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A SPRINGBUK ROI CASE STUDY

From Insight to Impact: $8.7M in Savings Unlocked

Learn how a data-driven analysis by Springbuk helped a large employer with ~22,000 members make an informed decision to consolidate health insurance carriers, **resulting in potential savings of $3.9-$8.7 million.**

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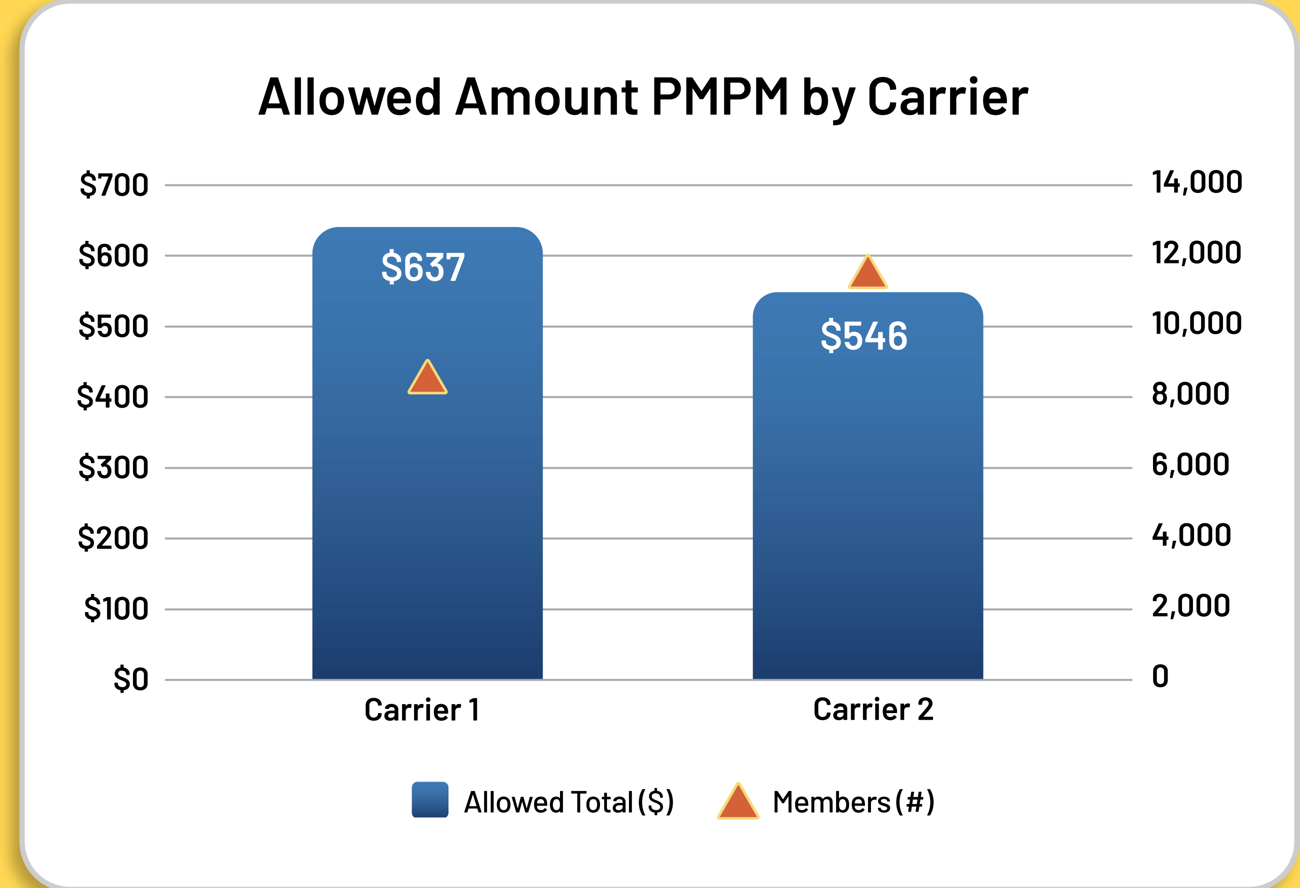
PLAN

Evaluating Performance to Guide a Strategic Carrier Consolidation

A large employer client of Springbuk, with approximately 22,000 member lives, was interested in evaluating the benefit plans offered by their two carriers.

