



Academic and Research Institution

2010 Case Study

Company Profile

A leading academic and research institution with over 4,000 domestic employees, two unions, 700 retirees, and 300 international faculty had health and welfare benefit costs exceeding \$40M per year.

Challenge

The University struggled with implementing change to digest medical inflation with no clear philosophy linking design, contributions, access or service. Their annual benefit costs were higher than peer group, and despite high costs, there was significant employee and retiree dissatisfaction.

Solution

Integrated Benefit Services (IBS) engaged on a dual track of a 5 year strategic plan to define and articulate the long-term benefit philosophy while concurrently initiating a detailed claim, plan design, pharmacy benefit and vendor analysis.

The process included monthly advisory committee meetings with senior members of the faculty, an employee benefit survey developed by IBS that achieved a 55% participation rate, and the development of a long term commitment by the University to improve service, access and choice while reducing volatility for employees.

IBS's recommendation included a comprehensive restructuring of benefits including new funding arrangements, new insurers and revised plan designs, outsourcing disability administration, redesigning employee contributions, new dental plans and vendors, and improved communications including online enrollment tools, detailed benefit guides and an enhanced benefit web portal.

Results

Over a period of two years, the employer implemented all recommendations, but only after a detailed due diligence and approval process that included multiple committees and constituencies within the University.

The results, 5 years later, reflect the quality of analysis, engagement and recommendations. Highlights include:

- 80% of population has lower contributions in 2011 than they did in 2006
- The University has had an average annual budget increase of 6%
- Benefits are richer than the average of their 33 University peer group (IBS prepared the benchmarking report)

The Benefits Department has transitioned from being perceived as underachieving to one of the most respected departments on campus. It is worth noting that in the first year, Integrated Benefits saved the client over a \$1M in premium per year through aggressive negotiations of existing contracts. Integrated Benefits replaced two global employee benefit firms that had previously been responsible for benefits.

As of 2010, Integrated Benefit's fees are approximately 35% less than the fees that the client had been paying to their prior consulting firms in 2006.