

Dr. Vaughn's Corner

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An article in a healthcare benefits publication caught my eye recently and prompted me to write an account in response citing actions taken by CVT relating to the collection of ten ways to cut costs and improve health and welfare benefits. Hopefully, the reader will gain an appreciation of the proactive approach used by the Board of Directors and administration of California's Valued Trust.

Ten Ways to Cut Costs, Improve Health and Welfare Benefits (June 2010 Benefits and Compensation Digest) In **BOLD** print are the ten items in the article with my response following.

1. **Cover the right people** – Are claims paid only for eligible members? CVT introduced the process of doing a periodic dependent audit. Guidance is available in a "One Pager" format describing procedures to conduct an internal audit at the school district level. Contact your CVT Account Manager for details and information.
2. **Pay the right claims** – CVT has an Anthem Blue Cross dedicated claims processing unit that handles Trust PPO claims only and has an active on-going procedure to identify potential opportunities (subrogation) for inappropriate claims that are the responsibility of another insurance company or worker's compensation.
3. **"Tighten Up" Your Contracts** – CVT's due diligence includes a continuing evaluation of contracts with carriers with full RFPs (Request for Proposals) every few years to ensure the terms, conditions, performance guarantees, pricing and vendors are the ones best suited for Trust members.
4. **Use Free or Low-Cost Resources Available to You** – The Trustline, Valueline, Wellness News and other direct mailings and meetings communicate with members and offer resources that may be used to obtain helpful information. There are a number of free websites available for members, such as CVS/Caremark.com, Anthem Blue Cross.com, and others. For the best results go to cvtrust.org and "click on" links that will take you to multiple sites to seek relevant vendor services, compare hospitals and research healthcare topics.
5. **Review Your Benefit Design Strategy, Not Just the Plan Design** – Just recently the CVT Board did review the overall benefit design strategy of the PPO and HMO plan offerings. The examination looks at the similarities and differentials in plans plus rate variations. With a wide array of choices the differences in plans and costs are not substantial. Consolidation of the plans was considered with the eventual conclusion that the member's preference for a variety of plan choices outweighed the benefits of reducing the options.
6. **Know Your Cost Drivers – and Act on Them Quickly** – CVT administration works closely with Mercer Consultants, Anthem Blue Cross, Kaiser Permanente, CVS/Caremark, Delta Dental and Vision Service Plan, Value-Options, Met Life and other partners to continuously investigate through analytical reporting, frequent face-to-face meetings, conference calls and e-mails the

cost drivers that impact members. This on-going process allows CVT to be in the forefront of making appropriate adjustments with the least disruption to benefit the membership. Many of the programs, plan design changes and creative ideas emerged from CVT's commitment to have the data on cost driver's current for sound decision making.

7. **Increase Flexible Spending Account (FSA) Participation** – The Trust encourages districts to provide a flexible spending account for their employees that have a direct benefit to both parties. CVT has considered the value of getting involved in this area, however, other vendors have for many years offered the FSA to districts and labor endorses them as a partnership.
8. **Nip Pharmacy Trend in the Bud** – in the last several years because pharmacy is over 20% of cost in the PPO plans CVT has focused great attention on this area, making necessary changes in plan design, negotiating better pricing including an annual market check to validate the Trust is receiving the most competitive pricing. Being self-funded allows more opportunity to work with PBMs to gain the greatest advantages for members.
9. **Evaluate Networks Frequently** – A conscious effort is ever present to examine changes in the provider networks and innovative programs that have distinct specialty networks with reduced costs and efficient service. Constant reminders are given for members to utilize in-network providers to get the contracted rates that are far superior to out-of-network physicians and facilities. The CVT Board has explored the addition of certain special networks, however, as a statewide health plan, not all geographic areas of California would have access and the Trust strives to provide equitable services for everyone.
10. **Consider Alternative Financing** – Generally this advice to seek alternative financing refers to self-funding. Being self-funded is, again, one of the basic tenets of California's Valued Trust. This funding mechanism gives control and accountability for the maintenance of a stable financial model governed by a labor and management Board of Directors that serve in a fiduciary capacity. The Directors are dedicated to acting in the best interest of the members and make decisions to benefit the members and ensure the integrity of the Trust.

CVT is a good choice for school district employees and is recognized for being collaborative between labor and management. The strength of the governance model of equal labor and management is based upon arriving at consensus in decision making. This fair approach clearly reflects the diversity of the education community as board of directors consist of labor leaders, school district employees (certificated and classified) and district administrators who represent constituents.

In this era of Health Care Reform it becomes very important to have confidence in your health plan and those responsible for administering the complex system that now exists with the initial stages of the new legislation that is proving to make the business of healthcare even more complicated. CVT remains a strong advocate in promoting the highest quality care and services in the most cost-effective manner possible without jeopardizing the Trust's principles. California's Valued Trust commits to stay on top of the HCR movement and make the best decisions to support the concepts of a trust and approve actions that will aid our members most as reform continues.