In 2021, the employer had streamlined their offerings by eliminating the Preferred Provider Organization (PPO) plan option from both carriers, moving exclusively to Consumer Driven Health Plans (CDHPs).

Following this initial plan shift, the employer explored a multi-year strategy to consolidate carriers.



Initial comparisons showed Carrier 1 to be more expensive than Carrier 2 on a Total Allowed PMPM* basis, positioning Carrier 2 as the initial front-runner.

*Per member per month

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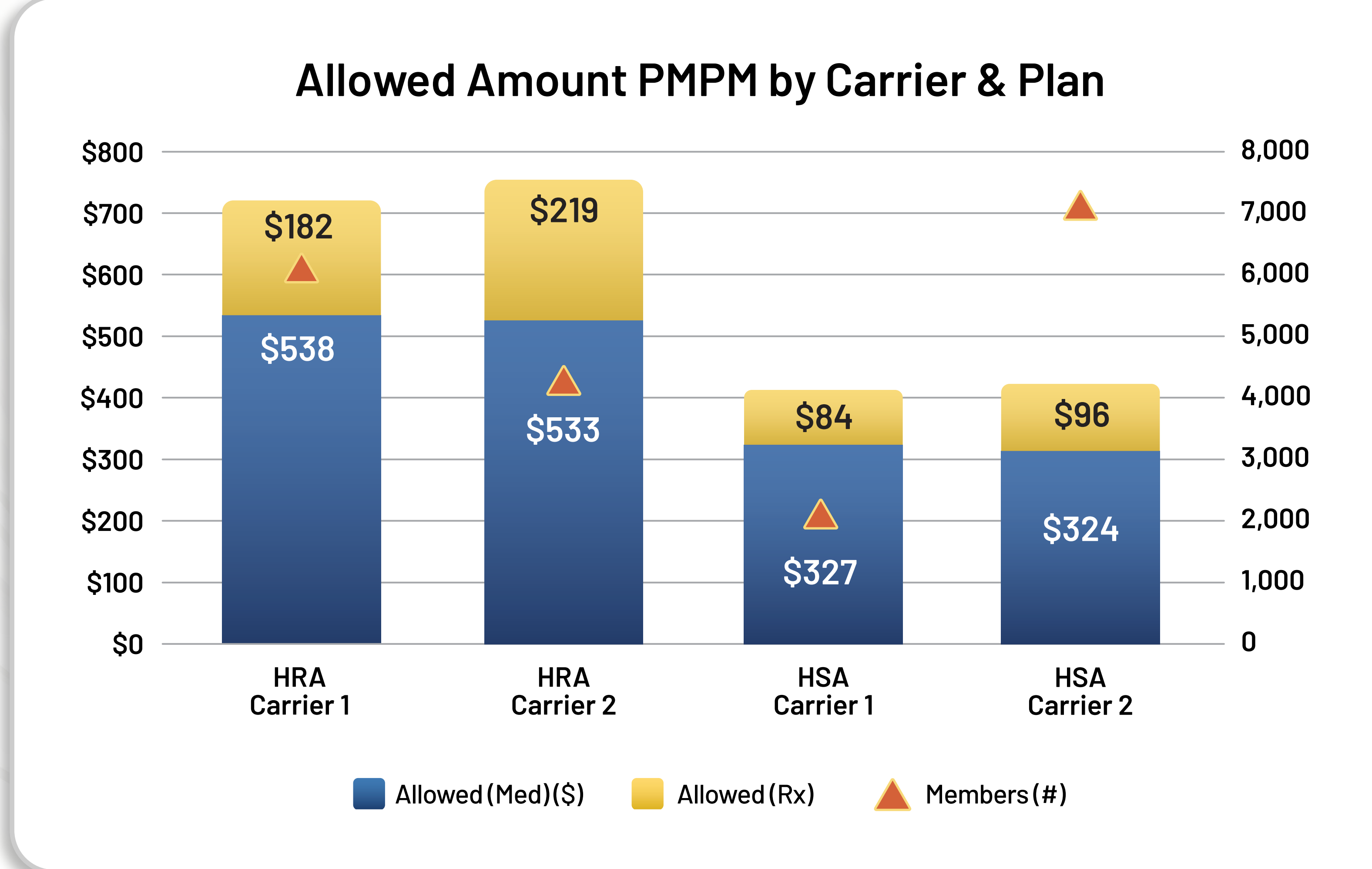
ANALYSIS

