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Employee Benefit News

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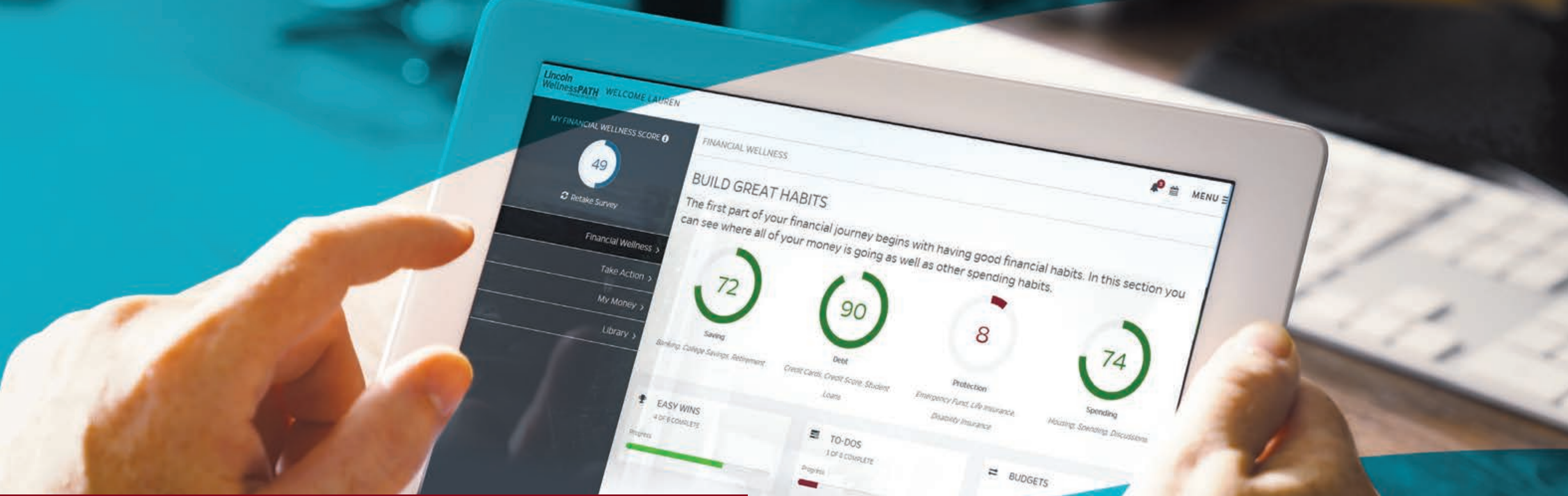

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[1]PwC 2017 Employee Financial Wellness Survey
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EMPLOYER HANDBOOK

(Is your company's benefits menu overdue for a rewrite?)

- Rethinking business strategy
- Employee surveys: What workers want
- Cost analysis
- Working with multiple company departments
- Compliance and security: Time for a check-up
- Promoting and utilizing company offerings
- Intangible benefits: What to include
- The power of bonuses

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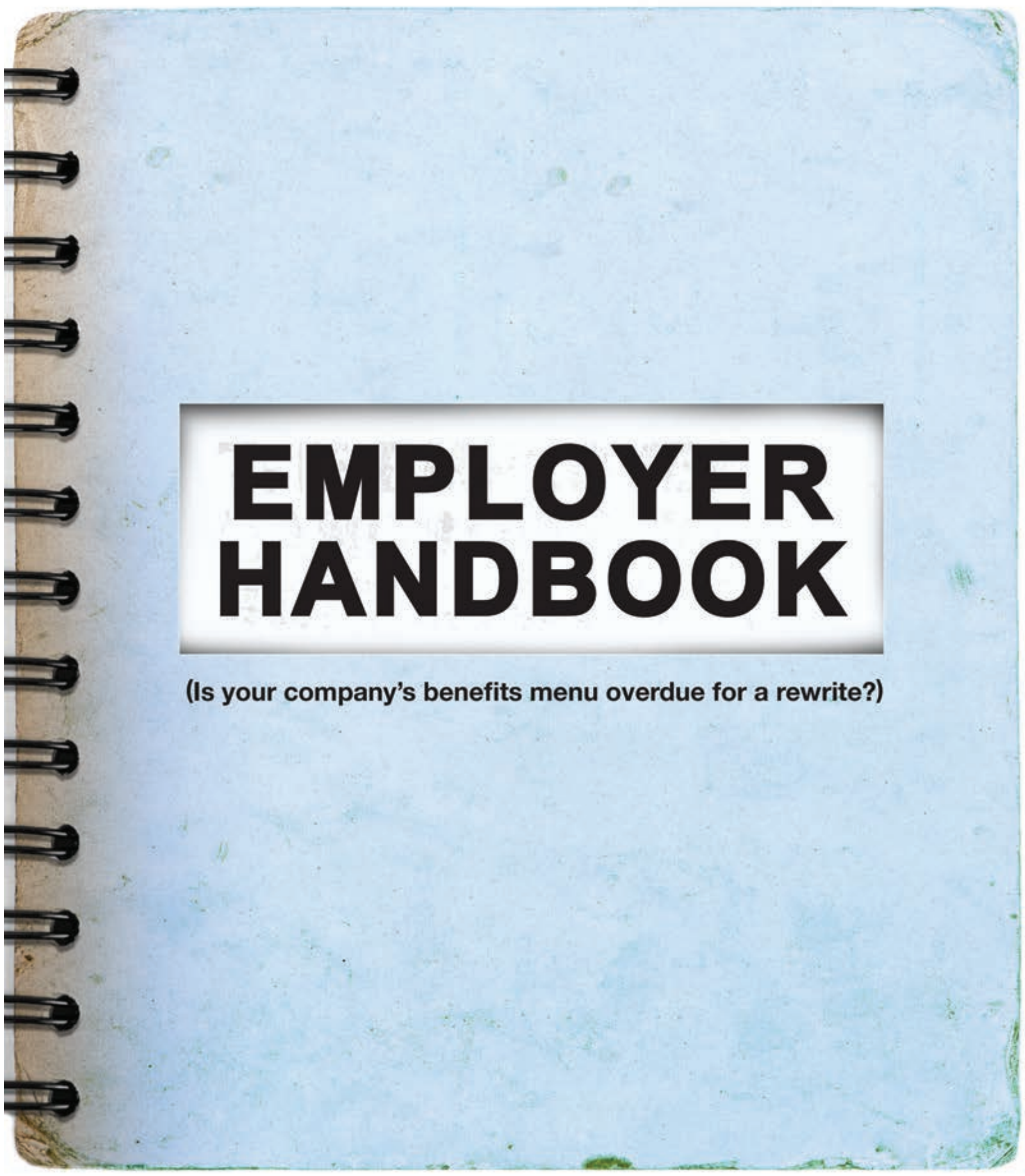

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RE:INVENT RETIREMENT

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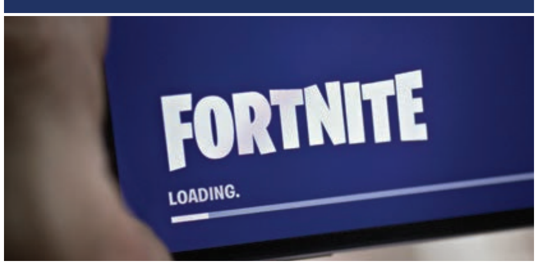

