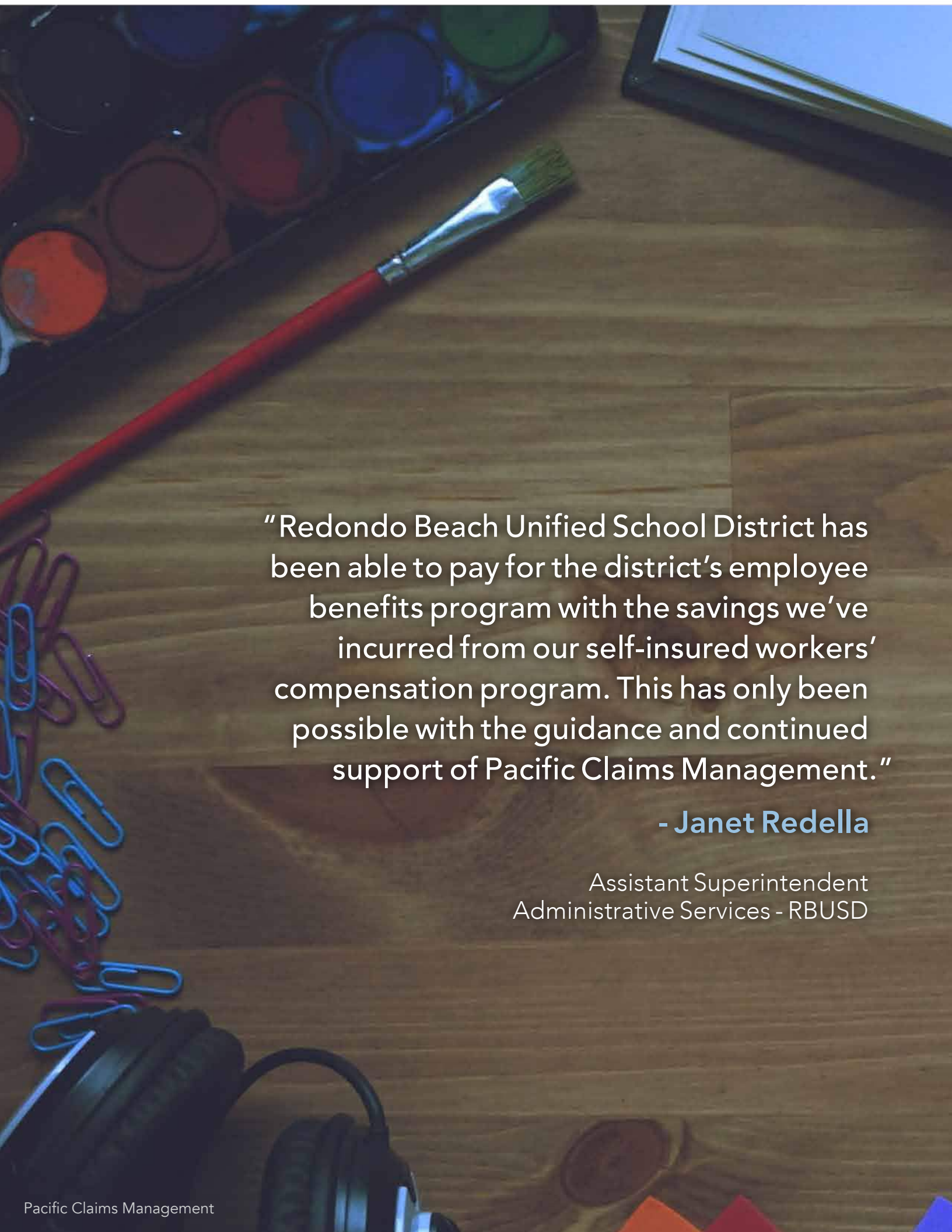


CASE STUDY:

# Redondo Beach Unified School District

School District Saves ~\$1 Million Per Year  
with Self-Insured Workers' Comp Program





"Redondo Beach Unified School District has been able to pay for the district's employee benefits program with the savings we've incurred from our self-insured workers' compensation program. This has only been possible with the guidance and continued support of Pacific Claims Management."

**- Janet Redella**

Assistant Superintendent  
Administrative Services - RBUSD



# BACKGROUND

Redondo Beach Unified School District (RBUSD) and its dedicated body of 400 teachers educate roughly 10,000 students in the Los Angeles area. The district is home to 13 schools, whose adept administration consistently place it toward the top of the list of best school districts in the state of California. A 2019 ranking by Niche even ranks RBUSD **in the top 5% of places to teach statewide.**

A major factor in the school district's success has been its dedication to not just its teachers, but all its 1,300 employees. As part of this mission, RBUSD turned to Pacific Claims Management (PCM) back in 2013 for help improving its workers' compensation program. At the time, RBUSD was part of a guaranteed cost insurance program, and was looking for ways to experience cost savings under increasing financial stress from budget cuts for school districts across the state.

