



## CASE STUDY

# Helping Reduce Medical Plan Spend

### The Challenges

Plan cost up

**39.5%**

*over two years*

Employer's cost up

**82.3%**

*over two years*

**Recruitment  
& Retention**

increasingly difficult

### Company Profile

**Industry:** Automotive

**Employees:** 1,000+

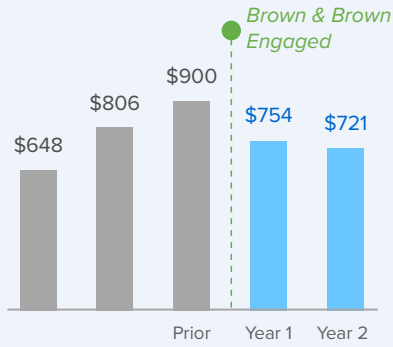
**Locations:** Seven dealerships in Dallas-Fort Worth and Houston

Seeking to rein in rising medical costs, a large automotive dealer moved its health plan to a Medicare cost-plus model. The approach eliminated a traditional insurance network and relied on back-end negotiations with providers. While the concept promised savings on paper, the reality proved very different.

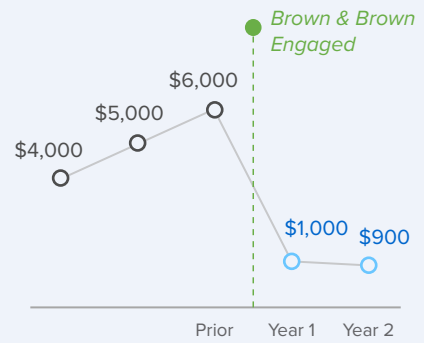
Over time, the employer's costs continued to climb. Deductibles were increased by \$1,000 year after year, reaching \$6,000 just before the dealer began working with Brown & Brown. At the same time, employee contributions rose by an average of 10% annually - leaving employees paying more for coverage that delivered less value.

Without a true provider network, employees routinely encountered issues accessing care. Doctors and hospitals were often unwilling to accept the plan, creating constant frustration for employees and a heavy administrative burden for the Human Resources team. Even when services were provided, employees frequently received balance bills after the fact - sometimes resulting in collections activity and, in extreme cases, legal disputes.

### Company Cost Per Employee Per Month



### Employee Deductible



## The Solution

Lower employee contributions & focus on addressing the company's large claimants

The ultimate breaking point came when an employee with cancer was scheduled for surgery to have a tumor removed. The day before the surgery, the hospital called and let the employee know the surgery was canceled because the insurance did not have a network.

Brown & Brown began working with the dealer and took a fundamentally different approach - one centered on improving access to care, controlling costs more effectively, and leveraging a true national provider network. Rather than continuing to shift costs to employees, Brown & Brown reduced employee contributions and lowered the deductible to \$1,000 in the first year. Following strong initial results, the deductible was reduced again to \$900 in year two.

A key focus was addressing high-cost claims. While only 8% of the population incurred more than \$50,000 in claims, those individuals accounted for 82% of total paid claims. By proactively managing this segment, the plan achieved meaningful and sustainable improvements.

Total plan costs down

**-20%**  
*in two years*

Employee premiums

**-21.7%**

Lowered deductible by

**\$5,100**



## The Results

\$2,170,000 in savings over the first two years.

Under this newly designed plan, employees had better access to care at substantially lower costs. The dealer's large claimants dropped from 19 to 9, lowering the large claim spend by 43%. HR reported its best open enrollment ever. After the first year, costs decreased by more than 15% and the employer saved over \$900,000. By the end of year two, the company was under budget by more than \$1,250,000, bringing its total savings with Brown & Brown to \$2,170,000 over a two-year period.

Beyond the outstanding financial results, enrollment increased, the employees received a better plan at a lower cost, employees are more compliant with prescriptions, hiring managers' challenges are reduced since a robust benefits plan is now in place and across the company there has been positive feedback from employees.



## How Brown & Brown Can Help

Connect with your Brown & Brown service team to learn more about how we can help find solutions to fit your unique needs.



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