BLOOMBERG

The 'Fortnite' effect: How employers can transform open enrollment
Benefitfocus is mimicking the popular video game's update feature when informing employees about new offerings as they roll out.
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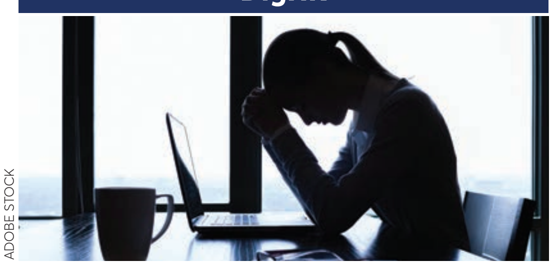
DigHR



ADOBE STOCK

Forget employee fitness logging. Mood tracking is the latest HR tech trend
meQuilibrium's emotional well-being tool helps workers understand how they are feeling at work in an effort to better manage stress.
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VIEWS

ADOBE STOCK

Why employees aren't participating in financial wellness programs
The programs are missing one very important mark — and it's the No. 1 cost concern of workers.
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Why you're about to lose your best employees

It's time for employers to stop thinking solely about new hires and instead think about rewarding loyal workers — because they may be ready to walk out the door.

There's no question this past year has been a good one for jobseekers. The unemployment rate is historically low. Starting salaries have increased. Impressive benefits are plentiful.

But what about employees who have been at their companies for, say, even a few years and missed reaping the rewards of a hot job market? Maybe the kind of workers who like their jobs and consistently have performed well, but are starting to feel like an afterthought?

I've been hearing more about those workers lately, and it's got me thinking: Sure, a lot of employers made huge changes to their benefits packages this year as a way to retain and attract talent. But are they really working to retain their existing talent, or are they alienating them by simply going after new blood?

I've heard from a number of employees who are demoralized — and outraged — when they see jobs identical to theirs posted at a much higher salary level. I've heard from overworked employees who are tired of org charts being overhauled to include more managers with much higher pay. And from others who complain they are missing out on the benefits of a hot new perk — think a student loan repayment program — that may get new 20-something workers in the door, but doesn't help them.

Overall, these workers share the same thought: Their companies are so focused on hiring the next best thing that they aren't doing anything to keep — or, dare I say, encourage — them.

But the issue is coming to a head: Americans are quitting their jobs at the fastest pace in 17 years, according to the latest Labor Department statistics.

Are many employers pushing away their existing workers? Signs point to yes. Sure, the tight labor market plays a role in employee job-hopping, but other factors, such as low engagement levels, are a factor, too.

Only one-third of U.S. employees are engaged in their work and workplace, and only 21% believe their performance is managed in a way that motivates them to do outstanding work, according to new Gallup research (more on that on p. 28).

There are other factors causing employees to quit in droves — from poor leadership (lest we forget: one in two employees have left a job to get away from a bad manager or supervisor) to a lack of career development, lack of work-life balance, stagnant wages and benefits, and a poor work environment. Managers can talk about new and innovative benefits all they want, but a strong work culture — in which employees feel valued, appreciated and respected — will always be the must-have benefit.

Attracting new talent was the hot topic of 2018. But I predict we'll hear more about retaining existing employees and rewarding company loyalty in 2019. If not, expect some of your best — and often under-recognized — employees to walk out the door.

Contact Editor-in-Chief Kathryn Mayer at kathryn.mayer@sourcemedia.com or @mayereditor.

BLOOMBERG

Employee care

More companies turning to onsite clinics

Looking to curb healthcare costs and increase employee satisfaction, employers like Apple and Amazon are offering worksite medical care.

By Nick Otto

Employers including tech giants Apple and Amazon are embracing onsite health clinics as employee use of such facilities keeps rising.

A third of U.S. employers with 5,000 employees or more now offer general medical clinics at the worksite, according to a Mercer and National Association of Worksite Health Centers survey, a sizable jump from five years ago.

In 2017, 33% of employers provided general medical clinics, up from just 24% in 2012, according to the report. Worksite clinics that focus on occupational health are still slightly more prevalent (38%), but they are not growing as fast as those offering general medical services.

Though onsite clinics are less prevalent among mid-sized employers — 16% of firms with 500-4,999 employees currently provide a general medical clinic — 8% of those companies say they will add one by 2019.

"More and more employers are finding measurable value in providing high-quality healthcare and patient experience via worksite clinics," says David Keyt, worksite clinics consulting group leader at Mercer. "Given the high rates of employee satisfaction and utilization, I think we will continue to see growth in offerings of clinics and expansion of the health services that clinics provide."

Employers with an onsite clinic gave high marks on employee satisfaction (83%) and utilization (78%) of the facilities, according to the report. Nearly two-thirds say they're satisfied with the clinic's role in increasing engagement in wellness programs. Although not all employers attempt to measure the clinic's impact on employee health, the majority of respondents are satisfied with the clinic's ability to help members control chronic conditions (60%) and reduce modifiable health risks (58%).

In addition, as employers are on the constant lookout to lower healthcare costs, half of survey respondents say they are satisfied with the reduced number of emergency room visits, due to availability of the clinic.

Major employers like Apple, Amazon and Utz Quality Foods have been turning to onsite clinics to help boost employee healthcare engagement and lower costs.

Utz, the national snack foods company with 3,000 employees, this year set up an onsite primary care clinic for employees that offers acute care, physicals, lab work and long-term health management. The Utz Health and Wellness Center operates as a primary care facility, and each day schedules time for acute care, physicals and follow-up visits. Patients make appointments and acute cases are seen within 24 hours.

Benefits of its clinic include reduced healthcare costs for Utz and for its employees, improved employee health and increased employee engagement, retention and satisfaction, the company reports. At its Hanover, Pennsylvania, headquarters, 87% of employees are utilizing the clinic, along with 67% of their family members.

Apple declared plans earlier this year to develop clinics for its employees and their families. An Apple subsidiary, AC Wellness Network, has reportedly hired 40-plus individuals to staff those clinics.

Meanwhile, *Employee Benefit News* reported in August that Amazon is in internal discussions to open primary care clinics for its employees in its main headquarters in Seattle. Sources told the outlet that while the plan is in its early stages, the company plans to hire a small number of doctors to start a pilot clinic later this year for a select group of employees, and then expand it to more workers in early 2019. Amazon has roughly 40,000 employees in Seattle.

The growing trend of employers using a worksite medical clinic as a primary care provider, or as a "medical home," is part of a strategy that leverages accountable care organizations and other network approaches, Mercer notes.

A patient-centered medical home is a healthcare delivery model whereby patients (often very high-risk or chronically ill) have their care coordinated by a primary care physician and a nurse practitioner or physician assistant.

