



*Founded in 1801,  
Lincoln Academy  
is the fourth oldest  
secondary school  
in Maine.*

*With 570 students  
and 93 faculty and  
staff, the school  
is dedicated to  
creating lifelong  
learners who  
understand their  
relationship to the  
broader world.*

## **CASE STUDY: IN THE RED**

### **Background:**

There is a widespread belief that in order to successfully transition from a fully-insured to a partially self-insured healthcare financing arrangement, a school needs to be coming off a year with a very modest renewal rate increase. Lincoln Academy's experience proves that belief is unfounded.

When Lincoln Academy began investigating Captivated Health, the school had absorbed multiple double-digit renewals and was once again facing a 20% increase on their fully insured plan. With the help of the Captivated Health risk management team, they were able to determine that most of the adverse claim activity driving those year-over-year large increases was being incurred by a small group of faculty and staff.

Although the initial Captivated Health proposal came in at a 30% increase, Lincoln's CFO felt that the bad claims year was behind them and wanted to embark on a long-term solution that provided control, stability and savings.

### **Significant Actions:**

The first step was for the school to gain access to their data. Captivated Health worked with them to analyze the information and devise strategies for mitigating the claims that were driving the year-over-year increases.

A critical component of the successful implementation was management's decision to use the data to provide transparency to faculty and staff. This is a key feature of partially self-insured plans and helps faculty and staff to become aware of the actual cost of their care while making more informed and intelligent health care choices.

Additionally, working with the Captivated Health health & wellbeing team, the school structured and implemented a multi-year health and wellbeing strategy that encompassed physical, financial, workplace, community and mind/spirit components that constitute the overall lives of faculty and staff.

### **Results:**

#### **YEAR 1:**

Due to the conservative assumptions recommended by the Captivated Health team, as well as a favorable claims experience, the plan built a significant reserve of \$269,000 to build a hedge against future, unforeseen claims that might arise.

#### **YEAR 2:**

A favorable plan increase of 6.4% allowed the school to keep employee and staff contributions unchanged. Reserves increased by \$110,000.

#### **YEAR 3:**

Predictability and stability achieved, the plan had another favorable year and with no faculty and staff contribution increase or watering down of plan benefits.

#### **CONCLUSION:**

Even with a challenging first year environment, proper planning, transparency and wellbeing yielded a much more favorable environment for the school and its faculty and staff.

*For more information contact*

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