



# Partner With Providers to Save on Health Costs

*Finding creative solutions for health-plan strategies*

We hear a lot about the need for “creative solutions” in education, but what exactly does that mean for our industry’s approach to health-care? The idea may sound impractical or superfluous, but a creative solution is essential to your district’s health plan. Without one, your cost-management initiatives are likely to fail. Districts that try to implement standard health-plan strategies fail every year as costs spiral out of control. Only a creative and customized strategy will enable your district to lower or stabilize health insurance costs for the long term.

## ■ The problem with cost shifting

A creative solution doesn’t reject today’s leading health-plan trends or strategies — such as referenced-based pricing, insurance pools, employee clinics and others — it incorporates them in a way that makes sense for your district. What works for one district won’t necessarily work for another.

The problem with implementing any strategy in a vacuum, without a big-picture mindset, is that one “solution” usually comes at the expense of another. Have you heard of referenced-based pricing or insurance pools

backfiring on districts, increasing health-plan costs and essentially doing the opposite of what was intended? It’s a familiar story, and it usually happens when a district uses a tactic to shift costs rather than address their root causes, so the costs just pop up somewhere else. Implementing standard health-plan solutions can be like playing whack-a-mole, except the game is not fun when costs increase, jobs disappear and educational goals are missed.

But what’s wrong with cost shifting as long as the costs pop up on the side of healthcare providers or insurance carriers, rather than on your district or health-plan members? The question almost answers itself, but it’s worth addressing because many employers across the nation fall into this trap. The answer is that such short-term solutions are not sustainable. When they fail, the problems will come back stronger — and costs higher — than ever. What goes around, comes around.

## ■ It’s all about partnerships

Strong partnerships between the payer (your district), the patient (your plan members) and the provider (physician or clinic) are absolutely crucial.

“There is power in partnerships and collaboration,” said Tad Wehner, director of finance and personnel for the Edgerton School District. “It’s important to build effective partnerships and collaboration between the school district and the provider as well as between regional and statewide school districts.”

Which partnership should you strengthen first, if you had to prioritize? You can’t go wrong building a sound plan with your healthcare provider. Any healthcare strategy depends on your health-plan members, and the physician/clinic is where their cost-saving behaviors culminate. The providers, for example, can provide many incentives — such as affordable costs, better accessibility or quality services — that will encourage members to use their preventative care services.

High utilization, in turn, can help reduce high-cost medical claims and strengthen your relationship with the provider, giving you more negotiating power. This powerful cycle builds on itself and basically does the opposite of short-sighted cost shifting — it creates stability and control instead of relinquishing it.

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To help define and build this crucial partnership, consider these questions:

- What is your engagement level as a district leader with the local hospital and clinic leadership?
- Do you have a shared understanding that you both need each other to be successful?
- Have you defined what success means to each other?

Develop relationships with the leadership of your local providers to better understand how the objectives and vision of their practices align with your district. The intent of the conversation can't be one-sided or a sales pitch. With cost as an outcome, but not the focus, start with an understanding that the provider and the district need to work together to be successful.

### ■ Shouldn't insurance be the focal point?

Building relationships with other stakeholders also makes sense, of course, but too many solutions focus on the insurance — such as consortiums and co-ops — while failing to address unit cost at the provider level. Starting with the insurance carrier might seem like the logical place to reduce costs — for example, by pooling districts and placing buying power with the same vendor. This can provide greater purchasing power and average out the high and low claims. One insurance co-op in Wisconsin included over 80% of districts, but a lack of shared accountability resulted in a cost-increase trend of double digits. Joining a consortium to solve for a common problem isn't a bad idea, but the solution must be approached strategically and creatively.

The challenge is clear when you realize that an employer group is either subsidizing the rest of the pool or being subsidized. Rarely are all groups in the same boat. Healthy groups will exit the co-op when they can do better on their own, leaving behind a pool of unhealthy groups and many medical claims.

### ■ What if your partnership with the provider doesn't pan out?

Like many cost-saving strategies, working with the provider is not a one-size-fits-all solution. After getting to know your local providers, another option would be to bring the clinic to your employees if you find they are not able or willing to meet your needs or you simply do not have local providers to work with.

Consider the approach of one Milwaukee-area district. The administrators ultimately decided to bring the clinic in house, working to develop a dedicated on-site provider to meet the employees' healthcare needs. Using data to guide their decision-making, the district established the needed metrics to determine success or failure and now continually adjust their benefits strategy.

While an employee clinic can be an effective solution, it should be complemented by other resources to improve employee health and wellness, such as

health-risk assessments and biometrics, disease management programs, medical claims analysis and employee education. Districts should understand the importance of utilizing resources collectively to greatly boost their value and effectiveness. When all of the "moving parts" are working, they can form a program that is greater than the sum of its parts.

### ■ Bottom line

A strategic plan using tactics that stabilize healthcare costs by addressing the root causes can produce long-term results. There are no quick fixes or magic bullets. Meaningful change takes time, transparency and commitment from all stakeholders. Positive engagement not only helps the district's employee benefits and wellness programs succeed, but also helps the district ultimately provide quality education to its students. ■

*Al Jaeger is a senior benefits consultant and senior vice president with USI Insurance Services.*



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