

Contain Costs and Maintain a Competitive Benefits Program

Carey Adamson

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The talent war

Public sector vs. private sector



For the citizen



For the customer

The talent war

Consumerism expectations merged public sector with private sector



The talent war

Governing Magazine survey

- We conducted an online survey with Governing Magazine in March 2017.
- 167 state and local government professionals.
- Varying public sector careers, positions.
- Investigated issues regarding employee recruitment.

Most important for recruitment

- 1 Competitive salary
- 2 Competitive benefits
- 3 Work/life balance
- 4 Work satisfaction
- 5 Job stability
- 6 Ability to advance in my career
- 7 Other

The talent war

It comes down to dollars and sense

Non-competitive pay levels, along with inflexible pay systems, are a core problem for hiring within the public sector – often impacting both the number and quality of applicants.

What can public sector employers do to compete for talent?



The talent war

Competing against salary

Competitive benefits packages

- Health care coverage and financial protection services are expected.

Work/Life balance

- A focus on employee wellness can provide a greater impact to your bottom line.



The talent war

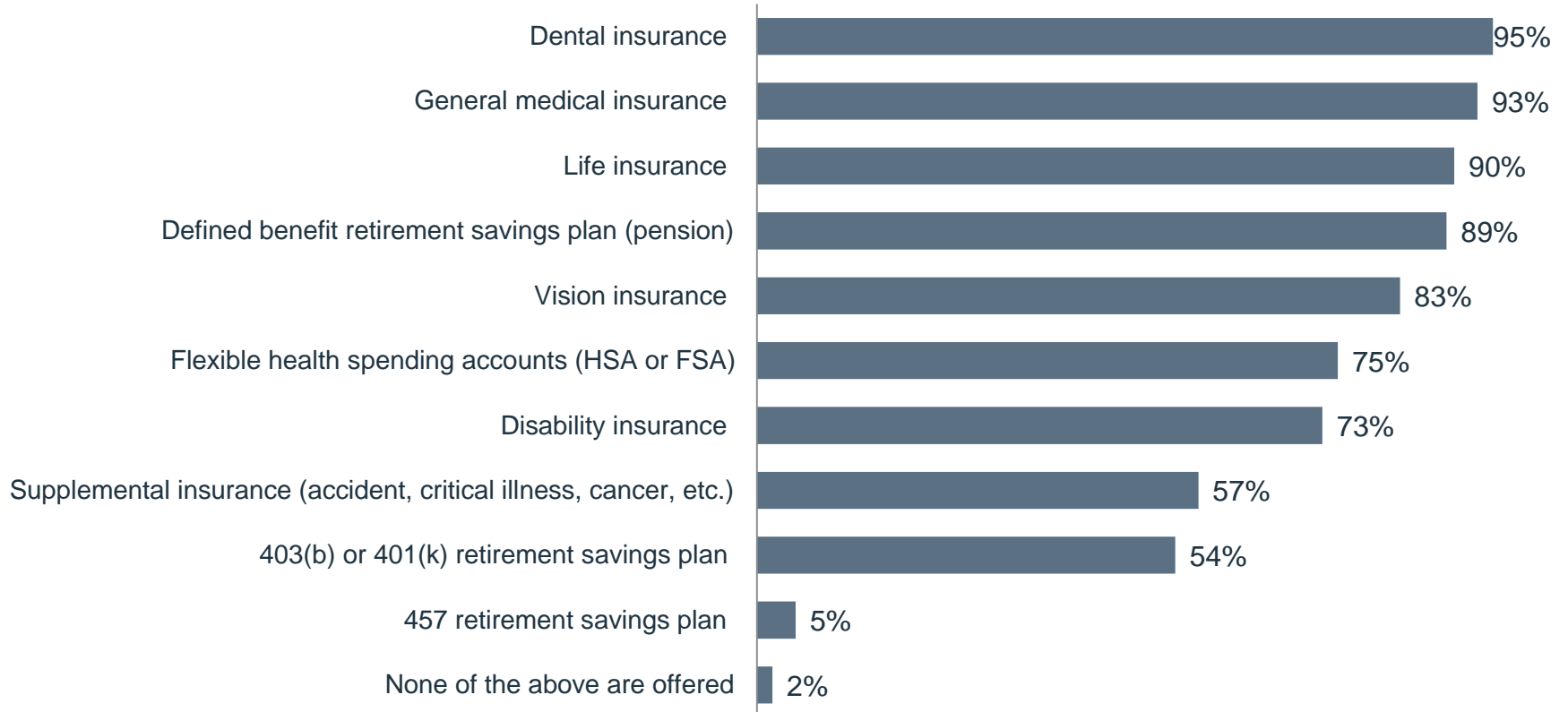
Employee benefit cost saving solutions

- Which strategies are the most highly recommended.
- Which strategies are being underutilized and why.
- The possible savings for implementing some of these strategies.