"Employers are becoming more directly involved in shaping the healthcare market and improving their employees' health," says Carly Deer, NAWHC board chair and senior benefits leader at Target. "Properly structured onsite medical facilities can create a foundation of primary care and associated services that can assist moving care upstream, which can help improve outcomes, manage cost and increase productivity." **EBN**

Nick Otto *is senior editor of* Employee Benefit News. *Follow him on Twitter at @Ottografs.*

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[1] "Report on the Economic Well-Being of U.S. Households in 2016," Board of Governors of the Federal Reserve System, 2017

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SOTHEBY'S

Employee retention

Sotheby's joins list of employers adding student loan benefit

The auction house will contribute $150 each month to employees' loans, with no lifetime limit.

By Kathryn Mayer

Add Sotheby's to the growing number of employers that are turning to student loan repayment benefits to attract and retain talent.

The international auction house said it will contribute $150 each month toward employees' repayment of the principal amount of the debt, up to $1,800 per year, beginning Jan. 1.

The program — which will be offered through student loan repayment platform Gradifi — has no lifetime limit. The company says it will cover employees for as long as they remain an eligible full-time U.S.-based employee of Sotheby's with qualifying student loans.

Echoing other employers that recently implemented the offering, Sotheby's called the benefit a "key differentiator" in a hot job market. With the nation's student debt collectively nearing $1.5 trillion, according to the Federal Reserve, companies are beginning to add student loan repayment programs as a way to tackle the problem. It helps employers, too: 86% of employees would commit to a company for five years if the employer helped pay back their student loans, according to the American Student Assistance.

"[We] feel strongly about doing all that we can to make Sotheby's a best-in-class workplace," says Jill Bright, the company's executive vice president of human resources and administration. "This is a benefit that differentiates us in the marketplace, particularly when student debt is on the mind of so many employees — both recent graduates and parents who have taken responsibility for their children's debt."

All eligible Sotheby's U.S. employees who have outstanding student debt with an accredited loan organization — including former students or parents responsible for their children's debt — may participate in the repayment program, the company says.

The partnership with Gradifi also offers Sotheby's employees access to advice on refinancing and college savings programs, among other related topics.

Sotheby's joins several other companies that have recently rolled out student loan repayment benefits. Estée Lauder announced earlier this year that it now makes a $100 monthly contribution to employees' student loans, up to a lifetime total of $10,000. Clothing retailer Carhartt, Pure Insurance and Crystal & Company, a national insurance brokerage firm with 450 employees, also announced similar plans.

Though student loan repayment benefits are popular — more than a third of employees say student debt repayment is a must-have offering, according to Unum — just 4% of companies offer the benefit to employees, according to the latest statistics from the Society for Human Resource Management.

While the number of employers providing the popular new benefit is modest, many industry insiders expect the number to grow significantly in coming years.

While the number of employers providing the popular new benefit is modest, many industry insiders expect the number to grow significantly in coming years.

Statistics point to a widespread student loan problem as evidence: Seven in 10 college graduates have student loan debt, and the average person leaves school $30,000 in arrears. Nearly 20% owe more than $100,000.

Bright says those dire statistics are among the reasons why Sotheby's is implementing the benefit. "It's about Sotheby's playing a role in addressing the student loan debt crisis as a whole. We want to set an example and do our part," she says.

The benefit can help employers reduce workers' financial stress over their debts — which inevitably make its way into the workplace in the way of lost productivity, presenteeism and more, experts say.

"While only a tiny percentage of companies offer a student loan repayment benefit, as that percentage increases, it will have tremendous impact," Bright says. **EBN**

Kathryn Mayer *is editor-in-chief of* Employee Benefit News. *Follow her on Twitter at @mayereditor.*

Strategy Session

Home Depot, TripAdvisor, Pinterest adding breast milk shipping as new benefit

By Caroline Hroncich

Breast milk shipping has turned into a bona fide benefits trend.

In the last six months, more than 25 companies — including the Home Depot, Vox Media, TripAdvisor, Zillow and Pinterest — have signed on with Milk Stork, one of the nation's largest breast milk shipping providers.

Employers are increasingly turning to the benefit as a way to attract and retain female employees, says Milk Stork CEO and founder Kate Torgersen, who launched the company in 2015 after she experienced challenges expressing milk on a business trip.

"I was a working mom who was breastfeeding and had to take a business trip," says Torgersen, who worked for Clif Bar & Company at the time. "I came back from a business trip and I had two gallons of milk that I had to deal with."

Torgersen says breastfeeding a newborn baby while traveling for business is a continuous pain point for nursing mothers. Women often have to pump while traveling, leaving them with a high volume of perishable milk and limited options for shipping and storage.

Breast milk shipping services like Milk Stork provide mothers with the tools to ship milk home. Milk Stork kits often include breast milk storage bags, a refrigerated box for packing and a tote if mothers chose to carry milk with them.

"It allows her to continue to be productive in her job without having that compromise," Torgersen says.

Other recent Milk Stork clients include Ocean Spray, consulting firm BDO, medical technology company Hologic, marketing agency the Marketing Arm, law firm Duane Morris, News Corp and investment bank Piper Jaffray.

The company now offers breast milk shipping to more than 300 employers. Other breast milk shipping providers include LifeCare, FedEx and women's digital health startup Maven.

While breast milk shipping may be growing in popularity, a relatively small number of companies offer it to their employees. Only about 2% of employers offered the benefit in 2018, according to data from the Society for Human Resource Management. By comparison, nearly half of the employers the trade organization surveyed indicated that they offered onsite lactation for mothers.

Torgersen says she thinks more employers are going to begin adopting the benefit as time goes on. Millennials specifically are becoming more interested in having family-friendly benefits in the office, she says. It's important to acknowledge that women have different experiences in the workplace, she says, and employers need to honor these differences.

"Our experiences as women in the workforce are not the same as a man's, our life transitions have different needs and support," she says. **EBN**

Caroline Hroncich *is an associate editor at* Employee Benefit News. *Follow her on Twitter at @chroncich1.*

EMPLOYER HANDBOOK

(Is your company's benefits menu overdue for a rewrite?)

Rebooting benefits

Employers are starting from scratch to better align employee offerings and corporate strategy.

By Richard Stolz

Employees unhappy? Unable to hire that leading AI guru? Maybe it's time to rewrite your company's benefits menu. Scores of employers are doing so as companies aim to attract the devotion of their workers and woo new hires in a hot job market.

"More frequently, we're seeing [employers] sit down and take a fresh look" at their entire benefits menu and strategy, says John Bremen, a managing director at Willis Towers Watson and leader of its human capital and benefits consulting practice for North America.

"I have a lot of clients that say, 'I want to look at everything,'" adds Melinda Riley, a senior principal at Korn Ferry Hay Group.

But rebooting benefits doesn't just involve one new offering or benchmarking benefits against employers competing for the same labor force. It involves a serious, in-depth analysis of programs that includes looking at cost, surveying employees and working with multiple company departments to promote and better utilize company offerings.

The process doesn't necessarily lead to top-to-bottom changes, but at least management can take comfort in the knowledge that it isn't just operating on cruise control.

What prompts an employer to overhaul the benefits offered? Often that's driven by a spike in costs, typically healthcare. A defined benefit pension plan sponsor might seek changes after a jump in pension liability costs or a poor performance in a pension portfolio.

Other common catalysts might include a drop in corporate profits, greater employee turnover, difficulties attracting talent, greater competition, a new CEO, owner or HR director.

