



Ideas and Information for Human Resources Professionals



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258 S. Main St.
Fond du Lac, WI 54935

PO Box 2815
Appleton, WI 54912

Phone: (800) 462-8931
Website: www.hierl.com

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Enrollment

Ready, Set, Enroll: Employer Efforts Can Boost Morale, Compliance

Many employers and benefit managers with calendar-year plans are wading into the thick of enrollment season, filling their time with employee meetings and tracking the sign-ups. Enrollment, however, can be more than just presentations and forms - it can serve as a great opportunity to reconnect and communicate to employees the value of their compensation and benefits, experts say.

"In this difficult economic environment, there may be many reasons employee morale has not bounced back," said Bill Dalicandro, vice president at Unum, in a recent report by the Society for Human Resource Management. "But our research shows that benefits education can be a highly effective, low-cost way to boost engagement."

A study by Unum, however, suggests that many employers are missing the mark when it comes to enrollment communication. Data from the 2010 enrollment season show that nearly a third of workers said the benefit education materials from their employer was inadequate. Only about half of employees said they received printed materials about their benefits, the survey found. Slightly more than a third of poll respondents said their company sponsored some kind of question-and-answer session about their benefits.

To get the most out of enrollment, employers need to start with a plan, according to a recent article by Robert Ellerbrock of Constangy, Brooks & Smith, LLP. Ellerbrock suggests employers create checklists



of all tasks and make sure they have enough time to train any staff members who would be responsible for answering employees' questions.

Ellerbrock said employers should try to announce benefit meetings about three or four weeks in advance and should consider individual meetings, if that is possible. He warned employers about using electronic materials to promote benefit education. "Many employers find the idea of electronic enrollment appealing," Ellerbrock wrote. "However, it is important to remember that providing benefit information electronically is subject to significant regulations."

In addition to fostering morale and worker satisfaction, enrollment serves as a good time to distribute required employee notices.

Mary Bauman of the law firm Miller Johnson recently highlighted a number of notices that should be considered for an enrollment packet:

Women's Health and Cancer Rights Act: This is an annual notice that can be issued as part of a summary plan description (SPD), as long as the SPD is reissued each year.

HIPAA: This notice, to be distributed every three years, explains an employee's health information privacy rights.

CHIPRA: (Children's Health Insurance Program Reauthorization Act). Employees have the right to enroll in an employer's health plan if the participant becomes eligible for a state premium assistance subsidy under Medicaid or the CHIP.

PPACA Grandfathered Status: Employers with plans that are exempt from the Patient Protection and Affordable Care Act because they are grandfathered must notify participants of that exemption and must include contact information for questions.

Disability

Experts: Don't Overlook Disability Benefits

Rising health care costs and a tough economy can make health care benefits a primary focus for employees during benefit enrollment time. But experts advise that income-protecting benefits, such as life and disability insurance, deserve some attention, as well.

According to a new report by Prudential, workers are expressing interest in life (83 percent), disability (66 percent) and long-term care insurance (21 percent) this enrollment season.

"While the life insurance enrollment rate is reassuring, many Americans are not electing sufficient coverage to maintain their families' standard of living in the event of an untimely death, or taking the time to really think through their benefit elections," said Lori High, president of Prudential Group Insurance, in a report by insurancenewsnet.com.

Disability can be a particularly hard sell for employers because many workers think they'll never need it, experts say. A disabling condition, however, can spring from more than a fall at work, Barry Lundquist, president of the Council for Disability Awareness (CDA), told *Kaiser Health News*. While many people assume accidents are the main cause of disability claims, 90 percent of all claims actually stem from illnesses, including musculoskeletal conditions and cancer, Lundquist said.



The CDA noted in a 2010 poll that 30 percent of Americans entering the workforce today will become disabled before they reach retirement. Only about a third of American workers have some sort of disability insurance, Lundquist said.

Unfortunately, fewer employers these days are offering the benefit, according to a LIMRA study published by *KHN*. Only 47 percent of employers offer long-term disability benefits, the study found. Of those companies that offered coverage in 2010, only 37 percent paid the entire premium, a decrease from 49 percent in 2002. When employers don't pay any of the premium, only 40 percent of workers elect the benefit, Lundquist said.