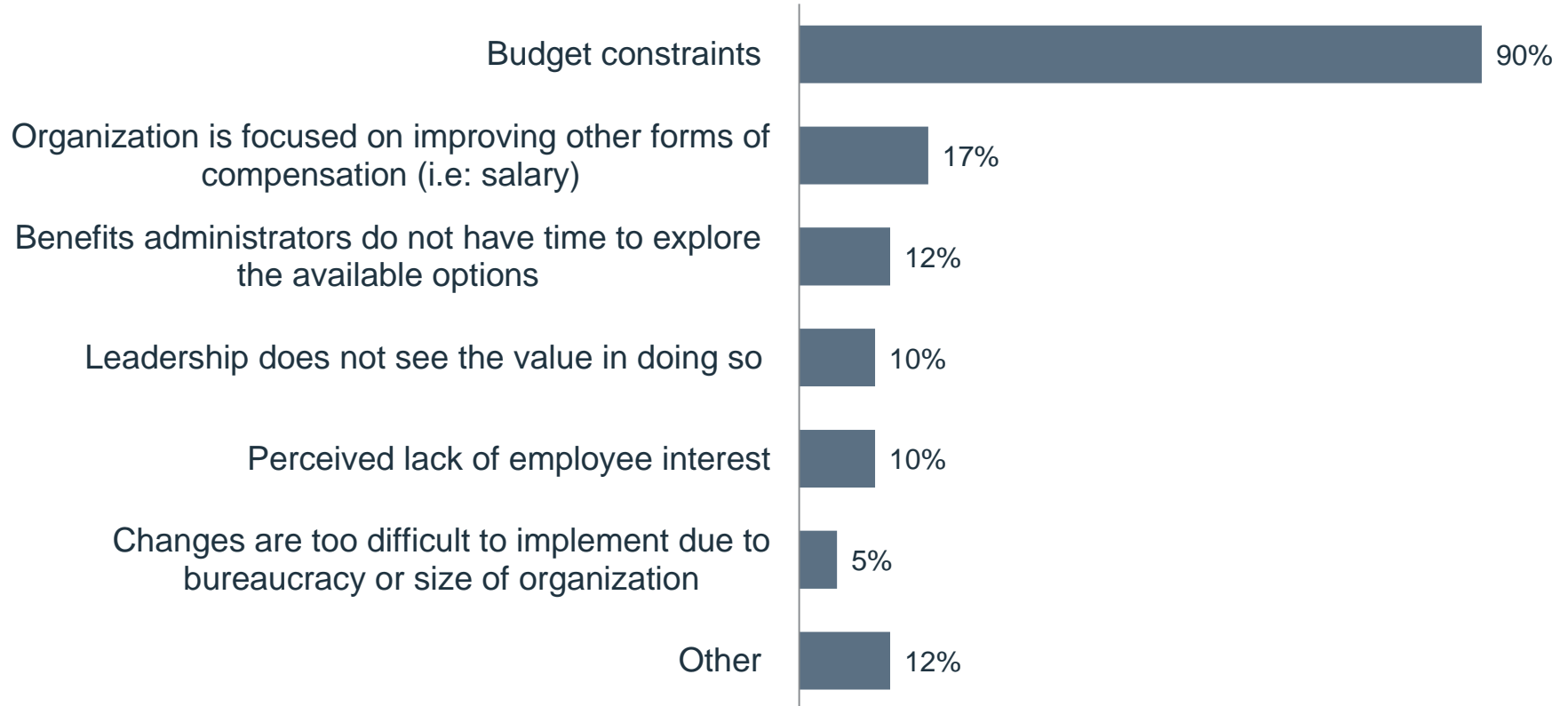
Employee benefits

Standard package offering of governing survey respondents



Barriers to Increasing Offerings

Governing Survey Results



Cost Savings Strategies

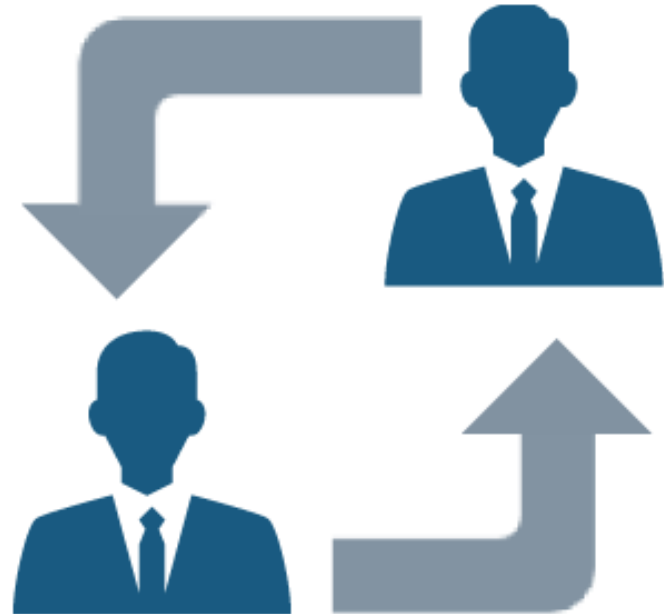
