

An Exchange Brings More Choice and Greater Value for the Benefits Buck

A New York-based 250-employee residential property manager

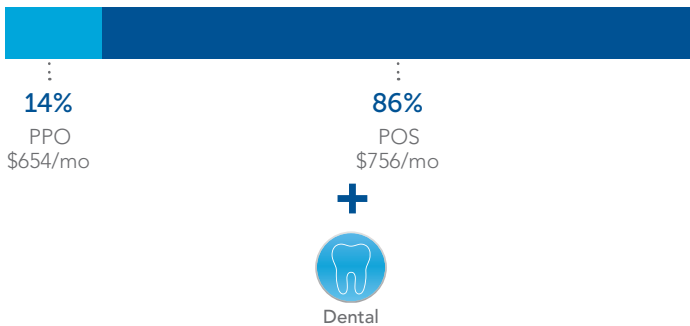
Why a private exchange was a good fit

The company wanted to offer more choice to their employees in an effort to better fit the wide spectrum of demographics their population represented. They chose a defined contribution model to simplify the way their contribution is delivered and communicated, increase price transparency and employee awareness, and create a sustainable strategy for controlling costs into the future.

More choice

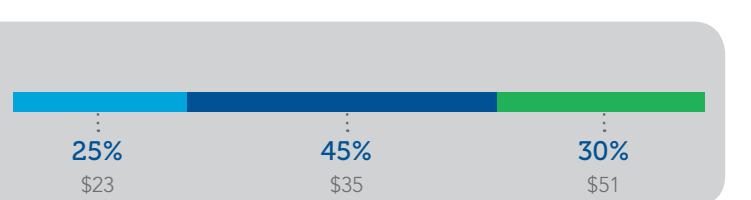
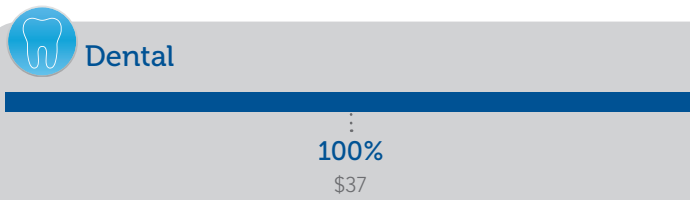
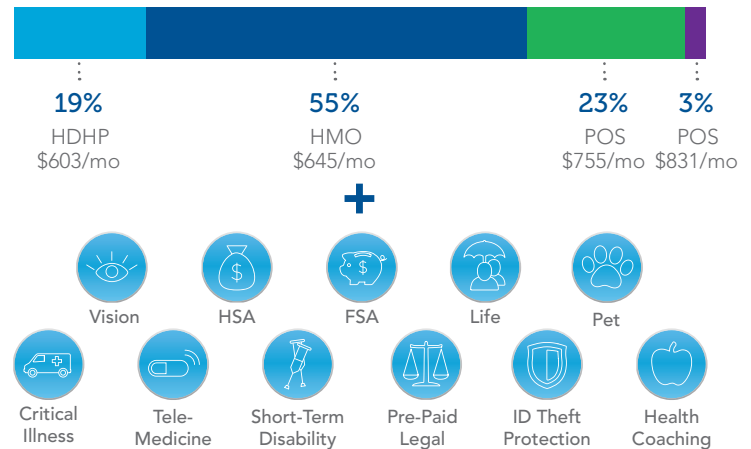
Prior to the Exchange (2014)

The company offered a choice of two Medical plans and one Dental plan. No High-Deductible Health Plans (HDHPs) were offered. **Eighty-six percent of employees favored one Medical plan.**



With the Exchange (2015)

Employees had a choice of four Medical plans including an HDHP, and a whole host of new ancillary plans.



With the Exchange, all four Medical plans were selected, with 74% of employees choosing plans that were cheaper than what was available to them the previous year. Additionally, 70% of employees bought a less expensive Dental plan than what was available previously. These "buy downs" resulted in a much wider redistribution of benefits choices with more employees taking advantage of the additional product offerings – including Critical Illness insurance (26%), Telemedicine (18%), Identity Theft Protection (14%) and Pet Insurance (11%) – to create their own unique portfolios.



Greater value for the benefits buck

Prior to the Exchange (2014)

Employer Premium Share

\$1.77M

With the Exchange (2015)

Employer Defined Contribution

\$1.95M

The company chose to provide this amount in defined contribution as it equaled what they would have spent had they accepted their renewal increase off the Exchange.

Employees got so much more out of this investment in the form of more benefits and more personally aligned protection. Additionally, employee cost share for Medical decreased from 21% to 14% as employees selected lower cost medical plans, putting 7% of premiums back in employees' pockets.



More choice + greater value = more happiness



- Switching to the Exchange allowed the company to offer a **complete benefits package** that fit the diverse needs of their employee population.
- The company's employees were able to enroll in the benefits that were right for them – and a **broader portfolio of insurance plans** protected them better against risk than just Medical and Dental alone.
- By using a **defined contribution** strategy, the company was able to set and control their future benefits costs, rather than absorb rate increases from their Medical carrier each year.
- Employees want to be in the driver's seat when it comes to their benefits and are **more engaged** with and understand their coverage when they are. And savvy employers see the benefit in that.

