



Reducing Cost – Improving Health

**Growth Industry Manufacturer Illustration
Reducing Healthcare Spend & Risk**

Client Profile

- Nationally known favorable “brand name” with 10,000 geographic dispersed employees.
- High product demand & loyalty challenged by workforce shortages and intense competition.
- Average healthcare spend per employee at \$8,300, and increasing 6% per year.
- Extremely dissatisfied by inability to manage their health spend like their manufacturing.
- Production based compensation above industry averages in a competitive market.
- Other workforce challenges include turnover, worker skills and worker productive years.

Quantified Cost Improvement Priorities

A conservative analysis based on the experience of the Greenspire Health’s Network results in the reduction of first-year annual healthcare spend by \$1,915 (23.1%) per enrolled employee and by \$450 for employees not enrolled. Key components are:

Summary of insured employee:

A. Cut Healthcare Bureaucracy Pricing	\$760
Pharmaceuticals – Direct w/cooperative wholesalers	\$340
Hospitals & Imaging Centers “bluebook”/negotiated incentives	\$170
Reinsurance analyzed need to open market value	\$165
Incent employee knowledge & “lifestyle” behavior change	\$85
B. Personalized Enrollee Care Coordination & Management	\$685
Chronic care disease assessment, coaching, tracking & support	\$245
Prevention - Predicative analytics, incentives and care coaching	\$195
Replaced Wellness Program with improved Tax Credit Program	\$562
C. Access to Convenient, Best Practice Medical Services	\$230
Primary Care provider performance, integration & 24/7 availability	\$110
Dedicated Worker’s Compensation & “leave” management savings	\$120
D. Streamline Benefits Administrative Cost, Efficiency & Delivery	\$240
TPA cost, reliability, IT & customer service	\$160
ROI driven integrated program actionable data, services, and cost	<u>\$ 80</u>
TOTAL (23.1%↓)	<u>\$1,915</u>

Summary of non-insured employee:

A. Cut Healthcare Bureaucracy Pricing	\$340
Pharmaceuticals – Direct w/cooperative wholesalers	\$225
Hospitals & Imaging Centers “bluebook”/negotiated incentives	\$115
B. Access to convenient best practice Primary care	<u>\$110</u>
TOTAL (New)	<u>\$450</u>

Financial improvements within Year 1

1. Direct recruitment-retention cost decrease by approximately **30%**, **\$190,000 - \$210,000** annually.
2. Predictive analytics and prevention reduces workforce health risk by **14% -18%**, for continued lowered Company Risk, going forward.
3. Tax Credit driven Wellness services with incentives reduced Company FICA payable by \$456 per employee; **\$456 X 7,100 health benefit employees = \$3.24M FICA savings.**
4. Increasing employee engagement objectives for a **talent management competitive edge**; with programs **producing a 7% - 30% ROI**; dependent on company specific goals.

Total Year 1 Cost Reduction = \$12.9M (\$9.5M from health plan at 70% participation rate and \$3.2M from decreased Company FICA payable).

Financial improvements beyond Year 1

The following are key factors toward more sustainable savings:

1. Workforce utilization and alignment with new processes introduced in Year 1
 - a. Pharmacy services
 - b. Chronic disease coordination and management
 - c. Prevention services acceptance and compliance
 - d. Hospital and local retailer services discounted prices
2. Refine testing requirements that are age-adjusted to optimize prevention and early detection for additional savings.
3. Interdependence of healthcare cost and service enhancements through this workforce engagement approach increases **productivity (1 hrs. per month X \$28.10/hr. X 12 months X 7,100 employees (minimum) = \$2.4M.**

Healthcare program process cost & service improvements

1. Company employee communications, feedback and loyalty enhancement processes are supported and complemented per the approved Management Services Agreement.
2. Company is provided a customized report using THEIR preferred metrics: (Ex: healthcare spend, recruitment & retention, absentee & leave, engagement & satisfaction).
3. The enrollment process provided Employees sufficient time and on-site support for their benefit selections, understanding and input. Resulting in higher plan participation, savings and compliance levels.