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Grafton saves \$55,000 in health insurance costs

By **JOURNAL STAFF**

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The City of Grafton saved over \$55,000 during the last two years for its 11 employees, even after improving the health insurance benefit. The savings was made possible due to the City's Board decision in November 2006 to use the Einstein Method created by a group in St. Louis.

Bill Schmaltz, a principal with the Einstein Group prepared the evaluation and presented the proposal to the board. During Fiscal Year 2006 the city saved \$23,965 and in Fiscal Year 2007 the city saved \$31,112, and Schmaltz has a bolder prediction for this upcoming year.

"I think we are going to save more this year because the people that were higher utilizers have either been remedied or switched to another program," he said. "I'm sure we are going to

see more savings.

"We will be discussing a Wellness Plan with the City for next year. It just makes sense that if the wellness of the group is improved, then the health care cost can be further reduced," he added.

What makes the Einstein Method unique is the analytical process used to structure and manage the plan. The Einstein Method uses real cost saving ideas to reduce the cost of Health Insurance, Schmaltz explained.

The Einstein Method uses a three-step process to reduce the cost of health insurance. The first step is to determine the fixed cost of the group. Fixed cost includes the known recurring spending for medical services and prescriptions. This information is important to determine what type of coverage the program purchases from an insurance carrier. The second step of the process occurs during the utilization stage. In the second step, it analyzes usage data to provide

real cost saving ideas to the group. In the third step, it introduces a menu of wellness programs that best fit the goals of the group.

In the case of Grafton, most of the health care spending was both predicable and affordable, so the city only bought insurance where it was needed and kept money that was going out each month in premiums to pay for the "little stuff."

Other cities to use this method include White Hall, Roodhouse, Red Bud, Jerseyville and Pittsfield.

"They love it because the program becomes more efficient," Schmaltz said. "We can take the money we were giving the insurance carrier and we can give it to the city. Then they can give better benefits to their employees so the employees immediately have their benefits improved. The city likes it because they save money. It's a win-win."

The Einstein Group is based out of St. Louis.