



Employee Benefit News



VOLUME 1 • ISSUE 1

CGI Employee Benefits Group, Inc. (CGI) is a diversified full service employee benefits brokerage and consulting firm dedicated to providing the highest level of personalized service and objective advice.

Our goal is not to meet expectations but to exceed them in ways our clients have never experienced before. Creativity is the hallmark of our approach. At CGI we strive to develop innovative solutions to meet the demands of an ever changing and increasingly complex employee benefit and Human Resources landscape.

Self-Funding Basics: Should Your Company Consider a Self-Insured Health Care Plan?

Most employers are always searching for ways to lower their company's spending on their health benefit plans. Some modify plan design, some change carriers, some shift more costs to employees. And some employers move from offering an insured health plan to self-funding.

In a self-funded—also known as self-insured—health plan, the employer takes on direct financial responsibility for employees' health care costs. Rather than being part of a larger risk pool, an employer that self-funds takes on the risk for its employee group alone. All of a health plan may

Self-funding health benefits will be the right approach for some companies, and not for others. If your company is mulling over moving to a self-funded health plan, here are some basic preliminary considerations—

Being exempt from state insurance laws and mandates and not having to pay premiums on a regular basis to an insurance company can result in substantial cost savings.

- Self-funding can give you more control over your health plan than you have with an insured plan. Your company can customize coverage, since you are not buying a prepackaged product. Though self-funded plans are subject

to ERISA, they are not bound by state insurance laws, so a self-funded plan is not required to include types of coverage required by state insurance law. You can create a plan that truly meets your employees' health care needs. And, except for stop-loss pre-



be self-funded, or an insurance contract might be purchased to cover certain types of claims. Most self-funded employers buy stop-loss insurance to cover against catastrophic claims.

Being exempt from state insurance laws and mandates and not having to pay premiums on a regular basis to an insurance company can result in substantial cost savings. Yet, many employers, especially smaller employers, shy away from self funding, perceiving it as too risky. According to the 2007 Kaiser Family Foundation Health Benefits Survey, 55% of all employees covered for health care are in self-funded plans. Among employers with 200 or more workers, 77% of employees are in self-funded health plans, compared to 12% of employees in firms with 3–199 workers.

miums, you also won't pay premium taxes as you do with an insured plan.

- With a self-funded plan your company pays health claims as they are incurred, rather than paying a premium to an insurance company on a regular basis regardless of whether employees are filing any claims. This can be attractive, especially during periods when claims are low. The flip side, of course, is that you need to be able to handle large claims or a steady stream of moderate claims when they do arise.

continued on page 4

Corporate Headquarters:

New Hampshire

171 Londonderry Turnpike
Hooksett, NH 03106

(603) 622-4600
Toll Free: (866) 841-4600
Fax: (603) 622-4618

VERMONT

P.O. Box 6141
Rutland, VT 05702

Toll Free: (866) 223-1140
Fax: (866) 415-7807

*Securities offered thru L.M. Kohn & Co.,
Member FINRA / SIPC*

9810 Montgomery Rd., Cincinnati, OH 45242
(800) 478-0788

Experience the CGI Difference!

We live in a culture of immediate gratification. “On-demand” cable television services, pre-prepared foods from the grocery store, fast-food carryout, and diet programs that claim you will shed pounds “without trying” all are signs that Americans have lost sight of the fact that not everything can be obtained without waiting. And when it comes to changing behaviors to eliminate unhealthy habits and adopt healthy ones—such as giv-



vidual basis, their current health risks and the steps they should take to address them.

- Tie any offered health risk assessment incentives—such as reduced health plan premiums—not only to taking the assessment, but also to completing any recommended follow-up actions.
- Focus on helping employees want to make the sought-after lifestyle changes, because behavior change is more likely when an individual is ready to make it. This can involve offering incentives as discussed above, but also thinking of ways that would help employees see the risks of not changing (such as posting clear statistics on differences in lifespan for smokers versus non-smokers, individuals with normal blood pressure versus those with hypertension, individuals who maintain a healthy weight versus those who are overweight or obese, etc).
- Provide motivation in the form of support systems. This could involve initiatives such as Weight Watchers at Work, lunchtime walking clubs, articles in

ing up cigarettes, losing weight, exercising more and effectively managing stress—hard work and sustained personal effort also are required. In order to succeed, workplace wellness programs need to recognize this and include elements that engage employees over time.