Solutions used by governing survey respondents to contain costs



Cost Sharing

It comes down to dollars and sense

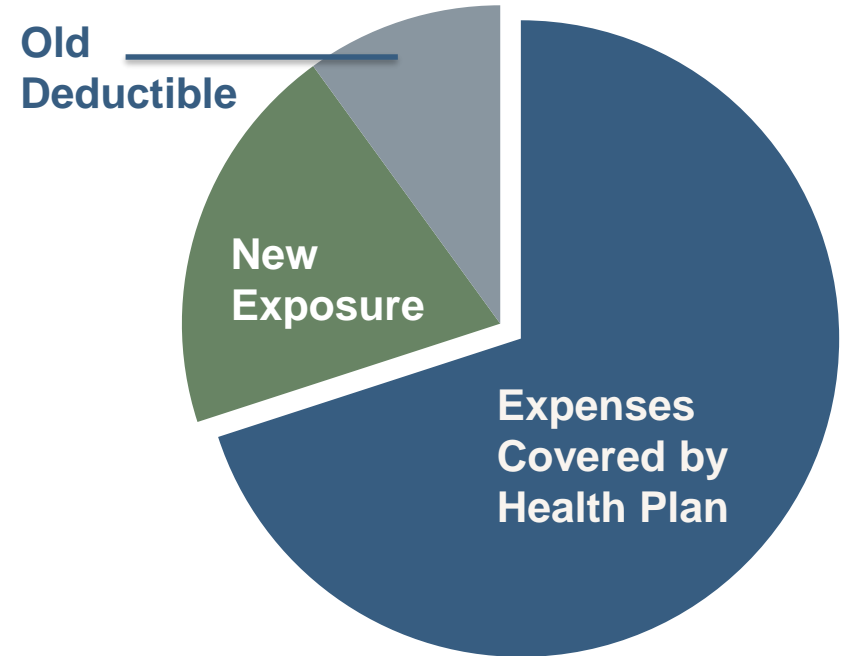
- Raising deductibles
- Increasing co-pays
- Shifting non-core benefits from an employer paid benefit to an employee paid voluntary benefit.



