

Employee health benefits are a potential source of value

Editor's note: Michael Sasko, MBA, the account manager and director of employer initiatives for Pfizer, Inc., will host a Chamber of Commerce workshop on Value-Based Benefit Design and Employer-Driven Wellness Initiatives on Friday, Sept. 26 from 8:30 to 10 a.m. at the Chamber offices, 475 14th St. Employee health benefits as well as employer health care costs will be discussed.



Michael Sasko

HUMAN CAPITAL is among a company's most important assets and source of competitive advantage. Yet while company managers evaluate various investments to make their people more productive, employee health benefits are often treated as a cost to be managed rather than a potential source of value.

In recent years, some company-paid benefit programs have moved to cost shifting strategies in response to rising health premiums. These plans utilizing increased deductibles and tiered drug

co-pays may be creating unintended consequences, particularly in the areas of chronic disease. Cost shifting and other barriers to care may cause employees to self-ration valuable treatments, potentially robbing them of their health and impacting the productivity of their company.

Employer health care costs are rising. As aging workers incur progressive chronic diseases, such as asthma, congestive heart failure (CHF), coronary heart disease (CHD), diabetes and hypertension, they are at risk for severe complications (eg, hospitalization, disability and death) that require costly advance care. In addition, Partnership for Prevention reports that the total impact of poor employee health can be two to three times the direct medical costs and is closely linked with:

- Higher rates of injury
- Higher workers' compensation claims
- Higher rates of disability
- Higher rates of absenteeism and presenteeism

• Reduced productivity

Value-Based Benefit Design (VBBD) is benefit design aimed at lowering or removing barriers to the treatment of chronic disease. A growing number of public and private employers have redesigned their benefit programs to encourage access and adherence to treatments for individuals at risk and have been rewarded with improved medical and economic outcomes. Data from the city of Asheville, North Carolina and employer Pitney Bowes have documented the new, cost-saving, benefit strategies.

Many more employers are finding that implementing wellness strategies can have a positive impact on costs and productivity. According to data released by ERISA Industry Council and the National Association of Manufacturers (NAM), an increasing proportion of employers are offering incentives for participation and achievement of goals in health and wellness programs.

Representing 7.6 million workers from 225 major U.S. companies, the study reports that 77 percent of employers have been offering formal wellness

programs in 2008, up 5 percent from 2007. These programs included health risk assessments (64 percent), smoking cessation (61 percent), weight management (52 percent) and maternity management (25 percent), among others.

Tobacco use results in huge costs to employers. In 2004, the CDC estimated costs for treating smoking-related illness were \$9 billion for California employers with individual smokers costing nearly \$4,000 a year. Data from Dr. Bunn affirm that smokers consume more health care resources, experience greater absenteeism and tend to be less productive while at work.

Smoking cessation is a popular target for employers as it is among the most cost-effective wellness programs. Employers can establish successful cessation programs through incentives for smokers to quit and by utilizing local resources.

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Businesses must beware of employment lawsuits: Essential lessons in avoiding risks

Editor's note: Andrew Shalauta, who specializes in employment litigation and counseling for businesses at the Oakland-based law firm of Burnham Brown, will present a free Chamber of Commerce seminar on "Business Must Beware of Employment Lawsuits: Essential Lessons in Avoiding Risks" from 8:30 to 10 a.m. on Tuesday, Sept. 30 at the Chamber offices, 475 14th St. Topics of discussion will include hiring (what you can and cannot do when hiring), managing performance, termination decisions, wage and hour laws, and discrimination, harassment and retaliation. Registration begins at 8 a.m.



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performance reviews, counsel employees for problems and improvements, and be consistent in addressing performance issues among the employees. It is important to document employee problems. Incomplete records, or worse, no records, will weaken an employer's defense in an employment lawsuit and may arguably show poor management. Employers should document specific incidents of behavior, a timetable for improvements, and keep the employee informed of ongoing performance issues.

The third step in avoiding risk from employment lawsuits is during the termination process. Employers can generally terminate an employee as long as the reason for the termination does not violate discrimination and anti-retaliation laws. It is critical for an employer to make a record of the legitimate business reason for the termination. Management may want to take additional measures when dealing with "high risk" situations, including employees in protected classes and complaining employees. Additional measures can include more counseling, documentation, and performance reviews.

The fourth step in avoiding risk is by promoting a workplace free of harassment and discrimination, and, properly handling employee complaints. Sexual harassment can include sexual posters, gender or race-based comments, obscene letters, sex jokes, racial epithets, and questions about sexual practices. Employers should provide a feasible complaint procedure, prompt investigation and disciplinary action. An employer will further avoid risk by

maintaining and enforcing clearly written policies that prohibit discrimination, harassment, and retaliation.

When investigating complaints, the employer should listen attentively to the complaining employee, interview witnesses, maintain confidentiality, discipline as necessary, and document the entire process. Employers also need to be aware of California laws requiring employers to engage in an interactive process to develop reasonable accommodations for a disabled employee.

Finally, the fifth step in avoiding risk from employment lawsuits is to ensure that meal periods and rest breaks are made available to non-exempt employees. Generally, California law requires

an employer to give an employee a 30-minute meal break for five hours of work and at least a ten-minute break for every four hours of work. If an employer fails to provide an employee a meal period or rest break, the employer may be liable to pay an additional hour of pay. In order to best ensure compliance with wage and hour laws, employers need to maintain clearly written policies, train management, and audit records.

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by Andrew R. Shalauta, Esq.

CALIFORNIA LAW prohibits discrimination in all aspects of employment, including, hiring, discipline, and termination. The first step in avoiding risk from employment lawsuits is during the hiring process. Discrimination in the hiring process is typically connected to inquiries of job candidates. Employers should only ask interview questions that are connected to the skills necessary to succeed in the position. On the other hand, employers should not ask questions that may be interpreted as discriminatory, e.g., marital status, race, and pregnancy. If the job candidate tells you he or she has a disability, you should ask about necessary accommodations, if any. And, as always, document the interview process.

The second step in avoiding risk from employment lawsuits is through management of employee performance. Employers should perform regular per-

Come to "Inside Oakland Breakfast Forum" and hear from people who affect the policies and



progress of the city in which we live and do business.



Police Chief Wayne Tucker

Focus on Public Safety
Chief Wayne Tucker
Oakland Police Dept.

Friday, Sept. 19
8:30-10 a.m.

Crime and public safety are long-standing issues for Oakland residents and businesses. Recent events have catalyzed many, including the Chamber, to speak up and demand improvements and accountability.

What, if anything is changing? And how are new efforts making a difference?

JOIN Chamber members for this informative breakfast at the Oakland Chamber of Commerce, 475 14th Street.

This event is free to Chamber members and \$10.00 for non-members. To attend, you must RSVP by Wednesday, September 17.

To RSVP and for more information, contact Scott Peterson, the Chamber's director of public policy, at (510) 874-4817 or at speterson@oaklandchamber.com.

REGISTER ONLINE www.oaklandchamber.com.

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