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Employee Benefit News

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FULL-TIME THINKING

Why UPS, Baird, Penguin Random House and a growing number of employers are offering complete benefit packages to part-time workers



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February's don't miss, web-only content at ebn.benefitnews.com

EMPLOYEE BENEFIT VIEWS

An excerpt from our *Employee Benefit Views* blog, written by CrisDee Plambeck, head of group products at Voya Employee Benefits.

Why it's time for employers to take a fresh look at disability insurance

Most recruiters will agree that millennials are the “unicorns” of the 21st century job market. Employers want to know what makes young professionals tick. What kind of culture is most attractive to them? What benefits are most appealing? How can they market their organizations as fresh, innovative and forward-thinking?

However, when eager new hires are ready to roll up their sleeves, managers will likely rely on their most tenured and knowledgeable workers to show them the ropes.

Employers recognize that experienced employees are arguably their greatest asset. As a result, an underutilized benefit — disability insurance — is getting a fresh look. According to the Council for Disability Awareness, long-term disability claims peak for those aged 50-59 and by 2022, the federal Bureau of Labor



Statistics estimates that people 55 and older will account for nearly 26% of the U.S. workforce.

With the right mix of benefits, companies can help keep their most experienced employees in the workforce.

Here are a few things that organizations should keep in mind when tailoring products for workers who are more prone to disability, but still want to stay actively engaged in their careers.

First, it's important to understand what types of conditions result in claims. According to the Disability Council, the most common causes of long-term disability claims are musculoskeletal system and connective

tissue disorders such as rheumatoid arthritis and Lupus. That's followed by diseases of the nervous system and sense organs like carpal tunnel, circulatory system diseases including atherosclerosis and hypertension, and cancer.

Due to medical advances, even serious conditions may be less debilitating than in the past. People are living longer, healthier lives, and diseases or injuries that once meant the end of a career can now be managed with proper medical care and recuperation. Surgeries and other procedures are less invasive. Hospital stays and treatment plans are shorter.

This progress is a game-changer for many Americans who can't afford to retire, and must find ways to continue making a living. Employer support is the second half of the equation.

In terms of disability coverage, benefit professionals need to consider a holistic program. Employers also should consider whether or not the elimination periods associated with different products make sense based on the salary levels of their workforce.

To read this blog in its entirety, - check out <http://bit.ly/2k00Xak>.

→ VIEW

EBN's slideshow gallery:

10 things employers want from a Trump administration

With Donald Trump officially in office as the 45th president, many employers are expressing cautious optimism for potential changes during his presidency — including killing the ACA's burdensome Cadillac tax, focusing on ever-rising healthcare costs and expanding access to health savings accounts. And that's just the beginning. *EBN* spoke with experts and business insiders about what employers would like to see the Trump administration act on in the coming years.

<http://bit.ly/2kKQcwy>

2017's best cities for jobs

New research from WalletHub, based on 23 key indicators of job-market strength, name 10 U.S. cities as the hotspots for job growth this year.

<http://bit.ly/2kjJXid>



29 jobs with the best work-life balance

Employees are putting more and more on their plates, making it challenging to remove themselves from work to get a recharge. These 29 jobs, however, break the mold and allow workers to find the time to unwind.

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privatebenefitexchange

INDEX

PBE Index ready to rise

BY JOHN MCCORMICK

THE PRIVATE BENEFIT EXCHANGE INDEX IS UNCHANGED from last month. However, operators say they expect to report increased numbers next month after they've tallied the results of the year-end open enrollment period.

To date, the PBE Index shows 37,800 employers using an exchange, 2.8 million employees signing up for benefits through one of the online marketplaces, and 5.6 million people covered by benefit plans sold through the sites.

And the exchanges appear primed for growth in 2017.

One of the reasons is that operators are offering more products on their platforms, which is attracting the attention of workers.

The average number of insurance products that

organizations are offering on private benefit exchanges grew from 12.9 in 2013 to 14.2 in 2015, according to Private Exchange Research Council numbers cited in a December report from the Society for Human Resource Management. PERC is backed by benefit brokers and consultants.

"Today, more employees and dependents are enrolling in private benefit exchanges as the number of available products has expanded," the SHRM report says.

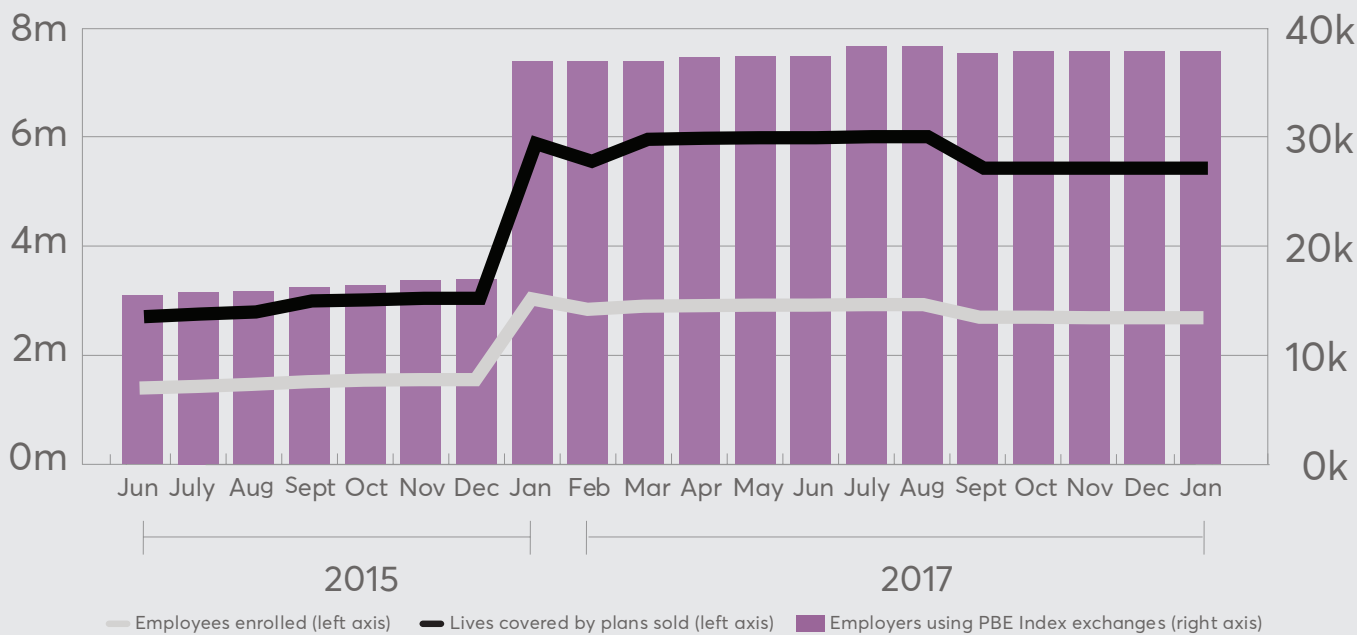
While the Index was flat against the previous month, since June 2015, when the PBE Index was launched, the number of employers using exchanges has increased 144%, the number of employees enrolling in benefits through the marketplaces has

risen 92%, and the number of lives covered by the plans sold on the platforms has jumped 100%.

Employee Benefit News and *Employee Benefit Adviser* will continue to track the month-over-month growth in the online benefit marketplaces. To create the PBE Index, *EBA* and *EBN* collect data from eight leading exchange operators: benefitsCONNECT, bswift, Connecture, Frenkel Benefits, Lockton, Marcum, Medica and Softheon. The information provided by these brokers, insurers and technology-platform companies is self-reported and rounded.

For more information on the PBE Index, to access a directory of private benefit exchange operators, and to see the latest PBE news, go to benefitnews.com/exchanges. ■

Poised for growth



Source: SourceMedia Research. The PBE Index is a tracking index. The information provided by the operators is self-reported and rounded. Data is supplied by eight leading private exchange operators — benefitsCONNECT, bswift, Connecture, Frenkel, Lockton, Marcum, Medica and Softheon — and compiled on a monthly basis.

*January and February 2016 numbers reflect operators' refinement of reporting methods.

** September 2016 numbers reflect adjustments made with addition of new contributors.

EDITOR'S DESK

"Wait and see is in order. There are a lot of key stakeholders who are going to weigh in over the next few years."

New year, new challenges



KATHRYN MAYER
EDITOR-IN-CHIEF

A NEW PRESIDENT. A NEW HHS secretary. A Supreme Court justice nominee. Legislation introduced to kill the Affordable Care Act. And, just announced at press time, a delay of the DOL's fiduciary rule. 2017 has been a huge year for HR and benefits professionals — and it's only February. Given that this much has happened in just over a month, we can only imagine what kind of transformational year it will be for the industry.

There's no question that the new White House administration is shaking things up, in moves that will undoubtedly require employers to change course. President Trump made it clear very quickly that he is serious about his campaign promises to dismantle the Affordable Care Act, signing an executive order his first day in office that removes the requirement for Americans to get health coverage or pay a fine. Meanwhile, many expect the Cadillac tax — a significant employer pain point — to be killed early this year.