Safest School  
Districts in CA

# 3  
of 486

Best Places  
to Teach in CA

# 25  
of 719

Best School  
Districts in CA

# 30  
of 481

District with  
the Best  
Teachers in CA

# 25  
of 719

Most Diverse  
School  
Districts in CA

# 30  
of 481

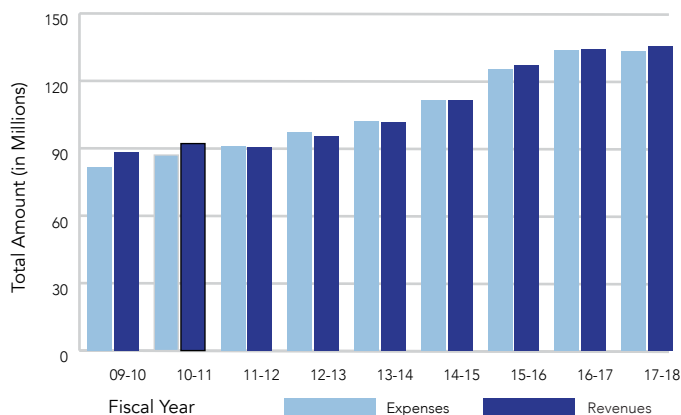
# PROBLEM

California public education has been on a rollercoaster funding cycle for the last two decades, and in steady decline for much longer. In 1965, the state ranked fifth in the nation in per-pupil spending; today, it ranks 43rd. Additionally, while per pupil funding has increased dramatically over the past few years, it still remains far below the national average. This is further complicated by the fact that district costs are rising faster than state funding.

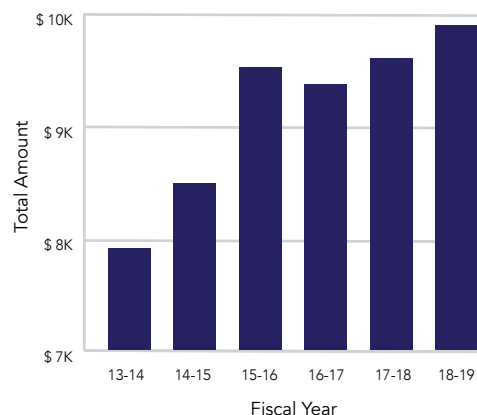
One of the major difficulties facing the budget development process is the huge swing in state funding from one year to the next. Education agencies are not able to project subsequent year revenues and thus it is difficult to plan on a long-term basis. RBUSD has been particularly vulnerable to these budget fluctuations with **more than 90% of its revenue consistently coming from state sources**, compared to a still-high statewide average of 58% in 2018-19.

Looking to free up additional capital to invest in its students and teachers, RBUSD turned to PCM in 2013 to analyze the efficiency of its workers' compensation program. At the time, the school district was spending **~\$1.3 million per year on premium for a guaranteed cost insurance program**. PCM quickly found an opportunity to save the district money, noticing that RBUSD was paying far more for insurance than it was incurring in workers' compensation costs.

RBUSD Revenues vs Expenses



State Funding / Average Daily Attendance





# SOLUTIONS

Since 2008, PCM has built a reputation for helping employers make their workers' compensation programs as efficient, effective and affordable as possible. The company became a licensed third-party claims administrator in 2011, giving California employers the value of responsive performance, reliable accountability, real transparency and refreshing honesty.

Following a thorough analysis of RBUSD's financials, PCM worked closely with the school district to help it ditch its unnecessary, expensive guaranteed-cost workers' compensation program, and implement a much more affordable self-insured strategy instead. Over the past decade, PCM has helped **more than 60 businesses** make the same switch from guaranteed cost or deductible insurance programs to self-insured workers' compensation programs.

After making the transition, RBUSD partnered with PCM to continue managing the program as a third-party administrator (TPA). In this role, PCM has helped the school district save even more money each year through aggressive **Claims Administration**, careful **Reserve Management**, and top-notch **Managed Care Services**, including medical bill review, utilization review, medical provider network support, and financial collaboration.

## Self-Insured Program

## Guaranteed Cost Program

## Deductible Program

### What is it?

Pay all workers' comp related expenses through the business. No risk is transferred to insurance company.

Pay a high fixed premium each year. All risk is transferred to insurance company, which covers 100% of workers' comp related expenses.

