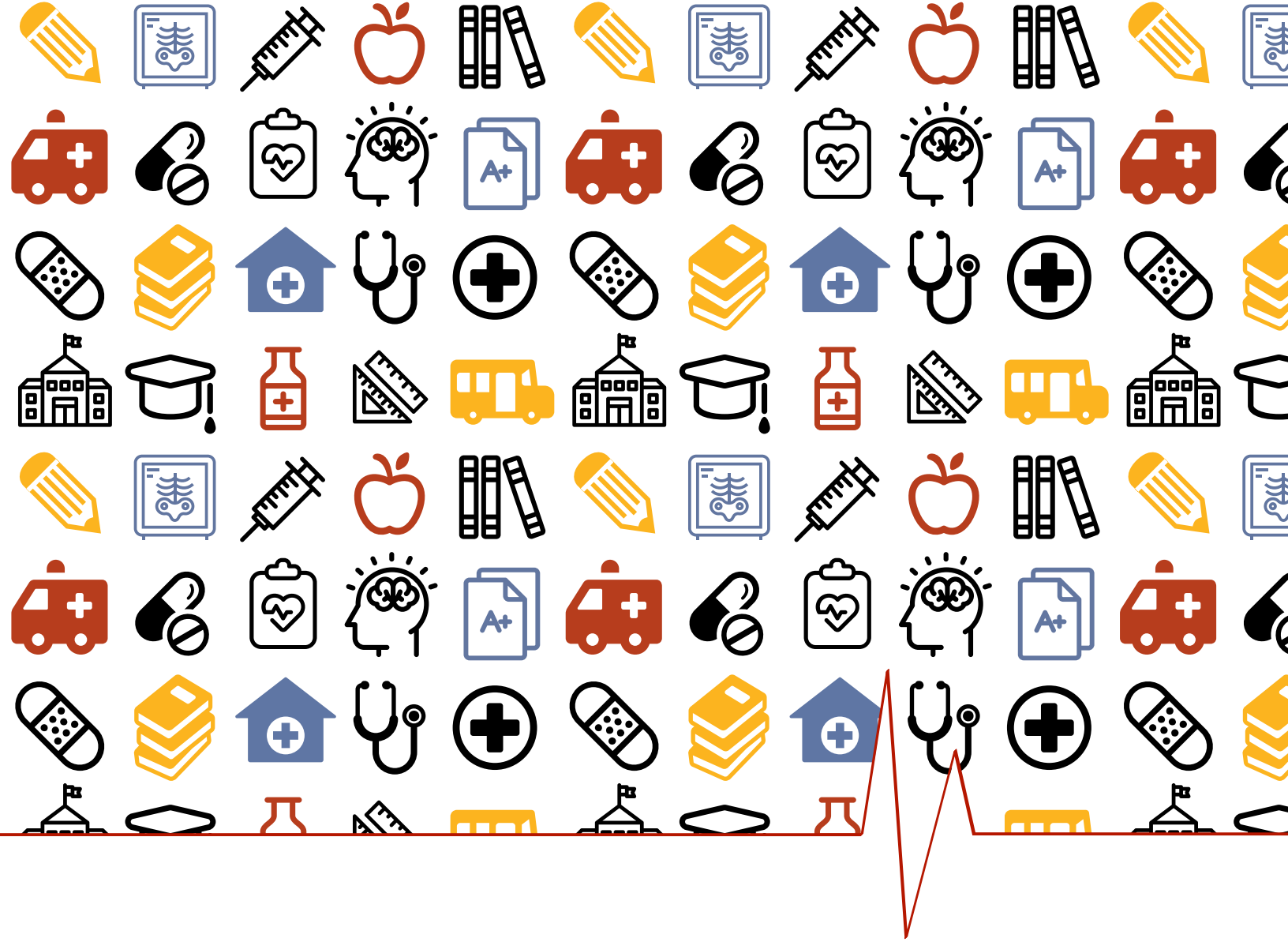

Condition Critical

Findings from BuyQ's 2018 National Charter Management Organization Health Benefits Survey

March 2019

BUYQ

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About BuyQ

BuyQ is the only national group purchasing organization dedicated exclusively to serving charter schools. BuyQ works on behalf of more than 3,500 charter schools around the United States. By leveraging the combined purchasing power of these organizations, BuyQ delivers significant savings and other benefits on the products and services needed to run a charter school.

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Thank You to Our Partners

Thank you to Fisheye Research and HUB International for their help in the development of this survey.

Thank you also to the KIPP Foundation and Bellwether Education Partners for their help distributing the survey.

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INTRODUCTION

America's health care system is in crisis.

Rising health benefit costs continue to drain resources and strain budgets for organizations and their employees alike, with little sign of relief and no clear consensus on how to repair a system that for many has become untenable.

Charter schools and charter management organizations (organizations that manage multiple charter schools, also referred to here as CMOs) are particularly susceptible to the negative consequences of rising health benefit costs due to the largely fixed nature of their revenue combined with the relatively high percentage of their total budgets dedicated to staff benefits. With annual health insurance cost increases regularly outpacing – and in many cases far outpacing – per pupil revenue gains, the challenge to charter schools and CMOs to maintain the benefits needed to attract top talent while also funding other mission-critical priorities becomes increasingly difficult. The end result? Teachers, administrative staff and students suffer.

