

# *FROM ZERO* *TO* **HERO**



**SHRM18**

ANNUAL CONFERENCE & EXPOSITION  
JUNE 17 - 20 • CHICAGO

**Dr. Wade Larson, SPHR**

[www.WadeLarson.com](http://www.WadeLarson.com)

@DrWadeLarson

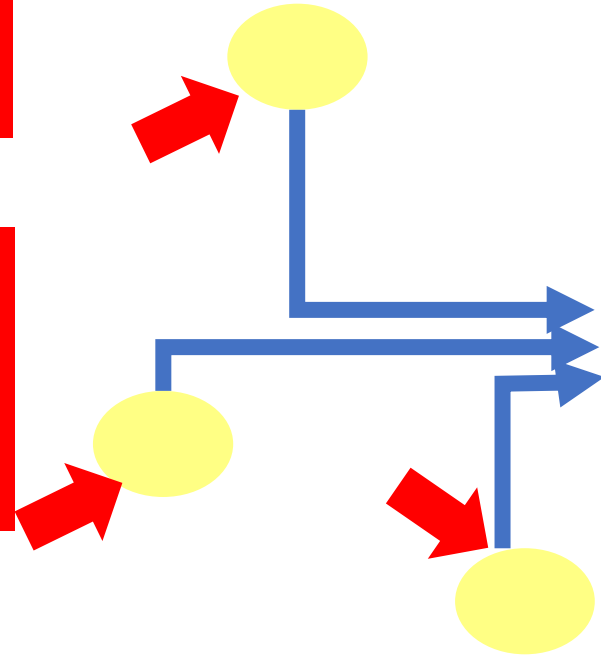
***How ONE COMPANY CHANGED THE FACE OF BENEFITS***



#SHRM18


**First, the MOST important Question**

**Can I still catch the other session down the hall if this one isn't good?**





**Wade Larson**  
CHRO

 @DrWadeLarson

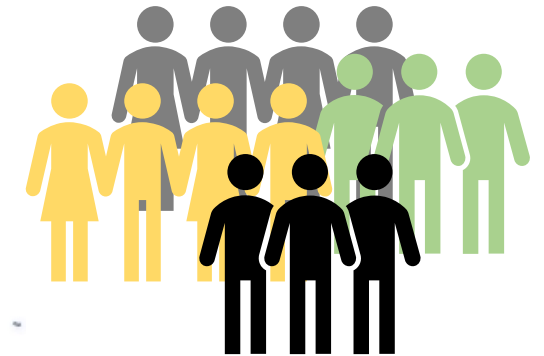
[WadeLarson.com](http://WadeLarson.com)  
*Life story here...*

-  Dubai
-  Russia
-  China



**wagstaff®**

Aluminum  
Casting  
Equipment



**<500 EEs**

**Mid-Size v. Small?**

“Just Right” to Find What  
Works for Large Groups

**LEAVING  
COMPANY**



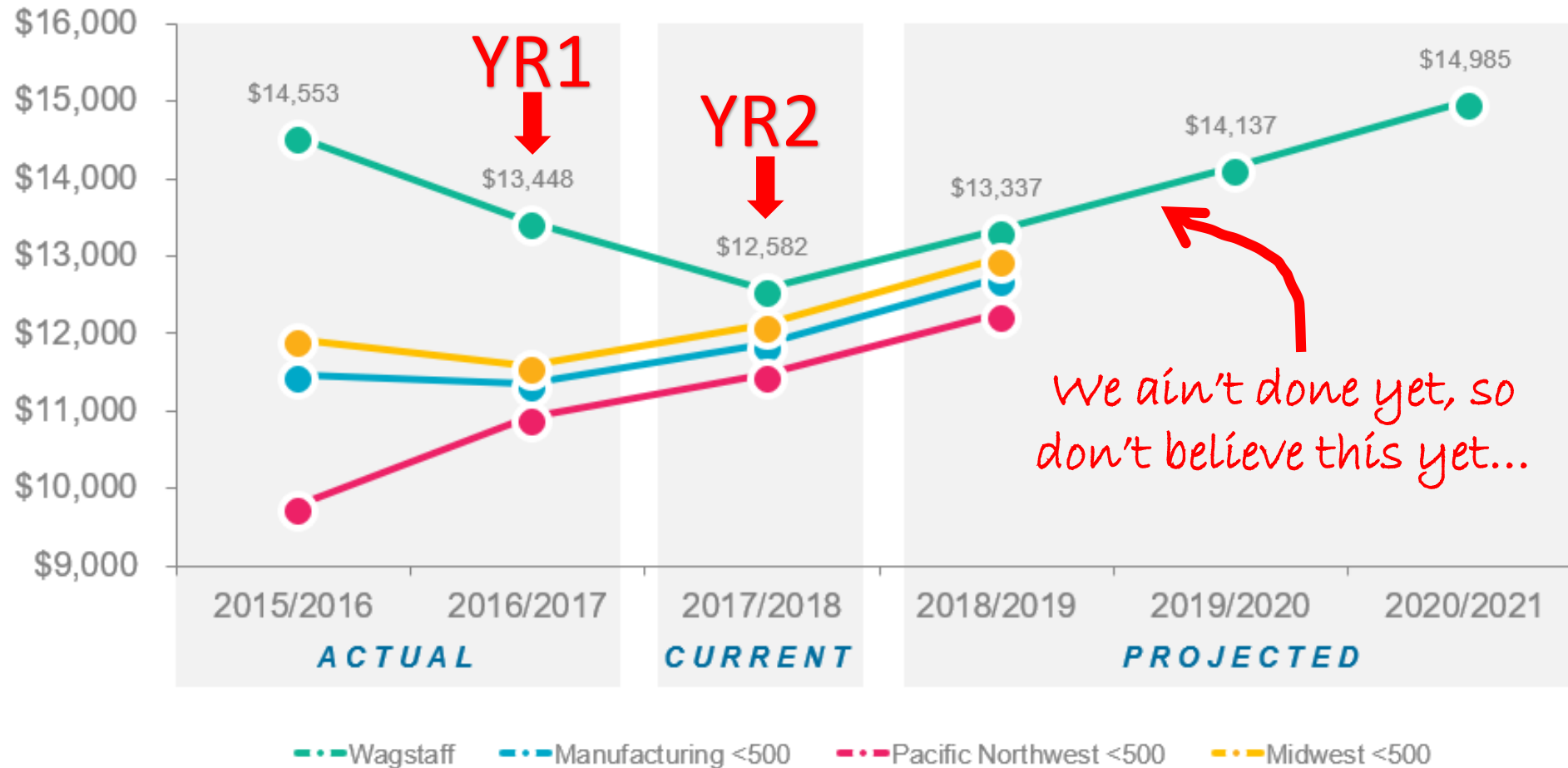
# FINANCIAL SUMMARY

## WAGSTAFF PEPY COSTS VS. BENCHMARKS





MERCER


MAKE TOMORROW, TODAY







 Offered HSA while Maintaining PPO w/ 58% migration FIRST YEAR

 LOWER EE contributions 10% - YR 1, 15% - YR 2

 HSA CONTRIBUTIONS for EE & spouse (up to \$2,700/year)

 Moved to SELF-INSURED after first-year of program

 Fully-ENGAGED wellness program and wellness committee

 Actually saved \$987,689 YR1 & Overfunded \$1,080,000 YR2

# wagstaff®

## The Wagstaff Way





*...Always Find A Better Way for Your People.*

*They're Counting on You!*

*There's got to be a better way...*



**North Idaho College**





**North Idaho College**

- 6% Renewals
- \$200 Deductibles
- Fully-Insured
- Very Comfortable
- No Immediate Reason to Change

**WHAT IF...**

# WHAT IF...

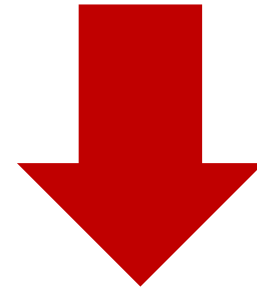
We did nothing?

- *Keep getting 6% increases...*
- *Forever?*
- *Is that sustainable?*

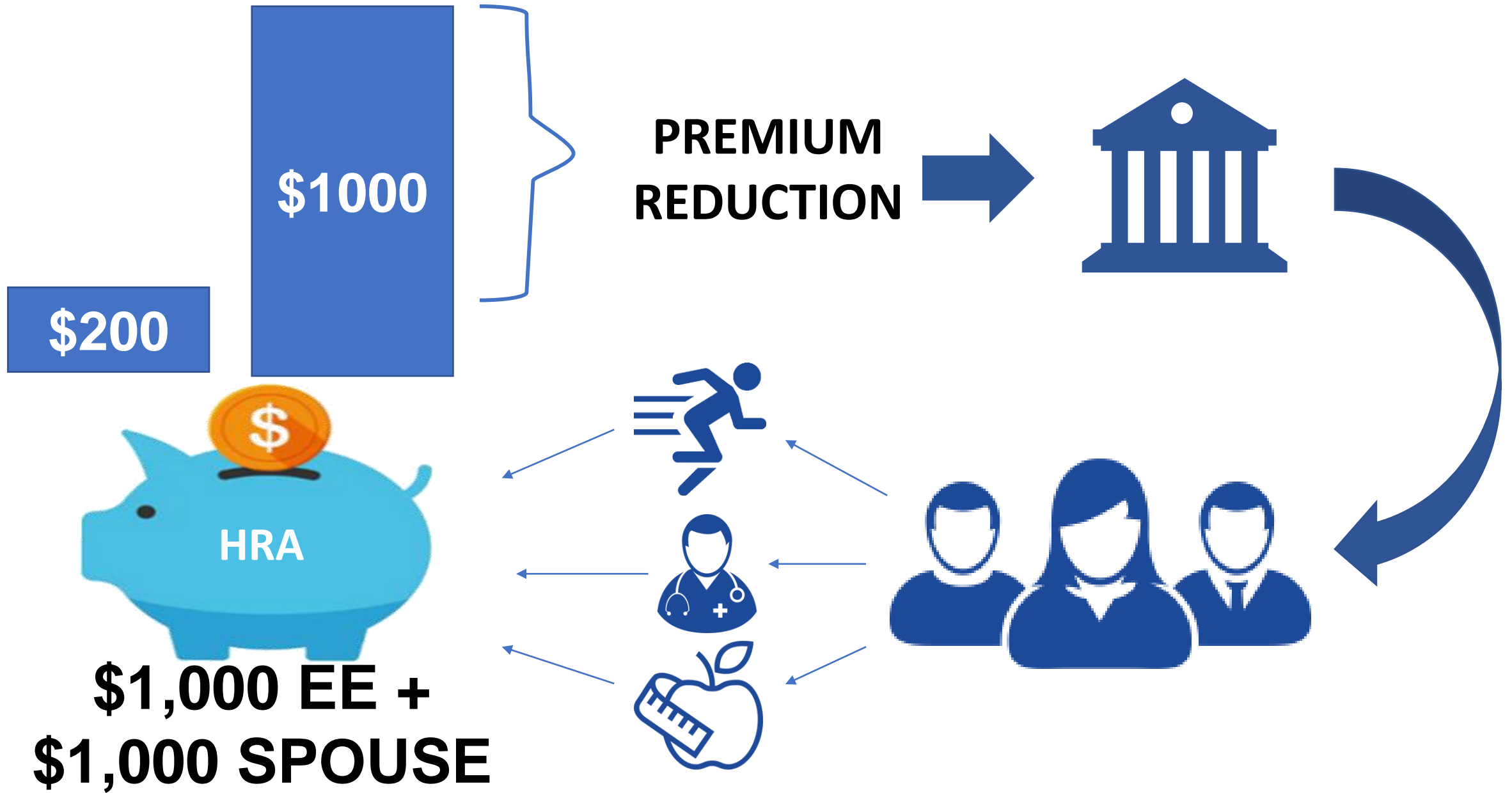
**WHAT IF...**

We did nothing?

