



HAYS COMPANIES | CASE STUDY

Reducing Your Medical Plan Spend



CHALLENGES

Plan cost up

39.5%

2016 to 2018

Employer's cost up

82.3%

2016 to 2018

**Recruitment
& Retention**

increasingly difficult

Company Profile

Industry: Automotive

Employees: 1,000+

Locations: 7 dealerships in Dallas-Fort Worth and Houston

In an effort to reduce spend on its medical plan, this large automotive dealer made a drastic move to a Medicare cost plus strategy. This plan included no true insurance network and worked using back end negotiations for payment. In theory, it would greatly reduce the cost to the employer. However, over time, the employer's cost continued to creep up. The dealer also continued to increase deductible levels each year by \$1,000 and reached a \$6,000 deductible the year before Hays took over.

Not only were the plans getting worse, employees' contributions were increasing year-over-year by an average of 10%. Paired with the plan having no real insurance network, employees were constantly running into problems with the doctors and hospitals providing health care services. It was an administrative nightmare for the HR staff. When the hospitals would agree to provide services, members regularly had to deal with balance bills on the back end, sometimes leading to them being sent to collections and even some in court battles.



THE HAYS SOLUTION

Lower employee contributions & focus on addressing the company's large claimants

The ultimate breaking point came when an employee with cancer was scheduled for surgery to have a tumor removed. The day before the surgery, the hospital called and let him know that his surgery was canceled because his insurance did not have a network.

Hays began partnering with this automotive dealer in the summer of 2018 and approached health care with a different way of thinking, with a different cost-savings strategy, and a true national network.

Rather than shifting costs to their employees, Hays lowered employees' contributions and dropped their deductibles to \$1,000 the first year. After strong results in the first year, the deductible was dropped to \$900 in year two. Hays also focused on addressing the company's large claimants, those incurring over \$50,000 in claims. These large claimants made up just 8% of the population but represented 82% of paid claims.

Total plan costs down

-20%
2019 to 2021

Employee premiums

-21.7%

Lowered deductible by

\$5,100



THE RESULTS

\$2,170,000
in savings

for the years 2019 & 2020

Under this newly designed plan, employees had better access to care at substantially lower costs. The dealer's large claimants dropped from 19 to 9, lowering the large claim spend down by 43%. HR reported its best open enrollment ever. After the first year, costs decreased by over 15% and the employer saved over \$900,000. In 2020, the company was under budget by more than \$1,250,000, bringing its total savings with Hays to \$2,170,000 over a two year period.

Beyond the outstanding financial results, enrollment increased, the employees receive a better plan for a lower cost, employees are more compliant with prescriptions, hiring managers' challenges are reduced since a robust benefits plan is now in place, and across the company there has been a genuinely positive impact for all employees.

Company Cost Per Employee Per Month



Employee Deductible



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