



JOINING A CONSORTIUM Your Options

Implementing your controlled substances use and alcohol misuse program is a significant undertaking. It will involve planning, contracting, administrative, legal, and monitoring efforts, which even some large employers may find among the most complex and demanding elements of their safety programs. Small employers may be more seriously challenged.

Consortia testing related services, per FMCSA regulations, administer DOT drug and alcohol testing programs.

ADVANTAGES OF CONSORTIA

Employers that form or join a consortium generally do so for one or more of the following reasons:

- Lower costs
- Greater expertise
- Reduced administrative burden

Lower Costs

Like all businesses, controlled substances testing laboratories incur overhead costs (e.g., training, recordkeeping, reporting, billing, and other administrative activities) as part of doing business. The same is true of collection sites, BATs, MROs, SAPs. When only a relatively few tests are conducted or a few drivers are evaluated, these costs on a per unit basis can be substantial. When larger numbers of test are conducted or drivers are evaluated, the overhead costs can be spread over a much larger base, and the per-unit costs are minimized as economies of scale are achieved.

In the extreme case, an employer with a low volume of business may have difficulty finding a laboratory to take its business at any reasonable price. For example, when testing services are purchased by small employers, each individual test is likely to cost much more than it would cost a large employer. The per-test cost for a large purchaser may be a third or more less than that for a small purchaser.

Consortia allow several small purchasers to combine their service needs and to buy in bulk, thereby realizing substantial savings.

Greater Expertise

The FMCSA and DOT regulations are not simple. Although the regulations were carefully crafted for all employers, experience from earlier FMCSA programs, from other transportation modes, and from other industries indicates that you may experience unusual situations where it is not clear what your responsibilities are under the regulations.

Reduced Administrative Burden

The administrative burden of operating programs in compliance with regulations can be substantial. Procuring services, training employees and program personnel, maintaining chains of custody, and collection equipment and facilities, maintaining the random pool and completing random selection and notification, quality assurance, and recordkeeping and reporting can each be time consuming activities.

ADDITIONAL CONSIDERATIONS IN ESTABLISHING CONSORTIA

Although there are many advantages, particularly for small employers, in establishing consortia, the advantages do entail costs. You should consider the implications of those costs to your organization prior to establishing or joining a consortium. Allowances must be made for

- Shared design
- Reduced control
- Financial considerations





Shared Design

As a consortium is essentially a committee and because compromise is inherent in the nature of all committees, it is possible that you may need to compromise on some of the nonregulated elements of your controlled substances use and alcohol misuse program design. For example, you may join a consortium that has a core of services that comply with FMCSA and DOT regulations. Still, that consortium may not offer other elements (e.g., rehabilitation) that you consider important in your program.

Reduced Control

If you operated your own program, the managers in charge of it would be your managers and they would operate according to your own policies and procedures under your sole control. This will not be the case in a consortium. As a result, it will be more difficult to make changes in the program, and changes that you do make will take longer than if you operated your own program.

Your best protection against this reduced control is a sound contract with the consortium.

Financial Considerations

Although the net financial results of a consortium should be to reduce your substance abuse program costs, financial risks exist. Failure of some consortium members to pay their costs may increase the financial burden on other members under some consortium models.

In addition, it is a common practice for consortia to require a membership payment in addition to payments for services as they are delivered. This membership payment may support initial services such as policy development or educational materials. Charging a membership fee is a reasonable and common practice and in virtually all cases, the membership fee will be less than the initial investment in an in-house program. Nonetheless, the membership fee may be several times the cost of a single controlled substances test, and small employers who anticipate joining consortia expect the fee and budget accordingly.

TYPES OF CONSORTIA

Consortia arrangements can be made to provide collectively the same types of services as those available through separate or individual contract arrangements (e.g., education and training, specimen collection, laboratory analysis, MRO services). The following are examples of four such models:

- Purchasing cooperative
- Separate entity
- Managing partner
- External management

Purchasing Cooperative

In a purchasing cooperative model, the consortium contracts for services at a volume price to take advantage of large-volume buying power and management efficiencies.

Separate Entity

If the number of drivers represented by all consortium members is large enough, it may be cost effective to form a separate entity.





Managing Partner

In this model, smaller employers contract for services with larger employers subject to DOT controlled substances use and alcohol misuse testing regulations (e.g., state DOT, a transit agency, an airline).

External Management/Third-Party Administrators

Under this model, employers contract with a company that provides the services desired.

THE IMPORTANCE OF YOUR CONSORTIUM CONTRACT

Regardless of the model of consortium you select, you should realize that you are entering into a contractual relationship, and your interests should be protected.

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