

Nester Insurance Inc.

ALTERNATIVE FUNDING YIELDS BIG SAVINGS



The Issue

A firm we had worked with for several years had expressed a concern that the cost of their employee benefits package was threatening the financial stability of their firm. With a little over 150 employees, their annual benefits cost was exceeding \$1.3 million and increasing at a rate of 8-15% each year. Even more concerning was that the benefits cost represented 32% of the company's operating revenue. They had contemplated making plan changes including an increase in deductibles, copays and co-insurance limits, but they cared about the well-being of their employees and felt compelled to keep a competitive level of benefits.



Our Solution

We took the approach that a change in funding options might accomplish their objectives with better financial results and minimal employee impact. After reviewing claims utilization data from their current insurance carrier, we explored a variety of different options and settled on a self-funded arrangement with a \$25,000 deductible. We presented our recommendation to the company and they agreed to move forward, choosing a plan design similar to the one they currently had in place but with a few minor tweaks designed to further control costs. We projected that not only should the new plan produce immediate savings, but it should also suppress the significant increases the company had been receiving each year.



Impact/Result

After one full year on the program, the company's total annual cost came in at \$957,455, which was not only \$350,000 less than they had spent the previous year, but also lower than our projections. With the 27% savings, they invested \$15,000 in a wellness program to yield a projected 8% in further savings. Needless to say, the client was satisfied with the results and the employees welcomed the addition of a wellness program!

We can explore funding alternatives and other creative strategies to help reduce cost of your company's employee benefits budget. Contact Nester Insurance Inc. now.

