

..... AUGUST 2004

Overcoming 'Negatives'

Employee Perceptions Impact CDH Initiatives

Employers implementing consumer driven healthcare (CDH) strategies to help contain rising healthcare costs will need to overcome increasingly negative employee perceptions of healthcare benefits before these programs can be successful, according to a Towers Perrin survey.

The 2004 *Health Care Consumerism Survey. Aligning Employer and Employee Interests*, shows that most U.S. employers are moving forward with healthcare strategies that rely on employees to change their consumer habits. However, the data indicate a widening gap between employers and employees in terms of attitudes about healthcare, creating even greater challenges for employers who want and need to enlist employees as consumer allies in the fight against rising costs.

Views of these two groups differ significantly in a number of areas likely to influence the success of CDH initiatives, such as:

1. Employers focusing on the company's interest and financial concerns vs. employees focusing on their own self-interest. Successful employee outreach must address both the emotional and financial elements in dealing with changes to health programs.

(Continued on back)

From Pet Insurance to Chiropractors Lifestyle Benefits Gain Momentum



With a labor shortage forecast in the next few years, specialists predict that companies eager to recruit and retain workers will offer a slew of lifestyle benefits as the economy recharges. Many of these new benefits are designed to promote worker well-being at a time when U.S. employers are struggling to contain healthcare costs, according to The Segal Co. Perceptive employers are looking to create "psychologically healthy" workplaces where stress is kept to a minimum, teamwork is encouraged, and flexibility is the norm.

Of the 217 different employee benefits included in this year's Society for Human Resource Management (SHRM) annual benefits survey, most benefits remained steady compared to the prior year. Some benefits, such as housing subsidies, wellness programs, and schedule flexibility, are growing in popularity, according to the survey. As the economy rebounds, Segal says that work-life benefits will become more important recruitment tools.

Some lifestyle benefits that are currently being offered cost relatively little for employers and get resounding approval from employees. Pet health insurance, telecommuting opportunities, discounted health club memberships, and elder care planning assistance are frequently among new benefits offered. Still others include low or no-interest loans, personal tax services, child care expenses for parents on business travel, pet care arrangements for traveling workers, and drop-off photo service. ■

The Retirement Conundrum

Ads Encourage Workers to Save More



As the burden of saving for retirement has steadily shifted to the employee—with defined contribution plans increasing in number and defined benefit plans decreasing—numerous studies show that most Americans have no clue about preparing for retirement nor do they take advantage of their employer's 401(k) plan or various retirement educational opportunities provided.

According to a recent survey by the Employee Benefit Research Institute (EBRI), most people don't plan for retirement nor do they save nearly enough. Employees fail to consider how their lifestyle might change, how inflation and healthcare expenses eat away at their savings, and how long they'll live.

(Continued on back)

Overcoming 'Negatives' . . .

(Continued from front)

2. Employers feeling that employees are not strong healthcare consumers vs. 82% of employees believing that they already are.
3. Employers controlling healthcare costs through higher premiums, increased copayments, and other cost-shifting measures vs. employees becoming more resistant to such increases and doubting the necessity of such business decisions.

Closing these gaps is critical if employers are to meet two of their most important objectives: gaining control of rising healthcare costs and continuing to provide competitive healthcare benefits.

While 70% of employers say they are devoting more attention than in the past to explaining healthcare costs to employees and that their communication strategies are effective, nearly half of employees don't believe what their employers say about rising healthcare costs, according to the survey.

To optimize cost and value for both employers and employees, two critical components must be addressed: focusing on the overall desired results by aligning all supporting programs with the organization's culture; and connecting with employees by crafting messages and change processes that acknowledge the emotional aspects of healthcare that appeal to employees' self-interests, according to Towers Perrin. ■

Ads Encourage . . .

(Continued from front)

With the number of Americans over age 65 to swell from 36 million to 62 million, or 20 percent of the population, in the next two decades, the Department of Labor (DOL) has released a series of print public service announcements (PSAs) to encourage workers to make a commitment to save more for retirement by participating in retirement plans at work. An outgrowth of the 2002 National Summit on Retirement Savings, the PSAs target retirement-saving messages for four distinct generations: the Millennials, Generation X, Baby Boomers, and the Silent Generation. The PSAs are available in both English and Spanish to download and share with employees at www.dol.gov/ebsa/savingmatters.html. ■

Bulletin Briefs

◆ *Employers Budget Average Pay Increases of 3.5% in 2005*

Pay increases will be the same in 2004 as they were in 2003, but forecasts for 2005 show a slight increase, according to Mercer's *2004/2005 U.S. Compensation Planning Survey*. Raises will still outpace inflation, and few employers are freezing pay levels. Mercer notes that with the economy rebounding and the job market growing, few employers can afford to eliminate salary increases for fear of losing talent.

◆ *Employers Bridge Skills Gap with After-School Programs*

According to *WorkforceWeek Management*, the key to ongoing success in the modern-day workplace is knowing how to learn, not what to learn, says Kenneth Kay, president of *The Partnership for 21st Century Skills*. While Congress has ramped up the funding of its 21st Century Community Learning Centers program, employers are also beginning to utilize some of the 4,000 hours a year children spend outside of school to teach young participants skills to succeed in the modern-day workforce: effective communication, collaboration, problem-solving, and analytical thinking, along with creativity, character development, and the ability to work on diverse teams. Today's businesses want employees who are willing to become lifelong learners by continually updating their skills and knowledge. According to Eric Schwarz, president of Citizen Schools, businesses that want better-qualified employment candidates need to start contributing their time and energy to after-school learning programs.



REMINDER—New regulations for the Fair Labor Standards Act (FLSA) take effect Aug. 23, 2004. Virtually all employers need to review existing job classifications and wage levels to ensure compliance with the new rules. ■

The *HRinsiderSM bulletin* is brought to you each month courtesy of **Brooks Jucha & Associates**, a UBA[®] member firm. For more information, contact us at info@insuranceplans.com.

