

## Employee Benefits as an Investment

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The history of employee benefits in America is ever evolving. Consider that employers provide benefits voluntarily. Why? Traditionally, employers sought only to keep workers healthy enough to show up for a full days work. During WWII, benefits became a tax advantaged loop hole to wage freezes and unions began negotiating benefits as recruitment tools. Later, employers offered life insurance, disability, and retirement plans as paternalistic exit strategies for employees too sick or old to continue to work.

In the last several decades benefits have become critical to recruitment and retention; almost entitlements. Today's most progressive employers now look at benefits as an investment that can actually enhance employee engagement and productivity.

### Recruitment

For benefits to be effective as a recruitment tool, they must be perceived as affordable, comprehensive, understandable, and familiar.

- To be affordable, always provide a low cost healthcare option; potential employees look at the payroll deduction before the benefits. You want to be able to offer coverage for an affordable deduction. That's the number the prospect will deduct from your proposed wage or salary to evaluate the deal. Don't forget about the cost of family coverage.
- Then he or she will want to know that you offer dental, disability, life insurance, and 401k. They won't scrutinize the benefit levels or deductions as much on those coverages. Just make sure they are offered (see [Financial Planning as an Employee Benefit](#)).
- Make the benefits summary brochure accurate and user friendly.
- It doesn't hurt to use well known providers. No one wants to trust an unfamiliar vendor, especially with their healthcare or retirement.

### Retention

For benefits to be effective at retention they must do more; they have to work!

- Communication is also key. Studies show that a mediocre benefits plan that is well communicated is better appreciated than a rich plan poorly communicated. Consider that Pepsi consistently beats Coke in blind taste tests, yet Coke sales crush Pepsi. Why? Communication (see [Communicate on Healthcare for Competitive Advantage](#)).
- Education is imperative. The best benefits used improperly will not only go unappreciated, they create hostility. When someone mistakenly ends up with a non-participating provider or doesn't have coverage they thought they had, someone is in



- trouble, and the bad news travels fast. What's the return on a benefits investment that makes employees mad? Education is the key here.
- It may be prudent to look hard at identifying the groups of employees that are the most difficult to attract and retain and target some or all of the benefits toward them. One size fits all may be inefficient or unaffordable.
  - Make sure the benefits align with organizational goals and culture; not only do employees know when they don't but it only makes sense that such a significant financial investment must support the organizations' goals and culture (see [Strategic Benefits Planning](#)).
  - Core benefit broker/consultant analysis is crucial. Is provider access adequate? If a consumer plan is recommended, are the carrier's internal systems working to communicate between claims and consumer accounts? Has the carrier educated its providers in how to work with patients' consumer plans? Does the carrier reimburse the provider from employee accounts directly or are they reimbursing the employee who must then reimburse the provider? How does the carriers consumer accounts work with a company's FSA accounts? These are some of the invisible aspects of choosing the right carrier partner that an experienced knowledgeable benefits professional should know and apply to his knowledge concerning his client.

## Productivity

The best benefits programs keep employees present and ready to work, both physically and emotionally.

- Absenteeism costs American organizations trillions of dollars. The right healthcare can prevent illness or speed recovery but employees need help. Studies suggest that up to half of healthcare is inappropriate or redundant and that much of healthcare decision making is driven by fear. Employees need patient advocacy services to do better. Advocacy services can help employers and employees avoid unnecessary healthcare spending and suffering. When these services are effective they are very much appreciated (see [Patient Advocacy as an Employee Benefit](#)).
- Presenteeism; employees present at work but preoccupied, is an even bigger drain. Depression, a painful distraction, is epidemic and can be treated; Employee Assistance Programs (EAP) can help. Some EAPs now address additional preoccupations such as marriage and divorce, child and elder care, as well as legal and financial troubles. Further, financial stress drains benefits appreciation. To the financially stressed, no deduction or co-pay is low enough; no voluntary benefit (i.e. life, disability, and 401k) is affordable and no offer from a competitor is resistible. Financial planning, especially for the high performers, is the fastest growing employee benefit (see [Financial Planning as an Employee Benefit](#)).

Organizations that help their employees build healthcare and financial skills will build a more engaged and productive workforce.