NEWFRONT

CASE STUDY

Transitioning off a PEO with a Strategic Plan *for Long-Term Savings*

The Challenge

A software company reached out to Newfront because they wanted to transition away from their Professional Employer Organization (PEO). As a growing employer, they were dissatisfied with their PEO service, wanting greater flexibility, more responsiveness, and better benefits for their employees. However, they faced a significant obstacle—they were bound to aggressive rate guarantees on their medical, dental, and vision coverages. Transitioning away from the PEO while maintaining cost-effective and high-quality benefits would require a strategic and well-coordinated approach. As a return client of Newfront, the company trusted the team to find a better solution.

The Solution

Mike Vierra, Senior Vice President of Employee Benefits at Newfront, and Yanni Spiliotis, Benefits Consultant, set out to ensure the company's transition was not only successful in the short-term, but also beneficial for years to come. Recognizing that executive buy-in was crucial, they engaged the CEO early in the process, aligning the transition with the company's broader growth objectives. They also worked closely with the Chief People Officer, who had been advocating for this change since her hiring.

Newfront's first step was to conduct a thorough assessment of the company's existing coverage and cost structure, identifying opportunities to optimize their benefits program. One challenge included the fact that the company had a multi-year medical rate cap and a three-year dental rate cap, creating complexity when trying to forecast costs. Therefore, rather than focusing solely on immediate savings, the Newfront team developed a two-to-three-year plan to provide the company with better programs and services at a reduced cost, while meeting their growth objectives.

Beyond just securing new vendors, the Newfront team leveraged their industry expertise to negotiate competitive pricing with a long-term carrier partner, ensuring the company gained high-value benefits without exceeding their budget. The multi-year cost projections showed that, while the PEO intentionally made extraction expensive for the company, its costs would stabilize and become more predictable over time, while simultaneously vastly improving their benefits experience.

The Results

The software company's transition away from their PEO was a resounding success. Vierra and Spiliotis' meticulous planning and hands-on involvement meant that the company made their transition with minimal disruption to employees.

After transitioning away from the PEO, the employer's costs came out roughly the same for the first year as what they paid under their PEO—but with greatly enhanced benefits, including employer HSA funding that wasn't previously provided. Newfront's projections showed that costs would stabilize and that the new program would even lead to savings over a two-to-three-year period. The Chief People Officer, who had championed the shift, was highly satisfied with the outcome, as the new structure better aligned with the company's long-term goals.

By working proactively and strategically, the Newfront team positioned the company for sustained growth, allowing them to operate more independently and efficiently. The successful transition reinforced the company's ability to attract and retain top talent while ensuring their employees received best-in-class benefits.

White glove service and long-term savings with enhanced benefits, expanded benefits, and employer HSA funding

Newfront
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