

 CONSUMER PACKAGED GOODS/MANUFACTURING

CUSTOMER



CHALLENGE

Control healthcare spending for a dispersed manufacturing population by transitioning to a full-replacement HDHP while helping employees improve health and productivity.

SOLUTION

Castlight's health benefits platform is a simple, integrated solution that increases participation in health and wellness programs and helps employees understand their healthcare options while also providing decision support to enable employees to make more informed healthcare decisions.

"Kraft feels that our strategy is the way to manage healthcare costs long-term. We want to have more dollars to invest in our business. But we also want employees to have fewer dollars coming out of their pockets and to receive the healthcare they need. Castlight is an important partner with us on this journey."

~ Kathy McAlpine
SENIOR DIRECTOR, BENEFITS
KRAFT

Kraft's new recipe for reducing wasteful healthcare spending driving healthcare consumerism

Kraft Foods Group is one of the largest consumer packaged food and beverage companies in North America, with annual revenues of more than \$18 billion. Founded in 1903, Kraft was re-launched as an independent public company in October of 2012, when Kraft Foods, Inc. completed a spin-off of Kraft Foods Group, Inc. Today, Kraft makes and markets an unrivaled portfolio of products in the beverage, cheese, refrigerated meals, and grocery categories—primarily in the United States and Canada. Well-known Kraft brands include Planters, Philadelphia, Kool-Aid, Oscar Meyer, Cracker Barrel, Maxwell House, Jell-O, Kraft Macaroni & Cheese, and more—including 10 brands with annual net revenues of more than \$500 million.

Kraft has approximately 25,000 employees. The company prides itself in offering a comprehensive, competitive health and welfare

\$1.2M

Healthcare savings achieved

21%

Reduction in ER usage, with 9x increase in cost-efficient telehealth usage

benefits package that helps keep its employees healthier and encourages them to be more motivated and productive.

“The objective of Kraft’s benefits program is to have a true partnership with our employees and families that drives optimal health, maximum productivity, and sustainable healthcare cost management,” said Kathy McAlpine, senior director, benefits at Kraft.

CHALLENGES

In 2010, Kraft conducted a careful review of all its benefits programs to determine which were performing as expected and what could be done about costs over the long term. The company was experiencing double-digit increases in healthcare costs—with no corresponding improvement in employee health. As a result, Kraft decided to introduce high-deductible health plans (HDHPs). The goal was to encourage employees to become better healthcare consumers and get them more involved in their healthcare decision-making.

Initially, the company offered two plans: a traditional preferred provider organization (PPO) and an HDHP. The HDHP was incentivized by charging much lower premiums for it than for the PPO. In the first year, employee participation in the HDHP reached approximately 33%.

But the biggest challenge for Kraft was that many employees still had a negative perception of the HDHP, seeing it as an attempt to shift more of the cost burden for their healthcare to them. “That was absolutely not what we wanted to do,” McAlpine explained. “We wanted to help our employees see what the true cost of healthcare was, so they could make really informed decisions.”

When Kraft initially introduced its high-deductible plan, it included a transparency tool. But according to McAlpine, that tool wasn’t very robust or easy for employees to use. It also wasn’t well integrated into all the other programs and benefits Kraft offers.

“It was important for employees—especially the first time—to be able to find information about a particular doctor or procedure,” noted McAlpine. “If

that wasn’t in the database, we would have a failure. We knew we needed a solution that was fully loaded and would be easy-to-use.”

SOLUTION

Castlight’s health benefits platform—which enables employers to manage and optimize their investment in healthcare benefits—met Kraft’s criteria. The solution not only addresses the need for true transparency into the quality and cost of healthcare for better healthcare decision-making, but it also includes other critical components necessary to deliver successful healthcare outcomes.

SUPPORT FOR FULL-REPLACEMENT HDHP

In April of 2012, Kraft made the decision to adopt a full-replacement HDHP, together with the introduction of the Castlight platform. At the time, the company was in the midst of a transition that resulted in the creation of the new Kraft Foods Group, representing the North American grocery business. This was split off from the renamed Mondelez International, which kept the former Kraft’s global snack and confectionery food brands. With such a high level of business “noise,” Kraft chose a quiet introduction for Castlight. Even so, approximately 20% of Kraft’s employees engaged with Castlight over the first few months.

By the fall 2012 open enrollment period, Kraft was ready to make its big push. Working closely with Castlight, Kraft developed a targeted, multimedia engagement campaign to spread the word about how Castlight’s easy-to-use, personalized application empowers employees to improve their healthcare decision-making.

