



RiskMAP[™] RESULTS

RiskMAP: A process to uncover risks and better position organizations for success



How One Municipality Reduced Its Healthcare Premiums

“They provided guidance for developing and putting a strategic plan in place to manage the city’s health and wellness benefits, and they delivered amazing results.”

Identify

While all businesses are feeling the effects of rising health insurance premiums, the number of claims and associated costs for one municipality in Northeast Wisconsin were climbing faster than their budget could handle. The city joined a statewide consortium in an effort to minimize expenses, but with very little incentive on the part of plan administrators or participants, premiums continued to rise and the consortium eventually dissolved. The year prior to seeking help from McClone, they ended the year with a 161% loss ratio, equating to a 31% increase. By the time city administrators sought the help of McClone, their **health insurance loss ratio stood at an astounding 214%**.

Monitor

Meetings between McClone and the employer are held regularly to discuss initiatives, evaluate the wellness program and review the consumerism strategy. McClone provides education and resources for employees to help them understand their roles in mitigating rising insurance costs.

Develop

The city needed someone to work closely with its employees and build a sustainable strategy around reducing healthcare premiums. McClone conducted a RiskMap review to assess the city’s claims history and potential risks, and developed an action plan that outlined employee initiatives, a wellness program and consumerism strategy. The goal was to **help employees take control of their healthcare and create a sense of ownership** and responsibility.

Implement

McClone worked with plan administrators to get everyone on the health plan focused on reducing claims and making wellness a priority. To help, wellness plan incentives were implemented and mandatory employee meetings were set up to educate them on their substantial role in improving their health and well-being and containing costs. With time and commitment, premiums came down to a manageable number that worked within budget. Because of the improved claims history and efforts on the part of city employees, they benefited from improved renewal rates over time, and **the municipality’s loss ratio came down significantly** to roughly 70%. Over the last three years, they have had an overall decrease of 1%.

Healthcare Benefits Loss Ratio **Reduced from 214% to 77%**

The Story

A municipality in Northeast Wisconsin thought the solution for lowering healthcare costs was to pool together, so city employees joined a statewide consortium. However, no one in the consortium took initiative to improve its approach to healthcare or insurance and premiums continued to rise. The consortium eventually dissolved, leaving the city to look elsewhere for coverage.

City administrators worked with a different broker that took a transactional approach to insurance and didn't tailor benefits to their needs or implement initiatives to lower costs. It was a negative experience and premiums increased another 31%.

One of McClone's strategic risk advisors took on the challenge of helping the city reign in its healthcare premiums and investigated multiple carriers to find the best fit. But the city needed more than the right carrier; they needed employees to understand their roles in lowering claims and costs. After a series of all-employee meetings, they very quickly realized the importance of making intelligent choices surrounding their healthcare and embraced a newly formed wellness program.

Education is key. Employees now understand the importance of not going to the emergency room for non-life-threatening conditions, where they should get prescriptions filled for best pricing, how to shop around for procedures and tests, and more.



These types of simple initiatives resulted in thousands of dollars in savings for many individuals.

"With the help of McClone, we discovered the best way to manage rising healthcare premiums is for employees to take ownership of their choices and be part of the solution."

— City Administrator

Additionally, speakers are brought in to cover various topics to help employees make better choices every day. Employees even participated in a Couch to 5K (C25K) program that was tied to events supporting local charities, getting them out into the community and building rapport and a connection with the people they serve.

Understandably, because of poor claims history, premiums didn't go down right away. But over time, the city's loss ratio on healthcare premiums dropped from 214% to just 77% with a 1% decrease in healthcare costs (even though costs elsewhere have continued to rise). Overall expenses were lowered for employees and, subsequently, taxpayers, morale has improved and employees are able to provide greater focus on fulfilling their mission of serving the community.

City administrators continue to seek the guidance and expertise of their dedicated strategic risk advisor from McClone who routinely assesses their benefits plan and makes recommendations on various initiatives to help keep premiums in check.

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