

Restructured Employee Contribution Schedule for a Financial Services Firm

Company Overview

A financial services firm with 72 full-time employees with offices in Pittsburgh and its suburbs.

Key Challenges

This prospect was facing rising healthcare costs, and the company was struggling to keep up with the increased expenses. They approached us after previously working with another broker to help them identify cost-saving measures.

MBA Solution Presented

Our team conducted a comprehensive analysis of the firm's healthcare expenses and determined that a restructured employee contribution schedule could help the firm save money. The company had not changed the schedule in many years and were paying an unusually high level of benefit premiums. The team recommended the following changes:

- 1. Increase Employee Contributions:** Since the firm's employee contribution formula was significantly generous, we recommended that they increase the percentage of healthcare costs that employees were responsible for. This change would bring the firm's schedule more in line with the market overall and their peers in particular.
- 2. Restructure the Contribution Schedule:** In a related move, our staff also suggested that the firm restructure their employee contribution schedule so that employees with higher salaries paid a larger percentage of their healthcare costs. Lower wage employees would pay a smaller share. Modifying the structure in this way would help to ensure that healthcare costs were distributed fairly among all employees.
- 3. Offer a Health Savings Account (HSA):** It was further recommended that the firm offer an HSA to employees to help them pay for medical expenses. By contributing pre-tax dollars to an HSA, employees would be able to reduce their out-of-pocket costs for healthcare expenses.

Measurable Results

By working with us, the company was able to implement these changes and save over \$48,000 on their annual healthcare expenses without sacrificing the quality of their employee benefit package. The increased employee contributions and restructured contribution schedule helped to reduce the firm's overall healthcare costs, while the HSA option provided employees with a way to manage their out-of-pocket expenses.