

# What Is the Credit Union Benefits Alliance?

There is a growing movement of credit unions strategically aligning to leverage their uniquely favorable risk profiles to lower healthcare costs while expanding employee benefits.



# Employee benefits are inextricably linked to the credit union movement

As member-owned financial cooperatives prioritizing service and community, credit unions foster a culture of excellence, integrity, and mutual support. And credit union employees are the backbone of this effort. After all, investing in your employees' well-being is essential to bring your credit union's mission and values to life.

Offering employee benefits that align with your credit union's goals helps to attract and retain top talent, ensuring your members receive the best possible service. In addition, the quality of your employee benefits program demonstrates your credit union's commitment to the welfare of your employees and their families.

However, employee benefits are a significant cost driver for all employers, often ranking among the top three expenses. Therefore, balancing the strategic importance of attracting and retaining talent with your credit union's financial realities requires careful planning and cost-effective solutions.

Leading credit unions recognize this imperative and, as a result, a growing movement is underway. Credit unions are banding together to capitalize on their uniquely advantageous risk profile to achieve lower costs while still offering a robust and competitive benefits package.



We were able to **REDUCE** the out-of-pocket costs for employees by **30%** and give them access to the largest hospital network in our area.



## MARY BETH SPUCK

CEO of Resource One Credit Union,  
an Alliance member credit union



**2 OUT OF 3  
EMPLOYEES**

say their benefits package makes them more likely to remain with their current employer.<sup>1</sup>

<sup>1</sup> LIMRA. 2022 BEAT Study: Benefits and Employee Attitude Tracker. <https://www.limra.com/en/newsroom/industry-trends/2022/employee-benefits-influence-worker-satisfaction-but-lack-of-awareness-could-undermine-their-impact/>

# The reason most credit unions are overpaying for employee benefits



Credit unions have a distinct opportunity to pay lower healthcare costs — but most are not taking advantage of it. Alliance data show the credit union national average cost for non-Alliance credit unions is nearly identical to the national average<sup>2</sup> at \$9,050 per employee, per year (PEPY). However, Alliance members on average save 27% or more on health plan premiums. So, if your credit union pays more than \$6,650 PEPY, you're likely overpaying.

The average age of a credit union employee is younger than 40.<sup>3</sup> It's one reason credit unions' annual medical claims are nearly a quarter below other industries. Additionally, a credit union employee working in a relatively low-risk office environment is much less likely to suffer from a workplace injury or illness than someone in, say, the construction or manufacturing industries.

<sup>2</sup> Kaiser Family Foundation. 2022 Employer Health Benefits Survey. <https://www.kff.org/report-section/ehbs-2022-section-1-cost-of-health-insurance/>

<sup>3</sup> CU Benefits Alliance internal data.

# How much is your credit union overpaying?

So how do credit unions end up paying the same costs or more as employers in higher-risk industries? Well, if your health insurance company has your organization's employees in the same risk pool as older groups, heavy machinery operators, and other higher-risk employees, you lose these advantages. Translation: Your credit union is likely paying a much higher cost for its benefits than necessary.

The good news is your credit union doesn't have to subsidize the costs of other higher-risk groups. Instead, there is a way for credit unions like yours to band together to create a much lower-risk pool and, in the process, significantly drive down costs. It's already happening, and it's called the Credit Union Benefits Alliance (The Alliance).



Non-Alliance credit unions spend **more than \$9,050 per employee**, per year (PEPY).



Alliance members on average **SAVE 27% OR MORE** on healthcare expenses.



Paying more than **\$6,650** PEPY? You're likely **OVERPAYING**.

# What if credit unions could band together to drive down costs?



The Credit Union Benefits Alliance allows credit unions to capitalize on their favorable risk pool to generate extensive employee benefit savings. Alliance credit unions band together to leverage their lower risk to reduce premiums, deductibles, and co-pays while raising the quality of benefits for their employees.

