

Moving From an Outsourced Staff to a Hybrid Pool Operations Model

One Pool's Journey

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March 7, 2022

IPBC FACTS

History

- Illinois risk sharing entity for employee benefits established in 1979
- Grown from 8 to 152 member entities, as of 1/1/2022

Membership

- Open to Cities, Counties, Special Districts, and Cooperatives
- 1-year membership term
- New members admitted by majority vote of Executive Board

Unique Features

- All members share risk, based on size
- Almost complete flexibility in plan design
- Financial transparency; all \$ allocated to the members





WHY AND WHEN TO THINK ABOUT YOUR POOL'S MODEL

- Something's not working
- A new strategic direction
- Pool is already going through changes
- Growth necessitates change
- Need to save money
- External trends/events
- Pool's natural evolution





EVOLUTION OF THE IPBC

New Bylaws Created, Executive **Board** Established

Strategic Plan Developed



1979



2010-2011



2013



4 2017 - 2019



2019

IPBC Established

First Executive Director Hired

Operating Model **Project Begins**

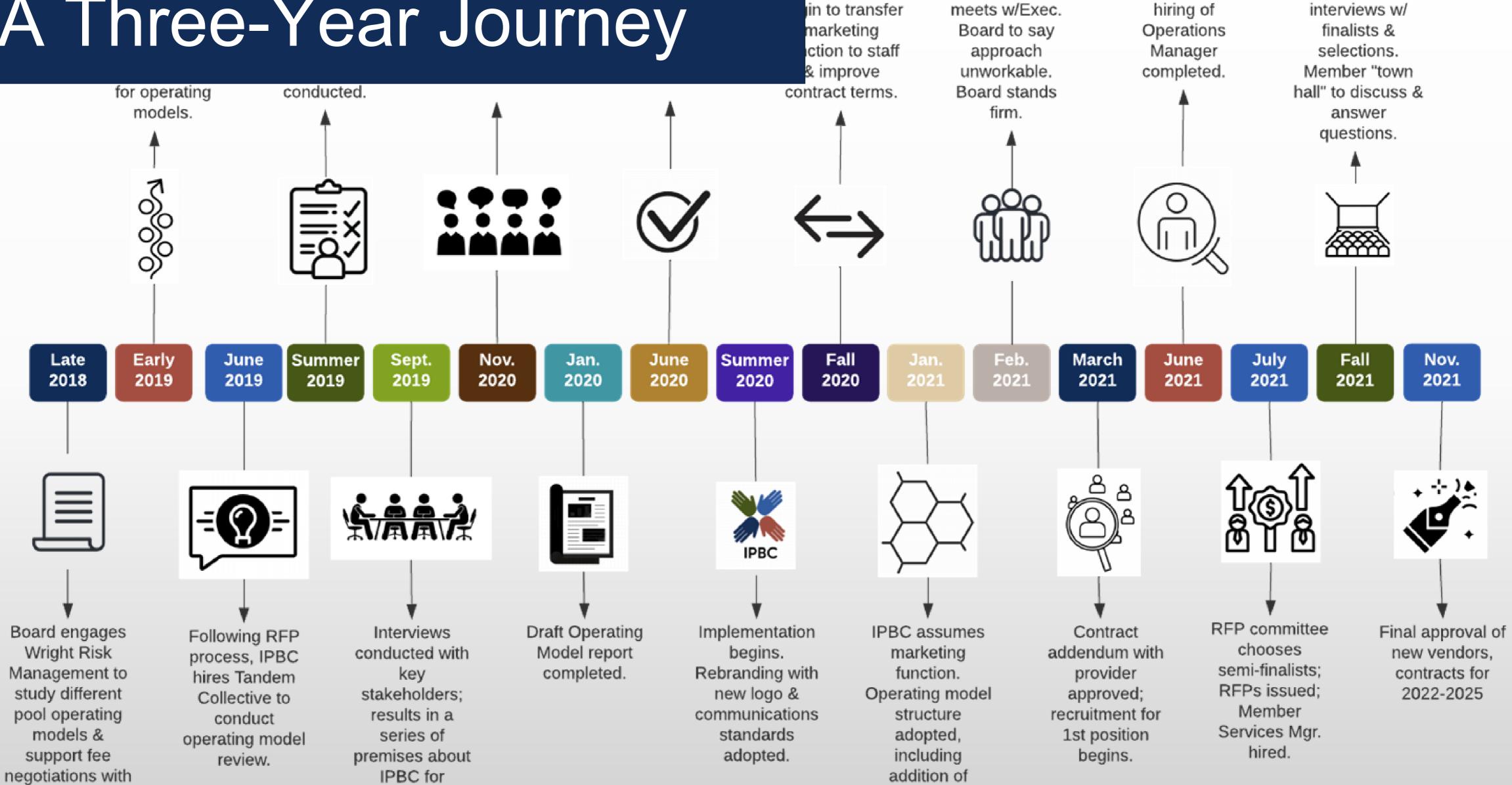




A Three-Year Journey

consideration.

current provider.



egotiations

Current provider

IPBC's first two

employees.

