

CaseStudy

LOCAL GOVERNMENT

County Creates Sustained Savings Through Switch from Fully Funded to RBR

Six-year partnership with Apex results in savings of over \$3.5 million

CLIENT

County government with 100 employees

CHALLENGE

The client was experiencing rising and unsustainable health care costs while their revenue stream was capped.

In 2015, two years prior to hiring Apex, the organization's health care spend was \$1,743,856 million. That spend increased to \$1,753,936 million in 2016. The cost of the benefits plan was unsustainable. The county had attempted to solve this dilemma by altering benefit plans, which put more of a burden on employees, but the cost of health care was still not contained.

SOLUTION

Apex analyzed the county's historical claims and recommended moving from their fully insured model to a more cost-effective Capitalize Reference-Based Reimbursement (RBR) plan in 2017. The change created no disruption for county employees — the benefits package was unchanged, and deductibles remained the same from the previous year.

County Creates Sustained Savings Through Switch from Fully Funded to RBR

RESULTS

After moving to RBR in 2017, the county's spend dropped to \$1,165,103, a reduction of \$588,833. By 2019, the client's health care spend dropped into the 6-digit range at \$951,290. They also saw a reduction in per employee per month (PEPM) health care costs. In 2016, the PEPM was \$1,428, and dropped to \$866 by 2019.

The county was able to sustain their savings over the next three-year period, with an average health care spend of \$1,239,128 — a decrease of **\$514,807** or **29%** from their pre-RBR peak. During this same period the county's PEPM costs averaged **\$1,100** — **\$328** or **23%** below their pre RBR rate.

	PLAN YEAR	HEALTH CARE SPEND	PEPM
BEFORE APEX	2015	\$1,743,856	\$1,424
BEFORE APEX	2016	\$1,753,936	\$1,428
APEX	2017	\$1,165,103	\$1,043
APEX	2018	\$1,115,949	\$992
APEX	2019	\$951,290	\$866
APEX	2020	\$1,347,566	\$1,226
APEX	2021	\$1,293,837	\$1,228
APEX	2022	\$1,075,992	\$980



County Creates Sustained Savings Through Switch from Fully Funded to RBR

RESULTS

The move to RBR allowed the county to maintain its employee benefits package without any negative modifications. In fact, they were able to enhance their benefits package by adding employer-paid long-term disability and two premium holidays.

Since hiring Apex in 2017, the county has sustained significant savings on their health care spend and PEPM costs. A conservative estimate of savings based on the county's pre-RBR health care spend is savings of **\$3,573,879** in the six years since partnering with Apex — an average savings of **\$595,646 per year**.

