

CASE STUDY

Assurance

Chicago, IL | St. Louis, MO

How Wellness, Communication and Employee Engagement Generated Savings and Boosted Productivity.

Even though we're an insurance brokerage, Assurance is not immune to the challenges and pressures other companies face when it comes to the rising cost of health insurance as an employee benefit. Not too long ago, this escalating expense was beginning to critically damage our bottom line. At that time, we developed a long-term strategy to control our own insurance costs and improve the health of our employees. Today, we've become our own best client and our success has been overwhelming. We're proud to model our approach and work with other companies to achieve similar results.



Situation

Employers across the country struggle with managing the cost of health insurance and creating a competitive employee benefits program. As a 250-employee insurance brokerage, we're no different. In 2004, our company's health insurance renewal costs went up 14.2% from the previous year, which were already well above the national average. Our per employee, per year medical costs was \$7,810 and by 2009, based on BlueCross BlueShield trend factors, this cost would be at \$12,771 (a 12.7% annual increase). Not to mention, overall medical claims and employee health were poor, which would undoubtedly lead to further increases.

As a company focused on continuous, profitable growth, we knew we needed to find a way to control these expenses, while still offering a competitive benefits package to attract talent. More importantly, we knew if we wanted to succeed in impacting and improving our client's employee benefits programs, we needed to set an example by becoming our own best client.

Solution

From 2004 - 2009, Assurance developed and implemented a strategy which would improve employee health and behavior to reduce healthcare costs and add value to our benefits offering. In order to develop a successful strategy, we first needed to create a measurable goal. We determined to achieve long-term success our yearly health insurance cost increase could be no more than 3% and eventually, we would need this figure to stabilize. The best way to achieve this was to move towards a partially self-funded program.

In order to become successfully partially self-funded and control costs, we would need to improve the healthy behaviors of our employees. This led us to offering a consumer-driven healthcare option so employees would be more in control of their health and healthcare costs. In addition, we knew wellness would be a large component of controlling costs.

Offering an HSA would reward healthy employees and increase longevity with our company as employee HSA balances grew over time. Incorporating a robust wellness program into our culture would improve employee health and productivity, and lower claims. Both created a competitive advantage for Assurance in the marketplace and would lead us to success.

By the end of 2009, we were looking to accomplish the following:

- Be partially self-funded for our health insurance
- **90%** employee participation in health risk assessments
- **75%** HSA enrollment
- **0%** health renewal increase
- Visibly see a return on investment from dollars spent on our wellness program

Getting employee buy-in and participation wouldn't happen overnight, so **we developed a 5-year plan**. Each year, we would need to implement programs and incentives to build upon one another and improve participation in wellness activities and the HSA. Clear and consistent communication from all levels of the organization would play a large role in achieving our goal.

Implementation

First, we introduced the HSA plan which offered a substantial company contribution as an incentive.

Prior to open enrollment, we developed a multiple touch communication campaign and focused a large portion of the meeting on HSA education. In addition, 6 bi-monthly wellness initiatives were incorporated as well as a health risk assessment with biometric screenings. This would help us find out where the risks in our population existed to head them off before they developed into large claims.

Then, we increased our PPO employee contribution while the HSA contribution remained the same. We ramped up our HSA communication through pre-enrollment education meetings and an in-house learning lunch. We increased the number of wellness programs based on the aggregate health risk assessment data we collected in the previous year. To incent employees to participate in the health assessment, we offered \$100 in cash and a chance to win a weekend trip.

With an additional increase to the employee PPO contribution the following year, the HSA plan was becoming more attractive. We improved our HSA communication even further by scheduling one-on-one meetings with individuals who were still on the PPO plan and revised our new hire meetings to focus more on the HSA product. On the wellness front we added an additional day for the health assessment and a \$250 incentive for those employees who participated and got their spouses to take the assessment as well.

As each year passed, more and more employees began jumping on the HSA bandwagon as they learned of its additional benefits. Some saw it as an opportunity to supplement their retirement savings and higher wage earners used the HSA as a way to reduce their taxable income. In our final year we formalized a wellness committee to manage company-wide events. With this additional support of the HSA and wellness program, it was perfect timing to move to a partially self-funded program.

Lessons Learned

Consistent communication and providing employees the tools they needed to educate themselves and improve their healthy behaviors lead Assurance to success. However, this undertaking wasn't an easy task. We had many successful endeavors and a number of failures throughout our implementation process. We learned:

- 1) Walking challenge competitions only work for 4 weeks at a time. Anything longer loses interest.
- 2) Wellness seminars peak more interest if lunch is provided or if they're offered free of charge.
- 3) Employees like cash! The first couple years we offered health risk assessments and gift cards. Once we started to give cash away, our participation sky rocketed!

