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Companies look to balance their benefits

South Florida Business Journal - by [Bill Frogameni](#)

The recession has forced many companies to cut the quality of employee benefits they used to offer, while rising insurance costs and bottom line pressures have combined to impact benefits, experts say.

"We've seen quite a bit of cost shifting," said Barbara Drames, senior director of benefits at **Oasis Outsourcing**, the West Palm Beach-based staffing giant. "Employees are seeing higher benefit deductions than they had."

Employees are most likely to see cost-shifting in their health insurance, Drames said. Health insurance costs have been spiraling for years, but, because of the recession, employers have been passing on costs at a more substantial rate than they had before. For employers who can still afford it, higher deductibles, higher co-payments and a bigger share of the premium are all the order of the day, Drames noted.

According to a March survey by the **National Small Business Association**, 28 percent of the small businesses polled reported health care cost increases in excess of 20 percent in 2008. Ten percent of the businesses polled said they were considering dropping coverage altogether.

"Nobody is improving their health plans," said Gene Banyon, co-owner of **Employee Benefits Consulting Group** in Davie. "The best-case scenario in this day and age is that employees can keep the same benefits."

Zoe Hernandez Wolfe, president of that **Greater Miami Society for Human Resource Management**, agreed that the recession has caused employers to pass on health insurance costs at a faster rate, but said employers are also trying to remain competitive by adding benefits where possible.

"Organizations are looking overall to balance their benefits," she said. "If their co-pays go up for health care, for instance, they may try to balance it out by adding dental care."

With the cut in health benefits, more businesses are adding wellness programs, too, she said. These relatively inexpensive programs may help defray insurance premiums in the long run since they encourage a focus on preventive measures such as exercise, weight loss and smoking cessation.

Drames pointed to another creative way employers are trying to balance the scales: hospital indemnity insurance. This allows employees a level of protection against out-of-pocket costs by paying them a set fee if they end up in the hospital.

For instance, for \$50 a month, individuals could get coverage that pays them \$1,000 when they enter the hospital and \$500 a day after that, up to 30 days, Drames said.

This month, Oasis will begin offering hospital indemnity to the thousands of businesses it services, Drames said.

Another vehicle growing in popularity is the health savings account (HSA). This is an account employers set up that allows employees to set money aside, tax free, to be used for out-of-pocket medical expenses. Employers may or may not contribute to the plan.

Bill Mahoney, principal of **Mahoney & Associates**, a Fort Lauderdale-based benefits management firm, said there was about an 18 percent increase in U.S. companies offering HSAs in 2008, "a massive tidal change from the typical PPO plan."

HSAs are a good tool, particularly for small and medium-size businesses that lack the purchasing power of large corporations, Mahoney said. In recent years, he began offering his own employees an HSA. In lieu of premium health insurance, he contributes \$2,000 a year for each employee. This is money employees can roll over from year to year or take with them to another job, he noted.

Aside from changes to health plans, many employers are cutting their contributions to 401(k) plans. Oasis' Drames noted that contributions rise an average of 20 percent annually at the businesses Oasis represents. But, so far this year, contributions have fallen about 20 percent, she said.

"It's an easy change for employers to say, 'We're still offering this benefit, but for now we're withdrawing the match,'" Drames said. "And, it's an easier way for employers to save since the employees don't feel it as directly."

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