



**CECHCR helps Moreno Valley Unified School District  
Weather Rising Health Care Costs by Choosing a Better Direction  
*As a Result MVUSD achieves long-term financial stability  
and \$3 million in savings***

Over the last several years, school districts like Moreno Valley Unified, weighed down by skyrocketing healthcare costs and the state budget crisis, found it increasingly difficult to maintain financial stability. In 2009 and 2010, the situation quickly got worse when MVUSD's premium increased 16 and 21 percent. Despite these premium increases, due to excessive claims experience, the self-insured district depleted their reserve and employees were left to absorb the extra costs through additional furlough days.

Through enlisting the help of the California Education for Healthcare Reform (CECHCR) Second Opinion Program, today MVUSD has weathered the impact of rising costs, eliminated risk and achieved long-term savings and financial stability through planning, collaboration and significantly decreased health care costs.

**Not Getting the Best Value**

In 2011, again faced with high double digit increases and worried about layoffs as a result of the state budget crisis, teacher and classified union members of the district's health benefits committee – including Moreno Valley Educators Association member Katherine Underwood, California School Employees Association (CSEA) President/Chapter 410 Lorri Limoges and California Teachers Association staff Ann Adler - were convinced a new direction needed to be taken. After participating in CECHCR's free-of-charge health benefit trainings and learning about another district that experienced significant health care savings, they urged (then-new) Superintendent Dr. Judy White and district management to take a look to see if CECHCR could help them too.

CSEA's Limoges had read an article about significant impacts Montebello Unified School District experienced after participating in the CECHCR Second Opinion Program. "When I read the article, I thought that even if we don't see their savings, something's got to change," said Limoges. She said her membership was hit with more out-of-pocket costs and furlough days each year.

With a district hard cap - or freeze - on health benefits spending, employees were absorbing the extra costs.

Superintendent Dr. Judy White said she quickly understood that learning more about how CECHCR could help their district reduce health benefits costs was a high

priority for the union groups. And she, too, soon realized the benefit of bringing CECHCR's expertise to the district.

"We were self-insured, and not sure if our program was maximizing resources," said Dr. White. Maximizing resources for employee health benefits while facing the state's financial crisis was critical, she explained. They needed an independent and neutral party to come into the district and conduct deeper research, in order to provide them with the information they needed and improve communications.

"Trust is a priority," said Dr. White.

So they proceeded with a no-cost desk review by the CECHCR team that discovered the district was significantly overpaying in many different areas, including expensive fees and transactions, and not getting the best value for their money. CECHCR was certain they could save the district money.

### **The Right Change**

Because the district was self-insured through a broker contract with Cigna and responsible for its own risk, when the budget crisis worsened and costs increased, a healthy reserve was required. The district had no reserve for these tough times.

"Benefits were a problem. Employees were paying out-of-pocket and the impact hit them right on the head," explained CTA's Adler. "The group needed to work together better to improve benefits."

MVEA's Underwood said the situation was "getting worse, not better."

CSEA's Limoges said their membership could not sustain the double-digit health care increases on top of furlough days. "No one should have to sustain those kinds of increases," Limoges added.

With deeper research, CECHCR's health care experts, J. Glynn & Co., demonstrated significant savings would be achieved if the district left its current self-funded model that exposed them to risk – and move to Anthem Blue Cross through the *Self-Insured Schools of California* or SISC. Because SISC is comprised of 425 school districts statewide with 225,000 members, this larger pool would protect MVUSD by absorbing the ups and downs and distributing risk much better. SISC – with a philosophy of school districts helping school districts – went out of their way to evaluate the district and also offered savings through decreased member premium increases, and provided a healthy reserve.

"You know you need to make the right changes, but it's hard to do," said MVUSD Director of Risk Management Nancy Anderson.

Most importantly, by moving to SISC, it provided stability, said Anderson, by freeing up funds to weather the bad years.

