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Sales Staffing Forecasts Optimistic For 2010

As companies project higher revenues for next year, employers are starting to set more ambitious goals for their sales force, and most employers do not anticipate laying off additional sales staff, according to a survey conducted by human resources consultancy Watson Wyatt.

The August survey of sales executives from 129 large companies found that 83% of companies anticipate revenue growth in 2010, with 43% expecting revenues to rise by 6% or more. Results also showed that around half (51%) intend to increase sales goals and quotas next year. Just 12% anticipate further layoffs of sales staff, down from 53% in February, and 16% expect to increase their company's sales force. In addition, 81% of the executives surveyed in August reported that

voluntary sales force turnover had fallen below 10%, down from 51% in February.

The August survey results also indicated, however, that sales executives see challenges ahead. When asked to identify their primary concerns, 60% cited sales force productivity and efficiency, 48% said sales force quota and goal setting, 40% said coaching and development, and 35% cited sales force

morale and motivation. At the same time, less than half (47%) told researchers they are satisfied with their goal-setting process.

“Optimistic forecasts are good news for sales forces, which can look forward to fewer layoffs and potentially higher compensation,” said John Bremen, global director of sales effectiveness and compensation at Watson Wyatt. “Yet, with budgets still tight, many companies will look to get more out of their current salespeople for next year and to align incentives with changing business objectives.”

When asked what aspects of their sales incentive plans they intend to change in the next fiscal year, 60% of the executives surveyed said performance measures, 50% said performance measure weightings, 49% said

Also In This Issue

- Trends In Health Care
- Workers And Stress-Related Illnesses

DeTrude & Company, Inc.

3850 Priority Way South Drive
Suite 218

Indianapolis, IN 46240

Phone: (317) 573-3850

Fax: (317) 573-3854

detrude-benefits.com





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incentive formulas or mechanics, and 28% said the pay mix. Researchers noted that companies appear to be maintaining a strong pay-for-performance orientation, with 86% saying they are able to identify their top performers and 79% reporting that the top earners at their companies are also the top performers.

“Although the outlook for sales forces seems to be improving, there are still bumps ahead in the road to recovery,” said Joe Clarkson, U.S. practice leader for sales effectiveness and compensation at Watson Wyatt. “As companies move forward, it will be critical to motivate, coach, and focus their sales forces to be more productive. Companies have the resources at their fingertips to accomplish what they need to—now they need to marshal those resources and position themselves for the long run.”

Trends In Health Care

As efforts to reform the health care system continue in Washington, recently published studies have shown that the cost of family coverage among employer-sponsored health plans rose 5% in 2009, and the number of Americans who are likely to go without health insurance coverage for a month or more appears to be rising.

According to an annual report on employer health benefits released by the Kaiser Family Foundation and the Health Research & Educational Trust (HRET), the average cost of premiums for employer-sponsored health insurance rose to \$13,375 annually for family coverage in 2009, with employees paying \$3,515 and employers paying \$9,860 on average. This represents an increase of around 5% compared with 2008, even as general inflation fell 0.7%, and workers' wages grew 3.1% over the same period. However, no statistical growth was seen in the cost of single coverage premiums, which

averaged \$4,824 in 2009. The study's findings are based on a survey of nonfederal private and public employers with three or more workers conducted between January and May 2009.

Researchers observed that, between 1999 and 2009, premiums for family coverage rose a total of 131%, far more rapidly than workers' wages, which grew by 38%, or inflation, which was up 28% over the same period. However, the annual rise in premiums has been more moderate over the past few years than it was earlier in the decade.

Of the firms surveyed in 2009, 60% reported offering health care benefits to at least some of their employees, roughly the same percentage as in 2008. While 95% of companies with 50 or more workers had a health plan, smaller employers were found to be far less likely to offer a plan. Among the firms that offer coverage, an average of 79% of workers are eligible for benefits, and an average of 81% enroll in the plan. Overall, 59% of the employees were found to be covered by health plans offered by their employers.

Among those firms that provide health benefits, 21% reduced the scope of health benefits or increased cost-sharing in response to the economic downturn, and 15% increased the employee's share of the premium. Researchers noted that, between 1999 and 2009, the average employee contribution for a family plan rose 128%, nearly in line with the overall rise in premiums of 131%.

Results further revealed that a growing number of participants in employer-provided plans are facing higher deductibles: In 2009, 22% of covered employees had to pay at least \$1,000 out of pocket annually for single coverage, up from 18% in 2008 and 10% in 2006. According to researchers, the increase in covered workers with high deductibles stems primarily from changes at large employers, although workers at smaller firms remain significantly more likely to have high deductibles.

Meanwhile, a report released in September by the U.S. Treasury Department found that nearly half (47.7%) of all Americans went without health insurance coverage for at least one month between 1997 and 2006. The goal of the study, “The Risk of Losing Health Insurance Over a Decade: New Findings from Longitudinal Data,” was to go beyond the uninsured figures cited each year by the U.S. Census Bureau. According to the latest Census Bureau estimate, which provides a snapshot of health insurance status in a given year, 46.3 million people, or 15.4% of Americans, were without health insurance in 2008.