Uncovering the Drivers Behind Cost Differences

To empower the employer with clear, actionable insights for decision-making, Springbuk first analyzed how members were distributed across different plan types between the two carriers.

The findings revealed that while Carrier 2 initially appeared more cost-effective based on a lower Allowed PMPM, this was attributed to the fact that **62% of their members were enrolled in the lower-cost HSA plan. In contrast, 70% of Carrier 1's HSA plan. In contrast, 70% of Carrier 1's membership was enrolled in the higher-cost HRA plan.**



By breaking out the plans by carrier, **Springbuk found that Carrier 1 might actually be slightly less expensive—or at least on par with Carrier 2**—an insight the employer could have missed without the right decision support.

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Addressing Cost Differences with Risk-Adjusted Insights

The next step in the process was to risk-adjust the population, adjusting for the disease burden differences between the groups

Springbuk used the Optum Episode Risk Grouper (ERG) to assess and determine the population risk burden using retrospective risk scores.

The retrospective ERG scores were used to adjust the total Allowed Amount Per Member Per Month (PMPM) for both Carrier 1 and Carrier 2 to reflect the illness burden of the population.

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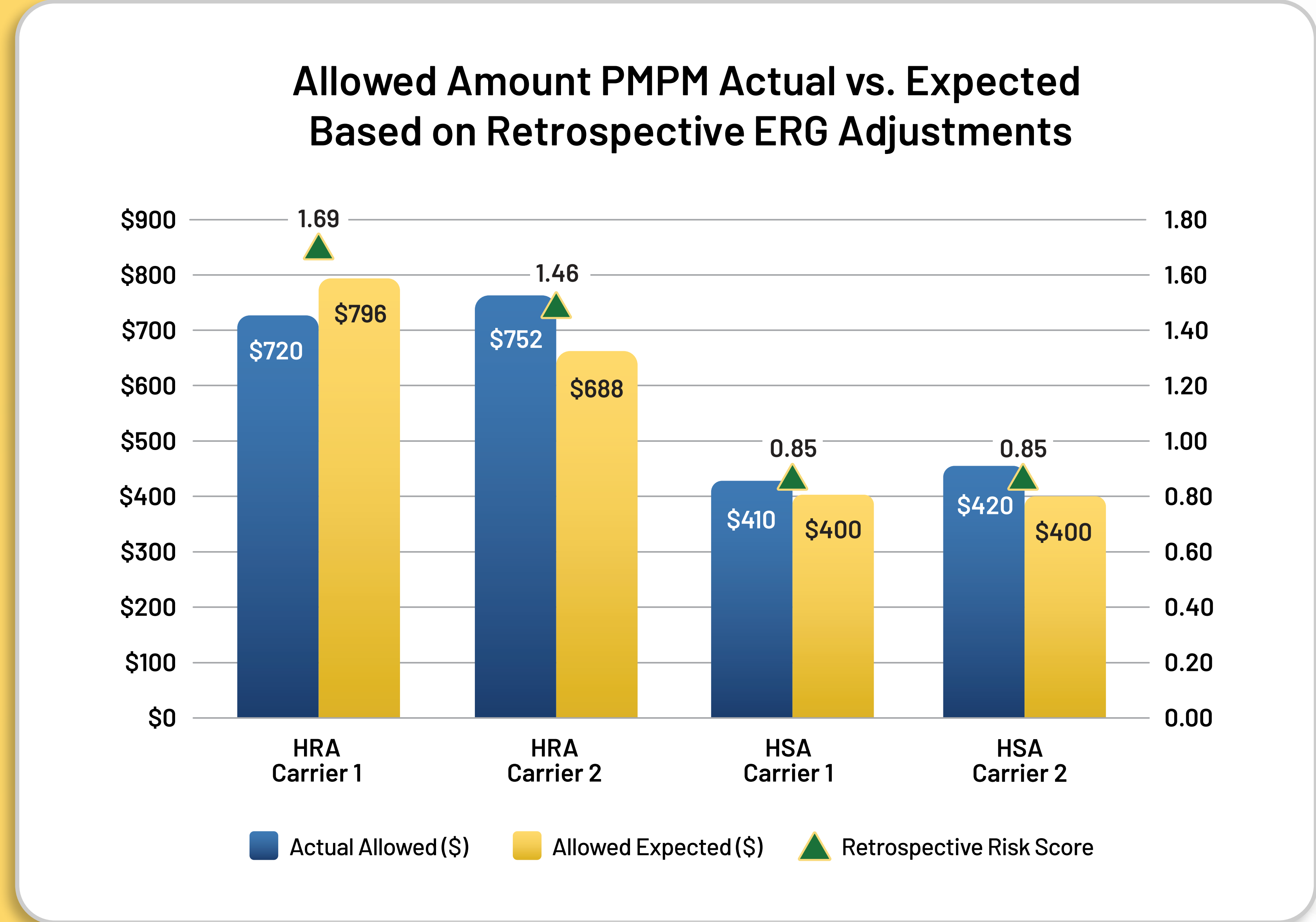

