

CAT Company counteracts Rising Health Care Costs without sacrificing Employee Coverage

JUNE 2011 A CASE STUDY

Industry:
Machinery

Business Challenge:

Care for employees; meet rising health care costs without sacrificing on employee coverage.

Solution:

ContinuousHealth's DA² Solution for dependent eligibility verification.

Results:

ContinuousHealth found 4.7% dependents ineligible for benefits coverage. By removing these dependents, the company identified a potential annual bottom-line savings of \$244,850.00 without sacrificing employee coverage. The project achieved maximum compliance with 99.0% of employees responding to the verification.

Business Challenge

A Caterpillar dealer in the Southeast knew it needed to combat health care inflation in 2011. With health care costs nationwide rising by 9%, the company needed to meet budget shortfalls somewhere in order to continue to provide rich benefits for employees. Since the company regarded highly its mission statement to create value for employees, and had for over 50 years, leadership recognized that other aspects of the benefits plan needed to be reviewed in order to minimize an increase in employee premiums.

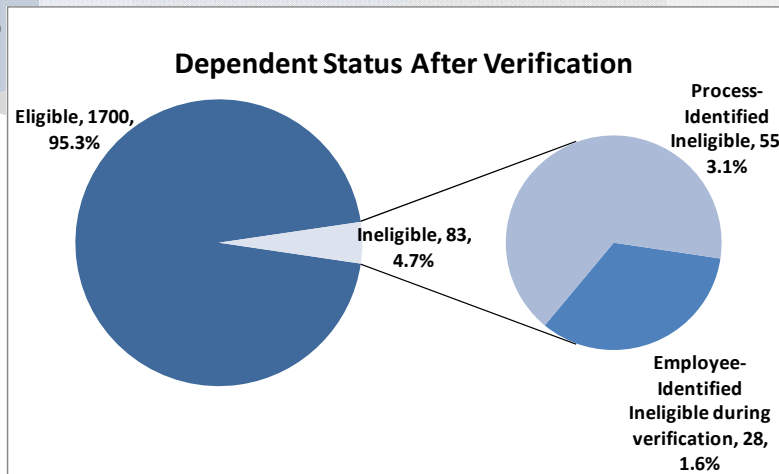
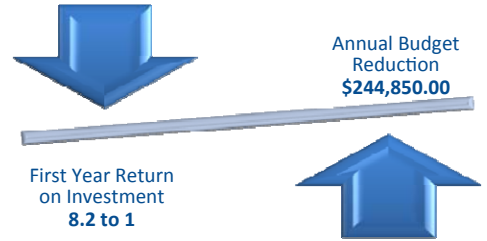
Solution

Upon research, the company's leadership realized the best way to decrease costs without changing coverage or increasing premiums was a dependent eligibility verification audit. They chose ContinuousHealth and the DA² solution, a project that was well recommended by similarly situation companies.

The DA² solution is a Dependent Eligibility Verification Audit that identifies ineligible dependents by educating and assisting employees. By taking the approach that one third of all ineligible dependents are due to lack of employees' knowledge about health insurance eligibility, ContinuousHealth cares for employees while shedding light on an exposure risk that regularly make up 5-12% of group plan participants. The employee-centric approach was a perfect fit for this company, whose leadership team view their employees as family.

For each project, a Consultant works with a dedicated Account Manager to customize documentation and the communication approach to best fit the tone and vernacular of the client. In conversations during the planning phase of the project, the Human Resources Manager advised the DA² team that their primary concern was how the project would affect employees. The leadership had heard horror stories about verification projects with other companies that disrupted business operations and stirred up substantial negative employee feedback.

Since ContinuousHealth is proud to be the industry leader in employee response rates, the Lead Consultant



This has been a great experience for me, and a pleasure working with my Account Manager and the rest of the DA² team.



Corporate Benefits Manager

Total Savings	
Active Dependents Reviewed	1,783
Total Ineligible Dependents	83
Average Annual Cost per Dependent	\$2,950.00
Current Projected Annual Savings	\$244,850.00

knew that the essential component would be positive communication with employees. Midway through the project, the DA² team checked in again with the Human Resources department to see how employees were reacting to the verification. The Human Resources manager noted, "We've heard some general complaints, but most people have said this is a great idea."

ContinuousHealth attributed the success to the customized communications and the turn-key processes. Employees submitted more than 4,500 documents and called the toll free number or visited the secure online portal 880 times.

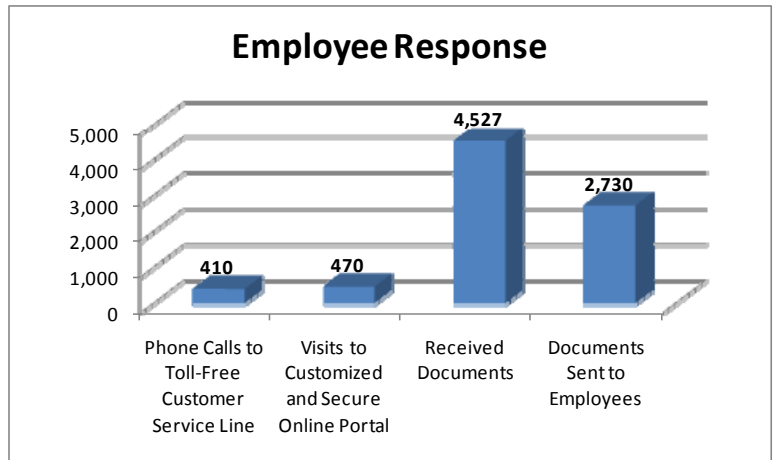
Results

The dependent eligibility verification project delivered on its promise to meet the company's goal to reduce costs without affecting coverage. Leadership saw an immediate 8.2 to 1 return on investment.

While the numbers of ineligible dependents fell lower than the national average, at just 4.7% ineligible, the project identified savings of nearly \$250,000.00 in the first year alone.

Using a unique marketing approach, ContinuousHealth averages a 97% response rate for its dependent eligibility verification projects. The verification effected a 99% response rate, far better than the leadership believed possible for the widespread employee body.

Overall, the ContinuousHealth DA² Solution maximized return on investment and employee response while reducing business disruption.





ContinuousHealth reduces healthcare costs by simplifying the increasingly complex choices in healthcare insurance. We integrate proprietary technology to create unique, turn-key applications that deliver immediate return on investment for employers and individuals.