

The McKenzie Mailer

September, 2007

Volume 7, Number 9

UPCOMING EVENTS

Thursday,
September 27, 2007
2:00 p.m. EST

Bob McKenzie is one of the guest speakers for an audio conference with the Institute on Management and Administration (IOMA) entitled:

“Internal Pay Equity: How to Prepare For and Avoid Pay Equity Claims”

Click here to register
<http://www.ioma.com/audioconferences/904.html>

HOT TOPICS IN HR SEMINAR

Tuesday, October 30
8:30 – Noon
at the University Club in
Jacksonville

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Coordinated Benefits
Group; Coffman,
Coleman, Andrews and
Grogan - Labor Attorneys;
and McKenzieHR

Hear more on recruitment
& retention, controlling
the cost of medical benefits
and the latest and greatest
on immigration from the
experts.

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HR Hot Topic #2 - Controlling the Cost of Medical Benefits

Health care benefits are THE most important benefit a company can offer to its employees. Many people seeking a new job are more interested in the medical insurance plan offered by a company than they are about their salary. With the cost of health insurance rising rapidly in the past few years, many small companies have either increased the contribution they require from employees towards their insurance or have done away with medical insurance benefits altogether.

So what is an executive to do? How do you attract the high quality people needed to succeed in business when the cost of offering benefits is getting out of hand? A Health Savings Account may be an answer to your medical insurance costs.

Take a lesson from workers compensation insurance. One of the best ways to lower workers compensation insurance premiums is to implement a very strong safety program with continuous training and reminders to employees to use safe work practices. Individual managers and employees become responsible for reducing the cost of accidents. With these programs, many companies are constantly on the lookout for unsafe work practices or conditions and correct them. Within a few years, the cost of accidents goes down with a corresponding decrease in workers compensation premiums. Employees are encouraged to work in a safe manner and, in many cases, rewarded for doing so.

Since an employee is spending a larger part of their own money under their own health savings account arrangement, this plan works much the same way as the company trying to lower their workers compensation premium. The HSA provides an incentive for employees to live a healthier lifestyle and be a better consumer when looking for healthcare.

Traditional medical insurance offers little incentive to reinforce healthy living. Since employers usually subsidize a great majority of the cost of traditional insurance plans and the low co-pays with these plans, employees are not rewarded for living a healthier lifestyle. Additionally, co-pays of as little as \$20 per doctor's visit masks the true cost of the health care employees are receiving. Therefore, many employees have little knowledge for the real value of health insurance, leading many to look upon it as an entitlement instead of a benefit.

Health savings accounts (HSA's) are a viable option. Simply stated, an HSA is a high deductible plan in which employees are permitted to put money into a bank account to be used exclusively for medical costs. Employees must pay the deductible from this account before the insurance kicks in. These deductibles can range from a minimum of \$1,100 per individual or \$2,200 for a family to a maximum out of pocket expense of \$5,600 per individual to \$11,200 per family per year.

**Fowler White Boggs
Banker
2007 Employment Law
Seminar**

**October 11, 2007 at the
Hyatt Regency in
Jacksonville**

**Click here for registration
information**

**[http://www.fowlerwhite.com/
register.asp?e_id=36](http://www.fowlerwhite.com/register.asp?e_id=36)**

We've Moved

**We have again moved to
larger facilities. Our new
address is:**

**4237 Salisbury Road
Building 1, Suite 112
Jacksonville, FL 32216**

**At the current time, our fax
number has also changed to:
(904) 281-9487**

Since the HSA is a completely different way of approaching medical insurance, the success of these programs are contingent upon proper communication to the employees which includes plenty of forewarning, on-going communications on how to best utilize the plan, educating the workforce on wellness and living a healthy lifestyle and, most importantly, financial support on the part of the employer.

HSA's enhances consumerism on the part of the employee. One of the goals of an HSA is to force employees to shop around for the best prices and the best value. With an HSA, the employee will be using his or her own money and will have an incentive to shop around for better prices and values. They will be more inclined to go to clinics instead of emergency rooms or use the \$4 prescriptions at Wal-Mart instead of more expensive prescriptions through a local drug store. All of this will have a positive effect on the long term cost of health insurance.

An HSA is a long term solution. In today's world of instant gratification, the HSA should not be considered an instant cure-all. It may take a year or more to see some stability in the total cost of healthcare. Communicating how the plan works is difficult for many as the mechanics of using an HSA are much different than traditional plans. It is also a little complicated to set up health savings accounts, payroll deductions for employees as well as setting up a mechanism to contribute employer funds into the employee accounts. However, once these obstacles are overcome, the work is worth the effort.

Contact your insurance broker or insurance company to get more information.

Alternatively, you can attend the seminar to be held on October 30 in Jacksonville to get much more detailed information on the benefits of offering a health savings account for your employees.

I guess no one had any success stories on recruitment and retention programs they implemented. Next month – more on immigration.

Thanks.

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