



Ideas and Information for Human Resources Professionals



the bagnall company
CONSULTING

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Taxes

New Year Brings Extra W-2 Duty for Many

Although 2012 is just getting started, many employers are already looking ahead to next year for a change in Form W-2 reporting.

Under the Patient Protection and Affordable Care Act (PPACA), companies are required to report the value of their employer-sponsored health care coverage on employees' W-2s. This takes effect for most employers this year, meaning the values must be represented on the forms issued in 2013. Smaller employers -- those with fewer than 250 W-2s to distribute, are exempt until at least 2014.

The IRS has issued a series of notices to help employers handle this new task. The guidance, according to Michael R. Durnwald of the law firm Katten Muchin Rosenman LLP, clarifies that:

- While the value of the plans must be reported, it does not affect the tax treatment of the health care coverage.
- Employers do not have to create a W-2 to satisfy this requirement for someone who normally would not receive a form (a retiree with health benefits, for instance).
- Employers can calculate the value in a number of ways, including using the COBRA premium.
- Flexible spending accounts, dental and vision plans should not be included in the value calculation.



The IRS added to that guidance shortly after the New Year's holiday, according to a report by *Business Insurance*. The IRS further clarified that employers can include contributions to health reimbursement arrangements in the calculation, but are not required to do so.

Also, costs related to wellness initiatives, employee assistance programs and on-site clinics do not need to be included as long as the employer doesn't charge premiums for them under COBRA. Ultimately, however, the fate of this and other provisions of PPACA rests in the hands of the Supreme Court, which announced in December that it would start hearing oral arguments regarding the health care reform law in late March. A final ruling is expected in June, according to a Reuters report.

CDHPs

Expert: CDHPs Can Succeed with Right Incentives

More employers are betting that health plans with higher deductibles will take some of the sting out of soaring health care costs.

New research by the Employee Benefit Research Institute (EBRI) found that 8.4 million American adults, or 7 percent, now are covered by private consumer-driven health plans (CDHPs) with health savings accounts (HSAs) or health reimbursement arrangement (HRA), according to a report by CCH. Another 7.4 million are covered by high-deductible health plans without HSAs or HRAs, the report said.

Still, traditional plans continue to dominate the employee benefits scene. EBRI noted that 78 percent of Americans with private insurance in 2011 were covered by so-called "traditional" plans that had deductibles of less than \$1,000 for an individual and \$2,000 for a family, according to a report by the *Kansas City Star*.

The EBRI study noted a number of positive behaviors exhibited by people covered by CDHPs, including being more cost-conscious and more likely to check whether their plan covered specific medical expenses.

Wellness programs, however, were no more attractive to those under CDHPs than those in traditional plans. CDHP-covered respondents who had access to wellness plans said they did not participate because they could handle lifestyle changes on their own (60 percent), didn't have time (52 percent) or were already healthy (45 percent), according to the CCH report. However, 66 percent said they'd join up if the company sweetened the employer HSA contribution.



The apparent lack of enthusiasm for wellness can present a big challenge for employers with high-deductible options. While a beefier HSA would help workers pay for health care expenses that are already incurred, a CDHP expert notes that companies with high-deductible coverage must be proactive in helping employees improve their lifestyles to avoid future health-related costs.

Dr. Michael Parkinson, the senior medical director of health and productivity for UPMC Health Plan, said CDHPs work best when supported by a "health incentive account." Parkinson noted in an interview with *SmartBusiness* in Pittsburgh that companies would contribute money to this incentive account when employees displayed good behaviors, such as getting a flu shot or for preventive doctor visits. Workers could use this account to further cut their out-of-pocket medical expenses.

"The high-deductible component encourages employees to be active consumers of health care, while the healthy lifestyles reward component gives the opportunity to earn financial rewards for activities that have been designed to improve their health," Parkinson said.

Benefit Communication

Employers Go High-Tech with Benefit Information

Most employers say they understand the importance of benefit communications. Unfortunately, many struggle to translate that knowledge into actions.

