



Restaurant Franchise Owner Overhauls Employee Health Benefits Menu

The challenge

One of the truest measures of the effectiveness of an employer health insurance plan is a simple one: the number of employees who enroll. The more, of course, the better. There's hardly any point in sponsoring a plan with low participation rates. That was the problem facing our client, Kingman, Ariz.-based Desert De Oro Foods Inc., the franchise owner of more than 300 restaurants – Taco Bells, Pizza Huts, KFCs, Dickey's BBQ Pits, and Whataburgers – across the West. Despite having 1,200 eligible

employees, only 268 had elected to enroll in its health plan. Health benefits have long been an important inducement for companies hoping to attract the best talent. Today, amid one of the tightest labor markets seen in decades, benefits are more vital than ever. Our client's challenge wasn't merely getting more people to sign up for coverage; it was about making sure its benefits would help it recruit and retain employees.

Our solution

Not surprisingly, cost was the great inhibitor to enrollment at Desert De Oro Foods' plan. The average annual premium per employee was \$12,393. Deductibles for enrollees ranged from \$4,000 to \$8,550 per year. And then, naturally, there were co-pays. It all quickly added up to an unsustainable expense for our client and its employees. No longer willing to tolerate the status quo, our client was ready for a fresh start. Oh, and by the way, it wanted to waste no time whatsoever, asking us to meet a deadline to engineer a major change less than two months away. So, what did we do? Because it was already self-funded, meaning it was paying claims out of its own pocket, we

recommended that our client embrace an unbundled solution. Rather than continuing to rely on one of the big health insurance carriers, we identified a third-party administrator, or TPA, to help our client manage the plan, found a stop-loss insurance provider versed in the industry and with an untraditional approach on how to categorize and pay for medical services. And we also placed our client with a new pharmacy benefits provider with nationwide coverage. The TPA, not incidentally, also used mobile push notifications, email notifications and an online platform to help track and boost enrollment.

The Outcome

The numbers tell this story best. Under its new plan, our client's annual average cost per employee plunged to \$7,720 – a whopping 38% savings. Better yet, deductibles in our client's three newly constituted plans changed to no more than \$2,000. We also found a new carrier that offered office visits as a benefit under two other plans aimed at providing employees with coverage that meets ACA requirements. And the metric we all watch so closely, employee participation, climbed nicely, too, with 384 workers enrolled in the first year of the new plan, a figure we expect to only grow as more employees recognize just how much better their new plan is compared to the old.

How Desert De Oro Foods Saves **\$1,252,096*** on its Employee Health Benefits:

OLD PLAN

Employees Enrolled:

268

Deductibles:

\$4,000-8,500

Annual Cost Per Employee:

\$12,393

NEW PLAN

Employees Enrolled:

384

Deductibles:

ZERO TO \$2,000

Annual Cost Per Employee:

\$7,720

"We were very pleased with the plan. The Mahoney Group was able to put together and thrilled that it could be done in the short time frame we had." - Wanda Easter, director, Desert De Oro Foods.

* Figure based on cost per employee for 268 enrollees.