

Workers Credit Union

\$1.2 Million Employee Benefit Savings

29% Cost Reduction

Workers Credit Union

A Massachusetts credit union with 334 employees wanted to reduce their high cost, employee health insurance without reducing the level of benefits offered.

Challenges

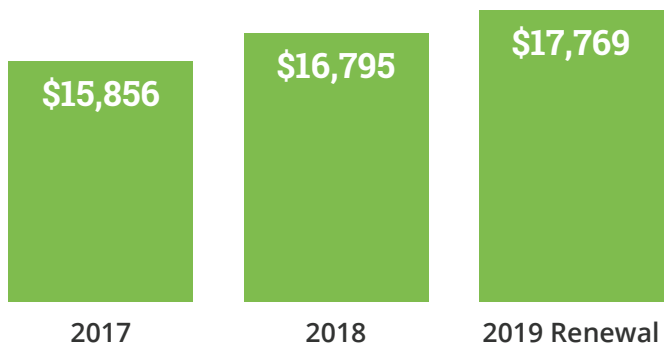
In 2018, the credit union paid \$16,795 per employee for group medical insurance. They received a 2019 renewal increase of 5.4%, or a new annual cost of \$17,769 per employee. The cost had increased every year for the past several plan years. The executive team was at a crossroad; they needed to begin cutting benefits or find a way to reduce their third largest expense. In an effort to cut cost and enhance cash flow to the credit union, the management team decided to hire CU Benefits Alliance as their employee benefits consultant. The credit union wanted to use their existing insurance provider network and minimize any impact to human resources and its employees. As a result, solutions needed to consider the impact on existing carrier relationships, employee processes, and acknowledge that the human resources department had a number of program initiatives underway. The credit union's goal was to reduce their 2019 annual renewal quoted cost by at least 10%, or \$400,000.



\$5,335 SAVED

PER EMPLOYEE PER YEAR

Annual Cost Per Employee for Medical/Rx Coverage Before Joining CU Benefits Alliance



Process

CU Benefits Alliance conducted a high-level feasibility study to determine if the objectives could be met. Working closely with the CFO and human resource team, CU Benefits Alliance built a benefits program that allowed the credit union to remove much of the overspending that happens in health plans. Most employers pay for healthcare in advance (in the form of insurance premiums), meaning they often pay for insurance and healthcare they do not use. The new CU Benefits Alliance strategy allowed the credit union to only pay for the healthcare their employees use.

CU Benefits Alliance Solution

After determining the credit union needed to change how they funded their group healthcare coverage, CU Benefits Alliance implemented their CU Healthcare Coalition program which enables a credit union to take advantage of next generation benefit strategies, in collaboration with other credit unions nationally. The CU Healthcare Coalition model has reduced healthcare cost by over \$10 million, cumulatively, in the past five years for dozens of credit unions. Additionally, CU Benefits Alliance negotiated program savings that could be passed on to employees, meaning less money coming out of their check each month to cover their family.

Results

The resulting savings were over \$1.2 million in 2019. CU Benefits Alliance was able to reduce the annual cost per employee from \$17,769 to \$12,434...a 29% decrease! The credit union has been able to maintain the same operational and claims processes for human resources and employees, but with improved funding and information flow resulting from the newly introduced CU Healthcare Coalition strategy.

Actual 2019 Annual Cost After Joining CU Benefits Alliance

\$4,236,400

2019 Renewal

\$3,005,329

2019 Actual

“After many years of double digit increases on our employee medical plan, CU Benefits Alliance delivered a 29% drop in the first year. They far exceeded our expectation and completely changed our mindset about the cost dynamics of this important benefit for our employees.”

Timothy Smith, CFO
Workers Credit Union