We did something?



**WHAT'S POSSIBLE?**





# Did it Work?

## BEFORE IMPLEMENTATION

|      |      |
|------|------|
| -YR3 | 7.0% |
| -YR2 | 6.5% |
| -YR1 | 6.0% |

YR0      6.0%

## FOLLOWING IMPLEMENTATION

|      |      |
|------|------|
| YR 1 | 0.0% |
| YR 2 | 1.0% |
| YR 3 | 2.0% |
| YR 4 | 2.5% |



Value of Trend Change  
(Less Incentives)

**\$3.5M**

# What We Learned

- People get stingy when money is theirs
- People make better decisions when they understand
- People want choices
- Behavior changes when it is rewarded
- Peer pressure works
- Incentives must be big enough
- People act like partners when they are treated like it



## PREVIOUS YEARS

-YR3 16.03%

-YR2 20.00%

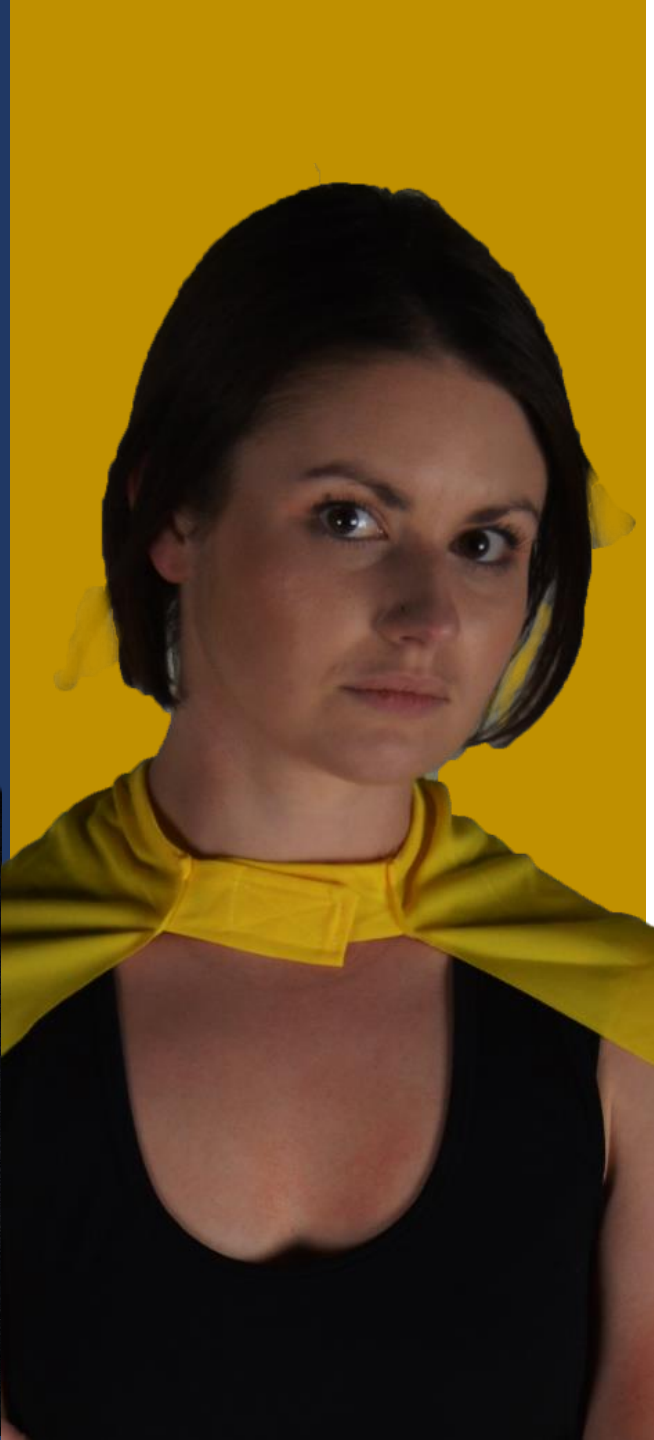
-YR1 11.88%

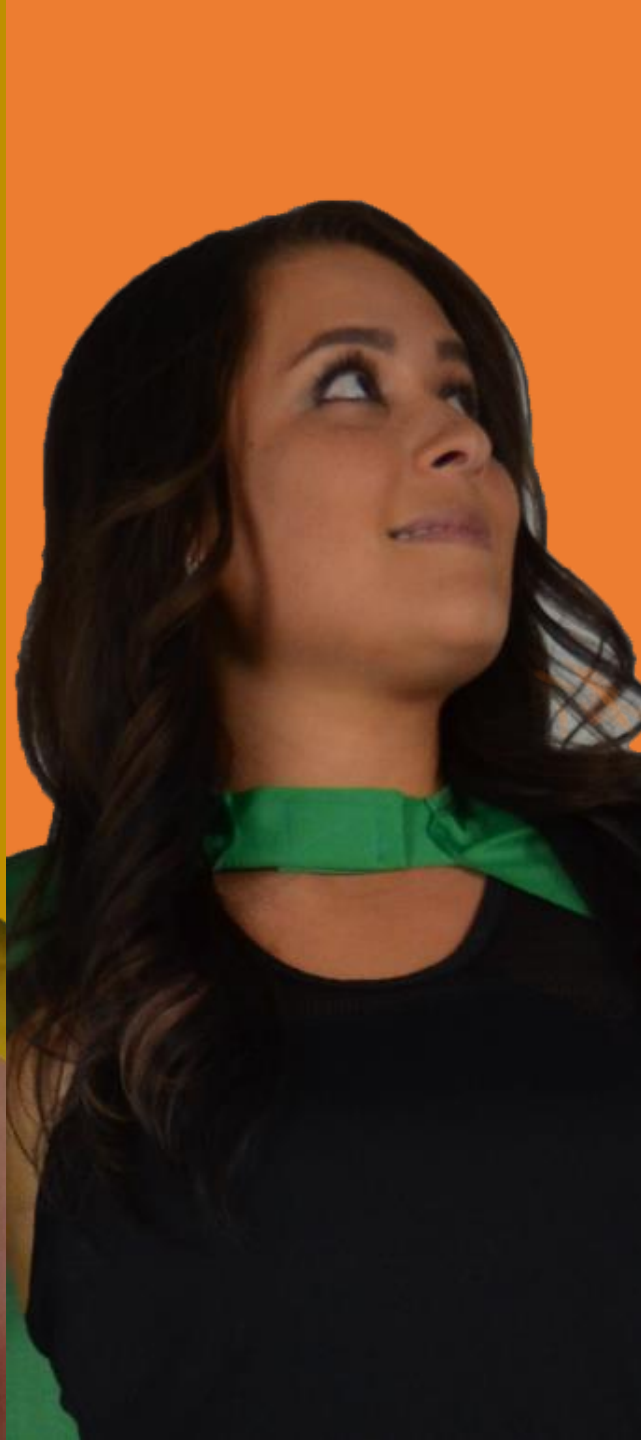
YR0 4.11%

**Can We Do It Again?**

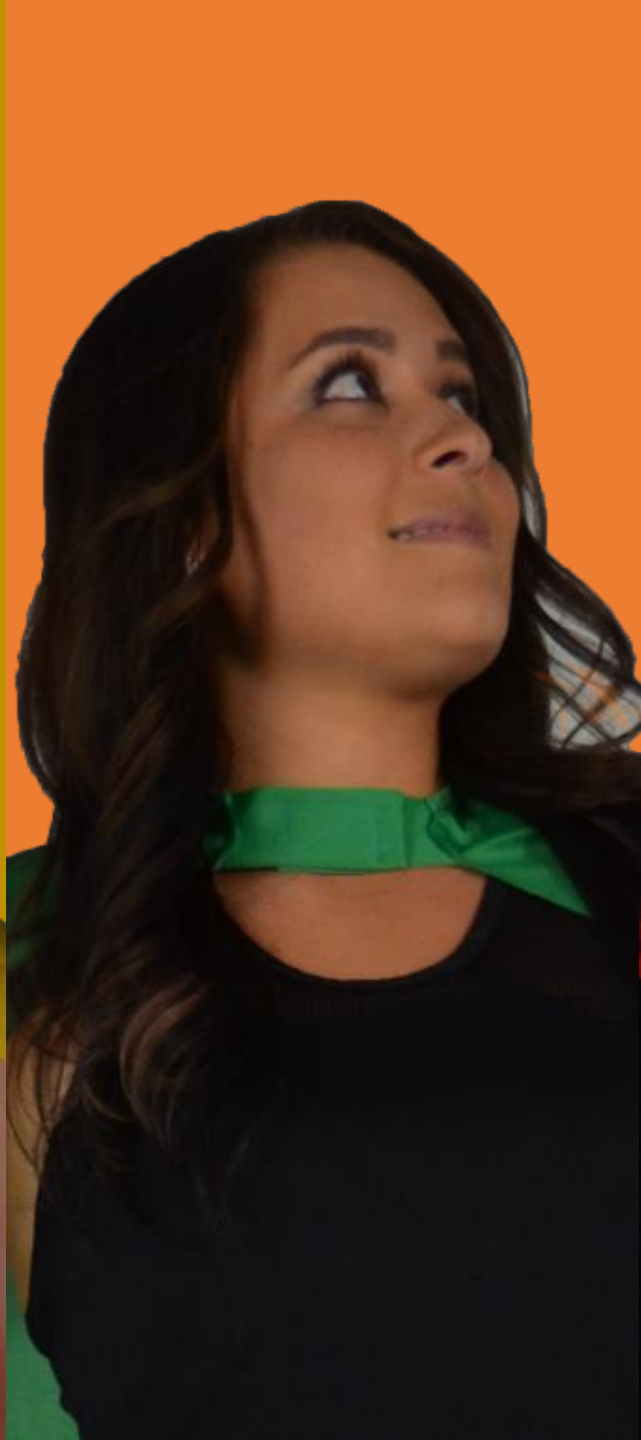












# *ADVENTURE*



**wagstaff®**

*ONE COMPANY'S TRUE STORY...*





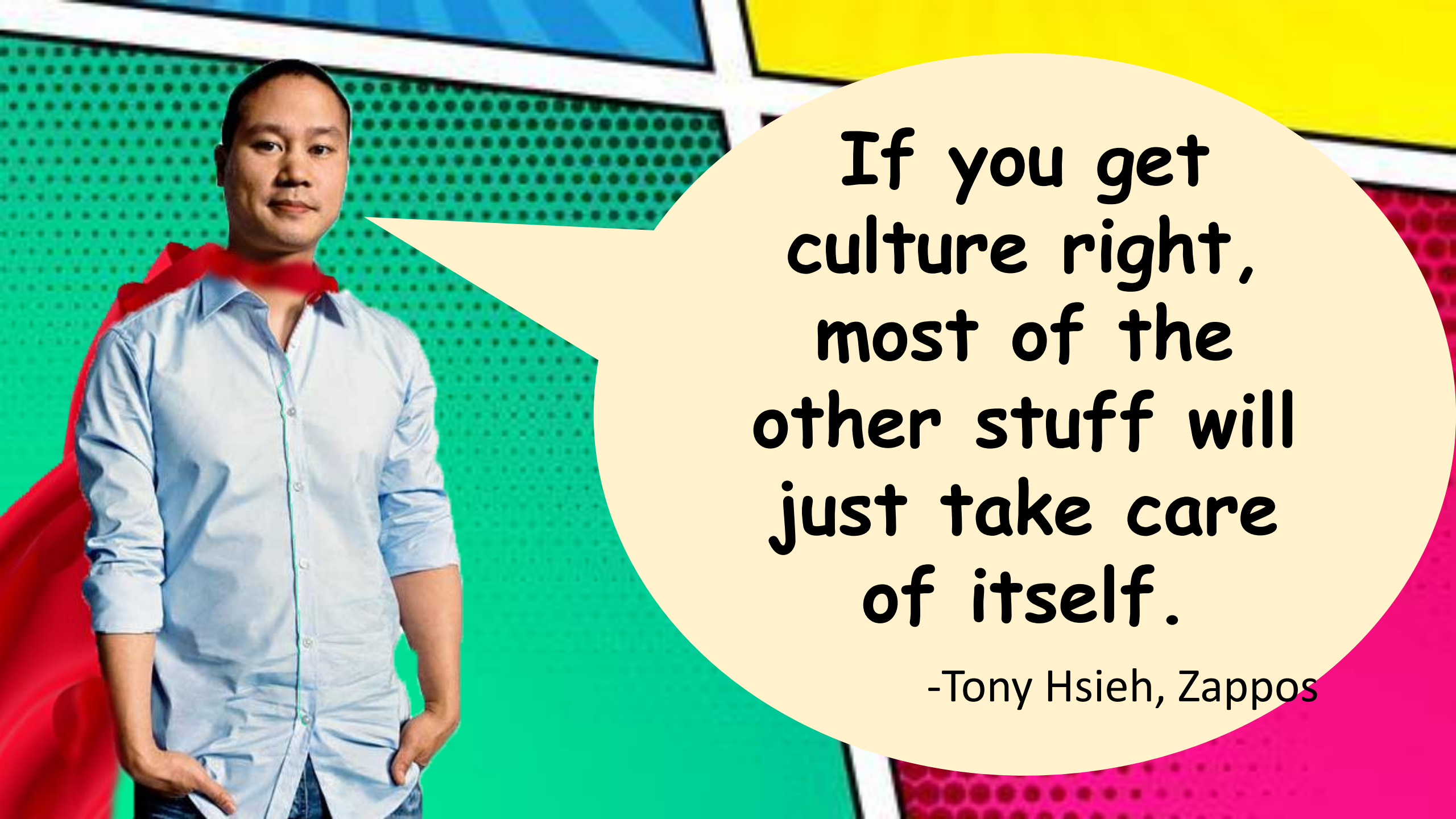
# 5 HEROIC PATHS

***PATH 1***

***CULTURE***







**If you get  
culture right,  
most of the  
other stuff will  
just take care  
of itself.**

**-Tony Hsieh, Zappos**

# CULTURE READINESS QUIZ



What is your cost “**pain point**”?



What is your **change threshold**?



How are your **external relationships**?



How are your **employee** relationships?



Are you **willing to stop/start**?



