



Consulting

## Case study

# York International's health strategy

## Manufacturing



Our client recognized it needed a new approach to control its spiraling health care costs.

Our multi-dimensional approach helped them keep healthcare cost increases below national averages.

York International Corporation is a leading manufacturer and servicer of heating, ventilation, air-conditioning, and refrigeration equipment for the commercial, industrial and residential markets. It recognized it needed a new approach to control its spiraling health care costs — one that focused on a corporate health strategy rather than simply a benefits strategy.

“ [You] understood our business goals from the beginning and tailored best-practice approaches that delivered measurable results.”

– C. David Myers  
Former President and CEO  
York International Corporation

### An insightful solution

We assisted York in developing a multi-dimensional health strategy that integrated supply-side tactics aimed at cost reduction (e.g., plan design, costsharing, benefit/network administration efficiencies) and demand-side tactics aimed at promoting the concepts of consumerism and wellness among employees (e.g., consumer education and behavior change). York referred to this corporate health strategy as its Health Status Improvement (HSI) Initiative.

As part of the HSI Initiative, we helped York implement supply-side tactics for controlling health care costs, such as:

- Improved medical network discount arrangements
- Improved prescription plan pricing (e.g., discounted drug ingredient costs) through aggressive negotiations with York's pharmacy benefit manager (PBM) and competitive employee cost-sharing
- Increased medical plan employee cost-sharing
- Improved efficiencies through the consolidation of vendors and administrative processes
- Application of Medicare primary coverage rules to appropriately reduce York's responsibility for continued health coverage for employees on long-term disability

York decided that, aside from occasional adjustments, it had implemented a fairly comprehensive supply-side cost control program and was ready to implement demand-side tactics (e.g., disease management, consumer education/ behavior change, health improvement, etc.) that would help employees and their dependents improve their health status.



We assisted York in launching a disease management campaign, which helped participants manage (and thus lower the costs of) specific long-term health conditions — asthma, cardiovascular disease, lower back pain, and chronic obstructive pulmonary disease — through individual, confidential outreach and education. York also increased its focus on employee wellness programs.

To guide this effort, we helped York establish a leadership group, the HSI Initiative Leadership Committee, dedicated to expanding health improvement programs throughout the company. We created a charter to guide the formation and functioning of the committee, and to begin an RFP process for selecting a wellness vendor to help York cascade measurable health improvement programs throughout the organization.

We helped York engage employees around health care cost issues and wellness through a carefully crafted communications program that branded the company's HSI Initiative under a single, consistent identity called **Your Health Matters**.

Key components of the strategy included:

- Monthly newsletters that educated employees about what they can do to control health care costs, while providing wellness information and highlighting underused preventive benefits
- Visually engaging, seasonally relevant wellness tips that were emailed to employees each week
- A benefits and wellness calendar highlighting the value of York's benefits throughout the year and providing health improvement information
- New open enrollment communication materials that promoted various wellness and preventive benefits

### Real-World Results

York succeeded in keeping health care (i.e., medical and prescription drug) cost increases below national averages:

- Year-over-year health care cost increases were significantly below national trends: Year One: 10% compared to 15% national average; Year Two: Less than 1% compared to 14.35% national average
- York projected annual savings of 7-8.5% through competitive bidding of its PBM program
- 3,500 employees and dependents (approximately 17% of the covered population) participated in the disease management program
- Employees responded favorably to the award-winning Your Health Matters communication materials
- The employee engagement initiative and **Your Health Matters** brand established a framework for introducing additional consumerism approaches in the future

### Let's talk

To find out more contact us at **1 866 355 6647** or [talktous@buck.com](mailto:talktous@buck.com).

[www.buck.com](http://www.buck.com)

