Working Spouse Carve-out – Disney Example – Part 2

Howard M. Gerver, President

August 27, 2026

Nuance is exactly where the real work lives. The gross savings are easy to model on a slide; the employee impact resists that kind of clean math, which is precisely why it deserves more rigor, not less.

That's why I'd argue the due diligence must go deeper than enrollment data alone. Enrollment tells you who's covered, but it won't reliably tell you whether a spouse actually has access to their own employer's coverage, what the household's income and composition look like, or how those factors interact with the claims you're paying. Blending external consumer and household data with your enrollment file is what closes that gap — it helps you infer whether the spouse works, estimate household income, and build a fuller picture of the family behind each claim before any policy decision gets made.

Layer that enriched view onto actual claim experience and the population separates in ways a spreadsheet never shows you: the low-cost working spouse who quietly coordinates onto their own plan looks very different from the high-cost claimant whose removal triggers stop-loss and morale consequences you didn't price in. Same "carve-out" on paper — very different outcomes for the plan and the people.

And the morale side isn't a soft caveat — it's quantifiable if you're willing to look. A carve-out is effectively a pay cut for the affected household, often $5,000–$10,000+ a year in premium and out-of-pocket exposure once they move to a second plan. That lands hardest on exactly the dual-income, mid-tenure employees you least want to lose. Replacing one of them typically runs 50–200% of annual salary once you count recruiting, lost productivity, and ramp time.

Scale it to Disney and the tension gets concrete. Take the round numbers — 10,000 spouses dropped at $10,000 each = $100M gross savings. Now set the turnover exposure beside it, using an illustrative $50K to replace an affected employee (blended across hourly and salaried, on the conservative end of that range):

→ 2% of affected employees leave → 200 exits → $10M
→ 5% leave → 500 exits → $25M

So a 5% regretted-attrition response quietly claws back a quarter of the savings; 10% halves it — before you count morale drag on the people who stayed, or the candidates who screen you out on benefits. The $100M is fixed and legible. The net number is a range that depends entirely on how the affected population behaves — which is exactly what enrichment plus claims analysis lets you estimate instead of guess.

So why does an organization like Disney do this anyway? Because benefits are one of the largest controllable cost lines, and controllable cost is what the market rewards. The logic runs straight to the stock:

→ $100M of recurring savings drops toward operating income.
→ Markets capitalize recurring earnings at a multiple — at an illustrative 20x, that durable savings can support roughly $1.5–2B in market cap (after tax, on a ~$75M net figure).
→ Under activist and shareholder pressure to expand margins — Disney has been through exactly that kind of proxy scrutiny — a clean, recurring, defensible cost cut is one of the fastest levers to show discipline.

That's the real driver. A benefits carve-out isn't primarily an HR decision; it's a margin story told to the Street. And it's also why the morale and turnover costs get under-weighted — they don't land in the same tidy line the savings do, and they're harder to put in an earnings call. The savings are immediate and visible to shareholders; the human cost is diffuse and shows up later.

Which loops right back to the point: the enrich-then-analyze step is what keeps that margin story honest. If $25–50M of your "$100M" can evaporate through turnover, shareholders are actually better served by knowing the net number up front than by a headline that quietly unwinds a year later. Run the numbers first — the policy should follow the analysis.

Howie@HRBestPractices.com **855.422.8348**