



CASE STUDY

Nexion Health Saves Over \$651,000 by Driving Down UI Tax Rate and Unemployment Claims



CHALLENGE: MISSED OPPORTUNITIES TO WIN MORE CLAIMS

Nexion Health operates 50+ skilled nursing care facilities in multiple states, providing assisted living, rehabilitation, long-term care, and memory care services. With a lean HR staff striving to keep up with the demands of a growing organization that today employs over 5,000 people, the company initially decentralized unemployment claims management to the individual facilities.

“But we found that the facilities were responding to claims late and missing opportunities to tell our story accurately,” said Cheryl Gould, HR Manager. Often the claim response didn’t include the necessary documentation or any narrative beyond the employment dates and termination cause. In other cases, the termination cause wasn’t clearly defined. “We were losing unemployment claims we shouldn’t have, including obvious cases where there was employee misconduct,” Gould explained.

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Nexion Health sought to solve the problem by shifting responsibility for unemployment claim responses to a highly organized HR team member at the main office. However, she lacked the bandwidth to keep pace with the claims volume. By continuing to submit claim responses that were incomplete or not timely, the organization continued to lose initial unemployment claims unnecessarily, paying a higher unemployment tax (UI) rate as a result and driving up costs.

SOLUTION: OUTSOURCE CLAIMS MANAGEMENT TO THE EXPERTS

Eager to improve its claims response content and timeliness, Nexion Health decided to outsource unemployment claims management to a third party fully dedicated to this function. The company immediately thought of UC Alternative, a company it was already relying on to maximize its Work Opportunity Tax Credit (WOTC).

"We've always been impressed by how UC Alternative is in tune with our industry; not many vendors are," Gould said. The organization also appreciated UC Alternative's responsive service, the staff's knowledge and expertise, and the performance-based fee structure that rewards the vendor for outcomes, not volume. "That's really putting your money where your mouth is, because it makes the vendor accountable for delivering results," she noted.

By tapping UC Alternative for unemployment claims management, Nexion Health knew it would gain the bandwidth and expertise to get a more complete response to the states on time and prepare more effectively for claim appeals. In turn, the company would be equipped to win more claims, reduce its UI tax rate, and relieve the burden of managing claims in-house.

"Choosing UC Alternative for unemployment claims was a no-brainer," Gould said.

UC Alternative took ownership of the unemployment claims management function for the client, applying its streamlined, data-driven processes and deep expertise to facilitate timely, complete, and compliant claim responses. In fact, UC Alternative has an award-winning integrity rating from SIDES (State Information Data Exchange System) for filing timely and complete responses. UC Alternative quickly onboarded Nexion Health by obtaining powers of attorney (POAs) in the states where the organization operates and deploying an online portal which the facilities use to submit information to UC Alternative, eliminating slow, inefficient manual work.

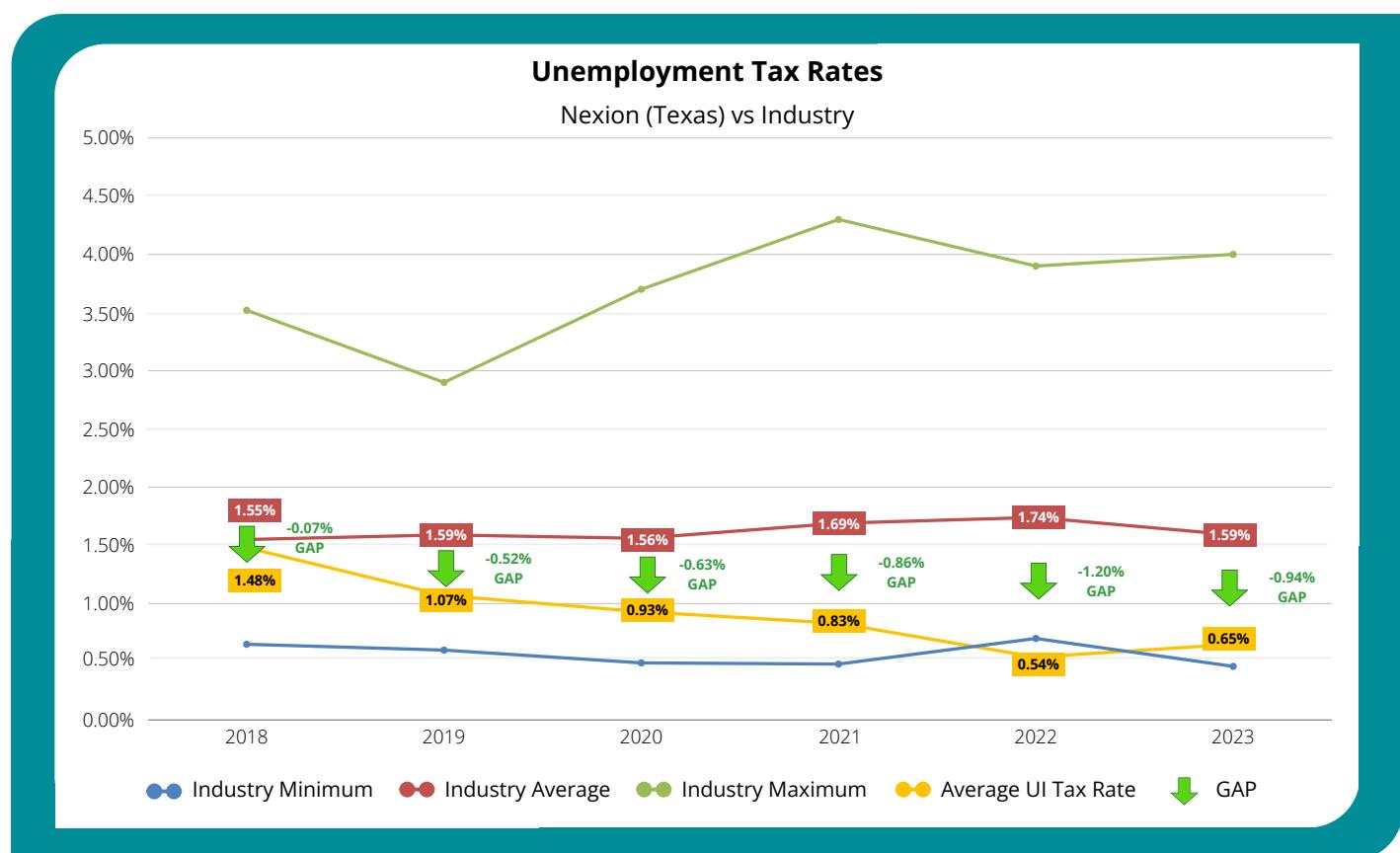
UC Alternative now reviews unemployment claim notices, confirms the information is complete and includes all necessary documentation, crafts a winning response, and files the claim response electronically. The team can also file an extension if it doesn't receive a timely claim from the state or alert the client to suspected fraud. The HR staff member who was trying to add unemployment claims to an already-full plate is free to focus instead on their current employees and the equally large and critical task of handling FMLA (Family & Medical Leave Act) issues.

