

Transition from Contractor to Partner

A View from Inside the Human
Resources Department

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A Brief History

From Payroll to Human Resources Department

Personnel:



Today's HR:



A Brief History

60's- Payroll to Personnel Department

70's- Personnel to Human Resources Department

90's- HMO's and Employee Benefits Emerge

- *HIPPA and COBRA created a greater administrative burden.*

A Brief History

00's- Total Rewards Dominates

- *Increased budget concerns forces employers to evaluate compensation as well as benefits*

2010's- PPACS: Brave New World

- *The impact of mandates, wellness and preventative care considerations*

Centralized HR functions



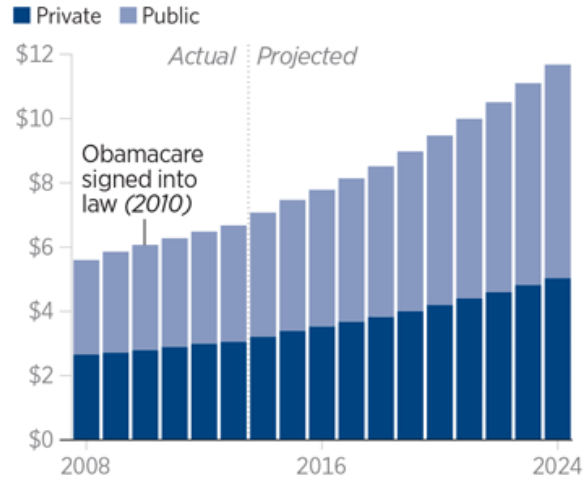
HEALTH CARE REFORM TIMELINE

2010	2011	2013	2014	2015-2018
Health insurance policies that provide dependent coverage must make coverage available for dependents up to age 26	Voluntary long-term care insurance options available for adults who become disabled	Improvements on electronic exchange of health information to reduce paperwork, administrative burdens and costs	Individuals must obtain health insurance coverage or pay a penalty (some exemptions apply)	Health insurance provider fee imposed in 2015 and increased annually
Uninsured individuals with pre-existing conditions can obtain health insurance through a high risk health insurance pool program	Consumer rebates for excessive medical loss ratios	Annual health flexible savings account (FSA) contributions limited to \$2,500	Employers with 50 or more employees must offer coverage to their employees or pay a penalty	High-cost plan excise tax established in 2018
Affordable coverage will be identified by the HHS and a website will be established for residents of any state to locate coverage	Employers required to report health coverage costs on form W-2	Medicare Part D subsidy deduction eliminated	State health insurance exchanges to be established	
Reinsurance for covering early retirees will provide reimbursement for a portion of the cost of providing health insurance (program will end January 1, 2014)	"Qualified Medical Expenses" will conform to the definition used for the itemized tax deduction	Income threshold for claiming itemized deduction for medical expenses increased	Health insurance companies will not be able to discriminate against individuals based on health status	
Limits on lifetime dollar value of benefits for any individual covered by group or individual health insurance eliminated	Simple Cafeteria Plan will be created to provide small businesses an easier way to sponsor a cafeteria plan	Hospital insurance tax for high wage workers increased	Individual health care tax credits available for certain individuals	
Pre-existing condition exclusions will be eliminated for children	Medicare Part D discounts (50% discount on brand-name drugs)	Medical device excise tax established	Second phase of small business tax credit	
Group health plans and health insurance issuers offering group or individual health insurance coverage must cover preventive health services	Increase of taxes on withdrawals from HSAs (prior to age 65) and Archer MSAs which are not used for qualified medical expenses		Assessment of health insurance provider fee	
Rescissions in all new and existing plans will be prohibited in most cases; plan coverage may not be cancelled without prior notice to the enrollee	Free annual wellness visit for Medicare beneficiaries and elimination of cost sharing		No limits on annual dollar value of benefits for any individual covered by group or individual health insurance.	
Fully-insured group health plans must satisfy nondiscrimination rules regarding participation and benefit eligibility			Pre-existing condition health insurance exclusions eliminated for adults	
Employers must improve the appeals process for appeals of coverage determinations and claims				
Small business tax credit available				
Rebates for the Medicare Part D "Donut Hole" sent to eligible enrollees				
States may expand Medicaid eligibility				
Indoor tanning services tax imposed				

