

Employee Benefits & Workers' Comp News



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Benefits Administration

June/July 2009

Volume 19 • Number 3

Setting the Record Straight: When Employees Don't Understand the True Cost of Benefits



You may be painfully aware of the cost of providing health and retirement benefits for your company's employees, but are they? The answer is, not really.

The study also found that while 72 percent of respondents believe the benefits they receive at work are better than, or as good as, what most other companies offer, most feel the value of benefits has dropped, with 61 percent of workers saying they pay more for benefits but get less or the same as they did in 2007.

At the same time, benefits remain absolutely critical to today's employees. One out of four surveyed said they are working more to receive benefits than to receive income. In addition, eight out of 10 of those surveyed would opt to have healthcare benefits provided through their job rather than receive a cash payment to manage their own healthcare needs.

And when asked what their biggest concern would be if they were to lose their job today, 25

percent ranked losing health insurance as number one.

So what can you do to help employees understand the dollar value of their benefits?

- 1 Know your employees.** Before you launch an education campaign, learn what your employees know already about healthcare services and costs. This can be accomplished through an employee survey or focus group.
- 2 Deliver information appropriately.** Establish what types of media, such as online support tools, customer service assistance or printed materials your employees find most useful. This information can be garnered by looking closely at the demographics of your workforce. If your workforce is composed

This Just In

Employers can ask employees to use accrued vacation during shutdown periods. In the current economic climate, employers are struggling to find ways to control labor costs without resorting to layoffs. One option is to temporarily shut down a facility when little or no work is in the pipeline. This usually does not present a problem with non-exempt employees but it's more complicated with salaried, exempt employees.

A Department of Labor (DOL) opinion letter, however, provides some relief. It states that an employer may require exempt employees to use their accrued vacation during a shutdown of less than one workweek, without jeopardizing the employee's exempt status or otherwise violating the Fair Labor Standards Act (FLSA).

Employers contemplating mandatory use of accrued vacation time during a plant shutdown should be mindful of potential state laws or collective bargaining agreements that might prohibit such a mandate or otherwise govern a shutdown.

A worker sentiment study by Fidelity Investments' Consulting Services business found most workers surveyed underestimate employers' cost of providing health insurance to employees. According to Fidelity, 53 percent believe their employers pay less than \$5,000 annually per person to provide health insurance, when, in fact, Fidelity said, health plans typically cost employers \$5,000 to \$15,000 per employee on an annual basis.



Keeping Track of Record-Keeping

Every employer covered by the Occupational Safety and Health Administration (OSHA) who has more than 10 employees line entry must maintain specific records of job-related injuries and illnesses. There are exceptions for employers in certain low-hazard industries in the retail, finance, insurance, real estate and service sectors.

The basic safety record-keeping form is the OSHA Form 300, an injury/illness log, with a separate line entry for each recordable injury or illness. Employers must record every case that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness.

Employers must also consider a case to meet the general recording criteria if it involves a significant injury or illness diagnosed by a physician or other licensed health care professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

Filing Form 300s can be arduous, but it's

worthwhile. The information recorded on the form helps employers, employees and compliance officers analyze the safety and health environment and provides statistical information, such as data for the Bureau of Labor Statistics' (BLS) Annual Survey.

Each year, the employer must conspicuously post in the workplace an OSHA Form 300A, which includes a summary of the previous year's work-related injuries and illnesses. Employers must also record on the OSHA Form 301 individual incident reports that provide added detail about each specific recordable injury or illness.

Employers must keep the log and summary for five years following the year to which they pertain. But employers do not have to send the completed forms to OSHA unless specifically asked to do so.

Brian Zaidman, a safety research analyst for the Minnesota Department of Labor, provides these handy tips for safety record-keeping.

Be organized: Use the electronic form to keep your information organized and legible. This version offers more room for text and makes it easier to train others to keep the log and to prepare the annual summary.

Be selective: The log should include only those cases meeting the recordability criteria. Many workplace incidents may look like recordable injuries, but don't meet the criteria. For example, a work-related rash that can be treated with a nonprescription ointment and that does not result in any job restrictions or time away from work is not a recordable case.

Be accurate: Record a case only in the year in which the injury or illness first occurred, even if it results in days away from work the following year.