"We will see changes to the ACA, there's no doubt," Mike Thompson, president and CEO of the National Al-

liance of Healthcare Purchaser Coalitions, told me recently. "If anything, we might see ACA repealed with some sort of forward-looking time-frame so they have time to replace it with something. ... Wait-and-see is in order. Even if President Trump and [HHS Secretary-elect] Tom Price have a clear vision on where they want to go, there are a lot of key stakeholders who are going to weigh in over the next few years."

In the meantime, smart employers are focusing their energies beyond simply awaiting regulatory changes, instead focusing on what they can control, including maintaining — and enhancing — great benefits packages for employees.

For example, big-name employers including Ikea, American Express and BASF began the year with big changes to family benefits policies for their workers. All significantly boosted paid parental leave, while improvements to adoption, surrogacy and bereavement benefits also were among the enhancements (read more about those policies on p. 8). Meanwhile, an increasing number of employers also are offering enviable benefits to hour-

ly employees, realizing that attention to part-time workers can deliver full-time loyalty (p. 16).

Yes, we are in the midst of changing times. But employers who think beyond the moment — and consider how they will attract and retain talented employees, despite the drama — are the ones who will set themselves up for success.

And, speaking of success, *EBN* is looking for nominations for our Dig|Benefits Technology Innovator Awards, which recognize visionaries who are driving technology innovation, deploying leading-edge technology and shaping benefit technology regulation and policy. Know any great candidates? Email me at kathryn.mayer@sourcemedia.com. ■

Send letters, queries and story ideas to Editor-in-Chief Kathryn Mayer at kathryn.mayer@sourcemedia.com.

A handwritten signature of Kathryn Mayer in black ink. The signature is stylized and cursive, with the first letters of the first and last names being capitalized and prominent.

STRATEGY SESSION

In this section:
>Paid leave



PAID LEAVE

Large employers boosting paid parental leave

Ikea, American Express, BASF announce big changes to family benefits policies

BY KATHRYN MAYER

Paid parental leave may be the hot benefit trend of 2017.

Ikea, American Express and BASF all started the new year off by boosting their parental leave policies as well as enhancing a host of other family benefits for its employees.

Ikea announced it will provide up to four months paid parental leave for all U.S. employees — salaried and hourly workers, mothers and fathers, and adoptive and foster parents. Workers who have been with the furniture retailer for a year will get six

weeks of leave at full pay, followed by six weeks at half pay. Workers who have been with the company for three years will be eligible for eight weeks at full pay, followed by eight weeks at half pay. Employees are still able to take six to eight weeks of short-term disability regardless of tenure.

The company's updated policy is a significant revamp. Prior, U.S. Ikea workers were given one week of paid leave on top of their short-term disability.

The expanded policy was introduced to ensure employees have the opportunity to bond with their children and connect as a new family, says Lars Petersson, Ikea's U.S. president.

"We believe time with family and friends is so important for a healthy work-life balance and a happy and productive workforce," he says. "This benefit, which applies to all parents, will give our workers the opportunity to spend more time with their families when welcoming a child. Our workers are our most important resource, which is why we continue to invest in helping them reach their dream."

Driven by employee needs

BASF boosted parental leave to eight weeks for all new parents — maternal, paternal and adoptive. For new moms, that's in addition to the typical six to eight weeks of short-term disability already available. The

new policy went into effect Jan. 1.

It's a significant change: Previously, BASF had a 12-week, unpaid, job-protected parental leave, and new fathers had no paid time off.

"Many of our employees had been asking for this change in employee surveys and other forums, like town hall meetings," explains Mollie O'Brien, BASF's director of total rewards. "Of course, we consider and balance the needs of our business, the market and employee needs — but we definitely heard our people who were saying, 'We need this.'"

The global chemical company also will now pay the first five days of Family Medical Leave to allow employees to care for a family member with a serious health condition. Finally, the company ramped up its bereavement leave policy: Employees will be able to take up to 10 paid days (80 hours) of leave after the loss of an immediate family member and five days for a close relative. Previously, BASF employees had 3-5 days leave for the death of a family member.

These changes, O'Brien says, represents a "positive and intentional shift" for the company, one that's designed to address the needs of a multigenerational workforce as well as to offer perks that attract and retain talent.

Improving well-being

Finally, American Express recently announced that all of its U.S.-based regular full-time and part-time employees will be eligible for 20 weeks of paid parental leave (both women and men welcoming a child through birth, adoption or surrogacy) — as well as a bevy of enhanced employee benefits for fertility, surrogacy and adoption. Prior, the financial-services giant offered primary caregivers six weeks of paid parental leave benefits and two weeks for secondary caregivers.

The firm also is giving its employees up to \$35,000 per adoption or surrogacy event (up to a maximum of two

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events per employee) and a lifetime maximum of \$35,000 for infertility treatment. Additionally, it is offering free 24-hour access to board-certified lactation consultants and free breast-milk shipping for employees traveling on company business.

American Express said the move is aimed at promoting a family-friendly culture as well as improving overall well-being among the company's 21,000 U.S. employees.

"Our goal is to build a culture of health through our leadership, policies and work environment," says David Kasiaz, senior vice president of global total rewards and learning at American Express, adding that the enhanced benefits are a "win-win" both for employees and for the company as a whole. "We see parental leave as an essential component of this and have made it a priority to support both our employees and their families."

A growing trend

Though U.S. employers traditionally haven't been very generous with paid leave — a Pew Research Center report ranks the United States last out of the 38 countries it surveyed in government-supported time off for new parents — an increasing number of big-name firms have expanded the benefit. Bank of America and EY also increased paid parental leave benefits for their employees last year.

BASF's O'Brien says she thinks more companies are focusing on paid leave as they consider how to best attract and retain employees.

"As HR geeks, we're used to thinking about benchmarking as a central force in policy design. The shifting conversation on paid leave is revealing that benchmarking — what everyone is doing — may not be the strongest metric for building a good policy. A better design ques-

tion is: "What is the right policy structure for us, based on our business and company values?"

Furthermore, she says,

"family leave isn't merit cycle. It doesn't happen every year. When we talk about paid leave, we are talking about rare life events where

people are the most vulnerable: They are becoming a parent or shifting into the role of caregiver or they may be losing a parent or spouse. If

we can show up for employees in these times of greatest need, I believe employees will show up for our clients in a different way." ■



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HEALTH CARE

In this section:
>Compliance



COMPLIANCE

What employers think about ACA repeal efforts

NBGH's Brian Marcotte and National Alliance's Mike Thompson sound off on President Trump, 2017 benefits trends

BY KATHRYN MAYER

Between a new president and a new year — as well as all that Affordable Care Act repeal chatter — employers have a lot to consider when it comes to their health and benefits strategy in 2017.

In mid-January, shortly after Trump took office, *Employee Benefit News* spoke to Brian Marcotte, president and CEO at National Business Group on Health, and Mike Thompson, president and CEO of the National Alliance of Healthcare Purchaser Coalitions, about preparing for Affordable Care Act changes,

employers' hopes for a Trump presidency and other big trends to watch this year. Both noted that the Trump presidency is fast-changing, and what was discussed in January may have change by the time this issue goes to press. What follows is an edited version of the discussion.

Employee Benefit News: We have a new president and a new HHS secretary who are attempting to dismantle the Affordable Care Act. What are you expecting?

Marcotte: By selecting [HHS Secretary Tom] Price, Trump is signaling that he's really serious about dismantling the ACA and replacing it with a plan that relies more on in-

creased competition among insurers than on government health insurance exchanges. It also likely means that Medicare payment reforms will get a second look — may advance a little more slowly. And I think that concerns us a little. We would hope that HHS would continue to transform Medicare away from fee-for-service, which drives unnecessary care and spending, toward paying for value, and we'd like to keep our foot on the gas when it comes to transforming the delivery system and not lose momentum there. That's the one bit of uncertainty ... I think the first part of the ACA to go is the Cadillac tax. I also think the employer and individual mandates would also be on the dock-

et, as well as the federal subsidies.

Thompson: Tom Price's bias is very strong against federal regulation and federal oversight; he's very state-oriented. [Changing federal oversight] can cause questions about how their healthcare is regulated, how their benefit plans might be influenced and how the dismantling of ACA plays into this. It could get replaced with 50 different versions of ACA, and that would be a concern.

EBN: Should employers start to think about the repeal of the Affordable Care Act as a real possibility?

Thompson: We will see changes to the ACA, there's no doubt. If anything, we might see ACA repealed with some sort of forward-looking timeframe so they have time to replace it with something. Trump has made a point that he won't leave people in the lurch in the meantime; frankly, having a time-limited chance to put something in place is an opportunity to take a thoughtful relook at how we do it. Many of us are hoping that a thoughtful look at healthcare costs would be the best thing to do.

Marcotte: If this is just a refocus on access — which is what the ACA primarily was — if it's not going to delivery system transformation and value-based care, that's a concern. But every early indication is it will focus on repealing those elements of the ACA that they don't like, which include the employer and individual mandates and the federal subsidies. To repeal ACA and replace it, when we've got 20 million people covered by public exchanges or Medicaid expansion with federal subsidies in the mix, it would have to be a reasonable transition period to make that happen.

EBN: Is there anything employers should be doing right now to prepare for these changes? Or should they take a wait-and-see approach?

Marcotte: It's wait-and-see be-

Image from Adobe Stock

cause, until you see the devil in the details, it's really hard to react to anything other than the high-level banter about replacing and repealing.