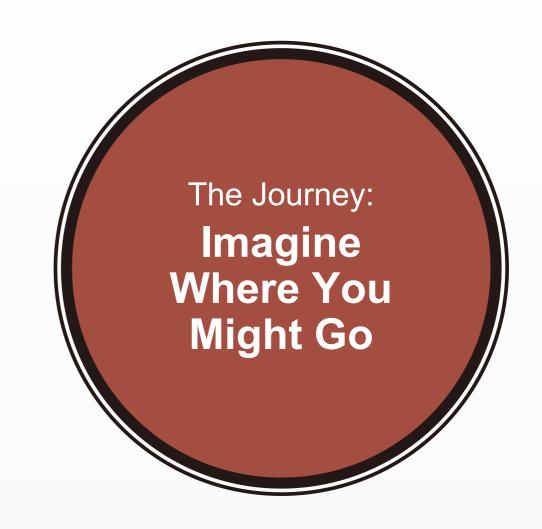
RFQ issued;

RFP evaluation;



LOOK TO THE FUTURE

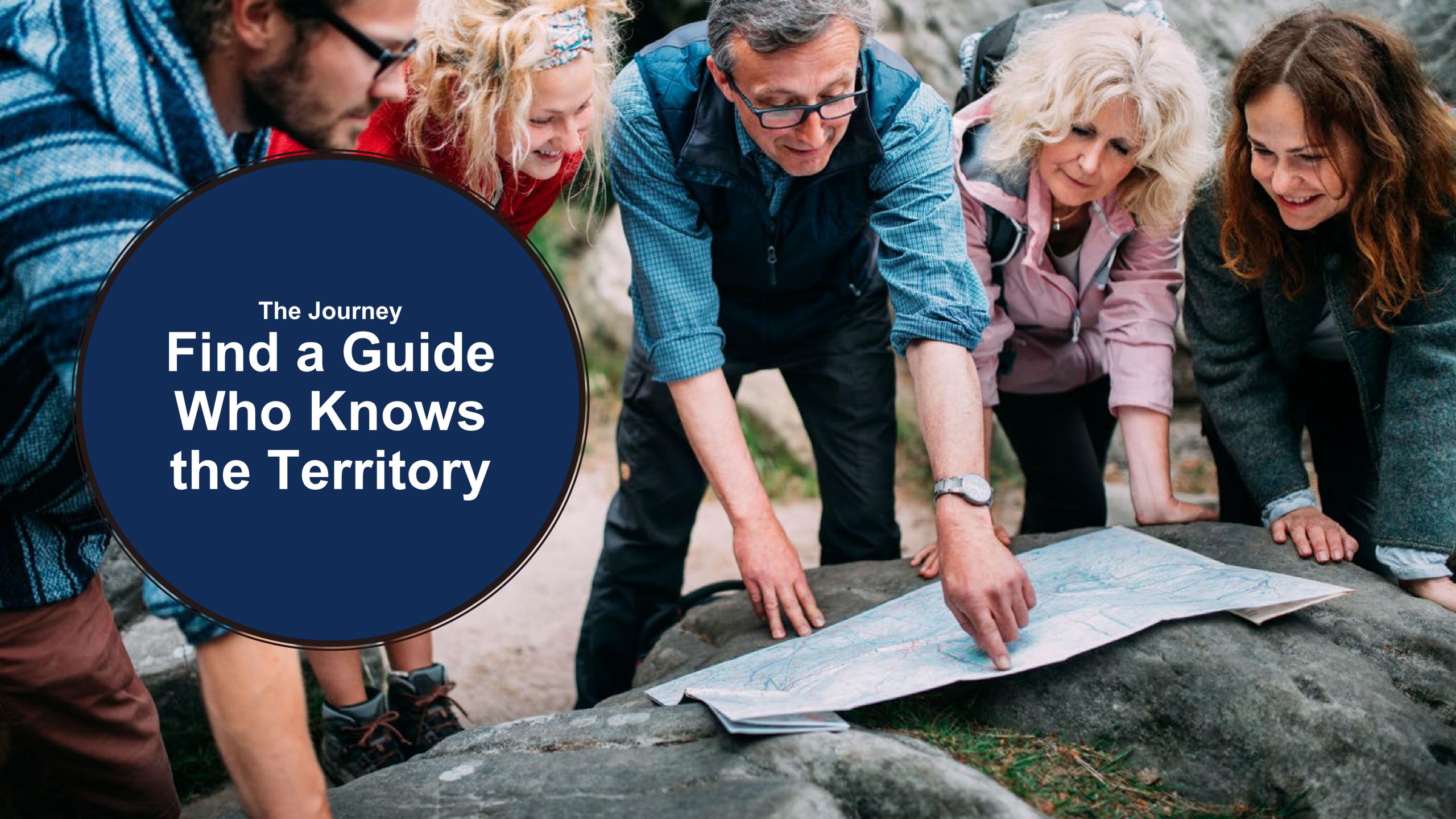
What does the pool want to accomplish?



