astern plan sponsors may be jealous of Alberta’s economic boom and its echo across the Western provinces, but the boom is a mixed blessing for HR professionals in Western companies. With a critical shortage of workers in all sectors, the resulting urgency to attract and retain skilled labour remains the toughest challenge. Combined with the manufacturing slump in Eastern Canada, the boom in the West is widening the economic gap across the country, with Western wage and cost of living inflation continuing to outpace the rest of Canada. For example, according to Statistics Canada, Alberta continues to lead the country in Consumer Price Index increases, and the four Western provinces maintain the lowest unemployment rates in Canada.

How are Western plan sponsors dealing with these challenges? Through competitive, creative rewards packages that don’t fit neatly into traditional benefit strategies. While the focus in the East is cost management, the challenge in the West is to create sustainable innovation without “giving away the farm.”

Living well
Many Western companies are using expanded wellness initiatives to provide a competitive edge in the campaign to attract and retain scarce labour resources. Traditional group health and productivity benefits are combined with work/life balance benefits and wellness initiatives to build the organization’s unique and “brandable” health culture.

Incentives for healthy lifestyle decisions have evolved beyond the more traditional and limited health spending accounts to broader, flexible “wellness” or “lifestyle” accounts. These accounts provide employees with notional dollars to spend on a much wider range of health-based programs: nutritional counselling, personal training and spa services, to name a few. While the benefits provided through these programs are usually taxable, the real goal isn’t tax sheltering, but encouraging employee participation in programs they might not otherwise take advantage of.

Western plan sponsors are also offering incentives, including cash or wellness dollars, to employees who participate in health risk appraisals and other health initiatives. These assessments provide employees with an understanding of their particular health risks and practical advice on how to address these risks, including resources to help them. They also provide employers with much-needed data on the status of employee health and where to target workforce health initiatives.

Plan utilization data, including disability, Employee Assistance Plan and drug plan usage, provide a vehicle for Western plan sponsors to better understand the health concerns and issues of their particular workforce, with the ultimate goal of tailoring benefit and wellness initiatives to achieve measurable health improvements for their specific populations. Plan sponsors are hoping that such targeted initiatives will lower long-term health and disability costs and improve employee engagement and productivity in the short term.

Western reluctance
Although Western employers are innovative in many aspects of their approach to employee health, they have not been quick to adopt private healthcare service or Canadian “queue-jumping” as part of their core offerings. Alberta and British Columbia boast a large share of the private clinics in Canada (mainly for surgical and diagnostic imaging services); however, these clinics still play a limited role in group benefits plans.

BY WENDY POIRIER

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With the recent economic boom and resulting labour shortage in the West, when it comes to benefits plans, the employee is now in the driver’s seat.
TAKING CARE OF BUSINESS

Envision Financial is planning new programs to alleviate attraction and retention woes.

By Brooke Smith

Unfortunately, “Nice work if you can get it” might just describe Atlantic Canada’s current job situation—as of August 2007, each of the provinces had an unemployment rate upwards of 7%. Out West, however, there’s so much “nice work” (in August, Alberta’s unemployment rate was 3.5%) that potential employees can be choosy. With so many opportunities, Western organizations have had to start focusing much more intently in order to attract and retain employees.

One such organization is Envision Financial, a credit union based in Langley, B.C. Two years ago, the almost 800-employee credit union developed a five-year strategy relating to well-being and broadened it to encompass an attraction and retention strategy. “Out here in B.C. it’s just booming,” says Fred Bobye, senior vice-president of human resources. “It’s much more difficult to attract people because they have multiple opportunities.” But through the five-year strategy, Envision has developed, and is currently developing, several initiatives to help.

At the beginning of this year, Envision rolled out its revised sick leave policy. “We had a fairly liberal program where there was 12 days a year [for employee illness] and another six days for family [illness],” says Bobye. “Many of the policies are designed—and have been over the years—to provide limitations and restrictions so you don’t have people abusing the system.” As of Jan. 1, Envision removed these restrictions. “There is no concrete number of days. We say personal leave days are ‘unassigned,’” explains Jane Campbell, Envision’s manager of human resources. “We had a branch manager whose parents were both very ill,” says Bobye. “So we said, ‘Just take the time you need.’ She was gone for two months, and we just paid her for the full two months.”

Receiving pay while caring for a loved one is good news, but receiving pay while engaging in a little “me time” is even better. Although Envision has an unpaid leave of absence, it is working on the final stages of a paid sabbatical (to be rolled out in 2008). “It’s open,” says Campbell, stressing its connection to well-being. “It’s not just for education, but travel, travel with family or staying at home to spend more quality time with family.”