# PAIN POINT

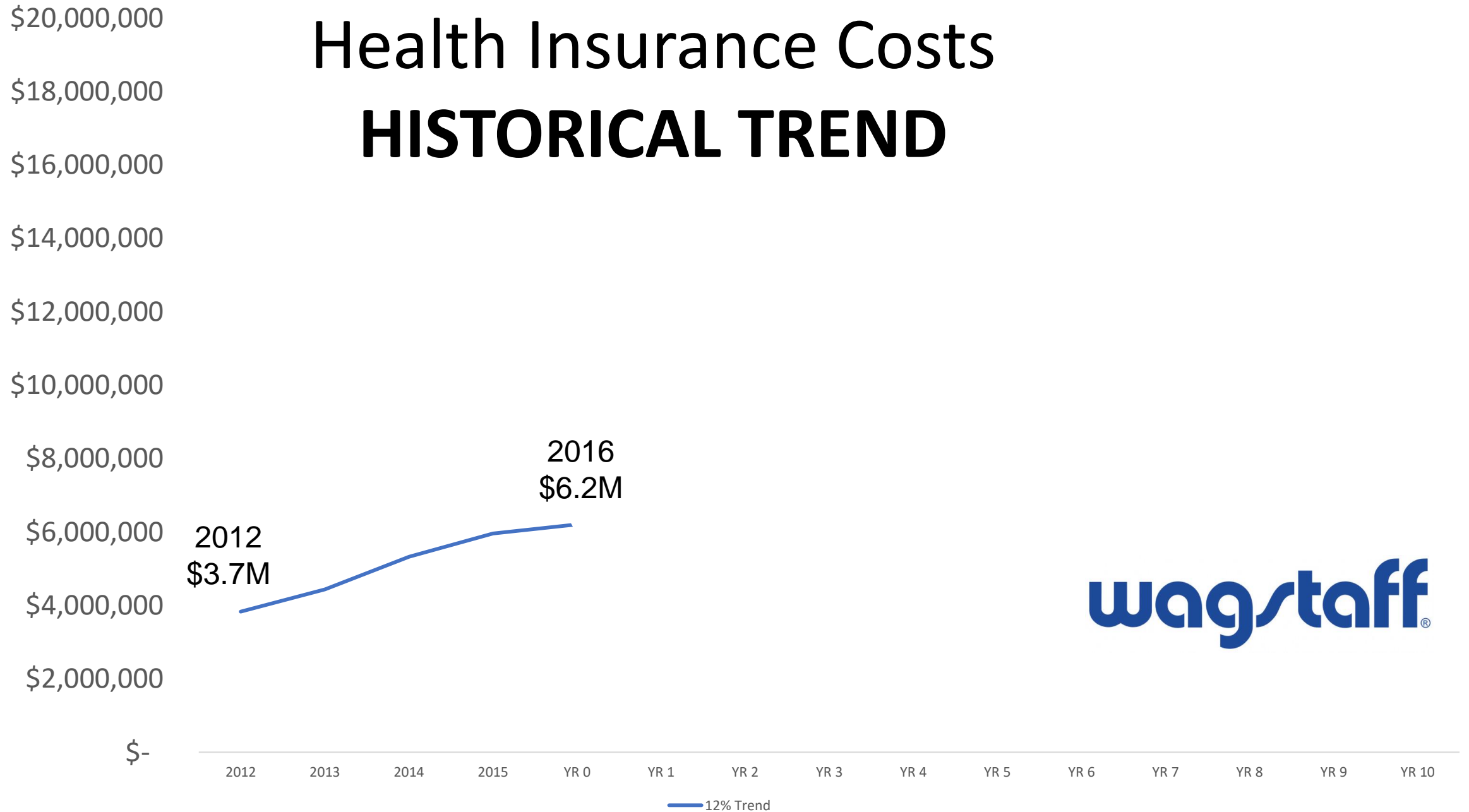
## HEALTH INSURANCE

CULTURE



# Health Insurance Costs

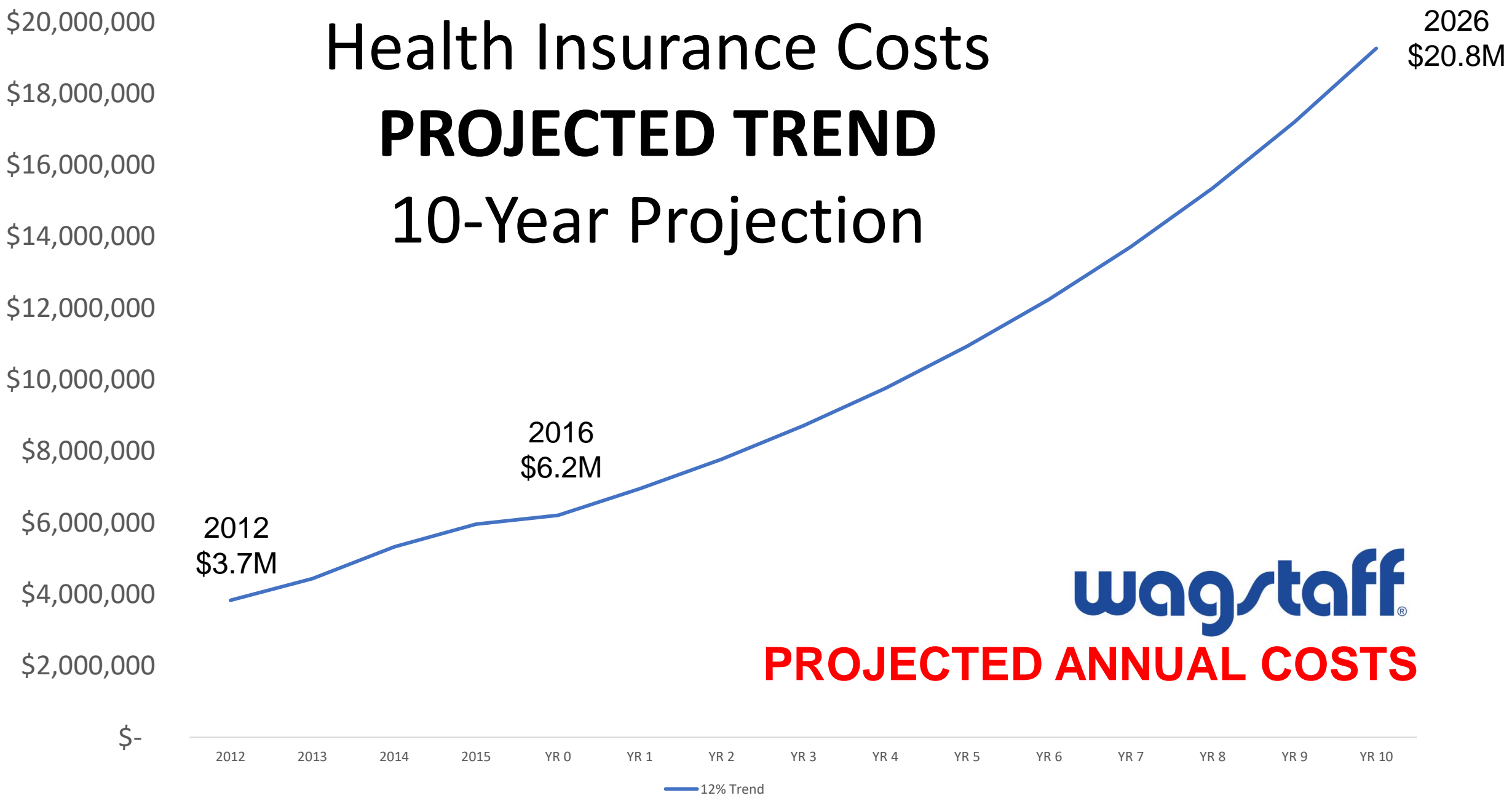
## HISTORICAL TREND



# Health Insurance Costs

## PROJECTED TREND

### 10-Year Projection



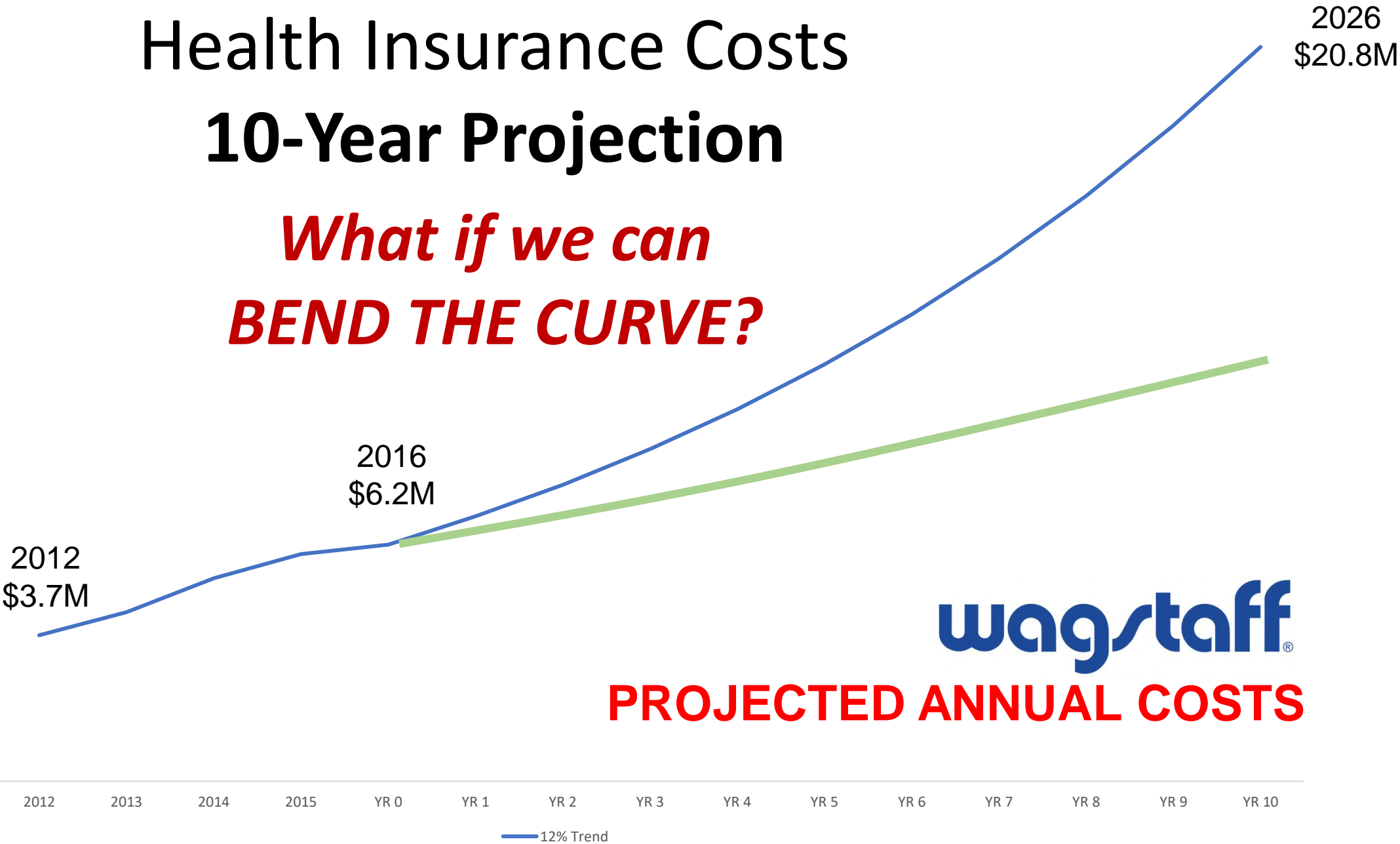
**PROJECTED ANNUAL COSTS**



# Health Insurance Costs

## 10-Year Projection

*What if we can  
BEND THE CURVE?*



**wagstaff®**

**PROJECTED ANNUAL COSTS**

# WATCH YOUR FOCUS



**SYMPTOMS**



**REAL PROBLEM**





# Real Problems

Renewals go up every year due to...

## Impact on Renewals

## Ability to Influence



CLAIMS



ADMIN

?NEG?



TREND



TAXES



STOP LOSS

?NEG?



COMMISSIONS

?NEG?



POOLING



OTHER RISK



## Our Focus?

Where do we go to address renewals?

DEDUCTIBLES

OOP MAX

REDUCE BEN

UP CO-PAY

UP CO-INS

UP EE \$\$\$

DEC OPTIONS

Rx CARVE OUT

- Saves Money for Company

