



Unbundled Health Plan Strategy Dramatically Enhances Benefits While Delivering Significant Cost Reduction

COMPANY Dry-Bulk Transportation Company Located in Central Pennsylvania
INDUSTRY Transportation throughout the U.S. and Canada
OVERVIEW 100 Eligible Employees with 68 Enrolled | Employees Contribute 20% of Premium
\$4,000 Individual and \$8,000 Family In-Network Deductible PPO Plan | Fully-Insured Plan
Total Annual Medical Spend \$750,000

CHALLENGE

Operating in a highly competitive industry, this company had always depended on a robust employee benefits program to attract and retain employees. However, their health insurance costs were out of control, forcing cost-shifting measures (increased employee contributions), as well as plan design changes (increased deductibles), that made the medical plan unattractive. Some employees were not seeking needed care because of the out-of-pocket financial burden placed on them.

SOLUTION

First Commonwealth implemented a multi-year strategy that included creative approaches designed to help gain control of its healthcare expenses. We delivered stability to the organization by creating direct claims data access to measure and manage usage and cost, reduced employee contributions and deductibles, and lowered the overall costs for the employer. With their new level of understanding, the organization is favorably positioned with a strategy for long-term cost control without the need to reduce the benefits or increase the employee cost.

Insurance products offered through First Commonwealth Insurance Agency, a licensed insurance affiliate of First Commonwealth Bank.



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RESULTS

At the end of the first year in the initial self-funded plan, the company realized more than 15% reduction of their healthcare and had a surplus of \$160,000 in their account. The company shared a portion of these savings with their employees in the form of reduced co-insurance, and they decreased deductibles from \$4,000 for individuals and \$8,000 for families to \$1,000 and \$2,000, respectively. The expectation is that, within three years, the employees will have no out-of-pocket cost for most medical care.

The benefits program that had always been such a critical part of this company's culture is now stronger and more attractive than ever before. And the benefits program, once again, has become an essential component of the company's employee recruitment and retention strategies.



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