Thompson: Wait-and-see is in order. Even if President Trump and Tom Price have a clear vision on where they want to go, there are a lot of key stakeholders who are going to weigh in over the next few years.

EBN: In general, what do you think employers are hoping to see from a Trump presidency?

Thompson: I would like to think [Trump's] heart is in the right place — he wants to put consumers and patients first; he knows there is a problem with healthcare costs. I think having a fresh look at these things could be helpful. What's concerning is if it doesn't get beyond over-simplified solutions to very, very complex problems. The more that he can enable thoughtful policymaking and break the logjam of some of these issues that have been around for decades, the better.

EBN: What are the major trends you saw in 2016 that are going to continue throughout 2017?

Marcotte: Specialty pharmacy. It's jumped over the last couple years to be the No. 1 cost driver for employers, even though it only impacts about 2% of their population, which really gives you an indication of the challenge of specialty pharmacy. Another trend we saw developing was employee engagement — across wellness, transparency tools — is the No. 1 challenge for employers. They are trying to figure out how to drive engagement, keep programs and resources in front of people so they take advantage of it.

Thompson: 2016 was a turning point. For the last decade we have been trying to figure out how to get consumers engaged in their own healthcare. But for many employers, I think the conclusion was they've hit a wall, and in many instances, they are getting some backlash for strategies they tried, like high-deductible health plans.

Many [employees] don't feel empowered or enabled to make those decisions because they don't have the information or they don't have the health literacy to act thoughtfully on their own behalf. So I think we're shifting to more of an advocacy-oriented model for employees, combined with more focus on the supply side: on what's being delivered through our delivery system and the rampant diversity both in the quality of care and the value of care being delivered.

EBN: You both mentioned engagement being a big theme. What do you think employers have to do to finally get through to employees and drive engagement?

Marcotte: I think the fundamental engagement challenge employers have had is: How do I keep programs in front of people at the time they need them?

But with the emergence of data predictive analytics and the ability to personalize communications and reach people at the time of need, there's promise I can catch the same person and push communications based on their claim history or pharmacy data, and give them information about available programs and maximize what employers are offering employers. This is an emerging capability that will get better with time.

I think there's an opportunity to leverage technology, data and personalization at the time that they need it. ■

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COMMUNICATION & ENGAGEMENT

In this section:
>Technology



TECHNOLOGY

Employers moving toward interactive evaluation tech

Performance management systems need to capitalize on real-time feedback, experts say

BY AMANDA EISENBERG

The need for real-time data has infiltrated much of the workplace, from wellness programs to self-insured plans, yet real-time feedback hasn't made an impact where many experts say it's needed most: performance management programs.

In fact, performance management software has seen little change since its widespread implementation in the early aughts and is becoming outdated as technology offerings improve.

Although employers recognize that their performance management programs are falling short, the vast

majority are only making incremental changes, says Asumi Ishibashi, senior consultant of talent management at Willis Towers Watson. "There's a lot of news around companies making fairly dramatic changes," she says. "But only 10% of U.S. employers have eliminated performance ratings."

The rest of employers, however, are looking internally to correct a system that provides little value and high employee dissatisfaction.

A significant number of U.S. employees say their company's performance management programs are not very useful and give employers mediocre ratings on several aspects of their programs, according to research by global financial services firm Wil-

lis Towers Watson. Meanwhile, fewer than half (45%) of 31,000 employees worldwide say that performance reviews have helped improve their performance. Asumi says that immediate, rather than sporadic, feedback, and coming not just from managers but also from peers, is a trend her firm is seeing to alleviate those concerns. And technology is helping.

PwC builds its own app

PwC, the second-largest professional services firm in the world, is one major company that is offering immediate feedback to its 200,000-person workforce.

The Big Four firm overhauled its documentation-heavy performance

management program in 2013 in favor of an app.

The traditional performance evaluation system relied on managers filling out forms likened to essay writing, says Kim Washington Barr, human capital director and leader of PwC's leadership development experience.

Although managers were able to track employee progress, the volume was significant, and evaluations were given intermittently and at the year's end. The program was in place for seven to 10 years before executives at PwC took a step back, Washington Barr says.

"No one liked the process," she says. "It didn't connect to how we work."

Rather than employees trying to determine the key messages from their feedback, some of which came as a surprise or arrived weeks after working on a project, PwC wanted a performance metric that added value to the company and its employees in a timely manner.

The firm took about 18 months to speak with employees, design a user-friendly app and conduct pilots, all of which was done internally, before rolling it out to the company.

The PwC Professional Snapshot tool is web and mobile enabled, and it allows employees to conduct a 5-minute assessment of a coworker, manager or subordinate.

Quick evals

The trend to move toward day-to-day performance feedback offers instant benefits and focuses on skills development rather than strictly ranking or criticizing a coworker, industry experts say.

PwC's app uses the same school of thought, and Washington Barr says the app was built to be used after giving verbal feedback to personalize the performance management process and increase transparency; the company wants employees to think about performance reviews as a chance for

Image from Adobe Stock

constructive criticism rather than the prospect of job termination.

The app looks at five core elements to determine development and behavior feedback in real time, Washington Barr says. It also offers a transparency section, where new hires and employees vying for a promotion can see their job responsibilities and the expectations of more senior positions within the company.

"We want line of sight of each staff level," Washington Barr says. "We want you to be assessed against those dimensions."

Easy access to this information is important for employees, especially when it comes to making sense of their end-of-year evaluations.

Only 37% of more than 2,000 global employers indicated their performance management process is effective at clarifying what responsibilities employees would be held accountable for in specific roles, according to a recent Willis Towers Watson survey.

The app also allows users to evaluate their coworkers in whole leadership, business acumen, relationships and technical capabilities. Depending on the ranking, the user can write a performance differentiator in the space three to four tweets would take up, Washington Barr says.

Meanwhile, supervisors can look at their employees' dashboards to gauge progress. That information becomes more valuable during PwC's career roundtable, an end-of-the-year discussion around benefits, pay and promotions.

"Every person meets with their leader and they have a career outlook discussion. They know where they stand," she says. "This is just dialogue that's a continuation of the conversation we've been having all year long." ■

Eliminating performance ratings can lead to lack of transparency

By Sheryl Smolkin

A new study from Aon Hewitt says that many companies that profess to getting rid of performance ratings simply move the rating system underground. This often leads to a lack of transparency and undermining trust between managers and employees.

The consulting company's survey of financial services organizations reveals that nearly all still use a traditional performance rating scale. Parallel research in the technology sector shows that the percentage of companies that do not use performance ratings is also just 10%. And of those that currently use ratings, only 8% are considering whether or not to drop the practice.

"This is hardly a seismic change. It's more of a minor tremor," says Levi Segal, a partner at Aon Hewitt.

"Some companies that say they 'blew up' their performance management system have made necessary and laudable modifications like moving from a number rating to a descriptor," he says, adding, "but they are marketing this as revolutionary change."

Segal believes that the main reason that performance management is such a fraught exercise hated by HR, managers and employees alike is that it is essentially about managing people, and managing people is never easy. "People just don't like assessing other people's performance. No one likes to judge or be judged," he says.

He also identifies the almost across-the-board practice of promoting technical experts who are not inclined to be the best managers or leaders into management positions as a key problem.

Compounding the question of whether or not to get rid of ratings is the employees' view of the practice. Eighty-eight percent of "top-performing" employees in Aon Hewitt's 2016 Workforce Mindset Study as compared to 67% of millennials and 64% of all employees agreed that companies should review performance and this should involve a rating.

"High-performers are attracted to organizations that recognize their contribution and if you don't, they will go somewhere else," Segal says. "The flip side is also true. Weak performers will self-select out of organizations where there is a strong recognition of high performance."

Still, Segal suggests that companies do not simply get rid of performance ratings.

"The most common false choice we encounter is that we can either get rid of ratings or be stuck with bad performance management," he says. "Instead, organizations should pause and ask whether these are their only choices. What about actually fixing performance management to ensure it drives your business and strategy?"



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DISABILITY

Disability moving from optional to necessary benefit

Employers are increasing awareness, education efforts – and seeing a rise in participation rates because of it

BY CORT OLSEN

Enrollment in voluntary benefits continues to grow, with products such as critical illness and accident insurance seeing double-digit rises in participation in recent years. However, voluntary disability appears to be trailing behind as one of the lesser understood and utilized benefits, industry experts say.

"Health products such as hospital indemnity, critical illness and accident solutions can help round out a healthcare plan. But I think when those conversations happen, quite often the life and disability plan may

not get the full attention it deserves," says Phil Bruen, vice president of group life and disability products at MetLife.

As a result, more employers are getting creative with solutions to bring awareness to the importance of disability insurance.

One way? Integrating voluntary disability into wellness programs.

"This integration of wellness program participation and voluntary disability benefits could positively affect disability claims in the long run," says Breanna Scott, director of product management at The Standard. "An employee's participation in a robust wellness program that, for instance, includes wearable technology or a

certain amount of working out with a biometric screen, may help reduce or mitigate the health conditions that could lead to a disability claim."

Scott adds that she is also seeing voluntary disability coverage switching from fully employee-paid to the employer offering some contribution toward the benefit.

"Some employers are providing base coverage and allowing employees to buy additional coverage," she says. "That way the employee could have a more robust benefit, but would then be responsible for those additional premium dollars."