Because Kraft has a large population of widely dispersed manufacturing employees, the campaign included “road shows”—presentations at dozens of plants around the country led by the Kraft benefits team with the support of Castlight. These efforts resulted in thousands of Kraft employees enrolling in Castlight. Registration with Castlight doubled within a few months and usage soared.

“We didn’t feel like we could go to a single, full-replacement HDHP without a solution for employees to be able to shop for healthcare and use their dollars wisely,” McAlpine remarked. “So, we wouldn’t have switched to full-replacement plan without Castlight.”

RESULTS

DECLINING COSTS BECOME A REALITY

Over the past several years, the value of Kraft’s move to an HDHP supported by the Castlight platform has become very apparent. Kraft saw a 9% reduction in healthcare cost trend for Castlight users, leading to combined savings in excess of \$1.2 million. The percentage of Kraft employees registered with Castlight has increased to around 54%, and growing.

As a result, healthcare costs declined significantly for Castlight users:

- Imaging expenses decreased by 12%
- The cost of advanced imaging procedures dropped by around 22%
- Office visit costs have decreased by 9%
- Spending for routine lab tests declined almost 4%

INTEGRATION WITH OTHER BENEFITS PROGRAMS

Castlight also enables Kraft to easily integrate its broad selection of benefits programs into Castlight’s platform. Acting as a simple, integrated solution, Kraft is able to steer employees to these valuable opportunities. This helped push the percentage of employees participating in health risk assessments to virtually 100%, significantly increased participation in chronic disease management programs, and reduced the level of “presenteeism”— when employees who are ill come to work anyway and expose their fellow workers.

Kraft’s efforts in redesigning its benefits plan and wellness initiatives earned the company the 2013 Healthy Workforce Productivity Award, presented by the Integrated Benefits Institute and National Business Coalition on Health. This award annually

recognizes employers that have collaborated with their employees to “develop, implement, and measure an innovative health and productivity initiative.”

The rewards capabilities of the platform have proven to be another effective way to encourage healthy and productive behaviors. “Employees have an easy way to be rewarded for making good choices, and Kraft can feel confident that our employees are getting the best, most cost-efficient care,” said McAlpine.

REDUCING EXPENSIVE EMERGENCY ROOM USAGE

Recently, Kraft used Castlight to pinpoint the overutilization of emergency room care by employees at a turkey processing plant in Newberry, South Carolina— and to a lesser extent, companywide.

Newberry is a rural community of about 10,000 in the Piedmont, about 40 miles northwest of the state capital. Kraft has approximately 2,600 employees there, who earn relatively low, hourly wages. Castlight analytics revealed that Kraft’s emergency room usage was higher than the national average, and that the Newberry plant’s usage was double Kraft’s companywide rate.

With Castlight’s support, Kraft’s benefits team launched a campaign that included in-person educational presentations for plant personnel. The result? Emergency room visits decreased by 21%, while telehealth usage soared by 9x—reducing costs and increasing productivity in Newberry. McAlpine and her team are confident there will be even bigger improvements in this figure in the future.

“We are making progress toward our goal of creating true healthcare consumers,” McAlpine declared. “We’ve incentivized registration and participation in Castlight and their healthcare decisions. In 2015, we’re going to share our healthcare cost savings with employees.”

During the open enrollment period in the fall of 2014, McAlpine and her team began collecting stories on the value of shopping for healthcare—

such as the \$49 price for a lab test an employee found through Castlight versus the \$771 the work would have cost if the employee had gone to the originally recommended lab. Sharing these types of comparisons has really caught the attention of employees.

“Kraft feels that our strategy is the way to manage

healthcare costs long term,” concluded McAlpine. “We want to have more dollars to invest in our business. But we also want employees to have fewer dollars coming out of their pockets and to receive the healthcare they need. Castlight is an important partner with us on this journey.”

Castlight Health, Inc. (NYSE: CSLT) is a leading health benefits platform provider. Our mission is to empower people to make the best choices for their health and to help companies make the most of their health benefits. We offer a health benefits platform that engages employees to make better healthcare decisions and guides them to the right program, care, and provider. The platform also enables benefit leaders to communicate and measure their programs while driving employee engagement with targeted, relevant communications. Castlight has partnered with more than 190 customers, spanning millions of lives, to improve healthcare outcomes, lower costs, and increase benefits satisfaction.

For more information, visit www.castlighthealth.com and connect with us on [Twitter](#) and [LinkedIn](#) and [Facebook](#).