This report is the culmination of BuyQ's effort to more fully understand the nature of the health benefit cost challenge and the strategic steps CMOs around the United States are taking, or not taking, to address it.

BuyQ chose to focus on CMOs – specifically – due to their size. As the largest employers in the charter school sector, CMOs have more opportunities than single site schools to actively manage health benefit costs.

Drawing from the findings of a survey of CMO decision-makers conducted by BuyQ in Spring 2018, our analysis provides a revealing look at how CMOs are approaching the important task of providing health benefits to their employees. Based on our results, it's clear that CMOs and their leadership are keenly aware of the vital role that strong health benefits play in their ability to attract and retain high-quality teachers and staff. Yet a majority of CMOs are finding it increasingly difficult to provide competitive benefits due to rising costs.

These cost increases are causing CMOs to cut funding to other mission-critical areas, to dilute benefits and/or to shift more costs to employees. Nearly nine in 10 CMOs surveyed have shifted a greater share of responsibility for paying health insurance premiums to teachers over

the last several years. A smaller but sizable segment has cut investments in teacher and administrative staff salaries in response to escalating health benefit costs. Not surprisingly, nearly half of respondents say rising health insurance costs are hampering their ability to attract and retain top teachers.

Outcomes like these are hardly optimal for a CMO, its employees and its students. However, despite the apparent collateral damage caused by escalating health insurance benefit costs, only slightly more than one-third (35%) of the CMOs surveyed report having a plan in place specifically to manage these rising costs over the long term. And, while many similarly sized employers outside the charter school community have taken decisive strategic steps to manage health benefits costs, such as by moving from a fully insured health plan to a self-funded plan and/or implementing a variety of effective cost-containment measures, CMOs have been slow to follow suit.

This report sheds light not only on the factors that are shaping the decisions CMOs are making around employee health benefits, but also on a pathway forward, with steps CMOs can take today to more effectively manage this vital area of their operations.

Key Facts

- **74% of CMOs find it challenging to provide competitive health insurance benefits to employees.**
- **60% of CMOs are limiting investment in other mission-critical areas to keep up with rising health benefit costs.**
- **Nearly nine in 10 CMOs have shifted a greater share of responsibility for paying health insurance premiums to teachers over the last several years.**
- **Only 35% of CMOs report having a plan in place to manage rising costs over the long term.**

BACKGROUND AND OBJECTIVES

The vast majority of charter management organizations sponsor their own health plan through a broker or consultant, as opposed to participating in a district or state pool, as is typical for traditional public schools. This presents CMOs the opportunity – and the challenge – of managing their own employee health plans.

In our work in support of charter schools and CMOs, BuyQ has observed first-hand the extent to which CMOs are struggling to afford consistently rising health benefit costs. Anecdotal evidence also suggested that the most innovative strategies to manage rising health benefit costs, many of which have been widely adopted by large employers in other sectors, were not being implemented by most CMOs, although many CMOs are large enough to take advantage of them.

BuyQ developed the *2018 National CMO Health Benefits Survey* to gain and share insights into how CMOs across the United States are handling their health benefit programs, and to identify the challenges and opportunities CMOs are confronting in providing competitive health benefits to employees.

We sought to gauge the extent to which health benefit costs are impacting CMO operations and teacher recruitment and retention, and the extent to which CMO decision-makers are taking steps, or considering taking steps, to curb costs while maximizing the value their health plans deliver.

Our goal was to get a clear understanding of it all – the successes, pain points, funding dilemmas and difficult choices CMOs face as they attempt to balance the interests of students and staff. Our hope is to further the dialogue within the charter school community about potential next steps and best practices that will help CMOs to gain greater control of what is one of the most cost-intensive areas of their operations. And because the BuyQ mission, in part, is to help charter schools reduce their operating costs by harnessing their collective purchasing power, we are in a unique position to use the insight gained from this survey to connect CMOs to the most effective health benefit solutions.

METHODOLOGY

This analysis is based on results of a survey of charter management organizations (CMOs) conducted online by BuyQ, with survey development input from Fisheye Research and HUB International, plus survey distribution assistance from the KIPP Foundation and Bellwether Education Partners.

Survey results were collected online between May 16 and June 1, 2018. All survey respondents play an active role in the selection and/or implementation of their organization's employee health benefits program. Respondents were provided a $100 gift card for their time.

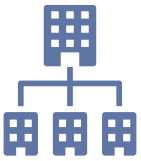
Responses were solicited from CMOs with 100 or more employees. The average number of employees per responding CMO was 674. Responses were solicited from CMOs of this size because they generally have a high credibility rating, meaning their health insurance premiums are largely or entirely based on their own claims experience, which gives them greater opportunity to control health benefit costs.

Twenty-three CMOs participated, representing 15,500 charter school employees and 129,000 students across 13 states.

