

M&A CASE STUDY

Beyond the Deal: How Smart Benefits Due Diligence Boosted Savings and Employee Satisfaction

When our private equity client acquired the wealth management division of a financial services company, our M&A insurance team was brought in to provide in-depth employee benefits due diligence, benefits program placement services, and support a seamless transition that aligned the new company’s benefits with those of its parent organization.

Our Approach: Due Diligence Meets Strategic Integration

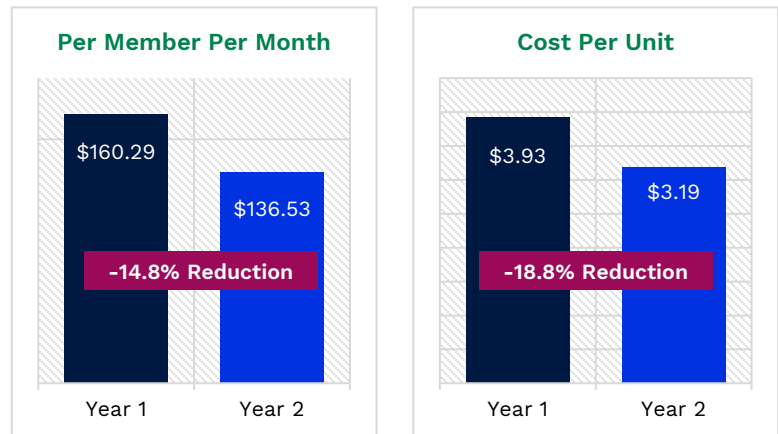
We began by forecasting the standalone costs for the acquired employees, then leveraged our relationships with existing insurance carriers to maintain competitive rates, despite a reduced population size. During the first year, we managed contracts with multiple carriers and vendors – an approach that ensured the transition would meet financial expectations, while maintaining quality coverage. In year two, we streamlined the benefits program with fewer plan/network options and more uniform payroll deductions to drive administrative and HR efficiencies and better align the program with relevant benchmarks

Our team collaborated with the transition team in weekly meetings, covering payroll, benefits, and HRIS implementation. To facilitate the benefits integration, we developed a branded, web-based benefits administration system, managed the open enrollment process, and created custom supporting material. This hands-on approach ensured that every aspect of employee support was thoroughly managed with clear, cohesive messaging.

Outcomes: Driving Savings and Simplifying Benefits

- ◆ **Medical Plan Consolidation:** We reduced the number of carriers for the self-funded medical plan from three to one, achieving a 2.4% reduction in administrative fees.
- ◆ **Pharmacy Contract Optimization:** We secured a new pharmacy contract through a group purchasing coalition, yielding an estimated 15% annual savings through lower unit costs and greater rebates.
- ◆ **Standardized Payroll Deductions:** We removed regional and salary-based variations in medical and prescription payroll deductions, replacing them with a single set of deductions.

Y1 VS Y2 PHARMACY CLAIMS ANALYSIS



Client Impact: Realizing Immediate and Lasting Value

Through a combination of strategic due diligence, careful carrier negotiations, and a commitment to minimizing employee disruption, we delivered a tailored benefits program that aligns with the new organization’s objectives and financial goals. The efficiencies and cost savings achieved demonstrate our team’s expertise in M&A due diligence for employee benefits, helping clients move forward confidently with their acquisition strategies.