

Chrysalis

Smarter Choices for Employer and Employees

Orem, Utah-based Chrysalis manages day programs and residential group homes in Utah and Nevada to help people with disabilities live, work, and more fully participate in their local communities.

From 2004 to 2007, Chrysalis' health care premiums increased an average of 8.35% each year. For the 2008 plan year, the increase was 5.5%, an amount that sounds small, but represents \$55,000 on the company's balance sheet. Because Chrysalis relies on funding from state agencies and private families to provide its services, raising prices to cover increasing costs isn't an option.

"I'd been hearing about and researching the HDHP with an HSA," said Rich Slack, chief financial and marketing officer at Chrysalis. "After we saw the proposed 5.5% increase, I asked the broker to quote an HDHP with HSA. The quotes came back 17.5% to 18% cheaper than they would have been that year and 13% cheaper than they were in 2007."

Chrysalis made the move to the HDHP-HSA for the 2008 plan year. The new deductible for an individual employee went from \$1,000 to \$1,500 and reduced the premium by \$500 a year. Chrysalis put the \$500 savings into the HSA, creating a budget-neutral change for employees. If the employees manage their money well, they'll keep the extra \$500 in the HSA. If not, they'll be no worse off than before.

Before 2009, salaried employees also received company contributions to an HRA. In 2009, the HRAs were rolled in to the HSA or cashed out. Currently salaried employees receive \$3,000 in their HSA, which covers their full family deductible. Chrysalis made this contribution while keeping the total company cost of health insurance budget-neutral.

Changing Mindsets

The new plan presented new challenges. Initially, employees were concerned. To maximize the effectiveness of the new plan and get employee buy-in, Chrysalis had to change the way employees thought about the plan and how they used health care and insurance.

On the traditional plan, the mindset was one of simply going to the doctor for the littlest of things—after all, the only impact to the employee after the low deductible was satisfied was usually a \$20 co-pay—a mindset that increased how often employees sought care.

The structure of an HSA naturally causes employees to change their behavior. Since the first dollars of coverage are paid directly out of the HSA and the employees rightfully view that money as theirs, employees no longer want to waste \$150 at a doctor's visit when they know they just have a cold and there's nothing the doctor can do.

The professional layout of the HealthEquity web site as well as the tools available to employees quickly created a fan base of the HDHP-HSA. The HealthEquity member site is linked to Chrysalis' health insurance provider, so that employees access and can pay provider bills right on the HealthEquity site—something that simplifies the EOB/billing process. Employees know exactly what they owe and have an automatic bill-payment service at their fingertips.

NOT JUST ANOTHER HOME. . .



CHALLENGES

- Rising health care insurance premiums
- Keeping employees happy
- Changing employees' health care habits

SOLUTION

- Moving to an HDHP-HSA option
- Educating employees

RESULTS

- Reduced premiums
- Employees turned smarter health care consumers

QUICK STATS

- **Industry:** Residential care services
- **Total employees:** 1,200
- **Employees enrolled in HDHP-HSA:** 300
- **Initial savings with CDH-HSA:** 18%
- **Traditional plan premium change:** average 8.35% annually

"The beauty of an HSA and HDHP is that it becomes a selfish system. People think harder about going to the doctor, because it's going to cost them directly. They make smarter choices."

—Rich Slack
Chief Financial and
Marketing Officer
Chrysalis



HealthEquity
Building Health Savings™

Power to the Employee

"We've been incredibly impressed with HealthEquity," Rich said. "They've created a web site full of tools to help our employees. One of my favorite is the 24/7/365 nurse's hotline that helps employees make better decisions. For payments, they simply click 'reimburse me' to pay themselves back or 'pay provider,' and the check is automatically sent to the doctor. No envelopes, no stamps, how awesome is that?"

Seeing Efforts Pay Off

After three or four months, employees started to embrace the idea that with the HDHP-HSA, it's their money they're spending. Employees started to shift their thinking and use their health care insurance differently. Rather than run to the doctor for the sniffles, employees now actively manage the health care decisions they make.

"Now, they [the employees] love the HSA because they know how to work the system and use the money to their benefit," Rich said. Employees aren't any less healthy, but are actively engaged in building their HSAs. Those who have a year when they don't require much care can maximize the money Chrysalis contributes to the HSA accounts. And after a few years, they might have up to \$6,000 balances, enough to cover the full deductible plus out-of-pocket expenses when they may require more care.

"The beauty of an HSA and HDHP is that it becomes a selfish system. People think harder about going to the doctor, because it's going to cost them directly. They make smarter choices, which benefits the company and them," Rich said.

Changing the Bottom Line

The move to an HDHP-HSA has paid off. In 2009, premiums decreased 1%. Of this, Rich said, "Wow! Before, we were generally relieved if the increase was 7% or less and here we were with a 1% decrease."

Chrysalis didn't have as much to celebrate in 2010. Premiums for the HDHP-HSA rose 15.8% after there were a few cancers and other serious conditions among employees in 2009. "But that is what insurance is for," Rich said.

"The 15.8% increase looks less dismal when it's placed in context. The 2010 premiums were still less than they were in 2007 before switching to the HDHP. Not bad. The HDHP and educated consumers have staved off three years of increases. We can only imagine how bad it would have been, if we hadn't had informed consumers making wise choices," said Rich.

Premium/Month	Traditional Plan		HDHP		
	2007	2008	2008	2009	2010
Single	\$223.20	\$235.50	\$194.35	\$192.45	\$222.85
% Increase	4.99%	5.51%	-17.47%	-0.98%	15.80%
Two-Party	\$482.90	\$509.50	\$417.85	\$413.65	\$479.45
% Increase	5.00%	5.51%	-17.99%	-1.01%	15.91%
Family	\$570.70	\$602.10	\$493.45	\$488.55	\$566.35
% Increase	5.00%	5.50%	-18.05%	-0.99%	15.92%

Moving to the HDHP in 2008 reduced Chrysalis' health plan premiums by almost 18% and kept them lower than the previous health plan's premiums for three years.

HealthEquity is the nation's oldest and largest dedicated health savings trustee. It helps individuals and families build health saving while it helps employers spend less on benefits through innovative integrated health care account (HSA, HRA, FSA, VEBA) administration and investment platforms backed by 24/7/365 service, personalized savings strategies, and consumer education.

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