

CUSTOMER SUCCESS STORY

Boulder-based ICAT adopts consumer-driven health plan

GREAT-WEST HEALTHCARE



COMPANY PROFILE

ICAT (International Catastrophe Insurance Managers, LLC) provides catastrophe insurance products and services to businesses in earthquake-prone and hurricane-prone regions around the country. Formed as an underwriting manager in 1998, the company employs about 120 people, with the majority of those working in the Boulder, Colo., headquarters and the others in offices nationwide. While Boulder may not be a catastrophe-prone location, ICAT's location is advantageous: the company can remain open to serve its clients when disaster strikes. Most importantly, ICAT has found it easy to attract a quality workforce to the scenic college town.

“Our employees are more engaged in how they utilize their health care dollars for themselves and for ICAT.”

Laura Myers, Director of Human Resources & Training, ICAT

BENEFIT NEEDS

About a year ago, ICAT found itself at a turning point. A relatively small company, it had outsourced its human resources functions, including health benefits, to a professional employer organization (PEO). As the company grew, this arrangement became less cost effective. Not only was the company seeking an opportunity to reduce health care costs, but it also wanted a direct relationship with its benefits provider.

“We realized that we are large enough to negotiate on our own behalf outside of that large PEO group and perhaps do better both in terms of plan design and cost,” explained Laura Myers, director of human resources and training.

Customer:

ICAT (International Catastrophe Insurance Managers, LLC)

Employees:

120

Benefit needs:

- With its health care plan administered through a Professional Employer Organization (PEO), ICAT never had a direct connection to its health plan carrier. The company sought a more direct relationship with its benefits provider, reporting on plan utilization and reduced costs

Our solution:

- ICAT hopes to leverage the Great-West Healthcare Consumer AdvantageSM plan design to encourage employees to make more cost-effective health care decisions and thereby increase both the company's and its employees' savings
- Entering its second year with Great-West Healthcare, ICAT gave employees another choice by adding traditional PPO to its Consumer Advantage
- Detailed monthly reports highlight claims trends that the company then uses to re-forecast its benefits budget and shape education programs

OUR ADVANTAGE

After reviewing a number of proposals, ICAT selected Great-West Consumer AdvantageSM, a self-funded, consumer-driven PPO plan offered by Great-West Healthcare, now part of CIGNA.

With self-funding, ICAT covers actual claims incurred by employees up to a set stop-loss amount. By not paying set monthly premiums for a fully insured health plan, ICAT expected to save significantly on its health care costs over time. Plus, the more consumer-driven approach would encourage employees to participate in lowering their health care costs.

“We were driven primarily by an opportunity to save money and a great opportunity to start getting employees more engaged in their health care,” Myers recalled. “We liked the idea of engaging employees on where and how they were spending their medical care dollars.”

ICAT also looked forward to receiving feedback on utilization and claims – something that had not previously been possible while working with the PEO. In fact, detailed claims reporting was a decisive factor in selecting Great-West Healthcare as the company's new health benefits provider. Having a clear picture of utilization would help the company shape plan design and employee education programs.

Finally, Great-West Healthcare's national network could provide broader health care coverage to employees traveling nationwide to visit clients and those living in other states.

A COLLABORATIVE APPROACH TO CONTROLLING COSTS

ICAT currently offers employees two options for medical coverage, both through Great-West Healthcare: the Consumer Advantage plan, as well as a more traditional PPO for employees wanting more comprehensive coverage.



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To date, more than 50 percent of employees have opted for the Great-West Healthcare Consumer Advantage plan. That's a clear sign that employees like the plan, especially when you consider that traditional account-driven consumer-driven health care plans see enrollment of around 7 to 11 percent.¹

"We're maintaining a very competitive program, and we think the quality is good with Great-West Healthcare," Myers said.

By educating employees on the plan, ICAT helps employees make care decisions that reduce costs for employees and the company. Representatives from the company's broker, The McMahon Company, gave a presentation to the mostly young employee group during open enrollment about the importance of making healthy choices while you're young – to avoid developing conditions like diabetes or hypertension later in life.

ICAT also does its part to promote healthy lifestyles. With the introduction of the Great-West Healthcare Consumer Advantage plan, the employer began reimbursing employees 20 percent of expenses up to \$200 per year in a new Healthy Lifestyles Program.

Reimbursable items range from fun runs to exercise classes, golf fees to ski lift tickets. This popular lifestyles program is reinforced in the office daily. Instead of the typical vending-machine fare, ICAT employees can choose from an array of healthy snacks, including fresh fruit, trail mix and nutrition bars.

Through this combination of education and a consumer-driven health care plan, employees, in turn, have started making more informed, and often less costly, decisions. For example, those previously unfamiliar with urgent care facilities now understand that they are a cost-effective alternative to hospital emergency rooms.

REPORTS INFORM BUDGET, SHAPE EDUCATION

Monthly reports from Great-West Healthcare, now part of CIGNA, show plan use, allowing ICAT to keep up with claims and make plan adjustments. "We have quarterly reporting and review process that syncs up with our internal budget process. As we are reforecasting our ICAT budget, we've got information about how claims are trending, and we can estimate how things will go for the remainder of the year," Myers explained. With an increasingly clear pic-

ture of utilization, Myers and her staff now have reliable information around which to shape their employee education program.

Great-West Healthcare's Web site also eases administration for the company by providing valuable information for employees, according to Mary Anne Avery, human resource generalist at ICAT. As employees go online to complete the open enrollment form, Avery reminds them of the versatility of the Great-West Healthcare site, where they can look at their claims, find doctors, and refill prescriptions, as well as access a wealth of health and wellness information.

CONSUMER-DRIVEN HEALTH PLAN

During its first year on the self-insured, consumer-driven plan, ICAT passed along reduced premiums to employees in anticipation of employees making an effort to make better health care choices. "Our employees are more engaged in how they utilize their health care dollars for themselves and for ICAT," Myers noted. ICAT hopes to achieve increasingly lower claims to maximize its savings over the long run. Employee education, again, comes into play – leading to more informed decision-making and improved utilization rates. ■

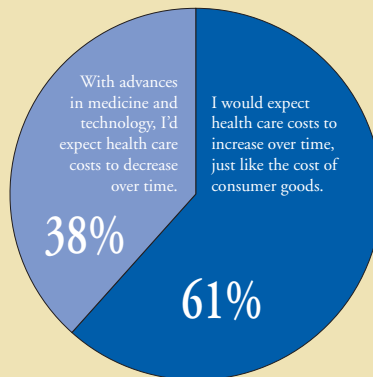
¹ Mercer 2004 National Survey of Employer-Sponsored Health Plans

PREDICTIONS FOR FUTURE HEALTH CARE COSTS

Which ONE of these two statements BEST describes you?

Sixty-one percent expect health care costs to increase over time, just like consumer goods, such as gasoline and a movie ticket.

Source: Great-West Healthcare research survey, July, 2005



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