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Technology Conundrum

Talent Trumps Cost As Top Benefit Concern

SOME THINGS just naturally go together like milk and cookies or peanut butter and jelly. However, employees and consumer-directed health plans (CDHPs) are not a happy duo because employees are not hearing a coherent message about them, according to a



new report from The Conference Board: Consumer-Driven Healthcare: Current Practices, Future Upgrades. Although industry

surveys indicate that employers anticipate strong growth in CDHPs, low selection rates remain a significant stumbling block among employees offered such plans as one option among many, according to the report.

"If employees find the information they're offered about CDHPs too con-fusing, the programs will fail," says Jon Gabel, report author. "Employees are unlikely to switch to plans that they don't understand." Consequently, employers have to conduct early and repeated face-to-face meetings with employees. Even companies who have been successful in enrolling employees in these

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Phasing Out

Companies Rethink Jobs as Boomers Age

THE OLDEST BOOMERS will qualify for Social Security's early retirement benefits in less than a year, but a large part of corporate America isn't prepared for the tens of millions of



employees who will quit their jobs or scale back their hours over the next decade. Labor analysts predict the U.S. economy will face shortages of 6 million workers by 2012 and 35

million workers by 2030. "It's not just a matter of replacing one body with another," says James Sowers, managing director for Buck Consultants. "A lot of experience and talent will walk out the door. That should be a major concern for companies."

Acting Smarter

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Healthcare Reform Goes Beyond Cost Sharing

THE NATION'S HEALTHCARE system can't survive for long unless everyone acts smarter, according to Michael B. McCallister, Humana CEO. "The model of people getting medical coverage at work or from the government is at risk of collapse after years of spiraling costs and can continue only if all parties sacrifice in order to stop widespread waste," he says. Employers will have to offer coverage that helps consumers make better choices and stick to it instead of jumping every year to the cheapest plan.

Thus, employers with broad health strategies are doing a better job at controlling costs, according to the findings of the 12th annual National Business Group on Health (NBGH)/Watson Wyatt survey. "The best performers are not relying

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Staying Competitive

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plans say they wished they had invested more in communication and education, notes Gabel.

In our high-tech world, it's not surprising that employees rank the internet as one of their preferred ways to receive information, according to a soon-to-be-released Watson Wyatt survey. However, while this preference is relatively uniform across generations, "employees are much more likely to change their behavior and become more discerning benefits consumers if they can find relevant, personalized, and meaningful information," notes Michael Rudnick, Watson Wyatt national eCommunications and portal leader. Likewise, the latest findings from MetLife's fifth annual Study of Employee Benefit Trends also notes that messages can influence employee behavior when they are more personalized based on needs.

These findings come at the same time that employees of all ages are using technology especially the web in their personal lives, and they expect their employer to provide a similar online experience. "Employees have come to expect the same level of personalization, flexibility, intuitiveness, and ease of use that Google and other advanced consumer websites provide. This is upping the ante for employers and human resource departments," says Rudnick.

Many organizations are trying to improve the user experience by moving to an employee portal that integrates content, applications, and vendor sites and can be accessed with a single sign-on. Such integrated systems can make it much easier for employees to understand benefit plans and make the right choices for them-selves and their families. ■

Changing Behaviors

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Policy analysts already understand that staving off the brain drain will mean providing older Americans with stronger economic incentives to work, persuading employers to give older workers more job flexibility, and rewriting outdated laws. Thanks to the Pension Protection Act of 2006, employers may now pay pension benefits to employees age 62 and older who are covered under a defined benefit pension plan. As such, more companies will be able to use phased retirement to retain valuable skills and knowledge while providing mature workers with an alternative to the all-or-nothing approach to retirement, according to The Conference Board report. Phased retirement can be any work arrangement that falls somewhere in between full-time retirement and working full-time.

"Even though IRS regulations for implementing the Pension Protection Act have yet to be defined, the new law helps to make phased retirement a viable option for employers who want to capitalize on mature talent," say Anna M. Rappaport and Mary B. Young, report authors. IRS issued Notice 2007-8 earlier this year, requesting public comment as to how to treat pension and similar distributions by older workers who remain in the workforce part-time. "As the U.S. workforce grows older and life expectancy continues to rise, the playbook for retirement is being rewritten." The authors note that companies need to make certain that their compensation and benefits programs support the phased retirement options they have decided to implement. ■

Savings Campaigns

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on employee cost-sharing as a primary cost reduction strategy," says Ted Nussbaum, Watson Wyatt practicing director of healthcare consulting. "It's the relationship between plan design and cost-sharing that gives incentives to employees to think about their healthcare behaviors and become better consumers of healthcare."



While curbing healthcare cost increases is a puzzle for employers, and consumer-directed health plans (CDHPs) are only one piece, the experience of companies successfully implementing CDHPs offers hope for improving our healthcare system, according to Helen Darling, president, NBGH. "Focusing on prevention, early intervention, disease management, and quality outcomes not only helps employers control healthcare costs but also makes employees healthier and more productive," she says. "It's truly a win-win situation." ■

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