Suppose you host a brown-bag lunch in your company cafeteria with a presentation on the health benefits of eating right and leading an active lifestyle. You may find that this seminar is well-attended, but observe that few employees actually seem to make the recommended changes, and that even fewer are doing so after a few months. This experience is all too common, and reflects the reality that more individuals are well-intentioned than are self-motivated. Your wellness initiatives, therefore, need to provide the motivation. Here are a few ways to do this—

- Personalize the experience by offering health risk assessments that show each employee, on an indi-



company newsletters on employee success stories, providing lists of local gyms and a small company subsidy for joining, sponsoring a “biggest loser” competition, and the like.

Most of us find any change difficult, and lifestyle changes can be daunting. Remember this facet of human nature when implementing wellness programs, and you may find employees more engaged in them, over the long run.

Driving Business Through Performance Development

What is performance development?

Performance development should engage an employee and supervisor in on-going discussions to review responsibilities, procedures, achievements, shortcomings, and objectives.

What is a supervisor trying to accomplish in performance development?

- To provide **guidance** and assist with questions, issues and problems.
- To **identify and provide resources** to help achieve



business objectives.

- To provide **direction** - a path to get the work done.
- To provide **clarification** - what the job is and how things are done.
- To **coach** and **teach** - ways to be more productive and more successful.

When should performance development occur?

Effective performance development occurs on a daily basis. An employee may not get the chance to meet face-to-face on a daily basis, but development is on-going with a supervisor. Meetings should occur on a frequent interval, and a review and written summary of performance and development should occur at least annually.

What is the process for performance development?

- Define the job being done:
 - Review and update the job description.
 - Clarify work procedures.
- Review performance and identify roadblocks or issues:
 - Assess performance of major job functions.
 - Identify accomplishments and significant contributions.
 - Determine if objectives have been met.
 - Determine issues affecting performance.
- Set objectives for next review period:
 - Create an action plan.
 - Identify interest in additional responsibilities.
 - Set short term (1-3 months) and long term (6 months -1 year) objectives.
- Identify development needs and resources:
 - Indicate skills to be developed.
 - List resources to obtain training.

How can the employee see that performance development is effective?

- Encourage the employee to create a "Performance File" for themselves of achievements and shortcomings (notes, communications from supervisor and customers.)
- Have the employee seek feedback on performance from the supervisor.
- Work to create a dialogue, be available, maintain open communication, be responsive, and share successes and failures with employees.
- Address issues promptly. Don't let issues become big problems. Hint - No Surprises,

Does the employee have to participate in performance development?

They already do to some degree and yes, all employees are a part of the performance development process. The process has to be mutual, allow for input, and create an open dialogue between the employee and supervisor. It is all about the employee and a process that is on-going and supportive will allow improvement and growth in the employee's position and in their career.

© CGI Employee Benefits Group, 2009

Written by Ron Page, SPHR. For additional information contact him at 603-232-9304 or e-mail to rpage@cgibenefitsgroup.com.



- A company with a self-funded plan does not need to worry about the financial wherewithal of an insurance company. If you self-fund, however, you do need to consider your own company's cash flow, to be able to handle claims as they arise, and also your company's position in the event of a series of large claims, or even one truly catastrophic claim. As noted above, most employers that self-fund carry stop-loss insurance, to limit their liability for either or both large individual claims or claims in the aggregate in excess of a specified amount.
- When you pay a premium to an insurance company, you're paying for more than just claims; the premium will take into account the insurer's administrative and other costs (overhead, advertising, technology, etc.), some allowance against risk, a profit margin, etc. Companies that self-fund won't have to pay all these hidden costs, but they will incur other expenses, e.g., the cost of claims administration (whether handled internally or by a third-party administrator) and the cost of stop-loss insurance.
- Most insured health plans are packaged with a well-developed provider network, and if you've had the same plan for a while, your employees are likely settled with their choice of doctor, hospital, etc. If you move to a self-insured plan, you'll need to make sure you arrange to have a suitable network in place.
- Workforce demographics can make self-funding a more or less attractive option. Of course, young and healthy employees can suffer large claims, and older workers won't necessarily break the bank. But remember that self-funding means that your company alone (other than the stop-loss carrier) will bear the risk for your employee group, so it's worth closely analyzing this risk with a professional who can give you well-reasoned estimates of your potential liability

Experience the CGI Difference!



Employee Benefits Group

New Hampshire

171 Londonderry Turnpike • Hooksett, NH 03106

Tel: (603) 622-4600 • Toll Free: (866) 841-4600 • Fax: (603) 622-4618

Vermont

P.O. Box 6141 • Rutland, VT 05702

Toll Free: (866) 223-1140 • Fax: (866) 415-7807