2005

- » Introduced HSA plan
- » Focused on education
- » Added wellness programs
- » Health risk assessments & biometric screenings

2006

- » Held HSA pricing stable
- » Raised \$\$\$ for PPO plan
- » Continued education
- » Used assessment and screening feedback to tailor wellness
- » Incentivized assessment participation

2007

- » Held HSA pricing stable
- » Raised \$\$\$ for PPO plan again
- » Continued education/one-on-one meetings
- » Added another date for assessment
- » Incentivized employees to have their spouses take assessments

2008

- » Formalized wellness committee
- » Moved to a partially self-funded program

2009

- » Measure and evaluate

2012

- » Re-evaluate and measure

Results of 5 Year Plan

In our efforts to improve employee health and control escalating healthcare costs, the measurable return on our investment was a staggering **924%**.

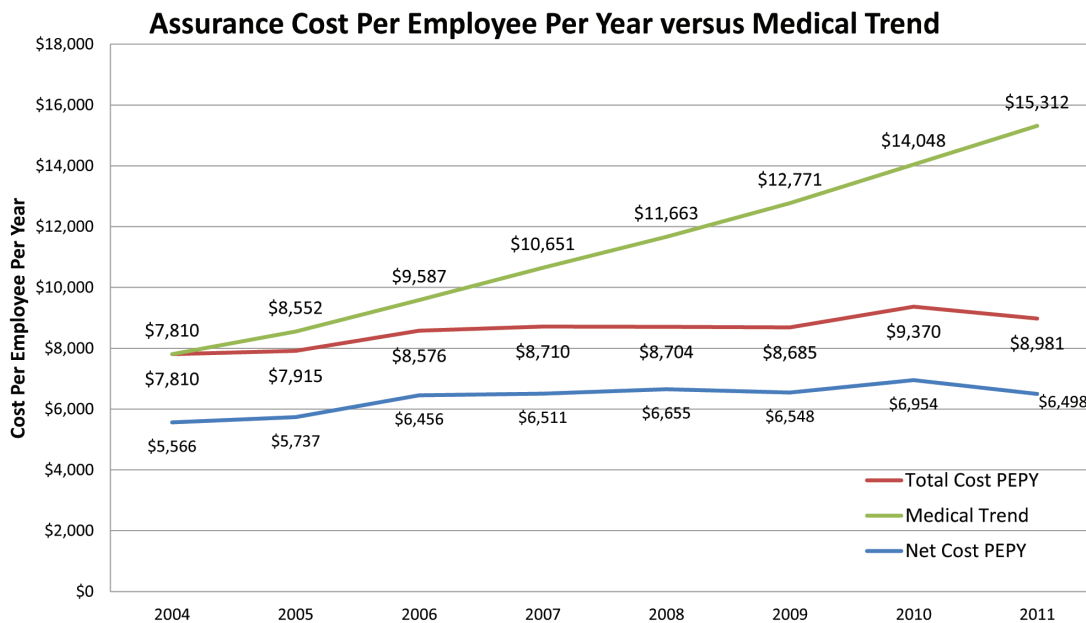
- In 2004, our medical cost per employee per year (PEPY) was \$7,810
- By 2009, our cost PEPY should have been \$12,771
- Our actual cost PEPY in 2009 was \$8,685

Based on our number of employees and the amount we beat the BlueCross BlueShield trend from years 2005–2009, the aggregate savings to Assurance was \$1,677,690. Over these years, our total spending on promoting wellness and consumerism was \$181,515. The ROI on this calculates at 9.24 to 1, or 924%.

The financial success of our 5 year strategy was secured through the following achievements:

- We successfully became partially self-funded
- Employee participation in health risk assessments rose from 30% in year one to 90% in year 5
- Enrollment in the HSA plan increased from 16% in year one to 86% in year 5
- Our health insurance renewal increase went from 14.2% in 2004 to gradually lowering and stabilizing at 1.5% over a 5 year period

Results through 2011 (7 Years of Data)



- BCBS puts the average increase of cost per employee per year since 2005 trending at **13.7%**
- Since 2005, Assurance’s cost per employee per year has trended at an increase of **2.1%**
- Wellness dollars spent by Assurance since 2005: **\$261,515**
- Trend cost saved since 2006: **\$2,676,350**; Wellness ROI – **10:1**
- Trend cost saved since 2004: **\$3,662,899**; Consumerism ROI – **14:1**
- Claims plus fixed costs per employee per year is remarkably flat and trending down; we expect 2012 will fall even below the 2004 amount