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**Fall WorldatWork
Certification Course**

The GCCBA is sponsoring the Fall WorldatWork certification course, T11 – Fundamentals of Equity Based Rewards, September 15 – 17, 2004. The course will be held at:

Radisson Hotel Cincinnati Riverfront
668 West 5th Street
Covington, KY 41011
(859) 491-1200

Coffee and rolls will be served at 8:00 a.m. each morning and sessions will begin promptly at 8:30 a.m. and will finish at 5:00.

This course is designed to introduce HR professionals to the use of equity-based rewards to attract and retain employees. The course focuses on common equity practices, basic terminology and the use of equity in the total rewards package.

Retired Pfizer Corporate Vice President, Bruce R. Ellig, SPHR, will lead the course. Mr. Ellig holds a BBA and an MBA from the University of Wisconsin and is an honorary life member of WorldatWork, the world's leading not-for-profit professional association dedicated to knowledge leadership in compensation, benefits and total rewards. Topics to be covered in this course include: Equity and Total Rewards, Legal, Tax and Accounting Issues, Equity-based Compensation, Stock Alternatives, Equity Plan Design, and Administration and Communication.

Should you have any questions, please contact: Deborah Dunn, Aristech Acrylics at ddunn@aristechacrylics.com or contact WorldatWork Customer Relations at 877-951-9191

September 2004						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

✂

For reservations, please complete the form below and mail with your check payable to GCCBA by May 12, 2004. Mail to: Ms. Vicki Tettenhorst, Sr. Manager, Compensation, Convergys Corporation, 201 East Fourth Street, Cincinnati, OH 45202 Phone: 513-723-6846.

NAME: _____

TITLE: _____

COMPANY: _____

ADDRESS: _____



BOARD MEMBERS

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513/721-6611

VICE PRESIDENT AND NEWSLETTER CHAIR

Julie Elliott
513/977-3771

SECRETARY

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WAW CERTIFICATION COURSE CHAIR

Debbie Dunn
859/283-6493

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513/629-1140

PROGRAM CHAIR

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513/636-2639

PROGRAM COMMITTEE

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PROGRAM COMMITTEE

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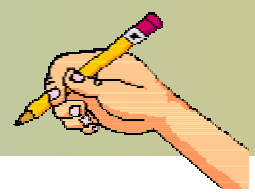
WEBMASTER

Mark Gates
812/539-8383

NEWSLETTER COMMITTEE

Steve Ferguson
513/985-5618

Message from the President



**Lisa Wade
President**

Greetings to all GCCBA Members – new and returning!! There is a lot of energy and effort going on behind the scenes at GCCBA to plan for a great new program year, starting in September. In June, the Board of Trustees gathered for a year-end retreat. It was a great event and afforded us a rare opportunity to reflect on the past year and revitalize ourselves for the coming year. Here is a glimpse of some of their thoughts and ideas from the retreat:

2003/4 GCCBA Successes

- Increased membership by 28%
- Incorporated GCCBA as 501(c)(3) non-profit corporation
- Welcomed three new Board members
- Designed and launched new GCCBA logo
- Completed New GCCBA Brochure
- Held Quarterly Membership Meetings, including one Building Block Course
- Held Quarterly Roundtable Meetings
- Sponsored three WorldatWork Certification Courses
- Produced four Newsletters and implemented new newsletter design
- Made transition to 95% e-mail communication to membership
- Began website postings for available positions
- Sent two Board of Trustees members to WorldatWork Leadership Conference

2003/4 GCCBA Challenges

- Meeting attendance was irregular in spite of membership growth
- Certification courses attendance was low for course offered in Fall 2003
- Coordination with other HR, compensation and benefits events in the area
- Securing space hotel space for meetings and certification courses has become more difficult
- Coordination and planning of GCCBA events more challenging this year
- Getting more members involved in activities and with the board

