The Correlation of Benefits and Top Talent

Amidst tough economic times, it's sometimes hard to look ahead. But off in the not-too-distant future looms an upcoming talent war. As Baby Boomers begin to retire in record numbers and companies compete at a higher level to attract and retain top talent, HR executives are looking for fresh ideas on how to hang on to the best. One approach might be closer to home than you think; right in the backyard that is your employee benefits plan.

A new survey indicated that an employer's benefits philosophy has an impact on recruiting and retention success. Fall River conducted a survey of Denver/Boulder area employers to learn how they use their benefits in their hiring and retention efforts.

The survey, representing employers with nearly 15,000 collective employees, provides new ideas and observations for managing a successful health plan. The survey represents employers with nearly 15,000 collective employees in sixteen different industries, including public, private and non-profit organizations.

Bottom Line: How well you design your employee benefits impacts how well you recruit and retain.

Here's how they break down:

- Median company size: 250 employees
- Average number of healthcare options offered to employees: 2.3
- Average contribution to premiums: 80% on employees, 49% on dependents
- Percent offering HSAs: 18%
- Percent self funding their plan in part or whole: 47% of employers, representing 91% of employees

We interviewed employers regarding:

- Employee turnover
- Healthcare plan participation
- The employer's contribution to employee and dependent healthcare premiums
- The number of healthcare options offered to employees and whether they included health savings accounts (HSAs) or health reimbursement arrangements (HRAs)

- What type of wellness programs, if any, were in place
- How their benefits plan impacted their ability to hire and retain their best talent

OBSERVATIONS

Poor Investment Means Poor Participation. The employers with the lowest participation in their health plans shared some common characteristics: low employer premium contribution for employees and especially on dependents, plus very little in the way of wellness programs.

Culture Makes a Difference. In general, poor employer healthcare contributions were connected to higher turnover. However, a few companies with unique cultures or an unusually high quality of life for employees were able to overcome poor healthcare contributions to achieve very low turnover.

Large Companies Invest More. The larger companies had much higher contributions to both employee and especially dependent rates and were almost universally partially self funded. They almost always offered 2 or 3 healthcare options to employees, though less likely than smaller groups to include HSA or HRA plans. Companies with only one healthcare plan to choose from tended to have less than 100 employees.

NEW IDEAS

In the course of our surveys, we uncovered some innovative approaches to customizing health plans in employee-friendly ways. Here are some of our favorites:

- Paying 100% of Weight Watchers program fees and age-appropriate screening tests
- Paid twenty minute walking breaks each day, plus stretch breaks to prevent repetitive motion and back injuries led by production floor employees
- A $500 bonus for enrolling in and completing a smoking cessation or weight loss program
- A graded contribution structure where additional years of service get you a greatly increased dependent premium contribution
- Rewards programs with fun prizes and incentives for healthy behaviors, where employees can earn points for everything from eating five fruits and veggies a day to walking three times a week

COMMON STRUGGLES

One of the recurring themes of the survey was that a high percentage of employers continued to struggle to find effective cost containment methods. They knew that further employee cost shifting would jeopardize their hiring and retention efforts, yet they had to find new ways to reign in the double digit renewals they'd been receiving for years. While many employers were frustrated by a lack of ideas, others had a strong long-term plan in place to tackle their healthcare costs.

In our experience, the most effective long-term plans attack rising costs on a number of fronts simultaneously:

1. Get Skin in the Game. Your plan design has to incent your employees to take better care of your healthcare dollars. People make the best financial choices when spending their own money. While copays are popular with employees, they don't teach your members anything about what healthcare costs. Introducing higher deductibles and coinsurance, even if you help fund accounts that pay for these, provides a stronger incentive to question that extra test or shop around for an elective procedure.

2. Health Matters. Employers who want lower healthcare costs realize they play a critical role in helping employees get and stay healthy. Encourage and incent your employees to participate in disease management programs to manage chronic conditions, as well as the Health Risk Assessments that often uncover these conditions. In addition, a robust wellness program can be implemented for typically less than 1 - 2% of your annual spend, with average returns more than three times what was spent.

Turning Benefits Into Top Talent

1. **Get Skin in the Game.** Be sure your plan design incents your employees to take better care of your healthcare dollars.
2. **Health Matters.** Help your employees get and stay healthy and care for their chronic conditions.
3. **Go Back to School.** Re-educate your employees on what healthcare costs.
4. **Mine Your Data.** Use any data you can get your hands on.
5. **Communicate Constantly.** Say it over and over in lots of different ways.

3. Go Back to School. Employees are disconnected from the actual cost of healthcare. They need to be completely re-educated on how to use care appropriately and how they can save money on discretionary costs. Commit the time to regularly educate your employees about such topics or speak with us for suggestions and help in creating campaigns to do so.

4. Mine Your Data. Use any reports you can get your hands on to identify problematic utilization patterns and education opportunities. If you are self funded, you have a gold mine sitting in your monthly or quarterly claims reports. Fall River can put our expert actuarial services to work on your behalf in this critical area.

5. Communicate Constantly. Studies show adult learners need to hear new information as many as seven times before they digest it. Repetition and a wide variety of communication modes are key. A white collar firm with internet access from each employee's desk will obviously employ different communication methods than a blue collar firm with most of its staff on the shop floor. But even within a single organization, be sure to use different modes to reach the many different personalities you employ.

Using the steps above, ideas from the leading companies in our survey and the expert partnership of a proactive broker, you can not only tame your costs but also enhance your benefits plan in ways that promote employee recruiting and retention. With the talent war that's brewing on the horizon, there's no time to lose.