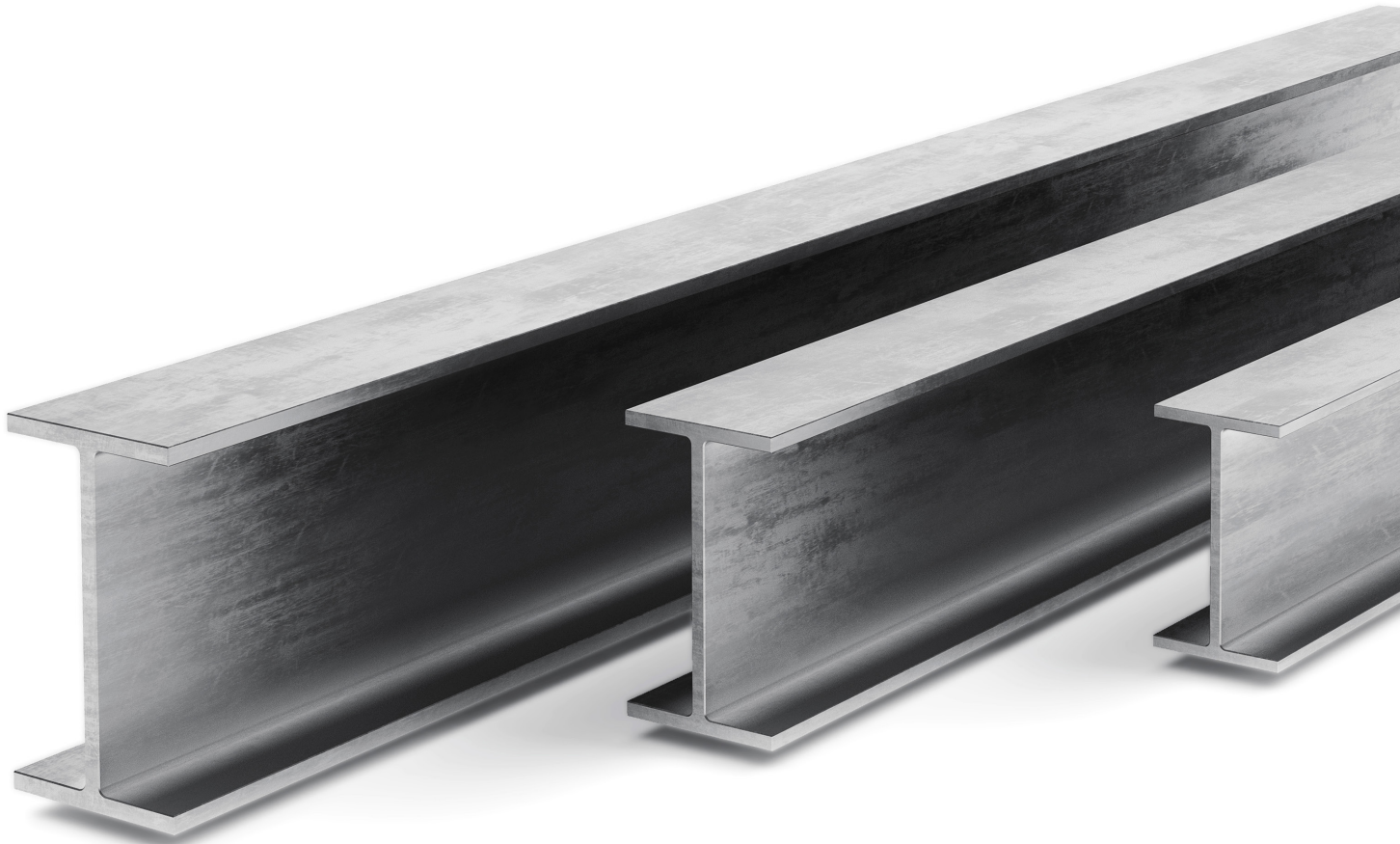


TRANSPARENCY AND THE RURAL WORKFORCE: GERDAU NORTH AMERICA SEES GROWING ANNUAL ROI WITH BLUEBOOK'S CONSUMER-ORIENTED HEALTHCARE SHOPPING SOLUTION

Gerdau North America, a major national steel manufacturer with over 7,000 employees, sought a reliable partner that could help reduce its healthcare spending by engaging a mostly rural, blue-collar workforce. With Bluebook's easy-to-use online interface, integrated call center resource, and employee engagement expertise, Gerdau North America increased its initial program ROI from 150% to 280% by year three. With a continued focus on growing the Bluebook program, Gerdau is quickly expanding engagement and integrated incentives programs to cut medical spending even further - with a new emphasis on common (but costly) inpatient procedures.



