

Making Retiree Health Care Sustainable

The Campbell Soup Company's Retiree Medical Strategy

A Case Study

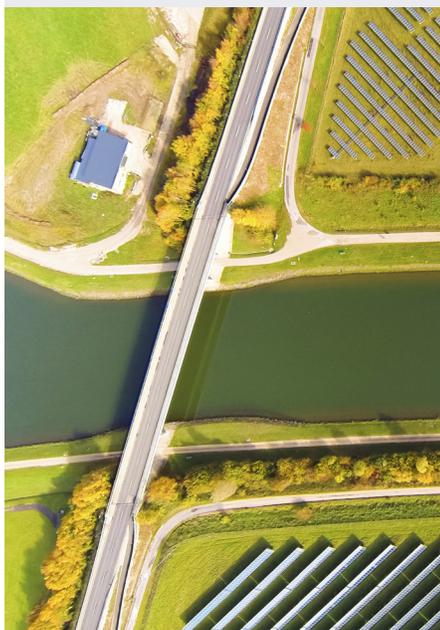
At a Glance

Client: Iconic brand that produces high-quality soups and meals

Challenge: Provide more affordable health care plan options for retirees and an advocate with expertise in medical plans and Medicare while limiting the company's cost of self-insuring and program administration

Approach: Vetted several marketplace solutions; Willis Towers Watson's Individual Marketplace for retirees specific framework and strong knowledge base won out

Result: Broader, more affordable choice of coverage, a health reimbursement subsidy, effective retiree meetings, and excellent consulting support



Company Overview

More than just a producer of high-quality soups and meals, the Campbell Soup Company embodies an iconic brand that harkens back to childhood memories for most Americans. Driven by a mission to make “real food that matters for life's moments,” Campbell's is responsible for \$8 billion in revenue annually. The company portfolio extends beyond soup to foods such as Pepperidge Farm cookies and Goldfish crackers, Royal Dansk biscuits, V8 beverages and much, much more.

Robert J. Centonze, Vice President, Total Rewards at Campbell's, says that the company has a strong culture that enables access to leadership and key decision makers. While they may be giants in the industry, he describes Campbell's as a “small big company” — big enough to matter, but agile enough to stay close to the customer and to pivot, when necessary.

Campbell's was already working with Willis Towers Watson in an actuarial relationship, and it was the client services folks on that team who first informed Campbell's about their Individual Marketplace for retirees. The concept of a Medicare marketplace very much appealed to the company — it offered their retirees the ability to buy up or buy down depending on their particular needs.

The Challenge

Following the retirement of a key HR member, and hesitant to fill that role hastily, Campbell's momentarily lacked a medical plan expert on staff and had limited expertise in Medicare. At the same time, feedback from their grandfathered population indicated that **they desired more affordable health care plan options**. Internally, the company was frustrated with the **rising cost of self-insuring and program administration**. Additionally, their retirees **lacked an advocate**, which directly conflicted with Campbell's strong culture of doing the right thing for their employees.

Desiring adequate due diligence, Campbell's vetted several other marketplaces alongside Willis Towers Watson. They checked references and asked difficult questions. In the end, Willis Towers Watson's specific framework and strong knowledge base won out.

“The commitment exhibited by the consulting and actuarial team throughout the evaluation process,” Centzone says, “and the experiences conveyed by others during reference checks, pushed the needle in Willis Towers Watson's favor.”

The Approach

Centonze's objective when seeking a solution was to find a platform that could offer their people affordable options with an excellent customer service experience. He needed an administrative process that worked and did not require significant ongoing vendor management. Additionally, he required creative ways to provide an employee subsidy that was sustainable for both the retiree and the company.

The Execution

Centonze admits that rolling out the changes to their retirees was nerve-racking at first.

“Change is difficult for this population,” he says. “We had not increased pension benefits since 1992, so we were afraid many would see this move as another example of Campbell's walking away from a commitment.

“Planning and internal alignment is an important first step,” Centonze says.

"The decision to make this change was driven by a very small team, and the implementation required a different and broader group of people, many of whom did not understand how the current program worked. Initially, many believed this was a pure cost play and were down on the process."

The first challenge was to develop a solid communications strategy that eradicated retirees' nervous feelings before they took root. Campbell's broke the retiree population into nine different groups with each segment receiving custom materials that addressed their particular set of legacy benefits.

The initial drafting of communications from Campbell's addressed why the change was being made and the expected impact on retirees.

"This did require some effort," Centonze says. "It was an interesting step, as this work involved our internal communications team, who were learning about the program for the first time and had their own questions — both personal and professional."

They then scheduled a series of meetings throughout the area to inform retirees in person of how the change would be executed and what to expect. At the same time, they braced for litigation, blowback and the bad PR that might kick up following this announcement.

But what happened next was a surprise to all of them.

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.

The Rollout

The initial meetings were tense. Dozens of retired workers filed into the meeting halls, their faces lined with deep concern. But as the sessions progressed, something very interesting happened — the Campbell's retirees became relaxed. They asked questions, which the marketplace team answered politely and confidently. They listened to what the presenters were trying to say and, more importantly, they understood what it meant for them.

"The meetings with the groups were very well orchestrated," Centonze says. "The slides were terrific; they really told the story. **It was amazing being in the room and seeing the change in attitudes in the retirees** from being on edge, 'What are you doing to me?' to, 'Oh, this isn't so bad!'"

Centonze also reports that there was an unexpected sense of community among the retirees at the meetings. Some chose to attend several meetings in a row, greeting friends warmly and getting more information each time. "It was like homecoming week," he says, "a nice way for people to reconnect with one another."

In lieu of lawsuits, slanderous headlines and retiree frustration, Campbell's received a wholly unexpected reaction: thanks from their retirees.

"I actually had one retiree that came up to me, shook my hand and said, 'Thank you for being so thoughtful and putting this all together.' It blew me away."

"We prepared the CEO and CHRO for a series of negative letters, calls and potential questions at the Annual Meeting," he says. "We were over prepared, and did not receive much in the way of a negative reaction. Four letters and no Annual Meeting questions... This exceeded our expectations."

Results

In the end, Centonze and his team were very pleased with the success of the transition. With their retirees given a broader, more affordable choice of coverage, a helping hand and a subsidy in the form of a health reimbursement account (HRA), Campbell's feels they fulfilled the promise they made to their retirees.

"Once we analyzed funding options for the HRA, and got alignment with the finance team... I knew I could look [retirees] in the eye and tell them 'this is a good deal,' and it would be a good deal for the long term."

"The partnership with implementation, the excellent employee meetings, deftly facilitated, and the consulting support provided as key recommendations were being developed, all led to an excellent outcome," Centonze says.

In retrospect, would Campbell's do anything different?

"No," Centonze replies. "If anything, I would have pushed to do it sooner."