Goals for 2004/5 Program Year

- Boost meeting attendance
 - Better use of Board Members for planning and coordination
 - Better PR and communication to GCCBA members about events
 - Explore better options for meeting location
- Boost Certification Course attendance
 - Strategic course selection based on prior years' course attendance
 - Coordinate course selection and PR with other compensation/benefit groups in Indiana, Kentucky, Ohio, Pennsylvania
 - Continue marketing through WorldatWork
- Improve Board Effectiveness
 - Redesign Committees
 - Streamline Board Meetings

I hope these lists give you a feel for the great things that are happening at GCCBA! Many, many successes were accomplished last year, in spite of some challenges in planning and coordination. Our goals for the coming year are clarified and we hope you'll join our efforts in providing strong programs of all types to benefit the knowledge and practice of compensation and benefits of all members. Your involvement, input and attendance will help us have another great year at GCCBA!

The May GCCBA Meeting was a Success!

The May GCCBA Program on Health Savings Accounts - Is This the Escape from Runaway Healthcare Costs featured John Sinclair of Mercer Human Resource Consulting. Also featured was Aligning Your Sales Compensation Plan and Your Business Strategy, presented by Joseph Keller from The Alexander Group.

NEED MORE INFORMATION HERE

The 2004-2005 Membership Drive is Officially Underway!

On behalf of the Officers and the Board of Directors of the Greater Cincinnati Compensation and Benefits Association, we would like to thank you for your continued support of our organization. The GCCBA 2004 - 2005 Membership Application Renewal form was sent out via email to all the GCCBA members on Wednesday, August 4th. Please reach out to your co-workers and professional peers and let them know about the benefits of being a member of the GCCBA! If you refer a new member by September 30, 2004, your name will be placed in a drawing for a \$50 gift certificate to Newport on the Levee! Please complete the form and mail, with your check made payable to GCCBA, to:

Deb Ader, Director, Compensation, Western & Southern Life Insurance Company, 400 Broadway,
Cincinnati, OH 45202

If you did not receive your form or have any questions, please contact Deb at: (513) 629-1140 or
deb.ader@westernsouthernlife.com

Changes in Your Board

As you all know, recently elections were held for the GCCBA Board of Directors and we have several changes to announce. First of all we are pleased that Lisa Wade will continue her tenure as President for another year. Also continuing in their current role will be Barbara Carr, Secretary; Vicki Tettenhorst, Treasurer; Deb Ader, Membership Chair; Lisa Wood, Programs Chair; Kim Klei, Program Committee; Mark Gates, Website Chair; and Debbie Dunn as the World at Work Certification Course Chair.

We also want to thank the following members who are leaving the Board, Barbara Gomes, Vice-President; Michele Edquist, Past President, Darlene Snyder, Hotel and Hospitality Chair; Mary Ann Powell, Member at Large; Nick Ferrigno, Newsletter Chair. We appreciate all your efforts!

A special congratulation to Julie Elliott who will be assuming the new role of both Vice-President and Newsletter Chair. Also new to the board is Steve Ferguson, Newsletter Team Member; and Carol Kovach, Programs Chair. There are still a few Board positions available if anyone is interested in serving this year.

The new regulations update the current overtime and minimum wage exemptions under the FLSA. They significantly increase the salary requirements, modify the duties tests, create a new exemption category for highly-compensated employees who earn at least \$100,000 a year, and provide an automatic nonexempt category for blue-collar and public safety employees.

"The changes to the law are significant, but they are small," said Barbara Barrett, an investigator with the U.S. Department of Labor's Wage and Hour Division. "As an investigator I ask what the employee DOES. Regardless of their title, their duties define them."

