

# Dependent Verification of Hospital Corporation yields 34:1 ROI

NOVEMBER 2010

A CASE STUDY



**Industry:**  
Healthcare

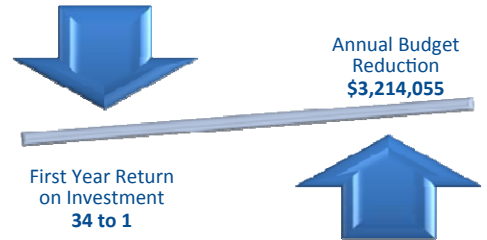
**Business Challenge:**  
Over \$30 million in annual spending represented by dependent health care benefits; Health Care Reform could potentially raise this by another 3%.

**Solution:**  
ContinuousHealth's DA<sup>2</sup> solution.

**Results:**  
ContinuousHealth found 10% ,or 985, dependents ineligible for benefits coverage. By removing these dependents, Vanguard Health Systems identified a potential annual bottom-line savings of more than \$3,000,000. The project achieved maximum compliance with 99.96% of employees responding to the verification.

## Business Challenge

With Health Care Reform looming before their 2011 plan renewal, Vanguard Health Systems knew that it needed to be proactive in identifying cost savings prior to the change. Vanguard's dependent coverage already represented nearly \$32 million in annual benefits plan spending. With the changes brought on by reform, an additional 3% increase in cost was forecasted. Analyzing this major budget line-item in search of efficiencies would enable Vanguard to be fully compliant with ERISA, as well as to remain true to their core values ("to invest in hospitals by providing resources... and to be devoted to the highest standard of compliance and ethics"). The bottom line challenge was to reduce benefits spending without reducing benefits coverage, and to do so with minimal business disruption.

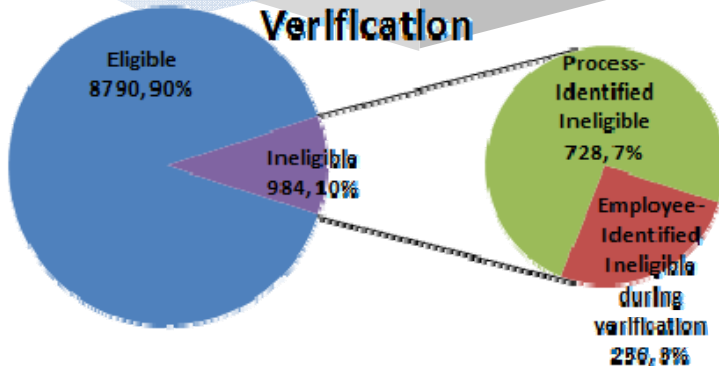


## Solution

Researching the best answer for Vanguard's challenge, Vanguard's leadership realized ContinuousHealth and the DA<sup>2</sup> solution would be the best fit because of the positive return on investment similarly situated companies had experienced.

The ContinuousHealth Dependent Audit (Phase 1) identifies ineligible dependents, which regularly make up 5-12% of group plan participants. The Dependent Alternative (Phase 2) offers a unique solution for dependents that are found ineligible during Phase 1 by providing them with assistance in finding affordable individual coverage; a soft landing that minimizes business disruption. A dependent verification project offered savings that would help offset the increased plan costs expected as a result of healthcare reform, without Vanguard having to change their plan or carrier. The ability to complete the project without a decrease in employee productivity was just the solution that Vanguard needed.

## Dependents by Status after Verification



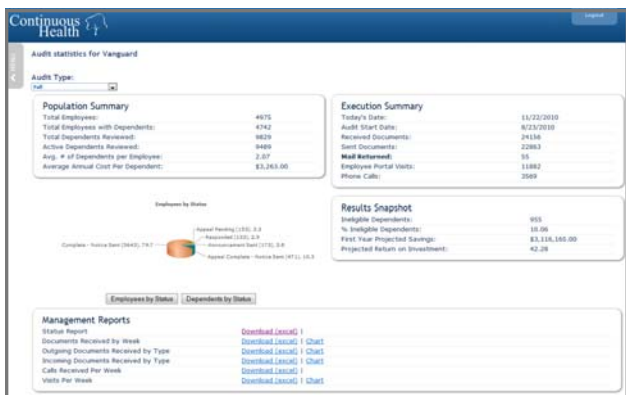
*"We have been very pleased with the process. I feel that I was kept well informed and that the project was successful... ContinuousHealth did such a good job bringing us up to date during the project that there were no surprises with the final results."*

*Lisa Whaley  
Director of Corporate HR Operations*



*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.*



ContinuousHealth's customized approach to each project was key in Vanguard's case. While preparing the project parameters, the DA<sup>2</sup> team learned that Vanguard viewed each of its health systems as partners, instead of separate business units. ContinuousHealth would, therefore, need to actively engage with each of the fourteen hospital HR departments to best serve the diverse climates.

Utilizing proprietary technology, the DA<sup>2</sup> team created secure portal logins for each HR department, allowing representatives to access verification information and stay apprised of individual employee statuses. Through the secure portal, the different HR teams could monitor the dynamic statistics of the verification, including a real-time "Projected Savings" view, which highlighted the growing value of the project.

Vanguard employees also had access to their own secure verification dashboard where they could see their specific verification requirements and upload information to complete the process. This feature was paramount to the success of the Vanguard verification, as evidenced by the volume of activity tracked by the website— employees logged in over 12,000 times and submitted nearly 25,000 documents over the course of the project.

### Results

ContinuousHealth's proprietary technology, paired with the project customization, paid off. Vanguard's leadership saw an immediate 34 to 1 return on investment, with over \$3 million in savings projected for the first year alone.

Vanguard Savings	
Total Ineligible Dependents	985
Average Annual Cost per Dependent	\$3,263
1st Year Projected Savings	\$3,214,055

Throughout the project, Vanguard and ContinuousHealth worked closely to deliver a customized solution. As a result of their access to the portal, the different HR teams were educated and informed about the particulars of the project on a real-time basis. This allowed them to communicate directly with employees in a timely manner, which in turn minimized operational disruption while maximizing compliance, as evidenced by the nearly 100% employee response to verification. All of this was achieved while realizing a large return on investment.

In the end, the ContinuousHealth DA<sup>2</sup> project left Vanguard better prepared, both fiscally and administratively, for the changes that Health Care Reform will bring in 2011.

### Employee Participation Statistics

