	3,400.76	0.00	5,238.17
6210 — Dues & Licenses	0.00	0.00	715.00	0.00	715.00
6215 — Classes and Conferences	375.00	0.00	0.00	0.00	375.00
6220 — Bank Charges & Interest	0.00	10.00	60.00	-11.43	58.57
6230 — Misc Exp	0.00	0.00	0.00	0.00	0.00

Ithaca Health Alliance
Income and Expense by Programs
2005

	Clinic	Fund	General overhead	Unclassified	TOTAL
Total Expense	12,764.64	10.00	57,069.55	438.57	70,282.76
Net Ordinary Income	-12,596.64	-1,015.62	-8,664.12	466.51	-21,809.87
Other Income/Expense					
Other Income					
7030 — Other Income	0.00	0.00	155.70	0.00	155.70
Total Other Income	0.00	0.00	155.70	0.00	155.70
Other Expense					
6200 — Community Grants Award...	0.00	600.00	0.00	0.00	600.00
8010 — Other Expenses	0.00	0.00	278.36	215.00	493.36
Total Other Expense	0.00	600.00	278.36	215.00	1,093.36
Net Other Income	0.00	-600.00	-122.66	-215.00	-937.66
Net Income	-12,596.64	-1,615.62	-8,786.78	251.51	-22,747.53

Summary/closure:

2005 saw the most growth and internal evaluation that the Ithaca Health Alliance has ever experienced. Many members and volunteers have described the experience as one in which our organization has "come of age." Like all maturation processes, the changes for the IHA over the last year have come with certain growing pains and difficult decisions, but we are all proud of how the organization has grown. We are excited at the possibilities IHA faces for coming years, and look forward to broader and better service to our communities with renewed commitment and the sure knowledge that the Ithaca Health Alliance is a model which proves that communities can work together to serve our health care needs.