 What are the different paths to achievement?

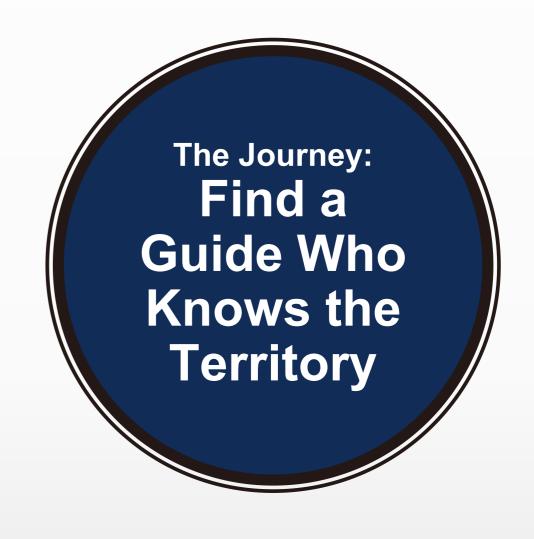
 What is important to preserve from the present as the pool looks to the future?





GET AN OUTSIDE PERSPECTIVE (AND HELP)

- Fresh eyes on the situation
- "You don't know what you don't know"
- Resources to supplement staff







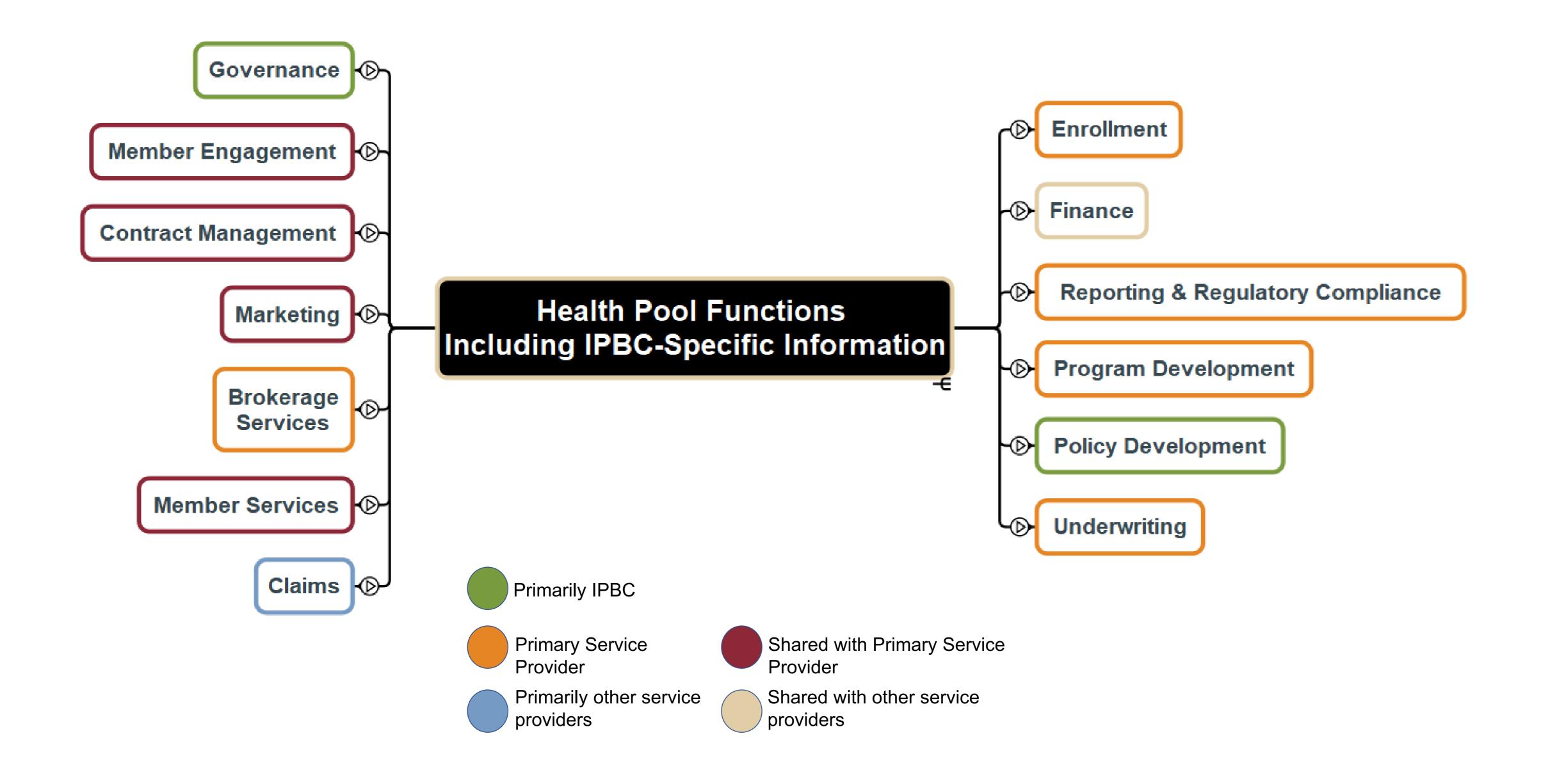
Taking Stock of the Current Situation

Can't see the future until you understand the present

The key question: whose pool is it?







WHAT DO MEMBERS WANT?

- Responses received from 89% of member entities
- Members generally pleased with the IPBC:
 - Like the plan offerings, feel good about service delivery by administrator
 - Financial stability, pricing, transparency key drivers for membership
- Some opportunities:
 - 28% feel administrator's service can be improved
 - Some don't understand risk pooling structure
 - Interest in other coverages (since added)
 - Opportunity for increased training



The Journey:

Research!

THE SURVEY SAYS...

On the question of operating models:

• "The administrative structure of IPBC doesn't matter to me, as long as it works": 44%

 Of options provided, maintaining the status quo favored by 61%, but not mentioned by 40%

 Positive responses to outsourcing some services currently provided by the administrator and moving some services from the administrator to staff



The Journey:

Research!



ENGAGING THE MEMBERS!

- Member engagement endemic to IPBC culture, critical to this process
- Continued communication, outreach throughout the process
- Task Force named engaged throughout process
- Day-long retreat to develop premises statements or ideas taken to be true - and a vision of IPBC's future state
 - Used task force for continued feedback as report was developed