Now more than ever, employers are turning to technology to make those communications easier and more effective.

A recent study by ADP found that 80 percent of polled employers said it is vital for employees to fully understand their benefit options, but only 60 percent of respondents said they were confident that their employees really get it, according to a *PLANSPONSOR* report.

Web portals have become a key tool in battling this gap, with 71 percent of midsize employers saying they have a devoted website for employee benefit communications, according to the ADP poll.

Emerging technologies, especially mobile devices, appear to be spurring interest in the use of technology-based benefit communications. The ADP survey found that participants estimated that about two in five employees use mobile devices in their work, and 39 percent of polled midsize companies said they provide mobile access to benefit information, according to the study.



Like mobile devices, social media tools and websites have seen an explosion of use over the past few years. As the social media phenomenon continues to blossom, so does its use as an internal communications tool by companies.

More than 60 percent of companies report that they make at least one social media tool available to some or all of their employees, according to new research by International Association of Business Communicators and Prescient Digital Media. The survey, published in *Employee Benefit News*, noted that among companies' corporate intranets, the most popular social media features were blogs (75 percent), discussion forums (65 percent) and instant messaging (63 percent).

Toby Ward, president of Prescient Digital Media, told *EBN* that companies need to make a real commitment to planning and technology if they want these kinds of communications to stick.

"While the popularity of social media tools . . . is rising, only about one-quarter of frontline employees and executives alike rate their intranet social media as good or very good," Ward said. "Without a proper plan, adequate investment and the requisite change management and communications, most intranet social media initiatives will fail."

IN BRIEF

UNION ELECTIONS

The National Labor Relations Board (NLRB) is proposing a series of changes that would streamline procedures for union representation elections. Changes would include limits to pre-election hearings, restrictions on post-hearing requests and new limits on NLRB's power to review disputes after the election. Observers had wondered if these rules would be tabled because NLRB lost a member at the beginning of January and would not have had a quorum in 2012 -- meaning the board could not take any more action. President Barack Obama, however, used his executive power to make appointments when Congress was in recess and installed three new members to the board.

'ESSENTIAL' RULES

The Department of Health and Human Services (HHS) recently announced that it will give states leeway in defining the minimum benefit standards demanded by the health care reform law. The law gives HHS

Secretary Kathleen Sebelius the power to set the minimum coverage rules for health care plans, but she instead has proposed that each state choose a "benchmark" plan that already exists and use it to establish rules for minimum coverage on a state-by-state basis.

DETERMINATION LETTERS

The IRS has announced it is altering its policy on the determination letter program for qualified benefit plans. The agency will no longer consider minimum coverage and most nondiscrimination testing issues. The changes will take effect for submissions made on or after Feb. 1. The IRS expects many employers will no longer apply for determination letters because of these changes.

FLEX AND HEALTH

Researchers have discovered that workers who take advantage of flexible work schedules had better health habits. Professors from the University of Minnesota studied a group of Best Buy employees and found that those with more flexibility in their work were more likely to go to the doctor when necessary and were less likely to feel pressure to come into work when sick. The workers with flexibility also got nearly one hour more sleep than the nonflexible population.

COLLABORATION LAG

While most companies acknowledge the need for better teamwork and collaboration, many are still missing the mark, according to new research. A new industry report, "Tearing Down the Walls Blocking Collaboration and Better Business Performance," finds that 65 percent of participants said they thought their company's project performance would improve if teamwork was strengthened. However, only 28 percent said their organization is actually doing anything to make that happen.

MENTAL STRENGTH

People with mental illness can create a major challenge to productivity worldwide, according to a new report by the Organization for Economic Cooperation and Development (OECD). The group found that people with mental illness miss work often and between 30 percent and 50 percent of new disability benefit claims in member nations of OECD are due to poor mental health.