In addition, The Alliance offers other resources and services – such as access to premium pharmacy benefit managers, wellness programs, and administrative support – to help its credit unions manage employee benefits more effectively and maximize benefits as much as possible to reinforce the unique worth employee benefits have in the credit union value proposition.

With more than 5,000 employees already in its shared risk pool, The Alliance represents many credit unions across the country. Additionally, as the only credit union-exclusive alliance in the U.S., credit unions that join The Alliance benefit from the collective expertise and credit-union-specific resources of the group while also reducing the costs and burden of managing their own benefits programs.

# Benefits of The Alliance

## Control

Member credit unions have more control to create a plan that aligns with their values.

## Transparency

Greater insight into claims data so credits can customize a plan that meets employee needs.



## Lower Costs

Alliance members save an average of \$225K for every 100 employees.

## Superior Service Model

The CU Benefits Alliance team provides ongoing support and education throughout the year, not just during enrollment season.

# How does the Credit Union Benefits Alliance work?

Alliance member credit unions have the opportunity to join an elite group of peer credit unions in a proprietary program called the CU Healthcare Coalition. Credit unions in the Coalition consistently enjoy 23% lower medical claims than other employers.<sup>4</sup> Capitalizing on the predictability of those claims, The Alliance rates and charges its members appropriately — and financially rewards them through lower premiums.

Because its members are in control, The Alliance's participating credit unions pool funds to support claims payments. As a result, each participating employer enjoys the predictability of knowing it is only responsible for claims up to a predetermined ceiling representing its maximum cost threshold. The shared risk pool of The Alliance as a whole is then responsible for the next layer of coverage through annual premium payments. Finally, stop-loss insurance covers any substantial claims above The Alliance's annual shared risk maximum.

The best part is any premiums not used within a plan year are returned to participating credit unions! In fact, for the second consecutive year, members of The Alliance recently received a rebate of more than \$1 million in unused plan year premium costs. In contrast, most credit unions produce about 25% in wasteful employee benefit spending each year that they can't get back. That's \$225,000 lost for a group of 100 employees.<sup>5</sup>

Further, The Alliance owns its health plan data. Such complete data transparency gives its members full access to claims trends that allow each credit union to create the benefit structure that best meets its employees' needs.

Put simply, while other credit unions are left in the dark on the origins and distribution of their healthcare costs year after year, Alliance-member credit unions have more transparency, control, and predictability to ensure their plans are always operating in the best interests of the members, their employees, and their families.

<sup>4</sup> Data collected from Alliance-member credit unions.

<sup>5</sup> Data collected from Alliance-member credit unions.





I estimate that our Credit Union has **SAVED over \$1 million** in employee benefits cost since joining The Alliance.



## KEVIN COLE

President/CEO Mid Oregon Credit Union, an Alliance-member Credit Union



# Why credit unions don't want to lose the Alliance advantage

Once a credit union enters The Alliance, they typically stay in The Alliance. As a key advantage of Alliance membership, credit unions receive expert consulting services to help build a multi-year strategic plan for their employee benefits program. It's a stark contrast to more transaction-oriented brokers who tend to favor the status quo, resulting in an annual merry-go-round of rate increases without any underlying strategy to improve your health plan's performance and employee outcomes.

With a long-term strategic plan, credit unions can better manage their benefits program over time, reducing costs and improving employee outcomes yearly.

Another advantage of being in The Alliance is access to the highest quality benefits and superior service. This can be especially important for plan members with complex medical needs. For example, The Alliance often facilitates access to specialized treatments or therapies unavailable through other plans, helping your employees receive the best care they need to manage their health.