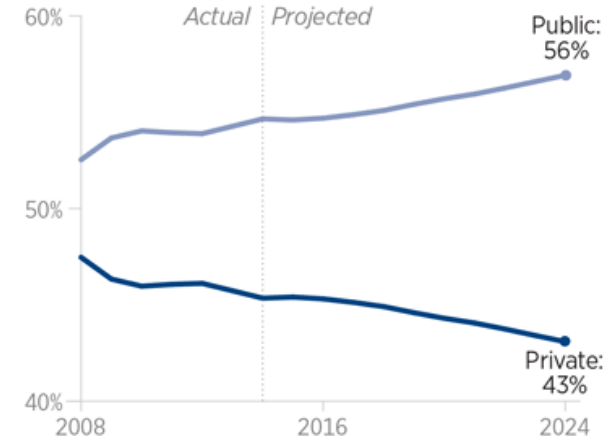
CHART 2

Health Insurance Spending Rises, Government Controls Growing Share

Health Insurance Spending, per Capita, in Thousands



Share of Health Insurance Spending



SOURCE: Centers for Medicare and Medicaid Services, Office of the Actuary, "Table 3: National Health Expenditures; Aggregate and per Capita Amounts, Percent Distribution and Annual Percent Change by Source of Funds: Calendar Years 2008-2024," July 22, 2015, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html> (accessed March 2, 2016).

The Post PPACA HR World

- La La Land- Mandated freebies
- Big Data: Regulations, Demographics, Cost Control, Part-Time Labor Force, Etc.
 - *Required HR practitioners to require new skills, knowledge, and analytics at a level they are not prepared for.*

Today's World: Human Resources to Human "Abuses"

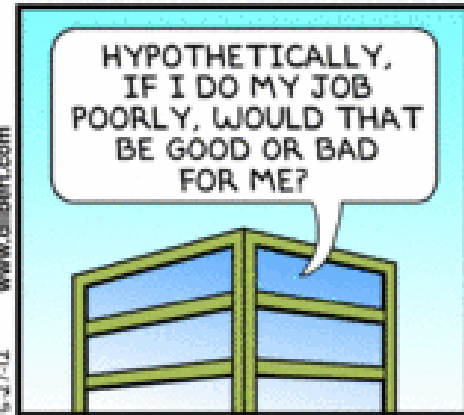
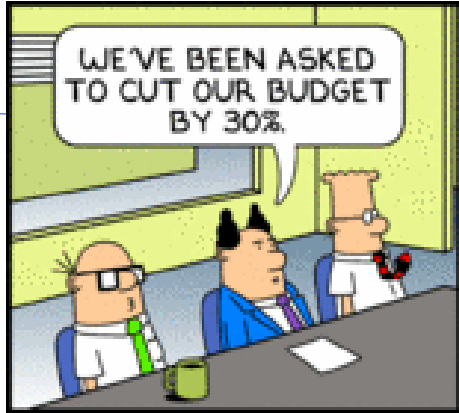
- 4 out of 5 employees report being dissatisfied in their current jobs.
- The number of filed grievances has *quadrupled* since 2010.



Today's World: Human Resources to Human "Abuses"

- Benefits now cost companies more than 40% of every dollar of payroll.
- ACA is now approaching double digit cost increases.





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Today's World: Human Resources to Human "Abuses"

- ROI- Return on Investment consideration moves HR into a cost center.
- What HR departments need is benefit providers to be a *partner* not just a *provider*.
 - *Dashboards*
 - *Variable analytics*
 - *Predictive Reliability*
 - *Partners have a steak in the game*





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