### *Unintended Consequences?*

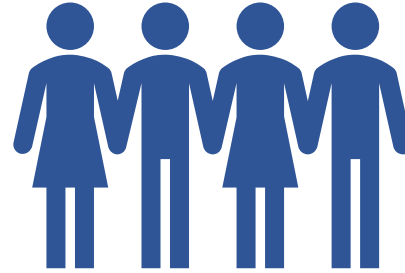
- Drives Costs for EEs
- Creates Barriers to Access
- Restricts Care
- Sick EEs...

## MONEY

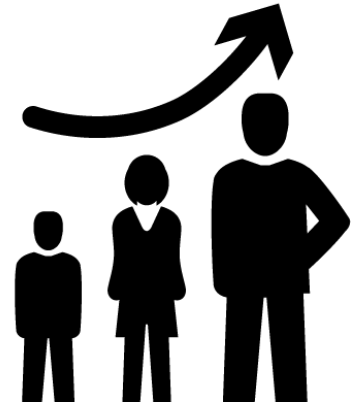


If this is your  
only focus,  
**your plan will  
NOT succeed**  
over the long  
term

## PEOPLE



If **people  
come first**,  
you create  
solutions that  
**deal with real  
problems**



Allows you to  
create a  
**partnership**  
where you  
and EEs **work  
together on  
problem**

# THRESHOLD

## FOR CHANGE

CULTURE



## HISTORY OF LOW CHANGE



## MODERATE CHANGE

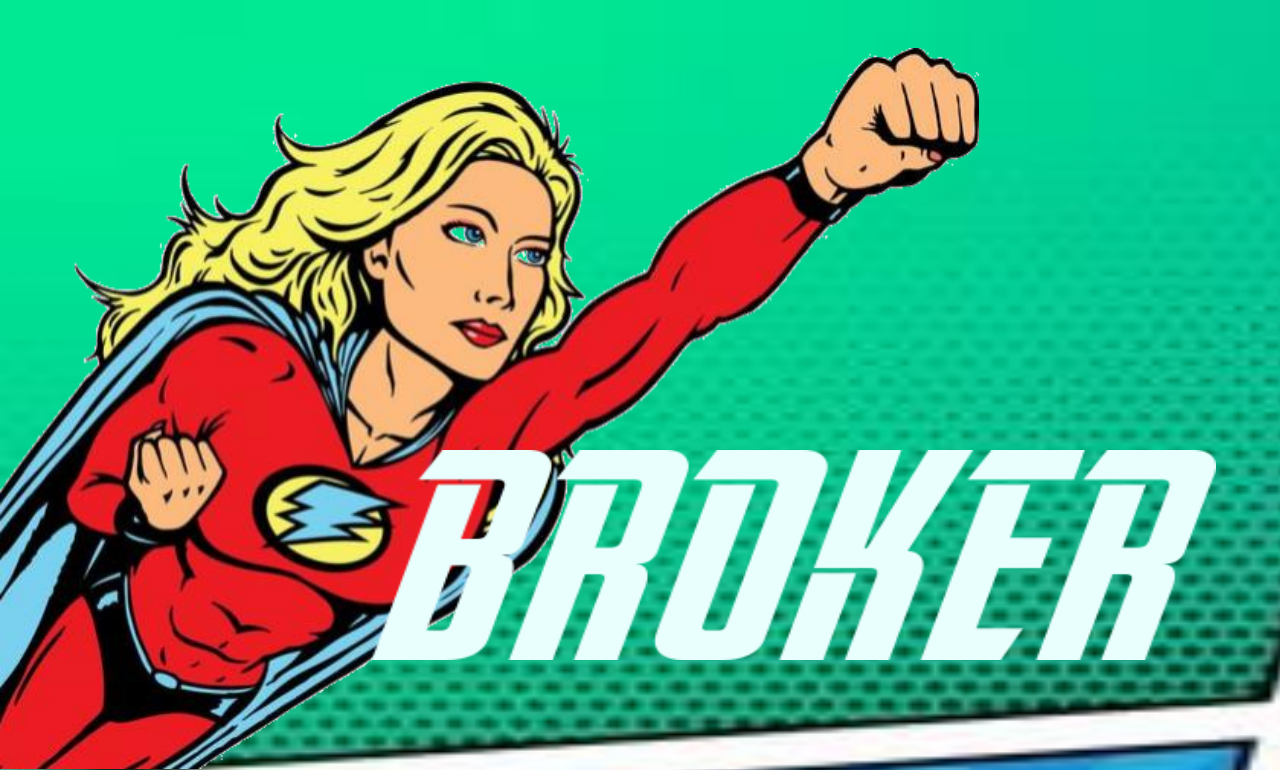


## HISTORY OF HIGH CHANGE





***IF YOU KEEP DOING WHAT  
YOU'VE ALWAYS BEEN DOING,  
YOU'LL KEEP GETTING  
WHAT YOU'VE BEEN GETTING...***



**BROKER**

CULTURE

**EXTERNAL  
RELATIONSHIPS**



**VENDORS**



**CARRIER**



# BROKERS

- Do they know they work FOR you?
- Will they go beyond the comfortable and try the untried?



