SAU #5 - Oyster River Coop. School District
Health Care Costs & Options
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Agenda

▷ What are pools and how do they set rates?
▷ What’s driving health care costs?
▷ Considerations to mitigate costs
▷ Q & A
The Public Pools (Not for swimming!)

- Pooled Risk Management
  - HealthTrust (Anthem)
  - SCHOOLCARE (CIGNA)
  - Interlocal Trust (Harvard Pilgrim)

- Not insurance companies

- Owned and governed by members

- Self-insured and not subject to state insurance mandates

- Risk spread across all participating groups resulting in stability over time
How do Public Pools Work?

▶ Funding:
  - Public employers - school districts, towns paying premiums
  - Employee contribution

▶ Third party administrator (Anthem, Cigna, etc) process claims
  - Claims paid by the pool
  - Purchase stop-loss insurance to protect against large claims

▶ Offer value added services such as COBRA and retiree administration, education, etc.

▶ Provide comprehensive wellness programs
SCHOOLCARE Premium Dollar 2014-15

- Claim Admin: 3.1%
- PPACA Fees: 0.7%
- Operations: 1.0%
- Wellness: 1.3%
- Stop Loss Ins: 0.8%
- Claims Expense/Reserve: 93.1%
What is Driving Costs?

- Fee for service design of healthcare
- Age and health status of population
- More expensive new technologies and prescription drugs
- Legacy plan designs
- Physicians pressured to provide excess care to prevent litigation
- Health care reform

SCHOOLCARE FY16 avg. premiums

Single: $9,816
Family: $26,503
Can your school district maintain its current level of health insurance and contributions?
Options to Mitigate Rising Health Costs

- Employers, employees and pools must work together to seek win-win solutions
  - Establish a benefits study committee
  - Analyze claims utilization data to identify cost drivers
- Streamline benefit offerings for ease of administration and education
- Analyze premium cost share and incentivize lower cost benefit offerings
Options to Mitigate Rising Health Costs

- Implement new medical and prescription plan designs:
  - Promote consumerism through lower up front premiums and higher cost at time medical service is delivered
  - High deductible health plans with HRA or HSA – be careful about deductible funding!
  - Incentive to utilize high quality, cost-effective providers

- Support and encourage healthy behavior changes through participation in wellness programs
  - Health assessment and biometric screening
  - Exercise, education, etc.
Without change....

the quality health care benefits currently provided by school districts are **NOT** sustainable.

Employers and employees taking an active role in managing plan costs can improve the overall health of employees and reduce medical trend costs.
Q & A

Thank you for your participation!