



100 East Thousand Oaks Blvd. Suite 187  
Thousand Oaks, CA 91360

P: 888.501.2747

F: 888.502.2747

E: [info@csisonline.com](mailto:info@csisonline.com)



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## Peer Comparisons

Is your review of employee benefits costs and results totally focused upon an internal budget analysis, as in: “How much are our costs going to increase? If necessary, where can we cut?”

When conducting a comprehensive review of your current benefits program and considering where to modify, add or subtract, look at how your offerings compare to those with whom you compete for current and future employees.

As a starting point, here are a few of the most recent research findings of the U.S.

Bureau of Labor Statistics (BLS):

- Legally required programs (Social Security, Medicare, federal and state unemployment

insurance, and workers compensation) and insurance benefits constituted the largest benefits categories.

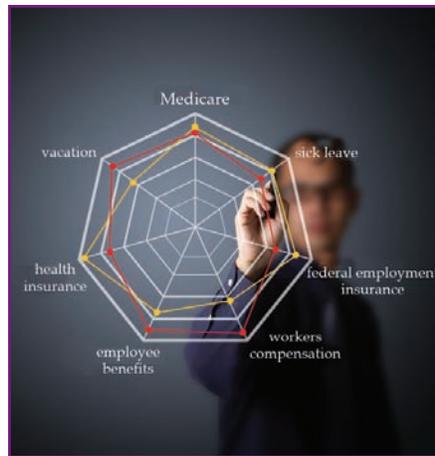
- Employee benefits make up 30.6% of civilian compensation packages.

• Insurance benefits comprise 8.9% of that total (8.4% is health insurance).

• Paid-leave benefits, such as vacations, holidays, sick leave and personal leave, comprise 6.9% of total compensation.

While national averages are a beginning, the best benchmarks are those for your specific industries and/or competitors. Check with

the BLS, your trade association and other professional sources for more detail to see how your plans stack up against your peers.



## Life and Disability Are Crucial

Are life and disability benefits currently part of your benefits portfolio? If so, do you also include options for employees to voluntarily purchase more in situations where they feel the employer-provided amounts are insufficient?

Studies show that there is an increased awareness by employees of the need for life and disability protection. Recent surveys, for example, have even found that nearly 60% of employees considered supplemental disability benefits so crucial that they are prepared to pay the full

cost of the product. A similar percentage said the same for added life insurance. Yet many employee benefit plans either minimize these offerings or “cap” amounts offered due to group plan maximums.

Whether through executive carve-out plans for highly compensated employees or simply voluntary add-ons offered to all, consider making supplemental amounts of life and disability protection available as a part of your benefits program.

## Does Wellness Work?



In tough budget times, many employers question whether wellness programs really provide bang for the buck or if the returns are largely theoretical or, at best, “feel good” initiatives.

To offer solid information upon which to base decisions for those who are wavering in their support, or for employers wondering if they should even initiate such programs, Wellness Councils of America recently surveyed employers to ask what cost-benefit ratio they have actually calculated for each dollar of investment in their wellness programs.

It turned out that the return on investment was high in many sectors, with some of the following returns per each dollar spent on wellness: medical center, \$3.80; chemical manufacturer, \$1.42; insurance company, \$3.40; electrical and engineering company, \$1.68; railroad, \$1.57; school districts, \$4.75; other public employees, \$3.60.

These returns on investment indicate that wellness programs provide real cost benefits. Talk to our benefit professionals about adding to, or beginning, a wellness program for your employees.

## FMLA – A Moving Target

While you may be well aware of the eligibility and basic requirements of the Family Medical Leave Act, courts are finding that many employers fail to ensure that their current requirements for employee health issues, such as leave, conform to the FMLA and are clearly explained to employees. Moreover, court cases continue to define and redefine details of adherence to the law.

Talk with your legal counsel about a review of your current medical absence and leave requirements.

A valid guideline under some circumstances may be considered unlawful under others. It is critical that you and your legal team establish a set of procedures and rules that will meet your needs as an employer, be clear to employees and stand up in court if tested.

Then talk with us about insurance options for your protection, as lawsuits can still arise in spite of your best efforts. Time taken now may save considerable time, trouble and legal expense later.

**Court cases continue to define and redefine details of adherence to the law.**

## What Employees Don't Know Can Hurt You

The HR professional tells the story of the employee who came into the office to complain of his need for eyeglasses. “Why don't we have vision coverage?” he demanded.

They did, he was told. The five-year veteran of the firm was happily surprised. But how many others are grumbling, and all because they just aren't aware of the full range of benefits your firm offers?

The key is effective communications on employee benefits. Keep in mind that employees are very busy meeting their professional duties and home-life responsibilities. Most don't have time to read through large packets of small-print materials. Consider

creating an at-a-glance referral chart that highlights your benefits, both employer-sponsored and voluntary. Then follow up with a couple of Q&A sessions for employee groups and on an individual basis. You might even exploit the power of social media.

Your communications will determine whether your investment in benefits is valued or ignored, and whether your current offerings are hitting the mark or missing the target.



# Span the Generations

While it's perfectly natural to see things through the eyes of your own experience, if you are an HR professional, it may be severely limiting your ability to connect with critical younger employees.

In its Ninth Annual Employee Benefits Trends Study, MetLife noted a key potential generational disconnect for those in charge of evaluating benefit programs: Nearly 50% of HR professionals have more than 10 years of experience, which tends to put the majority in the “baby boomer” generation. The study makes it clear that boomers often have widely different viewpoints on the value of certain benefits from those of the Gen X and Y age groups.

For example, only 10%-12% of boomers value telecommuting, but



for Gen X and Y the numbers are 29%-32%. The disparity is nearly identical for flextime. For other benefits, the gap looms far larger: While only 2%-4% of boomers

value job sharing, for Gen Y that skyrockets to 24%! Not all the findings were intuitive. For example, while no one may be surprised that younger workers strongly prefer electronic communications and materials, would you have guessed they also placed significantly more value on dental and prescription drug benefits?

Can your current benefit offerings adapt to the differing needs of multiple generations of employees, or are they “one size fits all”? For successful benefit programs, the key to the future clearly is flexibility.

## Gap Plans Mitigate High Deductibles

While high-deductible health plans (HDHP) may be the only alternative you have if you want to provide employer-sponsored health insurance, many of your employees could find that the individual or family deductibles are unaffordable.

To assist with some of the costs of these high deductibles, some health insurance providers offer “gap” or “bridge” plans as well as other products, such as critical illness and accident coverage.

A gap plan may insure a portion of a high deductible for hospital indemnity up to a specified

amount—some as high as \$5,000. Gap plans may also offer assistance in paying a portion of the cost for doctor visits, outpatient care, testing and other

**Gap plans may also assist with the costs for doctor visits, outpatient care, testing and other costly services.**

costly services that don't reach the HDHP deductible.

A critical illness policy is one that provides a fairly large lump sum to cover the cost of treat-

ment for specific illnesses, such as cancer, until the deductible on the HDHP is met. An accident policy works much the same way in response to medical expenses relating to accidents.

Many employers are discovering that the cost to provide an employee with an HDHP along with one or more of the aforementioned plans is considerably less expensive than covering the same employee under a more traditional medical plan.

For more information on saving your firm money while helping your staff save theirs, call our service team today.