

# Health Insurance Reduction at a NonProfit



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## Project Summary and Successful Implementation of a \$444,751 Reduction in Employee Benefits Insurance Costs

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### Summary

**RateCraft utilized proprietary project methodology to reduce the NonProfit's Employee Benefits Insurance costs by \$444,751 in 2019.**

Savings were available with multiple alternative programs the client had never before seen as well as through negotiated rate improvements with their current program and broker.

### Introduction

The NonProfit has operations in the Pacific Northwest and provides healthcare services. They have over 500 employees enrolled in the Health Insurance plan with approximately 600 Full-Time employees in total. A majority of the employees select the lower-cost HMO plan while over 100 employees choose the higher-cost PPO. They purchase coverage through a large insurer in the Western U.S. and had moved to their broker two years before the project. **In addition to Health Insurance, RateCraft provided options and negotiated Dental Insurance for the group. Although the NonProfit did not intend to make any changes in 2019, they requested RateCraft find alternate options and negotiate their current plan for the best results possible.**

## Methodology

RateCraft utilized proprietary methods and intimate knowledge of the Health Insurance market to reduce insurance costs while providing as many options for the same level of coverage as possible. Multiple qualified brokers were sent the RFP, each with a curated list of insurers to access. **RateCraft’s benchmarking directed brokers and insurers to best-in-class target pricing and cost-reduction strategies for each line of coverage.**

## Findings

The NonProfit received a renewal increase from their insurer of only 0.44% after their broker negotiated the initial renewal. A range of options involving different networks, funding arrangements, and insurers were presented by multiple brokerages. RateCraft performed due diligence on each option to ensure they were a suitable fit for the NonProfit and made adjustments to maximize the value of each option. RateCraft provided a high-level report to summarize each option and recommend the programs with the highest value. The options that were presented are below:

**Summary of Options**

Plan Structure	Option	Total Annual Cost	Savings From Renewal	Note
Current HMO + PPO	N/A	\$3,851,126	Current	Current
<b>Renewal HMO + PPO</b>	<b>Renewal</b>	<b>\$3,868,071</b>	<b>Renewal</b>	<b>Renewal (+0.44% from Current)</b>
PPO+ HMO	1	\$3,245,258	\$622,813	Same Design, Alternate Broker
PPO+ HMO	2	\$3,304,050	\$564,021	Same Design, Alternate Network
PPO+ HMO	3	\$3,371,731	\$496,340	Similar Design, Alternate Network
PPO+ HMO	4	\$3,410,906	\$457,165	Similar Design, Alternate Broker
PPO+ HMO	5	\$3,799,200	\$68,871	Same Design, Alternate Network
PPO+ HMO	6	\$4,410,047	(\$541,976)	Same Broker, Alternate Network
PPO+ HMO	7	\$4,842,019	(\$973,948)	Same Broker, Alternate Network
PPO+ HMO	8	\$5,042,274	(\$1,174,203)	Same Broker, Alternate Network

The range of options above were procured from multiple brokers and insurers. The incumbent broker negotiated 3.0% from the original 3.44% renewal for a renewal of 0.44% as shown above.

## Conclusion

**The client had multiple options to choose from, with many Savings available.** The client chose to keep the same broker, insurer, and plan design and did not wish to make any changes to their plan whatsoever. **Although no alternative options were of interest to the client, RateCraft was able to leverage these options and negotiate with the current broker and carrier.** The final results of RateCraft's negotiation are below:

- **A Rate Pass (0% increase) for 2019 in lieu of the 3.44% renewal increase**
- **A 9.5% Rate Cap for the 2020 Renewal**
- **A one-month Premium Holiday in January 2019**
- **A 12.7% Reduction in the Dental Insurance rates**

### Summary of Final Premium and Savings

	Option	Total Annual Cost	Savings From Renewal
Current HMO + PPO	N/A	\$3,851,126	N/A
Original Renewal	Renewal	\$3,868,071	N/A
<b>Final Negotiated Premium</b>	<b>Final</b>	<b>\$3,485,060</b>	<b>\$383,011</b>
<b>Dental Savings</b>			<b>\$61,740</b>
<b>Final Total Savings</b>			<b>\$444,751</b>

The Premium Holiday was based on the January (first month of the plan) enrollment and was awarded in February of that year. The projected renewal in the next year was approximately 16%, but the insurer could not provide such a large increase due to RateCraft's negotiation for a Rate Cap.

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