

Dow Corning

Realizing Remarkable Value for Employer and Employees



Realizing Remarkable Value in Consumer-Driven Health Care

Midland County, Michigan, is home to more PhDs per capita than any other county in the state of Michigan. It's also the headquarters for Dow Corning, owner of thousands of important patents from silicone to solar energy. 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 faced by other employers—how to help employees hold costs down by becoming savvy health care consumers.

Employers across the nation are trying to combat rising health care 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 hesitate to offer a consumer directed health care (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 its health savings accounts (HSAs), Dow Corning turned to HealthEquity for its expertise and best-in-class service delivery designed to educate employees about the CDH-HSA option.

The Solution

HealthEquity helped Dow Corning create an education and communication plan about HSAs 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 Member Services, 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 its employees of the benefits of a CDH-HSA plan. It relied on HealthEquity's familiarity with CDH plans to help create educational pieces for 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 to teach its employees about the CDH-HSA option, its understanding of the importance of contributing to the HSAs, and its choosing the right administrator, resulted in a participation rate of 74% as of Jan. 1, 2010.

Funding Employees' HSAs

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

CHALLENGES

- Help employees hold costs down by becoming savvy health care consumers
- Inform employees of the benefits of a CDH-HSA plan

SOLUTION

- Partner with HealthEquity to educate employees
- Partner with HealthEquity for ongoing plan management

RESULTS

- Attained an adoption rate 54% above target
- Increased employee satisfaction
- Saw premiums remain unchanged

QUICK STATS

- **Industry:** Manufacturing
- **Total employees:** 9,000
- **Employees enrolled in CDH-HSA:** 5,000
- **CDH-HSA premium change:** 0%
- **Traditional plan premium change:** +11%

"A CDH [consumer-directed health care] 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 and Chief HR Officer
Dow Corning

Education and Communication

Dow Corning worked closely with HealthEquity subject matter experts to inform its 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 enroll in the CDH plan.

During open enrollment, HealthEquity continued to support Dow Corning employees by answering questions on activating their debit cards, navigating the member portal, account authorization, and other requests. The HealthEquity member portal is an easy-to-use self-service tool that allows Dow Corning employees to answer questions by viewing their account summary, reimbursements, and using HealthEquity® PayChoice™ payment options 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 the HSA with HealthEquity and again eight months post-implementation. The survey found an improvement in the way Dow Corning employees viewed their benefits.

	WITH CDH	BEFORE CDH
Overall satisfaction with health benefits	7.8	6.7
Understanding of CDH-HSA options	8.0	5.6
Satisfaction with HealthEquity	9.0	n/a

The Results

Through Dow Corning's educational efforts to inform employees about the benefits of choosing a CDH-HSA plan, utilizing HealthEquity's easy-to-use member portal, and contributing to its 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% lower than with HMO plans and 18% 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 health care costs.

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

"...properly designed CDH plans can produce significant (even substantial) savings without adversely affecting member health status."[‡]

HealthEquity is the nation's oldest and largest dedicated health savings trustee. It helps individuals and families build health savings 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.

DISCOVER HOW A PARTNERSHIP WITH HEALTHEQUITY CAN BENEFIT YOUR COMPANY AND ITS EMPLOYEES. CONTACT HEALTHEQUITY TODAY.

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

[‡] 2009 summary finding by the American Academy of Actuaries

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