



# **Interview Transcription of Burt Brenner, CFO, of Lindsay Automotive**

Feedback, Spring 2021

## **What made you move away from a fully insured plan?**

The journey started when we went through a pretty heavy growth phase and realized just how little control we had on health costs. What we were looking for was more transparency. We have about 1,000 employees. They're exactly what you would expect them to be in the car business, technicians, salespeople, parts advisors, admin, body shop personnel, all over the page in terms of not just income, nationality, just all different levels of people. That's the great thing about where we are in northern Virginia DC. It's just a great melting pot.

Our main concern really was the lower end folks because we've all been there with healthcare. It's 25% increase this year. It's 5% the next. It's 40% the next. You don't know until it's too late. You get your renewal and then you're struggling to try and get out there and make sense of it all. What we wanted to do is bring more of that control back in-house and create some stability in pricing, certainly for the company, but more specifically, for the employees.

## **Did you hesitate at first?**

No, the timing was right. We had gone through, like I said, a huge growth phase. We just wanted to have more control over what an employee, not only what they're paid, their level of service, also the structure of the plan. Medical plans are not one size fits all. That's the way the fully insured market presents it to us. We just didn't feel the cookie cutter approach would work for us. We started exploring and that's when we discovered WellNet.

## **What did your new plans look like?**

So, we didn't use it at the time to change benefits. We kept deductibles the same. Overall coverage was still the same. It was a very rich plan. What we needed to do was bring it in, figure out where we stood, and at the same time, re-educate employees on the state of health insurance today, not what it was 20 years ago.

It was \$50 per week or whatever that came out of your paycheck and that was it. Those days are gone.

Our first year, renewals were what we expected based on claims, significantly less than what our fully insured plan projected. It's been



declining ever since. Last year, we had a flat renewal, a 0% renewal. This year we not only cut the rates for the employees by 5% but we also have about \$700,000 that we're pocketing in the event that we have a high claim year that we can use to stable out future claims. As health insurance is such a major benefit, we're in an environment that has gotten so difficult for people to afford it.

### **What does optimizing your health plan mean to you?**

The great thing about our health plan now is we get nearly real time reporting. You can see the trends as they're happening. What that allows you to do is you can make decisions on the fly, or you can put notes in and say, gosh, this is what I want to do 6 months from now or at next year's renewal. I'll give you an example of that. We had a couple of folks that were on dialysis. Traditional plans, whether you realize it or not, they can go anywhere within – as long as it's a provider that's in the plan.

What we did is we created a separate agreement with a dialysis center that has plenty of centers around the area. We were able to cut costs on just two participants in the first year with WellNet by \$700,000. You talk about seeing things as they happen, adapting, and then seeing the results of it.

Honestly, I have to give that credit to Kathy and her team at WellNet by bringing this concept to us, going to market, and making it happen. Really, it's all about here's the data in front of you. How can we cut costs here without cutting benefits? It's all about the best value, right? That's what we all want with insurance in anything we buy is the best value.

I feel that we're now in a position to provide that to our employees. I'm not holding my breath at renewal anymore - we've all been there going back and trying to avoid a 40% increase. For us, that's a thing of the past.

### **What's been the impact on your associates and their families?**

Obviously, the cost part is a big part for employees, but they don't want a reduction in care either. The main concern was, okay, I'm getting this for a better price or a similar price under a different plan, but how does that translate to the actual benefit? The thing that I love about our plan is that my employees have all been very pleased with both sides of it.

The main thing about going to a self-insured plan - aside from the cost component that is a huge win for anybody who's on it - is the stability. Not just the stability in the cost - stability in the provider and networks.

We went through years where we would have a different health insurance company every year and two months in, we're all waiting on new cards and have a backlog of claims.

The stability translates down - and pushes down - to less negative activity in your HR department.

