CASE STUDY:

Copper State Bolt & Nut Company

Advisor Organization:	**Wincline**
Headquarters:	**Phoenix, AZ**
Industry:	**Manufacturing**
Sector:	**Private**
Client Size:	**500+ Employees**
Employees On Plan:	**313**
Total Lives On Plan	**586**
Plan funding:	**Self-funded**
Case Study:	**1/1/2017 - 12/31/2019**

Key Takeaways

1. Reduced health care spending from $500+ (PEPM) in 2017 to under $300 (PEPM) in 2019.
2. Achieved a 40% savings in just two years. Over $1.3 million annually
3. Employee's pay $0 (deductible waived) when seeking second opinion

Testimonial

"Without Wincline's involvement, I have no doubt that an employee would have unnecessarily had his colon removed if the plan did not require a qualified second opinion. This saved the employee from unnecessary life-changing surgery and improved the quality of his life. Instead, he received another recommended surgery all for 9% of what would have been paid in years past

saving the employee and plan hundreds of thousands of dollars. Now, Copper State gets a capable, loyal and productive employee who appreciates what was done for him."

Sam Tiffany, Human Resources Manager,
Copper State Bolt & Nut Co.

"What I like about Wincline is their commitment to end the dirty data, provide complete transparency, and the belief they can transform health care."

Sarah Shannon, President,
Copper State Bolt & Nut Co.

Client Background

Copper State Nut & Bolt was combating rising health care costs on a carrier-based partially self-funded plan. Previously they didn't have any strategy to handle the rising health care costs and were simply reacting and accepting the renewal rate increases year after year. In 2017, Copper State Nut & Bolt was facing a 30% rate increase from their incumbent carrier when Health Rosetta Advisor John Harvey, and his firm Wincline, took over. To combat rising costs it had three main goals: 1) cut unnecessary health care costs, 2) reduce employee cost, and 3) reduce unnecessary waste and misaligned incentives in the plan.

Copper State Nut & Bolt is a manufacturer based out of Phoenix, AZ with over 30 locations across the US. They are a specialty manufacturer that provides an array of products to the industrial, manufacturing and construction industries. Prior to changing plans, Copper State was overspending on health care while the old-line carrier was unnecessarily profiting from Copper State's health plan through misaligned incentives and excessive hidden fees.

Advisor Background

John founded Wincline in June 2016 with over a decade of experience in sales and the employee benefits industry. He did so with a simple mission: To change the way employers experience health care by eliminating the greed and inefficiency in the benefits industry.

As a fee-only, independent employee benefits advisor, John specializes in working with his clients to navigate cost-saving, higher quality benefit solutions. He strives to first understand the company's business, and only then designs innovative benefits plans to align with their corporate objectives.

John leads his team with a broad base of specialties including employee communications, benefits technology, plan design analysis, and consumer-driven health plans. He's been in this industry long enough to know what works and what doesn't. As such, he's highly effective at cutting through the nonsense and uncovering waste, fraud, and mismanagement in the health care industry.

Approach

Copper State Bolt & Nut was continuing to face year over year of rising health care costs without a strategy to manage their health plan. In 2017, Copper State Bolt & Nut partnered with Wincline, a fee only advisory firm that aligned with their interests, to create a proactive healthcare strategy to reduce costs, remove excess waste in the plan and improve overall benefits for the employees.

Through active plan management and aligned interests, Copper State Bolt & Nut was able to identify that their existing partially self-funded plan was being mismanaged and root out waste that was increasing the profits of the carrier. John Harvey helped Copper State Bolt & Nut by guiding them through a two-year process moving off a Cigna self-funded bundled plan an

onto a transparent open-network approach leveraging reference based reimbursement and direct contracts.

This transition to Copper State Bolt & Nut reducing year over year costs and gaining control of their health care expenses did not come without its surprises and challenges. First, in 2017 Wincline helped Copper State Bolt & Nut transition from a paid stop-loss contract to an incurred stop-loss contract providing the necessary risk management to protect the plan and it's employees. In addition, Wincline identified nearly $100k in outstanding stop-loss reimbursements that the old carrier failed to issue back to the plan.

Further investigation found that the incumbent plan was paying a large portion of carrier fees through claims portion of the medical plan, which is often how carriers include hidden and unscrutinized fees. One of these fees was a "Medical Shared Savings Fee" that charged Copper State Bolt & Nut 3% (not to exceed $3,000 per claim) of the provider's billed charges for each individual in-network claim. Putting administrative fees inside the medical plan and claims reimbursement is a practice that carriers leverage to reduce their fixed administrative fees in order to appear competitive with other carriers. Wincline was able to advise Copper State Bolt & Nut by identifying and separating all the fixed fees from the medical plan so that Copper State Bolt & Nut had a clearer picture of the excessive administrative fees.

Also, Copper State Bolt & Nut discovered that it's old carrier-administrator was applying their use of in-network benefits to out-of-network providers to increase their "cost containment fees" but were not administering the plan correctly as they were outlined in the plan documents. Copper State Bolt & Nut plan documents expressed clearly that there were no out-of network benefits on the plan. However the old carrier was using their network adequacy program that gave them authorization to use in-network benefits to out-of-network providers that boosted the carrier's own so-called "cost containment" fees.

In addition, after identifying waste, hidden fees and blatant mismanagement, Wincline helped Copper State Bolt & Nut partner with an independent TPA, execute an independent stop-loss contract, and leverage a transparent open network with reference based reimbursement to reduce the overall health plan costs. This approach was the main driver Copper State Bolt & Nut leveraged to reduce its health care spending by 40%, or $1.3 million annually, compared to their incumbent carrier plan.

To help plan members and employees take advantage of their new health plan, Wincline created the Member Champion role to address employee questions, navigate members and drive members through optimal care pathways (second opinions, primary care, physical therapy, musculoskeletal surgeries, and more). The new member champion position was key to assisting members through the complex health care system to getting optimal high value care. In addition to engaging members and creating a member champion position, Copper State Nut & Bolt required second opinions for surgeries to ensure the member was getting the best care possible. Plus, if a member sought a second opinion and still needed surgery, there would be no cost to the member and deductible would be waived. This made the smart choice the easy choice.

Top-Level Results

Two years after partnering with an independent, fee-only advisor firm, Wincline, helped Copper State Bolt & Nut reduce health plan costs by 40%, a savings of $1.3 million annually.

It's per employee per month (PEPM) went down significantly from $500+ PEPM to under $300 PEPM allowing Copper State Bolt & Nut to reinvest these savings into improving overall employee benefits.

Through active plan management, a new member champion position and smart care pathways, Copper State Bolt & Nut was able to provide superior health care and benefits to its members and completely waive deductibles and all costs for

members when pursuing the high-value care pathway. In addition to employees saving money it saved a lot of unnecessary care and improved employees overall experience in their health care journey. The employer is now able to reinvest those savings back into providing better benefits for their employees over the long term.