Twenty-one out of the 23 CMOs surveyed sponsor their own health insurance plan through a broker or consultant, while one CMO participates in a professional employer organization (PEO) and one CMO participates in a state pool. Only one of the 23 CMOs participates in a collective bargaining agreement with a teacher's union.

Due to the relatively small survey sample size, results are directional only.

Who responded?

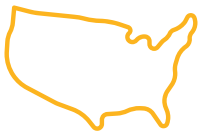


23
Charter Management Organizations

Representing
15,500
Charter School Employees

+

129,000
Students



Across
13
States

FINDINGS

Why health insurance benefits matter – and why CMOs struggle to provide them

Most charter management organizations (CMOs) responding to the survey view offering competitive health benefits as crucial to attracting and retaining top teachers. Almost nine in 10 respondents (87%) agree or strongly agree that offering a competitive benefits package is imperative to attracting top teachers.

74% of CMOs

say providing competitive health benefits is a challenge

Rising costs cited as #1 obstacle

However, about three-quarters (74%) of respondents say it's challenging or extremely challenging to provide competitive health insurance benefits to employees. And 70% agree or strongly agree it has gotten harder to provide competitive health insurance benefits over the last several years.

Among CMOs who find it challenging to provide competitive health benefits, 100% of them cite the rising costs of health insurance benefits as a contributing factor. Overall cost was another factor identified by more than half (59%) of respondents. Almost a quarter of respondents (24%) cited an insufficient amount of staff time and resources, 18% cited a lack of expertise on staff, and 18% cited a lack of good health insurance options as factors that contribute to the challenge of providing competitive health benefits.

▶ The High Cost of Health Benefits

Health benefit costs have been escalating for employers and employees alike for decades, with little sign of a slowdown. In fact, according to the Kaiser Family Foundation's *2018 Employer Health Benefits Survey*[1], the $19,616 paid on average in health insurance premium for family coverage in 2018 is 20% higher than what was paid in 2013 and 55% higher than what was paid in 2008. Employers continue to cover the majority of that cost, contributing on average 71% of the premium for family coverage and 82% of the premium for single coverage.

1. Kaiser Family Foundation. *2018 Employer Health Benefits Survey* (Washington, DC: Kaiser Family Foundation, October 2018), https://www.kff.org/health-costs/report/2018-employer-health-benefits-survey/.

Unsustainable cost trajectory

On an average annual basis, revenues aren't keeping pace with health insurance costs for many CMOs. The cost of providing health insurance to employees is rising – by **more than 6%** year-over-year for the past several years for a majority (52%) of respondents. However, more than three-quarters (76%) of respondents say year-over-year per-pupil revenue growth during the past several years has averaged **less than 6%**.

