

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



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How do Public Pools Work?

▶ Funding:

- Public employers - school districts, towns paying premiums
- Employee contribution

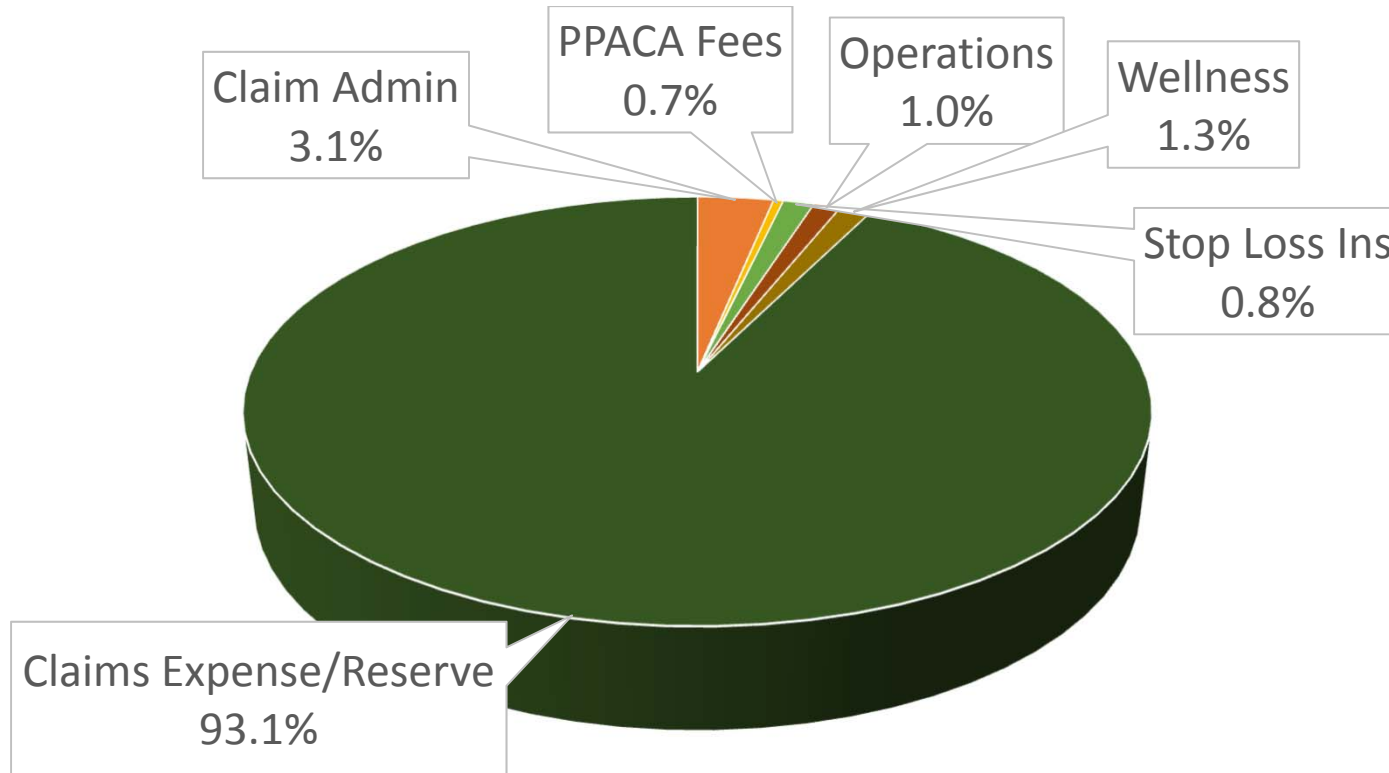
▶ Third party administrator (Anthem, Cigna, etc) process claims

- 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



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?

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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!

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