Local benefits packages lag behind nation

By JENNIFER OCHSTEIN
Tribune Correspondent

Michael Bellovich predicts changes are on the horizon for people expecting benefits packages from their employers.

As vice president of human resources for Supreme Corp. in Goshen, Bellovich says the company may make some changes to its own benefits offerings after seeing the results of a survey Gibson Insurance Group conducted along with an independent third party actuarial firm earlier this year.

Supreme Corp. was one of over 130 area companies that took the Gibson's Benefits Benchmark survey in hopes of discovering how their benefits packages compare to other businesses in the area.

According to Vicky Plencner, benefits supervisor for CTS Corp. in Elkhart, she expects the survey to give the company ideas for future benefits offerings to employees and their may be an opportunity for change.

While Bellovich did not go into specifics about what changes may be in store for Supreme Corp., he says that because of the rising cost of health care employers are recognizing that employees are going to "have to assume some responsibility for their own healthcare.

"What I see continuing to happen is more costs are going to be passed onto employees," Bellovich explains.

Despite these forecasts, Tim Leman, director of employee benefits with Gibson Insurance Group in South Bend, says benefits packages in northern Indiana are below the national average.

"The benefits in our area are not as rich," Leman says, as compared to sectors like southern California, where PPOs are more prevalent than in northern Indiana.

According to the survey, local benefits packages are five to six percent less rich in South Bend than the national median.

For instance, the survey indicated that the median deductible nationwide in 2005 was $300. The median deductible locally is $500 this year. And the survey revealed that the national median copay people spend for generic prescription drugs is $10. Locally, the co-pay is $15. Also, the survey showed that local wellness programs, such as smoking cessation and health monitoring included into benefits packages lag behind the rest of the country.

According to Leman, "I see a big opportunity for wellness disease management."

He says there are three ways employers can control costs: negotiate lower rates, cost shift from employers to employees, or control the health of your employees.

The first two options — negotiating rates and cost shifting — have been exhausted, he says. That leaves controlling the health of employees, which can be done through wellness programs. But, Leman reveals, this is the most difficult area.

"Employers have to find new ways to get employees engaged in their own healthcare," says Leman, who disclosed that Gibson Insurance Group will be starting a wellness program benefit for its own employees starting in January.

According to Bellovich, another change he sees coming down the pike in benefits package trends is a grassroots efforts by employers to reward healthy lifestyles among employees.

It's no secret that Indiana is one of the most unhealthy states in the U.S., he says. And he sees employers offering incentives, like lower deductibles to employees who don't or stop smoking, those who watch their weight and monitor their blood pressure and cholesterol.

"As unfair as it sounds, it may boil down to unhealthy people paying more than people who are healthy," Bellovich says, while waiting for the results of the survey.

Despite its findings, Leman said the Benefits Benchmark surveyed the lives of 55,000 employees covered under local companies as well as the equivalent of $400 million of health insurance premiums.

Plencner says it was comparable to other surveys that do likewise but this one was on a smaller and more compact scale.

"It was very comprehensive," Plencner says.

And Bellovich agreed, noting that a survey like it would not be free to companies like the Benefits Benchmark survey was.

He says that the participation of over 100 companies in the survey "added validity to it."

From an actuarial standpoint, says Leman, 50 participants would have made the survey credible, but the inclusion of so many companies helped to bolster its standing among businesses.

The Gibson Benefits Benchmark survey will continue to be a yearly survey that businesses can participate in and fill out online to discover how they stack up to each other. Each participating company will be given its own, private report comparing it to other companies.

U.N. raises global economic forecast

By ALEXANDER G. HIGGINS
Associated Press Writer

GENEVA — The United Nations raised its forecast for global economic growth this year to 3.6 percent last week, as major economies rebounded and emerging nations maintained their momentum.

The U.N.'s new forecast is up from the 3.3 percent growth it expected when it released its World Economic Situation and Prospects report in January. Global growth for last year was 3.6 percent, the same pace now seen for this year.

"The world economy started 2006 on a strong note," the U.N. said in its midyear update. "As a number of major developed economies managed to rebound from the notable slowdown in late 2005, many developing countries maintained the momentum of broad and solid growth."

The world has benefited from the breadth of the economic growth over the past two years, the report said.

"A large number of developing countries have registered solid growth," it said.

Large global imbalances, which have continued to widen, are the major concern for the remainder of the year, the U.N. said.

"The current account deficit of the United States surpassed $800 billion in 2005 and is expected to exceed $900 billion in 2006," it said. "Oil-exporting countries continue to experience increases in their surpluses."

Higher oil prices have driven the rise in overall inflation in most countries, but core inflation — excluding volatile items like food and energy — have been much more stable, "indicating the pass-through of higher oil prices into overall inflation has been limited," the report said.

One reason is that a number of developing countries have eased the impact of high oil subsidies and other measures, but those supports are too expensive to be maintained over the long term, it said.

"As these countries reduce these measures, a stronger direct impact of higher oil prices on inflation is expected, as is already the case in Indonesia and a few other economies," the U.N. said.

The report noted that developing countries have been gaining a larger share of world commerce because their exports are growing faster than those of developed countries.

"This increase is particularly evident for some of the most dynamic developing countries, such as China and India, whose exports are growing at an annual rate of 20 percent or more," it said.

That contrasts, for example, with the large trade deficits of the United States.

Other factors that could slow economic growth during the second half of the year are rising interest rates, the cooling housing market in many countries and a possible flu pandemic that could result if the bird flu virus should mutate into a form easily passed among humans, the report said.

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Legal Considerations for New Businesses*
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Preparing Your Business Plan*
August 1 from 4-6pm
August 28 from 6-8pm

Selling on eBay
August 17 from 10am-3pm
$85, includes materials and lunch

Beyond the Basics: Techniques for Serious eBay Sellers
August 18 from 10am -3pm
$85, includes materials and lunch

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Call 574-282-4350 ext. 0 for reservations.
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