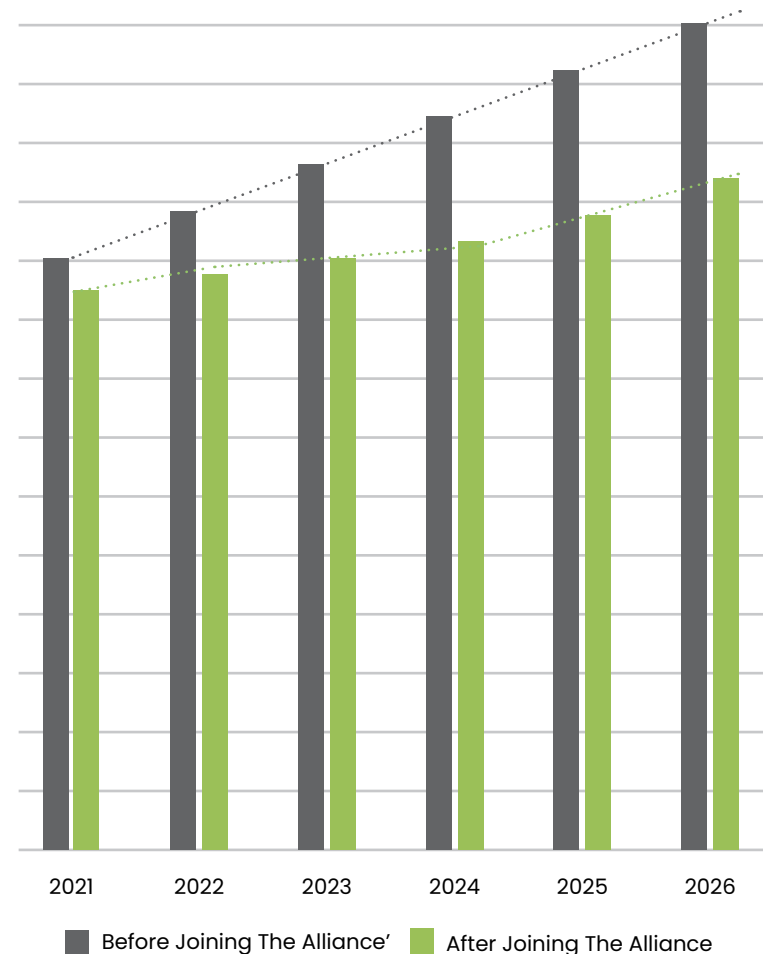
Simply put, being in The Alliance lowers plan costs for employees and their family members. As noted, credit unions in The Alliance save 27% or more on health plan premiums. In other words, for every dollar spent on a traditional health plan, Alliance members save \$0.27 — equaling \$270,000 in annual cost reduction for every \$1,000,000 in premium.



**\$1 SPENT IN A  
TRADITIONAL HEALTH PLAN  
= JUST \$0.73 FOR  
ALLIANCE MEMBERS.**

That's \$270,000 in annual cost reduction  
for every \$1,000,000 in premium.

**Has your broker implemented  
a long-term cost-containment  
strategy?**



## CASE STUDY

# Resource One Credit Union lowers claims costs by 26% in their first year in The Alliance

Before joining The Alliance, Dallas-based credit union Resource One had fixed costs 30% higher than peer institutions. Unfortunately, there was nothing to show for it but a narrow provider network, unjustifiably high employee contribution rates, and costly premiums.

The Alliance helped Resource One disentangle from its complicated health insurance arrangement. As a result, Resource One lowered the plan's fixed costs by 26%, reduced out-of-pocket costs for employees by 30%, and lowered employee deductibles from \$1,800 to \$1,000 — all while improving its benefits plan by expanding access to the area's top hospital system.

Rather than settling for a cookie-cutter approach built for another type of employer, by joining The Alliance, Resource One took charge of its benefits to design a well-crafted strategy that now saves the credit union thousands of dollars a year without sacrificing quality.

# Resource One's Savings highlights:



Overall claims  
cost **DOWN 26%**



**LOWERED EMPLOYEE  
DEDUCTIBLE** from  
\$1,800 to \$1,000



**REDUCED** plan's  
**FIXED COST** by 24%

# How Alliance credit unions are using their savings

Many credit unions in The Alliance use their employee benefit cost savings to invest in initiatives aligning with their growth and innovation aspirations. Those efforts include:



## Higher compensation

Alliance members recognize that a competitive salary and benefits package is essential for attracting and retaining talent. By investing in employee compensation, these credit unions are creating a more engaged and committed workforce.



