

# Methodist Health System saves more than \$1.5 million over three years

Services for life, disability, and stop loss insurance  
deliver big savings, rate stability, and new policies

## Methodist Health System Omaha, Neb.

Methodist Health System includes three hospitals, 21 health clinics, a nursing and allied health college, medical supply distributorship and central laundry. Methodist Hospital and Methodist Women's Hospital were recognized as one of the "Best Hospitals" by U.S. News & World Report in 2012-13.

## Challenge

In late 2014, the time came for Methodist Health System to renew its stop-loss, life insurance and long-term disability (LTD) contracts. "My main objection to potentially changing carriers is having to renegotiate all the provisions because it's such a time-consuming process," said Holly Huerter, vice president of human resources. But with the health system's stop-loss policies alone increasing from 8 to 20 percent in previous years, the time for due diligence had come.

Huerter recalled a conversation she previously had with her Vizient™ human resources (HR) representative regarding new pooled insurance offerings. She decided to give him a call.

## Solution

Vizient Insurance Services addressed Huerter's concern by assuring her that renegotiating provisions was not an issue because Vizient works directly with the carriers. As part of our services, Vizient ensures that the proposed coverage matches current plan provisions—thus ensuring no loss to the member when making the move.

"Two things initially attracted me to the Vizient offering: it's a pooled product with an excellent track record, and we wouldn't have to renegotiate provision by provision in our life and LTD policies," said Huerter.

Vizient also delivered:

- A savings of more than \$1.5 million over three years
- A three-year rate guarantee on the life and LTD contracts
- A certain measure of rate stability at the end of the three-year period due to continual growth of the block

*“Vizient brings a lot of broad and deep expertise to the table, and because of that, they also bring innovation. They’ve been able to bring solutions for us—not just a bid.”*

Holly Huerter  
Vice President of Human Resources  
Methodist Health System

That \$1.5 million was a bit more than half the savings that Huerter’s value analysis team needed to shave from its budget over three years. “It was significant in terms of the HR budget and our value analysis strategic initiative for all three of those years,” she said. “It helped us avoid having to reduce in other areas—either by rolling back benefits or decreasing labor costs.”

In today’s health care market, the rate guarantee and stability offer their own kind of value, according to Huerter. “Not having to negotiate a yearly renewal is fabulous, and the rate guarantees and some parameters on future rate increases is extremely helpful in terms of planning and budgeting.”

The benefits of being part of an insurance pool are valuable and lasting, according to Meg Whaley, benefits coordinator. “Because the Vizient pool is much larger than just our organization, we’re able to reap the rewards of rate stability and extended rate guarantees that we likely wouldn’t have otherwise.”

Huerter, fully expecting her stop-loss to increase at least eight to nine percent before switching to Vizient Insurance Services, was also impressed to learn that the Vizient stop-loss pool has averaged below 3 percent renewal increase since inception.

“That’s critical for us, because when we have particularly good years in the health care plan, we may not need to increase employee premiums. But if our administrative fees are going up, we may have to,” Huerter explained. “So coming in under budget made the difference between having to increase employee rates or not—and that’s huge.”

Going direct with Vizient Insurance Services also meant lower broker and consulting fees. “Those dollars can go straight to benefits as opposed to paying those fees,” said Huerter. “That’s very powerful and enables us to continue offering a competitive benefits program.”

Implementation was smooth as promised, with coverage effective at the first of their renewal year. “Vizient was there all the way, making sure things were going according to plan,” said Whaley. “When there were issues, they were there to usher along the process and ensure that commitments were carried through and that we received the products we were looking for.”

Huerter, who experienced many conversions in her 31 years in the industry, says Vizient supported her organization before, during and since the conversion. “Vizient took the time to get to know the organization and our challenges. They did all the heavy lifting of reading through the documents to ensure that all the necessary elements were there. They spent the time to go line by line to make sure that our current program would come across intact. At the same time, they let us know about best practices or changes they thought we should make, and they were right on top of any issues.”

As the nation's largest member-driven health care performance improvement company, Vizient provides network-powered insights in the critical areas of clinical, operational, and supply chain performance and empowers members to deliver exceptional, cost-effective care.

## Results

Methodist Health System continues to be pleased with both the performance and stability of Vizient employee benefit pooled programs. Its 2017 stop-loss renewal is a good example, with Vizient delivering only a 3.3 percent increase in July 2016 for a January 2017 renewal. Not only was the renewal significantly below market trend and less than what the member expected, but the early delivery allowed the organization to prepare financial models and begin planning earlier than when they purchased coverage independently.

That power to better plan the health system's financial future also enhances what it's able to offer current and potential employees. "We're one of three major health systems in the Omaha area, and we compete head-to-head for clinical and nonclinical staff," said Huerter. "Being able to tell new hires and current employees that we have competitive benefits at low rates is a real selling point. It's not all about pay. Employees are looking at total compensation as the entire value proposition."

Vizient Insurance Services is working on behalf of Methodist Health System to help the organization consider carriers for its self-funded medical and dental, flexible spending account, and health care spending account plans. This includes evaluating pricing, network savings and overall carrier capabilities.

Huerter recommends Vizient Insurance Services to fellow member organizations without hesitation. "Vizient brings a lot of broad and deep expertise to the table, and because of that, they also bring innovation," she said. "They've been able to bring solutions for us—not just a bid."



Learn more about the insurance options available to your health system by contacting a representative of the Vizient Insurance Solutions team: David Smith at [david.smith@vizientinc.com](mailto:david.smith@vizientinc.com) or (913) 319-6202, or Mark Stenmark at [mark.stenmark@vizientinc.com](mailto:mark.stenmark@vizientinc.com) or (704) 377-7115.