But, HR and benefits leaders don't need to wait for any of those to occur, Bremen advises. It's always better to be proactive, he suggests. Then the question becomes, how to go about it?

"Start at the macro level," Riley says. "What is the business strategy? Then cascade down to the talent strategy, then the rewards strategy."

Employers should answer the broader questions, then determine the tactics and their implications. That requires effort by the most senior members of the executive team, typically the CEO and the CFO, to bring clarity to the strategic goals.

As that process moves along, competing priorities will bubble up," Riley says. Often those are determined by financial constraints, the "what can we afford" question.

Cost neutrality

"The opening position is usually that whatever changes are made, they should be cost-neutral," Bremen says. While that might be somewhat discouraging to a benefits leader bent on upgrading the company's current offerings, it shouldn't be, he adds. That's because the process often reveals opportunities to add high-impact, low-cost benefits, and to trim back on other benefits on the opposite end of that value spectrum.

Breman advises that the teams assembled to oversee a benefits reboot include representation from the international communications team. A marketing professional also can play a vital role, he adds, because marketers understand how to assess consumer preferences, even by demographic segment, and can determine the most effective ways to ensure that each group knows the array of benefits.

For instance, one of Breman's employer clients, a large consumer products company, found that nearly 80% of its employees were oblivious to the fact that the company matched 401(k) elective deferrals. It was clear to Bremen that the company's marketing department had not been pulled into the process of imparting information about benefits to the company's large workforce.

The research process in a benefits reboot goes beyond simply knowing whether employees are aware of the benefits already available to them, but seeks to gauge preferences and priorities. Asking certain employee groups to rate their interest in or appreciation of particular benefits on a fixed scale will yield limited information, consultants caution. Using the more sophisticated conjoint analysis approach — in which people are allowed to express their preferences against alternative choices — yields greater insight, they say.

In surveying employees, including an open-ended question like, "What new benefits would be of interest to you?" can sometimes lead to unexpected results.

Employee analysis

Effective research aims to answer the question: "Are we getting our money's worth?" notes Mike Boro, a partner at PricewaterhouseCoopers.

It doesn't matter whether a segment of employees values benefit X over benefit Y, if the first is more expensive and doesn't attract, retain and motivate employees.

In surveying employees, including an open-ended question like, "What new benefits would be of interest to you?" can sometimes lead to unexpected results.

For instance, when Joanna Stein Weiner joined Pure Insurance as director of compensation and benefits last year, she launched an employee survey to the 600 employees who work at the property insurance firm to gauge how they felt about their health coverage and other various perks.

"I asked them, 'If you had to add a benefit, what would you be interested in?,' she says. "And more than 70% said they wanted Pure to add a student loan benefit."

"This really gave me the credentials to go to our senior leadership team and say, 'I think this is something we should consider and stand out as an employer of choice — this is the next new exciting thing.'"

The company's leadership agreed, and in January, Pure launched its new student loan benefit, which became an immediate hit for the company.

While surveying employees is vital — and works — employers might also want to consider researching the types of employees you want to attract, as well.

"Look at the preferences of your desired source of talent," Bremen says. If your business strategy will require hiring more software engineers, find out what ben-

Reinventing health benefits with employee education, incentives

When Wade Larson assumed the role of the HR leader for Spokane, Washington-based metal casting company Wagstaff nearly three years ago, health benefit costs were spiraling out of control. The opening bid for the next year's premium rate was an 18% increase.

The problem, as Larson saw it, was that the company had been pursuing traditional approaches to cost containment, while also accepting annual double-digit premium increases as inevitable. "There's a common assumption that the 'product' costs the same everywhere, and that you're just stuck with it," he says.

He made no such assumption. Instead of trying to nibble around the edges to bend the cost curve, Larson opted to zero-base the program. He started from the premise that "80% of what we're spending money on is avoidable." His strategy to turning things around was moving employees to embrace a comprehensive wellness program.

"You can lead a horse to water…" Larson says, referencing the familiar expression. But while you can't make it drink, you need to make the benefits of drinking so clear that the horse — or, employees in this example — will choose to on their own. The fact that Larson studied both marketing and HR for his MBA degree is evident from his approach.

He first drove home the fundamental point previously lost on many employees that health insurance is like car insurance — if you have an accident, your premium goes up. Next, he created mechanisms in which employees directly benefitted financially as the company's health benefit costs declined. Those included higher profit sharing contributions to their 401(k) plan, and reimbursing employees for the health plan deductibles based on their participation level in a comprehensive wellness program.

Mindful of emotional factors that can help or hinder employee health, Larson also dramatically expanded free EAP counseling services.

He has made many more changes to Wagstaff's health benefit plan design, including moving to self-insured status, and incentivizing employees who require costly prescription drugs for chronic conditions to obtain them at drastically reduced prices by traveling to a pharmacy in Mexico, and covering those employees' travel expenses.

What's noteworthy about Larson's success isn't so much the specific tactics he employed, but his decision to rethink Wagstaff's health benefits from the ground up, including the underlying assumptions about human behavior that had been embedded in the prior health plan's design.

—Richard Stolz

efits will attract them.

In the process, employers shouldn't overlook intangible benefits, such as workplace policies that include casual dress and flexible work scheduling. Those benefits are very popular with employees, and usually don't cost a thing for companies. In fact, a recent poll of employees from benefits provider Unum found that flexible and remote work options was the second most desired non-insurance benefit offering, slightly trailing paid family leave.

Employee preferences aren't the only lens to train on your existing benefits offerings, however. PwC's Boro, a lawyer, urges employers to consider the risk management perspective. Plans and policies should be up to date with legal and regulatory requirements. Employers "need to check to be sure that plans are being administered equitably and are protected from fraud," he says.

A compliance and security check-up probably would not be the sole cause of any changes in the benefit lineup, but they could be a factor if any inherent risks with particular benefits outweigh their value.

Low-cost/high popularity

Changes in the benefits menu following a reboot are not necessarily radical, consultants say. Often the upshot is a new approach to a nagging old problem, like a stubborn pattern of ever-increasing health plan costs (see sidebar). Or it could be just the addition of some low-cost but popular new benefits, like identity theft protection.

Benefits, liberally interpreted, also include recognition programs, which are popular among employees. Korn Ferry Hay Group's Riley notes that updated recognition programs often feature rewards "more immediate and timed to the event" that generates the award.

"We're also seeing changes in cash compensation, like spot bonuses," she adds. Bonuses have become a notable employer addition, especially as companies save money from the GOP tax overhaul. The Walt Disney Company, Starbucks, Apple, Hostess Brands and spice maker McCormick & Co. all handed out one-time bonuses to its employees earlier this year, citing federal tax savings.

Other more common changes feature HR policy initiatives such as more comprehensive career path advising and training opportunities — also a low-cost addition, but a high-value one for motivated employees.

Whatever changes are instituted, it's important to establish a game plan to assess their impact against anticipated outcomes. If, for example, the aim is to reduce employee turnover, it's essential to establish the statistical baseline, then create measurable goals against which to assess the effectiveness of the reboot.

