



## Case Study: Auto Dealer Saves \$230K in First Year with Health Reimbursement Accounts

"In the first year of introducing health reimbursement accounts, one auto dealer saved \$230K without minimizing its health plan benefits. At the same time, it also reduced annual employee contribution levels up to 18% - a huge boost to employee morale."

### The Challenge

For its 2019 benefits plan year, an auto dealer with 130 employees on its health plan desired to keep the current medical benefits in place with the following goals:

- + Remain on a fully insured program with Blue Cross Blue Shield of Alabama (BCBS AL)
- + Maintain zero increase to member costs (premiums, deductibles, copays, drug costs, etc.)
- + And, if possible, reduce corporate and employee plan costs

Maintaining a rich medical plan was a strategic decision toward talent acquisition and retention, but was it wishful thinking?

### The Solution

Valent Group's data analytics team projected that if the dealer combined its current BCBS AL program with our proprietary health reimbursement account solution, our client could save between \$86,000 and \$261,000 in the first year alone, based on annual claims, while maintaining the exact same BCBS plan benefits.

These projections were calculated in comparison to expected total annual premium at renewal and far exceeded any savings potential if the dealer stayed as is, even with a rate reduction.

Ultimately, the revenue savings were so attractive that the dealer instituted the necessary changes to facilitate the plan.

Learn how your dealership can benefit from creative alternative funding solutions such as health reimbursement accounts.

Visit us today at

[valentgroup.com/dealers/auto](http://valentgroup.com/dealers/auto).

# Case Study: Auto Dealers Utilizing HRA

## Results

The results nearly exceeded projections. Within the first year, the dealer saved over \$230,000 in total medical costs, accounting for a nearly 20% total plan savings over projected renewal health plan arrangements. See Exhibit 1.

The dealer also chose to extend a portion of its savings to employees, reducing annual contribution levels up to 18%, depending upon the plan option, and was a huge boost to employee morale.

The savings the dealer realized from the reimbursement account were used to offset a small increase on the BCBS plan at renewal with additional plan savings projected into the future.

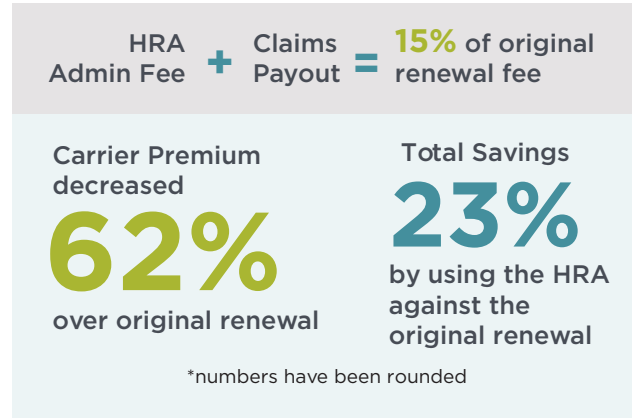


Exhibit 1

## How Do the Coverages Compare?

Coverages	High Deductible Plan	Low Deductible Plan
Physician Benefits	+	✓
Prescription Drug Benefits	+	✓
Expanded Psychiatric Services (EPS)	+	✓
Diagnostic Services	+	✓
Benefits for Other Covered Services	+	✓
Inpatient Hospital and Physician Benefits	-	✓
Outpatient Hospital Benefits	-	✓

+ benefits improved    ✓ benefits stayed the same  
 - change in deductible

Exhibit 2

## Implementation

All employees were moved to the carrier's high-deductible plan combined with Valent Group's reimbursement account.

- + Deductibles stayed the same for employees formerly on the low deductible plan.
- + Employees who were formerly on the high-deductible plan were upgraded to free diagnostics, improved doctor co-pays and lower drug and psychiatric co-pays. While their deductibles did increase, the plan improvements offset any negative reception. See Exhibit 2.

As with any change, there were minor shifts in both the dealer and employee experience:

- + The dealer now saves a required amount of reserves into a claims fund that is used for employees as needed.
- + Employees now carry a second insurance card to present to their medical providers at the time of appointment to maintain the same access and cost as before.

Valent Group supported implementation through a variety of communication efforts, including open enrollment meetings, educational handouts and other means to ensure that management and employees understood the program and were comfortable with the new process.

Ultimately, this cost savings mechanism has rewarded both the dealer and its employees.