

CaseStudy

Large School System Builds \$14.3M Reserve in Five Years

Starting with premium refunds and concession negotiations, public school system builds a \$14.3M reserve in five years.

CLIENT

An Indianapolis-based education employer with more than 5,400 covered lives engaged Apex as a strategic advisor during its 2017 renewal.

CHALLENGE

Under their prior advisor's tenure, the client's rates were increasing at an astounding rate and their reserve was at a deficit. In addition to claims issues, the client had a near-site clinic available to all members on the medical plan. After a thorough review of clinic data, our team found that the cost per visit exceeded \$225 due to low utilization. The client was paying for lab work and pharmacy costs that would have otherwise run through the plan.

SOLUTION

After renegotiating 2017 renewal terms with the client's carrier, Apex was able to secure concessions totaling \$4.3 million related to plan years 2016 and 2017. For 2018, Apex negotiated a reduction to overall costs by 10 percent with no change in benefits and offered additional plan options and employer contributions to employees' health savings accounts. Apex also negotiated a premium that returned \$2 million.

In 2019, a zero percent increase was negotiated with benefit enhancements to expand the number of preventative prescription medications. A premium refund arrangement was negotiated with return of \$2 million for the plan year.

The client was moved to a self-funding plan in 2020 resulting in savings of \$3 million. In 2021, \$3 million in savings was realized as a result of the previous year's self-funding decision.

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RESULTS

After analyzing the benefit plan design and clinic ROI, the team determined the clinic was not in the best interest of this client. Our Kinetiq Health team developed programs to replace the clinic and deliver those at more than 50 client locations.

A more accessible clinic arrangement was brought back to provide priority scheduling, Saturday hours and urgent care access — at one-third the original clinic cost.

	PLAN YEAR	ANNUAL PREMIUM	NEGOTIATED REFUNDS	NET COST	YEAR-ON-YEAR CHANGE INCREASE/ (DECREASE)	% CHANGE
BEFORE APEX	2015	\$36.6 M	N/A	\$36.6 M	N/A	N/A
BEFORE APEX	2016	\$37.5 M	N/A	\$37.5 M	\$942,000	3%
BEFORE APEX	2017	\$48.2 M	N/A	\$48.2 M	\$10.7 M	29%
APEX	2017	\$38 M	\$4.3 M	\$33.7 M	(\$14.5 M)	(30%)
APEX	2018	\$34.1 M	\$2 M	\$32.1 M	(\$1.6 M)	(5%)
APEX	2019	\$34.1 M	\$2 M	\$32.1 M	\$0	0%
APEX	2020	\$34.1 M	\$3 M	\$31.1 M	(\$1 M)	(3%)
APEX	2021	\$33 M	\$3 M	\$30 M	(\$2.1 M)	(10%)

Current programming includes two dedicated health coaches trained in exercise science, and a licensed clinical social worker.

Employees can meet one-on-one with health coaches or in group settings to create a behavioral change plan that drives down costs associated with chronic conditions.

Onsite engagement also includes health challenges, screenings, flu shots, access to telemedicine, and lunch and learn educational programs.

CLIENT SAVES MILLIONS IN TOTAL HEALTH COSTS

The client has achieved more than \$13 million in savings and has seen significant improvements in their employees' underlying health measures.