The need for disability coverage will continue to grow as the U.S. workforce ages, experts say. By 2050, people over the age of 60 will outnumber those in younger generations, according to a news report by the Society for Human Resource Management.

"Workplaces must be ready to accommodate these employees, or there will be more disability claims," said Susanne M. Bruyere of Cornell University in a recent webinar.

While Bruyere said companies shouldn't make broad assumptions about the health and productivity of older workers, she noted that statistically the rates of disability increase with age.

Bruyere called for better education of employers about how they can make accommodations for the disabled and aging. She also suggested that employers examine their policies and procedures to ensure that they can accommodate these workers.

Flu Clinics

Give Employees a Shot at Good Health This Winter

The telltale signs of autumn have arrived for many in the U.S. The temperature is cooler, the leaves are changing color -- and the sounds of sneezes and coughs echoing through the office hallways may not be far behind.

The fall months traditionally serve as a time to promote flu prevention, and employers can play a key role in keeping their workforce -- and their entire community -- healthy as winter approaches.

Recent research by the Centers for Disease Control and Prevention notes that 13 percent of the population gets sick from the flu bug in an average year, with nearly 20 percent (62 million people) being infected during an active flu season, according to a *PLANSPONSOR* report. For U.S. businesses, loss of productivity from flu-related illness can cost more than \$10 billion, according to several studies.

For employers, the highly contagious influenza virus can be especially dangerous because many workers try to "tough it out" and come to work when ill, a new poll finds. Seventy percent of employees admit they've gone to work sick, according to a Staples Advantage survey reported by *PLANSPONSOR*. These workers can pose a serious risk to the rest of the workforce by spreading sickness and may worsen the effects of a rough flu season.

If employees get ill, the company should provide them time off to encourage them to stay home and recover fully, said Alan Baker of the American Public Health Association in a recent *BNA* report. This is especially vital for companies with employees who interact in person with the public, Baker said.

Another key asset in combatting a flu outbreak is to prevent it from happening by promoting



vaccinations and making them convenient, Roslyn Stone of Corporate Wellness Inc. told *BNA*. The best course of action, Stone said, involves creating a free, on-site clinic and allowing workers to get the vaccination on company time.

Cigna Medical Group, a division of Cigna Healthcare of Arizona, has aggressively promoted flu shots with positive results, according to the *BNA* report. Marianne Young and Marcia Hick, who chair the company's flu committee, said their program achieved a staff immunization level of 49 percent last year. About 30 percent is considered a good rate, according to Stone.

"This is the secret," Hick and Young wrote *BNA*. "We go to the employee. Even in our health care centers, we have carts travel from department to department, or set up in a convenient location. There is no cost. Wait times are usually less than five to 10 minutes."

If an on-site clinic is not feasible, Stone suggests mailing "flu gift cards" that allow workers to get the vaccination off-site at a time of their choosing.

Unfortunately, flu clinics cannot stamp out the risks entirely. Experts suggest promoting a few other healthy habits among workers, such as:

- Using hand sanitizers and washing hands frequently.
- Cleaning work areas, including keyboards. The Staples study noted that only 15 percent of employees clean their work area at least once a day, and less than 10 percent said they used disinfectants to clean their surfaces.
- Appointing someone to be a "flu champion" who can educate their fellow workers and drum up participation rates for vaccinations.
- Making managers lead by example. If they get sick, they should stay home, as well.

In Brief

NLRB NOTICE DEADLINE DELAYED

The National Labor Relations Board (NLRB) has delayed the deadline for nonunion employers to post a notice about workers' rights to unionize until Jan. 31, 2012. The NLRB had set an original Nov. 14 deadline but rolled it back after receiving a number of questions from businesses. The decision "was made in the interest of ensuring broad voluntary compliance," according to a *PLANSPONSOR* report.

CELL PHONE COMPLIANCE

The IRS has issued new guidance on the business use of cell phones. If an employer provides cell phones to its workers for "noncompensatory business purposes," the IRS will treat both business and personal use of such phones as a "working-condition fringe benefit" and will make the phones and phone use exempt from employees' wages.

'FIDUCIARY' CHANGE

The Department of Labor plans to rework its proposal to change the definition of "fiduciary" as it relates to employer-sponsored plans. The agency decided to revisit its proposal after receiving feedback from the public and members of Congress. The new proposal is expected to be announced in early 2012.

