

Holt Logistics Case

Executive Summary:

Holt Logistics leadership, led by the third generation Holt family members, must determine how to handle rising health care costs. For nearly a decade, Holt Logistics has paid almost of all of its employee health care premiums. Given the rise in costs, the company has to balance the need for employee cost sharing with the value of taking care of its employees.

Background:

Holt Logistics is known for providing customers with vertically integrated supply chain solutions, efficiently transporting goods, particularly produce, from port to warehouse to destination. The company began in 1926 with a single truck and has grown into a logistics operation which includes multiple port and warehouse locations. Holt Logistics is a family-owned business with a rich history spanning four generations. Indeed, some of its customer relationships have endured for over 50 years.

Over the course of the last decade, Holt Logistics has continued to expand its operation. During this time, Holt's non-union workforce increased from approximately 250 employees to over 450 employees in 2025. During its tenure, Holt has been wholly committed to its customer partners as well as its employees. The Holt Logistics leadership team value relationships, and its growth is a testament to the strength of that commitment.

Approximately ten years ago, the company decided that it would cover 90% of healthcare costs for employees, leaving employees to pay the remaining 10%. Each year, healthcare premium costs have risen but the employee contributions have remained the same, lessening the percentage that employees pay. For example, in year one, if the premium was \$100*, Holt paid \$90*, and the employee paid \$10*. The employee continued to pay just \$10* for the next ten years while the cost of insurance skyrocketed. The premium that began at \$100* is now \$1000*. Holt Logistics absorbed the entire difference in the cost of healthcare premiums.

To further complicate matters, Holt Logistics offered three healthcare plans. There was a basic plan, a middle plan and a top-of-the-line plan, or "Cadillac plan." Ten years ago, when costs of healthcare were much lower, all employees opted for the Cadillac plan because the cost to them (10%) was easy to afford. Holt Logistics found that, although many of its employees were enrolled in the Cadillac plan, very few of those enrolled took advantage of the plan's amenities.

To supplement health insurance, Holt Logistics provided additional resources for employees to proactively manage their health. All employees have access to an onsite gym, personal trainer, nutritionist, and periodic wellness programs (classes, massages, etc.).

As healthcare costs are drastically increased, Holt Logistics leadership knew that the sharing of healthcare costs needed to change. Whether they cut employer-funded options to the most basic plan or increased the costs to employees, leadership knew the model was not sustainable.

Case:

How can Holt Logistics continue valuing their employees while simultaneously, asking them to pay more for their healthcare costs? How can they find a balance between taking care of their employees and not hemorrhaging money every year on increasing healthcare costs?