

## Case Study – San Patricio County, Texas

San Patricio County is a text book example of what a plan sponsor can do to maintain a comprehensive benefit plan without resorting to cost shifting or benefit reductions of any kind. Utilizing out-of-the-box strategies the county has been successful in keeping their health care costs below trend while improving benefits at the same time.

Our strategies include direct contracts with area medical providers, reference based pricing using Medicare reimbursement levels as a benchmark, cash pay plan option, and hospital/facility audits of *every claim* incurred during the plan year. These strategies have reduced costs by 40% or more, consistently, for the past five years.

An example is a recent complete knee replacement surgery. Average national cost for a complete knee replacement exceeds \$50,000 (includes hospital, surgeon, assistant surgeon, radiology, anesthesia and follow-up care). The San Patricio County medical plan paid \$17,000 for a complete knee replacement in January 2016. These kinds of savings are not unusual for this employer.

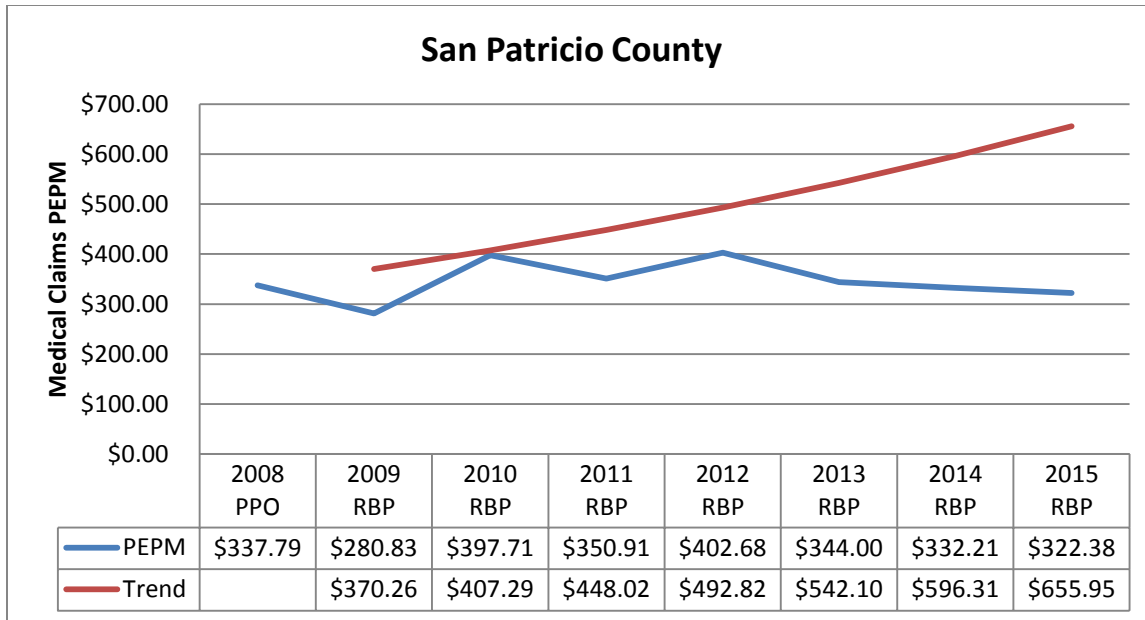
The graph below illustrates how San Patricio County has beat medical trend. Please note that this graph does not take into account benefit improvements made to the plan during the past five years. Whereas before the plan had the usual benefit reducing elements such as deductibles and co-insurance, the plan was *improved* by eliminating all deductibles and co-insurance features.

### Beating Medical Trend – Managed Care vs Reference Based Pricing

*Below is an excerpt of the July 2015 White Paper published by RiskManagers.us*



San Patricio County was the first political subdivision within the State of Texas to adopt Reference Based Pricing as the basis for health care reimbursement through their self-funded employee welfare plan. The graph below compares average medical trend versus actual medical cost for the San Patricio self-funded health plan since implementing Reference Based Pricing strategies in 2009.



Of note, San Patricio county experienced outlier claim years in 2010 and 2012 with an unusual number of large claims (14) that approached or exceeded \$125,000.

San Patricio County has improved benefits during the time period shown above to include elimination of deductible and co-insurance features. All benefits subject to co-pays only.

Funding increase has averaged 2.23% per year

#### About RiskManagers.us

RiskManagers.us is a specialty company in the benefits market that, while not an insurance company, works directly with health entities, medical providers, and businesses to identify and develop cost effective benefits packages, emphasizing transparency and fairness in direct reimbursement compensation methods.

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