

CASE STUDY

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COST SAVINGS CASE STUDY

How **Universal Benefit Plans** reduced costs and enhanced coverage for a Franklin, Massachusetts manufacturing company by **bundling their benefits**.

Client: **Alpha Grainger Manufacturing** is a manufacturer of precision screw machine products. Although its corporate headquarters are in Franklin, Massachusetts, Alpha Grainger's employees are based in both Massachusetts and Rhode Island.

Problem: The goal of the client's management team regarding employee benefits was to reduce costs while maintaining the same coverage. Prior to the start of the 2009 plan year, Alpha Grainger had three different vendors for their product lines; Blue Cross Blue Shield for health, Ameritas for dental and Principal Financial for ancillary lines. Health plan renewal rates with BCBS had increased by 9.9%, just slightly below the year's industry average. After making some changes to plan design, Universal Benefit Plans was able to negotiate the client's renewal rates down to 7.9%. Renewal rates for the client's dental plan by Ameritas had gone up by 11.6%.

Solution: Keeping in mind the objectives of Alpha Grainger's management team, Universal Benefit Plans elected to bundle the client's benefits with one carrier. Employer advantages of bundled benefits include savings on premiums, savings on medical costs and consolidated billing which is easier to administer. Employees also benefit from premium and medical cost savings and have only one vendor to keep track of instead of the traditional three.

Historically, United Health Care of Rhode Island was the only company offering bundled services until 2008, when BCBS of Massachusetts introduced INDIGO; their subsidiary to sell the ancillary lines.

By combining the client's dental and health plans with BCBS, Universal Benefit Plans was able to tap their dental premium increase at 2 percent. However, the better news came when the client experienced an additional rate reduction on their health plan. **This amounted to an overall annual savings of \$13,000.**

Even better news for Alpha Grainger was that Universal Benefit Plans was able to enhance their current dental benefit, thanks to BCBS' newly designed Enhanced Dental Program. BCBS Dental Blue offers an Enhanced Benefit Rider for plan members with diabetes, coronary artery disease or who are pregnant.

This rider provides full-coverage for preventative and periodontal in-network services which do not require a co-payment and are not subject to the plan's deductible. The reasoning behind these enhanced dental benefits is that regular dental treatments have been shown to both improve the control of blood sugar level in diabetics and reduce the risk of a pregnant woman delivering a baby preterm by 70 percent. Healthy gums are also correlated with lower levels of cholesterol.

When Universal Benefit Plans quoted the client's ancillary lines, which included Life, Short and Long Term Disability programs, the good news kept coming. **We saved Alpha Grainger an additional \$9,000 annually in premium costs.**