SHARING TIME

A study of a new health information system suggests that patients crave the ability to share their health information with doctors and their loved ones. An analysis of the new OpenNotes system, which gives patients access to an online portal that houses their physicians' notes, found that nearly 90 percent of patients liked the system. While 35 percent expressed some concern about the privacy of the system, 22 percent said they were interested in sharing their doctor's notes with family or other physicians.

RIGHT ON TARGET

Retirement plans with target-date funds (TDFs) have helped participants maintain a more balanced approach to their portfolios, according to a report by the Investment Company Institute and the Employee Benefit Research Institute. The study found that 70 percent of plans at the end of 2010 had TDFs. Recently-hired employees in their 20s had 35 percent of their retirement allocations in TDFs in 2010 -- up from 31 percent in the previous year and 16 percent in 2006.

Webinar Series

Benefit, Human Resource and Wellness Training Provided by *the bagnall company*

You and your staff are invited to attend one of our upcoming webinar presentations. We look forward to having a representative from your organization attend.

Regards,

Mark Bagnall, CLU

President

UBA WEBINAR SERIES

Tuesday, February 14th - 12:00 PM- AZ Time

Communicating with Benefit Plan Participants

The volume of information that employers must exchange with participants in their employee benefit plans can be overwhelming. ERISA, the tax code, COBRA, HIPAA, health care reform and other federal laws and regulations impose a bewildering array of disclosure obligations. The DOL, the IRS, CMS, the PBGC and other agencies have all issued guidance requiring a variety of notices. Plan administrators must also obtain benefit elections, consents to distributions and beneficiary designations from plan participants.

Enrollment Information: For more information, please contact Joanie Thompson at 480-265-9948.

the bagnall company HR & WELLNESS WEBINAR SERIES

Thursday, February 23rd - 11:00 AM- AZ Time

How to Achieve Increased Participation In Your Employee Wellness Program

Learn how to make Wellness an organizational priority and achieve increased participation in your Employee Wellness Program. Find out why employees do not participate in worksite wellness programs. Discover the value of senior leadership support and how to get it. Learn how to develop wellness programs based on your employees interests and needs. Finally, become skilled on how to communicate your program effectively.

This webinar is for managers and front line employees charged with coordinating Well-ness efforts. Submitted for 1.0 HRCI General Credit.

To register today go to: <https://www1.gotomeeting.com/register/768928161>





Human Resource Information provided by *the bagnall company*

HR CONSULTING

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7 Leadership Weak Points

Are you an effective leader? Do you want to be? While identifying your leadership strengths is a good start, identifying your leadership weaknesses is an imperative next step! Business Management Daily recently cited in their Executive Leadership newsletter, seven quick and easy-to-identify reasons, employees doubt and dislike their leaders.

Are you a manager, supervisor or in a leadership role of any caliber? Then you might find it this list quite interesting. Read with an open mind. Changing any of these behaviors could make a difference for you today.

No Prioritization

Considering everything important can lead to chaos and confusion among the team. Use a classification system to identify high, medium and low priority assignments.

Only Treat Employees as Employees

It is critical to “know” something special about each employee beyond the work environment. Learn something that makes them unique, then surprise them with what you know.

Never stand up for Employees

Employees develop a trust and an ethical commitment to leaders who go to ‘bat’ for their team members. Support and champion new ideas or fight for their well deserved raise.

Micromanage

Nothing says, “mistrust” louder than micromanaging those you lead. Employees who are not allowed to make decisions will never feel valued and those employees will eventually leave.

Give No Feedback

Most employees truly work hard and want to impress. Are you available to answer questions and do you let

them know when great work is being completed. Recognition is easy and does not require big fanfare all the time, but some kind of acknowledgement and involvement goes an incredibly long way in ensuring the team’s belief in leaders.

Be Indecisive

If you don’t know or cannot provide a definite decision or direction to their needs, then you will be doubted and drive your team crazy. Decide and convey an answer so they can meet your expectations and drive home results.

Do any of these points hit home? If you asked your team members and employees in your company to be honest, what would you find? Anonymous employee surveys can prove invaluable to improving company culture, but it starts with the leader.

