

### HIPAA Deadline Nears

#### Small Health Plans Must Comply by April 14, 2004

In just a few short weeks, employers with small health plans (those with less than \$5 million in annual premium or costs) must be in compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). This phase of HIPAA compliance applies to fully insured and self-insured group health plans administered by employers, medical reimbursement plans, health care flexible spending accounts, and stand-alone vision, dental, and

employee assistance plans (EAPs). An exception exists for self-administered group health plans with less than 50 enrollees.

HIPAA rules govern protected health information (PHI) in any form—oral, written, or electronic—even if the individual's name is not on the information. The information must not permit an individual's identity to be determined, either alone or in combination with other information.

At a minimum, compliance will require changing a group health plan's documents, as well as drafting and implementing written policies and procedures to protect employees' health information. *(Continued on back)*



### Graying of America

#### 'Older' Workers Challenge Employers



By 2010, adults aged 55 and older will comprise 17% of employed individuals, according to the Bureau of Labor Statistics (BLS). That figure will continue to rise for decades, reaching an estimated 19% in 2050. Experts urge employers to start thinking about which

older workers they want to keep, then design compensation and benefit incentives accordingly. If the terms of employment are more favorable elsewhere, older workers may quit long-term positions to accept offers with competitors.

Issues of succession planning will inevitably surface, according to Ernst & Young (E&Y), who warns of significant talent gaps in certain key industries and the dangers associated with the premature retirement of older workers in droves. E&Y also notes that two-thirds of large companies have not even done an analysis of the age distribution of their workforce or taken a "wisdom inventory" to determine which older workers have skill sets that are hardest to replace. *(Continued on back)*

### Sarbanes-Oxley Impact

#### CEOs Push to Enforce Codes of Ethics

Following the 2002 passage of the Sarbanes-Oxley law reforming corporate governance, and, amidst recent high-profile cases where corporate malfeasance brought down major businesses, more CEOs are pushing to make sure their codes of ethics documents have some "real teeth" and that they are detailed, understood, and enforced.



No longer just published in an employee handbook, the codes are being posted on corporate websites and displayed around offices as a visible statement to customers, vendors, and employees. In

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## HIPAA Deadline . . .

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Penalties are steep for not meeting compliance requirements: criminal penalties could include a \$50,000 fine and one year imprisonment for knowing violations and a \$250,000 fine and 10 years imprisonment if violations were committed for gain or with malicious intent. ■

## 'Older' Workers . . .

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A recent survey from the Society for Human Resource Management (SHRM) found that 32% of organizations are doing nothing to prepare for the demographic changes within their workforce. Although a significant percentage of employers do not actually recruit or attempt to retain older employees, employers see three key advantages of hiring older workers: willingness to work different schedules, serving as mentors, and providing valuable experience. ■

## CEOs Push . . .

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In addition, employers are increasingly requiring all employees to read and sign the ethics statement as well as adding more training around their codes of ethics, according to compliance attorney Kirk Jordan, vice president of Integrity Interactive. Jordan notes that the new focus is on providing guidance about the code of ethics rather than just assuming that employees understand the issues. ■

## ◆ *Health Costs Top 'Benefit Priorities' List for Fifth Straight Year*

More than 85% of employers picked controlling the cost of health benefits as a top priority, with 32% looking to consumer driven health plans (CDHPs) as a possible solution, according to the *Top Five Benefit Priorities* survey by the International Society of Certified Employee Benefit Specialists (ICEBS) and Deloitte's Human Capital practice. Promoting increased employee consumerism and expanding the use of self-service technology for communications and/or administration tied for second place. The remaining priorities include consideration of adding or moving to a CDHP model; providing financial/retirement planning tools/information; providing increased investment education; and expanding/implementing the use of web-based applications.

## ◆ *Retaining Your Top-Performing Employees?*

While focused on weathering an economic storm, employers may not realize that up to 30% of their workforce has already become disenchanted with the lack of rewards, recognition, and perceived lack of leadership, according to Mellon Human Resources & Investor Solutions. The best and brightest will be gone at the first opportunity. To keep them from leaving, some employers are taking steps to recognize top-performing employees' continuing contributions and securing their commitment and loyalty. One method used to analyze the depth of that commitment and loyalty is to conduct employee focus groups to assess the level of employee commitment. Then, examine policies, programs, and actions that may contribute to employee disenchantment. Finally, formulate a strategy to re-connect key employees to the organization.



## ◆ *PTO Banks Help Employers Manage Absenteeism*

Employers find that PTO banks minimize unscheduled absences, which thus enhances workforce productivity. In 2003, a total of 68% of employers offered paid-time off (PTO) banks, according to a recent survey by the Society for Human Resource Management (SHRM). Most PTO programs combine vacation days, sick days, and personal days into one big "time off" bank that employees can use as they see fit. Some plans include holidays, and some also allow unused time to be carried over (with a cap) into subsequent years. Less frequently, PTO plans allow employees to cash-out unused time. ■

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