



2010-2011 Case Study

Global Information Technology Company

Company Profile

A Global Information Technology company providing technology solutions in more than 50 countries in IT services and Business Process Outsourcing (BPO) has enrolled plan participants which have fluctuated between 1,700 and 7,000.

- Philosophy was to offer a benefit package at the 50th percentile of the national average but at a cost 15% below national average
 - In 2011, the company challenged us to reduce their company budget by 10% from their 2010 budget

Challenge

This firm has been extremely active in acquisitions and divestitures. The company is managed as three separate businesses including Remittance and Document Processing and Outsourcing and Payment and Transaction Processing Software Development, and consulting including on-site outsourced IT support.

- Transitioning employees from acquisitions with rich financial services benefit programs to a less rich benefit program consistent with the outsourcing and administration industry
 - On boarding acquired employees
 - Assessing impact on budget
 - Establishing new plans as required
- Low tolerance for error or administrative problems
- Typical timelines are 60 days HR department of 2 employees supported by outsourced vendors

This was effectively a 20% reduction in benefit value after medical trend.

Solution

We created a plan design that met the needs of the client, but that was not available in the market. As a result of our role on Aetna's National Advisory Council, we approached Aetna with our request to pilot a program that included HRA based wellness funding initiatives to offset increased deductible exposure. We were successful in getting Aetna to pilot the plan, and we negotiated a 3 year rate commitment. The plan resulted in Aetna's highest ever percentage participation for online risk questionnaire completion as well as online wellness plan participation. Aetna has since deployed the program to other employers.

With a detailed planning process that included the CEO, CFO and Executive Directors from three

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business segments, Integrated Benefits lead the management team through a series of meetings and decision trees to narrow options by educating business leaders on the issues and preparing rational and predicted financial projections including identifying the impact on plans and the employee population. The process was initiated in January 2010 and final decisions were made in August of 2010.

Ultimately, the Company implemented our final recommendation which projected a 15% reduction in corporate costs as the result of the comprehensive benefit redesign. The recommendation included an impact analysis on the company both short and long term as the benefits transitioned from competitive to non-competitive for employees with dependents.

The criteria for success was defined primarily by achieving the 2011 budget requirements but also included improved communications from the past, a new outsourced administrative platform and ultimately a roll-out that did not disrupt their core business.

Our results for this client over the past decade speak for the quality of analysis, recommendations, as well as ability to articulate the recommendations in a brief, timely and concise manner for the executive team to absorb and endorse.

In 2010

- The costs were 19% below national average on a PEPY basis for a population older than average
- The Plan design and payroll contributions benchmarked favorably to average
- Funding remained fully-insured for several thousand employee population in a negotiated 3 year contract that IBS advised would be more favorable than self-funding
- The company achieved 85% participation in wellness plan that integrated with health plan design
- The company has over 90% participation in consumer driven health plan that has saved over \$5M
- The company has integrated over 10 separate acquisitions as well as 5 separate divestitures

In 2011

- A recommendation to achieve budget:
 - Consolidate 9 separate divisions benefit plans
 - Equalize employee contributions
 - Eliminate all plans but CDHP
 - Link wellness plan participation to employer HRA funding
 - Reduce employer dental and vision funding
 - Eliminate part time benefit eligibility