When multiple changes are made, an analytical framework will need to be created to assess the impact of each change on the achievement of the overriding goal, Riley says. The more changes, the more difficult it is to pinpoint the role that each change made. Still, effort should be made to understand the reboot's success, and to guide future changes. **EBN**

Richard Stolz, *an* Employee Benefit News *contributing writer and a former editor-in-chief, is based in Rockville, Maryland.*

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* If you are claiming electronic copies, go to line 16 on page 3. If you are not claiming electronic copies, skip to line 17 on page 3.

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PS Form 3526-R, July 2014 (Page 3 of 4)

HR's recurring headache: Persuading employees to get a flu shot

While more employers are offering a flu shot benefit, it can be difficult to get workers to sign up.

By Caroline Hroncich and Sharif Paget

BLOOMBERG NEWS

Elizabeth Frenzel and her team are the auto assembly line of flu shots: They can administer about 1,800 flu shots in four hours.

Frenzel is the director of employee health and well-being at the University of Texas MD Anderson Cancer Center. With 20,000 employees, she is no stranger to spearheading large flu shot programs. The center in Houston where Frenzel administers flu shots has roughly a 96% employee vaccination rate. Back in 2006, only about 56% of employees got their shots.

"When you run these large clinics, safety is critically important," she says.

Problems like Frenzel's are not unique. Every fall, HR departments send mass emails encouraging employees to get vaccinated. The flu affects workforces across the country, costing U.S. companies billions of dollars in medical fees and lost earnings, according to the National Institute for Occupational Safety and Health. It is not only a cause of absenteeism but a sick employee can put their co-workers at risk. Last year the flu killed roughly 80,000 people, according to the U.S. Centers for Disease Control.

Even if an employer offers a flu shot benefit, the push to get employees to sign up for the vaccine can be a two-month slough, with reminder emails going unanswered. Moreover, companies often contend with misconceptions about the shot, such as the popular fallacy that shots will make you sick, running out of the vaccine, and sometimes just plain employee laziness.

In Frenzel's case, increasing the number of employees who got flu shots wasn't just a good idea, but it was needed to protect the lives of the cancer patients they interact with every day. The most startling fact, she says, was that healthcare workers who interact with patients daily were less likely to get vaccinated.

"So that's how we started down the path," she says. "Really targeting these people who had the closest patient contact."

Frenzel credits the significant increase in employee participation in the flu shot program to several factors. They made the program mandatory — a common move in the healthcare industry — but Frenzel says their improvement also was related to flu shot education. The center made it a priority to explain to staff members exactly why they should get vaccinated.

Frenzel made it more convenient, offering the vaccine at different hours of the day, so all employees could fit it into their schedule. They also made it fun, offering stickers for employees to put on their badge once they got a shot. Every year, she says, they pick a new color.

Employers outside of the medical industry are focused on improving their flu shot programs, including Edward Yost, manager of employee relations and development at the Society for Human Resource Management, who helped organize a health fair and flu shot program for 380 employees.

Yost says onsite flu shot programs are more effective than vouchers that allow employees to get vaccinated at a primary care doctor or pharmacy. The more convenient you make the program, he says, the more likely employees will use it.

"There's no guarantee that those vouchers are going to be used," he says. "Most people aren't running out to a Walgreens or a CVS saying, please stab me in the arm."

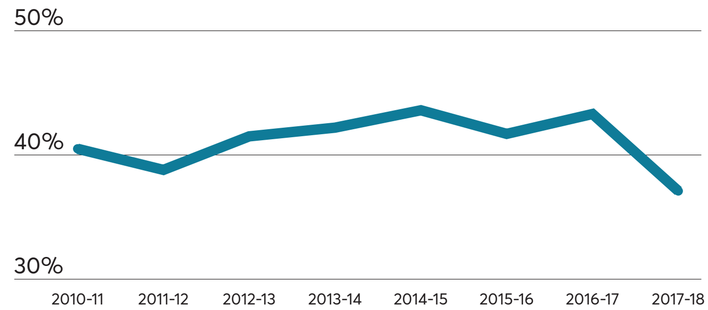
Besides the convenience, employees are more likely to sign up for a shot when they see co-workers getting vaccinated, Yost says. If a company decides to offer an onsite program, planning ahead is key. Sometimes employees will not sign up in advance for the vaccine but then decide they want to get one once the vendor arrives onsite. Yost recommends companies order extra vaccines.

"Make sure that you're building in the expectation that there's going to be at least a handful of folks who are more or less what you call walk-ins in that circumstance," he says.

Incentivizing employees to get the flu shot also is important, Yost says. Some firms will offer a gym membership or discounted medical premiums if they attend regular checkups and get a biometric screening in addition to a flu shot. He recommends explaining to employees how a vaccine can help reduce the number of sick days they may use.

Vaccinations on the decline

The percentage of adults in the U.S. getting a flu shot is the lowest rate in eight seasons



Source: CDC

Even if an employer offers a flu shot benefit, the push to get employees to sign up for the vaccine can be a two-month slough, with reminder emails going unanswered.

"Employees need to see that there's something in it for them," Yost says. "And quite honestly, being sick is a miserable thing to experience."

Affiliated Physicians is one of the vendors that can come in and administer flu shots in the office. The company has provided various employers with vaccines for more than 30 years, including SourceMedia, the parent company of *Employee Benefit News* and *Employee Benefit Adviser.* In the past 15 years, Ari Cukier, chief operating officer of the company, says there's been an increase in the amount of smaller companies signing up for onsite vaccines.

HR executives should be aware of the number of employees signing up for vaccinations when scheduling an onsite visit.

"We can't go onsite for five shots, but 20 to 25 shots and up, we'll go," he says.

Cukier agrees communication between human resources departments and employees is crucial in getting people to sign up for shots. Over the years, he's noticed that more people tend to sign up for shots based on the severity of the previous flu season.

"Last year, as bad as it was, we have seen a higher participation this year," he says.

Brett Perkison, assistant professor of occupational medicine at the University of Texas School of Public Health in Houston, says providing a good flu shot program starts from the top down. The company executives, including the CEO and HR executives, should set an example by getting and promoting the shots themselves, he says.

It's also important to listen to employee concerns. Before implementing a program, if workers are taking issue with the shot, it's best to hold focus groups to alleviate any worries before the shots are even being administered, he says.

Some employees may even believe misconceptions like the flu shot will make one sick or lead to long-term illnesses, he says. Others may question the effectiveness of the shot. Having open lines of communication with employees to address these concerns will ensure that more will sign up, Perkison says.

Regardless of the type of flu shot program, the most important part is preventing illness, SHRM's Yost says. While missing work and losing money are important consequences of a flu outbreak, having long-term health issues is even more serious, he says. Plus, no one likes being sick.

"Who's going to argue about that?" he says. **EBN**

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RE:INVENT | RETIREMENT

Prudential Retirement's Harry Dalessio says the DOL's proposed rule on multiple employer plans is a "significant step forward in addressing the retirement challenges" facing small businesses.

Q&A

Reshaping retirement for small businesses

By Nick Otto

Small employers historically have faced a big retirement challenge: Though most want to offer retirement benefits to their employees, they're discouraged by the cost and complexity of running their own plans. But there may be relief on the horizon: The Department of Labor last month released a proposed regulation that would allow small businesses to band together to offer employees defined contribution plans.

