

# Optimizing Contributions

---

## The Issue

During a meeting prior to their open enrollment last year, a mid-sized client lamented the continual medical plan premium increases each year. They came to us seeking a strategy to lower costs and gain control over their health care budget without reducing employee benefits.

## Our Solution

After reviewing enrollment statistics and employer/employee contribution levels for their three medical plan options, we recommended that this employer change their overall employee contribution strategy. As it stood presently, there was little incentive for employees to choose the lower priced plan since the cost difference was small among all three plans. We suggested that the employer pay 100% of the lowest premium plan while reducing the percentage of premium contributed towards the other two plans. We reasoned that by setting the contributions at the right levels, paying 100% of the lowest priced plan would save more money than paying a lower percentage of the higher priced plans. The goal was to drive as many employees to the lower priced plan as possible.

## Impact/Result

Optimizing the contribution strategy worked well to drive employees to the lower priced plan. During open enrollment, most employees were happy to have an option where they could in enroll in a health care program with no contribution required. 85% of the firm's employees opted into the lowest priced plan, saving the employer close to \$28,000!

Contact us to learn alternative strategies for reducing your company's health care budget!

**Bryan Nester, Nester Insurance Inc.**

(484) 390-5312 | [bnester@nesterinsurance.com](mailto:bnester@nesterinsurance.com)

  
**NESTER INSURANCE**  
Big Agency Solutions. Small Agency Attention.