



CASE STUDY

Helping Reduce Medical Plan Spend

The 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: Seven dealerships in Dallas-Fort Worth and Houston

In an effort to reduce spend on its medical plan, this large automotive dealer decided to move their medical plan 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 go up. The dealer also continued to increase deductible levels each year by \$1,000 and reached a \$6,000 deductible the year before the dealer began working with Brown & Brown Insurance.

Not only did their medical plan become less beneficial, 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 challenge for the Human Resources (HR) staff. When the hospitals would agree to provide services, members regularly had to balance bills on the back-end, which sometimes led them to be sent to collections and in some cases, court battles.

Company Cost Per Employee Per Month



Employee Deductible



The 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 the employee know the surgery was canceled because the insurance did not have a network.

Brown & Brown began providing guidance to this automotive dealer in the summer of 2018 and approached health care methodology with a different way of thinking, different cost-savings strategy and a true national network.

Rather than shifting costs to their employees, Brown & Brown lowered employees' contributions and dropped their deductibles to \$1,000 in the first year. After strong results in the first year, the deductible was dropped to \$900 in year two. Brown & Brown also focused on addressing the company's large claimants, those incurring more than \$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 by 43%. HR reported its best open enrollment ever. After the first year, costs decreased by more than 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 Brown & Brown to \$2,170,000 over a two-year period.

Beyond the outstanding financial results, enrollment increased, the employees received a better plan at 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 positive feedback from employees.



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving employee benefits program.



Find Your Solution at [BBrown.com](https://www.BBrown.com)

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