Classify: Each recordable case must be classified according to the most serious outcome for that case. Only one classification is permitted. The order of case seriousness is: death, days away from work, job transfer or restriction, and other recordable cases. A nonfatal case



State Laws Are Stricter

At least 26 states and territories have their own safety/health agencies with OSHA-approved state plans, which may have slightly different requirements. Under OSHA rules, the state plans must meet or exceed federal record-keeping requirements. The following states have approved state plans:

Alaska: www.osha.gov/dcsp/osp/stateprogs/alaska.html

Arizona: www.osha.gov/dcsp/osp/stateprogs/arizona.html

California: www.osha.gov/dcsp/osp/stateprogs/california.html

Connecticut: www.osha.gov/dcsp/osp/stateprogs/connecticut.html

Hawaii: www.osha.gov/dcsp/osp/stateprogs/hawaii.html

Indiana: www.osha.gov/dcsp/osp/stateprogs/indiana.html

Iowa: www.osha.gov/dcsp/osp/stateprogs/iowa.html

Kentucky: www.osha.gov/dcsp/osp/stateprogs/kentucky.html

Maryland: www.osha.gov/dcsp/osp/stateprogs/maryland.html

Michigan: www.osha.gov/dcsp/osp/stateprogs/michigan.html

Minnesota: www.osha.gov/dcsp/osp/stateprogs/minnesota.html

Nevada: www.osha.gov/dcsp/osp/stateprogs/nevada.html

New Jersey: www.osha.gov/dcsp/osp/stateprogs/new_jersey.html

New Mexico: www.osha.gov/dcsp/osp/stateprogs/new_mexico.html

New York: www.osha.gov/dcsp/osp/stateprogs/new_york.html

North Carolina: www.osha.gov/dcsp/osp/stateprogs/north_carolina.html

Puerto Rico: www.osha.gov/dcsp/osp/stateprogs/puerto_rico.html

South Carolina: www.osha.gov/dcsp/osp/stateprogs/south_carolina.html

Tennessee: www.osha.gov/dcsp/osp/stateprogs/tennessee.html

Utah: www.osha.gov/dcsp/osp/stateprogs/utah.html

Vermont: www.osha.gov/dcsp/osp/stateprogs/vermont.html

Virgin Islands: www.osha.gov/dcsp/osp/stateprogs/virgin_islands.html

Virginia: www.osha.gov/dcsp/osp/stateprogs/virginia.html

Washington: www.osha.gov/dcsp/osp/stateprogs/washington.html

Wyoming: www.osha.gov/dcsp/osp/stateprogs/wyoming.html

NOTE: The Connecticut, New Jersey, New York and Virgin Islands plans cover public sector (state & local government) employment only.



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mainly of young professionals, Internet tools are likely to be effective. However, if your workers likely lack a computer in the home, printed materials may be best. Don't forget to take advantage of bulletin boards, e-mail or paper newsletters, paycheck stuffers and other communication devices.

3 Educate to influence behavior. Remember, you're running a public relations campaign. Your goal is twofold: getting workers to appreciate benefit costs and to use their benefits more wisely. Experts recommend beginning an education campaign six to nine months prior to open enrollment and two to three months before significant changes. This early education should focus on high-level issues such as healthcare costs, prevention and disease management.

4 Be transparent and frank when your

company changes benefits. Make employees aware of the rationale for your company's decisions. Ensure that any messages, whether explicit or implied, portray your company's ongoing viability in a manner consistent with other communications to employees, shareholders or the public. When cuts to benefits are forthcoming, alert employees of such decisions as part of a broader discussion of your company's overall financial well-being and let them know the steps being taken may help avoid or mitigate job losses and/or bankruptcy.

Now is a great time for you to step up overall communications with employees, since most are anxious about job security and company viability. If you're providing a broad and valuable menu of benefits, shouldn't everyone know how much it's really worth? ■

Grim Future Outlook?

With the recent spate of news reports on benefit reductions at many companies, it's no wonder that almost half of American workers surveyed (48 percent) believe that their employers won't be providing benefits, including health insurance, retirement savings plans and pension plans, 10 years from now, according to a Fidelity study.

Thirty percent of workers surveyed think they will be responsible for obtaining their own benefits by 2019; 18 percent think the government will provide benefits; 28 percent think employers will still provide benefits to their workers; and 24 percent are not sure. ■

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with only one day away from work must be classified as a days away from work case, even if the injury also results in 150 days of job restriction.

Count: For cases with days away from work and days of job transfer or restriction, count calendar days, not just scheduled workdays or days the business is open. Begin counting days on the day after the injury occurred or the illness began.

Be thorough: Provide a thorough description of each case, including specific information that safety directors and safety committee members can use to improve workplace safety. Describe the worker's activity, what happened, the part of the body that was affected and how it was affected.

Use the log: Post the annual summary in the workplace, share it with management and workers, compare it to others in your industry, and use the statistics to identify the most common types of injuries for your industry and your establishment.

For more information on accident recordkeeping, please contact us. ■

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health plans have notably lower and more predictable cost trends, according to the National Business Group on Health, which provides members with practical solutions to control healthcare costs while improving patient safety and care quality.