Mitigate Employee Impact

“Soft landing” can help offset new out-of-pocket costs

Offset the financial impact of a deductible increase by shifting some of the projected savings to funding voluntary benefits.



Product portfolio

The voluntary products you need



ACCIDENT



SUPPLEMENTAL
HEALTH



SPECIAL RISK



DENTAL



DISABILITY



LIFE

Enhance your benefit offering with little or no cost, and minimal effort. And fill-in gaps in coverage caused by changes you need to make as a result of rising premiums and healthcare reform.

Promote wellness

It comes down to dollars and sense

Chronic heart disease, stroke, cancer, respiratory disease, and diabetes are all conditions that can drive a significant amount of a health plan cost.

From on-site fitness centers, to nutritional counseling, to employer-subsidized gym memberships and employer-sponsored events - a growing number of employers have implemented wellness programs to encourage employees make better lifestyle choices with the goal of decreasing health care costs and increasing productivity.

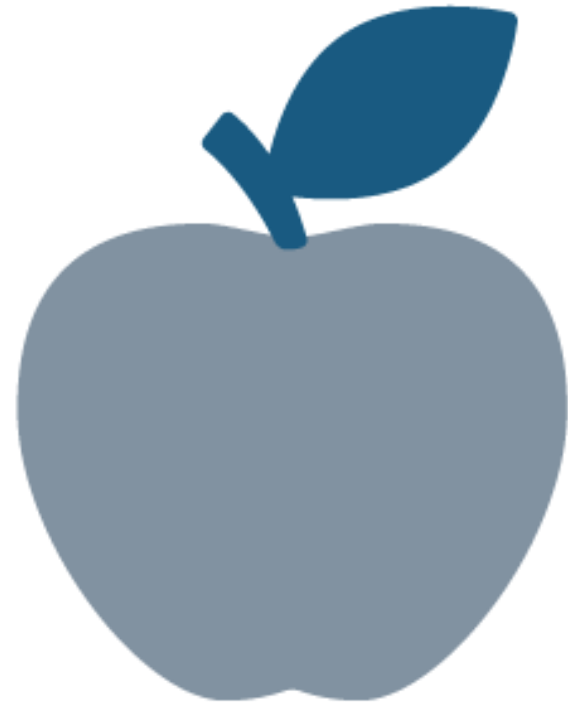
Promote wellness, benefit everyone

It comes down to dollars and sense

A solid wellness program affects your company's bottom line in many ways.

A few benefits include:

- Lower health care costs
- Increase productivity
- Decrease absenteeism
- Raise employee morale



Verify dependents

It comes down to dollars and sense

15% of employee dependents could be ineligible for coverage.

Not only does a dependent review help better manage a benefits budget – it can also free up money for other benefits, help keep employee benefit costs down, and reduce legal risk.

