



Managing Health Benefit Surprises During the Perfect Storm

Wisconsin Public School Districts need now more than ever to have an established plan to demonstrate they are managing best practices for their 2nd largest budget category which is also the most significant emotional and variable cost with their staff's health coverage.

Districts throughout Wisconsin are experiencing more and more challenges with Cost and Cultural decisions on healthcare than ever before. Staff and board members want more answers on health coverage as districts are having to make harder decisions on budgets with expectations of forecasting costs.

... seek first to understand. What is driving the surprising cost and distrust?

- I. Competition
- II. Big Pharma
- III. Health System Recovery
- IV. Access to Prevention

- Fewer Insurance Companies can manage the healthcare cost in a sustainable manner resulting in fewer competitors fulfilling longer term obligations.



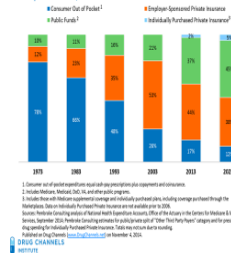
- Hospitals, Clinics, Health Systems are demanding higher reimbursements than before with their lowering Operating Margins, increased staffing challenges and more complex health conditions exasperated from suppressed care.



- Big Pharma continues to create Specialty Drugs that make a significant difference to quality of lives. The pace of Gene Therapy solutions is around 4 or 5 expected annual introductions with an average cost of \$1.5 Million per individual new Therapy.

RX Impact: Projections and Reality

Sources of Payment for Outpatient Prescription Drug Expenditures, 1973-2023



- Specialty RX taking advantage of ACA limits on staff oop limits on RX
- Employers Consistently hit with Major RX Shock Claims
- Coupon Game... (who is keeping the \$\$?)
- Pharma annual marketing
 - \$6B Direct to Consumer ads
 - \$24B to Physicians
 - \$200B Rebates / discounts for Formulary Access

- Staffing Primary Care / prevention becomes more challenging as physicians become more specialized following the money.

Ask Us at USI: Statewide District Administrators Share Their Healthcare Strategies

Friday, May 19th, 2023 | 10:30 – 11:30 am

[Join us](#) for May's Ask Us at USI where guest speakers from school districts in the greater La Crosse, Madison and Rock County area will share their ongoing approach to tackle the alarming health insurance trend and walk through specific strategies and tactics proving to be most sustainable, transparent and effective.

While Wisconsin has a significant contingency of public employers in a good place for the upcoming year, others are experiencing significant surprises and challenges.

We will discuss how best to be a public employer equipped to mitigate these surprises and how health insurance is something that requires more nimbleness, more awareness, transparency and greater understanding of national best practices while engaging with their local provider options. These districts have planning, designing and understanding approaches long before they think about making an insurance bid.

Employers that have consistently and successfully navigated Benefit Plans repeatedly possess the following foundation to their approach.

- I. Leadership / Engagement at all Levels
- II. Transparency / Consumerism / Understanding
- III. Primary Care / Population Health Management
- IV. Value Based Purchasing / Alignment with High Value Providers
- V. Strong Pharmacy Partner

I. Leadership/ Engagement



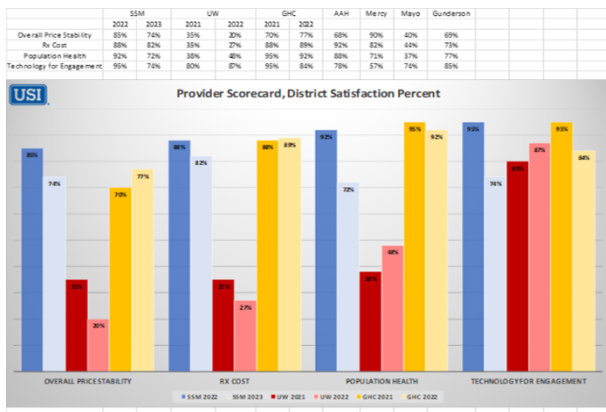
Employers that have a strong leadership that understands how to strategically, consistently and effectively communicate with staff, board members and health systems using a performance dashboard have an advantage and will be less likely to have surprises from their health plan. ([Sample link shared with board and staff members on an annual dashboard of items from Edgerton School District](#))

Creating accountability at each of the levels includes staff member consumerism, Provider Systems resources, Employers communicating priorities and direction and the insurance arm delivering transparency, reporting and best provider contracting.

