

Tango Helps Fortune 500 Company Reduce Tax Exposure, Saving Millions for Employer and Employees Alike

CHALLENGE

With over-insured employees and stalled CDHP adoption, the company needed help educating and engaging employees and reducing their ACA compliance exposure.

SOLUTION

Tango Health Benefits Optimization boosted voluntary CDHP participation, quantifying their ACA compliance exposure and saving millions for both the employer and employees.

CDHP enrollment increased by 115%, the employer saved \$35M in healthcare costs, and Cadillac Tax exposure was reduced by \$4.8M with Tango's Health Benefits Optimization.

An employer with a reputation for being a forward-thinking, pioneering technology leader wanted to use more innovative programs to educate employees and encourage active engagement to select the best healthcare benefits for their families.

The company was facing economic impact from the "Cadillac Tax" in 2020, when the tax mandated by healthcare reform legislation is scheduled to take effect. At the same time, the company wanted to encourage employees, many of whom were over-insured, to be smarter healthcare consumers and to avoid negative economic consequences in their own coverage choices.

To achieve both these goals, the company encouraged voluntary employee adoption of a Consumer-Directed Health Plan (CDHP), which would reduce the company's exposure to the Cadillac Tax as well as provide financial advantages for employees.

Reaching a Diverse Workforce with Health Benefits Information

The company was confident that employees would adopt a CDHP if they fully understood the advantages

of the plan, which include being able to save tax-free for healthcare expenses and to enjoy investment opportunities associated with Health Savings Accounts (HSAs). But communicating to an extremely diverse workforce about the advantages and how to fully realize them presented quite a challenge.

With over 65,000 benefits-eligible employees, ranging from production floor technicians to engineers at locations all over the country, the company's top priority in promoting CDHP adoption was to be inclusive, clear, and helpful in explaining the plan and to make it easy to use the plan and receive all its benefits.

To support the company's small six-person HR team with the formidable task of educating thousands of employees on their options, they engaged Tango to implement a program of employee education and communication.

On-site Education and Ongoing Support

Tango leveraged a variety of customized CDHP education materials ranging from presentations and videos to documentation and in-office communications,

including plasma TV displays at offices around the country. The broad range of materials helped to ensure that they would be able to reach many different types of employees in a range of environments.

The Tango implementation team also made 30 visits to 25 locations to provide on-site learning. Finally, Tango assigned a dedicated account service team of CDHP and HSA experts to be available to address employees' questions and concerns by phone and email.

To make it as easy as possible for employees to determine which type of plan would be best for them, Tango implemented a customized, automated Plan Optimizer tool that enables quick, straightforward comparisons of different plans and benefits. Based on over 29,000 scenarios in which the company's employees put their own expected health spending data into the Plan Optimizer, the CDHP was recommended 77% of the time. The result: Over 60% of the company's eligible employees made an active enrollment decision, leading to a 115% year-over-year jump in CDHP selection.

Solutions from Open Enrollment to Long-Term Compliance

In addition to helping employees make informed choices about healthcare, the Tango account service team also supported the company's compliance objectives. Tango's ACA Compliance solution is helping the company with Affordable Care Act (ACA) compliance assistance, including data cleanup and maintenance, employee eligibility determination, compliance testing, and IRS reporting.

Enrollment in the CDHP goes up, everyone saves money

Tango's efforts helped the company boost CDHP enrollment, reducing the company's exposure to the Cadillac Tax in 2020 by \$4.8 million. In addition, the company is projected to save \$35 million in reduced benefits expenses in 2015. Employees will save, too — their projected savings for 2015 is \$15 million. The company will use the money saved to continue funding employees' HSAs with employer contributions, continue to pay part of the employees' share of premiums, and offset increasing health plan costs.



First Year Results:

\$35 million in employer health plan cost savings, \$15 million in employee savings, and exposure to the Cadillac Tax reduced by \$4.8 million.

About Tango

Tango is a Healthcare Benefits Optimization company with thousands of satisfied client companies across all industries. With innovative services and technology Tango optimizes healthcare benefits across the employee base, helping employees make the most effective decisions regarding benefits and creating hard dollar savings for employers. Our Healthcare Benefits Optimization suite includes online comparisons, employee education, live customer service experts, and a patented mobile platform to help employees make smart plan choices and keep them engaged year-round. Tango's Benefits Optimization Suite boosts employee confidence in smart healthcare choices and measurably bends the cost curve to keep employer benefits sustainable.