



An Unexpected Proposal

How Integrated Services of Kalamazoo Received Significant Medical Cost Savings Plus a No-Cost Online Benefit Administration System



The Customer:

For more than 30 years, Integrated Services of Kalamazoo (ISK) has served children, families, and adults with mental health challenges, intellectual and developmental disabilities, and substance use disorders throughout Kalamazoo County, Michigan. ISK has three locations in Kalamazoo that provide outpatient care, youth and adult services, and more. Individuals are either directly served through an ISK service program or through a network of provider agencies they contract with. ISK is one of 46 Community Mental Health Services Programs in the state of Michigan.

The Opportunity:

ISK offers a robust benefit package that includes life, long term disability (LTD), short term disability (STD), medical, vision, and dental insurance. In 2018, these coverages were managed by two agents - National Insurance Services (NIS) took care of their life, LTD, and STD, and another agent team covered their medical, dental, and vision.

Lisa Brannan, ISK's Human Resources Director, was approached by the other agent with an

- **Kalamazoo, MI**
- **292 employees**
- **34.63% Free and Reduced Meals**
- **Served over 7,900 individuals***



*October 2010-September 2019

enticing proposal. If ISK named them the Agent of Record on all their lines of coverage (including NIS’s coverages), they would provide them with a free online benefit enrollment system.

The idea of a free online benefit enrollment system was very attractive to ISK. At this time, open enrollment consisted of paper enrollment packets and tracking of everyone’s elections in Excel. The processes were very cumbersome and occasionally befell human error. Also, there was a need for real-time reporting capabilities and the ability to pull custom reports when needed.

After hearing about the agent’s proposal, Lisa remembered that NIS also offered full benefit consulting services. Lisa felt that it was only fair (and a smart business practice) to get more than one quote. So, she reached out to Mark Williams, Regional Vice President at NIS. Mark thought that NIS could offer a competitive proposal, and he was excited to further expand their relationship.

NIS and ISK have a long history together – NIS has insured them since 1997. And Lisa has worked with NIS since she came on board with ISK in 1999. “What I like most (about NIS) is the customer service,” said Lisa. “I’m listened to, I can ask for the moon

and even if they can’t get us what we want, they always come up with some creative alternatives or other options.”

The Request for Proposal was sent to NIS and the other agent. Once proposals were submitted, both parties were invited give a finalist presentation to ISK stakeholders. A week later, ISK asked NIS for a demo of their proposed online benefit enrollment system. Rick Labian, Employee Benefits Consultant, at NIS was on hand at ISK while the vendor gave a virtual demo.

After all the presentations were complete, the ISK stakeholders met and evaluated both proposal options. Many factors went into the final decision, but it came down to cost savings and customer service. ISK decided to award the Agent of Record to National Insurance Services. Lisa said that NIS’s proposal provided more creative options and insights for meeting their health, dental, and vision needs. The lower costs and the amount of savings they would receive was “too good to pass up”. ISK also really liked what they saw in the online benefit administration system demo - they felt it would provide the flexibility they needed for enrollment, employee education, and informational resources.



NIS is “always receptive and open to inquiries and questions. They are very creative to meeting our needs in ways that aren’t cookie cutter. They design plans and packages that meet our unique organization.”
Lisa Brannan, ISK



Mark Williams
Regional Vice President,
NIS



Rick Labian
Employee Benefits Consultant,
NIS



The Proposal:

In NIS's proposal, it was recommended that each line of coverage be moved to a different carrier to save money, improve plan designs, etc. The effective date for all coverages would be January 1, 2019.



Medical Insurance

With ISK's previous medical plan (in 2018), they were facing a 4.7% medical increase. They were working with two different carriers who both offered 2 options each.

- Carrier A: 2 options with 1 employee enrolled
- Carrier B: 2 options with 224 employees enrolled

NIS proposed that Carrier A could take over all 4 plan options with similar benefit structures. This change would help the group decrease some of their administration, having to work with only one medical carrier instead of two.