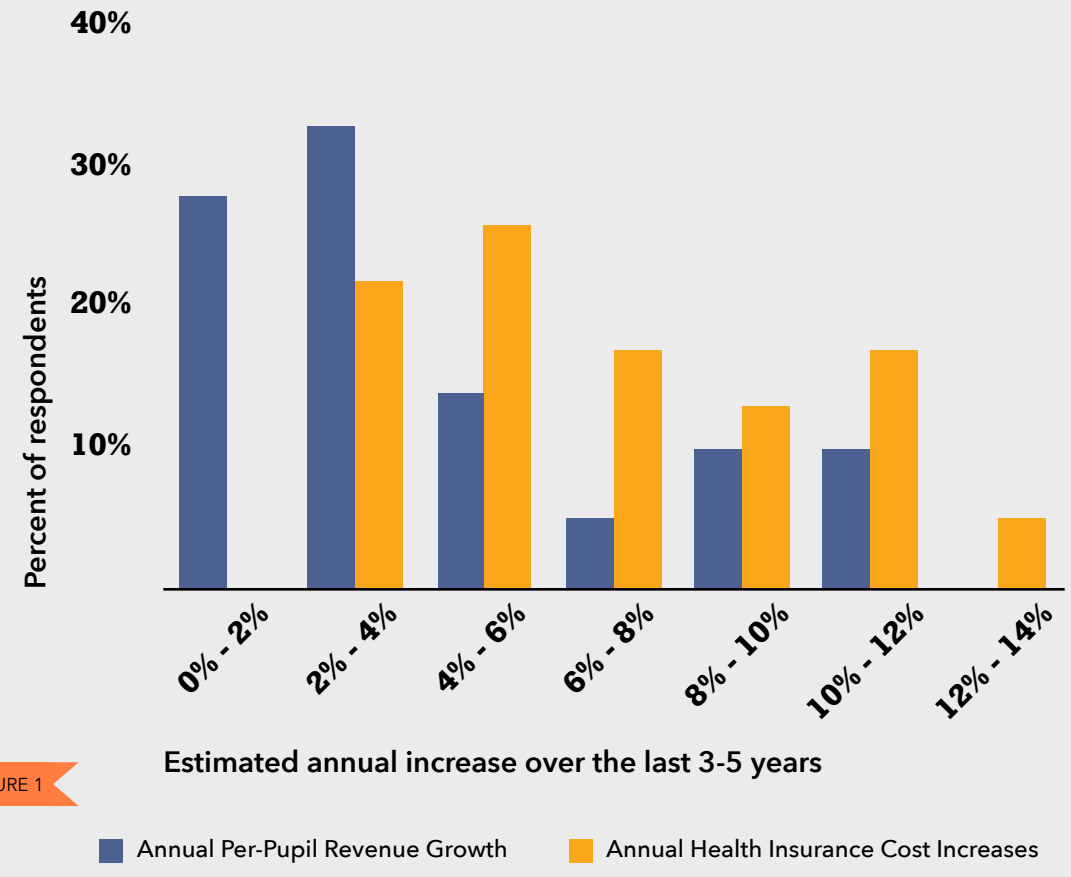


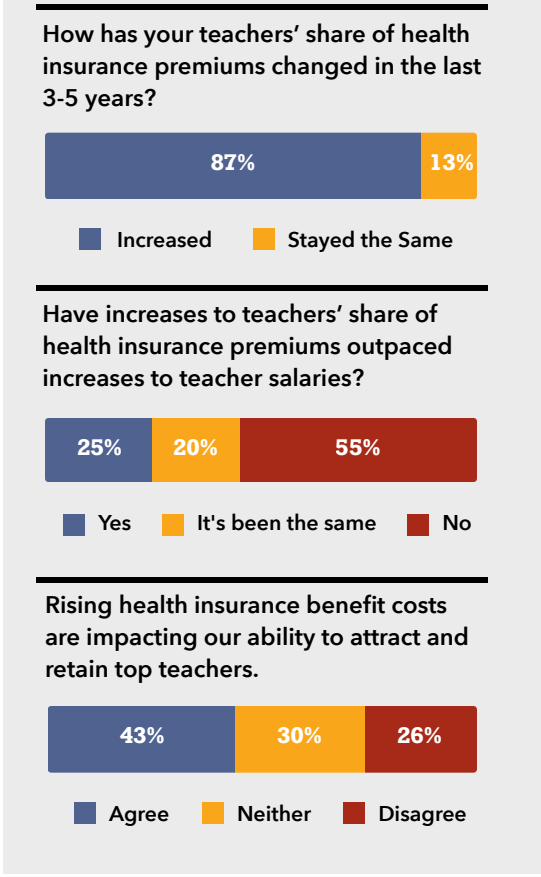
FIGURE 1

Bottom-line trade-offs shift the burden to teachers

The mounting cost challenges that CMOs face in delivering health benefits are causing them to take steps that threaten their ability to attract and retain talent and to deliver a high-quality education to students. These steps include shifting more costs to employees by increasing their share of premiums and increasing their out-of-pocket costs.

FIGURE 2

Teacher Impact



Asked to estimate the extent to which teachers' share of health insurance premiums has changed in the last three to five years, 87% of CMOs say that teachers' share has increased somewhat or substantially. Thirteen percent say teachers' share has held steady. None report that the share has decreased.

In many cases, these premium increases have resulted in teacher total compensation declining or stagnating.Among CMOs who have increased teacher share of premiums, 25% report that premium increases have outpaced teacher salary increases and 20% report that premium increases have been about equal to salary increases from a total dollar perspective over the last three to five years.

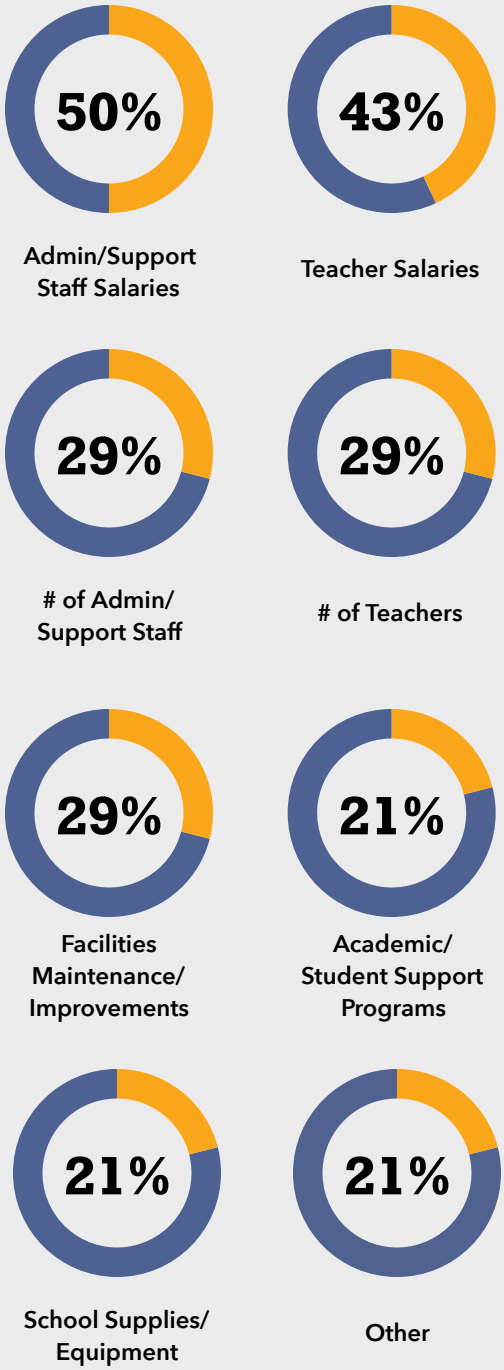
This reality is not lost on teachers. Close to two-thirds of respondents agree that teachers perceive increases to their share of health insurance premium costs as a reduction in salary.