Having a better understanding of what voluntary disability, short or long term, can do for an individual is

another way to boost participation. Joe Ellis, senior vice president at CBIZ Human Capital Services, says the best way to gain participation is by having someone who has used the benefit explain how it assisted them.

"There's no better person to tell you about car insurance than the person who has just been in an accident and got a check," Ellis says. "I think you need to engage coworkers. To the extent that they can, tell the stories about how they used disability."

Many individuals misunderstand what disability can do, and anecdotes about real-life applications can help to clear up those misunderstandings.

Aflac recently released a list of such common misconceptions. The study showed that when an employee is injured and cannot work for a period of time, many assume they will receive benefits from Social Security or workers' compensation. However, that is often not the case.

Between 2005 and 2014, the percentage of applicants awarded Social Security benefits at the initial claims level averaged 23%, and the average monthly Social Security benefit paid to disabled Americans in 2016 was only \$1,166.

"I think the biggest pressure point [employers] can address is helping employees better understand the importance of voluntary disability insurance," Scott says.

"A lack of education about the need for disability insurance and how it works can negatively affect enrollment and leave employees susceptible to a loss of income if they weren't able to work due to an illness or injury."

Additionally, Bruen says he is seeing more employers switch to an auto-enrollment process for their voluntary benefits, such as disability. That move is resulting in a rise in employee participation.

"We are definitely seeing some more interest in auto-enroll or default enrollment," Bruen says. ■



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Part-time promise

MORE FIRMS ARE
OFFERING FULL
BENEFITS TO PART-TIME
EMPLOYEES — AND
SEEING LONG-TERM
LOYALTY AND RETURNS
AS A RESULT

BY SHERYL SMOLKIN
PHOTOGRAPH BY RYAN GIBSON

Paul Tanguay began his career with UPS 32 years ago, loading trucks part-time. Today, he is UPS's global director of recruitment strategies.

This is not unusual in an organization that hires from within and where, on average, six out seven full-time drivers have been promoted from the ranks of part-timers who make up about 60% of the UPS workforce.

"What attracted me to UPS at the time was that even though the location where I worked didn't have a tuition assistance program, they paid competitively and had a great benefits package," Tanguay says. "Although I was a college student, at a very young age I was also engaged to be married, so I was looking for somewhere very stable to start my career."

UPS is not alone in providing great perks to part-time employees. Other companies such as Penguin Random House, financial services firm Baird and law firm Perkins Coie give remarkably consistent responses when asked why their companies provide comprehensive benefits for part-time employees. They are betting that offering full-time benefits to part-time workers will build employee loyalty, boost presentism and stem the tide of job hopping among their workforce. And it's not just part-timers asking for the benefits: full-time workers who want to shift to part-time work also are asking for the benefit coverages in order to achieve a positive work-life balance.

"In today's tough labor climate, we want to make sure our workforce represents the community and is able to function on a day-to-day basis and be successful," Tanguay says. "By offering these benefits in addition to fair hourly compensation, we differentiate UPS and attract a greater variety of applicants."

About half of UPS's part-time hires each year are students, but the company's 24/7 operation also attracts parents who choose to work off hours, independent business people interested in sup-

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plementing their income and retirees looking to earn additional cash.

Part-time employees must work for the company for one year to become eligible for benefits, and must work at least 225 hours in each subsequent three-month period to remain eligible. "Our typical part-timer works between 20 to 22 hours a week, so obtaining the hours needed to be benefits eligible is very achievable," Tanguay says.

Most employees are unionized, and part-time union employees are eligible for healthcare, short-term disability, life and AD+D coverage under whatever multi-employer health and welfare fund pays their benefits. About 65 funds in the U.S. provide coverage to UPS union employees, and both full and part-time benefits are paid for via UPS contributions.

"We pay the contributions to Teamsters and they administer the program. As a result, the out-of-pocket costs for our employees tend to be limited to deductibles or co-pays," Tanguay explains.

In addition, part-time employees are eligible for profit sharing and a stock purchase plan. The retirement plan for non-union employees is closed, but the UPS defined benefit pension plan covers part-time union members and remains open to new participants.

Among the other programs that are attractive to both part- and full-time employees is the "earn and learn" and tuition assistance program, which offers a \$25,000 lifetime benefit to employees taking courses toward a degree at an accredited brick-and-mortar or online college or university. "We don't require that the classes they take or the degree that they are working on be directly related to their job or our business at UPS," Tanguay says.

By the numbers

ERISA attorney Carol Buckman says that though a repeal of the Affordable Care Act by the Republican-led Congress may be imminent, the ACA currently defines full-time employment as 30 or more hours per week and requires that employers with 50 or more full-time-equivalent employees provide health insurance to at least 95% of their full-time employees and their dependents up to age 26.

And when it comes to ERISA-qual-

ified programs like 401(k) plans, Buckman notes that companies must cover employees who complete 1,000 hours of employment in a 12-month period. Employees cannot be excluded simply because they are part-time and not expected to meet the threshold in the eligibility period. However, she says, "This does not necessarily mean that any employer matching has to be at the same levels for full- and part-time employees."

Data from the 2016 Mercer National Survey of Employer-Sponsored Health Plans reveals that 51% of large employers (500+ employees) offer health insurance coverage to part-time employees who work an average of 21 hours a week. Sixty-three percent begin coverage for newly hired employees at the date of hire, while 37% have a median waiting period of 60 days.

"Some part-timers are always going to fall somewhere below 30 hours," says David Frazzini, a partner in Mercer's San Francisco office. "I think 20 hours is a pretty common threshold that is used by employers."

While it has been suggested that the 30-hour ACA threshold has been an incentive for certain employers to reduce part-time working hours so they don't have to offer health insurance coverage, Frazzini says this has not been the case in his practice. But, he notes, "I think there is a lot more discipline now about getting the classifications right to make sure part-time employees are really part-time and full-time employees actually meet the definition."

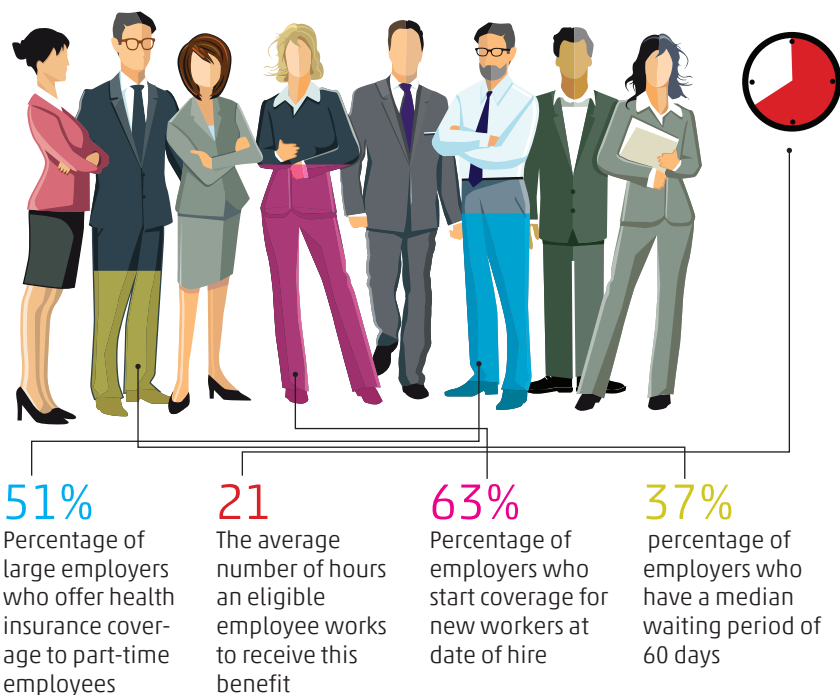
It is not surprising that UPS — where more than half of the workforce started out as part-timers — provides rich benefits to employees working less than full-time hours. Nevertheless, there are many notable employers with relatively few part-timers who extend similar or the same benefits to people who meet their minimum hours criteria.

Penguin Random House builds community

One example is publishing company Penguin Random House, which has approximately 5,000 employees in the U.S., excluding temporary workers. Only 1.1% of the company's employees are part-time benefits eligible. Depending upon the facility, 35 or 40

A PART-TIME ADVANTAGE

The perks of full-time employment are moving to the workforce that puts in fewer hours.



Source: 2016 Mercer National Survey of Employer-Sponsored Health Plans

hours per week are deemed to be full-time employment.

Page McInerney, Penguin's vice president of HR, explains that benefit-eligible part-timers get all the benefits and perks that full-time employees enjoy, including comprehensive medical, prescription drugs, dental and vision coverage, life insurance, 401(k) match, short-term and long-term disability benefits, and voluntary benefits.

Employee contributions toward health benefits are based on salary tiers, so employees pay more or less depending on how much they earn. Other "soft" benefits, such as personal days, holidays and various other leaves, are pro-rated based on each individual's scheduled hours.

Why does Penguin Random House provide such robust benefits for its small contingent of part-timers? "At PRH we are a community, and offering comprehensive benefits to our part-time colleagues is another way we can nurture a community feeling and team culture across the country," McInerney says.

Best companies to work for

The list of 2016 Fortune 100 Best Companies To Work For reveals that most

of the companies ranked in the top 40 that employ part-time workers offer them a benefits package. That said, eligibility and program details vary significantly.

