

# Benefit Plan Performance:

## *Are my benefit programs competitive?*

A company's benefits program should be reviewed and assessed annually not only to examine related costs and value but also to evaluate the competitiveness of the program. Benefits are an essential piece of an employee's total compensation package and are key in recruiting and retaining employees.

Employees consistently rate benefits as one of the most important factors in job satisfaction. Benchmarking tools, survey reports and benefits needs assessments are great tools human resource professionals can use to help their organizations customize their benefits programs to meet their needs and to remain competitive.

Key elements of a successful benchmarking analysis include:

- Credible survey data
- Expert analysis of survey results
- Data by plan design, total costs, employee contributions, and trends
- Data based on industry, company size and geography or specific peers
- Key benchmarking statistics, i.e., costs as a percentage of payroll, prescription drugs, care management programs, etc.
- Total compensation data



High performing companies are far more rigorous than low-performing companies in developing and documenting their benefit plan strategies, philosophy and objectives. What's more, the majority of high performing companies manage by fact – using clearly defined metrics and measurement processes to inform decision making and action.

### *Where to turn for help*

My Benefit Partners can assist you in understanding and effectively addressing strategies to complete a successful benchmarking analysis.

We offer advisory services that can help you:

- Develop a strategic approach to benchmarking your plans
- Identify tools, resources and surveys to help you succeed
- Provide expert analysis of benchmarking results
- Determine an action plan based on findings

Total health benefit cost rose by 6.1 percent in 2007, the same pace as last year, to an average of \$7,983 per employee.

The good news is that cost increases have held steady for three years (after spiking to nearly 15 percent in 2002) and are likely to slow a bit further in 2008. The bad news is that's still more than twice the rate of inflation. Health cost growth is outpacing wages and material costs and eroding business profitability.

Please contact your local MBP consultant if you have any questions or would like to discuss opportunities to address your company's benchmarking efforts.