

## Less Shock, More Savings

### How A Credit Union Took Control of Employee Benefit Costs

Headquartered in Pocatello, Idaho, Lookout Credit Union (LCU) is a member-owned, not-for-profit financial institution whose sole purpose is to provide exceptional financial products and services to its member/owners.

Of course, to provide exceptional financial services, you need exceptional employees – therefore, employee benefits are a crucial part of the credit union’s people strategy.

But the 20% increases year after year after year were shocking and unsustainable. Something had to change.

In LCU Human Resources Director, Lynette Battson’s words, “Insurance was getting more and more costly,” she said. “We either had to take on more of that expense, or pass on that expense to our employees, which we really didn’t want to do.”

### The Search for A Better Way

In 2017, LCU learned about direct, community health partnerships at an event hosted by Health2Business (H2B). The key goals of a direct partnership - making healthcare sustainable for the employer and provider, and meaningful to employees - appealed to LCU’s team.

After additional discussions, they decided to collaborate with H2B to explore the possibility of a direct partnership with their local hospital.

“Finding the direct partnership option was a positive experience. Certainly, it was a bit scary... but sometimes in life, you do those hard, scary things and give it a try.”

Lynette Battson  
Human Resources Director, Lookout Credit Union



**LOOKOUT**  
CREDIT UNION



## Lookout Credit Union at a Glance

INDUSTRY  
Financial

SECTOR  
Private

EMPLOYEES ON PLAN  
75-80

TOTAL LIVES ON PLAN  
150

PLAN FUNDING  
Self-funded

## How A Leap of Faith Paid Off

Now in their third year of using the direct partnership, LCU experiences countless advantages.

**#1: AFFORDABILITY:** First, the cost of healthcare is much more affordable, with savings of roughly 20% in the first year compared to the prior fully-insured plan. When they renewed last year, the cost increase was less than 5%, a vast improvement over the double-digit increases they experienced while using a traditional healthcare model. For employees, having a zero deductible with a \$1,000 max out-of-pocket is nothing short of awesome.

**#2: STEWARDSHIP:** When your actions affect members, every penny counts. With a major carrier, if you have a good year, they don't decrease your rates or give you a refund. However, now, when LCU has a year with lower-than-expected utilization, any unused funds stay with the credit union.

**#3: CONTROL:** LCU is now able to be actively involved in the plan administration. "Being self-funded, we have a voice, and we can advocate for our employees when we need to," Lynette explains.

**#4: QUALITY OF CARE:** Most surprising of all, the quality of care has changed for the better. "It's almost like, because of the partnership, we get treated as a VIP at our partner facilities," Lynette shares. "Providers seem to realize that we're all working on this together." Employees also love their plan. "I've had quite a few employees say how grateful they are for their healthcare plan and how easy it is to use," she says. "They're really appreciative of the quality of care they're getting."

## Before-and-After Plan Design: Traditional Carrier vs. H2B Direct Partnership

|                              | BEFORE                   |                          | AFTER                        |                          |
|------------------------------|--------------------------|--------------------------|------------------------------|--------------------------|
|                              | In-Network               | Out-of-Network           | Direct Partnership Providers | Any Other Providers      |
| <b>Deductible</b>            | \$1,500                  | \$1,500                  | \$0                          | \$1,000                  |
| <b>Coinsurance</b>           | 80%                      | 60%                      | None                         | 80%                      |
| <b>Out-of-Pocket Max</b>     | \$3,000                  | \$4,500                  | \$1,000                      | \$2,500                  |
| <b>Primary Care Copay</b>    | \$30 Copay               | Coinsurance              | \$10 Copay                   | \$30 Copay               |
| <b>Specialist Copay</b>      | Deductible & Coinsurance | Deductible & Coinsurance | \$20 Copay                   | \$60 Copay               |
| <b>Facility Access Copay</b> | Deductible & Coinsurance | Deductible & Coinsurance | \$400 Copay                  | Deductible & Coinsurance |

## Advice for Other Employers

When asked about her advice for other employers, Lynette says, "I think they would be crazy to not give it a look and at least try it for a year. I wish we'd known about this earlier and done it sooner!" But what about the added complexity? According to Lynette, it's easier than you might expect. "It's really easy... even open enrollment," she says. This is in large part because the process of managing the plan is now more integrated and automated.

**Ready to transform your healthcare program?**

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