***BROKER***



***FRIEND? OR FOE?***



## **BROKERS**

- Do they know they work FOR you?
- Will they go beyond the comfortable and try the untried?



## **CARRIERS**

- Do you have a personal relationship with them?
- Are they willing to try new things?



## **OTHER VENDORS**

- Do you have a network of other vendors to help?
- Are you learning about “what’s new”?



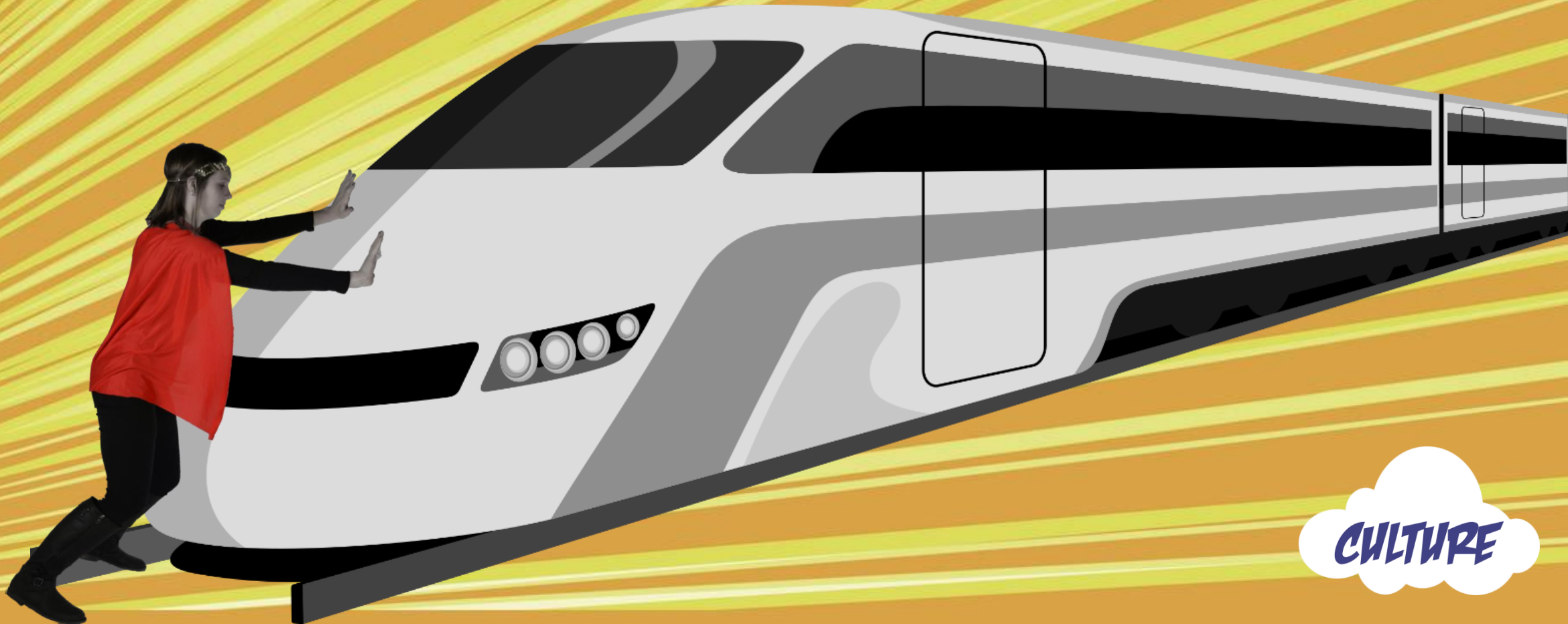
# EMPLOYEE RELATIONSHIPS







# START OR STOP?



**CULTURE**



# CULTURE READINESS QUIZ



What is your cost “**pain point**”?



What is your **change threshold**?



How are your **external relationships**?



How are your **employee** relationships?



Are you **willing to stop/start**?



