



**Benetech**  
benefits • payroll • hr

## New Beginning Achieved Savings & Satisfaction

**Benetech facilitates cooperative effort between administration and employees for the benefit of all.**

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**Client:** City Government

**Number of Covered Lives:** Over 700 Active Employees & over 200 Retirees

This client provides health and prescription drug benefits to 700+ active employees and 200+ retirees. Prior to our engagement, the City was experiencing operational challenges and high administrative costs due to offering five (5) different health plans and three (3) different prescription drug plans, along with other benefits. The labor force was experiencing a low level of benefit satisfaction due to numerous problems, especially primary care referral and billing/eligibility billing-related issues.

There was a Labor-Management Committee in place, but meetings were sporadic and frequently contentious. In that environment, substantive progress on the critical benefit and cost issues facing both sides was slow, and generally painful.

Immediately upon being awarded the contract, we moved to re-energize the Committee by suggesting a new approach: **starting over!**

With Benetech acting as the moderator/facilitator, the Committee was challenged to design a single benefit plan and related contribution structure that would both be acceptable to the five bargaining units and be operated within the City's fiscal constraints.

This forum allowed for:

1. the free exchange of ideas and information pertaining to the City's benefit plans and cost factors
2. a greater understanding of the cost-drivers of escalating benefit costs
3. an appreciation for alternative benefit initiatives, their cost implications and their impact on benefit-related operational issues

Working together with Benetech's support, the Committee ultimately agreed to re-open all five contracts mid-term, which allowed for the implementation of **one** common plan for all employees/retirees. Additionally, both the prescription drug and the dental plan were re-structured so that it could be self-funded by the City.

The consolidation of the healthcare benefits and the dental plan enhancements created a "win-win" for both labor and management:

- *all employees/retirees employees received "equal to or better than" benefits*
- *improved employer/employee satisfaction resulting from elimination of referral problems and billing complaints*
- *administrative costs were simplified, and costs reduced*
- *additional cost savings were gained through the conversion of the dental plan to self-funding*
- *both management and labor are now better positioned to work collaboratively through the Committee process in seeking common ground on benefit and cost issues.*

The initiatives described above have resulted in combined savings of over \$500,000.