

ZIMBRICK DRIVES TOWARD FULL SELF-FUNDING



Retail automotive dealer Zimbrick Inc. moved all employees to a self-funded plan after previously offering either the self-funded option or a health maintenance organization (HMO). The Alliance asked Vikki Brueggeman, human resources director at Zimbrick, to share the company's insights into making that transition work for everyone. A transcript of that conversation follows.

"For the first time, we will be able to move forward with access to the information we need for all employees."

Tell Us a Little About Your Business.

Zimbrick is a retail automotive dealer with more than 700 full-time employees in three cities in two states. In Wisconsin, Zimbrick operates 12 locations in Madison as well as a site in Brookfield. Zimbrick also has a dealership in Rockford, Illinois.

Why Did Zimbrick Switch to Offering Only the Self-Funded Plan?

Moving everyone to a self-funded option achieved three objectives for Zimbrick:

It creates equity in our benefit options. Everyone has access to the same plan, which was not true before. The HMO option was not offered at our Brookfield or Rockford locations because those employee groups are so small. Even in Madison, we saw a steady migration away from the HMO plan as employees realized self-funded premiums were cheaper. Once HMO enrollment dropped to 60 employees, it didn't make sense to maintain dual choice.

It gives us transparency of information. We are implementing a wellness program, which includes adding wellness components to our Summary Plan Description. One way Zimbrick can measure wellness return-on-investment is by evaluating employees' aggregated health information from year to year. Our managed care option was unable to give us access to that information. With the self-funded option, it's routine.

It delivers cost efficiencies. One of Zimbrick's strategic initiatives is to use our size to leverage efficiencies and maximize effectiveness. While we have nearly 500 insured lives, we are still a small plan in the overall scheme. By focusing our resources on one plan, we become more efficient.

How Was the Switch Communicated to Employees?

A well thought-out communication strategy that suits the needs of your business is essential for success. Our human resources team mapped out a five-step strategy with scripted messages.

Step 1: Gain "C-suite" support. Depending on your business, key leaders to win over in the "C-suite" could include the chief executive officer, chief financial officer or chief operating officer.

Step 2: Give advance notice to leaders at each location. This change only affected the Madison dealerships. We told the general managers at each location about the change in advance to respect the relationships they have with employees and to gain their buy-in. This was important because once the announcement was made, they had to deal with any morale issues at their location.

Step 3: Hold mandatory employee meetings. We felt very strongly about two things: that employees should hear the message from the top, in this case the CEO, and that all affected employees should hear the same message. Our message was scripted in the form of talking points and frequently asked questions. The CEO delivered the initial message and the human resources team handled the implementation process. It was important for employees to know that we were going to provide both enrollment and education assistance.



Step 4: Offer one-on-one enrollment assistance.

HR contacted each of the 60 affected employees. We went to their workplace to help them instead of making them come to us. This sent a strong message that we cared about them as individuals; that it wasn't just about "the numbers."

Step 5: Partner with experts. We called on our claims Third Party Administrator (TPA), The Alliance and our pharmacy benefits manager (PBM) to provide on-site seminars for employees and their spouses.

- > The TPA discussed the basics of how a self-funded plan operates. They explained what an Explanation of Benefits (EOB) statement is and gave a sample to employees.
- > The Alliance was very helpful in providing information to our transitioning employees. Their representative explained the network composition, introduced employees to the health care information on quality and cost, and demonstrated the educational tools offered.
- > The PBM discussed the mail-order component of our plan and how to have prescriptions written to correctly use this new approach. Employees really appreciated the information and the cost savings.

What Advice Do You Have for Other Companies?

There are three things that are absolutely essential:

Prepare a transition strategy. Map out timelines, assign responsibilities and follow your plan.

Communicate. Be a resource to employees to answer questions and reassure them that the company will provide support during and after the transition. Information is power.

Top management support is critical.

Now that You've Moved to Using Only a Self-Funded Plan, Have There Been Any Other Benefits?

As part of our wellness program, we added Health Risk Assessments to educate employees about the status of their health. Although individual information was completely confidential, Zimbrick received an aggregate report on the overall health of our employee population. We really want to be able to monitor how employee wellness changes from year to year so we can measure return on investment, which is essential for our senior leadership. For the first time, we will be able to move forward with access to the information we need for *all* employees.

How Have Employees Responded?

Overall, the transition received very little employee push back. Everyone understood the need to focus our financial resources on a single plan. Of the 60 employees, 55 transitioned to the self-funded option. Several people decided to go on their spouse's insurance and one employee opted to get his own private policy. Some of the former HMO users miss the ease of never seeing a medical bill or EOB, but now they are becoming educated on how much medical services actually cost.

Does this Plan Affect Your Ability to Monitor the Health Care Delivered to Employees?

One of the great things about The Alliance is that the quality component is built into their program. The Alliance encourages providers to improve care by aligning financial incentives with results through contracts. The Alliance also provides employees with the *Quality Counts*[™] report, which provides quality ratings on hospitals so they have the information needed to compare providers. I wish all our employees recognized that we are concerned about the level of care they receive so they would rest a little easier. It certainly reassures me to know that The Alliance is watching our back.

What's Ahead for Zimbrick and Its Health Benefits?

The unknown factor to being entirely self-funded is the actual "state of health" of employees who formerly used the HMO, since their health care claims will affect our reinsurance rates next year. One scenario is that HMO employees are healthier because they had essentially unfettered access to health care in the past. Another scenario assumes that our unhealthy employees had migrated to the HMO option to take advantage of lower out-of-pocket costs. We hope to learn more from the data we get from The Alliance.



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