The findings indicated that Carrier 1, while slightly less expensive on a per-plan basis, covered a population with a higher disease prevalence.

After accounting for risk, Carrier 1's actual costs came in lower than expected, signaling strong performance. Carrier 2, on the other hand, exceeded expected costs, pointing to potential underperformance.

What initially appeared to be a slight cost advantage for Carrier 1 became a more substantial advantage once population risk was accounted for.

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ACTION

Modeling the Financial Impact of Strategic Carrier Decisions

Based on Springbuk's analysis and the assumption that the lower-cost HSA plans had minimal cost impact, the employer weighed their strategic options and **identified the following decision scenarios:**

1. No plan change results in **$92,448,000 total costs**
2. Consolidating to Carrier 1 results in **$88,590,240 total costs**
3. Consolidating to Carrier 2 results in **$97,269,120 total costs**

To help the employer evaluate the financial impact of their potential decisions, Springbuk modeled the following scenario results:

Cost of No Plan Change

$3.86M Loss
(Scenario 2 – Scenario 1)

By maintaining the status quo with both carriers, the employer would have missed out on $3.9M in potential savings.

Cost Over Status Quo By Making The Wrong Change

$4.82M Increase
(Scenario 3 – Scenario 1)

Moving to Carrier 2 alone would have added $4.8M in costs compared to staying with both.

Cost Over Optimal By Making The Wrong Change

$8.68M Increase
(Scenario 3 – Scenario 2)

Compared to the optimal decision, moving to Carrier 2 would have cost the employer $8.7M more.

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RESULTS

Clarity That Drives Confidence

Springbuk decision support helped the employer see the financial stakes more clearly:

The client stood to lose $3.9M in potential savings by making no change, and up to $8.7M if they had chosen the wrong path by consolidating to Carrier 2.

These savings estimates assume Scenario 2 was implemented, with no change in risk profiles, enrollment mix, or major geographic network shifts.

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Return on Investment: A 3,482%–7,767% ROI on Smarter Decision-Making

Springbuk's decision support revealed opportunities for the employer to save $3.9MM - $8.7MM— which is equivalent to 3.3 - 7.3% of total Spend (employer + employee).

At the time of this analysis, the employer had 9,324 employees and paid approximately $112,000 in annual Springbuk fees.

The savings from Springbuk decision support is a 3,482% - 7,767% return on investment for the employer.

Learn how your investment in Springbuk can generate ROI for your organization.

Schedule a Demo

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