Take law firm Perkins Coie, which is ranked 39th on the list. Though its headquarters are in Seattle, the law firm's 2,180 employees work in 16 offices across the country. Eighty-seven percent of lawyers and support staff are full-time. "The reality is that we don't generally hire people part time. They request a move to part time," says Darrin Emerick, chief personnel officer. "It's a way to retain our highly valued people, whether it be new moms who want to spend more time with their babies or older workers who want to slow down."

The company pays 100% of health-care coverage for employees who work 25 hours a week or more. Eighty percent of premiums are covered for people working 18.75 to 24 hours per week.

Part-timers also are eligible for a host of other perks and programs, including 401(k) matching at the same level as full-time employees, tuition reimbursement, paid maternity leave, back up child care and sabbaticals.

Emerick says the part-time benefits program helps the firm attract

and retain the attorneys and staff it need to support its clients. "Specifically on the attorney side, allowing people to retain benefits when they work part-time has been truly valuable," he says. "Otherwise we would have lost them."

Financial services firm Baird is ranked sixth on Fortune's list. Headquartered in Milwaukee, the company has offices in 30 states, plus satellite offices in the U.K., Germany and Asia. Ninety-seven percent of the company's staff of 3,200 is full time.

To be eligible for health-care benefits, employees must work 24 hours per week. Baird associates' health insurance premiums are based on their compensation level, so associates who earn less pay lower premiums. Depending on the tier, Baird pays from 57% to 97% of each associate's health plan premium.

Part-timers also are eligible for a 401(k) match, profit-sharing up to 4% of salary, college tuition reimbursement of up to \$5,250, long-term care insurance and 16 hours of paid time off to volunteer. Other perks to make life easier for all employees include everything from fitness classes, a hair salon and a personal concierge service to Weight Watchers' meetings.

But what really sets Baird apart is its program for paid interns. Interns who work only in the summer are classified as short-term interns. However interns who work full-time in the summer and part-time during the school year are viewed as long-term interns and get enriched benefits as a result.

Lisa Mrozinski, Baird's director of total rewards, explains that long-term interns do not receive health insurance. However, she says, "they get paid holidays, and they can participate in our Baird Cares Day, where em-

ployees go into their communities to volunteer. They also get a \$1,000 tuition reimbursement benefit, are con-

sidered for small year-end bonuses and become eligible for the 401(k) plan, plus employer matching if they work

20 hours a week."

Why is Baird so progressive? "If employees are working part-time and adding

value to the organization, we view them in the same way as any of our full-time associates," Mrozinski says. ■

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Personalizing wellness

Asking these 4 questions could help ensure success

Wellness is a \$6 million industry, yet despite major investments, employers don't always see the results they bargained for in return.

A 2014 Rand study found that wellness programs reduced the employer's average healthcare costs by about \$30 per member per month. But this was largely a result of the disease management component of the program, which was responsible for 87% of those savings. The other half of the wellness program — the lifestyle management component — didn't have nearly the bang for the buck employers might expect: only a 50 cent ROI for every dollar spent, compared to disease management's robust ROI of \$3.80 for every dollar spent. In total, that's only an ROI of \$1.50 for every dollar spent.

BY KATHLEEN KOSTER

What's more, only 13% of employees participated in the disease management component while 87% participated in the lifestyle management component. So, according to the Rand findings, the higher participation in the lifestyle management component contributed only slightly to overall savings.

That's not to say that half of the wellness program should be forgotten. Intangible benefits, as well as tangible ROI, make those programs well worth the investment. Yet, if employees don't participate in optimum levels, then the programs are moot, experts say.

While 53% of employees strongly agreed that employees should play a role in helping them stop unhealthy behaviors and manage financial issues, participation rates remain low. Only 24-37% of employees participate in these programs, according to a recent survey of 1,000 employees by digital-health company Welltok and the National Business Group on Health.

The benefits may exist, but if they're not personalized in a way that feels relevant for employees then this disconnect will persist.

“The programs that deliver the highest ROI are those that allow the consumer to have the best personalized experience,” explains Laurie Gondek, Welltok vice president.

That means the program addresses near-term returns for employees who need to manage chronic conditions, as well as provides rewards to healthy employees who work toward their personal best. This could be rewards for biometric screenings, stress management programs and long-term engagement through team challenges.

“The well-being program can be working in tangible and intangible ways. Tangible being a direct dollar amount I can take to my CFO, and intangible meaning that the program can be used as a retention and attraction tool as a way to unify employees to give greater job satisfaction,” says Gondek, who worked as a developer of IBM Watson-powered CaféWell Concierge, as well as with employers of all sizes at Cigna for 26 years.

The brightest stars in this arena, such as tech companies and Whole Foods, consider wellness to be a cornerstone of their company, Gondek says.

“It’s part of their people strategy,” she says. “The message they’re sending is that we really care about you as a person and want you to be healthy.”

Gondek suggests employers should carefully consider the following four questions as they’re often overlooked and could go a long way into ingraining a wellness program into the fabric of a company.

1

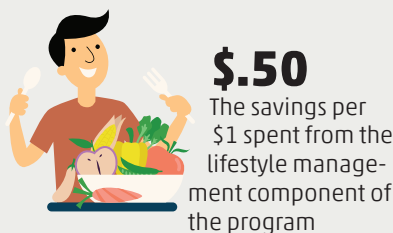
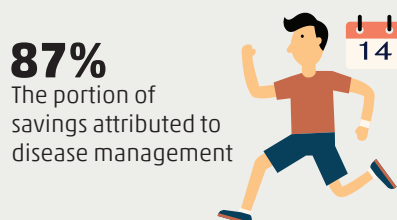
Where are you as a company?

Wellness is not a one-size-fits-all program. Gondek points to one HR leader who had very successfully implemented a wellness program at a prior company, but when she attempted to implement the same program at her current firm, she ran into problems. This new company had just acquired another organization and was merging with a third, so employees’ main concern was to retain their jobs.

For such an example, stress management might have been a more productive focus than starting a step

WELLNESS BY THE NUMBERS

What a 2014 Rand study found about wellness ROI



Source: Rand Corporation

program at that point in time.

This also applies to incentives. In the beginning, employers might consider monetary rewards to jumpstart interest.

But even with cash or gift cards, Gondek recommends employers “be more outcomes-based. Don’t [simply offer] a one and done type of incentive.”

They might doll out a cash reward a little at a time, so employees are motivated to keep participating. Ultimately, peer support, encouragement and competition are the strongest motivators for employees.

According to the NBGH and Welltok survey, 87% said that colleagues are top motivators for employees to improve their overall health at work and 57% said line managers motivate them the most.

Gondek advocates that understanding who employees lean on for their support network is key to creating programs that will increase engagement.

2

What’s working well already?

There’s no need to reinvent the wheel, says Gondek, who recommends HR leaders build on the foundation they already have.

“What’s worked well in your ecosystem, and what can you tap into?” she says.

For example, one company already had employees volunteering for Big Brothers Big Sisters, helping young children in the community with their homework.

They combined the volunteer activity with a gym class before studying and even added a team challenge. This amplified what they were already doing and got employees moving.

“Know what works and what employees get excited about in your culture and leverage it. Health and well-being can be tied to anything,” Gondek says.

In another case, an Illinois employer was going through a merger. In order to bring together employees from both companies, they implemented a fun run/walk where workers raced around different office locations, Gondek explains. While they were getting their steps in, they also learned about what each office does and who leads them.

3

Where are we now, and what are our goals?

Benchmarking is key to understanding the baseline of a population and defining what success will look like.

Gondek says it’s imperative to set realistic goals. And make sure they’re based on your population, not based

on the national scorecard from an industry report.

Further, employers should study the program’s results as they go, not simply checking in a year later to see what worked and what didn’t.

4

What are our key business objectives that are related to this?

Tying the goals of the health and wellness program to business objectives will ensure their long-term success and go a long way in gaining corporate buy-in and approval.

“If you don’t anchor [wellness] to something that matters to [employees], it generally won’t be successful,” she says.

A great example comes from a specialty pharmacy company where the CEO wanted to link the wellness program to what they do as a company; so the HR leaders tied incentives to use of pharmaceuticals and rewarded over-the-counter types of drugs that the company could dispense. If an employee or family member needed a specialty drug or over-the-counter item, they were incentivized to choose a brand this company made.

Not only did employees gain a better understanding of how these products worked, they were rewarded for consuming company products by earning a \$0 copay.

“It not only made them more conscious of how they were spending their pharmaceutical dollars, which is the highest trend area most employers are complaining about right now, it also made them more savvy and they paid less out-of-pocket,” explains Gondek.

“The company saw a better buy-in to their total business strategy and employees understood better what they do for a living, as well as, a lower benefit cost to the employer themselves,” she adds.

Tying a wellness initiative into the business strategy is a great way for employers to see an intangible benefit from well-being programs, something that may not be reflected directly in ROI, but could count a long way in employee retention and engagement. ■

2017's

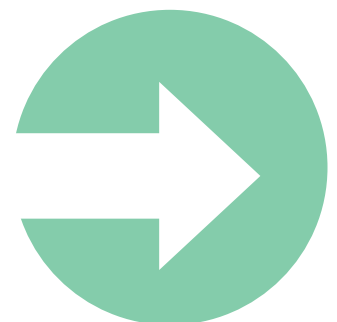
RISING STARS IN ADVISING

BY ELIZABETH GALENTINE

For the majority of *EBN's* 2017 Rising Stars in Advising, their entire career in benefits has been marked by market uncertainty. They've come of age as advisers under Obamacare. As a result, they are nimble, quick-thinking, open to change and see opportunity over adversity.