**PATH2**

**HR**

**STRATEGY**





**WHAT**

**DO YOU WANT?**

Sets Tone and Direction

Basis of Decisions

Focus of LT and ST Goals





Defines Purpose

Creates Passion

Sets Vision for Partners

**WHAT**

**DO YOU WANT?**

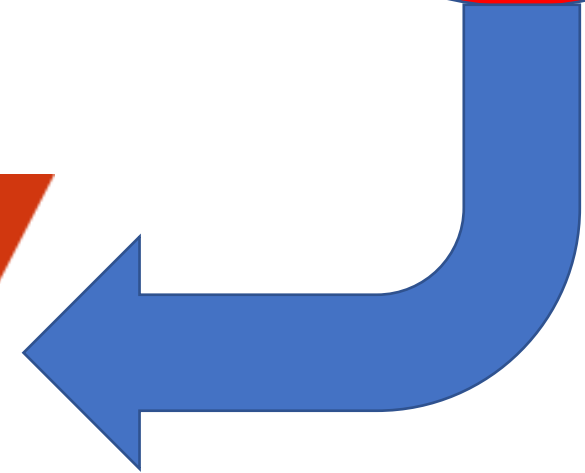
**WHY**

**DO YOU WANT?**

**HOW**

**WILL YOU GET?**

***STRATEGY***





Healthcare Plan

Wellness Program

Support Tools

Alternative Solutions

**STRATEGY MAP**

# Healthcare Plan

## What We Had

Fully-Funded  
Traditional PPO Plan  
One-Size-Fits-All





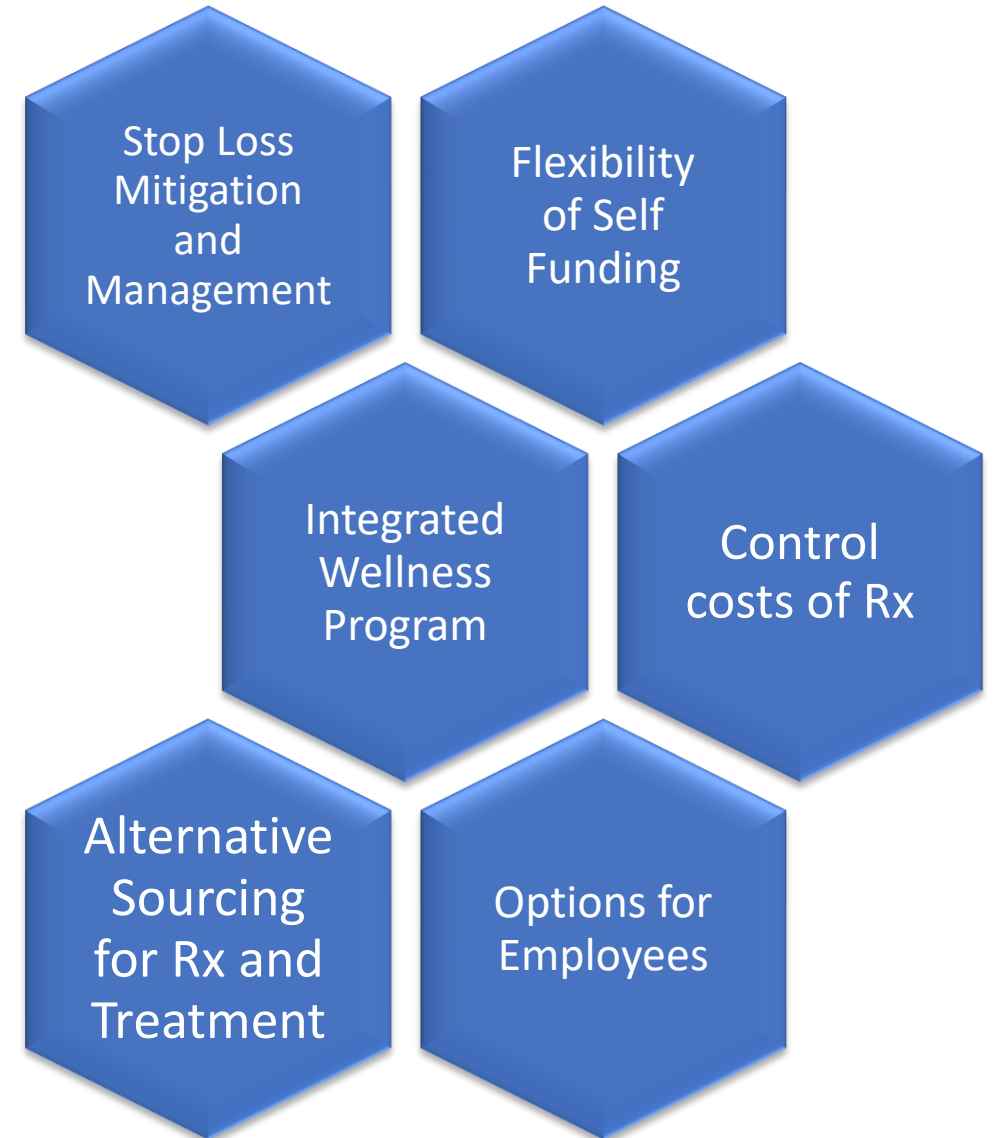
# Healthcare Plan

## What We Had

Fully-Funded  
Traditional PPO Plan  
One-Size-Fits-All



## What We Needed

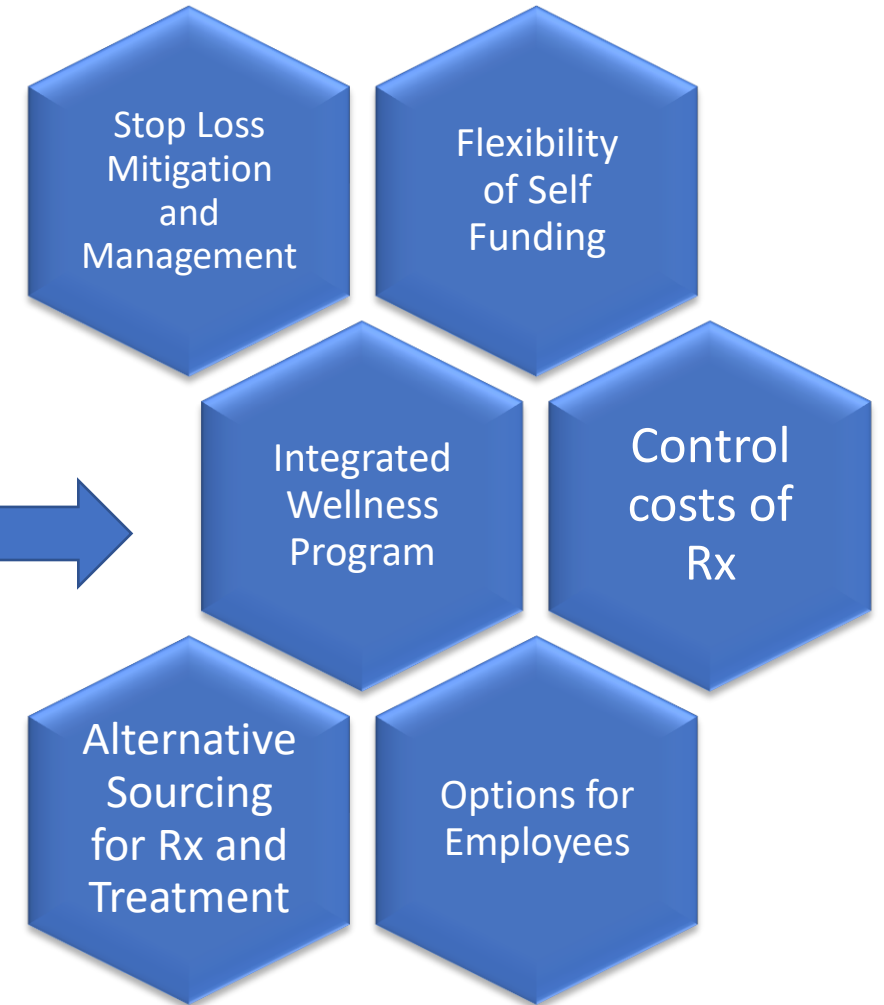


# Healthcare Plan

## What We Needed

## What We Had

Fully-Funded  
Traditional PPO Plan  
One-Size-Fits-All



# Healthcare Plan

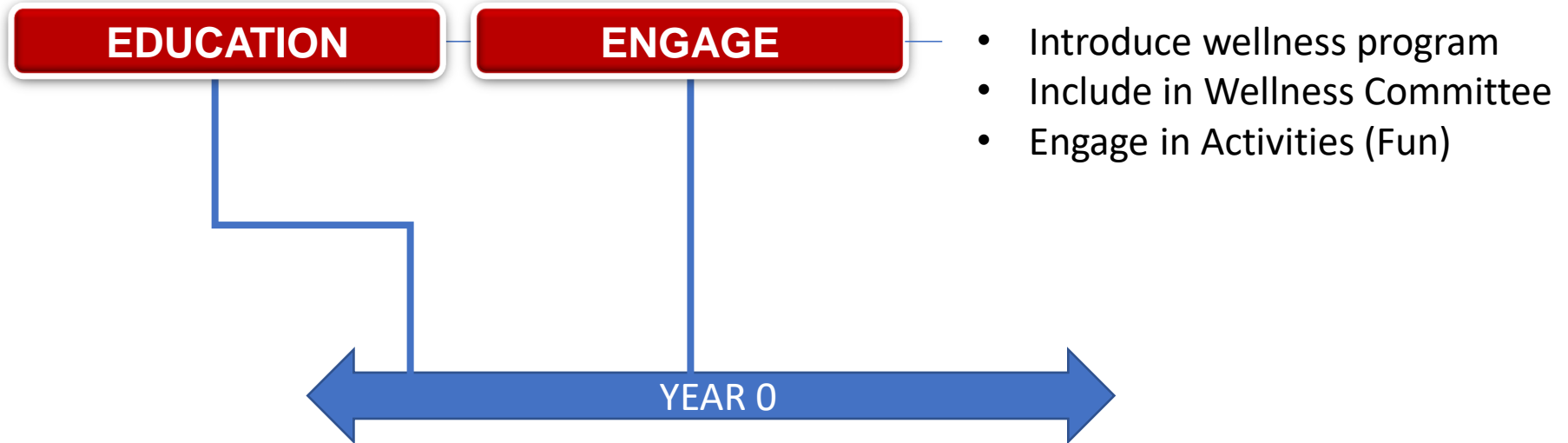
## EDUCATION

- How does insurance work?
- Is there another possibility?
- What would happen if...?

YEAR 0

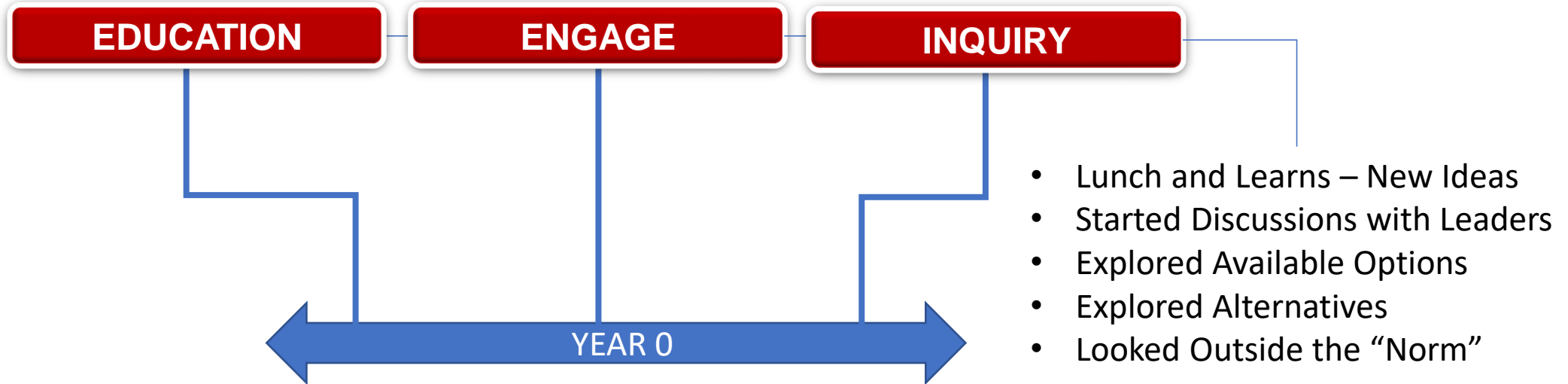


# Healthcare Plan





# Healthcare Plan



# Healthcare Plan

## First Year

PPO HDHP



### CRITERIA

- Not too radical
- Sustainable (“bend the curve”)
- ADOPTION, not COMPLIANCE

### REWARD

REWARD PARTNERS

### COVERAGE

SAME PLAN,  
DIFFERENT STRATEGY

### CHOICE

EVEN 2 PLANS IS A  
CHOICE

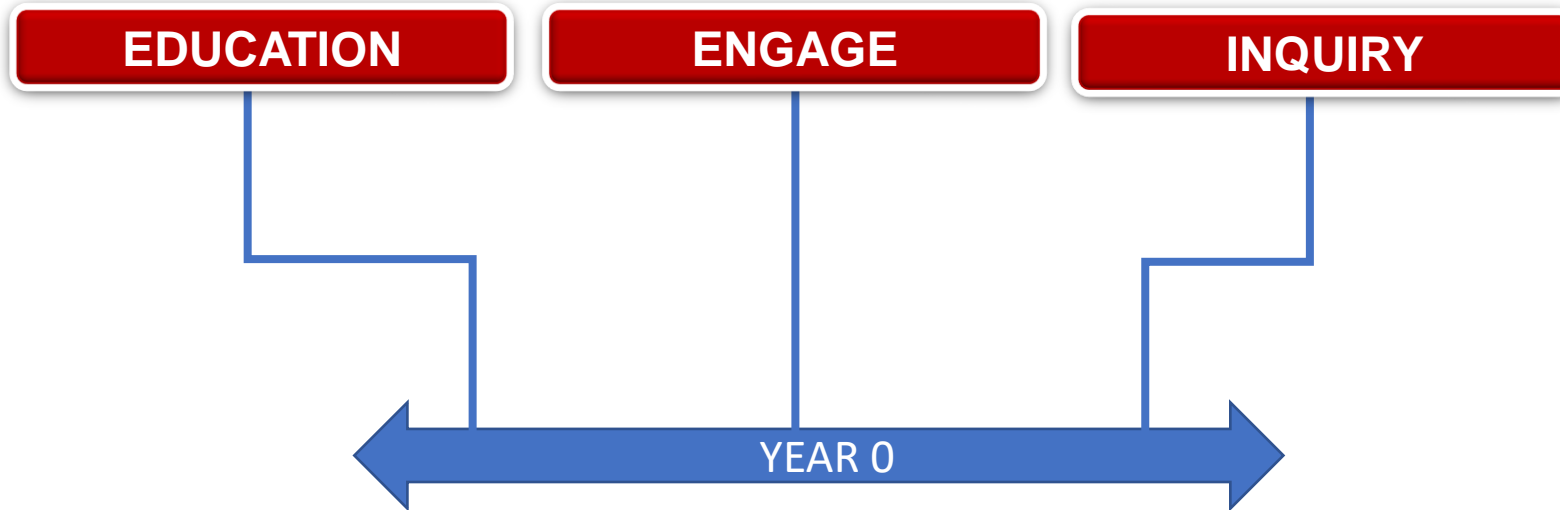
# Wellness Program



## *Recipe*

- Easy to Understand
- Fun to Participate
- Practical to Manage
- Applicable to Everyone
- Aligns with Culture
- Motivational
- Contagious
- Personal





