

Case Study: **Wada Farms**

A potato farming operation in rural Idaho offers zero-deductible, affordable healthcare to low-income workers by contracting directly with local provider

Details at a glance: Employer: Wada Farms, Pingree, ID

Industry: Agriculture (Potatoes)

Sector: Private

Client Size: 250

Employees on plan: 235

Total lives on plan: 500

Plan Funding: Self-funded

Case Study Dates: 2017 – 2021

Client Testimonial

"We have probably 95% of our workforce that have joined the plan because we can offer the plan at a premium that's affordable to them, and the amazing part, is that since 2017, we have not raised premiums for employees and we have not changed plan designs."

- Stacie Adams, VP HR

Key Takeaways

1. No change to premiums or plan designs from 2017 to 2021
2. Year over year, plan saw decreases in spend
3. Partnership with local hospital has proven to be mutually beneficial and sustainable for employer, employee/patient, and provider stakeholders
4. Employees will participate in a high-value plan if it is affordable

"Healthcare' was kind of a naughty word around here," Stacie Adams, VP of HR at Wada Farms admits.

The family-owned potato grower and shipper has faced challenges with providing affordable healthcare to their workers going back more than two decades. Every year, Wada Farms' leadership team would discuss what they could do to improve the value of medical benefits and still remain

solvent. The company became an early adopter of self-funding in 2005 as it sought to provide good benefits to a very diverse workforce. Listening to the needs of their employees, Wada Farms implemented a mini-Med program that worked for a while. They saw a 95% participation rate, an optional buy-up rate for additional care, and employees were happy with the plan.

When healthcare reform came into play in 2013, Wada Farms was no longer permitted to offer that plan. The sweeping legislation prompted leadership to search for new solutions. That is when the employer's struggles really began.

As Adams explored how they could offer a plan that employees could actually afford to purchase that would also offer value, several disheartening experiences led to mounting frustration. The company dabbled with minimal essential coverage (MEC) plans and minimally viable product (MVP) plans, but the premiums were still too high. In order to get any amount of participation from employee members, they were having to charge \$200 per pay period for low-income workers. The lack of affordability meant most opted to go without care. On top of that, premiums were soaring. Company leaders would be happy with a 10 to 12% increase year after year. Wada Farms was approaching their threshold for being able to continue offering benefits each year. Adams recalls, "I'd actually go through the calculation to see if it was more affordable and a better option if we should just be paying the penalties."

The dilemma of complying with health care reform versus offering insurance was continually top of mind. Wada Farms was spending a lot of money on health care, and they were not getting any value to their employees. The disappointing reality became a monthly discussion between Adams and CEO, Brian Wada.

Adams continued searching for alternative solutions. In 2017, she found something different. Through former benefit advisor Doug Hetherington, she learned of a local hospital that was offering a direct to employer program.

Providers recognize the same pain points Employers face

The hospital, Bingham Memorial, had been noticing the disturbing trend in its immediate marketplace where more and more employers were discontinuing or considering discontinuing offering health care benefits. Some companies were instructing their employees to go purchase insurance on the state insurance exchange. Others were decreasing the value of their health care benefits to the point that the insurance that their employees were purchasing was not really insurance: large deductibles and first dollar premiums were required before the plan could begin to pay for claims. This wasn't good for employers who needed recruitment, retention, and productivity. It wasn't good for employees and their families, and it wasn't good for Bingham Memorial as a health care provider because of the high deductible plans where medical bills often went unpaid.

The hospital collaborated with direct contracting firm Health2Business to create a solution for employers like Wada Farms. This health benefits solution, called Bingham Direct, allows employers to offer meaningful and rich health benefits to their employees in an affordable and financially sustainable direct contract arrangement. The program results in a win for the employer, who brings back control to their healthcare spend to something that they can actually budget for, a win for their employees, who regain access to meaningful healthcare benefits, and a win for Bingham, because they saw an increase in attribution of new lives to their system and a decrease in bad debt.

Pay Less for Better

Stacie Adams still remembers learning about the Bingham Direct program and having a hard time believing it would work. "We ran the numbers and looked at our actual employee behavior and we were told that we would see at least a 30% decrease in spend. And we did. Year over year, we've seen decreases in spend. From 2017 to now, I am still spending **less** than I was spending on healthcare spend today than I was spending in 2017 - significantly less...going close to half a million dollars less, and on top of that, I have a plan with zero deductibles. We have a plan that employees love."

Approximately 95% of Wada Farms employees participate in the plan because the value has been restored to the benefit. An affordable

premium that has stayed level for four consecutive years, a zero-deductible plan design, and access to local community providers mean that participants are getting needed care and addressing health concerns.

The Wada Farms/Bingham Direct partnership proves that paying less for better is not only attainable, but also mutually beneficial. In addition, the partnership with Bingham Direct goes beyond saving money and providing services to Wada Farms' workforce. The provider helps Wada Farms with health fairs and vaccination clinics. Spanish-speakers can speak directly with a bilingual service agent at the hospital. Adams refers to Bingham Direct as "a complete community resource as far as improving the health and well-being of Wada Farms' employees." As Bingham Healthcare helps more patients, the organization has more resources to provide better care and compete against larger urban health systems. Together, Bingham Direct and Wada Farms have re-localized healthcare in a way that has benefited their entire rural community.

Watch the full video of Stacie Adams (Wada Farms) and Mark Baker (Bingham Memorial) at:

<https://www.youtube.com/watch?v=FgJ7nWgJu-A&t=6516s>