

DRAFT

The purpose of the South Central Trust is to create an entity through which various types of insurance coverage and administrative services can be secured and purchased on behalf of all member LEAs and to enable those member LEAs to self-insure together through the same funding vehicle. This self-insuring process would reduce the burden of costs through **administrative efficiency, shared information, economies of scale and joint bargaining**. In accordance with Pennsylvania statutes; specifically 53 Pa.C.S.A. §483, relating to cooperation among municipalities, 24 P.S. §5-521 relating to authority for school districts to act jointly with other political subdivisions and 42 Pa.C.S.A. §8564, relating to self-insurance by local agencies and joint action by local agencies, political subdivisions such as schools may (i) join together and enter into any agreement or jointly contract for the development of a group risk management program; and (ii) enter into agreements for the pooling of risk.

The goal of this reorganization effort is to consolidate trust operations to focus on **administrative efficiency, shared information, economies of scale and joint bargaining**. Members currently have their own plans, carrier, vendors, stop loss pools and bargain separately. Over the next five years our goal is to migrate all members onto a common set of plans and programs selected, operated and managed by the Trust to enable more control over quality and cost in a highly competitive and dynamic marketplace. Central to this effort is a data analytics platform that provides the Trust with actionable data that guides the Trust in identifying high quality care at the lowest cost for our members. This relieves the individual members of the responsibility for plan design, rates and carrier selection along with bargaining these items in collective bargaining agreements. Members would still be responsible for setting, and bargaining, premium share rates and HSA contributions.

To enable this plan, Trustees (and member LEAs) must:

- A. Agree to migrate their medical, Rx, dental, vision, COBRA, wellness and HSA fund management services to the SCT shared risk platform over the next five years.
- B. Obtain, consolidate and manage member healthcare data. Contract for a data analytics platform that will underpin the SCT decision processes and remain independent of carriers and consultants. The Executive Committee is recommending Innovu to provide the data analytics based on their market position in PA and inclusion of other PASBO member data.
- C. Engage a consultant who will:
 1. Work with Innovu to provide useful and summative data to support SCT operations.
 2. Enable the consolidation process by designing a set of plans that enable LEA migration onto the Trust plans.
 3. Develop an actuarially neutral process to incorporate Big Spring, Carlisle and Mechanicsburg into the risk sharing platform.
 4. Be data centric in its thinking. Focus on metrics that identify quality of care and cost; develop a plan to put quality of care first while minimizing excess and unnecessary expense.
 5. Have the capacity and experience to work with Member administrations and associations to minimize disruption in the process. Maintain current operations while developing and executing a migration schedule.
- D. Develop a personnel structure that will support SCT expanded responsibilities – probably with a presence in the CAIU.
- E. Develop a wellness plan that encourages better individual involvement and action in the wellness and healthcare process.