

Reduce Insurance Costs with Healthy Hiring Practices

One area which can be one of the most important areas to focus on for manufacturing businesses is your company's hiring and screening practices. Employees are in some cases the largest expense to a company through payroll, but also through the claims they can incur while in your employment. For that reason, your hiring practices are your front-line defense to avoiding potential workers' compensation, violence in the work place, employee theft, and other employment practice related risks, which will ultimately affects your insurance premiums.

These days, insurance carriers are more and more inquisitive about hiring practices and other employment related processes. In many cases, a documented effective hiring process can make your company look more appealing to a carrier and encourage them to give credits to the premium versus a company without a process. It is strongly urged that every company have a labor attorney review any procedures and processes that you have implemented.

There are three types of screens that should be utilized in coordination with a well managed hiring process:

1. Pre-employment drug screening is one of the most common tools employers use to screen candidates that don't comply with their drug-free workplace. There are several different types of drug screenings that can be done, but all at a price depending on how your company is conducting these screenings. The most common is to send employees to an occupational medical or other diagnostic center for testing. It is recommended that this is completed in a specific time period, otherwise masking agents may be utilized based on the test that is being completed. The most commonly used drug screen is the urine test in which all different chemicals can be tested. The more chemicals tested for, the more expensive the testing.
2. Background screening is another commonly used screening process. Remember to notify and get written permission from the employee to conduct the background screening. There are several different risks that this screening can prevent such as employee theft and violence in the workplace. Some states have websites employers can check for this information for a very minimal fee. If this option is not available you will need to use a service. When looking for the best service to use for the screenings, be sure they can be held liable if they make an error in the background screening process.
3. Pre-employment or post-hire physical assessment testing is a tool for employers with more physically demanding jobs or companies that have a significant amount of workers' compensation claims. There can be a considerable investment of money based on turnover for this testing, but if a potential employee has a condition which the physical requirements of the job could injure the employee or others, the well being of that individual and cost of the claim well outweighs the cost of the testing. There are many different services that can conduct testing either on-site or at a medical facility. The key element to success is making sure the testing company runs evaluations on the physical demands of all positions at the company.



In summary, the employees your company hires can directly impact your company's bottom line. It's important to protect your company's assets and insurance premiums by having a front-line defense to screen out candidates that would adversely affect your company. To learn more about streamlining hiring processes to impact your insurance costs, contact your insurance advisor.

Cost Containment Tool: Dependent Eligibility Audit

Reducing overall costs is a top priority in almost every organization and employee healthcare costs are a main focus. With no end in sight to rising healthcare costs and practically every option to curb healthcare spending exhausted, what can employers do? The answer may lie in something as simple as making sure the people you have covered under your health plan are actually eligible for coverage. A dependent eligibility audit may be an option.

Dependent eligibility audits are used to identify ineligible dependents that are enrolled in your benefit plans. Examples include children that have met maximum age or student status, divorced spouses, or children impacted by changes in custody arrangements. Estimates show that 3 to 12 percent of covered dependents are not actually eligible. This can translate into significant cost savings for employers.

When planning an audit, an employer should consider the following:

- Are all plan documents consistent in defining dependents?
- What will the scope of the audit be and who will perform it?
- What documents will satisfy proof of eligibility for various types of dependents?
- What will be the message communicated to employees?
- How will employees perceive an audit? Are there other employee relations issues going on?
- How will privacy issues be addressed?

One of the most essential aspects of a dependent eligibility audit is employee communication. Employees should be told in advance of the coming audit so they can gather the proper documentation. Also, they should be reminded frequently throughout the audit period to ensure the best possible participation rate. Use already established mediums for communicating the message, including your company intranet, e-mails, bulletin board postings, payroll stuffers, etc.

Typically there are two steps to a dependent eligibility audit.

Step One: Employers establish a period of amnesty where employees can voluntarily remove ineligible dependents. Employees are notified by letter, explaining eligibility rules. An employee can then review all covered dependents for status, and no penalty will apply to those dependents removed because they no

longer qualify. Employers generally give employees one month to respond. Ineligible dependents are terminated at the end of the following month.

Step Two: For all remaining dependents after the initial amnesty period, employers should require employees to provide documentation to verify dependent status/relationship. Documents must establish both a dependent relationship and that the relationship still exists. Examples may include:

- Marriage certificate
- Domestic partner affidavit
- Legal documents that establish custody, guardianship or foster care
- Birth certificate
- Tax status form
- Medical documentation of disability
- Adoption papers

If an employee is unable to establish a dependent relationship, employer may impose penalties or seek reimbursement for claims paid for ineligible dependents among other solutions.

Many companies find that hiring an independent audit firm may be desirable as the auditing process can be cumbersome and time-consuming. While an audit of this nature may seem extreme, so is unknowingly paying for healthcare services for people who are not eligible. A dependent eligibility audit provides compelling evidence and helps to preserve the integrity of your corporate benefits package.

For more information on dependent eligibility audits, contact your employee benefits advisor.



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