## Better benefits

One way some Alliance members are paying that cost savings forward: Providing 100% coverage for dependents. It's a welcome opportunity to bring the people-first mission of credit unions to life from within the institution. Other higher-quality benefits some members are offering include expanded mental health services or wellness programs that promote healthy habits and lifestyle choices.



## Digital innovation

These efforts include developing new digital platforms and tools that make it easier for members to access and manage their accounts, such as the latest optimizations in the mobile platform experience. Additional investments in data analytics and automation technologies are enabling more informed decisions about member needs and preferences.



## New member services

To differentiate from competitors and create more value for members, Alliance members are investing in financial education and counseling services that help members achieve their financial goals, and introducing new lending products that meet the needs of specific member segments.

**By using their cost savings to invest in these types of initiatives, credit unions in The Alliance are positioning themselves for long-term success and growth while also delivering high-quality services and benefits to their employees and members.**

# How much could your credit union save on employee benefits costs?

Refer to your most recent group health insurance invoice and insert the numbers below:

Monthly cost for Medical	Number of covered Employees	Per Employee Monthly Cost	12 months	Per Employee Per Year cost
_____	_____	_____	_____	_____
÷	=	X		=

If PEPY cost is more than \$6,650, your credit union may have a financial opportunity by joining The Alliance!

# Frequently asked questions

**A common response when a credit union leader first learns about The Alliance is, “Isn’t this too good to be true?” We’ll tackle that one first and say, it’s not. Meticulously crafted by seasoned benefit professionals prior to its launch, The Alliance is thoughtfully designed to maximize the credit union advantage and position each member credit union to thrive.**

**Now with several years of full operation underway, the program continues to garner consistently positive feedback from its members.**

**For the uninitiated, here are some common questions that typically pop up:**

## **Do I have to change plans immediately?**

No. Most groups that are new to The Alliance remain in their incumbent health plan for a year while The Alliance works with the credit union executive team to build a customized 3-5 year benefits strategy. Plan changes occur once the team is comfortable and ready to implement.

## **Will our employees like it?**

Yes! The Alliance follows the familiar structure of national physician/hospital networks, co-pays, deductibles, and out-of-pocket maximums and is often significantly more flexible. Since your credit union will not be limited to a blanket policy created by an outside company, you can design a plan that best suits your employees’ needs.



### **Is it risky?**

When considering this model many wonder, what if we have a catastrophic health event? Fortunately, stop-loss insurance protects against unanticipated healthcare costs by capping the total expenses you are responsible for in a given period.

### **How complicated is it?**

A top benefit of joining The Alliance is you will be among like-minded credit unions, advisers, and plan design specialists who only work with credit unions like yours to ensure you select the most appropriate benefits and follow the best plan-management practices. These partners analyze data about claims, assist with employee education, and ensure your plan complies with federal mandates so you will never have to go it alone.

### **Who manages The Alliance?**

A board of managers consisting of credit union CEOs and an advisory committee made up of credit union HR directors and CFOs run The Alliance. The senior leadership team averages 26 years of employee benefits experience.

## **Have more questions?**

**Email John Harris, CEO of The Alliance**

**[jharris@cubenefitsalliance.com](mailto:jharris@cubenefitsalliance.com)**

# Here's how to join the movement

Imagine the impact of a collaborative effort that drives down costs and maximizes resources for all member credit unions. Joining the CU Benefits Alliance could be the key to unlocking your credit union's full potential.

By aligning your credit union's member-driven mission with a benefits plan that reflects your values and the genuine worth of your employees, you can demonstrate your commitment to both your staff and your community. If you're interested in learning more about The Alliance, schedule a no-obligation consultation today by emailing John Harris, CEO of CU Benefits Alliance at [jharris@cubenefitsalliance.com](mailto:jharris@cubenefitsalliance.com).



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