Shifting rising health benefit costs to teachers may be hampering CMOs' talent recruitment and retention efforts. A large share of respondents (43%) agree that rising health insurance costs are impacting their organization's ability to attract and retain top teachers.

FIGURE 3

60% of CMOs are limiting investments in other areas to keep up with health insurance costs

Where?



*Respondents could select more than one option.

When benefits costs rise, other critical areas suffer

Along with shifting premium and out-of-pocket costs to staff, 60% of CMOs say they are limiting investments in other mission-critical areas to reckon with increasing health insurance costs. The most common targets are administrative and support staff salaries and teacher salaries, cited by 50% and 43%, respectively, of CMOs who indicated they are cutting budgets in other areas to keep up with rising health insurance costs. Twenty-nine percent have limited the number of administrative and support staff and/or the number of teachers employed by their schools. The same percentage (29%) have cut investments in facilities maintenance or improvements. Investments in academic and student support programs and school supplies and equipment have been cut by 21% of CMOs in this group.

> *"We don't view benefits as a choice and a trade-off, but a necessity. We of course would like to spend more on all of the above categories, and benefits cost is one reason we can't."*
>
> *— CMO respondent*

Heavy reliance on fully insured plans

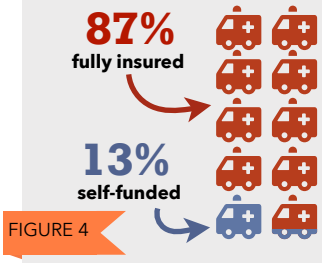


FIGURE 4

The plan structure an employer uses to deliver health benefits to employees can significantly impact the expense of the plan as well as the specific benefits offered to employees.

A sizable majority (87%) of CMOs currently deliver health benefits to their staff using a fully insured plan, meaning they purchase an insurance contract from, and pay a set premium to, an insurance company. The remaining 13% of CMOs participating in the survey provide employees with health benefits via a self-funded plan, in which the CMO administers the plan itself and pays claims directly.

CMOs that use a self-funded plan to provide health benefits are generally satisfied with that approach. Two-thirds of those who use a self-funded plan indicate they are satisfied with their plan, and the remaining one-third are neutral. None expressed dissatisfaction with their self-funded plan.

▶ Plan Primer: Fully Insured vs. Self-Funded

A **fully insured health plan** is the traditional way employers have structured group health plans. In the fully insured model, an employer purchases an insurance contract from, and pays a set premium to, an insurance carrier. The insurance carrier collects the premium from the employer and assumes responsibility for paying medical claims based on the coverage outlined in the policy.

In a **self-funded plan**, instead of purchasing insurance from a carrier, the employer administers its own health plan, assuming responsibility for paying employee claims directly. Employers with self-funded plans typically contract with a third-party administrator to process day-to-day claims and manage other administrative responsibilities. Employers using a self-funded plan can also purchase stop-loss insurance to cover claims beyond a pre-determined amount as a way of limiting their liability.

In general, with a fully insured plan, an employer assumes higher fixed costs, taxes and fees in order to wholly transfer to an insurance company the risk and responsibility associated with paying employee health claims. With a self-funded plan, meanwhile, the employer opts to assume some or all the risk and responsibility associated with paying employee health claims in exchange for greater flexibility and the opportunity to control and reduce health benefit costs.

Resisting change

45% of CMOs

have not considered moving to a self-funded plan

While only a small minority of CMOs currently use a self-funded structure to deliver health benefits to their employees, a sizable contingent of those in a fully insured plan (50%) has considered moving to such a structure. Asked to explain why their organization opted not to move to a self-funded model after considering doing so, the three reasons most frequently identified by respondents were:

- Too much risk
- Administrative burden involved
- Didn't feel comfortable/lack of internal expertise to manage

Forty-five percent of CMOs using a fully insured plan have not considered moving to a self-funded plan.

The reluctance of some CMOs to move to a self-funded plan could stem in part from a lack of understanding of how self-funded plans work. Only 39% of respondents report that they understand completely the difference between a fully insured and a self-funded plan.

▶ Employers Overall Favor a Self-Funded Approach

Employers in the United States – and large employers in particular – are showing an affinity for self-funded health plans.

Overall, 61% of covered workers participate in a self-funded plan, according to the Kaiser Family Foundation's *2018 Employer Health Benefits Survey*[2].

Generally, the larger the organization (in terms of number of employees), the likelier the organization is to use a self-funded plan. Eighty-one percent of workers in large firms (200+ employees) are enrolled in plans that are either partially or completely self-funded, Kaiser found, compared to 13% of workers in small firms with fewer than 200 employees.

2. Kaiser Family Foundation. *2018 Employer Health Benefits Survey* (Washington, DC: Kaiser Family Foundation, October 2018), https://www.kff.org/health-costs/report/2018-employer-health-benefits-survey/.