'ESSENTIAL' MUST BE AFFORDABLE

A federal advisory panel has created guidelines on how the Department of Health and Human Services (HHS) should define "essential benefits" when setting up the new health insurance exchanges created by the health care reform law. The Institute of Medicine said HHS must consider both the cost and the effectiveness of the benefits,

including what the average cost of coverage would be for a small employer in 2014. HHS has not said when it will announce the rules, but they are expected to come sometime in 2012.

CLASSIFICATION HELP

The IRS has launched a new program to help employers sort out past worker classification problems. The Voluntary Classification Settlement Program (VCSP) will permit employers to solve compliance issues by making a minimal payment covering past payroll taxes instead of waiting for an audit by the IRS. The VCSP is designed to boost corporate tax compliance and reduce some administrative burdens for employers, the IRS said.

TRACKING HIKES

A new government website allows consumers to see if a health insurance company in their state has raised its rates. The site also lists why the company hiked the rates. Previously, only a few states individually listed rate increase information on their websites, according to Steve Larsen of the Department of Health and Human Services. The website can be viewed at:

<http://companyprofiles.healthcare.gov/>

EMPLOYERS TAKE A HIT

The trend of rising health costs continued in 2011, with employers shouldering the bulk of the increases, according to a new study by the Kaiser Family Foundation. The annual cost for family health insurance coverage jumped 9 percent to \$15,073 this year, a sharp increase from \$13,770 in 2010. Workers' share of the total cost rose slightly more than 3 percent, while their employers' share increased 12 percent to \$10,944 per family.

STILL SMOKING

Nearly one in five Americans are smokers, with the highest rates found among the least educated, poorest, youngest and uninsured, according to a new report by the Centers for Disease Control and Prevention. Of employees without a high school education, more than 28 percent smoke, similar to the rate of workers with no health insurance.

NOT THEIR SPECIALTY

Most employers have a poor understanding of how specialty pharmacy benefits work, according to a new survey by the Midwest Business Group on Health. The study found that 25 percent of employers said they have little or no understanding of specialty pharmacy benefits and 53 percent have only a "moderate" understanding of the benefits. Seventy percent of the 120 employers who said their specialty pharmacy benefit was managed by an outside administrator did not know how much they were spending on the drugs, the survey said.

WORKING AT HOME

Thirty-five percent of workers who telecommute do so full time, putting in at least eight hours per day, according to a new CareerBuilder study. Employees who telecommute between four and seven hours per day made up 40 percent of the respondents, while 17 percent of telecommuters said they spend one hour or less on work per day. Also, 37 percent of workers who telecommute said they are more productive when they come into the office, while 29 percent said they were more efficient at home.

NAP TIME?

A new study by several universities concluded that insomnia costs U.S. companies \$63 billion in lost productivity annually. That means an individual worker with insomnia costs the employer between \$2,280 and \$3,274 per year, the research said.

FSA FALLOUT

New regulations limiting contributions to flexible spending accounts (FSAs) to \$2,500 likely won't affect most employees, according to a new survey. The American Payroll Association found that only 12 percent of employees contribute \$2,500 or more to their FSAs, while 39 percent said they made FSA contributions below \$2,500. Forty-six percent said they didn't make any contributions to an FSA.

**The Latest on Wellness Programs:
What Can Employers Legally Do to Increase Participation?**

**Tuesday, Nov. 8
2 p.m. ET / 11 a.m. PT**

Employer wellness programs are now a part of the benefits landscape, and employers that have tried the "soft" approach to implementing these programs (e.g., health risk assessments and biometric screenings) are now looking for ways that they can actually improve the wellness of their employees. That means greater incentives to participate in wellness programs -- and sometimes even penalties for refusing to do so.

At the same time, employers are constantly reminded of the legal constraints they face in attempting to increase the level of wellness program participation. This session of the Employer Webinar Series will summarize those constraints and offer concrete examples of steps employers have taken to raise the participation level in their wellness programs. We'll also look at some of the wellness-oriented provisions of last year's health care reform legislation.

Please contact us for more information or to register for this webinar.

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PO Box 2815, Appleton, WI 54912