



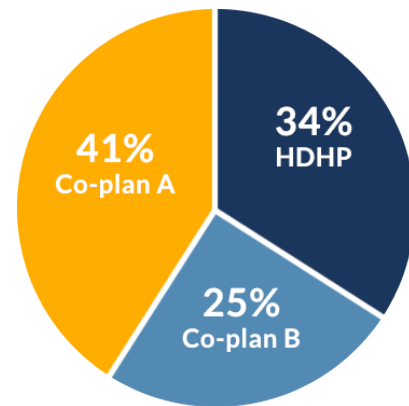
BENEFIT RESOURCE, LLC

HSA Migration Case Study

AS THE BENEFITS LANDSCAPE CONTINUES TO SHIFT, COMPANIES MUST BE QUICK TO RESPOND. BY DOING SO, THEY CAN STRATEGICALLY POSITION THEMSELVES TO LEVERAGE THE CHANGING TIDE IN A WAY THAT IS ADVANTAGEOUS TO BOTH THEM AND THEIR EMPLOYEES.

Benefit Resource is no stranger to change, having migrated its health benefits from a co-pay structure to a high deductible health plan (HDHP). However, with a clear focus and solid adoption strategy, we were able to practice what we preach, improve engagement and increase participation in the new plan.

At the time, our health plan strategy included three options: two co-pay plans and one HDHP, with the following enrollment rates:



Initially, we looked at what it would cost to maintain the existing structure. We received renewal rate increases ranging from 26 percent to 39 percent for the plans offered. Additionally, our shift from being a community rated employer to an experience rated employer was looming.

A community rated employer refers to employers who pay the same premiums for a health plan regardless of employees' gender, health or wellness. The premium rates for a community rated employer are based on a blended risk rating among all employers "in the community."

On the other hand, an experience rated employer refers to those who pay premiums based on the specific health history and utilization of its employees. This meant our employees' health and overall utilization of services would directly impact the premium rates for the group. With the heavy co-pay structure we had in place, just a few high utilizers could drastically increase the overall group rate.



WE HAD TO MAKE A SHIFT. WE WERE AT THAT CRITICAL POINT WHERE WE WERE RIGHT AT AROUND 100 EMPLOYEES, AND ABOUT TO GO FROM COMMUNITY RATING TO EXPERIENCE RATING. OUR PROPOSED RATE INCREASES WERE NOT SUSTAINABLE FOR US OR OUR EMPLOYEES.

— Anthony DiBarnaba, Former President



THE TRANSITION TO A HDHP

Realizing there was a problem, we felt we needed a monumental shift in how we approached health care. With a clear set of adoption goals in mind, we crafted a roadmap for how to overcome the hurdle of transitioning from a co-pay plan to an HDHP and ensuring employee buy-in.



OUR SOLUTION

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THE PATH TO HSA MIGRATION

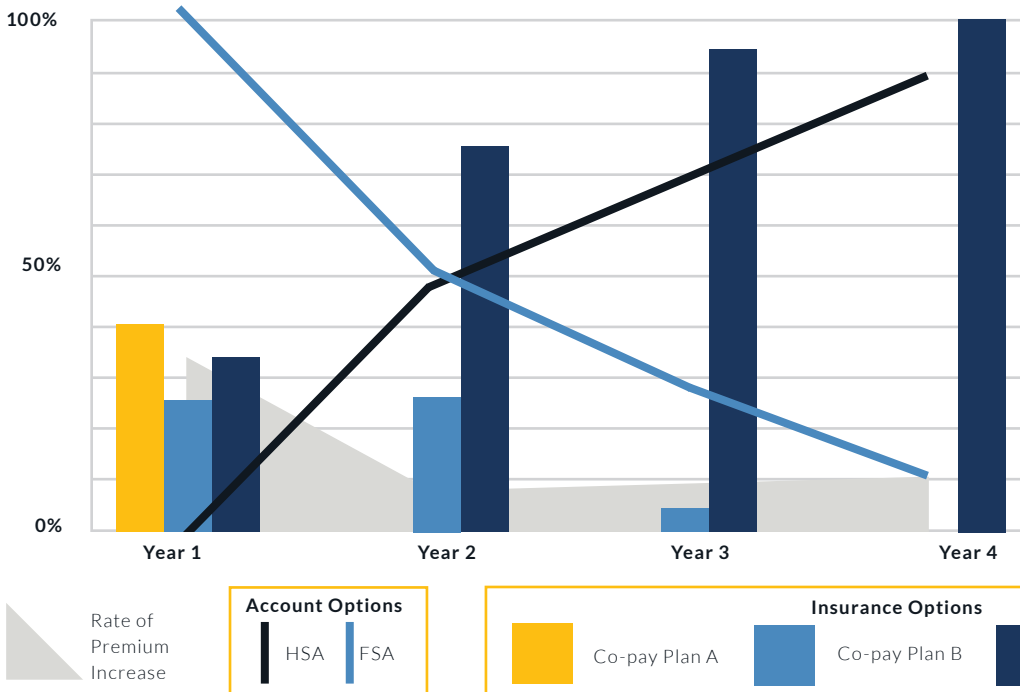
1. Progressively reduce health care options, structuring premiums favorably.
2. Implement prescription co-pay after the deductible has been met.
3. Give employees the choice between an FSA and an HSA and provide an employer contribution to their accounts.
4. Assist in rolling over unused FSA funds to a Limited FSA.

PLAN MIGRATION RESULTS

By implementing the HDHP plan over the co-pay plan, Benefit Resource saw annualized premium savings of \$1,300 per person, while only increasing the deductible by \$1,000.

“The low premiums translated into immediate savings for employees,” said DiBarnaba. “An individual employee could select the HDHP with no incremental risk of out-of-pocket annually.”

With more money in their pockets, plan participants have more choice in how they receive and pay for their medical expenses. Lower up-front premium costs, paired with the ability to make proactive choices about their health plans, ultimately incentivized more people at our company to move to the HDHP option.



KEY TAKEAWAYS:

- + The percent increase in premium initially dropped and held steady in future years.
- + There was an initial split in FSA and HSA enrollment. As comfort and knowledge increased among employees, so did HSA enrollment.
- + Health plan options were progressively decreased until we achieved 100% enrollment in HDHP.

CONCLUSION

Simply switching insurance carriers or brokers isn't enough to drive HDHP adoption rates. Companies need to partner with a benefit administration agency to position health plans alongside pre-tax benefit accounts to make them attractive solutions for employees. We know first-hand how difficult it can be to make the transition, but we also know how to successfully accomplish it. Contact BRI to learn more about the advantages of working with an employee benefit administration agency to help with your company's transition to an HDHP.