



Newhall School District Achieves Healthcare Cost Savings CECHCR Helps NSD Maximize Purchasing Power

Thanks to recent changes at Newhall School District (NSD), most employees will be paying about \$1,500 less in health insurance costs this coming year. This is part of the health savings NSD achieved after teaming up with the California Education Coalition for Health Care Reform (CECHCR). When NSD turned to CECHCR's Second Opinion Program to evaluate its health benefits, it discovered that the district was paying too much for its broker-managed health insurance. CECHCR helped stop the district from overpaying by identifying immediate and sustainable solutions, and guided their move to a better program.

Rising Costs

In recent years, the combination of the district's in-place *hard cap* on health insurance that froze its maximum annual contribution for benefits and the escalating costs of healthcare led to higher out-of-pocket costs that have been increasingly difficult for some employees to sustain.

"Insurance costs kept going up every year while salaries decreased due to furlough days," said Carole Magnuson, President of the Newhall Teachers Association and member of the district's health benefits committee.

This grim scenario led Newhall Superintendent Marc Winger - who sits on the School Employers Association of California (SEAC) Board and had heard about significant savings gained by other school districts assisted by CECHCR - to do some investigating.

Superintendent Winger said healthcare costs were skyrocketing and the district's broker could not offer any additional savings with their current program. Nevertheless, Superintendent Winger and Assistant Superintendent Human Resources Alexis Yannich felt it was necessary to take the next step and introduce the idea of requesting an independent objective analysis to the district's health benefits committee - comprised of a cross section of teachers, classified employees and district representatives. The idea was welcomed by all parties and CECHCR was invited to meet with them.

"We were prepared to get educated by the CECHCR," said Yannich. She said that the third party team offered a vast amount of insight and expertise based on independent research and fact, and that CECHCR earned their trust and faith.

After the initial meeting, the committee enthusiastically agreed to participate in a no-charge desk review with CECHCR as part of its Second Opinion Program.

The district's broker-managed, stand-alone, fully-insured program with Kaiser and Health Net was evaluated and analyzed by the CECHCR's health care experts, J. Glynn & Company. When their initial analysis discovered NSD was, in fact, overpaying and demonstrated significant savings could be realized with alternative options, the district and its unions chose to move forward.

The Move: Savings with Even Better Benefits

After reviewing available options with CECHCR, the committee recognized moving to CalPERS would generate savings of more than \$600,000 per year. The CalPERS plans provided not only a larger pool that minimized risk, but closely mirrored their current program, with even better co-pays. (It will save an average of \$1,565 per person per year with a total of \$613,000 savings forecasted in 2013.)

In October 2012, the re-enrollment transition to CalPERS took place. It went as smoothly as possible, thanks to CECHCR's follow-through assistance with re-enrollment and its vast expertise, said Superintendent Winger.

Superintendent Winger and Assistant Superintendent Human Resources Yannich said they were thrilled to work with the CECHCR team, and relied on them each step of the way.

"It is the same, but even better," said Assistant Superintendent Yannich. She says that at school sites, employees thank them and appreciate the joint effort that has resulted in minimal impact, significant savings and better benefits for most employees and their families.

"We've had no complaints. Savings are substantial and people are happy about it. It has helped everyone," said Magnuson. "We saved money for teachers and classified employees."

Trust and Transparency

NSD's success is attributed to the impartial approach and expertise of CECHCR that has allowed the entire group – management and labor – to focus on becoming better educated health benefits purchasers. While the district's management and labor have had good relationships, health benefit compensation was the one area where they held different views.

"Trust was developed," said Superintendent Winger.

Because CECHCR is comprised of both management and labor organizations representing the state's public school and community college districts, it uniquely offers districts like Newhall a joint, collaborative approach that is successful in finding solutions. To date, CECHCR has assisted more than 350 districts with healthcare purchasing.

Magnuson said that they value the opinion of CECHCR because many of the employees don't have, or take the time, to research this kind of information.

"The CECHCR representative was extremely knowledgeable and provided us with the opportunity to learn more about what our options are in terms of medical insurance," said Magnuson.

Future Bright

NSD will continue to benefit from CECHCR's training and expertise that allows them to break down different concepts of health benefits into smaller understandable pieces, Assistant Superintendent Yannich says. Moving forward, Superintendent

Winger believes CECHCR is the perfect organization to help districts navigate and benefit from the changes resulting from the federal government's Affordable Care Act.

While it can seem difficult to separate from a broker with a long-standing relationship, NSD has discovered that, in fact, it's not so much work to handle their insurance program on their own—especially if you have trusted objective expertise you can call on whenever you need it.

“We built the capacity to manage the program ourselves,” said Superintendent Winger.

“We are thrilled with the healthcare cost savings CECHCR helped us achieve when we were told it just wasn't possible,” he added. “Their honesty, knowledge and assistance each step of the way helped us move in the right direction and get more for our money.”

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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 350 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 or call 916-567-9911, extension 18.

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