

ROODHOUSE

New health insurance plan to save money

By CARMEN ENSINGER

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The city of Roodhouse saved over \$36,000 during the last 12 months for their 15 employees even after improving the health insurance benefit from the previous year.

The savings were made possible due to the city council's decision in February 2006 to use the Einstein Method created by a group in St. Louis. Bill Schmaltz, a senior partner with the Einstein Group prepared the evaluation and presented the proposal to the board.

"We have really seen a substantial amount of savings since we started with this group," Pat Plahn, city clerk said. "And the employees all seem to like it too."

What makes the Einstein Method unique is the process used to structure the plan.

"We use an analytical approach to determine the cost saving solution for each group," Schmaltz said. "The first step is to determine the fixed cost of the group. Fixed cost included the recurring spending for medical needs and prescriptions. Next, after analyzing past usage data, prepare a custom insurance solution. In the case of Roodhouse, most of the health care spending was both predicable and affordable, so we only bought insurance where it was needed and kept money that was going out each month in premiums to pay for the little stuff. Next, we set up the administrative system to pay for the little stuff. The goal is to make the system seamless to the insurance user."

Plahn said one thing that brought down insurance cost was the high deductible.

"Instead of say \$1,000 deductible, we have a \$5,000 deductible but the city itself pays for that deductible," Plahn said. "The administrative account they set up for us takes the money we would have spent on health care premiums and makes it available for use as a deductible should anyone have a claim."

"Often our system's savings will result in immediately improving the health insurance benefit for our client's employees," Schmaltz said. "It really is a win-win solution for all involved."