RECOMMENDATION: OUTSOURCE SOME FUNCTIONS, BRING OTHERS IN-HOUSE

<u>WHY</u>

- Natural evolution for the IPBC
- Improves management of services to members
- Allows best-in-class vendors for each service
- Avoids an "echo chamber" by gaining different perspectives
- Limits business risk
- Won't increase, may decrease costs





RECOMMENDATION: OUTSOURCE SOME FUNCTIONS, BRING OTHERS IN-HOUSE

HOW

- Have staff assume marketing activities within growth policy
- Add one, likely two staff members, including an operations manager
- Segregate and competitively bid outsourced functions:
 - Broker/consultant to the pool
 - Benefit consulting to the members
 - Underwriting/actuarial services
 - Financial management and reporting





IMPLEMENTATION BEGINS

First jobs:

- Rebranding, moving marketing function to IPBC
- Adjusting administrator contract accordingly
 - Resulted in reduced administrator costs

Then:

- Hiring operations manager and member services manager
- Developing service provider scopes, RFQ, and RFP







EXPECT A FEW BUMPS ALONG THE ROAD

• Challenge: current service provider pushback

- Challenge: would service providers want to bid?
- · Challenge: recruiting at a particularly difficult time
- · Challenge: doing it all in a prescribed timeline







Old Model

- Exec. Director & admin support
- Single service provider for pool administration



Broker/Consultant to the IPBC

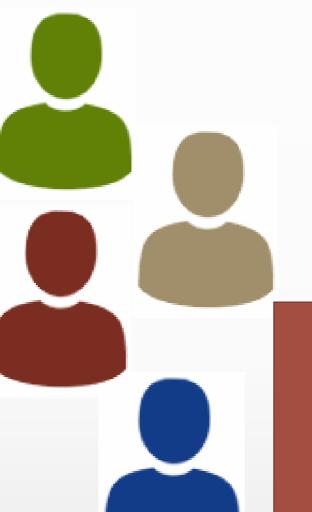
Benefit Consulting to IPBC Members

Underwriting

Financial Management & Reporting

New Model

- Operations and Member Services managers added
 - Best-in-Class providers for each service
 - Additional accountability, lower costs



Broker/Consultant to the IPBC

Benefit Consulting to IPBC Members

Underwriting

Financial Management & Reporting









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