The Benefits of Benefits

NEW WORKPLACE TRENDS

BY JOHN HARDY

While employee health and wellness are basic and vital aspects of every workplace, the new trends for benefits (what is and is not offered and covered) are not only ever changing but proving to be sometimes contentious for many organizations.

Benefits matter for recruiting new employees and keeping existing staff satisfied and, ultimately, they impact the company's bottom line.

Calgary employees negotiate and depend on employer-sponsored health and wellness benefit plans for prescription drugs, dentists, physiotherapists and psychologists as well as relatively new wellness benefits like massages, chiropractors, holistic health and company plan-approved health reimbursement accounts (health and wellness lines of credit) for options such as fitness memberships, personal trainers, health screening procedures and other paramedical services not covered by Alberta Health Services (AHS).

"In the past five years or so, there has been a trend to health spending accounts – companies providing basic coverage but having a large health spending account," explains Calgary's Janet Salopek, partner and senior consultant at Salopek & Associates Ltd. "It is an effective recruitment tool and good retention strategy. Particularly in Calgary, millennials currently make up a significant portion of today's workforce and companies pay attention to this demographic when designing plans.

ABOVE: JANET SALOPEK, PARTNER AND SENIOR CONSULTANT AT SALOPEK & ASSOCIATES LTD.

"The younger generation is not as concerned about traditional group benefits as much as flexibility and control over how they spend their benefit dollars. We are also seeing a trend where companies are tiering the health spending account so the dollar amount available to the employee depends on years of service. It's a great retention strategy."

Even without the impact of the downturn on the Calgary job market and economy, there's a consensus, particularly in the Calgary workplace, that health and wellness benefit options are changing and many employers are re-examining traditional benefits as well as some new employee preferences, to more effectively plan and budget for company-offered programs.

It's also a fact of doing business that providing health and wellness benefits is a spiking cost for employers.

Drawing from a survey of hundreds of Canadian companies, the Conference Board of Canada compiled the Benefits Benchmarking 2015 Report, comparing mid- to large-sized employers across Canada.

It shows that the average cost of providing health and wellness benefits for employees (including AHS premiums) is $8,330 per year, per employee.

"With the prevalence of chronic disease and incidence of mental health issues increasing, the costs of benefits have never been higher," says Nicole Stewart, senior research associate, leadership and human resources research with the Conference Board of Canada. "Employer-sponsored benefits are valued by employees, but in order to control costs, organizations are making tough decisions about where to best allocate funds.

"Beyond preventative measures, employers are also keeping benefit costs lower by limiting certain long-term benefits to employees, for example, retiree benefits. More than half of the Canadian employers surveyed for Benefits Benchmarking 2015 offer benefits to employees after they retire, primarily covering prescription drugs, vision care, hospital stays, and dental and paramedical care."

The report also showed that, between 2012 and 2015, the percentage of employers limiting retiree benefits only to "grandfathered" employees doubled among respondents.

Some changes are causing ripples about the health and wellness options being offered by Calgary employers. The AHS delisting of some services along with the rising cost of expensive drugs is causing some Alberta employers to review ways to contain health care costs while maintaining a healthy and happy workforce.

"More than half of organizations we surveyed (52 per cent) reported increases in benefit costs for active employees, averaging 6.2 per cent," Stewart says. "For employers, providing benefits while containing costs is a constant priority. To manage costs, some employers are looking to generic substitutions for prescription medicines or exclude certain drugs from coverage.

"Others seek to increase the employee share of premiums. However, these solutions only address part of the cost pressures facing employers. A big, contemporary trend is a holistic view. Companies are looking closely at absentee rates and looking at benefits from a prevention perspective.

"Organizations are increasingly turning to programs aimed at physical and mental health promotion because early assessment and intervention helps reduce the cost of claims."

Some trends revealed in the Conference Board report include:

- More than 90 per cent of employers provide full-time employees vision care coverage (92 per cent); private

ABOVE: NICOLE STEWART, SENIOR RESEARCH ASSOCIATE, LEADERSHIP AND HUMAN RESOURCES RESEARCH WITH THE CONFERENCE BOARD OF CANADA.

or semi-private hospital accommodation (96 per cent); out-of-country medical coverage (99 per cent); paramedical services like massage therapy, chiropractic coverage and physiotherapy (99 per cent); major restorative dental services (98 per cent); and long-term disability (99 per cent).

- Most organizations do not have a set annual maximum for prescription drug coverage, but on average, reimbursement is limited to 89 per cent of the claim. Annual maximums are typically in place for dental work.
- Over the past three years, there has been a significant increase in the number of employers offering full-time employees critical illness insurance (from 26 per cent to 35 per cent) — though more as an optional benefit than a standard one.

As Salopek points out, "Traditional wellness benefits included exercise classes, chronic disease support and smoking cessation but an even newer, emerging trend is a more holistic approach to a healthy lifestyle, which broadens the eligible benefits to include volunteerism, financial planning and flexible work arrangements."

Some companies are surprised that flextime ranks high with employees.

According to recent research by Regus, the global workplace provider, flexibility is a key value for Canadian workers, with three out of five employees saying they would turn down a job where flexibility was not offered. Also, 39 per cent said they would have stayed longer in a previous job had flexibility been an option.

"Flexibility, and specifically the ability to choose to work from a location closer to home, is becoming ever more important to helping modern workers find a balance between their hectic work lives and their physical and emotional demands," says Wayne Berger, vice president of Regus Canada. "In fact, many millennials place greater importance on flexibility than on pay.

"Businesses wanting to attract and retain highly-skilled and valuable workers cannot afford to ignore how important providing good work/life balance has become."

The Regus survey also shows that flexible employees having more spare time as the added benefit of choosing work location and workload helps to juggle personal and professional demands. Most importantly, flexible work enables employees to spend more time with family and friends.

Not surprisingly, when choosing between two similar job prospects, 95 per cent of would pick the job that offered flexibility.

"Technology is the overarching factor," Berger adds, "allowing workers to remain connected away from the office. Technology means workers are now connected 24-7, but it also allows for the freedom to work from home, the road or closer to work from a flexible workspace. Employees may need to be available to their managers and clients outside the regular 9 to 5, and some days may be working more than eight hours.

"To achieve work/life balance in today's ever-connected world, it's important to push for flexibility, when possible, in where and when you work."

The job market is, of course, impacted by the economy and the business climate, particularly in Calgary.

"Currently, due to cost controls and budget cuts, especially in the oil and gas sector, benefits are employer-driven," Salopek points out. "The economy is stabilizing and companies will want to retain good employees, and benefit programs will again become more employee-driven."

LEFT: WAYNE BERGER, VICE PRESIDENT OF REGUS CANADA.