UC Alternative's data analytics and detailed reports quickly shed light on the magnitude of the UI tax rate opportunity, which added up significantly across so many facilities.

"Before, no one was tracking the UI tax rate," Gould said. "Now we receive reports that show how our UI tax rate is trending and how it compares to our peers in each state." That data enables each HR generalist to follow up with facilities in their territory that aren't documenting terminations properly or responding to claim notices timely, so they can take corrective action to win more claims and reduce the UI tax rate.

UC Alternative is even improving how Nexion Health approaches unemployment claim appeals, with a goal of increasing the win rate. "UC Alternative ensures our team understands what the appeal process involves and what to expect at the hearing," Gould said. "We're glad our HR and building staffs have a resource with the expertise to help them prepare for appeals more effectively."

Nexion Health found it smooth and easy to get started with the UC Alternative claims management program. "There was very little change for us, other than providing the buildings with a link to the online portal for completing their paperwork," she said. "I had very few questions across more than 50 buildings."



OUTCOME: SIGNIFICANT UNEMPLOYMENT-RELATED COST SAVINGS

Nexion Health has saved over \$651,000 in unemployment-related costs so far by outsourcing the claims management function to UC Alternative and they continue to reap the benefits of their unemployment program which is now saving them close to \$200,000 each year in taxes.

In Texas, Nexion Health's UI tax rate dropped from 1.48% before partnering with UCA (only 0.07% lower than the state industry average at the time) to a current level of 0.57% (a full 1.02 points lower than the state industry average). The results were equally impressive in Louisiana, where the organization's UI tax rate declined from a starting level of 0.97% (only 0.10% lower than the industry average) to the current 0.41% (0.52% below the industry average). Helping the organization reduce its UI tax rate significantly in the years just prior to the pandemic ended up paying unanticipated dividends, placing them in a strong position to mitigate any subsequent state UI rate increases resulting from the spike in unemployment.

The sustained savings achieved as a result of better claims management and a lower UI tax rate are having a big impact on the business.

"In this industry we operate on slim margins, so any money we can save goes right back to our employees and residents," Gould said. Given the challenges of acquiring and retaining talent for long-term care jobs, the ability to offer competitive wages, raises, and bonuses can make a major difference. In a competitive market, with new facilities continually opening, having the funds to renovate and upgrade older buildings makes Nexion Health facilities more appealing to prospective residents. The savings can even improve the resident experience by allowing the company to invest in enhanced dining options, medical services, and hands-on care.

Equally important, Nexion Health has gained a true partner the company can count on to deliver strong business results. "I have confidence in UC Alternative's performance and responsiveness, and I know that they care about our industry," Gould said. "It's a great relationship."

About Nexion Health

Founded in 2000, Nexion Health is a skilled nursing care operator that provides assisted living, rehabilitation, long-term care, and memory care services. With 50+ facilities in the southern US and 5,000+ dedicated staff members, the company is committed to being the leading provider of short-term and long-term care services in each community it operates in.