Selected from dozens of applicants by the editors of *EBN's* sister publication *Employee Benefit Adviser*, these 20 advisers age 35 and younger are embracing the upheaval in employee benefits – and preparing to face the challenges brought on by a new president who campaigned on repealing and replacing the Affordable Care Act – as a chance to improve the field for all involved.

The Rising Stars sound off on challenges and rewards in the industry today.





CORY FRIEDMAN

AGE: 28

VP, Benefits Consulting
GCG Financial, Inc.

The youngest person to earn the title of vice president in GCG's more than 40-year history, Friedman and his team took their practice nationwide. Focused on the veterinary market, he consults for more than 150 organizations. "Young advisers are in the best position to adapt," he says.



JASON SELTZER

AGE: 35

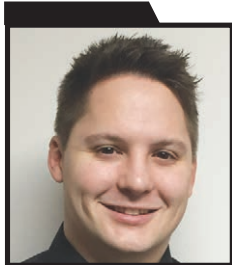
President
J. Seltzer Associates

In addition to being responsible for the growth of his company's book of business, Seltzer regularly consults with private equity firms, management consultants and financial institutions on employee benefit matters as well as regulatory and market dynamics.

“

We have been living in uncertain times since the passage of the ACA, and those times appear to be only escalating. With many professional years left ahead, I have chosen to dive in head-first and commit to being the go-to resource for all things benefits-related.”

—Jason Seltzer



ALLEN M. NIEVES

AGE: 28

VP of Operations
Crystal Financial Insurance Services

"I look very young, so when I first started out, people were very hesitant to trust me," he says. "I took it upon myself to become more knowledgeable than anyone else in my field by constantly researching. ... This is a continuous practice that should be done by all advisers."



BRETT FOWLER

AGE: 30

Vice President and Partner
Turner, Wood and Smith

Having built his hefty book of business entirely on his own, Fowler is on the fast track to complete his Registered Employee Benefit Consultant professional designation in March.



COLLEEN M. BLUM

AGE: 27

Insurance Advisor
Combs & Company, LLC &
National Financial Network

In the last year, Blum has increased her book of business by more than 400%. "The only way to thrive in this industry is to find a truly strong supportive team and build each other up," Blum says. "Use 'young age' to your advantage to soak up all the knowledge your mentors have."



JORDAN HERSH

AGE: 32

VP of Product Strategy & Development
NX Health Network

Passionate about making cost and quality metrics transparent to health-care consumers, Hersh works hard to make benefits easier to understand and elect using private exchange technology. He also has experience in establishing high-performance networks, which helps ASO employers to stay in control of their health-care costs.

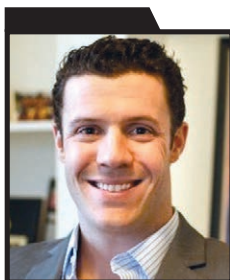


DANIEL HOSTETLER

AGE: 28

Benefit Advisor
Arkin Youngentob Associates, LLC

Year after year, Hostetler has grown his book of business more than 35%. A former professional lacrosse player, he says strong leadership is critically important to him.



CRAFT HAYES

AGE: 31

Partner & Market Leader
Bernard Health

"To be a good consultant you really have to ask a lot of questions to understand [client] needs," he says.



THOMAS A. JENSEN

AGE: 34

Employee Benefits Practice Leader
Connell Insurance, Inc.

"How does an adviser effectively communicate complex coverages, processes and compliance requirements in a simplified fashion? Patience, understanding and personal/professional development," Jensen says. "A mentor once told me, 'The better you understand something, the more simply you can communicate it.'"



KEVIN R. HENNESSEY

AGE: 32

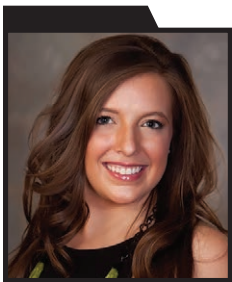
Vice President, Payroll & Employee Benefits
Brabo Benefits, Inc.

Hennessey earned a top producer award two of the first four months at his company. Starting his career as a Marine, within nine months of getting his insurance license he became one of the country's top producers at his former employer, ADP.

“

Our culture is unique, founded by Gen Xers who have found a way to motivate millennials like me to succeed. We plan to grow more than 120% in 2017 – not 20%, 120%. You cannot do that without the right people.”

— Kevin Hennessey



BRIDGETTE REILLY

AGE: 27

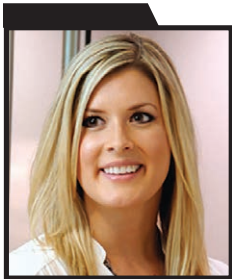
Employee Benefits Consultant
Arthur J. Gallagher & Co.

In the top 25% for sales at her company, Reilly is passionate and motivated with a competitive spirit. That spirit led her to earn her Certified Employee Benefits Specialist designation in only 11 months. Working with some of the largest, most complex clients in her branch's book, Reilly is also responsible for intern recruitment development at her company.

“

The top challenge a young professional faces is developing credibility and a footprint in the industry. You need to find a niche skill set or area of expertise to set yourself apart, and learn everything you possibly can about it.”

— Bridgette Reilly



LAUREN FABBRI

AGE: 27

Director of Account Services
Austin Benefits Group

Fabbri's innovative approach to crafting benefit packages as well as her management within her company make her a positive force for excellence within the benefits field. “Young professionals have a deep understanding of the future needs of the workplace. That type of innovation and forward-thinking ability is indispensable to clients,” she says.



ANDREW MCNEIL

AGE: 31

Principal
Arrow Benefits Group

With his company for more than a dozen years, McNeil created The Arrow Community Wellness Initiative, working with other local health industry leaders to offer free wellness classes to the community.

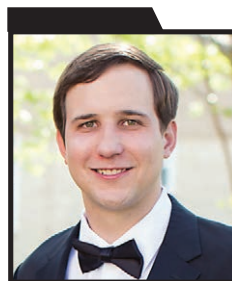


MEGHAN BRADY

AGE: 29

Senior Account Executive,
Employee Benefits
HUB International Northeast

Brady entered the industry as a teenage intern. “Overcoming [a changing industry] requires a large amount of separating fact from fiction, but most importantly an acceptance that when we get to work tomorrow, it could be very different than it was today.”



BEN GEHRKI

AGE: 24

Client Manager
UnifyHR

Gehrki is a proven thought-leader in account management, utilizing skills and resources to provide excellent client satisfaction in an ever-changing industry. He was immediately assigned a complex book of business upon joining his company last year.

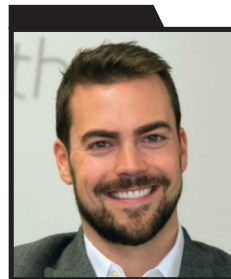


LINDSEY BUSH

AGE: 31

Account Executive
Gregory & Appel Insurance

Bush says her goal is to cut through all the noise to find not only the right path forward, but also the most effective one. Bush has quickly advanced through the ranks at Gregory & Appel through a voracious commitment to proactivity, responsiveness and care for each of her clients and the challenges they face.

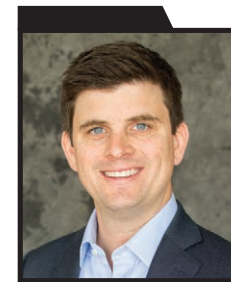


AUSTIN C. WILCOX

AGE: 32

Vice President, Business & Product
Development
ACAP Health Consulting

Wilcox has placed in the top 10% of new business producers each year for the past eight years. In 2016, he was instrumental in leading and consulting on the implementation of a very successful, large-scale population health initiative as part of his work with The University of Texas System.

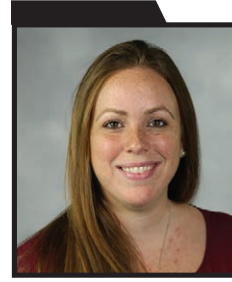


JOSHUA RUBICH

AGE: 31

Area Vice President
Arthur J. Gallagher

Consistently a top producer within his entire company, Rubich entered the field as an intern more than a decade ago. He has secured some of the largest clients in the region.



LINDSEY CUCITI SOLIMAN

AGE: 32

Manager of Reporting and Analytics
FNA Insurance Services, Inc.

Cuciti Soliman was recruited to manage FNA's analytical data process and track revenue growth of benefit brokers. The success of the process led her to pioneer the launch of a unique sales tool, which has users experiencing up to 80% revenue growth.



WILLIAM HAMPTON GREENE

AGE: 30

Owner
Palmetto Benefit Solutions

With no industry or sales background, Greene has experienced 10 consecutive quarters of double-digit growth, topping out at more than 200% growth in the last two years. He says he is driven to blend technology with human talent.

“

In an industry that is used to things being done a certain way, we look to continue pushing the envelope of creativity and coming up with new solutions for our clients and new advisers who are joining our firm.”