II. Transparency / Consumerism:

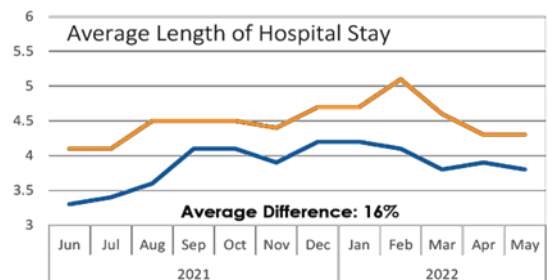
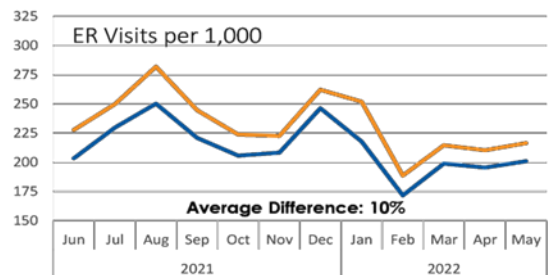
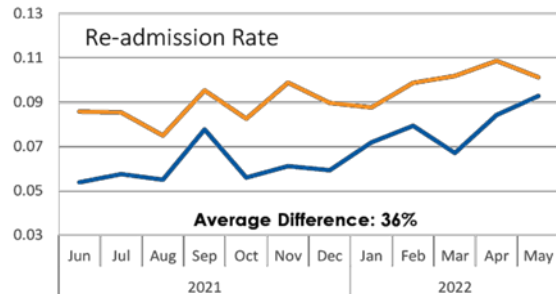
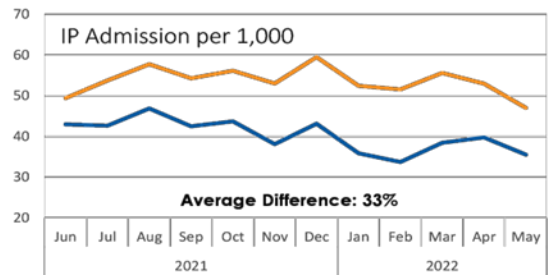
We consistently work with districts and staff on grading regional health systems on their price stability, primary care access, technology resources and prescription cost management. One of the most important parts of the information is understanding how claims are running vs. premium (Medical Loss Ratio / MLR) and if the MLR is sustainable or if we need to raise a flag to all stakeholders on how we better address the concern. The physician systems ability to engage with staff, employers and technology in an effective manner of controlling cost and outcomes is truly different in many parts of Wisconsin and necessary for employers

to understand how each are evolving and how to be part of directing future outcomes. Some geographies are fractured in healthcare delivery and may need an independent quarterback for their care delivery. Others are efficiently aligned systems that are outperforming the national norms. Solutions are not one-size-fits- all but the fundamentals apply the same.



III. Primary Care / Population Health

We looked at USI’s national reporting data on utilization differences between adults who had a preventive office visit in the past 12 months and those who did not. There is no question about the relationship and possibly causality between preventive care and Inpatient ER usage. The main area of question is whether the local health systems have the needed access, model and resources to provide satisfactory primary care or if you need to go down an independent path. The next question is how best to incentivize staff to improve behaviors and compliance for their age gender appropriate screenings.

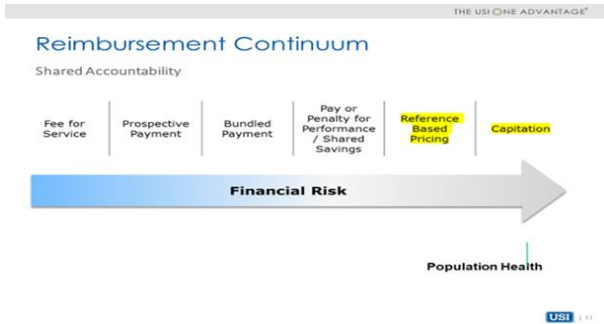


IV. Value Based Purchasing / Alignment with High Value Providers.

We continue to review the evolving provider contracts in each marketplace to understand how the hospital and clinics charge for their services and what type of insurance arrangement is best to access the best pricing. Wisconsin has many unique provider regions throughout the state. Long-term best rates will be offered by the insurance vehicle that accesses the



best provider pricing. Understanding the details and reporting at all stakeholder levels on what is sustainable is important to avoid surprises.



V. Strong Pharmacy Partner

We have conducted many seminars, webinars and national reviews on RX best practices. The key takeaway is to make sure you are receiving transparency of where the RX rebates are going and what the ingredient costs are. We will continue to share details of who best and how best to take advantage of the evolving marketplace of RX in pricing, plan design, rebates and formularies on Specialty Drugs. The shell game being played in the market needs more attention. Big Pharma is not just a local Wisconsin challenge that Wisconsin numbers can solve. RX is a national challenge, and we will continue to share benchmarking, processes and how we

have continued to influence national best practices and use international leverage to outperform the local norms.

Combining leadership, engagement, transparency, primary care, alignment of high performing high value health systems and having a strong pharmacy benefits partner requires a lot of benchmarking, knowledge and resources.

Each of these items is unique to the local health system options but doesn't mean you don't have the same standards. Often time the health system is a significant employer in the community and managing those politics for the district is as much an art as it is a science. The art of communication and shared goal setting includes having national benchmarking to collaborate with the local health system.

Collaborating doesn't mean you need to give in to their standard offering, it means you need to explain why they should meet you where you are and why it is a good idea to partner with you as a local public employer in the community.