

Insurance and the CFO: What the Chief Financial Officer Must Know about Part Time and Hourly Insurance - By Susan Nicolai  
2006-09-11

---

It is said that employees are the most important asset of any organization. Regardless of the latest whiz bang technology or gadgets, it is the people that make a successful organization run. Labor is typically the largest or second largest cost in doing business, and as business becomes increasingly competitive, the need to lessen turnover and recruit crucial employees - particularly in the part-time and hourly wage arena - is yet another thing that can keep a CFO up at night.

How can we be more efficient? How can we retain and recruit more and better employees? How can the bottom line be made more attractive?

One way is to offer limited benefit insurance, coverage that helps employees afford basic medical care, office visits and prescription drugs. Providing insurance to part-time and hourly workers may soon become a "competitive mandatory" in the retail, restaurant, temporary staffing and hospitality industries. Early adopters are beginning to realize an advantage over competitors in attracting talent and lessening turnover - both, expensive alternatives

The number of uninsured workers in the United States has reached 44 million. Still, the vast majority of CFOs cannot name a single provider of limited benefits for part-time and hourly employees.

Speaking pragmatically, a CFO wants to offer limited benefits because it is the right thing to do. For large organizations entering the limited benefit market, it's good for the employer because it brings a higher standard to the industry as a whole, and is good from both an internal and external public relations standpoint. In addition, a recent study showed that nearly 85 percent of HR executives with 2000 or more employees, 70 percent of whom are part-time or hourly, indicated that they believe offering limited benefit coverage would help with both recruitment and retention.

Okay, providing insurance elevates the standard of the organization, makes the PR and HR teams happy and helps in recruiting and retention. Still, it's an expense you simply cannot afford to take on right now.

Wrong.

The employer takes on limited risk and nominal cost - they have the option to contribute or not to the employee's premium. Some organizations pay nothing, while some contribute 100 percent. The leading national quick-serve restaurant makes an employer contribution for every employee of its corporate-owned stores who opts for coverage. Franchise owner operators are strongly encouraged to do the same. Naturally, employee participation increases when employers contribute. The premium for limited benefits is also exceptionally affordable - usually about two hours pay per week.

Another critical factor is flexibility, because every employer group is different. A good broker or consultant will work with the CFO or designated benefits executive to assemble the right combination of benefits for employees - medical, prescription, vision, dental, life, short term disability. Logan's Roadhouse, a national steakhouse chain, explains that most of their part-time and hourly staff are looking simply for the ability to see a doctor when they catch the flu or have prescriptions filled during allergy season. Logan's Roadhouse director of Human Resources Tim Mayfield states: "From an employer standpoint, it boosts morale and helps reduce turnover. This is really a step that any organization can take to do right by its employees."

Clearly I agree. Offering limited benefits is an investment in your most valuable asset - your workforce. It is a way to provide benefits without much, if any, cost to the employer. There's also an interesting byproduct: part-time and hourly staff don't have the stigma of being considered "second class citizens," which is another boost for morale, productivity and retention.

Finally, consider Uncle Sam. Regardless of your politics, there is pending legislation in 31 states related to employer benefits, leaving business owners rightly concerned with their need to provide benefits to all employees. I believe that if employers pro-actively offer limited benefits, it's one step towards mitigating the need for legislation and governmentally mandated insurance, which might turn out to be far more expensive and much less flexible

For CFOs really into numbers, it's pretty simple to calculate how reducing turnover, even a few percent, can be a tremendous positive boost to the bottom line. This is especially true in the restaurant and retail industries, where turnover rates are often well over 80 percent.

Should you consider offering limited benefits, keep in mind that limited benefits should never mean limited service. Make sure the provider has multiple enrollment options, a national range of accounts, access to quality healthcare providers in network and excellent member support, including a toll-free 24 hour nurse advisor line for the employee.

No, this is not catastrophic coverage, but for many part-time and hourly workers, limited benefits can make the difference between choosing to see a doctor or going without treatment. Besides, at the end of the day, what organization would not want healthier, happier and more motivated employees?

**About EssentialCare**

EssentialCare is a solution from BCS Insurance Company and BCS Life Insurance Company and Planned Administrators, Inc. For more information on EssentialCare, visit the dedicated website [www.essentialcare.com](http://www.essentialcare.com).

**About Planned Administrators, Inc.**

Founded in 1981, PAI is a Third Party Administrator (TPA) of health care plans, focused on health care claims administration and utilization management. PAI delivers savings from some of the nation's biggest and best preferred provider networks, and superior customer service for limited benefit plans.

**About BCS Insurance Company**

BCS is known for excellence in product development and special risk underwriting. With more than 50 years of experience in the group insurance market, BCS provides strength and experience one can trust.

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article23994.html>

© 1998 - 2007 Nevistas and the author.

Brought to you by Hotel News Resource

*Distribute your news on our Network*

See what all the buzz is about at:

[http://www.hotelnewsresource.com/Info-news\\_account\\_info.html](http://www.hotelnewsresource.com/Info-news_account_info.html)