



## ***CECHCR helps Ukiah Unified School District Turn Deficit into \$ 1.6 Million Health Care Cost Savings***

*Second Opinion Program gets district on track to better manage future costs and risks*

In 2012, the Ukiah Unified School District (UUSD), mirroring the state's health care crisis, faced rising costs. As a self-insured district, it found itself under-reserved and concerned about not having enough money to pay its claims. With the guidance and assistance of the California Education Coalition for Health Care Reform (CECHCR), Ukiah Unified succeeded in eliminating a \$1 million fund shortage, generated a \$600,000 surplus, and moved in a better direction to avoid future risk and costs. Employees benefited through richer benefits and smaller premiums.

### **"Troubling times financially"**

For 30 years, UUSD was a stand-alone, self-insured school district. Due to escalating health care costs, the district's health plan became undercapitalized and was in danger of not having enough money to pay their claims.

The district had historically relied upon the advice of broker-consultants; however, their reserve level continued to decrease. These short falls were reimbursed through increased employee premium contributions and reduced levels of benefits.

In the last several years, the district's health benefits committee - comprised of management, teacher and classified employee representatives - knew their program was at risk and things needed to be fixed.

"We asked ourselves how we can best meet our district and member needs," said Sandra Harrington, the district's chief business officer.

When Ukiah Teachers Association representative and health benefits committee member, Jim Rathe, attended a California Teachers Association (CTA) healthcare training offered by CECHCR, he learned of other school districts experiencing significant cost savings when enlisting their help. He discussed the possibility of inviting CECHCR's assistance with the committee, who in turn requested a presentation about its Second Opinion Program. The committee learned how CECHCR could help the district make better health care decisions and identify cost savings.

Fortunately, according to Harrington, the district's management and unions were already aligned in their goals to provide protection for their members and sought guidance and assistance from CECHCR to identify potential savings.

*"We turned a \$1 million deficit into a positive balance, plus provided better benefits for employees for less money,"*  
Sandra Harrington, Ukiah CBO

## **“Underfunded and at risk”**

As part of CECHCR’s Second Opinion Program, a no-cost desk review and cost analysis was conducted by CECHCR’s health benefits experts, J. Glynn & Company, which found that the district was overpaying for medical claims, pharmaceuticals and administrative fees. The information, presented with CECHCR’s unbiased and straightforward approach was extremely valuable, according to Rathe.

The largest concern, according to Harrington, was that the district and members were at risk if claims exceeded reserves, as additional fees would be charged to employees to offset the deficits.

“It was very scary from a liability and financial perspective...making me pretty uneasy,” Harrington said.

## **“Turning a deficit into a positive balance”**

**Thanks to the CECHCR Second Opinion Program, the district moved its health insurance to Self-Insured Schools of California (SISC) in July 2013 and, as a result, eliminated the fund shortage, received higher levels of benefits and achieved \$1.6 million in health care cost savings.**

Richer benefits and lower costs have translated into \$1,000 of health savings per year for a single employee, according to Rathe.

*“We have better benefits and costs, there is less stress, and I’m so much happier my members are taken care of.”*  
Michelle Aguilar-Brown, CSEA

“We turned a \$1 million deficit into a positive balance, plus provided better benefits for employees for less money,” said Harrington.

“Under the new plan, we are able to stabilize our health premiums,” said District Risk Manager Norine Tweedie. “In addition,” she said, “claims are spread out over a greater pool, instead of our little puddle.”

The new plan maintains continuity of benefits for employees with minimal disruption to service or local providers. Employees are able to maintain, or in some cases, improve benefits, particularly with smaller out of pocket maximums and prescription savings, where now, according to health committee member and Ukiah Teachers Association representative Betty Lampson, “they pay only a fraction of what they paid.”

“We have good savings for all parties, especially classified employees, which is very exciting,” said Michelle Aguilar-Brown, health committee member and president of the California School Employees Association (CSEA) local chapter 194, Ukiah Valley. “We have better benefits and costs, there is less stress, and I’m so much happier my members are taken care of.”

## **“Beginning of a great collaboration”**

Harrington appreciates that CECHCR looks at the whole picture when approaching a district’s unique health care challenges.

“We did what we needed to do,” said Harrington. “This is the beginning of a great collaboration between unions, management and CECHCR.”

The district credits their success to a combination of informed decisions and direction from CECHCR's consultant's responsiveness, "morning, noon and night" assistance during open enrollment, guidance through unanticipated issues, and deep knowledge of how the insurance industry works and of health care issues in general.

"They can take something complicated, and make it explainable," said Tweedie.

Lampson also appreciates the collaborative working relationship between unions and management that CECHCR brings, noting they were "all in it together" - teachers, classified employees and management - on finding ways they can save on health costs.

"Our people always worked together and this has cemented it," said Lampson.

Rathe said he admired CECHCR's patience and focus on consensus building when management and union parties are not always on the same page. He added that CECHCR's relationships and skilled negotiation allowed the district to get better insurance rates.

*"CECHCR's relationships and skilled negotiation allowed the district to get better insurance rates."*  
Jim Rathe, Ukiah Teachers Association

"Their relationships were crucial," he explained.

Moving forward, Harrington said the district has joined forces with CECHCR to help their district continue to be proactive in the next year and prepare for future changes occurring due to the Affordable Care Act.

"Thanks to CECHCR," Harrington added, "we have established a level of trust that hadn't been in place before."

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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. 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 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.*

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