Would multiple employer plans make a significant difference for small businesses? Are there barriers to such arrangements? And how else are these employers aiming to fix the coverage gap and help workers beef up their post-work savings?

For answers, *Employee Benefit News* spoke to Harry Dalessio, head of Prudential Retirement's full-service solutions business, who sounded off on what the retirement landscape might look for small employers as this proposed rule moves forward and a new year sits right around the corner.

"As we look at the overall landscape, so many Americans are struggling — not just [with] saving for retirement, but [with] other aspects of their overall financial foundation," he says.

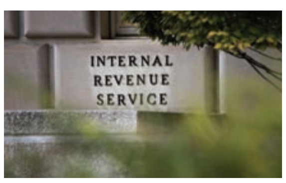
Excerpts of the interview follow.

How big of a problem is retirement coverage among small businesses, and would the proposed MEP rule help change that?

Coverage has been a challenge. Roughly half of workers don't have access to a workplace retirement plan, and with 10,000 individuals reaching retirement each day, it becomes a larger and larger problem.

If the proposal is adopted, it would permit a group or association of diverse employers to sponsor a single retirement plan. The current law limits such sponsorship to groups or associations where there is a commonality of interest com-

REGULATION



IRS RAISES RETIREMENT CONTRIBUTION LIMITS

In 2019, most employees can save up to $19,000 in their 401(k)s.

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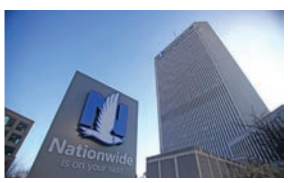
RETIREMENT SAVINGS



NATIONWIDE MUSCLES ITS WAY INTO HSA MARKET

The company will offer HSA services to 36,000 retirement plan sponsor clients in the first quarter of 2019.

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MORE ONLINE

- 6 ways to make a good 401(k) great
- One reason not to delay Social Security
- 25 best cities for retirement
- Startup partners with brokers on small business 401(k)s

For these stories and more, go to benefitnews.com ponent to it, such as being in the same line of business. This proposal expands the requirement by treating employers as having that commonality of interest, if their principal place of business is in the same state or metropolitan.

Ultimately, it gets at overall coverage. It would allow an opportunity for more small employers to have access to workplace retirement plans and offer their employees a retirement savings program with reduced cost, reduced administrative burdens and reduced exposure to fiduciary liability. And ultimately that begins to get at the overall retirement security challenge that exists across our country today — it really starts at coverage and at targeting a large part of the working population who don't have access to it today.

Are there any negatives to the rule or barriers not addressed that might keep small employers from joining a MEP?

The rules do not address the one "bad apple" rule in the internal revenue code, which essentially is that one non-compliant employer could jeopardize the tax status of the MEP. However, we do anticipate the Department of the Treasury and the IRS will, pursuant to the White House directive, be issuing guidance in this area in the not-too-distant future.

And I'd say maybe second to that, there is some concern that a limited approach to MEP sponsorship could limit the development of a real, comprehensive, competitive marketplace. Those would be the two concerns that have jumped out.

On the positive side, I believe this is a significant step forward in addressing the retirement challenges facing traditional and the growing gig workforce.

Why are MEPs a good solution for employers, and are there other solutions employers might look to?

Through a MEP, a small employer can pull their resources into a single plan which ultimately [leads to] efficiencies and benefits typically limited to large employers or employers participating in a union-sponsored collectively bargained plan.

MEPs have been around for a while, but the open MEP conversation is to take some of the restraints off and try to make it a little more scalable as an aggregated solution at the smaller employer end of the market that just don't have the resources. That's clearly one of the ways to get at expanding coverage.

But we should also keep our eye on some of the technology solutions that are beginning to emerge — albeit early stage — as they look to get at how to scale benefits programs for small employers while offering personalization to that individual company. It's been an industry challenge to date.

As the job market tightens, will the MEP proposed rule help employers beef up their offerings so they can better attract workers?

Yes. In contrast to a standalone plan, a MEP can offer that reduced administration and reduce risk of fiduciary liability because the MEP is being operated by benefit investment professionals. We believe a small employer offering a plan is a win, and [doing so] will certainly help attract and retain qualified employees. And it's certainly a win for employees as a way for financial security and wellbeing. We estimate that more employers will offer a plan because of those simplified solutions.

What are your final thoughts on small employers and their retirement plans going forward as the new year approaches?

I think there will be more and more discussion as it relates to financial wellness. At the core of this is the conversation that the benefits landscape is changing — and that more responsibility is being put on an individual from a defined contribution standpoint versus a defined benefit standpoint. Those plans were not designed to be the primary retirement vehicle for U.S. workers.

Now the conversation is really becoming much more holistic around financial wellness. So instead of focusing in on, "You should save X in your plan," there has to be a recognition that the individual may be thinking, "Well I have massive student loan debt and I don't even have a budget or emergency savings account. So how am I going to save for my retirement or financial future if I can't address the initial building blocks to just sustain me right now?"

Financial wellness is the big buzz word in the industry, but I think you'll see it rapidly coming online with solutions that are beginning to get at that baseline foundation for workers. We've launched emergency savings accounts in addition to our defined contribution offering. We've offered student loan debt management and consolidation as part of our DC retirement offering.

It's not about just saving in the retirement plan anymore; it's about taking a holistic view of your financial situation and where you're able to do that in a simple and seamless way. I think will be a big part of the narrative as we go into 2019 and beyond. **EBN**

Nick Otto is *senior editor* of *Employee Benefit News*. Follow him on *Twitter at @Ottografs*.

REGULATION

IRS raises retirement plan contribution limits

By Kathryn Mayer

Employers have some good news to share with employees who may want to start out the New Year on a savings kick: Workers can now contribute more to their retirement accounts in 2019.

The IRS on Nov. 1 increased the pre-tax contribution limits for employees who participate in a 401(k), 403(b) and most 457 plans to $19,000 from $18,500. That limit also applies to the federal government's Thrift Savings Plan.

For participants ages 50 and over, the additional catch-up contribution limit, which is set by law, will stay at $6,000.

Meanwhile, IRA contribution limits were raised to $6,000 from $5,500 — the first time the IRS has increased the limits since 2013. The catch-up contribution limit for people 50 and over will still be $1,000.

The deferred compensation limit in defined contribution plans for pre-tax and after-tax dollars will increase by $1,000, to $56,000, and the maximum defined benefit annual pension will increase by $5,000, to $225,000.

The increased limits are good news for both employers and their employees who are struggling to get retirement-ready. Research by Willis Towers Watson earlier this year found that just half of employees surveyed by the consulting firm say they feel confident they have enough money to live comfortably 15 years into retirement, down significantly from 69% in 2015. **EBN**

Kathryn Mayer *is editor-in-chief of* Employee Benefit News. *Follow her on Twitter at @mayereditor.*

RETIREMENT SAVINGS

BLOOMBERG

Nationwide muscles its way into HSA market

By Margarida Correia

Nationwide is plunging into the HSA business, joining thousands of banks and financial services firms that are betting that health savings accounts will grow.