➤ IDENTIFYING THE CHALLENGE

Andy Loyst, Director of Total Rewards at Gerdau North America, had spent decades in the benefits industry and was familiar with the problem that was causing Gerdau to overpay for healthcare year after year: highly variable healthcare prices and quality gaps among Gerdau's in-network facilities and physicians.

TAMPA, FL EXAMPLE PRICE VARIABILITY

Procedure Pricing	Low	High	Δ (%)
Knee Arthroscopy	\$1,962	\$12,928	558%
Chest CT (w/o Contrast)	\$114	\$1,374	1,105%
Screening Colonoscopy	\$778	\$6,682	758%
Abdominal MRI (w/o Contrast)	\$212	\$2,196	935%
Ankle X-Ray	\$21	\$379	416%

In-network procedure price variability topped 1,100% for even routine procedures, as can be seen in the accompanying chart. Unfortunately for Gerdau and its members, high prices do not indicate high-quality care.

When members choose high-cost facilities without insight to quality ratings, self-insured employers end up overpaying for shoppable procedures. Employers and employees are also subject to downstream costs of poor-quality care, including adverse health outcomes and members' dissatisfaction with employer-sponsored benefits.

↻ SWITCHING TO A CONSUMER-DIRECTED HEALTH PLAN

Time was of the essence in finding a healthcare transparency partner, as Loyst wanted to implement a shopping solution to help support Gerdau's members with price and quality information while concurrently rolling out a consumer-directed health plan in Q1 of 2015.



We have a tough audience - union workers, factory workers. We kind of rocked their world in terms of healthcare - going from PPOs, where everything is taken care of, to consumer-directed health plans. Asking people to be involved consumers was new and it was asking a lot. So we complemented that action with tools to provide them help, like Bluebook."

- Andy Loyst
Director, Total Rewards



Loyst first looked for a transparency solution with the company's insurance carrier but was disappointed with their response.

"We asked about it, but they were not there yet," said Loyst. **"We were ready to try it, because we were rolling out a CDHP and wanted to introduce quality and price information. But the carrier was behind in that process."**

Upon meeting with Healthcare Bluebook and testing its easy-to-use user interface, Loyst and his colleagues were surprised to see a familiar sight.

Rather than the complex user interfaces found in most carrier-provided transparency tools, Bluebook's solution presents price ranges for thousands of common medical procedures based on an exclusive visual cueing system featuring an intuitive green, yellow, and red format. A Fair Price™ estimate lets employees know what they should expect to pay for a procedure at specific facilities near them without setting false expectations. The same user-friendly interface is used to communicate quality rankings for inpatient procedures.

"Bluebook's green, yellow, and red display lines up wonderfully with how we run a lot of business operations here," Loyst explained. **"How are we doing on this project? Is it red, yellow, or green?" Healthcare Bluebook has made it simple for people. You just pick up your mobile device, computer, or even call in. We can describe it on one piece of paper and get our line workers to understand it."**

Loyst also learned that Bluebook provided several other benefits that other transparency platforms, including those offered by insurance carriers, did not offer to employers and their members, including:



Regular member utilization and program ROI reporting



A single enterprise solution for multiple carrier networks



Seamless integration into Gerdau's existing member benefits portal



Initial assessment of in-network price variability and spending



Integrated employee education and incentives program

↗ EDUCATION AND INCENTIVES DRIVE ROI

Bluebook's easy-to-use solution facilitated a rapid 150% initial program ROI in year one, but our engagement expertise associates knew the right combination of education and incentive tactics could drive Gerdau's ROI even further.

The following Healthcare Bluebook member awareness resources were implemented by year three:

- 1 Member emails (both general and targeted)
- 2 Bluebook associate presence at member health screenings nationwide
- 3 Scavenger hunt to encourage initial use of Bluebook solution
- 4 Flyers at all plant locations

Gerdau also began incentivizing its members for using Bluebook to access high-quality, cost-effective providers for common medical procedures. Cash rewards, **a proven member engagement strategy recommended and implemented by Bluebook**, start from \$100 for a knee arthroscopy to \$1,000 for a joint replacement.

Bluebook distributes member rewards after verifying Fair Price provider claims, so the Bluebook rewards program ensures a positive ROI for Loyst and his Total Rewards team.

Now in their third program year with Healthcare Bluebook, monthly member utilization at Gerdau North America has increased from 2.4% to 3.5% to help drive ROI from 150% to 280%. The organization continues to increase member communications and expand its rewards program to accelerate the returns they've seen since partnering with Healthcare Bluebook.



For sure, I would recommend Healthcare Bluebook. We've got ROI, we've got simplicity. If you're going to ask your people to become healthcare consumers, you've got to give them some help."

- Andy Loyst
Director, Total Rewards
Gerdau North America

Stop overpaying for healthcare. Contact Bluebook today.

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