

Employer Group Waiver Plan (EGWP)

Client Case Study--Lansing Board of Water and Light



COMPANY PROFILE

The Lansing Board of Water and Light is one of the largest municipal power authorities in the state of Michigan. The LBWL boasts more than 100 years of service and strong community ties.

RESULTS

In addition to a reduction in administrative obligations, the LBWL lowered its liability by \$14 million dollars. As of this document, the company is on target to achieve a savings of more than \$1.4 million dollars in the next two years by switching to an EGWP through Health Insurance Services and its retiree benefits partners. The projected savings from August 2012 to December 2013 is more than \$800,000 dollars.

The LBWL was also able to meet its social obligation to its retirees and the community as a whole.

BUSINESS SITUATION

As a major employer in the community, the LBWL had an increasing number of employees aging into retirement, joining an existing retiree population. The number of current Medicare eligible retirees (MERs) had reached 750, with an additional 7% increase expected by 2015. The number of retirees, combined with the ever-increasing costs of Medicare and the expiration of an important tax benefit (the Retiree Drug Subsidy) created significant strain for the company. The company believed they were forced to either cut benefits for their loyal workers or pass on a significant carrier rate increase to former employees on a fixed budget.

The company was actively exploring options that would enable them to maintain their community obligation to former employees, while lowering costs and controlling future costs.

SOLUTION

Health Insurance Services (HIS) was able to research options available to meet the company's needs. HIS is a leader in retiree benefits, compliance and legislative changes in the public and private sectors.

HIS recommended a move to an Employee Group Waiver Plan (EGWP). The EGWP provided the company with the same benefits structure, reduced current costs and better controlled future costs. It also enabled the company to shed its administrative obligations