



Ideas and Information for Human Resources Professionals



The HR ElementsSM bulletin is brought to you by **Davidson Benefits Planning, LLC**
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In This Edition

Wellness
Benefit Strategy
Retirement
In Brief
Webinars

Wellness

Good Wellness Starts From Bottom -- and Top

Rising health care costs aren't just a challenge for big companies with expansive health coverage. Small businesses are feeling the pinch of skyrocketing costs, as well. Yet many smaller employers still haven't tapped into wellness programs to help ease the pain of year-over-year insurance increases.

A recent survey by YourWellnessAdvantage.com, a free online wellness resource, found that 28 percent of smaller companies (with 10 to 99 employees) supported wellness programs or were in the process of starting one, compared with 78 percent of companies with 100 to 2,499 employees.

While cost is always a concern for small businesses when considering a wellness initiative, the study suggests that small companies simply are unaware of the real financial benefits of wellness, said Lisa Gable, executive director of the Healthy Weight Commitment Foundation, in a recent UPI report.

Only 20 percent of polled small businesses said they strongly agreed that wellness benefits exceed costs, compared with 38 percent of larger companies, Gable said. However, Gable cited a National Business Group on Health study that shows employers can gain as much as \$3.27 for every \$1 spent on wellness. "Smaller companies have an even greater stake in the health and productivity of their workforce than larger employers," Gable said.

These programs don't have to be expensive to be effective, especially if they are championed by employees themselves. The Atlantic Eye Institute of Jacksonville, Fla., wanted to start a wellness program but couldn't afford an outside consultant. So, they tapped Rochelle Cordero, a staff member, to



start and manage a wellness program for the entire practice, which has more than 30 employees. Cordero was excited about the program and happily took on the endeavor, according to a report by *American Medical News*.

Cordero took advantage of free and low-cost resources, such as The President's Challenge, which aims to increase participants' physical activity. She also started a smoking cessation initiative and a lunchtime walking program. Under her direction, the practice also started supplying jump ropes and weights for staffers to use during breaks.

The practice is a strong example of how a small company can use internal resources to kick-start a wellness initiative that can save employers money and improve employees' well-being.

"Any small company can do wellness for a low cost," Fiona Gathright, president of Wellness Corporate Solutions, told *American Medical News*. "This is not something that has to cost a lot of money."

While support from the rank-and-file can elevate a wellness initiative, leadership from the employer is key to any program's ultimate success, experts say. Take Borislow Insurance Agency Inc. in Massachusetts, an independent employee benefit advisory firm and a United Benefit Advisors member with 26 employees, which started its own wellness program to serve as an example for its clients.

The addition of a new on-site gym -- including access to personal trainers -- is a testament to the commitment that the firm's leaders have made to wellness.

"We have a leadership team that supports all of our initiatives, not only financially but really participate and are in there on a daily basis encouraging us to be as healthy as we can be," said Karen L. Kelly, the firm's director of health and wellness, in a recent *Boston Business Journal* report.

Benefit Strategy

Survey: Universal Health Option Turns Off Employers

Despite the continuing pressures of health care costs on their businesses, most employers remain cool to a universal, government-funded system, according to a new survey by United Benefit Advisors (UBA).

Only one in six employers (16.3 percent) say they favor a federally tax-funded universal health care system, according to the 2011 UBA Benefit Opinions Survey, which included responses from thousands of employers across the country. In 2006, 27.7 percent of employers favored a universal system paid for with taxes.

"This is important for legislators and regulators to recognize as reform solutions are put forth for consideration," according to a UBA press release. "This lack of desire by employers to see these programs funded with tax dollars will derail programs that cannot sustain support for funding."

Although employers are hesitant to see Washington take over health care, most agree that the federal government has a role to play regarding health. Nearly three-quarters of respondents said the government should require the disclosure of cost and quality information of hospitals and physicians.

Employers remain highly concerned about the future of health care costs, the study found. Nearly all (99.4 percent) top decision makers said they are concerned with the impact that health care costs are having or are going to have on their overall corporate costs. Just slightly fewer (97.9 percent) are also concerned with the impact that health care costs are having on their employees, up nearly 20 percent from three years ago and nearly identical to last year. These results were consistent regardless of



industry, employee size category or geographic region, the UBA survey found.

"On an encouraging note, there is a trend of employers implementing wellness and health management strategies that they feel are having a positive impact on chronic conditions and the effectiveness of these programs in general," according to William Stafford, UBA's vice president, member services.

Other findings include:

- 96.9 percent of employers still believe a good benefits program helps attract good employees while 93.8 percent believe good benefits keep employees from leaving.
- Employers are not prepared to meet the legislative and regulatory requirements placed upon them, and those requirements are becoming increasingly complex.

Contact us for more about the benchmarking data and trends reflected in this survey.

Retirement

401(k) Flavors: Small Employers Can Find the Right Match for Retirement Benefits

Employees have plenty of things to worry about these days: high health care bills, gas prices, steep college tuition for the kids, and of course, saving for retirement. For small businesses, the last challenge presents a solid opportunity to offer a benefit that boosts retention and improves employees' lives.

In a recent survey by the American Institute of Certified Public Accountants, employees listed retirement as the top financial concern, according to a report in *PLANSPONSOR*. More than half (55 percent) of workers said they are unsure of how much they need to save to retire, and 40 percent think they'll never be able to afford to leave work.



One way employers can aid their employees' retirement outlook is by adding a 401(k) plan to their benefit offerings. Before starting a plan, however, employers need to do a little homework, according to retirement expert Stuart Robertson.