*Where does wellness fit in here?*

# Phase I: Pre-Year



Gym Installation



Wellness Fair



Competitions



Wellness Committee

Focus: **Implementation**

## Phase II: First Full Year



Gym Installation



Wellness Fair



Competitions



Wellness Committee

Focus: **Integration**



Incentives



HSA Program



Biometrics



Tobacco Cessation



# PPO

**+5% EE Rates**

**Tobacco Incentive**  
**\$600/Year to Pass**

**Wellness Incentive**  
**\$300/Year for**  
**Biometrics**



# HSA

**-10% EE Rates**









**Tobacco Incentive**  
**\$600/Year to Pass**

**Wellness Incentive**  
**Up to \$1,350 for EE**  
**and Spouse**  
**(Total \$2,700)**



# Phase II: Full Integration

## WELLNESS INCENTIVES (HSA PLAN ONLY)

|  |                                  |       |
|--|----------------------------------|-------|
|    | BIOMETRIC SCREENING              | \$200 |
|    | BLOOD PRESSURE                   | \$100 |
|    | BODY MASS INDEX (BMI)            | \$100 |
|    | CHOLESTEROL                      | \$100 |
|    | BLOOD SUGAR                      | \$100 |
|   | BIOMETRIC COMPLETION BONUS       | \$200 |
|  | ACHIEVE VITALITY GOLD STATUS     | \$200 |
|  | ACHIEVE VITALITY PLATINUM STATUS | \$350 |

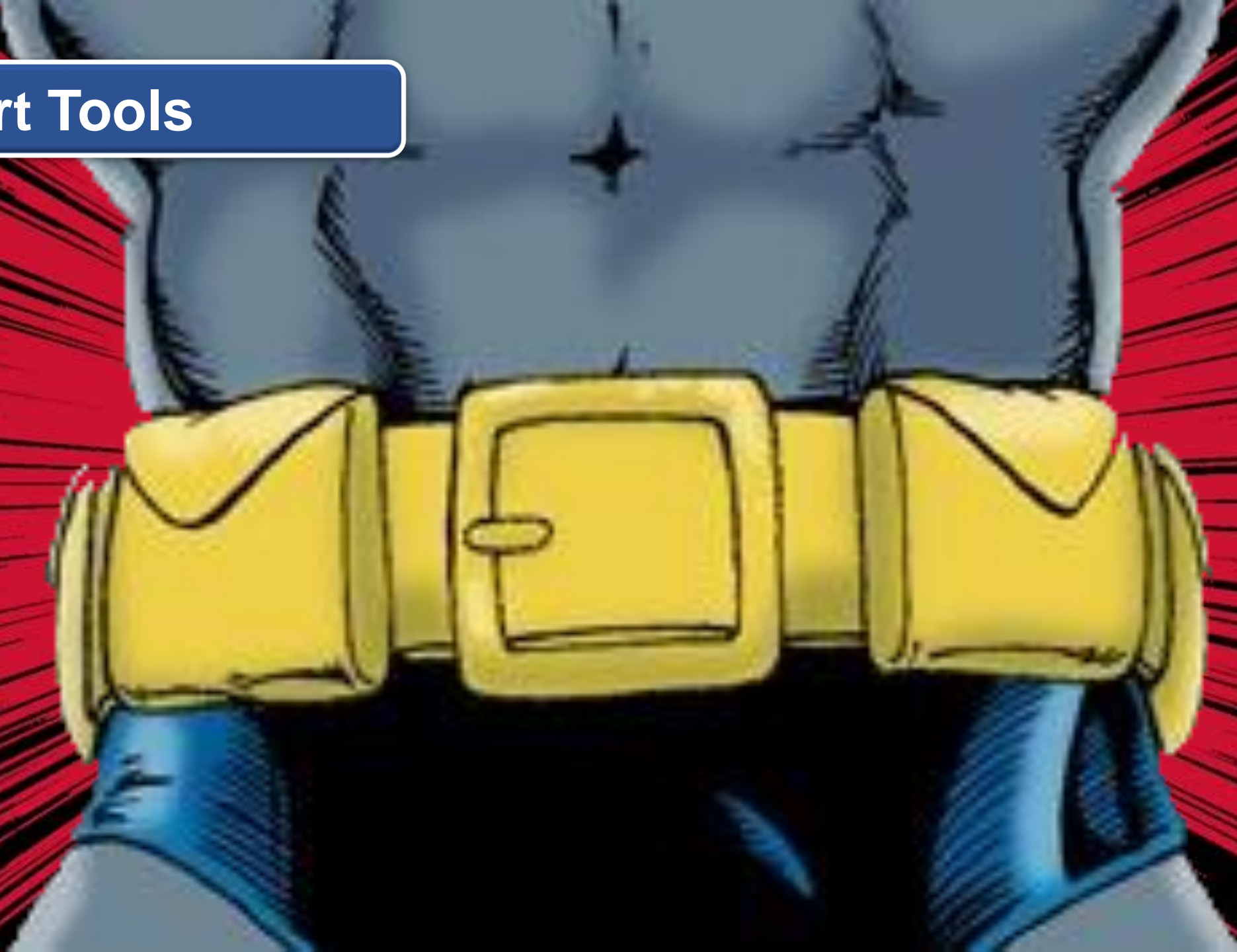
Available to:

- Employees
- Spouses (on plan)

### Additional Options for EE+ child(ren)

- Earn 100% of incentives
- Take child to wellness exam

# Support Tools







Search ...



Your Account

HOME

HEALTH PROFILE

POINTS

REWARDS

RESOURCES

COMMUNITY

Hi, Wade

**Platinum**  
POINTS STATUS

**20,181**  
VITALITY POINTS

**447**  
VITALITY BUCKS

**ACT NOW**  
EMPLOYER INCENTIVE



There are so many ways  
to earn points.

Browse the Points Planner to view an array of  
activities.

**VIEW ACTIVITIES**

1 New promotion(s) available

Visit the rewards page to get the details and  
apply the promo at checkout.



Open wide!

Did you know that good dental hygiene has an  
effect on your overall health? Earn 200 points  
for a dental check up!



Get on a path to points.

Every Vitality Point gets you one step closer to  
better health.



**www.PowerofVitality.com**





You did it! You reached Platinum.

**20,181 pts**  
POINTS EARNED

TOTAL EARNED  
**20,181 pts**

*Points translate to credit to  
earn HSA incentives AND gift  
cards or other rewards  
through Vitality*

**GOLD**

9,000 pts

**PLATINUM**

15,000 pts

## CATEGORIES

[Download your Activity Overview](#)

