

BENEFITS CORNER



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More Benefit Trends and News

In my last advertorial, I had the opportunity to discuss some of the trends that are occurring in the health insurance and employee benefits arena. In this advertorial, I will discuss a few more areas of change and interest.

Show Your Employees Their “Hidden Paycheck.” It is an understatement to say that the cost of giving your employees a decent benefits package has gone up significantly over the past few years. The cost of providing the same health insurance plan that you might have had five years ago has increased almost 100 percent on average in that time. I am quite certain that this has forced you into making significant changes to your health insurance plan and, quite possibly, to other areas of your employee benefits program.

The question I would have for you is, “Do your employees know the true cost of providing them benefits?” If your employees do not, I would recommend that you provide them with an analysis of their “hidden paycheck.” A hidden paycheck report is a simple way for you to illustrate to your employees the actual cost of all the benefits that you provide to them.

In a hidden paycheck analysis, you should include all of the costs associated with their benefits program. This would include much more than the cost you pay for their health insurance plan. A hidden paycheck should include the cost of workers compensation, unemployment insurance costs, paid vacations, sick leave benefits, and employer retirement plan contributions just to name a few.

Most employees do not know the cost of these programs, but I feel it is very important

for you to let them know. This is a great way to show all that you provide them and the associated costs. It is also a great tool to help you retain your employees. This is a value added service that my firm can assist you in providing if you would like.

Professional Employer Organizations.

If you are a small employer, you have probably asked if there is any other avenue available to assist you in providing benefits and other programs for your company. A program that has the potential to do this is through a Professional Employer Organization, or PEO. A PEO is a way for you to join a larger group to purchase benefits and workers compensation, often at a cost savings not available to smaller companies. Other Human Resource tools are also often provided by the PEO.

To join a PEO, you are essentially entering into a co-employment arrangement for your employees. In essence, your employees actually become employees of that PEO while you typically maintain certain day-to-day management responsibilities. Your employees would be paid under a separate tax ID number for the PEO, not yours. Because of this, PEO's will typically require that you switch payroll vendors to the one associated with or owned by the PEO.

Professional Employer Organizations can appear very attractive, because they allow the outsourcing of many functions under one roof. There are, however, pitfalls to consider before signing up your company with a PEO. The first is the cost charged by the PEO to provide these services. Typically, a PEO will charge a smaller employer between 2 and 5 percent of total payroll in addition to the standard cost of providing payroll and other services. This may not be too high a price to pay, but it warrants careful consideration.

A more important consideration than cost is the change in laws that you will become subject to by signing up with a PEO. If you are a small employer, you might currently be exempt from having to comply with many federal and state employer laws. By entering into a co-employment arrangement through a PEO, you will instantly be subject to increased regulations. A few examples would include the Family Medical Leave Act (FMLA), Americans with Disabilities Act (ADA), stricter compliance with EEOC laws, and COBRA. There are several others that could apply as well. While joining a PEO might still make sense for you, these are pitfalls that are often not

fully discussed up front. Please make certain that you understand everything you are getting into before signing up with a Professional Employer Organization.

Changes to Your Office Visit Copay. In today's delivery of health care, more and more services are being provided in the doctor's office than ever before. While this is often the most cost effective way to deliver services, many health insurance companies have recently begun to change the way they pay claims for office visits.

If you are covered under a plan that has a copay feature for office visits, you might have seen this change over the past several months. It used to be that whenever you went to the doctor's office your copay would cover the cost of the physician's consultation and any diagnostic tests performed. These costs are now more frequently separated and treated differently.

Under several plans, only the physician's fees are covered by the copay. Any tests done are subject to additional payment by the patient. Some plans charge a separate copay for these services. Other plans will subject these tests to the coinsurance level. While a few plans will subject these office visit-related tests and services to a deductible and coinsurance.

The net effect of this is that your out-of-pocket cost to go to the physician has increased. If you are considering switching your current health insurance program and the office visit copay feature is important to you, be certain that you know how your new plan is going to work in this area.

I hope you have found this review of benefit trends and news informative and helpful. I would be happy to discuss in detail with you any of these trends or to evaluate your current benefits program. Please feel free to give me a call, drop me an email, or visit my Web site at www.everben.com.

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