According to Anderson, CECHCR was critical to getting everyone on board to support a successful move to SISC. They are grateful for "its great team that

jumped right in” to help the district re-enroll 3,000 employees and provide information through town hall meetings. CECHCR trained more than 60 MVEA, CSEA and district representatives to assist with communications and enrollment. It was important to expedite the process to mitigate the district’s ongoing risk. CTA’s Adler said having their own people working together during the district re-enrollment was important to its success.

“We didn’t have the rate increases we might have had,” said Anderson. Instead of the high double-digit increases the district was facing, it experienced only a 7 percent annual increase in its first year.

A big help was CECHCR’s assistance with negotiating a rate that matched the current budget with no additional costs, said Mays Kakish, the district’s Chief Business Official. Now in their second year, the feedback has been tremendous because, according to Kakish, employees feel good that the rate increase has been so much lower than the rest of the state.

President of the Moreno Valley Educators Association Harold Acord explained that the CECHCR team helped their committee make good decisions because its understanding of health benefits is based on fact and real utilization rates.

“We are so busy looking at our own data, sometimes it’s difficult to know what the data is telling us,” said MVEA’s Underwood. “CECHCR came in and was honest and objective and cut to the bottom line.”

“CECHCR saw we were drowning and that it made no sense to throw money at an ineffective program,” said CSEA’s Limoges. The team helped them get more “bang for the buck” with a better variety of affordable plans that meet individual needs of employees with the same out-of-pocket costs.

### **Improved Relationships and Communication**

Because CECHCR represents all three employee groups – management, teachers and classified employees - districts like Moreno Valley Unified find its collaborative approach extremely valuable in helping health benefit committees take a fresh look at a situation and improve how they work together towards finding solutions to rising health care costs.

CECHCR’s training modules (available free-of-charge to school districts statewide) empower labor-management teams to become better health benefits purchasers and improve employee education. Moving forward, MVEA’s Acord said that, with CECHCR’s help, they will create a cadre of trainers from the three employee groups to help their district be self-sufficient and sustain what they’ve achieved. Acord said that using their own people to explain health benefits makes a difference.

In addition, CECHCR has helped them focus and plan for the future by putting the new program in place for three years. CECHCR will also help the district’s health benefits committee put into place protocols like a strategic plan and rules of operations.

MVEA's Underwood said the experience has improved relationships between management and labor, even though overall they have had a history of collaboration. But with big changes "you run into bumps", she added, which CECHCR helped them navigate.

CTA's Adler said CECHCR was a "Godsend" and helped the district focus on issues, not people. She said the committee works better together and, although not perfect, the association's relationships have improved. She added that members have more confidence knowing they are doing the best they can. CSEA's Limoges also believes the process has improved relationships.

"CECHCR's biggest asset is collaboration," said Superintendent Dr. Judy White. "Our district has always been a pioneer ahead of others. We had good relationships all along, but the fiscal crisis – on the benefit and budget side - takes its toll on relationships," she said. "CECHCR came into our district and really helped build back our relationships like they used to be."

"CECHCR adheres to a higher standard – we all have to do this together or it won't work," said Adler.

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### **About CECHCR**

*CECHCR is a statewide partnership of management and labor organizations representing the state's public school and community college districts and committed to improving health care quality and reducing costs in the state's public education sector through training, education and advocacy*

*CECHCR's Second Opinion Program offers school districts independent expertise and analysis to help management and labor health benefit committees prior to making critical decisions in providing for the health of their employees and their families. CECHCR has assisted more than 300 districts navigate their way through health care purchasing. Consistent with principles of transparency and accountability, CECHCR accepts no compensation from third parties in order to maintain complete objectivity.*

*CECHCR also offers additional stand-alone modules of free training and follow-up services to assist K-12 school districts, community college districts and county offices of education to help navigate health benefits purchasing. For more information on CECHCR and how to sign up for its trainings, please visit [www.cechcr.org](http://www.cechcr.org) or call 916-567-9911, extension 18.*

*The CECHCR project is an initiative of the Center for Collaborative Solutions, made possible by funding from The California Endowment, the California HealthCare Foundation and CECHCR member organizations.*

March 2013