

# An Exchange Brings More Variety and Controls Costs

**Company:** A 220-employee non-profit organization

## Why a Private Exchange was a Good Fit

The organization was looking to offer more choice and price transparency for employees, while controlling benefits costs into the future.

## Employees appreciate choice

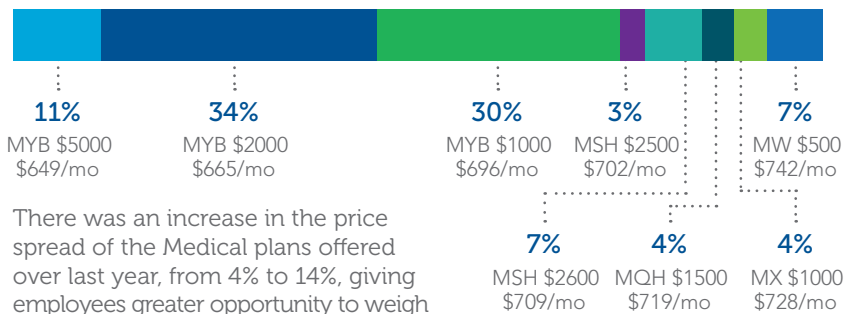
### Prior to the Exchange

The organization offered a choice of **two Medical plans and seven ancillary benefits**, including one Dental plan and one Vision plan.

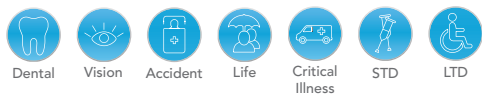


### With the Exchange

The organization offered a choice of **eight Medical plans and 13 ancillary benefits**, with new offerings including HSA, FSA, Prepaid Legal, ID Theft Protection, Telemedicine, and Pet Insurance. Three plan choices each were offered for Dental and Vision.



There was an increase in the price spread of the Medical plans offered over last year, from 4% to 14%, giving employees greater opportunity to weigh the cost tradeoffs of different plans.



Dental				Vision				Life & Disability
Before		After		Before		After		
100%	\$30	30%	\$18	100%	\$8	47%	\$6	<ul style="list-style-type: none"> <li>• Participation in STD increased from 10% to 41%</li> <li>• Participation in LTD increased from 6% to 35%</li> <li>• Voluntary Life participation increased by 30%+</li> </ul>
		29%	\$27	18%	\$8	35%	\$10	
		41%	\$33					

## What did employees choose?

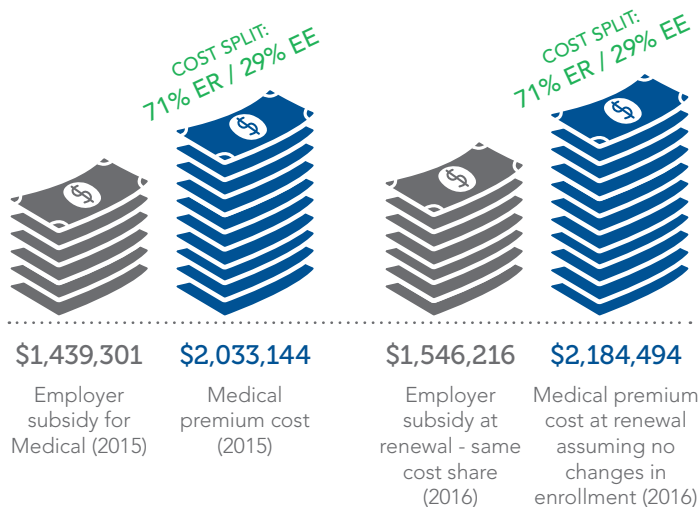
All eight of the Medical plans offered were selected. 75% of employees bought an equal cost or less expensive plan versus the previous year. With the money they saved, they were able to add more products to their portfolio. All seven new ancillary offerings were chosen and existing offerings of STD, LTD, and Voluntary Life saw participation increases between 29 – 35%.



## Both employers and employees got more for their benefits dollars

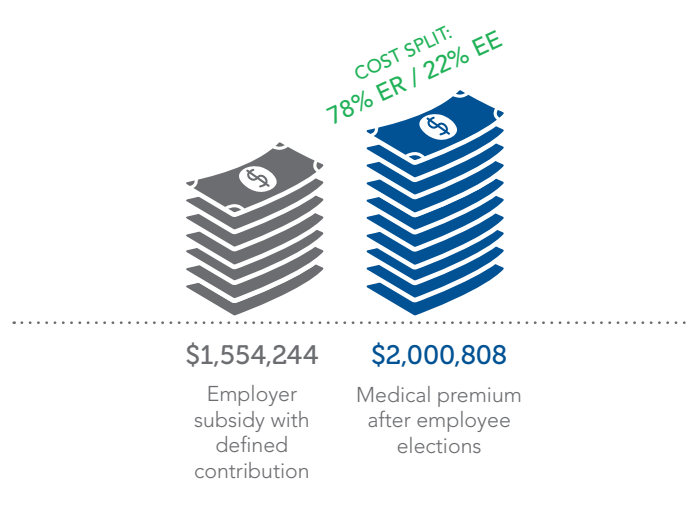
### Without the Exchange

The organization subsidized 71% of total Medical premium costs. At renewal, that would have equated to \$1.55M or \$616 per employee per month (PEPM).



### With the Exchange

The organization set the defined contribution amount to slightly more than their renewal premium share without the Exchange, equating to \$644 PEPM. But, the total Medical premium after employee selections was 1.6% less expensive than 2015, meaning the employer's contribution went further for employees, putting 7% of Medical premium cost back in their pockets.



## Benefits for employers as well as employees

By switching to a defined contribution strategy, the organization was able to set the amount they would pay toward their employees' benefits. By offering a wider range of plans, total Medical premium costs were less than what they were in 2015 without the Exchange.



- Employee elections generated a **decrease in total medical premium cost** of 1.6% versus the prior year, and 9.2% versus their anticipated renewal levels, pre-exchange.
- This funding strategy **created cost control for the organization** while offering more choice to employees.
- Plus, by looking at employee elections, the organization gained valuable **insight into how to evolve the benefits program** going forward, based on employee preferences for products.

