



CASE STUDY

MINIMIZING RISING PREMIUMS

Highly-Specialized Medical Firm Works with BenefitDeck to Minimize Rising Premiums



The Renewal Challenge

Our client, a specialist in a highly-technical medical field, received their annual rate renewal from the insurance provider with an increase of 42% over the previous year.



Our Assessment

After taking a closer look and conducting our own assessment, we determined that the increase was due to a 100% growth in the amount of claims submitted over what the insurer collected in premium. Essentially, the plan was so successful amongst employees that the claim submissions doubled in that one-year. While this is a positive reflection of the plans' value as an employee perk and a fair increase on behalf of the insurer, it would still significantly impact our client's employee benefits budget.



The Negotiations Round

Before going to back to the client, our team was able to leverage the direct relationship with the insurer to initially lower the rate increase to 32%, and then re-negotiated a final increase of 24%. This provided an 18% savings to our client on the renewal.



Asking the Right Questions

When we presented this information to our client, management still had concerns. We suggested options such as employee-cost sharing, but also wanted to make sure that they understood how this type of strategy could impact their ability to recruit top talent. In a highly specialized medical field where talent was limited, the benefits plan was an additional incentive to support their recruitment efforts. The question to ask was: what is the industry norm?



Why We Didn't Shop Around

An initial reaction in this case might be to look for competing bids from other insurance providers. While we want to keep our clients happy, this strategy is not always in their best interest. A company might be able to get another policy from a different insurer, but the claims history will eventually lead the company back to the same problem.



The Result

After conducting a competitive benchmark assessment, we showed our client that competitors offered employees similar packages. Having this knowledge reassured them that the increase was justified and that the plan's success supported its core values as an employee-focused industry leader. In the end, our client saved 18% upon renewal, and some valuable time.

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