The company said this week that it will offer HSA services to 36,000 retirement plans sponsor clients in the first quarter of 2019 in partnership with HealthEquity, a leading HSA provider.

John Carter, president of Nationwide's retirement plan business, describes the move as the "logical next step" in the company's long-standing effort to "lead the industry around healthcare costs in retirement through the Nationwide Retirement Institute."

"This is one more step in how we are addressing what we see as a need every day among the close to 2.5 million participants that we serve," he says.

Carter touted the company's experience in developing tools and capabilities to help Americans save for retirement.

"We're very good at engaging participants, we're very good at enrolling participants and then developing campaigns and digital capabilities that are tailored so that people are taking advantage of the benefits that are available to them," he says.

Nationwide will design the HSA in a way that will allow participants to track balances along with their 401(k), 457 and 403(b) plans and give them access to education and investment selection, Carter says.

Nationwide joins some 2,600 other HSA providers, including well-known names such as State Farm, Fidelity Investments and Bank of America.

"Competition does not push us away," Carter says.

Health savings accounts have posted significant growth as companies encourage employees enrolled in high-deductible health plans to use their HSAs to save for healthcare expenses in retirement. At the end of 2017, there were more than 22 million health savings accounts, holding about $45.2 billion in assets, up 22% from the previous year, according to Devenir, an HSA research and investment services provider.

Nationwide says it teamed up with HealthEquity due to its strong leadership position among HSA providers.

"As much as we wanted to partner with HealthEquity, they were also looking for a retirement plan provider like Nationwide," says Hutch Schafer, Nationwide's business development leader.

HealthEquity will administer Nationwide's HSA and provide the recordkeeping.

Nationwide declined to say how much the HSA will charge in monthly account maintenance and other fees, saying that it will be disclosed at a later date closer to the launch of the product.

"As we develop the partnership with HealthEquity, we want to make sure we have industry-competitive fees and investments," Schafer says. **EBN**

Margarida Correia is an *associate editor* at *Employee Benefit News.* Follow her on *Twitter at @MCorreia101.*

FINANCIAL WELLNESS

Kronos, Even partner to offer access to advance payday

By Kathryn Mayer

HR software maker Kronos has partnered with financial app Even, allowing employers using its platform to provide its employees early access to their pay.

The new partnership will add Even's financial wellness app to Kronos Workforce Dimensions Marketplace, enabling businesses that use the cloud-based workforce management tool to offer the Even app to their employees.

The partnership "will enable millions of people who work at companies that use Kronos for scheduling and payroll to better budget their earnings every pay period," says Jon Schlossberg, Even's CEO and co-founder.

Even, which connects to workers' bank accounts, allows employees to access a portion of wages for hours they already have worked before their payday. It also helps employees create savings goals and a budget by pinpointing exactly how much they can safely spend before their next paycheck.

Nearly 20% of Americans don't save any of their annual income, while another 21% only save 5% or less, according to Bankrate. Those dire statistics showcase the need for resources, such as Even, "to help people take control of their finances and set themselves up for future success," the companies said in a statement.

More than 10 employers, including Walmart, offer Even — which launched in 2014 — as a benefit to workers.

The retail giant said in September at *EBN*'s Benefits Forum & Expo that more than 250,000 Walmart employees — just under 20% of its workforce — are using Even, a 212% growth in participation from March, when 80,000 employees were enrolled in the program.

"One of the biggest problems employees have [with money] is timing, when income and expenses don't always add up," Scott Pullen, Walmart's senior benefits manager, said during the conference. "You get paid every two weeks, but your bills are every month. And because sometimes those timings are off, just even by a day or two, it can drive late fees." **EBN**

Kathryn Mayer *is editor-in-chief of* Employee Benefit News. *Follow her on Twitter at @mayereditor.*

ADOBE STOCK

Healthcare costs

3 steps to negotiating a better employee benefit annual renewal

Budgeting for benefits can be difficult for employers. But these strategies can make the task easier.

By Matthew Strain

Employee benefits are typically the second-highest expense for employers — right behind payroll. But unlike payroll, benefits are difficult to budget for each year because the upcoming annual renewal rate can feel like a total mystery.

Not knowing what the renewal rate will be until the end of the plan year complicates the balance that employers must strike between offering rich benefits employees appreciate at a cost the finance team can live with. It doesn't have to be that way.

Knowing how to approach the annual renewal with your health carrier, pharmacy benefits manager and other players can help the savvy employer save some money while maintaining the same level of benefits as before. The ticket is planning for the annual renewal all year long, which removes the mystery and leads to a predictable rate.

Here are three steps to negotiating the annual renewal with your carrier.

1. Create a good carrier relationship. A great way to gain control of what happens at the end of the benefit plan year is to set the tone from the beginning.

This means outlining expectations before signing a contract and communicating wants and needs throughout the plan period. If you've developed a good relationship with your carrier, you should have an easier time coming to an agreement on the annual renewal rate.

Building good carrier relationships extends beyond the carrier you're currently working with to others in the market. One way to maintain a good relationship is to avoid marketing to all carriers for the best rate before each renewal period.

Carriers spend time and money responding to requests for proposal; if they respond year after year without winning the business, they may lose interest when you are ready to move your benefits plan.

2. Get plan renewals early. Left unchecked, most carriers hold the benefit plan renewal rate as long as possible (60-75 days before the end of a contract). But receiving your carrier's initial renewal rate earlier gives you more time to evaluate the renewal and negotiate the rate. (Yes, it's true — you don't have to accept the first number the carrier offers.)

The best way to ensure your request for an early renewal rate is heard and followed is to discuss it before signing a contract.

By receiving your renewal rate approximately 120 days before the end of your contract, you have enough time to evaluate the rate with your health and welfare benefits broker and underwriting team and then respond with another offer.

And if you feel that another carrier can offer better rates, you can also market your benefits plan and still have time to switch carriers before the contract ends.

Knowing how to approach the annual renewal with your health carrier, pharmacy benefits manager and other players can help the savvy employer save some money while maintaining the same level of benefits as before.

3. Offer a fair and reasonable rate. After you receive your annual renewal rate, work with your internal team and your benefits broker to begin negotiations.

Importantly, this doesn't mean countering with a number so low that the carrier finds it untenable and unreasonable. In that case, the insurer may not meet your demand and you'll be forced to turn to other carrier options without having planned for that possibility.

Instead, respond with a fair and reasonable rate increase backed by data. The goal is to counter offer with a number that creates stability and predictability for renewals in the future.

Learning your renewal rate for each plan year can be stressful, but it doesn't have to be. Getting information early, negotiating a fair rate and maintaining good carrier relationships can help you and your company create a better annual renewal with better predictability and improved budgeting year after year. **EBN**

Matthew Strain *is a senior vice president at employee benefits firm Corporate Synergies.*

Retention

Strategizing to stem the tide of rising employee resignations

A hot job market, coupled with new technology that's allowing employees to easily search for jobs via text, is making it easy for employees to walk out the door.

By Margarida Correia

Many employees these days are bypassing job boards and online listings and looking for their dream jobs via text, according to Dana Polyak, head of customer success at AllyO, an AI recruiter based in Silicon Valley.

