CASE STUDY:

Keystone Technologies

Educating Employees to Reduce Your Healthcare Expenses

Growing companies who increase the size of their workforce are rewarded with the benefits of increased productivity and more business opportunities. But more employees comes with a greater responsibility for employers to provide better employee benefits, without pushing their bottom lines.

It's a challenge that Keystone Technologies, a small but quickly growing company from Eureka, Missouri, was struggling to do, as its health care costs continued to grow with every new employee they hired.

The irony is that Keystone is a health care IT firm that provides cyber and computing solutions to hospitals, health systems, and senior-living communities. And even though they specialize in IT services that increase the efficiency and security of health care companies, they were struggling with how to properly manage their own health care benefits.

Keystone is an upsetting example of how all companies, even those working in the health care space, are victims of the inefficiencies and predatory practices of our dysfunctional health care system.

Under its incumbent plan, it was facing a 55% cost increase from its insurance provider and spending 62% above premiums collected (162% loss ratio). The incumbent plan's lack of transparency made it difficult to see where the money was going or what the costs would be, from year to year.

In my experience, these are the types of plans that disempower employers, make them feel helpless to combat rising

health care costs, and perpetuate profit-driven incentives in the health care industry.

But fortunately, Keystone is part of the growing number of employers who put their foot down and reject the status quo of low-quality, high-cost health benefits. It had a vision for a new health care plan: one where costs were lower, employee paychecks were higher, and access to health care services could be free.

Its determination to find a solution and keep the business alive led it to Health Rosetta advisor Adam Berkowitz, the founder and president of St. Louis, Missouri-based Simpara Benefits, who guided the company to achieving its dream for a better future.

Within one year, Berkowitz helped Keystone reduce spending by 10%, and by the second year with the new plan, spending dropped 25%. Yearly costs per employee were reduced from $12,000 (PEPY) to $9,441 (PEPY).

Berkowitz managed costs by switching Keystone over to a self-funded plan that incorporated a budget-friendly, maximum-funded plan, where Keystone pays for its maximum liability of claims costs on a monthly basis. Under this new plan, if covered claims are less than what the employer paid for, then the employer receives a refund for unused claim liability at the end of every year. And since changing plans, Keystone has a return worth $60,000, an average of $2,000 per employee per year.

If it had stayed with their old plan, Keystone was facing a 62% increase in premiums. It didn't know how to avoid the increase or where it was coming from. Luckily, Keystone had Berkowitz, a true problem solver who discovered that the old plan had Keystone overspending for health insurance. The company was squandering valuable resources with diminishing returns; and this plan was asking it to increase wasteful spending every year.

To combat the increase, Berkowitz unbundled Keystone's health plan, purchasing benefits from a variety of vendors. This increased vendor competition, thereby lowering prices, and improving price transparency for Keystone employees.

So instead of the predicted 62% increase, Berkowitz reduced spending by 40%, providing Keystone ample flexibility and leverage to grow their business without the burden of out-of-control health care costs.

Employees now have access to a plan that covers 100% of their health costs, which has allowed employees to take expensive medication at no cost to the employee. Their deductibles were cut in half, and single employees now pay an annual **$2,500** and families pay **$5,000** – a price well below the national average.

Improving Member Education

One of the most exceptional strategies that Berkowitz devised to keep health care costs down was educating employees and providing the resources so that they could make smart health care decisions for themselves. Having a good plan is only part of the battle.

Keystone improved workforce health and lowered its health care expenses by teaching employees how to make healthy lifestyle choices, how to find the best prices for medicine and services, and the importance of getting second opinions for treatments.

Employees now have access to tools that promote better health outcomes, like an online health care platform that guides users to make better health care choices.

And while I firmly believe that digital tools are *not* the *sole answer* to solving our health care problems, they are incredible supplements that complement a good health care plan by improving how plan members use their health benefits.

For Keystone employees, online health care tools helped them become more comfortable with shopping and increased their understanding of health care costs. These tools prompted employees to share their experiences with their peers (i.e. finding savings on prescriptions and getting low-cost or free procedures) and helped to bolster the idea that employees have the power and responsibility to be wise health care consumers and advocate for their own health.

Berkowitz's work with Keystone is an example of an advisor who took his duties to the next step, by helping individuals realize that they have control over their health care plan. Too many people think the other way around, and are left feeling trapped.

It's not enough to help create efficient health care plans for organizations. We need to empower employers and employees and give them the knowledge and tools to understand their benefits so that they have the power to seek out the best care and say "no" to plans and providers that don't meet their standards.