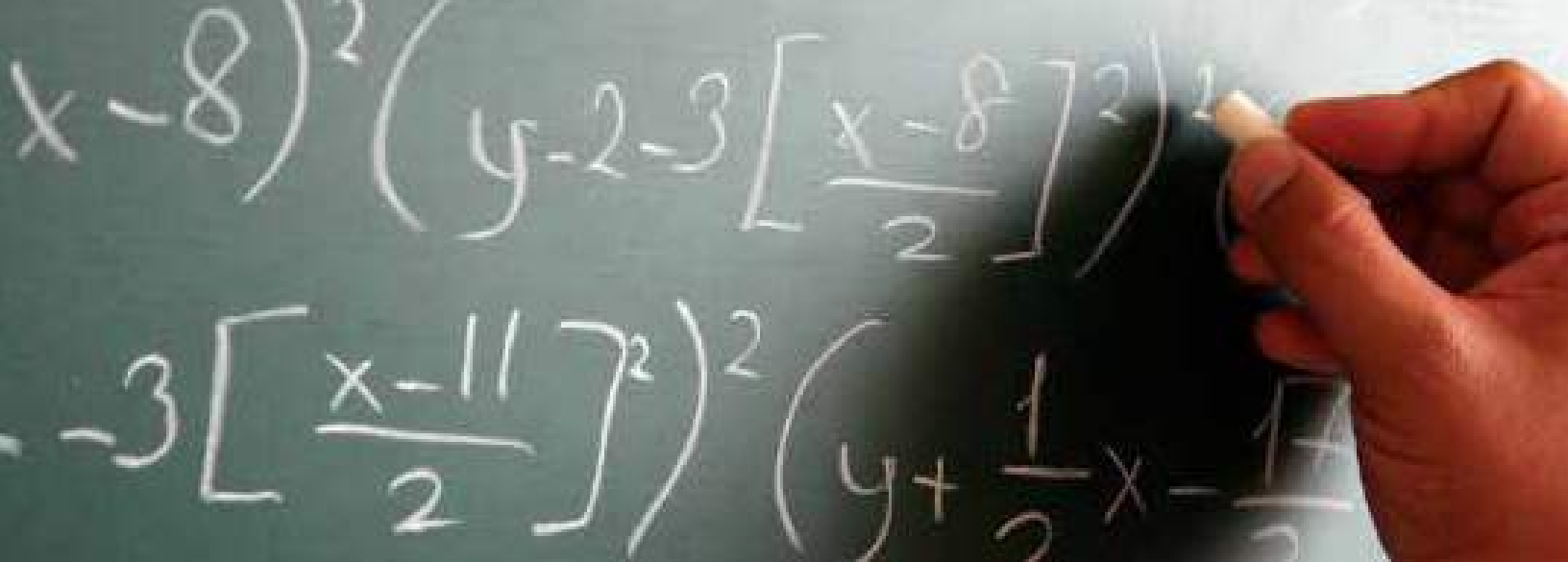
Pay a fixed premium up front, and all workers' comp related expenses up to a deductible amount. Remaining risk is transferred to insurance company.

### Who is it good for?

Any public or large private organization that wants full control over its workers comp program.

Risk-averse small and medium-sized enterprises with high claims frequency.

Medium-sized enterprises that don't qualify for self-insurance.



# RESULTS

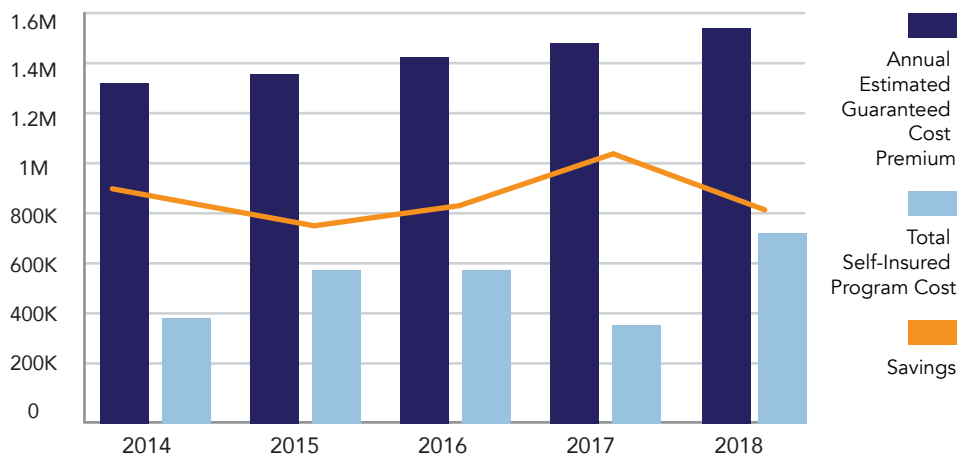
Prior to its engagement with PCM, RBUSD was paying more than \$1 million per year in premium for workers' compensation insurance as part of a guaranteed cost program. However, the school district was incurring less than \$500,000 per year in workers' compensation costs, meaning that it was paying more than double in insurance premium than necessary.

By switching to a self-insured workers' compensation program, RBUSD was able to save the difference between the premium it would have paid and the actual cost of its program. Over the five years since it became self-insured, this difference has added up to a **whopping ~\$4.5 million in savings**. Additional savings have come from PCM's help in shrinking the number of workers' compensation claims, speeding up the claims process, and resolving larger claims that had haunted the client for years. These impressive savings have since allowed RBUSD to **pay for the district's employee benefits program** without having to worry about fluctuating state funding.

Do you Qualify?

Call 559-432-9400 for a free program analysis.

☎ 559-432-9400



Total Self-Insured Program Savings \$ 4,376,301