And for those employees who aren’t necessarily interested in a huge amount of time off, there are flexible hours. Envision currently has two working pilot projects on flexible hours in two of its retail banking branches. Although flex hours are offered to all employees, those in the retail branches are not really taking advantage of it, says Campbell, so the pilots were initiated and will be assessed and reviewed toward the end of this year. Early in 2008, Campbell hopes there will be more formal opportunities for flex hours in other retail locations.

Envision is also looking into phased-in retirement. “We have quite a chunk of our middle management who are in the baby boomer category and within the next five years, certainly 10 years, are going to be retiring,” says Bobye. Not wanting that brain trust to disappear, Envision has just completed a phased-in retirement survey of its 50-plus employees and is analyzing that now.

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As Envision’s 50- to 60-somethings look forward to their retirement, so, too, do its twentysomethings. “[Young people’s] tenure with an organization is quite different now,” says Bobye. “We’re giving consideration to a group RRSP [for younger employees] but continuing to have our defined benefit pension plan that they could gravitate to if they’ve got longer service or get older with the credit union.” Definitely nice work if you want it. BC
Many employers in the West routinely facilitate diagnostic services such as MRIs, but most have stayed away from expediting private care more broadly.

Critical illness products are of growing interest as an alternative to Canadian “queue-jumping” benefits and as an add-on to traditional health and disability benefits. The marketing message for these products is that the lump sum benefit paid out in times of critical health need can be used to seek immediate or non-traditional treatments south of the border. Some critical illness products are combined with services to help the individual find physicians and other treatment facilities in the U.S. While there seems to be a lot of interest in these products, actual uptake so far remains relatively low.

Interestingly, while prescription drug plan inflation continues to rise well above regular wage inflation, Western plan sponsors remain reluctant to introduce plan design changes that could be viewed as reducing value or imposing restrictions on patient choice. Insurers in the West report an increasing shift away from reimbursement to drug cards (as in the East). A combination of better eligibility controls, flexible plan design options and improved claims reporting make the drug card a more viable option these days. It’s also one of the few ways for sponsors to effectively manage their pharmacy benefits. In time, the move toward the drug card may help pharmacy benefit managers better monitor utilization and encourage better compliance and use of the most effective drug for each patient, which will improve the drug plan’s overall long-term effectiveness.

**Possible headaches for plan sponsors**

As plans grow richer, Western plan sponsors want to ensure that their investment won’t be jeopardized through poor delivery. One of their biggest ongoing concerns is that plan administrators are not living up to their expectations. Lack of responsiveness, inadequacy and inconsistency in dealing with employees and adjudication problems, inadequate financial reporting and ineffective audit controls on claims and membership top the list of complaints.

To remedy this problem, plan sponsors are pushing for more balanced, formalized contracting and performance standards agreements, making it easier to monitor and enforce administration standards. With the ultimate goal of employee satisfaction in mind, the demand for “best-practice” administration is at an all-time high.

There’s also an increasing requirement for administrators to work with plan sponsors to develop customized administrative protocols that suit the needs of particular industry and employee groups. Administration and claims audits are now followed by post-audit reporting to ensure that issues have been satisfactorily addressed. Western plan sponsors are finding that review and enforcement standards, together with financial penalties, can provide better results than an old-fashioned threat to move the business elsewhere.

**Looking forward**

Western plan sponsors will no doubt continue to challenge the industry to provide innovation in plan design and delivery in 2008. They may be willing to spend more on benefits programs, but they’re also demanding a return on investment, in terms of hard dollars, employee satisfaction or employee engagement. BC

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**ANNOUNCEMENT**

Don Bisch, Editor of *Benefits Canada* magazine, is pleased to announce the appointment of Alyssa Hodder as Managing Editor of *Benefits Canada*.

In her new role, Alyssa will oversee *Benefits Canada’s* day-to-day editorial operations and help ensure the magazine provides readers with high-quality, relevant and accurate content. She will also help to identify and respond to the diverse needs of the magazine’s readership and to forge stronger ties with the community we serve.

Alyssa joins Rogers Publishing from ACS and Buck Consultants, where she has worked for the past six years, most recently as a communication consultant. In that role she had editorial responsibility for the firm’s internal and external publications, including newsletters about pension and benefits issues. She also managed media relationships and wrote and edited articles for industry publications, including *Benefits Canada*.

Alyssa has both a Master of Arts degree and a Bachelor of Arts degree from Queen’s University in Kingston. In 2005, she completed the Canadian Securities Course, passing with honours. She is also fully bilingual.