Would your organization benefit from true employee perspectives about current leadership?



Email or call Lynda, *the bagnall company* can enhance your internal company culture with a custom employee attitude survey. Findings about leadership prove quite important for positive change.

Wellness Steps

Wellness Information provided by *the bagnall company*

WELLNESS CONSULTING

Wellness Programs that Demonstrate a Return On Investment 106: Maternal and Child Health

Wellness Steps is continuing it's series on Wellness programs that demonstrate a return on investment with a look at Maternal and Child Health.

The National Business Group on Health "Investing in Maternal and Child Health: An Employer's Toolkit" states that maternal and child healthcare services (e.g., labor and delivery, childhood immunizations) account for \$1 out of every \$5 large employers spend on healthcare. Additionally a substantial portion of employee absenteeism can be attributed to child health problems and pregnancy is a leading cause of short-term and long-term disability.

Employer benefits for Maternal and Child Health Improvement

Employers stand to benefit in four ways from implementing programs focused

on the health of children and childbearing-age women: lower healthcare costs, increased productivity, improved retention/ reduced turnover and a healthier future workforce.

The Cost of Child Health related Absenteeism and Presenteeism

Working parents with young children in childcare typically miss 9 days of work annually due to child illness; the parents of elementary-school-aged children miss up to 13 days of work annually due to child illness. These missed work days result in lost productivity costs for employers. In fact, employee absences due to childcare breakdowns cost businesses in the United States approximately \$3 billion dollars every year.

Maternal Health Improvement: What Employers Can Do

Employers can focus on communication and education for Maternal Health Improvement by promoting the following:

- ◆ Provide information related to healthy pregnancy during open enrollment.

- ◆ Provide link to clinical and educational resources and promote development of relationship with medical provider.

Employers can offer Health Promotion programs that include pregnancy-related health issues in existing wellness programs like tobacco cessation, stress reduction and nutrition education.

Child Health Improvement: What Employers Can Do

Employers can focus on communication and education for Child Health Improvement by promoting well child visits, immunizations, SIDS risk factor reduction, tobacco education (second hand smoke and pregnancy), car seat recommendations, and nutrition and fitness promotion.

For more information or view the National Business Group on Health "Investing in Maternal and Child Health: An Employers Toolkit" visit:

www.businessgrouphealth.org/healthtopics/maternalchild/investing/docs/1_intro.pdf

Next month: Combat Depression.

Source: National Business Group On Health

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Working parents with young children typically miss between 9 and 13 days of work annually due to child illness.

Consider including promotion of maternal and child health as part of your employee Wellness program.

If you would like assistance developing or implementing a your Maternal or Child Health education program call or e-mail Lisa today.

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**We welcome the following new clients and thank them
for their business:**

Element Payment Services, Phoenix, AZ

**We would also like to thank the following companies for
allowing us to be of service again this year:**

KRN Aviation Services, Chandler, AZ

Mastel Cleaners, Inc., Scottsdale, AZ

**Congratulations to Lindsey LaRue
Account Executive
as our 212° Performer of the Month for December, 2011**

Congratulations to Lindsey as she has been selected 4 times in 2011 as our 212 Performer of the Month. We appreciate her positive attitude and the excellent service she provides to you and to us as her associates; thanks Lindsey!!

Our Office Closed on February 20, 2012

Our office will be closed on Monday, February 20, 2012 in observance of President's Day; We hope you have a safe and LONG weekend as well!

Cut a Hit!

The discount "RxCut" cards available only through tbc are becoming a "hit" with the customers that have used them. This card is a "no cost" item provided exclusively to tbc clients in conjunction with our national UBA organization.

You will find deep discounts on many prescriptions; some of which may not even be covered under your current medical plan. You may also use this card to purchase medication that may be "quantity-limited" under your medical plan.

Finally, you can even use it for Pet Medication. Contact us below for your supply and information material.

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