



A power utility company's solution

Managing health care costs and creating a healthier work force

Client issue

Since the mid-nineties, a Fortune 500 national power utility company has been looking into ways to reduce their overhead costs. The company assembled an internal team with the primary goal to reduce costs while still maintaining a happy and productive work force. It didn't take long for the team to focus its efforts on the rising cost of health care, particularly since the utility industry is known for generous health benefits and years of service. An examination of their current benefit offerings revealed considerable similarity and overlap between the company's health plans.

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-A leadership team member

The team concluded that considerable cost savings could be achieved by implementation of a Consumer Driven Health Plan (CDHP). Specifically, the team felt that a High Deductible Health Plan (HDHP) that incorporated a Health Savings Account (HSA) would be a good fit with their corporate culture. "Our employees were already familiar with how the FSA and the 401(k) plans worked, HSAs just seemed to be the natural fit," expressed a senior official of the power utility.

Game Plan

During the first year, the company embarked on its mission to reduce health care costs by offering a High Deductible Health Care Plan (HDHP) with a BenefitWallet™ Health Savings Account (HSA) alongside three PPO options with varying deductibles. The company's main objectives for the HDHP/HSA plan offering were to:

- Reduce health care costs to the company
- Stabilize the rising cost of health care premiums to employees
- Realize a participation rate of 8 to 10 percent in the HDHP/HSA plan
- Create a healthier workforce

The company felt that it was equally important to change employees' health behaviors as it was to manage overall costs. "The only way to have significant effect on costs is to have behavior changes," expressed a leadership member.

HDHP/HSA Implementation

The utility company realized that in order for a successful launch of the HDHP/HSA to occur they would have to:

- Show the support of the new offering by upper management
- Provide robust communications to educate their members on the HDHP/HSA choice
- Create wellness programs that incented members to participate

The company held enrollment meetings to educate their employees on the new High Deductible Health Plan/HSA combination. The hour-long training sessions explained how the employee could benefit from the triple-tax savings of HSA, as well as highlighted the HSA's savings potential. The company partnered with an outside vendor to create a Cost Projector Tool that gave employees the ability to make side-by-side comparisons of how all the company-offered health plans stacked up against one another. One senior leadership member expressed, "The cost projector tool was a really beneficial tool in that it enabled members to take the blinders off and see the true cost of the different health care plans. In many cases, members could save a great deal by participating in the HDHP/HSA combination as opposed to the standard PPO."

Employees began to see the potential cost savings that the HDHP/HSA combination had to offer them. The High Deductible Health Plan was attractively priced, placing the original deductible amount close to the annual contribution limit.

The company initiative— to create a healthier employee by creating Wellness programs— focused on several key health factors, such as monitoring body mass index (BMI), blood pressure, cholesterol levels, and tobacco use. The company used cash incentives to entice members to participate in the Wellness Programs. Employees could receive hundreds of dollars paid out during the holidays if they participated in the programs. In addition to cash incentives in their paychecks, the company offered a generous contribution to the Health Savings Account. The company reports that 30% of their members earned the maximum wellness benefit.

"We wanted our employees to come to an understanding of health insurance closer to what they have with their car insurance. It was important for us to demonstrate that the employee has *skin in the game* too when it comes to drive the cost of health care."

-A leadership team member

Results

Since the inception of the High Deductible Health Plan/HSA combination, the company has experienced a stabilization of premium increases. The HDHP and Wellness programs worked so well that the company was able to avoid premium increases for over two years. Prior to implementing the plan, costs were split 70/30 between the company and employee with the company paying the majority of the cost. The company has now been able to decrease the employees' share of the health care cost to 25%.

A key figure at the company put it best when he said, "One of the keys of a successful implementation of the HDHP/HSA plan is that it needs to be supported from the top down. Whatever you do, this needs to be part of your corporate culture. The combined Wellness programs and HDHP/HSA plan has allowed us to instill in our employees that they can control their costs by actively managing their health issues.

For More Information

For more information about this project, or to learn more about BenefitWallet™, contact Travis Klavohn (770.916.4152 or travis.klavohn@xerox.com), or visit us at www.mybenefitwallet.com.