The cost-containment gap

Implementing effective cost-containment measures aimed at lowering the cost of health care services received by employees can lower health plan costs for large employers.But survey results indicate that few CMOs are taking full advantage of the various cost-containment measures available.

Asked the cost-control measures their CMO has implemented, the most common measures reported by CMOs using fully insured or self-funded plans were "increased employee share of premium," reported by 61% of respondents, and "increased employee out-of-pocket costs," reported by 48% of respondents.

Cost-Containment that Counts

As health care costs have risen for employers across the country, the private sector has responded with a wide variety of cost-containment products and services. These third party tools can be implemented as part of an employer health plan with the goal of reducing the cost of the actual health care services received by employees while maintaining, or improving, the quality of care.

Many cost-containment measures are designed to lower costs associated with hospital visits, primary/specialist physician care and prescription drugs.

Below are examples of cost-containment tools:

- **Telemedicine** can provide employees immediate medical attention for non-serious medical issues without a costly ER or doctor visit.
- **Reference-based pricing** sets a maximum price an employer will pay for certain medical services that tend to have wide cost variations despite low variations in quality. Prices are based on the geographic average cost or Medicare's reimbursement rate, as opposed to the price dictated by the provider.
- **Prescription plan carve-outs** are used to contract directly with a pharmacy benefit manager rather than using a carrier's drug contract. This tool allows for greater transparency, drug list control, lower drug costs and the opportunity to receive prescription drug rebates.
- **Wellness programs** can change behaviors associated with a higher incidence of chronic disease and disability.

Tools like these can drive down health care costs, resulting in lower claims. Lower claims result in lower premiums, because claims costs drive premiums for large employers, whether they use a fully insured or self-funded plan structure. Generally speaking, a self-funded plan allows more opportunity to employ effective cost-containment measures than a fully insured structure.

22% of CMOs

haven't implemented any cost-control measures

It should be noted that increasing employee premiums and out-of-pocket costs could more aptly be described as cost-transfer measures, as opposed to true cost-containment measures, since the underlying drivers of health care costs are not impacted.

Twenty-two percent of all CMO respondents reported implementing a wellness program, a cost-containment measure that can improve employee health outcomes while also reducing health care costs.

Nearly a quarter (22%) indicated that their CMO hasn't implemented any cost-control measures.

How informed are decision-makers?

The more thoroughly that CMO leaders understand the factors impacting health benefit costs and the strategies available to help control those costs, the better positioned they will be to make well-informed decisions for their organizations.

Asked to categorize their understanding of the factors that influence health benefit costs, only 22% of CMO respondents reported that they understand

To what extent do you understand each of the following regarding health insurance benefits costs?

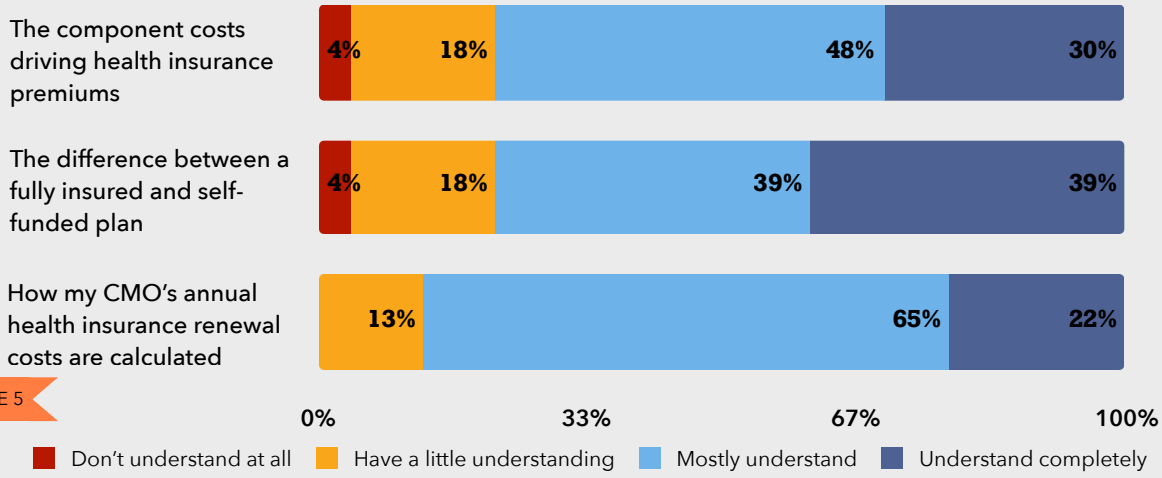


FIGURE 5

completely how their organization's health insurance renewal costs are calculated, while 30% understand completely the component costs driving health insurance premiums and 39% understand completely the difference between a fully insured and self-funded plan. Still, a majority of respondents report that they understand these factors to some degree.

Do you have a good grasp on what steps other similarly sized employers are taking to control health insurance benefit costs?

