



## Self-Funding Accomplishes Employer Savings with a Full Replacement CDHP Benefit Design

YSK Corporation manufactures and markets automotive suspension, engine, and wheel components. The company's products include transmission, chassis, and oil supply system components. YSK Corporation was incorporated in 1988 and is based in Chillicothe, Ohio and employs 180 employees. The company is a subsidiary of Yanagawa Seiki Co. Ltd. Given the recent economic downturn and the rising cost of healthcare, YSK had to re-examine their health benefit plan in order to reign in their claims and at the same time continue to focus on the personal well being of their employees. In addition, YSK Corporation was also faced with how healthcare reform would impact their business. To this end, YSK decided to explore a self-funded benefit solution that would provide quality healthcare benefits, lower their annual premiums and continue to promote employee health and productivity.

YSK needed a benefit plan design that would address the root cause of their medical trend issues and change the health behavior of its employees. The solution was simple, CDHP with HSA. A benefit design that promotes consumerism and results in individual health behavior change by as much as 25% as well as increased engagement in preventive care services by as much as 30%. Since ERISA offers self-funded programs the advantage of not being controlled by state laws nor recent healthcare reform legislation that relates to the fully insured market, YSK migrated from a fully insured plan to a self-funded plan in order to control their own risk as well as eliminate any potential threats to their business due to healthcare reform.

YSK Corporation selected Simplicity Health Plans to administer their self-funded, full replacement CDHP with a Health Savings Account. Simplicity Health Plans is a transaction integrator that uses its patent pending point-of-service payment system coupled with a CDHP benefit plan backed by American National Insurance Company's (ANICO) Standard Life and Accident Division, A+ rated carrier to provide a comprehensive, seamless benefit plan that can be easily implemented and is completely paperless. Simplicity's service suite includes TPA, COBRA, Banking, PBM, PPO, UR, Medical Case Management, Employee Portal, Real-Time Employer Reporting, Discount Services, Telephonic Physician Consults and a Wellness program. Like its name, Simplicity Health Plans offers one simple plan design with five deductible options. The plan design also includes first dollar coverage for preventive care. To further support the high deductible design, YSK also created an employer advance account within the Simplicity Health Plan administrative model that supports employee healthcare expenses as they begin to build their HSA funds during the benefit enrollment and implementation phase.

Migrating to a full replacement CDHP with HSA resulted in a \$1.5M premium savings to YSK compared to their previous carrier solution in the first year. This savings allowed YSK to transfer roughly \$375,000 tax free to their employee HSAs which was equivalent to their deductible amounts. This employer contribution essentially provided a "zero deductible" plan for all YSK employees. In addition, employees will now earn tax free interest on their HSA dollars (1.2% interest and no banking fees). At the same time YSK saved about 8 cents per dollar on the \$375,000 in payroll taxes.

As the YSK employees begin to change their health behaviors and engage and adopt healthier lifestyles, they will begin to see their HSA dollars grow, funds that can be used for future medical expenses or for retirement. In a time when many people have not saved enough for retirement, the HSA savings becomes even more valuable to employee financial well being.

The Simplicity Health Plans model makes the transition to full replacement CDHP "simple". The innovative technology platform embraces the "right to know" by providing complete transparency; at the member, employer and provider level. Because the benefit plan is completely automated, employees never get EOB statements, no debit card hassles, and most all transactions to providers are completed in 3-5 business days when submitted via the Internet.

Employees have access to the Simplicity Health Plans website that provides them with all of the tools and resources they need to be good healthcare consumers, check their HSA balances, engage in health and wellness programs, and forecast their health savings for their future.

YSK Corporation has wisely implemented a self-funded benefit plan that has saved YSK millions of dollars in healthcare costs, provided their employees with a quality benefit plan and allowed employees to earn substantial equity.

For more information about **Simplicity Health Plans** contact us at **877-747-1113** or visit us at [www.simplicityhealthplans.com](http://www.simplicityhealthplans.com)