

Less is More

How Elmbrook School District spends less to get more from its employee benefits

Elmbrook School District in Southeastern Wisconsin consistently earns accolades in many areas. Most recently, the district ranked #2 on Niche’s “2015 Best School Districts in Wisconsin” list, which evaluated 8,738 districts across the nation. *Newsweek* recently included two of Elmbrook’s schools in its list of America’s Best High Schools. The *Milwaukee Journal Sentinel* named Elmbrook one of the Top 100 Workplaces in the area.

If Elmbrook was a baseball team, it would be the New York Yankees in terms of accolades and long-term success. But Assistant Superintendent Erik Kass identifies with the underdog — with the Oakland A’s, rather than the Yankees. Kass compares his district’s current challenge to the A’s famous 2002 season when they created an outstanding team despite crippling budgetary setbacks. Like Oakland’s general manager in the movie *Moneyball*, Kass and his team have devised a way to generate more value with less money.

Instead of battling the Yankees, however, Kass faces an even more formidable foe: the healthcare industry. He must squeeze as much value from his district’s health plan as possible despite rising costs, reform mandates that could cripple his budget, and many other powerful forces.

■ Two Ambitious Goals

“Like Oakland’s GM Billy Beane, we had to think beyond traditional methodology,” Kass says. “We became focused on improving the level and quality of care while finding innovative ways to control our healthcare costs. In many cases, it’s like we had to make one plus one equal three.”

Specifically, two of the district’s major goals are to:

- Improve the quality of healthcare services
- Decrease costs for the employees and district

“Many school districts — and businesses across the nation — are having trouble maintaining the quality of healthcare and preventing cost increases for themselves and employees,” says Senior Vice President Scott Fuller, who is one of Elmbrook’s benefits consultants from Associated Financial Group. “You would think Elmbrook has a magic formula, but in reality they are implementing strategies and resources that are available to all employers — and they are letting go of traditional plan design.”

■ Elmbrook Pioneers the CDHP-Only Package

Elmbrook offers only consumer-driven health plans (CDHPs) to employees — centered around a health savings account (HSA) and health reimbursement arrangement (HRA) — with no traditional options, such as a health maintenance organizations (HMO) plan. This makes Elmbrook a rarity. Today, only 22 percent of all employers offer only CDHPs to employees without any traditional plan option, according to a report by the National Business Group on Health. This number is even smaller for school districts.

The report shows that the most frequently offered type of health insurance today remains a preferred provider organization (PPO) plan, offered by 84 percent of organizations. However, these plans — along with other traditional plan designs — continue to decline in popularity

as consumer-driven health plans become the norm. In Minnesota, Wisconsin and Illinois, employer data from AFG’s MarketPulse shows that 45.3 percent of employers are offering an HSA or HRA this year, an increase of three percentage points from 2014.

- Elmbrook uses **HSAs** to help employees and their families save on a tax-free basis for future qualified medical and retiree healthcare costs. Contributions to HSAs can be made by the employer, the employee or both.
- **HRAs** are similar to flexible spending accounts, except that the employer may permit funds to roll over from year to year, allowing employees to accumulate funds over time. These accounts are set up by Elmbrook for its employees, and Elmbrook pays for up to 50 percent of the deductible toward healthcare services.

This aggressive, consumer-driven approach is critical for accomplishing the two goals mentioned previously — reducing costs and providing quality healthcare services (with an employee clinic). However, this approach would fail without cooperation from employees, the community, the school board and district leadership. A great strategy alone does not guarantee success. The moneyball tactics were nearly undermined by the Oakland A’s front office and players who didn’t understand or agree with them.

■ Communication with Staff is Critically Important

It would make sense if healthcare consumerism flourished among teachers. It seems likely that educators would learn what they need to know

about their health plans, appreciate them, and utilize them correctly.

In reality, this isn't usually the case — sometimes just the opposite. While educators might be more likely to read and comprehend the materials you send them, the culture of a school district typically is not conducive to healthcare consumerism.