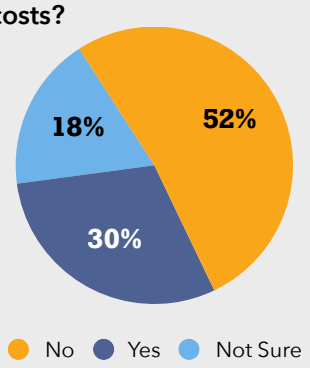


FIGURE 6

CMOs appear to be less clear on what comparable employers in other industries are doing to manage the cost of providing health benefits. More than half (52%) say they do not feel they have a good grasp on what steps other similarly sized employers are taking to control health insurance benefit costs.

Most respondents (87%) rely on a health benefits broker to stay informed about what other organizations are doing to manage health insurance benefits costs. A majority (61%) also say they stay informed by networking with peers at other charter organizations.

But for most CMOs, the networking and information-gathering appears to end there. A minority (39%) say they rely on the Society for Human Resource Management or other trade associations, and/or networking with other HR professionals outside of the charter school community, to stay informed.

How strategic are CMOs in managing health benefit costs?

Despite CMO respondents reporting a strong understanding of the dynamics that shape health benefit costs, that understanding doesn't always crystallize into a strategic plan for managing those costs. Nor does it guarantee that key organizational decision-makers will be actively involved in efforts to manage those costs.

70% of CMOs

agree that better management of their health insurance benefits could yield cost savings

Could better management of their health insurance benefits program result in cost savings? Among respondents, 70% either strongly agree or somewhat agree that better management of those benefits could yield cost savings.

Despite that conviction, almost half (48%) of CMOs that responded to the survey said, to the best of their knowledge, their organization has no plan in place to manage health insurance benefits costs over the next several years. Just over one-third (35%) indicated their organization does have such a plan in place.

Asked to assess whether their organization's board and leadership are appropriately engaged in the selection and management of their health insurance benefits program, just 22% strongly agree that their board and leadership are appropriately engaged in the issue, while 17% somewhat agree.

Does your CMO have a plan in place to manage rising health insurance costs over the next several years?

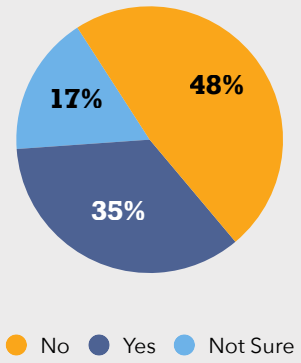
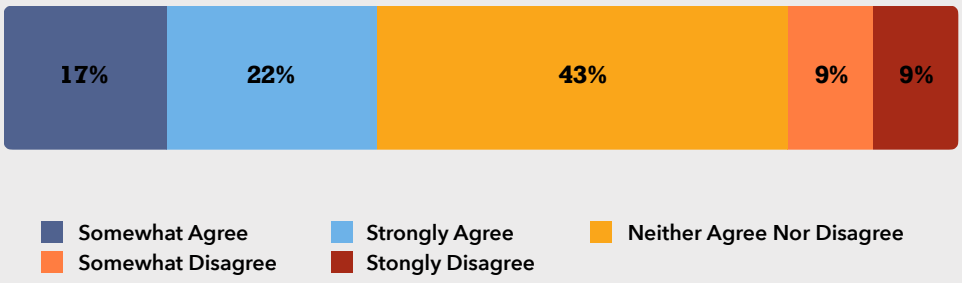


FIGURE 7

FIGURE 8

How much do you agree or disagree that your leadership and board are appropriately engaged in the selection and management of your health benefits program?



CONCLUSION

Providing high-quality, competitive health benefits in an age of ever rising costs is a struggle for employers of all shapes and sizes, for-profit and non-profit, in virtually every industry. Charter management organizations (CMOs) are no exception.

A sizable majority (74%) of the CMOs that completed BuyQ's *2018 National CMO Health Benefits Survey* say it is challenging or extremely challenging to provide competitive health benefits to their employees.

That's largely due to the rising cost of providing benefits. Asked to estimate how much their health insurance benefit costs have risen year-over-year during the last three to five years, more than half (52%) say theirs have increased annually by an average of 6% or more. That per-pupil revenues have not kept pace with increasing health benefit costs only exacerbates the problem.

To keep up with rising rates, the vast majority (87%) of CMOs have asked teachers to take on a growing portion of the burden by increasing teacher share of monthly premiums. Nearly half (45%) of those CMOs say those premium increases have either outpaced or closely tracked teacher salary increases over the last several years, effectively wiping out teacher pay increases. In many cases, CMOs have also diverted funds away from teacher and administrative and support staff salaries and increased out-of-pocket-costs through higher deductibles, coinsurance and/or copayments. Not surprisingly, a significant portion (43%) of respondents say health benefit cost increases are impacting their ability to attract and retain top teaching talent.

In addition to eroding total teacher compensation, increasing health benefit costs are causing a majority of CMOs to limit investments in other mission-critical areas such as the overall number of teachers and administrative staff, facilities maintenance and improvements, academic and student support programs, and school supplies and equipment. These trade-offs further compromise a CMO's ability to deliver on its mission to provide a high-quality educational experience to students.

Despite these troubling outcomes, only about one-third of CMOs (35%) report having a plan in place to manage rising health benefit costs over the long term.

