



Simplicity Health Plans Brings Consumerism to Vieira Bakery, Inc.

As healthcare costs continued to spiral out of control and the recent recession causing enormous burden on most small businesses, Vieira Bakery, Inc. was forced to shop for a more affordable healthcare solution that would help them keep their employees, not cut into their bottom line and provide an affordable benefit plan without sacrificing quality.

Vieira Bakery, Inc. is located in Newark, New Jersey and has been in business since 1969. The owner, Carlos Vieira, began his dream by buying a delivery route for five hundred dollars and delivered bread from house to house out of his 1969 Ford Maverick. Since then, the business has grown in popularity and success and Vieira's Bakery products are now sold nationwide.

Vieira Bakery employees are diverse-the majority of employees speak Portuguese and English as a second language. The introduction of a full-replacement, high deductible health plan with a Health Saving Account would prove to be a challenge, but one Vieira Bakery was willing to take given the potential savings that Vieira and their employees would be able to achieve.

Vieira Bakery selected Simplicity Health Plans as the administrator of their full-replacement CDHP plan. The reasons were simple; given the cultural and language barriers, Vieira needed a simple plan design that would be easy to communicate to their employees and provide consumer and transparency tools that would assist Vieira Bakery employees with saving money. The Simplicity Health Plans innovative, patent pending point-of-service technology eliminated the debit card and the paper hassles typically associated with current industry CDHP programs, reinforcing the simplistic nature of the plan design and ease for implementation. Vieira Bakery was able to save enough money in premiums in the first year and decided to fully fund their employee's Health Savings Account, thereby providing a "zero deductible" plan. The plan rates for the first two years are as follows:

First Year Plan Coverage	Rate
Single	\$328.25
Employee + Spouse	\$592.79
Employee + Child	\$460.19
Family	\$783.40

Second Year Plan Coverage	Rate
Single	\$390.33
Employee + Spouse	\$725.42
Employee + Child	\$543.74
Family	\$949.66

In the first year, Vieira Bakery experienced a medical loss ratio (MLR) of about 91.5% which is pretty typical performance for a group of their size. However, by the second year, the communication and education about their benefit program paid off and the group's MLR ran an



amazing 18.9% (claims incurred through end of plan yr 6/30/11). Vieira's Bakery's is in the process of renewing with Simplicity Health Plans for a third year.

In addition to the group plan performance, the Vieira employees were able to use the Simplicity Health Plans consumer tools that showed them actual cash savings based on their health behavior change which resulted in more pretax cash in their Health Savings Account (HSA). In fact, the Vieira Bakery employees had an average aggregate HSA savings in the first year (2010) \$42,856 and those aggregate balances increased in 2011 to \$50,659 (balances at the end of plan year 6/30/11). At this rate of increase, Simplicity Health Plan is projecting that the Vieira employees will have an average aggregate HSA savings of \$89,000 by the end of the third year.

For these individuals, the HSA savings becomes a valuable asset for future medical expenses or for retirement—money that they were not saving before.

Many employers are often reluctant to go full-replacement CDHP with “blue-collar” workers because they have come to believe that a consumer directed health plan is a “white collar” benefit program.

When we look at how Vieira Bakery performed with a full-replacement plan and consider the wealth that their employees have been able to accumulate in their Health Savings Account, tax free, it becomes evident that a Consumer Directed Health Plan with an HSA (designed in a self-funded model) offers employer affordability, employee wealth and can be successful in a “blue collar” culture.