NIS's proposal also included a 4.4% decrease over their current rates. This was a reduction of \$244,566 annually over the proposed renewal. In addition, the second year renewal would be capped at 5.9%. This meant that ISK would receive no more than a 5.9% increase for their second year. So, their medical rates would be less than their proposed renewal for two years.

The carrier also gave ISK a \$30,000 implementation credit.



Vision Insurance

Vision insurance was moved to another carrier. NIS was able to save ISK 45% and 31% savings on their two plans, with very similar benefits, and a 4-year rate guarantee.



Dental Insurance

The dental plan was moved to a new carrier and ISK decided to self-fund their plan. By moving, they improved their plan design and plan flexibility, and over the years will save money over being fully insured.



Short Term Disability Insurance

The coverage was moved to a different carrier and the plan had similar benefit structure as before.



Life Insurance and Long Term Disability Insurance

By moving carriers, NIS was able to reduce a proposed rate increase and keep annual premiums basically flat. ISK received an extra year on their rate guarantee and benefits were enhanced in a couple areas of the contract.



Online Benefit Administration System

NIS also included a no-cost online benefit administration system in their proposal. The system would help ISK provide online enrollment and education to their employees as well as help to reduce administrative burdens for Lisa and her team.

NIS proposed that implementation start after the January 1 open enrollment was complete, so as not to completely overtax all parties involved. The goal was to go live with the system in May.

The Implementation

The idea of having an online benefit administration system wasn't new to ISK. They had attempted to implement one a few years prior with a different agent but had been a failure. So, when NIS's proposal included a benefit administration system, Lisa was a bit skeptical that it would work this time around. But since ISK already had the data files ready to go from last time, Lisa thought it was worth trying again. What did they have to lose?

Implementation started in mid-January. At the kickoff meeting, the vendor, Rick Labian from NIS, and ISK went over the implementation timeline. It outlined which items needed to be done when by whom. It "was so well laid out that it was easy for us to get it done and keep it moving forward," stated Lisa.

Implementation "was actually better than what I thought it would be. It went really smoothly. The support from the benefit administration vendor (and Rick) was simply amazing." said Lisa. "They were always there supporting, helping, and making things as easy as possible for us. They always kept things on track, asked questions, and had great follow through."

During the demo, ISK was really impressed by the promise of the system's flexibility to meet their unique needs. The system did not disappoint. One uncommon thing that ISK allows their staff to do is sell their PTO twice a year. The vendor worked with ISK to create something that would accommodate this request. ISK also wanted employees to take some extra steps during the enrollment process. In addition to enrolling in benefits, ISK wanted employees to read through and acknowledge other benefits that

ISK offered such as pension information and tuition reimbursement.

The online benefit administration system did go live, as promised, in May of 2019. Since open enrollment was already completed in January, Lisa's team had time to get used to using the system before the next enrollment in the fall. During this phase, they used it for enrolling new hires and making qualified life event changes.

The Results

According to Lisa, the first open enrollment after implementing the new system went really well. A few employees reached out to Lisa afterwards, telling her at first, they had been hesitant/nervous about using the system, but they felt like the enrollment process had gone smoothly and they had liked it. Lisa received many positive comments.

As for Lisa and her team, open enrollment was "quicker and easier than it's been in the last 20 years even with half the number of staff we have now," said Lisa. During the open enrollment process, the system was even able to send out automatic reminders to those employees who hadn't yet enrolled, a great timesaver for Lisa and her team who used to follow up with emails and phone calls.

Lisa's staff shared that they enjoy using the system because it saves them time by eliminating all the manual entry. The bi-weekly report of employee changes, additions, and deletions helps keep their payroll systems up to date. With every pay period, and every change, Lisa becomes more confident in the system's accuracy. "It (the process and product) turned out better than I had hoped," said Lisa. The system "provides us with more information than I thought it would."



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