—William Hampton Greene

RE:INVENT | RETIREMENT



Joe DeSilva

Q&A

Tech can simplify retirement administration

BY RICHARD STOLZ

WITH APPROXIMATELY 65,000 CLIENTS AND \$55 BILLION in assets under administration, ADP is one of the largest and fastest-growing defined contribution plan recordkeepers. *Employee Benefit News* recently spoke to Joe DeSilva, senior vice president and general manager of ADP Retirement Services, to discuss industry trends and ADP's approach to the market. Highlights of that conversation follow.

***Employee Benefit News:* What are the top priorities of plan sponsors who you're working with today, and have they changed in recent years?**

Joe DeSilva: First, it's about attracting and retaining talented employees, and helping them to retire at a desired age with sufficient income. Two would be getting the right balance in plan investments. And the third would certainly be around plan fees. I'd say they have been the same priorities for at least the last five years.

***EBN:* How do you help address sponsors' focus on fees?**

DeSilva: As a recordkeeper, we've always been fund-agnostic; we don't care where you put your money. But the focus on fees and Department of Labor fee disclosure regulations have made more low-fee and zero-revenue-sharing funds available.

***EBN:* When and why did a payroll systems company like ADP get into the retirement plan recordkeeping business?**

DeSilva: We got into the business back in 1989. As a firm that excels in supporting data management, recordkeeping, payroll tax and compliance for

FINANCIAL WELLNESS



FINANCIAL GAP NARROWING

Women are catching up to men in retirement readiness.

P. 30

CASE STUDY



INCENTIVES FOR MILLENNIALS

How one company is helping employees pay down debt.

P. 31



MORE ONLINE

- What's the right 401(k) contribution rate?
- What's in and what's out for retirees in 2017
- Rise in self-employed boosting solo 401(k), IRA usage
- Will there be more fiduciary rule victories?
- Number of DB plan closures could increase in 2017

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RE:INVENT | RETIREMENT

businesses, it was an obvious extension for us. The retirement plan solutions fit well into our overall value proposition.

EBN: Do you have any relationships with the plan sponsors that you don't also serve with respect to their payroll processing needs?

DeSilva: Yes, our retirement plan product stands alone very well, so we have relationships with plan sponsors that don't have ADP payroll.

EBN: Is there any correlation between the size of the plan sponsor and their using ADP both for payroll and retirement plan recordkeeping?

DeSilva: In general, the payroll integration value prop resonates well with companies with smaller internal staffs to manage this kind of work.

EBN: Are the services available priced as a bundled package?

DeSilva: We don't bundle our payroll and recordkeeping products. Our recordkeeping fees are the same for ADP and non-ADP payroll clients.

EBN: ADP is as much a technology company as anything else. What technology innovations have you introduced lately?

DeSilva: About a year ago, we introduced our mobile app, which is designed to help drive participation rates and participant education, and help people take actions, like increasing their deferral amounts or swapping funds, without having to send in a bunch of paperwork.

EBN: How do you leverage mobile to get participants to take action?

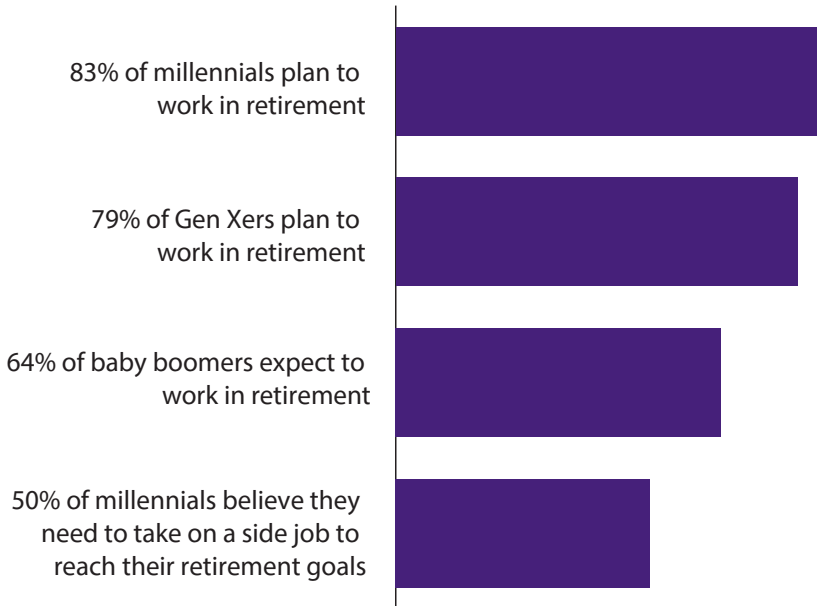
DeSilva: We can communicate with them with messages like, "It's your birthday; would you like to increase your contributions by 1%? It will mean X dollars more in your retirement income per month." They can take action right on their mobile phone, clicking to increase their contributions by 1% in response to that message."

EBN: How else are you leveraging technology to simplify plan administration?

DeSilva: We just recently launched a technology called "fund changes online" that gives the sponsor or their financial adviser the opportunity to do all their fund changes electronically. Our goal is ultimately remove non-value add, let people self-serve and make the service really easy and effortless. You don't have to request paperwork to do it. Another example would be our two-click 5500 filing. You don't have to call in; it's just two clicks to file your 5500. ■

REDEFINING RETIREMENT

Younger generations say they may never stop working, according to a new report, indicating that the traditional idea of retirement may soon be extinct.



Source: Bank of America Merrill Edge, 2016

FINANCIAL WELLNESS



Financial gap narrowing

BY PAULA AVEN GLADYCH

The financial wellness gap between women and men is still wide, but it is narrowing, according to the latest research from Financial Finesse.

The widest differences are in cash management, managing debt and investing, says Cynthia Meyer, a financial planner with Financial Finesse. The narrowest differences are in life insurance, estate planning and college planning.

In its "Gender Gap in Financial Wellness Research" report, Financial Finesse points out that women are making positive changes to their finances and closing the gap with men across the generations.

"The gender gap in financial wellness has closed to 8.9 percentage points, a 37% improvement since 2012," according to the research. "While the gap is narrowing, part of the closure is due to men's backsliding."

Since 2012, men have dropped four percentage points in financial wellness, while women have gained more than one percentage point.

The report looked at the gaps between the genders as it pertains to investing, money management and savings. It also broke out the data by generation. As always, millennials have the most time to make a difference in their future retirement savings.

Financial Finesse compared the amount a typical 25-year-old male needs to save for retirement to the amount a typical 25-year-old female needs to put away. The results are eye-opening. Because women live longer and are more likely to take breaks from their careers to take care of children or elderly parents, the amount women have to save can look quite insurmountable.

According to the study, a man needs \$1.56 million for a secure retirement, while a woman who doesn't take any career break, needs to save \$1.7 million. Women who take an early career break need to save \$1.9 million. Those who take a mid-career break need to save \$1.87 million, and those who take a late career break need to save \$1.8 million. ■

Image: Getty Images

CASE STUDY



Millennial-friendly perks part of the strategy at TrendKite

PAULA AVEN GLADYCH

TrendKite has been growing the past couple of years and with that has come changing employee demographics.

The Austin, Texas-based PR analytics company, which was founded in 2012, started off with a younger workforce of employees who were in their low- to mid-20s. Because different generations have their own priorities, TrendKite has worked hard to offer great benefits that workers of all ages appreciate.

One of those appreciated benefits is one that targets student loan debt.

That's why TrendKite recently started offering Student Loan Genius Advisor to its 150 employees. The program is a student loan benefit that allows employees to explore different repayment options to find the best plan for their situation.

Jen Cantu, vice president of people for TrendKite, says that her company is very focused on recruitment, retention and competition.

"We want folks to focus on their jobs, be excited by what they are doing and be fully supported by us so they are not looking to cross the street," she says. "We have technology companies in the vicinity that could pick up folks here or entice them to explore what they have to offer."

The company believes that the Student Loan Genius programs will be an inviting recruitment and retention tool for younger employees who are just out of college.

At the end of last year, TrendKite was examining how many of its employees were participating in the Student Loan Genius Advisor program to determine if adding a match to the program would be a good fit. "From the

buzz and folks taking down some loans, we've gotten good feedback about it," she says. "I feel they would be excited to have a match there."

TrendKite likes that Student Loan Genius didn't require it to offer a match out of the gate. It makes it easier for a startup company like TrendKite to offer benefits that matter to its employees on a smaller budget.

"As you build that with employees and add pieces to it, they see it as a more positive movement toward their needs," Cantu says.

Student Loan Genius also offers a program that allows employers to put a matching contribution into an employee's retirement account, based on what they contribute to paying down their student loan debt. Cantu believes this program would also be a good fit for TrendKite.

The company doesn't currently offer a 401(k) plan but "with a growing demographic of people interested in that, we plan to offer that in the coming year," she says.

Meanwhile, some of the company's other offerings target employee happiness. TrendKite has a full kitchen and a full bar. They also provide a catered lunch on Fridays and offer a free gym membership.

"We want to keep our people healthy and happy. Our healthcare is top of mind. We offer a free option for folks so they have no healthcare premium," Cantu says. It also will cover spouses and children at 50%. The company also offers stock options to every employee who is offered a job and a health savings account program that can be turned into long-term healthcare savings.