New Regulations:

- Minimum weekly salary to qualify for the executive, administrative, and professional exemptions: \$455 per week (\$23,660 annually)
- New Consolidated Duties Tests:
 1. Executive
 2. Administrative
 3. Professional (Learned or Creative)
 4. Outside Sales
 5. Computer Employee
 6. Highly Compensated

To be classified as OVERTIME EXEMPT, the employee must:

- Have a weekly salary that exceeds \$455 (\$23,660)
- Be paid the same pre-determined amount regardless of quality or quantity of work performed (salary basis)
- Pass **all criteria** in one of the above exemption tests

As an employer you should:

- Review the regulations and conduct audits of your employees' salary, job duties and exempt/non-exempt classifications
- Review your employee salary levels and identify any current employees who fall below **\$23,660**. They will be non-exempt and should be paid overtime
- Identify any non-exempt employees who make **\$100,000** or more to determine if they will qualify under the new "highly compensated" exempt employee standard
- Review payroll practices you have for deducting pay from your exempt employees

REMINDER:

The deadline to comply with the new regulations for overtime is August 23, 2004.

Early Results from Consumer Driven Healthcare Plans By Steve Ferguson, Cross & Associates

Lately we have been saturated with information about Consumer Directed Healthcare Plans (CDHP). Those of us who specialize in the employee benefits practice may understand the various forms of a CDHP and may have already formed an opinion as to the application for our company or customer group. The purpose of this article is to examine the early results of these plans by the three major health insurance carriers in our region.

Why is there such tremendous energy around this topic? Many believe that a CDHP may be a first step in correcting the issues that have contributed to our current state of healthcare costs. For example, one of the outcomes of years of low deductible, first dollar benefits is a consumer that is insulated from the real cost of healthcare. Even though many companies are now introducing higher cost sharing measures, the average consumer continues to be apathetic towards the utilization, price or value of healthcare services.

Employers also understand this dilemma, which is why two major studies project dramatic increases in future enrollment in consumer directed health plans. According to the Hewitt 2004 Future Healthcare Expectations Survey, the number of employers sponsoring a CDHP will double in 2004. Likewise, a study performed by The National Business Group on Health and Watson Wyatt Worldwide predict that CDHP enrollment will grow to 470,000 in 2004 compared to 169,000 in 2003.

Many benefits managers continue to view these plans as simply passing on a larger share of medical costs to their employees. However, employers who have implemented a CDHP with some creative plan design have achieved savings and also helped to establish a health reimbursement or savings account for their employees. Consumer health plans are often characterized by particular "buzz" words such as, consumerism, involvement, choice, decision and accountability. These words imply responsibility on the part of the consumer. The fact is, employees are more engaged in the choice of

(Continued on page 6)

Conferences/Seminar Calendar



WorldatWork Conference (visit www.worldatwork.org for more information)

- Boston, MA: May 23 - 26, 2004 - 49th Annual Conference and Exposition

WorldatWork Seminars (visit www.worldatwork.org for more information)

• Chicago , IL

- June 14-16, 2004 C1 Regulatory Environments for Compensation Programs
- June 14-16, 2004 C11 Performance Management - Strategy, Design and Implementation
- June 14-16, 2004 C12 Variable Pay - Incentives, Recognition and Bonuses
- June 14-16, 2004 T2 Accounting and Finance for the Human Resources Professional
- July 1 , 2004 ASC Sales Compensation for Complex Selling Models
- July 14-16, 2004 B4 Strategic Benefits Planning
- July 14-16, 2004 C2 Job Analysis, Documentation and Evaluation
- July 14-16, 2004 C6 Principles of Executive Rewards
- July 14-16, 2004 T1 Total Rewards Management

• Cincinnati, OH (Sponsored by The Greater Cincinnati Compensation and Benefits Association)

- Sept 15-17, 2004 T11 Fundamentals of Equity-Based Rewards

• Columbus, OH (Sponsored by the Columbus Compensation Association)

- Jul 19-21, 2004 C12 Variable Pay - Incentives, Recognition and Bonuses
- July 19-21, 2004 C4 Base Pay Management

• Indianapolis, IN (Sponsored by Comp & Benefits Professionals of Indiana)

