

MANAGEMENT IDEAS FOR A/E PROFESSIONALS

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Are your wages fair?

Make sure you're doing everything legally, especially with the eyes of the fed focused on workers' rights.

Since 1938, The Fair Labor Standards Act has undergone numerous revisions. So many changes can sometimes leave business leaders running to catch up.

In its present state, according to the U.S. Labor Department, workers covered by the FLSA are entitled to the minimum wage and overtime pay at a rate of not less than 1.5 times their regular rate of pay after 40 hours of work in a workweek. Exceptions exist for specific circumstances, including workers with disabilities, interns, and students.

GET EDUCATED

How do you know which ones affect your business? A ZweigWhite webinar

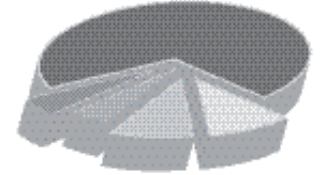
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BY THE NUMBERS

PAY ME LATER? NO THANKS!

Despite the economic recession that took hold of the A/E industry for most of the past 18 months, firms still prefer to pay their employees right away rather than using deferred compensation to delay the inevitable. Only about one-third of firms use any sort of deferred compensation program with their employees. See full story on Page 3.

Does your firm offer deferred compensation?



- Yes, but only to certain employees.
- Yes, to all employees.
- No, but we have in the past.
- No, but we are considering it in the future.
- No, and we have no plans to offer it.

Plenty of changes come with health care reform

Your firm should be preparing now so it's ready for what lies ahead under new rules between now and 2018.

If you haven't started preparing for the myriad changes expected to come through health care reform— more formally known as the Health Care and Education Reconciliation Act of 2010— you better start soon.

There could be lots of changes to come for your firm, and you need to understand the pieces of the 2,900-page legislation that will affect you, the pieces that could affect you, and the pieces that won't affect you, said Abe Gutfreund, senior vice president of **Singer Nelson Charlmers**, a Teaneck, N.J.-based insurance broker.

Most of the new mandates take effect from 2014 to 2017, with the most ballyhooed being the fact that everyone must have health insurance or face penalties.

See "Health care" on page 2

COVER STORY

singer nelson charlmers
 TOTAL PROTECTION.
 TOTAL COMMITMENT.
 A WORLD OF DIFFERENCE.

The **HealthPlan Optimizer**

Health care

From page 1

Health care reform, which President Obama signed into law on March 23, brings with it lots of new mandates, many new programs, and a slew of new taxes, said David Singer, CEO of the firm.

Most of the new rules will come from the Department of Health and Human Services, while several Congressional committees, the Department of Labor, Internal Revenue Service, and



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National Association of Insurance Commissioners will also have a say

in how the changes are enacted going forward, he said.

The rollout will be divided into several phases, the first of which will launch later this year and run through 2011. Another phase will kick off in the middle of 2011 and go through 2013, with a third phase running from 2014 to 2017 and the final pieces coming online in 2018, Singer said.

HOW TO PREPARE

In the ZweigWhite webinar “Optimizing Health Care Reform: What to Expect, How to Prepare and When to Start,” Gutfreund ran through 10 strategies A/E firms should be working on when it comes to the changes associated with health care reform. He split the strategies into two phases.

First, firms should develop a formal system to better understand employees’ needs when it comes to health care. The employees must be given an opportunity to air their concerns and provide their input regarding the plan the firm will choose going forward, Gutfreund said.

Firm leaders should customize their plans to avoid any wasteful spending on perks or benefits they won’t use and don’t need, he said. They should understand the prices associated with their choices and the renewal philosophy associated with each plan. HR directors should craft a risk model so there’s no guesswork when it comes to choosing the right plan or plans for your firm, and must audit the risk and eliminate or remediate any gaps they find.

In the second phase, Gutfreund said, perhaps the most important step is to re-customize the plan designs and contribution models the firm offers to avoid penalties and enrollment rate adjustments.

HR directors should also evaluate whether Exchange plans are right for the firm, and consider the feasibility of self-funding. The latter strategy should be done annually, he said. Firms should also consider whether it would be better to redirect its health care dollars to other employee benefits in hopes of avoiding a so-called Cadillac tax in

2013, and enhance their advocacy services to plan participants.

Most of the new taxes under health care reform come in the phase from 2011 to 2013, Gutfreund said, with brand-name drugs triggering a brunt of those costs at about \$5 billion. There will also be increased taxes on medical device manufacturers, a 20% tax on withdrawals from Health Savings Accounts and Medical Savings Accounts, as well as increased levies on over-the-counter medications.

Most of the new mandates take effect from 2014 to 2017, with the most ballyhooed being the fact that everyone must have health insurance or face penalties. Based on how much an employee is covered, they will be eligible for four plan categories: platinum, gold, silver, and bronze. There is also a category of catastrophic insurance, which is only open to workers under 31 years old or those who are not required to have insurance, Gutfreund said. All of these offerings will include essential benefits, he said.

During this phase, or possibly sooner, all employers with 200 or more employees must automatically enroll everyone at the firm in a health care plan. The employees can then choose to opt out and find other alternatives, Gutfreund said.

The so-called Cadillac tax— a levy on plans that exceed \$800 per month— comes into the picture in 2018.

HOW WILL THIS AFFECT A/E?

An interesting note, and one that A/E firms should watch carefully, is that design firms are typically seen to have a lower medical risk than most companies, largely because of the typically high percentage of men employed there. Clearly, this is not the case in all A/E firms, but it’s true at the overwhelming majority of them, Gutfreund said.

When health care reform takes effect, however, gender will no longer be factored in to insurance offerings. That could mean the disappearance of many discounts firms have counted on in their health care planning, leading to higher rates in many cases, he said.

Some plans, of course, will be grandfathered in under health care reform, but a variety of triggers could mean the end of the grandfathered plan. Those enrolled in a plan on the date the reform act became law should be safe from fear unless one of several things happens.

It’s unlikely that a firm adding new employees to its existing plan or plans would change the grandfathered status, Gutfreund said, but choosing a new insurer probably will cost the firm its standing. A new family member is unlikely to wipe out the grandfathered status, but changes to the plans themselves could mean some concern. □

For more information or to buy a recording of the ZweigWhite webinar *Optimizing Health Care Reform: What to Expect, How to Prepare and When to Start*, call 1-800-466-6275 or log on to www.zweigwhite.com/zw-939.aspx.