



## Case Study: Dealer Averages 4% Premium Decrease Over 3 Years with Near-Site Clinic & HRAs

"One auto dealer moved from double-digit medical premium increases to double-digit medical decreases, after implementing a combined near-site clinic and secondary insurance option."

Learn how your dealership can implement a health and wellness clinic in your area or what secondary insurance options can help you reduce costs while improving benefit offerings.

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### The Challenge

An independently owned dealer group experienced annual healthcare cost increases averaging 10.7% over the course of the five years from 2013 through 2017. After consecutive double-digit increases, the dealer – and their 180 employees – was ready for an innovative approach to their healthcare experience whereby they could: (1) strengthen their offerings; (2) reduce costs and (3) retain their talent.

### The Solution

In 2017, the dealer group rolled out two key changes to their healthcare plan:

1. A zero-cost program for employees and their families for primary care and basic prescriptions services from a near-site, independent clinic
2. A secondary insurance option, called a health reimbursement account (HRA), allowing the dealer to enrich their medical and benefit plan while controlling costs

The clinic was a win for the employer as it provided a fixed cost that reduced primary care claims against the company's medical plan. It was a win for employees as it offered easy access, zero co-pays for visits, labs and select prescriptions, and immediate appointments with reduced waiting periods.

In addition, the company kept their Blue Cross Blue Shield of Alabama network while moving employees to a high-deductible health plan (HDHP) option paired with an HRA. This allowed

# Case Study: Savings Through Clinic and HRAs

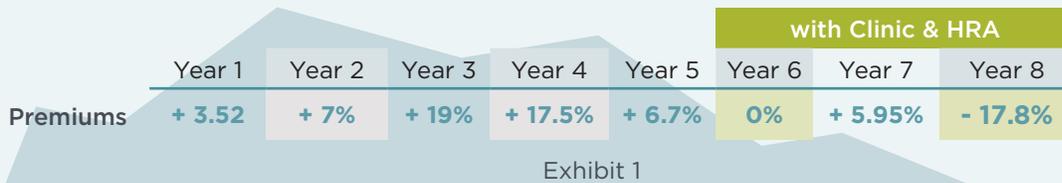
coverages to be improved while keeping costs low. Employees must use two insurance cards when paying at their non-clinic doctor visits, but their out-of-pocket expenses did not increase.

While some companies might consider only implementing the HRA—which can be a good strategy when claims are running well—combining the clinic and HRA together helped manage claims and produce an overall cost savings based on historical performance.

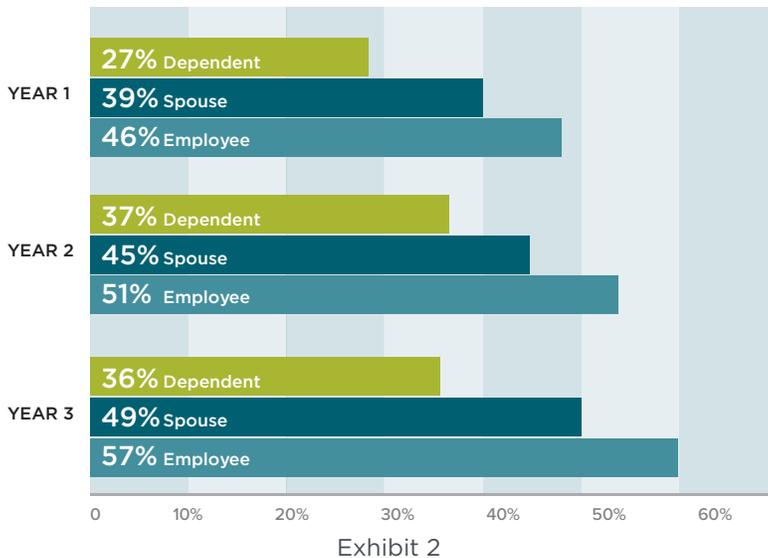
## Results

In the three years after the clinic and HRA were introduced, the results have been impressive.

**Premiums:** In 2020, the dealership received a healthcare premium decrease of nearly 18%, for an average annual decrease of 3.95% under the clinic/HRA program. See Exhibit 1.



## Clinic Participation



**Clinic Participation:** Clinic utilization has increased year-over-year, driven in large part by introducing the clinic as early as the employee prescreening process, when potential hires are referred to the clinic for drug testing, and recommunicating through onboarding, open enrollment and leadership testimonials. See Exhibit 2.

**Program Costs:** The annual cost of the clinic, around \$120,000, was offset in year one through the HRA program savings and maintained with the zero-premium increase in 2018 and average premium decrease. The clinic and HRA fees did not increase between 2017 and 2020.

**Cost Savings:** Under the traditional plan, any potential cost savings would have been reincorporated into standard carrier premiums. Yet under the new clinic/HRA program, real cost savings were retained by the company.

The program is now producing a rate of savings that any company, across any industry, would be pleased with receiving.