HR insider bulletin

MARCH 2007

Staying Competitive

Talent Trumps Cost As Top Benefit Concern

FOR THE FIRST time in five years, retaining employees has surpassed controlling the costs of health and welfare programs as the No. 1 benefits objective, according to MetLife's 5th annual *Study of Employee Benefit Trends*. "We think this [key finding] represents a tipping point in how employers need to think about, view, and treat their benefits strategies," says Dr. Ronald Leopold, MetLife vice president, Institutional Business.

Leopold notes that the value of workplace benefits has never been greater. "For employees who are assuming greater fiscal responsibility for their healthcare decisions, retirement planning, and overall financial protection, workplace benefits offerings can be critical for helping them build a safety net based on their personal situation."

Leopold also recommends that employers do what they can to better understand what their employees need, want, and value. The study findings illustrate the larger need to adopt a holistic view of benefits. "Employers need to think as much about the breadth of benefits as well as the depth of benefits," says Leopold.

Leopold believes benefits have become "a much more important tool in driving job satisfaction, *(Continued on back)*

Changing Behaviors

Employers Push Wellness to Reduce Costs, Maintain Healthy Workforce

IF PEOPLE ADOPT healthier lifestyles, they will not develop the expensive, chronic diseases that raise health costs sharply, such as diabetes, cancer, and heart disease, according to the U.S. Centers for Disease Control and Prevention (CDC) report, *The State of Aging and Health in America 2007*. Prevention is key, notes Bill Benson, healthcare benefits and policy analyst who advised the CDC on the report.

Similarly, a survey by Principal Financial Group and Harris Interactive found that participation in wellness programs organized by employers is at its highest level since the survey began three years ago. "More than ever before, this survey suggests that employers and employees want the same thing—employers want a healthier workplace and employees want to be healthy," says Jerry Ripperger, Principal's director of consumer health. *(Continued on back)*

Savings Campaigns

'Creative Gimmicks' Increase DC Enrollment

THANKS TO CLEVER and memorable workplace campaigns, 30 employers were honored at the 2007 *Pension & Investments* Eddy Awards, which recognize best practices among corporate, public, union, and not-for-profit employers in delivering original, creative, and effective investment education messages to defined-contribution plan participants.

While campaigns involving baseball cards, sunscreen, and flip-flop keychains may seem gimmicky, they produced real enrollment results, a good thing at a point in time when employers are asking employees to shoulder more responsibility for their retirement security.

So what worked? Phelps Dodge's campaign used a baseball theme to target the men who were not participating in their 401(k) plan. During the campaign which coincided with baseball season, they received Cracker Jack and baseball cards imprinted with bullet points about the importance of saving for retirement. MGM Las Vegas featured a summer beach theme which resulted in almost 8 percent of the target population enrolling in their 401(k) plan. The State of Hawaii Deferred Compensation Plan featured flip-flop key chains and small fans with retirement messages lighting up as the blades spun. Employers looking for more creative ideas to enhance enrollment in 401(k) plans or other DC programs may garner ideas from the winning entries at www.pionline.com/apps/pbcs.dll/article?AID=/20070219/CHART/101011822.

Staying Competitive

(Continued from front)

which, in turn, will drive retention." Some 88 percent of the study's participants expect the competition for talent to remain at current levels or increase over the next 18 months. If the already fierce competition for skilled employees does indeed increase, recruiting and retaining talent may not be a question of corporate success—it could be one of survival. As a result, employers in the study say they are working to create benefits plans that will give them traction in the struggle to recruit and retain workers. What is somewhat surprising is the considerable difficulty that companies are encountering in this effort.

As companies face a difficult balancing act with potentially conflicting priorities, they cannot afford to view benefits as a cost center to be minimized. The growing challenge of recruiting and retaining talented workers solidifies the role of benefits as a top strategic consideration for company management and a key point of differentiation among companies competing for talent. This finding suggests that benefits will become a stronger business driver than they have been historically. At the end of the day, there's no disputing the competitive stakes are higher than ever before. "In order to stay competitive, employers should look to benefits as a commitment to future viability," says Leopold. ■

Changing Behaviors . . . *(Continued from front)*

Yet changing behaviors to improve health is difficult for everyone. People need to (a) realize they have a behavior that needs to be changed; (b) anticipate that they can achieve successful behavior change and improved health outcomes; and (c) have a strategy or plan for promoting behavior change. If one of these factors is missing, people are unlikely to initiate any steps to change their behavior, according to Raymond Miltenberger, director, master's program in applied behavior analysis at the University of South Florida. Miltenberger says behavior change is often a matter of immediate versus delayed rewards. The promise of long-term improvement in health is usually not enough incentive to get most people to participate in a behavior change program. Incentives need to be immediate to be effective.

Miltenberger says some of the best incentives include: (1) The opportunity to have fun participating in a program with co-workers; (2) Small and cumulative signs of improvement that can be seen through self-monitoring of health-related outcomes (weight loss, minutes of exercise, days since last cigarette, etc.); (3) The social rewards that come with shared goals and shared participation; (4) Having the opportunity to use some work time for participation; and (5) Occasional material rewards for participating. ■

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♦ *Chamber: Benefits Costs Account for 44% of Payroll*

Employee benefits costs now account for more than 44% of payroll expenses, according to the U.S. Chamber of Commerce's annual *Employee Benefits Study*. Medically related expenses cost employers $5,924 (14.5% of payroll) per employee; payments for time not worked (such as holidays and PTO), 11.1%; and retirement expenditures, 8.6% or $3,612 per employee annually. Nonprofit firms spent on average 34.8% of total payroll on benefits. Companies in metropolitan areas spent $1,000 more per employee for PTO and retirement than companies in nonmetropolitan areas and nearly $500 more per employee in medical benefits.

♦ *CMS Issues HIPAA Security Guidance*

In response to numerous news accounts of security breaches involving protected health information (PHI), the Centers for Medicare & Medicaid Services (CMS) has issued guidance to help covered entities be "extremely cautious" in allowing remote access to electronic PHI (ePHI) and to update their policies and procedures governing remote access. The guidance is available on the CMS website:
www.cms.hhs.gov/SecurityStandard/Downloads/SecurityGuidanceforRemoteUseFinal.pdf

♦ *NAIC debuts Insure U website for Spanish-speakers*

The National Association of Insurance Commissioners has launched a new website to help the Spanish-speaking population become well-versed on basic information about health, life, auto, and homeowners/renters insurance. Check out the site at www.insureuonline.org/espanol. ■

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