"We see that as a valuable long-term investment," she says. ■

HEALTHY RETIREMENT

How to help baby boomers save more

BY CORT OLSEN

Many millennials grew up with

parents from the baby boomer generation and have been told since the day they started their first job to start saving for retirement. Statistics have shown that because of those early warnings, many millennials are further ahead in saving for retirement than their parents ever were.

Ironically, the opposite is true for baby boomers. Because many did not receive the same advice they have imparted to their children, retirement experts say many older workers do not have the resources necessary to support themselves after retirement.

Seth Ravine, consumerism expert and chief revenue officer for Acclaris, which focuses on consumer-directed benefit administration solutions, says employers and benefit advisers need to reinforce comprehension of benefits for baby boomers today, and how to maximize those benefits by utilizing the best tax advantages to increase retirement savings.

"When looking at the challenge that the boomers are going to have, we have a couple of major trends that are happening," Ravine says. "We have shifts in pensions and employer-sponsored benefits that people were relying on."

For example, Dow Chemical is slowly ending their pension plans and they expect to stop offering pension plans within the next five to seven years.

Larry Rosenthal, president of Rosenthal Wealth Management Group, says the first thing every baby boomer needs, when preparing for retirement, is a financial plan to get an idea of what they will need once they are ready to retire. "They need to take a look at their current income, their current standard of living, current expenses, cash-flow needs and build a financial plan to see what it is going to take," Rosenthal says. ■

Image: Getty Images

COMMENTARY

In this section:
>Well-being



WELL-BEING

How to create a high-ROI sleep-health program

Proper rest is often a forgotten component of wellness

BY ALYSSA CAIRNS

SLEEP PLAYS AN ENORMOUS ROLE IN employees' overall well-being, yet sleep disorders and poor sleep are having a negative impact on America's workforce. Nearly one quarter of Americans over 20 years old report problems concentrating, and 18% have memory recall problems due to lack of sleep, according to the Centers for Disease Control and Prevention.

One hour of lost sleep can lead to poor decision making and decreased productivity, which can increase an

organization's costs, according to the American Academy of Sleep Medicine. Often a forgotten component of employer wellness programs, every company stands to achieve ROI from a sleep health program by incorporating three elements:

Increase participation through affordability and ease of use. Employees are more likely to engage in sleep wellness programs when out-of-pocket costs are minimized. Some employers completely cover testing and treatment costs to minimize the risk of poor employee follow-through. Not only does this help

increase initial engagement, but it also helps promote ongoing participation in sleep health programs after the first screening.

In addition to offering incentives, making it easy to participate in screening and testing is a crucial next step. Offering employees easily accessible information on how to sign up and how testing works is an important component. It's vital for employers to utilize both online portals and paper-based options.

Include sophisticated and multifaceted clinical capabilities. Approximately 29.4 million American adults

have sleep apnea, 80% of which are undiagnosed, according to the American Sleep Apnea Association. Sleep apnea can overshadow other sleep disorders or poor sleep hygiene, all problems that affect employees' alertness, coordination, productivity and susceptibility to other illnesses.

Consider the habits of Americans today versus 40 years ago. At bedtime in 1975, most Americans simply turned off the light and closed their eyes. Today, however, nearly three-quarters of Americans who own smartphones sleep with them. Many people use iPads or smartphones to surf the web, play games or read in bed. The light emitted from these devices impedes sleepiness, restricts sleep length and reduces the subsequent day's productivity and alertness.

Numerous factors, such as poor sleep hygiene and co-morbidities like obesity, hypertension and heart disease, increase the demand for a sleep health program that offers sophisticated, multifaceted care. Besides sleep apnea, more than 100 sleep disorders exist.

A program that facilitates proper diagnosis, education and treatment is imperative. Integrating sleep health with an overall wellness or disease management program can also maximize the effectiveness of both programs.

Coach employees over the finish line. Engagement often is a defining success factor for patients. Employers can maximize engagement through frequent educational outreach, emails, and interactive and web-based communication to encourage employees' participation. Sleep coaches also are highly effective, especially if patients can interact with them remotely. These trained sleep health professionals keep employees committed to their therapy. ■

Alyssa Cairns is a sleep research scientist for SleepMed.

Image from Adobe Stock

LAWS & REGULATIONS

In this section:
>HRAs

HRA

The details behind the newest HRA

Law creates new health reimbursement arrangement for small employers

BY **CARRIE E. BYRNES**
JASON P. FAUST
CHARLES P. STEVENS

When adopted in 2010, the Affordable Care Act generally provided that group health plans had to satisfy certain market reforms, including a prohibition on annual limits and a requirement to offer preventive services with no cost sharing.

When interpreting this rule, the IRS and DOL effectively closed the door on many common arrangements, particularly for smaller or emerging employers. One such arrangement was the reimbursement of non-employer sponsored coverage, also known as an employer payment plan arrangement.

In effect, the government indicated that if an employer reimburses an employee's substantiated premiums for non-employer sponsored health insurance (directly or indirectly), payments may be excluded from the employee's gross income. But this arrangement would constitute a group health plan. Accordingly, the arrangement is subject to the market reform provisions of the ACA applicable to group health plans (i.e., no annual limit) and inherently violates the rules because it does not contain all the requisite elements, namely no annual limits (since the benefits are inherently limited to the reimbursed amount), and there is no preventive services offering.

The same analysis helped to close the door on stand-alone health reimbursement arrangements, with the exception of retiree HRAs.

While HRAs that are "integrated with" other coverage that meets the market reforms has been a saving grace for HRAs, the government denied attempts to have "integration" of HRAs with individual market coverage or with individual policies provided under an employer payment plan.

In a somewhat shocking development in 2013, the government further stated that the analysis applied regardless of whether the employer treats the money as pre-tax or post-tax to the employee.

The penalty for noncompliance is steep (generally \$100 per day for each violation), so many employers were forced to make difficult decisions, including abandonment of historical practices. The government's only proffered "solution" was an increase in taxable wages that was not tied to or contingent on obtaining health insurance. The lack of control around this type of increase in wages was simply unpalatable for many employers.

Enter QSEHRA, a new HRA

Apparently responding to the extreme criticism, the 21st Century Cures Act, which was signed into law by former President Obama before he left office, attempts a solution for certain eligible small employers with less than 50 full-time employees. Effective Jan. 1, 2017, these employers



are allowed to offer a new, special HRA arrangement, called a qualified small employer health reimbursement arrangement (QSEHRA).

In order to qualify as a QSEHRA, the arrangement must:

1. Be provided on the same terms to all eligible employees of the eligible employer
2. Be funded solely by an eligible employer (i.e., no salary reduction contributions)
3. Mandate provision of "proof of coverage" before the payment or reimbursement of benefits
4. Limit the amount of payments and reimbursements for any year to no more than \$4,950 (\$10,000 in the case of an arrangement that covers

family members of the employee)

5. Issue a specific written notice to all eligible employees no later than 90 days before the beginning of a year in which the arrangement will be adopted.

Employers looking to adopt a QSEHRA should obtain assistance to design the program in compliance with the new rules and timely draft and circulate the required notice. ■

Carrie E. Byrnes, Jason P. Faust and Charles P. Stevens work at Michael Best & Friedrich LLP. This article originally appeared on the firm's website. The information in this article is for educational purposes only and should not be taken as specific legal advice.

Image from Adobe Stock

BY THE NUMB3RS: Employees checking out of checkups

Missing work can be stressful – even if it's for a good reason. New research finds that employees are putting off routine health checkups because of work pressures. In the "Zocdoc Unsick Day Survey," 2,009 American workers were polled to learn about their preventive care habits formed by their workplace.

1/2

of employees say their employer or company culture has made them feel like they shouldn't go to preventive care appointments during work hours.



2 of 5



American workers say they haven't missed work even once in the past 12 months for a preventive care appointment.

& those who haven't missed work were

46%
Female

VS

34%
Male

50%

of employees think missing work for preventive care appointments may hurt their chances of getting promoted.

60%

of employees feel uncomfortable leaving work for appointments.

69%

of millennials think it would hurt their chances of getting promoted.

86%

of employees admit they would cancel or reschedule a booked doctor appointment due to workplace pressures.

If employers gave employees an extra day off for preventive care appointments, they would visit:



47%
Primary care physician



17%
Ophthalmologist



41%
Dentist



14%
Dietitian/Nutritionist



20%
OB-GYN



13%
Allergist



18%
Dermatologist



11%
Psychiatrist/Psychologist

Source: Kelton Global, 2016



There's so much more to pharmacy than what's written in the script

WALGREENS MEMBER-FOCUSED TREATMENT CAN RAISE ADHERENCE 3%, WHILE REDUCING COSTS BY 3%¹

Leveraging touchpoints like pharmacist counseling and mobile and digital adherence tools, Walgreens new-to-therapy patients had higher adherence and lower overall costs compared to other pharmacies. That leads to healthier employees, while saving money—which means better outcomes for everybody.

To learn how Walgreens can make a difference for your business, please visit **Walgreens.com/HealthSolutions**

¹Walgreens patients on new-to-therapy medications had higher adherence and lower overall costs compared to non-Walgreens patients. Akinbosoye, O.E., Taitel, M.S., Grana, J., Hill, J., & Wade, R. L. (2016). Improving Medication Adherence and Health Care Outcomes in a Commercial Population Through a Community Pharmacy. *Population Health Management* 2016 Dec; 19(6): 454-461.



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