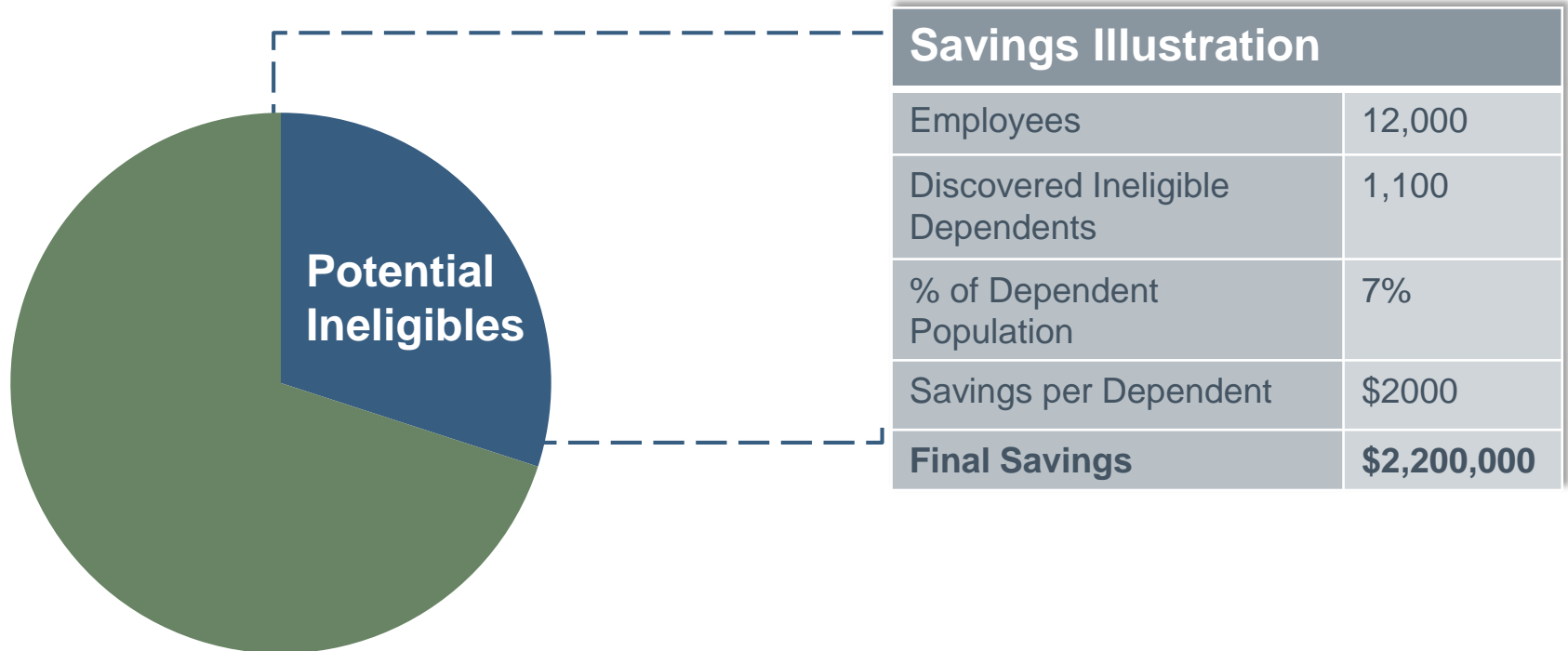


Verify dependents

Potential savings

Most common reason for ineligibility:

Divorced individuals who continued to carry spouse.



Verify dependents

It comes down to dollars and sense

A dependent audit can be a complex process, particularly when faced with tight administrative resources, impacts to employee morale and a lack of IT support.

With the right partner, you can verify who is actually eligible for medical coverage under the company's health plan during the enrollment process.

Boost tax savings

It comes down to dollars and sense

A Section 125 Plan is an employer-provided benefit where the employee can choose from a range of different benefits and pay for them with pre-tax dollars.

- Allows employers to offer benefits that they could not otherwise afford.
- Costs the employee less to “buy” the benefits than it would if s/he did it on his or her own.

Section 125 Plan

Public sector has **30% higher adoption rate**, **BUT** **30% lower participation** than private sector.

	Public Sector	Private Sector
Medical FSA	86%	65%
Dependent Care FSA	79%	61%
FSA Participation	28%	36%

Source: SHRM 2011 Employee Benefits Survey.

Promote Participation

A good education and communication program has proven to be successful in helping public sector employees take full advantage of the pre-tax benefits being offered to them.

Example: 900 employee school district.

Participants	Before Program	After Program	+%
Health Care FSA	60	117	95%
Dependent Care FSA	3	7	133%
Pre-Tax* Insurance	862	888	3%

Contributions & Deductions	Before Program	After Program	+%
FSA's	\$63,681	\$144,895	127%
Pre-Tax Insurance	\$476,754	\$547,290	14%
Total Pre-tax	\$540,435	\$692,185	28%

**Pre-tax insurance includes Dental, Vision, and Supplemental insurance.*

Contain Costs and Maintain a Competitive Benefits Program

It comes down to dollars and sense

Maintaining and managing a benefits package that is both robust and sustainable is a challenge for communities of all sizes.

However, when working with the right partner, there are a wide-range of solutions to control benefits costs you can leverage while remaining competitive in recruiting top talent.

