CASE STUDY:

Horizon Goodwill Industries

Headquarters: **Hagerstown, MD**
Industry: **Retail & job development**
Sector: **Private**
Employees: **500, with 150 on plan and 180 total lives**
Plan funding: **Self-funded**
Case study: **2019-2022**

Key takeaways

1. In shifting from a carrier-operated health plan to a self-insured one, in incremental steps, Horizon Goodwill saved $250,000 in the first year alone, reducing PEPM costs to $402 from $564. Horizon continues to reap more savings as the plan matures—especially in pharmacy costs.
2. Implementing direct primary care (DPC) has proved a huge win for employees, by increasing care access and services quality, while reducing employees' out-of-pocket costs. Those who use the DPC network incur no out-of-pocket costs for that care, and the company has seen fewer referrals for unnecessary specialty care.
3. In tackling its pharmacy costs with a multi-faceted strategy that includes independent PBM services, international drug sourcing and a pharmacy concierge, Horizon are assured access to all medications they need at affordable costs—and in some cases, no cost.

For Horizon Goodwill of Hagerstown, Maryland, the key objectives in moving away from a carrier-controlled plan were twofold: to reduce spending and provide employees with higher-quality, more personalized care. Horizon, which offers services ranging from business solutions and job training to human resources assistance and serves 19 counties in four states, had made its foray into the self-funding arena in 2015.

The company decided in 2019 to take a more comprehensive, employer-optimized approach by incrementally implementing reference-based pricing (RBP) with hospital facilities, taking a more aggressive stance in pharmacy benefits management, and establishing direct primary care.

Because health benefits cost represents a large portion of Horizon's overall budget, the company wanted to ensure that it was getting good value for its expenditures by providing affordable, accessible care. Many of Horizon's employees have permanent disability, and as such they have persisting and, in some cases, increasing medical needs. That makes it challenging to obtain significant cost reductions, so the Horizon's goal is to keep costs from spiraling out of control. Working with advisor Ben Bohonowicz of Employee Benefits Services of Maryland, Horizon has been able to achieve all of its goals and stabilize costs in the process.

"I'd never heard of a self-funded plan before we started looking at options to reduce costs. But as we worked with our advisor and his team, I found that we would be able to get the high-quality services that we wanted at a better price—providing more benefit to our members while keeping premiums and deductibles low," said Meykala Plotner, Horizon's HR director.

Taking an incremental approach to improved services

The experiment has been very successful. In the first year, Horizon reduced medical and pharmacy costs by $250,000, a 29% decrease, and per-employee-per-month (PEPM) spending dropped from $564 to $402. In the second year, Horizon tackled its pharmacy spending with a new independent pharmacy benefits manager (PBM) and creative medication sourcing, and then made the leap into direct primary care (DPC). The latter move both eradicated previous issues with balance billing—a huge concern with employees who earn modest incomes—and ensured more accessible, high-quality care that is 100% funded by Horizon.

The previous arrangement with a hospital-owned primary care network via RBP had been a big source of dissatisfaction for employees. "The hospital network had been very difficult to work with, but when we switched to the direct primary care network, it was a completely different experience," said Plotner, who was among the first to try it out. She appreciated being able to set appointments online and communicate with her physician via text and a virtual meeting platform to address minor issues that didn't require an in-person visit, such as addressing a rash her son developed. "I didn't have to wait in line at a clinic or at the pharmacy—it's removed all those barriers," she said.

One plan member echoes Plotner's observation. "It's a phenomenal service. I was able to connect with the doctor for prescriptions, lab work and medical records transfer. He's very down to earth—and he gets it," she said. Another member reported that the experience made her feel as if she was truly being "treated as a person, not just a patient."

Fortunately, in designing and implementing its DPC plan, Horizon was able to collaborate with and obtain guidance from a large employer in the region that had a decade-long history of using DPC. But putting the program in place, Plotner recalled, still involved numerous phone calls and extensive negotiations to get the provider network in place.

Addressing the challenges

Although the move to a fully self-funded plan has delivered major savings and significantly improved benefits for employees, Horizon Goodwill experienced a few bumps along the path. First, Plotner had to convince the leadership that both the financial and employee impact of making the switch would be manageable and would ultimately pay off. "This wasn't a decision I could make on my own and just deploy, of course. So we had multiple seats at the table as we developed and implemented the new plan," Plotner said.

Educating the employees proved even more challenging initially than expected. Most of Goodwill's staff had a poor understanding of health benefits generally, so helping them understand how the changes would occur, why the new plan was different, and how it would affect their care-seeking activities —and numerous meetings. "A lot of our employees find benefits confusing, so when we started making these changes, we began holding mandatory meetings and spent time breaking down the benefits so that people really understood them," Plotner said. Horizon also sent out regular written communication and incrementally surveyed employees to gauge how the new plan was being received. It was, as Goodwill's advisor put it, a matter of "having those conversations all year."

Taking a multi-pronged approach to reducing Rx costs

Carving out the pharmacy benefits and moving to the new PBM, which Horizon Goodwill compensated solely on administrative charges, also caused some ripples initially because the changes, although positive, were extensive. Horizon introduced mail-order options for employees' maintenance medications and sourced internationally for some high-cost drugs. It also helped eligible employees who needed very expensive brand medications enroll in the manufacturer-sponsored patient-assistance programs to get their medications at low or no cost.

The company also put in place a pharmacy concierge to help employees identify the best and most cost-effective option for their medications, while also implementing a sort of pharmacy safety net: assuring employees that Horizon would ensure access to all needed drugs and that even if layoffs occurred, employees wouldn't lose access to their medications. This commitment, arranged by uncoupling member access to medications from the employer, was a major comfort to Horizon employees, Plotner said, when the pandemic hit. Overall, the patient-assistance programs Horizon has been able to tap for employees have saved a large sum for the company and for employees.

In the end, the self-funded plan has been a big win for Horizon's employees and continues to produce further savings. In 2022, the company's PEPM decreased by 21.2%. In the past, Plotner said, many employees didn't even get primary care at all, and now enrollment in the direct primary care offering has been steadily increasing. Likewise, the RBP strategy has enable many employees to obtain the specialty care they need closer to home, rather than driving to Baltimore as many had to do with the previous carrier network, Plotner said.

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> ***– Meykala Plotner, Horizon Goodwill HR director***