To get a more comprehensive picture of health insurance coverage rates over time, the study’s authors conducted an empirical analysis that tracked the insurance status of a representative group of non-elderly Americans from 1997 to 2006 using the Panel Study of Income Dynamics (PSID). They used other data sources, including the Medical Expenditure Panel Survey (MEPS), to estimate how many people were without insurance at some point during the period of time studied. The analysis showed that between 22% and 26% of non-elderly Americans experienced at least one month without insurance during a given calendar year. In addition, over the course of the decade studied, 41% of Americans went without coverage for at least six months, and 36% went without coverage for at least one year.

The analysis also showed that young adults were especially likely to be uninsured: 57.3% of adults under age 30 in 2006 were found to have gone without insurance at some point during the 10-year period studied. The percentage of Americans who had no insurance coverage for at least one month over the period was also found to be slightly higher among people living in rural areas (52.7%).

“These lapses of coverage have serious consequences for American families,” the report’s authors said. “Extensive

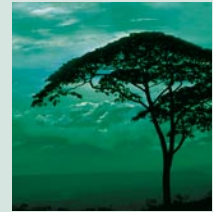
research indicates that going without health insurance—even for a limited period of time—reduces access to needed health care, negatively impacts health outcomes, and increases the likelihood of financial devastation.”

Workers And Stress-Related Illnesses

While most workers report being in good health overall, the number of employees suffering from mental health problems, including stress and depression, is increasing, particularly among men, a study by the Families and Work Institute, a nonprofit research organization, has found.

The report, “The State of Health in the American Workforce: Does Having an Effective Workplace Matter?” was written by Kerstin Aumann and Ellen Galinsky. The study’s findings are based on the results of surveys conducted in 2002 and 2008, in which employees across the U.S. were asked a series of questions about their physical and mental health. A comparison of findings from both years, researchers said, reveals that the state of health of the American workforce is declining.

When asked to assess their overall physical health, 28% of the workers surveyed in 2008 described their health as “excellent,” down 6% from 2002. In addition, slightly more respondents in 2008 reported having a minor health complaint over the past month than in 2002. The findings also showed that significant numbers of workers are being treated for one or more chronic conditions: Of the employees surveyed in 2008, 21% have high blood pressure, 14% have high cholesterol, 7% have diabetes, 4% are in treatment for mental health problems, and 3% have a heart condition.



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Despite the prevalence of these conditions, the study found that too few workers are taking the recommended steps to improve their health. For example, the 2008 survey showed that less than half (49%) of employees reported engaging in regular physical exercise over the past month.

The findings further revealed that, while just 4% of the workers surveyed in 2008 said they are being treated for mental health problems, around one-third are showing signs of clinical depression based on a questionnaire used to help diagnose depression. In addition, 27% of 2008 respondents reported experiencing sleep problems that have affected their job performance over the past month, and 9% said the problems were frequent. Using a standardized measure of perceived stress that has been linked to physical health problems, researchers found that 41% of employees had exhibited several indicators of stress over the past month, and average stress levels increased significantly between 2002 and 2008. The results of the analysis also suggested that, while higher income employees generally report having fewer symptoms of depression than lower income workers, the gap in depression rates between workers of different income levels may be closing.

“These data provide an early warning sign that there could be an increase in stress-related illnesses among the American workforce,” the authors said. “In fact, our data presented above also indicate that the frequency of minor health problems, such as headaches, upset stomachs, or trouble sleeping, has increased—conditions that can be caused or aggravated by stress.”

The findings indicated that men’s health declined more than women’s over

the period studied. For example, 37% of the men and 31% of the women surveyed in 2002 reported being in excellent health, compared to 27% of the men and 28% of the women polled in 2008. In addition, the percentage of men who reported experiencing no minor health problems over the past month fell from 41% in 2002 to 34% in 2008.

In addition, the study found a clear link between employee health levels and engagement at work. For example, the authors noted, 35% of employees who rate their current overall health as excellent were also found to be highly engaged in their jobs, compared with only 25%, 22%, and 23% of employees who rate their overall health as good, fair, or poor, respectively. Moreover, employees who report that they are currently being treated for a mental health problem are significantly less likely to be satisfied with their jobs and significantly more likely to want to leave their current position.

Employee benefits, such as paid time off, may also influence employee health, the analysis showed. The findings indicated that workers who are granted at least five paid sick days a year are more likely to report high job satisfaction and less likely to exhibit signs of depression. The study also found that, while most employees have access to paid vacations, 39% fail to use all of their vacation time, and 24% take five or fewer vacation days at a time.

“In the daily grind of our busy lives, it’s easy to forget the price we eventually pay when we fall short on important things like sleep, diet, or exercise,” Aumann said. “This report demonstrates how our workplaces—where we often spend most of our waking hours—can help or hinder our personal well-being and health.”



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