

Case Study
Progressive Leadership: Tax Payer Focused Healthcare Model
Evesham Township, New Jersey
October 2015
(Updated November 11, 2016)

Challenge:

- Find a solution to rising healthcare costs for the township. NJ State Health Benefits Program (NJSHBP) plan did not reward any reductions in healthcare costs or improvements in employee health management.
- The NJSHBP model did not enable members to become better consumers of healthcare and offered rigid plan designs, which did not allow for benefit enhancements.
- Annual renewals relied on the NJSHBP managing plan costs for the Township's employees and residents.

Solution:

- In the spring of 2011, Evesham engaged the services of AJM Insurance to research alternatives to the NJSHBP.
- After analyzing three years of medical and prescription drug claim history, plan participants demographic information, rate history and negotiated benefit designs and evaluating available options, such as fully insured programs, partially self funded programs, and the plans offered by NJSHBP, **AJM recommended a partially self-funded health plan** for the 2012 policy period supported by Insurance Administrators of America (IAA), an independent, non-insurance carrier based third party administrator (Plan).
- Developed plans to match the contracted benefit. Engaged bargaining units to develop alternative plans, which could be offered at a lower premium for those members who chose to enroll voluntarily.

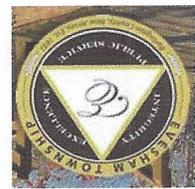
Outcome:

- The Plan outperformed the NJSHBP by nearly **\$2.1Million** over four years with the potential of an additional **\$.6 to \$1.5Million** estimated savings for 2016 (see attached).
- The Plan has grown to include three of the four government entities. The Evesham Municipal Utilities Authority joined the plan through a shared services agreement in 2014. The current administration will be discussing the programs benefits with the local BOE supported by the taxpayers in Evesham Twp.
- Reduced the generic drug co-pay to \$0 to plan members. Studies have shown that for every 1% increase in generic drug usage plan cost go down on average 2% - 2.5%.
- Identified a high percentage of ER visits were for non-emergent care.
- Introduced Tele-Medicine. The member can call or Skype with Tele-Doc and receive a phone consult, and a prescription can be issued to the local 24 hour pharmacy.





Evesham Township Health Plan Cost Comparison



Plan Members	Year	SHBP Cost	Evesham Self-Funded Plan Cost
Twp & Fire	2012	\$2,887,482.98	\$2,942,761.18
Twp & Fire	2013	\$3,714,160.47	\$3,739,534.83
Twp, Fire, & MUA	2014	\$4,787,616.43	\$3,618,718.01
Twp, Fire, & MUA	2015	\$5,520,493.75	\$4,533,932.84
Total		\$16,909,753.63	\$14,834,946.86
Four Year Savings			
			\$2,074,806.77
Plan Members	Year	SHBP Cost	Projected Savings
Twp, Fire, & MUA	2016	\$5,879,321.44	\$632,772.64 to \$1,514,701.79