100 TACTICS

for Immediate Labor Savings

Finding Principled and Sustainable Ways to Reduce Costs

Hea	lth Benefits	Sav				loye ranc		Outside CBA
1	Raise deductibles	\$ \$	\$ \$		å	•		
2	Raise out-of-pocket max	\$ \$	\$ \$					
3	Raise coinsurance/copays	\$ \$	\$ \$					
4	Switch copays to coinsurance	\$ \$	\$ \$					
5	Raise premiums	\$ \$	\$ \$		•			
6	Offer results-based discounts to offset premium increases	\$ \$	\$ \$	•	•	•	•	
7	Offer high-deductible plans	\$ \$	\$ \$					
8	Incentivize high-deductible plans	\$ \$	\$ \$					~
9	Reduce the number of insurance plans	\$ \$	\$ \$					
10	Eliminate Cadillac plans	\$ \$	\$ \$	<u></u>	i			
11	Shift employees to private insurance exchanges	\$ \$	\$ \$	•	å		•	
12	Eliminate retiree health coverage	\$ \$	\$ \$	-		•	•	
13	Reduce retiree premium contributions	\$ \$	\$ \$				•	
14	Offer retiree coverage only through Medicare Supplement plans	\$ \$	\$ \$	•	•		•	•
15	Offer insurance stipend instead of retiree health coverage	\$ \$	\$ \$	•	•		•	•
16	Close retiree plans to new entrants	\$ \$	\$ \$					
17	Add surcharge for working spouses electing institutional health plan	\$ \$	\$ \$	•	•	•	•	
18	Incentivize spouses to leave health plan	\$ \$	\$ \$	•	å	•	•	~
19	Offer only secondary spousal coverage	\$ \$	\$ \$					
20	Require working spouses to use their employers' health plan	\$ \$	\$ \$	•	•		•	
21	Incentivize employees to use spousal health benefits	\$ \$	\$ \$					~
22	Raise premiums for dependent/family coverage	\$ \$	\$ \$	•	i	•	•	
23	Audit and remove ineligible dependents	\$ \$	\$ \$					~
24	Limit health benefit eligibility based on employment status	\$ \$	\$ \$	•	•	•	•	
25	Mandate in-network pharmacy use	\$ \$	\$ \$					
26	Require mail-order pharmacy use	\$ \$	\$ \$	•		i	i	~
27	Require generics for costly drugs	\$ \$	\$ \$		å		•	
28	Incent domestic utilization	\$ \$	\$ \$	•	å	•	i	~
29	Reduce short-term disability benefits	\$ \$	\$ \$	<u></u>				~
30	Reduce long-term disability benefits	\$ \$	\$ \$					~
31	Reduce duration of paid extended sick leave/ short-term disability	\$ \$	\$ \$	•	•			•
32	Reduce duration of paid long-term disability	\$ \$	\$ \$					~
33	Switch to shared-cost/employee-funded disability plan	\$ \$	\$ \$	•	•	•	•	•

Fring	ge Benefits	Sav Ote				loyee rance		Outside CBA
35	Reduce PTO rollover	\$ \$	\$ \$	•		•	ů	
36	End PTO rollover	\$ \$	\$ \$	•			÷	
37	End PTO cash-out	\$ \$	\$ \$	•				~
38	End PTO payout	\$ \$	\$ \$	•				
39	Reduce PTO payout max	\$ \$	\$ \$	•			•	
40	Reduce PTO accrual	\$ \$	\$ \$	•	ů		•	
41	Require PTO draw-down	\$ \$	\$ \$	•		•	•	
42	Offer higher PTO accrual rates for lower pay	\$ \$	\$ \$	•			•	~
43	Limit PTO/sick leave accrual for part-timers	\$ \$	\$ \$	•				•
44	Reduce tuition reimbursement	\$ \$	\$ \$	•				
45	Shift to defined-contribution retirement plans for new hires	\$ \$	\$ \$	•	•	•	•	
46	Reduce employer contributions to retirement plan	\$ \$	\$ \$	•	å			
47	Reduce retirement contributions for employees with \$0 self contributions	\$ \$	\$ \$	•	•	•	•	
48	Match retirement contributions only once per year	\$ \$	\$ \$	•			•	
49	Introduce new-hire waiting period for retirement plan eligibility	\$ \$	\$ \$		•	•	•	
50	Limit income types eligible for retirement contributions	\$ \$	\$ \$	•	•	•	•	

\$ \$ \$ \$

Because labor costs comprise 60% to 70% of operating budgets, few institutions can significantly impact costs without addressing labor. However, too many institutions have resorted to indiscriminate and often across-the-board labor cuts, which can hurt staff morale, disrupt work processes, and draw negative press. Moreover, labor cuts often backfire, as the scramble to repair self-inflicted damage causes costs to quickly rebound to previous levels.

Rather than enacting painful and ineffective cuts, institutions should pursue immediate savings through cost rebasing. Unlike labor cuts, this approach does not hinder work process or damage staff morale, so savings can be sustained over time.

This compendium offers 100 rebasing tactics across nine categories. Not every tactic is applicable for each institution because of unique logistical, cultural, or legal hurdles. So, to help executives evaluate and choose the tactics best suited for their institutions, each tactic is evaluated on three factors:

- Savings potential
- Employee tolerance
- Whether the tactic is outside the scope of most collective bargaining agreements (CBAs)

Figure 1. Renegotiate vendor premiums 51 Renegotiate vendor premiums 52 Rebid vendor contracts 53 Assess pharmacy benefit managers 54 Assess TPA/network discounts 55 Raise stop-loss deductibles 56 Negotiate shared savings agreements with insurers 58 Savings 59 Potential 50 Potential 51 Renegotiate vendor premiums 52 Rebid vendor contracts 53 Savings 54 Potential 55 Raise stop-loss deductibles 56 Negotiate shared savings agreements with insurers 58 Savings 59 Potential	
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roternat roterance	Outside CBA
57 Freeze hiring \$\$\$\$	
58 Create hold period for vacancies \$\$\$\$	
59 Enact targeted layoffs \$\$\$\$	
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61 Expand management oversight to like departments \$\$\$\$\$	
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63 Outcounsel underperformers \$\$\$\$	
64 Incentivize early retirement \$\$\$\$	
65 Offer voluntary severance \$\$\$\$	
Compensation Savings Employee Potential Tolerance	Outside
66 Freeze pay raises	CBA
67 Reduce pay for senior-level leaders \$\$\$\$	
68 Tie manager incentives to enrollment targets \$\$\$\$	
70 Paduca staff marit pool	
71 End marit raises for undernarformers	
73 Delay annual pay raises \$ \$ \$ \$ \$ \$ 74 Request online W-2s \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	
	Outside
Outsourcing Savings Employee Potential Tolerance	Outside CBA
75 Outsource units or departments	
76 Outsource processes or functions \$\$\$\$	
Service Hours Savings Employee Potential Tolerance	Outside CBA
77 Mandate management furloughs \$\$\$\$	
78 Mandate staff furloughs \$\$\$\$ 🛔 🛔 🦺 🛮	
79 Offer voluntary prescribed unpaid leave days \$\$\$\$	
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34 Add tobacco surcharge