The new channel for job searches is exacerbating issues for companies as they watch employees leaving in droves.

While the tight labor market is clearly playing a role in employee job-hopping, other factors such as low engagement levels are at work, too. Only one-third of U.S. employees were engaged in their work and workplace, and only 21% believed that their performance was managed in a way that motivated them to do outstanding work, according to a recent Gallup report.

Meanwhile, more than half of employees (51%) were eager to leave their jobs, with disengaged workers voicing an even more urgent desire to move on. And almost three in four (73%) actively disengaged employees were actively looking for new jobs or watching for openings.

Polyak spoke to *Employee Benefit News* about the trends driving employees to quit their jobs and what employers can do to keep them from ever wanting to walk out the door. Edited excerpts follow.

***Employee Benefit News:* What are the top reasons people are searching for new jobs?**

Dana Polyak: There are a number of reasons. In the past, people would build their careers with one employer. That has changed.

Today, it's hard to retain employees — especially those in lower skilled jobs — because people can easily switch and they make switches even for a few dollars more because they are also trying to maximize their earnings potential. You see this quite a lot when people switch jobs. They are ultimately seeking something more. And a lot of times, more means either better compensation, better benefits or better hours, better commutes — all these.

***EBN:* Almost half of employees believe it's a good time to find a quality job. How easy is it for employees to find a new job?**

Polyak: The unemployment rate is the lowest it's been in 18 years, so that works in employees' favor. There are a lot more jobs available than there are people available to fill those jobs. Still, the ease with which employees find jobs depends on their skills and industry.

Technology — particularly the Internet — has also facilitated people's job searches in many ways. It's much easier for employees to apply for jobs online versus coming into the office to fill out an application. We're also seeing another shift happening with the iPhone, which is simplifying the whole application process for many people. It's becoming easier to search for jobs via text on a smart phone. It's quite prevalent.

"Today, it's hard to retain employees. They are ultimately seeking something more. And a lot of times, more means either better compensation, better benefits or better hours, better commutes — all these."

— Dana Polyak, head of customer success at AllyO

***EBN:* Getting back to employees quitting, what are the top mistakes employers are making?**

Polyak: When a person applies for a job, what they come into may be different from what they expected it should be. This perception gap often leads to problems. It's helpful to survey employees 30 and 90 days after they become new hires to assess their expectations versus the reality of the job.

***EBN:* What can employers do to improve employee engagement?**

Polyak: A new buzz word is employee empowerment. I think that's great in a white-collar jobs but the challenge is how do you empower employees in a different job category. To me, when people talk about the fact that employees are not engaged that means they're missing what's in it for them. Employers need to help their employees understand exactly what's in it for them — how their lives are better because they are employed at the company. **EBN**

ADOBE STOCK

Margarida Correia *is an associate editor at* Employee Benefit News.

BY THE NUMB3RS: Healthcare wasteland

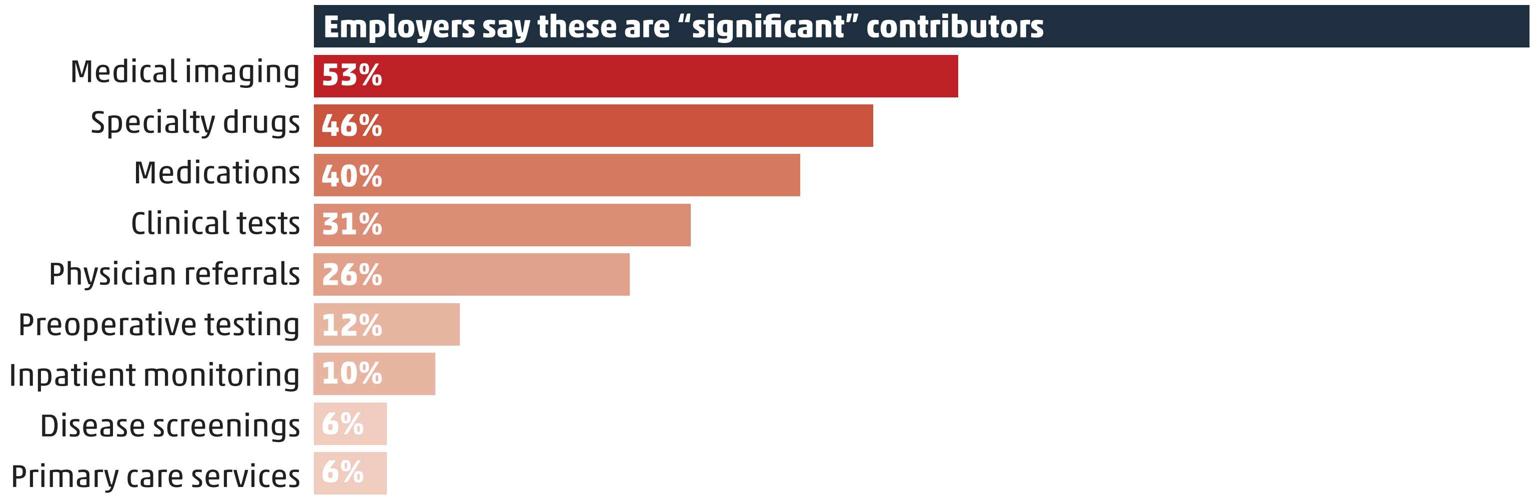
Every year the healthcare industry wastes billions of dollars. And while employers overwhelmingly see this as a problem, the majority are not actively managing the issue, according to new research from the National Alliance of Healthcare Purchaser Coalitions and Benfield.

$750,000,000,000 Estimated waste in the U.S. healthcare industry

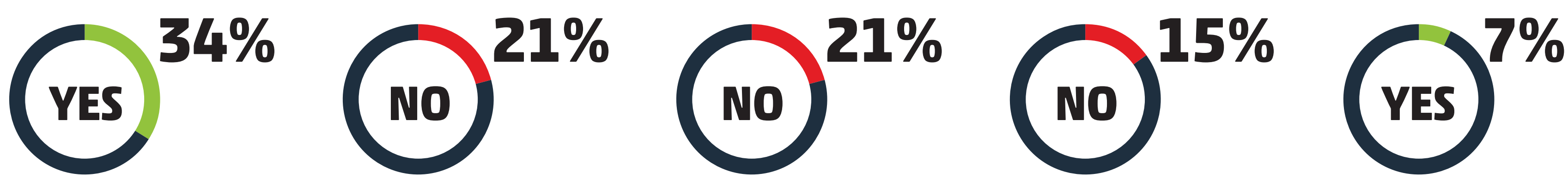
57% of employers indicate that up to 25% of treatments are wasteful

59% of employers don't collect or analyze data to track waste

What are the biggest contributors to healthcare waste?



Do you collect and analyze medical and pharmacy data to track healthcare waste? Employers say:



34% YES: at least one of our vendors does so on our behalf

21% NO: but in the next two years one of our vendors will

21% NO: neither our organization nor our vendors have any plans to do so

15% NO: but in the next two years our organization plans to do so internally

7% YES: our organization internally collects and analyzes data

Source: National Alliance of Healthcare Purchaser Coalitions and Benfield, 2018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