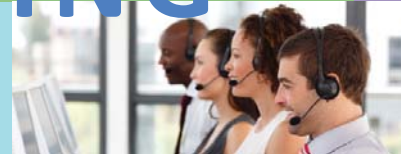


# CASE STUDY

# DOW CORNING

How one company realized remarkable value in their consumer directed healthcare approach



## THE CHALLENGE

Midland County, Michigan is home to more Ph.Ds per capita than any other county in the State of Michigan. It also happens to be the headquarters for Dow Corning, owner of thousands of important patents from silicone to solar energy. One might argue that Dow Corning has one of the country's smartest and most educated workforces. But when it comes to health benefits, Dow Corning faces the same education challenges as most other employers: how to help employees hold costs down by becoming savvy healthcare consumers.



Employers across the nation are trying to combat the rising healthcare premiums, which are increasing at a rate of 6% each year, according to the 2009 National Business Group on Health Survey, conducted by Towers Watson (formerly Watson Wyatt). Many employers are hesitant about offering a consumer directed healthcare (CDH) plan because the deductible is higher than a traditional PPO or HMO plan. Dow Corning saw the CDH plan as an opportunity for savings and believed that with a 20% adoption rate, the CDH plan offering would be a success. While shopping for a partner to administer their health savings accounts (HSAs) they turned to HealthEquity for their expertise and best-in-class service delivery designed to educate their employees about the CDH-HSA option.

## THE SOLUTION



HealthEquity helped Dow Corning create an education and communication plan about health savings accounts and the CDH plan option. HealthEquity's high standard for consistent, 24/7/365 service made it easy for Dow Corning employees to receive the information when they were looking for it. In addition to HealthEquity's member service, Dow Corning's plan design and considerable contributions to the HSAs made the CDH-HSA plan successful.

Dow Corning knew it would be a challenge to inform their employees of the benefits of a CDH-HSA plan. They relied on HealthEquity's familiarity with CDH plans to help them create educational pieces for their employees on how a CDH plan coupled with HealthEquity's HSA is an easy and affordable option. Several education and communication pieces were created before enrollment to allow Dow Corning employees to learn about the CDH plan and HSAs.

Dow Corning's efforts in teaching their employees about the CDH-HSA option, as well as their understanding of the importance in contributing to the HSAs, resulted in a participation rate of 74% as of January 1, 2010.



**"A CDH approach does pay-off. The results are powerful. Going into 2010, our CDH premium rates stayed flat versus our traditional plans, which had more than an 11% increase."**

**- Alan Hubbard, SVP & Chief HR Officer, Dow Corning**



## HOW TO DECREASE HEALTHCARE COSTS WITH A CDH-HSA PLAN

Dow Corning was successful implementing their CDH-HSA alternative due to 3 key elements: **Funding Employees' HSAs, Education and Communication, and Partnership.**

### ***Funding Employees' HSAs***

One component in successfully launching a CDH-HSA plan is partially or fully funding employees' HSAs. Make an investment. Dow Corning has contributed over \$3.2 million into HSAs and employee HSA contributions totaled nearly \$5 million in 2009. Dow Corning has seen an approximate FICA savings of \$380,000 during 2009. The average annual voluntary contribution by employees was approximately \$1,500 per employee in 2009 compared to just over \$500 nationally, based on HealthEquity data.

### ***Education and Communication***

Dow Corning worked closely with HealthEquity's subject matter experts to inform their employees about the CDH-HSA option. Communication letters were sent out before open enrollment to let the employees know how to open a HealthEquity HSA and enrolling in the CDH plan.

During open enrollment, HealthEquity continued to support Dow Corning employees by answering questions on activating their debit card, navigating the member portal, account authorization, and other requests. The HealthEquity member portal is an easy-to-use self-service tool, which allowed Dow Corning employees to answer most of their questions by viewing their account summary, reimbursements, and using the PayChoice™ tool to view and pay claims.

### ***Partnership***

Dow Corning and HealthEquity's partnership was a key factor to the success of the CDH-HSA plan adoption.

A survey was conducted before implementing with HealthEquity and again 8 months post-implementation, which found an increased value-added change in the way Dow Corning employees viewed their benefits. The results are shown below:

	Before HealthEquity	With HealthEquity
Overall satisfaction with health benefits	6.7	7.8
Understanding of health accounts	5.6	8.0
Specific satisfaction with HealthEquity		9.0

**“If you are going to attempt a CDH strategy: 1) Be serious, 2) Make an investment, and 3) Work with experienced partners, like HealthEquity.”**

**- Alan Hubbard, SVP & Chief HR Officer, Dow Corning**

# THE RESULTS & CONTACT INFORMATION



## CONTACT INFORMATION

Find out more about how a partnership with HealthEquity can benefit you and your employees.

Call your personal sales support representative for more details.

**HealthEquity**

**Phone: 1-801-727-1000**

**marketing@healthequity.com**

## THE RESULTS

Through Dow Corning's educational efforts in informing their employees about the benefits of choosing a CDH-HSA plan, utilizing HealthEquity's easy-to-use member portal, and contributing to their employees' HSAs, the CDH-HSA option is an overwhelming success with a 74% participation rate.

Nationally, employee and family premiums in CDH-HSA plans are least costly. The cost of family coverage, for example, is 20 percent lower than with HMO plans and 18 percent lower than with PPO and POS plans\*. As a result, The 14th Annual National Business Group on Health 2009 Report by Towers Watson (formerly Watson Wyatt), reported that employers across the nation are experiencing lower trend rates over the last two years as a result of higher adoption in account-based CDH plans. Higher adoption equals lower healthcare costs.

By offering a CDH-HSA choice, partnering with an experienced and knowledgeable HSA administrator, **Dow Corning's CDH premiums remained flat while their PPO/HMO premiums increased by well over 11%.**

\* The 14th Annual National Business Group on Health 2009 Report by Towers Watson (formerly Watson Wyatt).

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**www.healthequity.com**



# HEALTHEQUITY'S PRODUCTS AND SERVICES

Most of HealthEquity's employer customers have come to us after experiencing CDH account administration from a bank or another third party administrator. The reason they came to HealthEquity is because CDH account administration is all we do, and as a result, we have built a reputation for doing it well.

Highlights of HealthEquity solution include:

- Integration for enrollment and eligibility making it simple and easy for members to establish and transact using their CDH accounts.
- Integration of claim files making it easy for members to understand what was paid by the health plan and how much they still owe.
- 24/7/365 customer service allowing your employees to ask us questions anytime, day or night.
- Superior account administration allowing your team to focus on what you do best – health benefits, while allowing HealthEquity to focus on what we do best – account administration and education.

HealthEquity is a leader in integrated CDH account administration. We administer:

- Integrated HSAs
- Integrated HRAs
- Integrated FSAs
- Integrated VEBAs

All healthcare accounts are not created equal. That's why you need an experienced, trusted partner to help you when it comes to your healthcare finances. HealthEquity's experts will provide the best customer service and healthcare account administration for you and your employees.

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