★ ★ ★  
**Vitality Reviews**  
COMPLETED

**975 pts**  
POINTS EARNED



★ ★ ★  
**Vitality Check**  
COMPLETED

**4,025 pts**  
POINTS EARNED



**Online Education**

**450 pts**  
POINTS AVAILABLE



**EARN POINTS >**

**Physical Activity**

**4,485 pts**  
POINTS AVAILABLE



**Goals**

**1,260 pts**  
POINTS AVAILABLE



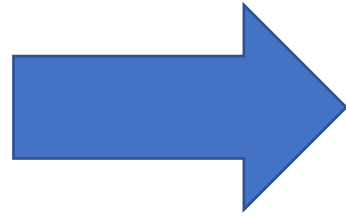
**HealthyFood**

**600 pts**  
POINTS AVAILABLE



# Support Tools

Vitality®

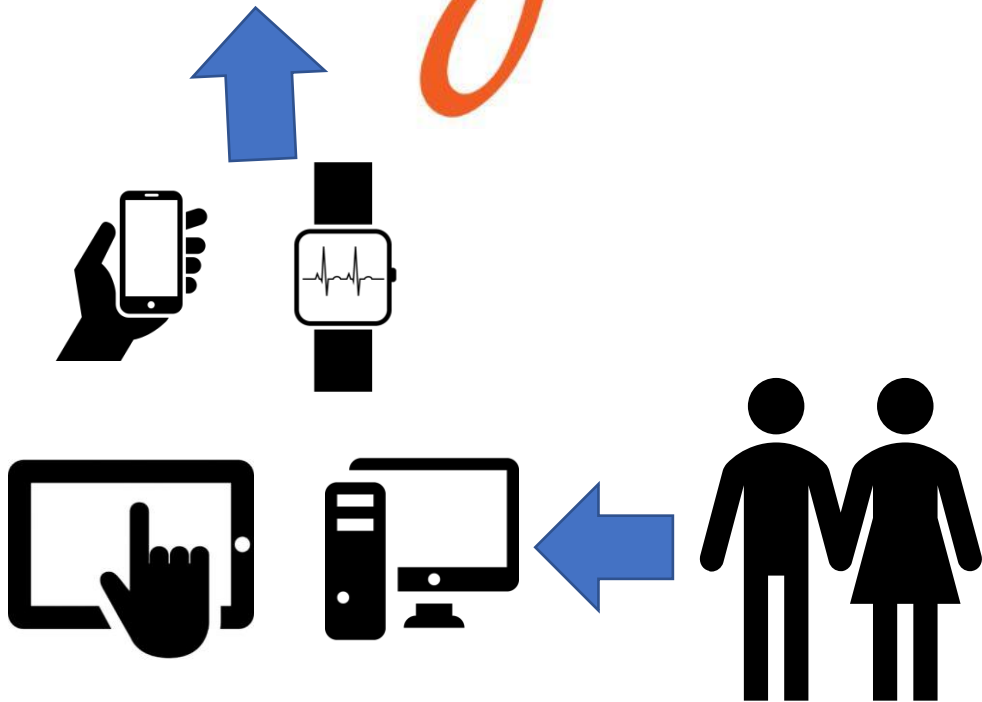


AMERICAN  
BENEFITS GROUP

Health Savings  
Accounts

Health  
Reimbursement  
Accounts

Flexible Spending  
Accounts





# Alternative Solutions





**TELADOC**™



# Alternative Solutions

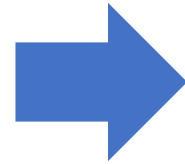


*PetraRx*



**PROMED**

Cámara  
Costarricense  
de la Salud



Medical Travel Option™  
FREEDOM IN HEALTHCARE

A partner with



**Provide Rx**  
PHARMA







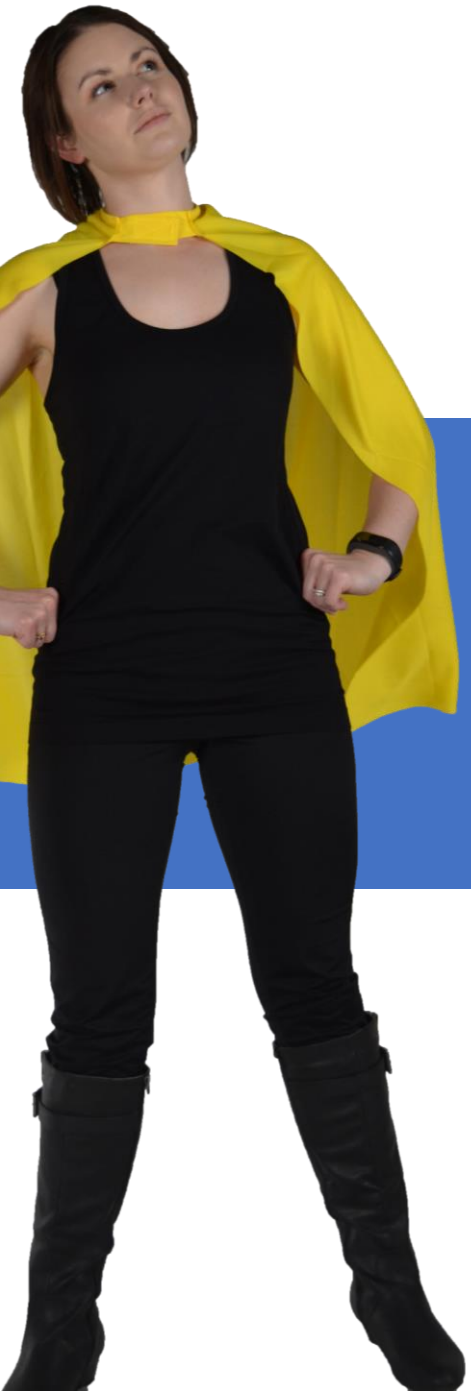
Provide Rx

PHARMA

SAN DIEGO

TIJUANA





PAUSING TO CATCH OUR BREATH

INTERMISSION



**PATH3**

# **RESOURCES**







# ***RESOURCE TEAM 1***

## ***HR TEAM***

***DO HOMEWORK***

***FIND THE INNOVATIVE***

***GET EXECUTIVE BUY-IN***





# *RESOURCE TEAM 2*

## *EMPLOYEES*

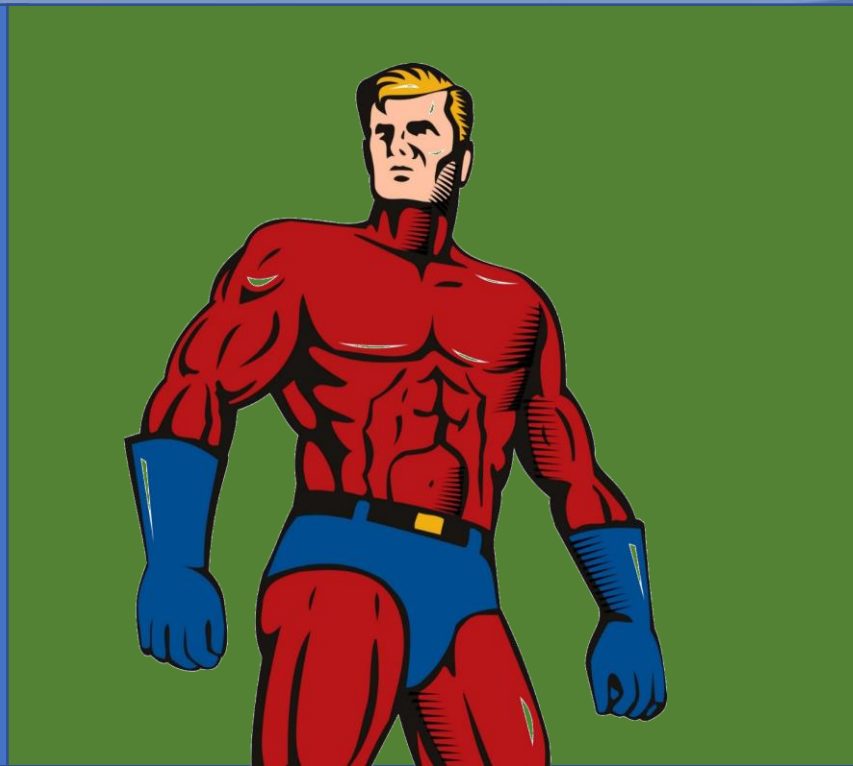
*EDUCATE*

*CREATE PARTNERSHIP*

*SHARE RISK & REWARD*

# *RESOURCE TEAM 3*

## *THIRD PARTIES*



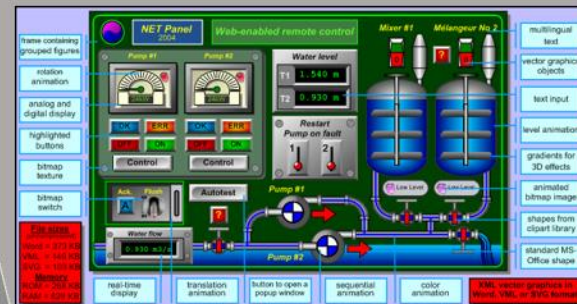
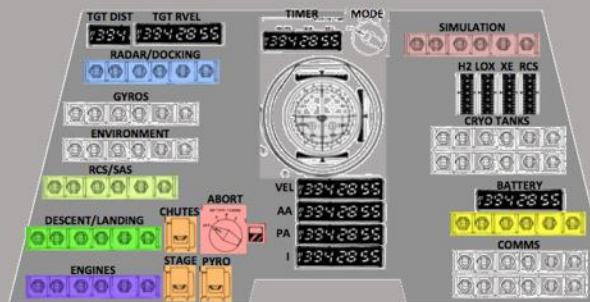
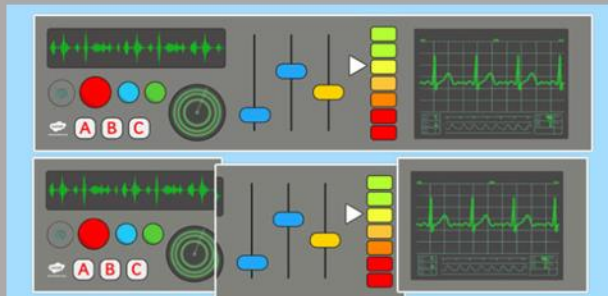


# PATH 4



## RED ALERT

# METRICS





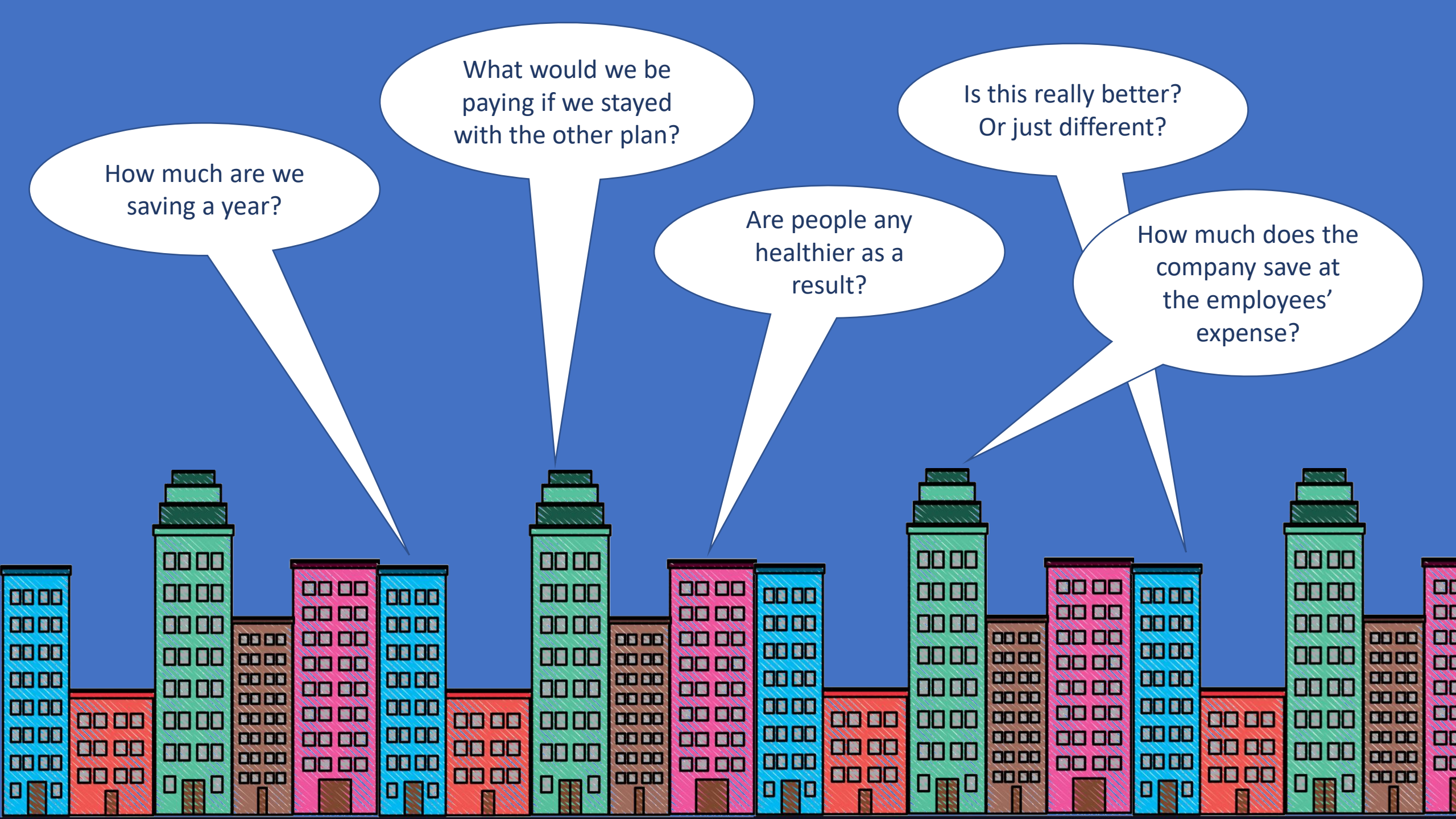
**R.O.I.**

**WHAM!**

**Bang!**

**Kapow!**





How much are we  
saving a year?

What would we be  
paying if we stayed  
with the other plan?

Are people any  
healthier as a  
result?

Is this really better?  
Or just different?

How much does the  
company save at  
the employees'  
expense?



What matters most  
to the CEO?

What matters most  
to managers?

What matters most  
to employees?

What matters most  
to you?

That which gets measured  
gets done.

That which gets measured  
and reported...improves.

That which gets measured  
and rewarded improves  
quickly & sustainably.

***PATHS***

***FULLY-  
FUND***

***VS***

***SELF-  
FUND***



# ***MORAL OF THE STORY***





**YOU CAN LEAD A HORSE  
TO WATER,  
BUT YOU CAN'T  
MAKE IT DRINK.**

**BUT YOU CAN PUT  
SALT IN ITS OATS...**





***YOU ARE YOUR EMPLOYEE'S HEROES...***



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