Small companies need to find the right fit for their individual needs, Robertson wrote in a recent *Forbes* online report. Robertson highlighted three main types of 401(k)s that can work for small employers:

The safe harbor 401(k): This plan is a popular choice for employers with fewer than 15 employees because they allow business owners to put the maximum deferral amount into their own accounts and still satisfy IRS nondiscrimination rules. A company must provide a small "safe harbor" match or contribution, but the owner can take advantage of this, as well.

The traditional 401(k): The benefit of this plan is flexibility. This plan may or may not have a match, and the company can determine the percentage if it decides to go with an employer contribution. The traditional model is a good fit for companies with seasonal workers or for those with employees who are likely to contribute 7 percent or more of their salaries in employee contributions, Robertson said.

The tiered profit-sharing 401(k): This plan -- a good fit for a business with strong profits and fewer than 50 employees -- rewards employees based on their groups. The plan can provide a different percentage of salary as profit sharing for each individual group, based on that group's performance. These plans often include a safe harbor match to satisfy IRS rules, as well.

Once a plan is in place, employers need to offer information and support that will help employees make the most of this benefit, according to Liz Davidson, founder and CEO of Financial Finesse. In a recent article on 401khelpcenter.com, Davidson pointed out that when it comes to communicating investment information to employees, age is more than just a number.

"Every individual is unique, but at the same time, generations undeniably share a world view and have their own unique group characteristics," Davidson wrote. "Participation in financial education and employee behavioral change are both significantly higher when programs are designed to effectively meet the needs and priorities of specific generations."

Davidson offered a few tips on tailoring retirement and financial information for today's workforce:

Baby boomers (born 1946-64): Use annual retirement "checkups" and provide personal coaching that allows them to interact with the same advisor multiple times.

Generation X (born 1964-80): This group is highly cynical and won't respond well to sources that might have a "hidden agenda." Provide objective and unbiased information.

Generation Y (born 1980-2000): These young workers are open to communication through social media and crave information on basic money-management topics, such as household budgeting, saving and debt management.

In Brief

FLEX RULES

The Department of Labor has tightened rules for employers who pay workers overtime under a fluctuating workweek system. Employers who award bonuses and other types of incentive pay to its nonexempt salaried employees under such a system may face penalties starting May 5. The system, which is used in a variety of industries, allows companies to pay salaried workers a fixed amount regardless of hours worked. Lee Schreter of Littler Mendelson, a labor law firm, said the new rules likely will lead employers to cut out all incentive rewards, such as commissions, prizes or bonuses.

NO PPACA RUSH

The Supreme Court has refused to expedite a ruling on the Patient Protection and Affordable Care Act (PPACA). The court rejected a request by Virginia to bypass the normal appeals process in the state's lawsuit against the legislation. The decision means a final court decision on PPACA likely won't come before the court's 2011-12 term, which begins in October.

NO MORE VOUCHERS

President Barack Obama signed a bill in April that repeals a provision in the health care reform law that would have forced employers to offer company-paid vouchers to low-income employees to buy health care coverage in the state-run exchanges. The provision was strongly opposed by business groups, which said it would increase costs for employers and add to companies' administrative burden.

NO ADA TROUBLE

A federal judge in Florida ruled in a summary judgment that a HIPAA-compliant wellness program with a health risk assessment is not in violation of the Americans with Disabilities Act (ADA). The ruling settles a long-standing question of an ADA provision that bars employers from mandating medical examinations and how that might impact wellness programs.

FIRST-CLASS COACHES

A new study by the University of Illinois found a combination of personal coaching and web-based risk assessment may help engage older workers in wellness programs. According to the study, 95 percent of workers ages 40 to 68 used a program that combined coaching and online assessment, compared to just 59 percent who used the web-only program.

WHAT FEES?

Most participants in 401(k) programs have no clue about the costs associated with their plans, according to an AARP report. The study found that 71 percent of participants were not aware that they pay fees to maintain their 401(k) program. When told about the fees, 62 percent are not sure about how much the fees cost.

DRIVEN TO SICKNESS

A new study by The Workforce Institute found that 4 percent of U.S. workers who commute have called in sick because they couldn't face the trip. Almost half (48 percent) of respondents said commuting has a significant effect on job satisfaction, while 32 percent said they thought about the impact of the commute when they chose their current job.

BAD REVIEWS

More than half of workers think performance reviews miss the mark, according to a new Globoforce poll. While nearly a quarter (24 percent) said they dread their performance reviews more than anything else, only 25 percent said they received more than one review per year. Twenty-two percent said they have never received a review.

GENDER QUESTIONS

Nearly 40 percent of female workers think they are paid less than their male counterparts, and a like number say they lack the same advancement opportunities as men, according to a Harris Interactive/CareerBuilder poll. The 39 percent who said men have more advancement opportunities reflected a 13 percent increase from 2008. Thirty-five percent of respondents said the disparity exists because women have less contact with management than men do.

Webinars

HIPAA / HITECH REFRESHER

Tuesday, June 14, 2011 - 2 p.m. ET / 11 a.m. PT

The Health Information Technology for Economic and Clinical Health Act (the HITECH Act) made dramatic changes to the HIPAA Privacy and Security Rules. The Department of Labor has recently requested an increased budget for enforcement of HIPAA, and enforcement training courses are being conducted to help state attorneys general begin to implement the new rules. With enforcement efforts ramping up, understanding and compliance with the law is more important than ever.

This webinar will consist of an overview of general HIPAA Privacy and Security rules, focusing on what has changed since enactment of the HITECH Act. Specifically, the webinar will address the roles and responsibilities of plan sponsors, insurance carriers and business associates, and will also include a discussion of the new breach notification rules, the expanded application of civil and criminal penalties and new rules governing electronic health records.

To register or for more information, please contact us.

HR ElementsSM is brought to you courtesy of

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