And, survey results suggest that CMOs have been slow to implement cost-control strategies used by similarly sized employers in other sectors, even though a majority of CMOs participating in this survey have workforces of at least 500 employees, a critical mass that suggests a strong business case for adopting such strategies.

For example, few CMOs are taking full advantage of cost-containment tools, such as wellness programs, designed to drive down health care costs and reduce claims. Even fewer, just 13% of CMOs, use a self-funded plan to deliver benefits to their employees, despite the fact that the majority of covered workers at large employers (200+ employees) overall are in self-funded plans. Factors such as perceived risk, administrative burden and lack of internal expertise appear to be deterring CMOs from pursuing an option that could be in the long-term best interests of their staffs, their students and their financial health.

The lack of utilization could also stem in part from lack of awareness among CMOs about how such strategies work and what it takes to implement them. More than half (52%) of CMO respondents say they do not feel they have a good grasp of what other similarly sized employers do to control health benefits costs. And, only a minority of respondents report to "understand completely" the component costs driving health insurance premiums and how their annual insurance renewal costs are calculated.

Finally, survey results indicate that boards of directors and leadership may be less involved in their CMO's health plan selection and management than is necessary for improvement in this vital operations area.

There is no panacea to the problem of steadily escalating health benefit costs. However, taking steps to more strategically manage and control their health benefit programs by following best practices currently used by employers outside the charter school community could prove effective for CMOs searching for ways to curb rising costs without further compromising teacher compensation or other mission-critical areas of operation.

With health benefit cost increases showing little sign of abating, the time is ripe for CMOs to become more strategic, and perhaps more open, to embracing a different way of delivering those benefits to employees.

RECOMMENDATIONS

1. Recognize the threat: CMOs are on an unsustainable path. To keep up with health benefit costs increases that are regularly outpacing per pupil revenue gains, many CMOs are drawing from budgets reserved for salaries and other mission-critical areas and are asking teachers to take on a greater share of the burden through higher premiums and out-of-pocket costs. These tactics weaken the total compensation packages offered to teachers while doing little to curb health plan costs over the long run. Unless CMOs simultaneously target the underlying drivers of their health benefit costs, these cost-shifting tactics will eventually reach their limits of viability, making it harder and harder for CMOs to fund other vital areas of their operations while staying competitive in a tight labor market. By recognizing the very serious threat that rising health benefit costs pose to a CMO's ability to deliver on its mission, leaders will be taking the first important step towards meaningful action.

2. Seek buy-in from the top: Only 39% of survey respondents agreed that their leadership and board are appropriately engaged with the management of their CMO's health benefits program. As resource-intensive as offering health benefits is for CMOs, as potentially damaging as health plan cost increases can be to resource-limited organizations, and as important as a quality benefits package is to attracting top talent, it's imperative that CMOs place appropriate emphasis on managing health benefit costs. That starts with CMO leadership recognizing the import and the impact of the issue, then taking the necessary steps to empower their organization to address it. Without appropriate buy-in and engagement from the top, the effort to effect positive change may fall short.

3. Educate yourself and your team: Decision-makers that want to be more proactive in managing their CMO's health benefit costs should seek to gain greater understanding of both the drivers of their organization's health plan costs as well as the external tools available to control those costs. Because a large employer's own claims have significant impact on their premium costs, whether in a fully insured or a self-funded plan, the first step should be seeking greater transparency into your CMO's claims data. Next, educate yourself on the cost-containment tools available to better manage the health care costs driving your claims. Develop a strong understanding of differences between a self-funded and fully insured plan. Consider casting a wider net when conducting due diligence. Ask peers at other CMOs about the strategies and tactics they use to control costs,

as well as peers at similarly sized organizations outside the charter school community. The more thoroughly decision-makers understand the drivers behind health plan costs, as well as the best practices for managing those costs, the better-equipped they should be to find cost-effective health insurance solutions that work for their organization.

4. Develop a long-term strategy: Only 35% of respondents indicated that their CMO has a plan in place to manage rising health insurance costs over the long term. Effective strategic management of this mission-critical area goes well beyond making disconnected, single-year decisions at renewal time. Rather, CMOs must seek to understand how fundamental changes to their health plan could impact their budget over the long term, and particularly as they grow. One way to kick off this work is to chart your expected five-year benefits costs increases against revenue and other mission-critical expenses based on your organization's historic trend. Consider the budgetary impact if it's no longer feasible to transfer costs to employees through increasing share of premium or higher out-of-pocket costs. Then, challenge your team to create a long-term strategy that meets your organization's unique circumstances and goals. As part of this exercise, consider the pros and cons of moving from a fully insured plan to a self-funded plan. Review claims data so you can make educated choices about which cost-containment measures could lower your costs while maintaining or improving benefits for employees.

To assist you in all these efforts, seek out partners and consultants that understand the variety of health plan options available to CMOs and have experience implementing them. Give your organization the time it needs to truly understand the options available and to properly plan for any transitions. Significant change need not happen overnight, but can start with small, meaningful steps that put your CMO on the pathway to a high-quality, sustainable health benefits plan.