An EBM approach to care has clear benefits in quality of care, reduction of medical errors and cost savings, according to doctors writing in the peer-reviewed *Annals of Family Medicine* and the *Journal of Managed Care Pharmacy*. An e-prescribing clinical decision support solution, for example, showed a significant impact on the cost and quality of patient care. The participating payer enjoyed ongoing savings of \$1,270 per doctor per month. Those are hard dollar savings that can be passed on to payers and employees.

The Business Group suggests the following principles for promoting evidence-based medicine:

★ Identify a core schedule of benefits for which there is already scientific evidence

of effectiveness. Employers can use this schedule to: assess their current plans, revise employee cost sharing, and bolster pay-for-performance initiatives. The schedule might also form the core of a benefits plan for sponsors considering more limited coverage and/or by individuals who cannot afford or do not want a comprehensive plan.

- ★ Define a process for quickly translating evidence-based assessments to coverage and provider payment policies. This may include negotiating with your provider or finding out what evidence-based plans your provider may offer.
- ★ Promote healthy lifestyles and retiree health.
- ★ Incorporate EBM and other best practices in plan designs, including disease management and onsite medical clinics.
- ★ Develop tactical approaches, such as dependent coverage, imaging management, and personal health records that encourage an EBM strategy. ■



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How Evidence-Based Medicine Can Help Control Costs

Some experts estimate that one-third of the \$2.5 trillion Americans spend on healthcare in a year is wasted, and that much of the money could be saved if doctors knew which drugs and treatments work better and dropped those that don't work as well or at all.

As if you needed a reminder, the cost of providing healthcare coverage has risen dramatically — double the rate of inflation, at six percent annually over the last three years alone. One reason for the continual climb is the hundreds of billions of dollars wasted each year on medical treatments that don't work. Doctors prescribe expensive new drugs even when older, cheaper ones are more effective. Surgeons pioneer radical new procedures only to find — much later — that they may harm patients more than they help.

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That's the idea behind evidence-based

medicine (EBM), the concept of applying evidence gained from the scientific method to certain parts of medical practice. According to the Center for Evidence-Based Medicine, "evidence-based medicine is the conscientious, explicit and judicious use of current best evidence in making decisions about the care of individual patients."

It would seem like EBM should be standard operating procedure, but a recent Rand Corporation report found that clinicians follow evidence-based guidelines in fewer than 55 percent of patient diagnoses.

EBM recognizes that many aspects of medical care depend on individual factors such as quality and value-of-life judgments, which are only partially subject to scientific methods.

The recently passed stimulus bill included \$1.1 billion for EBM. The newly created Federal Coordinating Council for Comparative Effectiveness Research will coordinate



and guide investments in research on the relative strengths and weakness of various medical interventions. Although the council will focus on the needs of populations served by federal health programs, such as Medicare, its research will likely provide information useful to employer group plans.

Employer perspective

Employers who aggressively manage their

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Lilly Ledbetter Fair Pay Act of 2009

In January, President Obama signed the *Lilly Ledbetter Fair Pay Act of 2009*, which overrules a 2007 Supreme Court ruling, *Ledbetter v. Goodyear Tire & Rubber Co., Inc.* In the case, the Court did not address Ledbetter's claim of pay discrimination, but ruled only on the statute of limitations, saying that a compensation discrimination charge had to be filed within 180 days of a discriminatory pay-setting decision (or 300 days in jurisdictions that have a local or state law prohibiting compensation discrimination).

The Act restores the pre-Ledbetter position of the Equal Employment Opportunity Commission that each paycheck that delivers discriminatory com-

penation is a wrong actionable under the federal EEO statutes, regardless of when the discrimination began.

Lilly Ledbetter started work as a salaried factory worker at the Goodyear Tire & Rubber Co. in 1979. When she retired in November 1998, she was earning \$3,727 per month, as compared to 15 men with similar qualifications who had started at the same pay but who then earned from \$4,286 to \$5,236 per month. She filed a complaint with the EEOC claiming that each paycheck that she received that was less than her male counterparts' was a discriminatory action; the claim ended up in the Supreme Court.

Under the Act, individuals can now file a charge each time they receive com-

penation based in whole or part on the discriminatory decision or other practice. It allows individuals to recover back pay for up to two years preceding the filing of the charge and applies to all claims of discriminatory compensation pending on or after May 28, 2007.

For employers, the Act means that documenting employment decisions will become more important than ever. This includes having accurate job descriptions, documenting all pay/promotion decisions and the criteria used and conducting periodic pay audits to prevent better negotiators (with similar qualifications) from receiving better pay than their peers. ■