Partnering with employees cuts health care costs by $1 million

By Lynn Gresham

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In 1999, when Jill Kopanis joined Dynamic Dies in Holland, Ohio, as the new human resources director, she was an HR generalist with limited knowledge of benefits.

"I couldn't read my own benefits statement," she jokes.

Three years up the learning curve, Kopanis found herself captain of a foundering benefits ship. Dynamic Dies' self-funded health plan had hit the inflation shoals. The company faced a 50% jump in premium costs and a projected two-year increase of 100%.

"At end of 2001 going into 2002 medical renewal, we were up 23% for the year and up 38% over two years," recalls Kopanis. "In addition, costs were projected to rise; it was estimated claims over the next three years would be a half-million dollars."

The company's benefits consultant suggested raising employees' monthly premiums, adjusting the premium percentage from 75/25 to 70/30, increasing the deductible and/or out-of-pocket cost, moving to a high-deductible plan and possibly removing spouses from the plan. A three-tier drug program was also proposed.

Those options didn’t sit well with Kopanis.
"I thought that passing on the costs to employees was just ignoring the problem," she says. Kicking spouses off the plan would double employee premiums, and a high-deductible plan would be a struggle for lower-paid employees with families. What's more, pay-based premiums would do nothing to lower costs.

She had a different vision: Management and employees could join forces in a cost-cutting drive that would offset rising prices. The centerpiece of the plan would be a communication, education and motivation program designed to reduce employees' and spouses' health care spending.

"The consultant said, Great idea, Jill,’ but this is happening to every company, and they all have to cut benefits and pass on costs.' I decided then it was best to remove him from my team, and I told the owners that my plan would work. I took two huge risks, but I was convinced that if we treated employees as equal partners and didn't hand out mandates, they would grab on and make the program a success."

'Educate, communicate, motivate'

Kopanis' first step was to analyze the company's health data - EOBs, scripts, utilization and claims - to determine the savings sweet spots and where to focus her education efforts.

Like many employees, Dynamic Dies' workers didn't understand the basics about health insurance or the concept of self-funding. "I had to teach them everything I'd learned in my first three years here. I promised that if they partnered with me, I would not [impose] the flavor of the month' solutions other employers were doing."

Employees were taught how to read EOBs, ask questions, and utilize network caregivers and prescriptions more wisely. And they were told how costs would rise if spending wasn't reined in.

"I was honest with my employees. I shared where the company would be forced to go to control costs if we could not successfully partner."
To keep employees engaged, Kopanis held quarterly insurance meetings to communicate about costs and the progress being made on cost savings. Benefit information was put in the monthly newsletter and on the corporate intranet. There were wellness articles and boards. Education was part of annual insurance meetings and new employee orientation.

After one year, medical cost increases dropped from 23% to 6.6%, at a time when national averages were 13%. The next year, Kopanis focused the training on prescription drug utilization, which lowered costs still farther (see Success Stats).

In year three, Kopanis turned her attention to dependent costs, which were above the national average.

She developed a new communication and education program to involve the employees' spouses in the program.

"We sent information home and conducted one-hour educational meetings with them. We knew keeping them involved was critical. When it came time for renewal at the end of that third year, we came in with a minus 15.8% on our premiums when the national average was increasing by 11.2%." 

By 2006, Kopanis' partnership program had saved Dynamic Dies about $1 million.

Best of all, benefits actually improved.

There have been no premium increases for employees, plus they've been rewarded with "one month free" from a premium for two years in a row.

They're also getting healthier, thanks to the new wellness program.

This year, Kopanis is going back to square one, reinforcing the messages from the first year and creating a new generic-drug education program, among other initiatives. "Our goal is to drop [costs] another $100,000."

All in all, pretty impressive for someone who was hired to "make sure the employees got paid,
take care of the paperwork and throw the annual picnic."

**Success Stats**

Teaching employees to be smarter health care consumers paid off for Dynamic Dies.

- In 2002, insurance premiums were up only 6.6%, compared to a national average of over 13%.
- In 2003, premiums rose only 3.2% when the national average was 14%.
- In 2004, premiums were down 15.8% (national average was +11.2%).
- In 2005, premiums up only 6.6%.
- 2001-2006 savings: about $1 million.

In addition:

- 2006 medical claims were below 2002 levels (-9.38%).
- No premium increases for the employees for five years in a row.
- One free month of medical premiums for employees for two years in a row.
- Improve (not take away) medical coverage.

**Profile**

Jill A. Kopanis, SPHR

Position:

Corporate Human Resources Director for Dynamic Dies, in Holland, Ohio, near Toledo. Dynamic Dies is a privately owned manufacturer of cutting dies and printing plates for the corrugated box industry with production locations in Ohio, Pennsylvania and Indiana and sales locations in Missouri, Iowa, New York and Michigan. It has 170 employees, 146 of whom participate in its medical benefit program.

Career:

Kopanis has been involved in HR for over 20 years with such companies as Hunt

Wesson/ConAgra, Rexam, and Wacker-Chemie/Wacker Chemical Corporation of USA and Germany. A member of SHRM, Kopanis has served as President of Toledo Area Human Resource Association and as Certification Director for the State of Ohio Human Resource Council. She was a finalist in EBN's 2007 Benny Awards competition.

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