Managing your health plan also helps with your image, right? You have great benefits. If you're known for great benefits - people in all these markets talk. I don't care what market you're in, the employees under you are talking to somebody who's in one of your competitor's markets about all kinds of things, whether it's health insurance increases, raises, other benefits. That stuff is happening, whether you know it or not. Our [optimized plans] **created a better image brand** for us, which **we work hard** for. We **started as a very small family company**. We're a **fairly large player now**, but we also **want to maintain that family element**. This has really helped us get back there on the health side.

We tend to have a lot of transparency in much of what we do. What I mean by that is we let employees know what things cost and that we're self-insured and that they're part of this big picture so that they understand going to the doctor for something that they really don't need to that they could do at a telecall, or when they're considering going to one hospital versus another and getting back to that knee replacement, "By the way, this one's \$300,000 more than this other one which is five blocks away and the quality and outcomes are better." That makes absolutely no sense to any of us, but it happens every day.

For us, it's about bringing the employees into it and making them feel like they're a part of all of this because they are. Higher claims will lead to increased rates for them. Lower claims will lead to lower rates. We've proven that.

### **Talk to us about your population, what's the makeup?**

The one thing I will say that I didn't mention is we are not a young group. We're not an old group. We're somewhere in the middle. We have plenty of heavy claims. I don't want people who think, oh, we have this guy on our plan and I know he's going to be expensive – so then self-insured is not an option. Honestly, it's a better option. Because again, you have more control.

There's so many little elements within health insurance that we have zero control over in a traditional plan. A self-insured plan allows you to make it fit you, make it fit your employee base, make it fit your age base, and make it successful for you. Again, it's not a one size fits all. I think really just engaging in the process and realizing that there is opportunity is the first part.

You're not captive to a fully insured carrier how I thought about it for many years. I didn't have any options. I can tell you. You have a lot of options. In addition, and we too were stuck here previously- you may have a broker that's been traditionally pushing you towards fully insured because it's easier for them. Just know that that might not be in your best interest. Another thing is you can negotiate your rates with your broker a lot easier on a self-insured plan. Everything is more flexible.

### **What are some other strategies you've implemented to save money and improve the plan experience?**

Your aging population is obviously your highest risk. What we did, with the help of our broker and WellNet, is to educate these members that were eligible, on the benefits of Medicare. The history of Medicare doesn't have a good reputation. Nowadays, Medicare is better than most plans you can find out there. It's a richer plan; it's lower deductibles; it's lower cost.

After we explained it all and helped guide some of our associates in the transition to Medicare, you're taking all those high-risk people off the plan, but giving them a plan that's as good as or better with lower costs.

Everybody's afraid of it at first, but I can't tell you how much that's helped our plan because you get a couple folks over 65, 70 that have million-

dollar, million-and-a-half-dollar claims, it can really hurt you, not just on self-insured but the same with a fully insured plan when the carrier gets you at renewal. To me, that's like step one. If I were looking for a way to save money on our plan, that's it.

We also had an employee who had a child who was getting blood transfusions to the cost of about \$60,000 a month. That was the cost on the fully insured plan. We had zero control over it, and we would get those spikes. Some months, you'd see three months' worth of those expenses come through because that's how people get their medicine these days, in 90-day supplies. When we moved to self-insured, it was a lot easier than I thought it would be. Those costs are still expensive, and we were able to manage it with the employee and in a contract like we had with the dialysis that I mentioned for under \$10,000 a month.

Again, it comes back to that control. You look at it and you're like, how am I ever going to go over this hill? You have to be willing to make that commitment. I guarantee you that you're not going to spend more on a self-insured than a fully insured plan. You're just not. The good thing is that it lasts for as long as you want it to last. We can go back to the fully insured market at any time. That's not in the cards for us. It's just not. I wouldn't.

### **Burt Brenner**

Chief Financial Officer

**Lindsay Automotive**

Lindsaycars.com

*Location: Northern Virginia  
Automotive News Top 150 dealer  
700 employees enrolled on the plan  
Formerly fully insured  
7 years with WellNet*