"Prior to 2011, teachers didn't have to deal with consumer-driven healthcare," Kass says. "The collective bargaining agreements have typically supported traditional plan designs, so they haven't been introduced to consumerism. Adopting it can be more of a culture shock in the public sector than in corporate America currently."

Therefore, it's important that communication remains a two-way street.

1. Listening to employees.

Elmbrook conducts regular staff surveys to find out, among many topics, how well employees understand and appreciate their employee benefits. In 2014, after the consumer-driven health plans were introduced, staff responded to the prompt "I understand my health benefit plan" with:

Strongly agree: 7%

Agree: 54%

Disagree: 31%

Strongly disagree: 9%

2. Responding to employees.

Knowing that nearly half of employees did not understand their health plan, Elmbrook quickly dedicated the necessary time and resources to educate and engage staff. Elmbrook also included a group of staff members in the early planning meetings for the new employee benefits strategy. "These employees became champions of the vision at a grassroots level," Kass says. "They helped communicate its advantages to other employees, dispel rumors, and pave the way for a radical departure from our traditional health plan."

This year's staff survey has not been conducted yet, but early indications suggest that employees are

engaged in their employee benefits, well informed, and even enthusiastic about them. The district is offering employees a valuable new benefit in 2015 that warrants their enthusiasm.

■ The Employee Clinic

Elmbrook's health and wellness center managed by QuadMed, which was recently approved by the school board and will open in September 2015, is in the exact center of the school district. The clinic is also the emerging centerpiece of Elmbrook's employee benefits strategy.

"We need district employees to use the clinic to achieve our goal of reducing costs for both the district and its employees," says Senior Benefits Consultant Al Jaeger, who established the return on investment (ROI) process that Elmbrook used to evaluate employee clinic providers. "The cost savings will depend on employee utilization, and utilization will depend on how well employees understand this resource and its advantages, which of course depends on effective communication. Every part of the employee benefits strategy is interconnected."

- **Wellness/clinic integration.** The clinic will specialize in comprehensive primary care that revolves around prevention, wellness, early intervention and chronic condition management. Elmbrook's employee wellness program will be closely integrated with the clinic. The physicians will help direct employees toward the wellness components they need. They will leverage health information, technology and other process innovations to assure high-quality, accessible and efficient care.
- **Focus on screening and prevention.** Through the use of health risk assessments and biometric screenings, Elmbrook will be able to identify risk and target effective programs and services for specific population risk segments. By preventing illness and keeping existing conditions under control, they can reduce their downstream cost of healthcare.

- **Technology-enabled, evidence-based and coordinated.** The use of electronic medical records aids the sharing of secure information among specialists. By leveraging point-of-care decision support tools and practicing evidence-based medicine, the clinic will prescribe a personalized treatment plan designed to proactively address future health risks. Web and mobile applications will provide patients with convenient access to health information, educational content, secure messaging with their providers and a constant source of motivation and inspiration to drive greater engagement.

- **Help with Affordable Care Act (ACA) compliance.** Because the clinic can help employees reduce the cost of their healthcare, it can help Elmbrook avoid the high-plan-cost excise tax (Cadillac tax) scheduled to take effect in 2018. "An employee clinic specifically geared to address this high-cost population's needs may be the best hope for keeping the cost of healthcare manageable and avoiding the Cadillac tax," says Jaeger. The ACA also encourages the implementation of wellness and disease management programs, including an expansion of the ability to encourage healthy behaviors with rewards. "The employee clinic is one of the most effective devices to ensure that these programs achieve their full potential, in terms of clinical outcomes and financial results," Jaeger adds.

With the new employee clinic and other components of its strategic plan, Elmbrook projects a reduction in healthcare costs, superior patient care and high employee satisfaction. For more information about employee clinics, consumer-driven healthcare or any other issues mentioned in this article, contact us at 800-258-3190 or info@AssociatedFinancialGroup.com. ■

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