- June 16-18, 2004 B5 Managing Flexible Benefits
- June 16-18, 2004 T11 Fundamentals of Equity-Based Rewards

• Louisville, KY (Sponsored by The Louisville Compensation Association)

- Oct 6-8, 2004 C2 Job Analysis, Documentation and Evaluation

• Philadelphia, PA (Sponsored by Penjerdel Employee Benefits and Compensation Association)

- May 12-14, 2004 B9 International Benefits
- May 12-14, 2004 C5 Elements of Sales Compensation
- June 7-9, 2004 C9 Elements of Expatriate Compensation
- June 7-9, 2004 T4 Strategic Communication in Total Rewards

• Westlake, OH

- May 5-Jun 2, 2004 T1 Total Rewards Management
- May 5-Jun 2, 2004 T2 Accounting and Finance for the Human Resources Professional
- June 30-Jul 28, 2004 C1 Regulatory Environments for Compensation Programs

National SHRM Conferences (visit www.shrm.org for more information)

- New Orleans, LA: June 27 - 30, 2004 - 56th Annual Conference & Exposition

State SHRM Conference (visit www.shrm.org for more information)

- Indianapolis, IN: August 24 - 26, 2004 - Indiana State Human Resources Convention
- Huron, Ohio: September 17 - 19, 2004 - Ohio Human Resource Conference
- Louisville, Kentucky: September 22 - 24, 2004 - Kentucky SHRM Conference

(Continued from page 4)

plans through effective contribution strategies. Also, good plan communications help employees see the potential benefit of diligent use of their reimbursement or savings account. There is no question that exceptional customer service and internet-based tools are essential in the employee's satisfaction of this plan option.

Early results from consumer directed health plans certainly confirm that these programs appear to be working. The three major medical insurance carriers in our area, Anthem Blue Cross and Blue Shield, United Healthcare and Humana have published results from the last several years. Even though the results vary between carriers, the common theme was that customers who implemented these plans, experienced lower healthcare utilization and lower cost.

Anthem Blue Cross and Blue Shield markets their consumer health plans through a product named Anthem By-Design. As of April, over 726 employers, representing 50,800 employees participated in this product. Anthem has recently reported that the companies who used this product saved an average of 12% compared to the costs associated with traditional plans. Anthem also reported that their customers have already saved about \$12 million in annual healthcare premiums. Charles Slater, Senior Vice-President and General Manager of Anthem Blue Cross and Blue Shield commented that "Anthem also agrees that Consumer Directed Health Care plans are selling well with over 1,000 accounts to date in the Anthem ByDesign product. The need for consumer awareness and education is critical for the ongoing success of these products. However, these products do not address the fact that 5% of covered members represent 55% of health care cost and 17% of covered members generate an average of 78% of the health care costs. These people need more than education and higher deductible plans. We as an industry need to address this situation to truly impact health care costs."

UnitedHealthcare markets their version of a consumer health plan under the product name iPlan. Based on July, 2004 enrollment, UnitedHealthcare reports 53 companies with 95,000 lives participating in the iPlan. The initial published results show a significant change in behavior and reduction in utilization of healthcare services. This includes a 15% decrease in specialist visits and lab services, a 13% drop in outpatient surgery and a reduction in the number of emergency room visits. However, United Healthcare also reports an increase in preventative care services with employees enrolled in the iPlan. "While there is a utilization reduction of some services with our iPlan participants, there is an increased usage of preventative services signaling a stronger attention to one's health," said Dorothy Coleman, CEO of UnitedHealthcare of Southwest Ohio. "The goal is to engage members in active decision-making about their

health and to provide them with the financial incentives and educational tools such as personalized myuhc.com website for benefit details, evidence-based medical information, treatment costs estimators and much more."

Humana has published data on their consumer health plans for the last three years. They market these plans through products such as SmartSuite and SmartSelect. As of April, 2004, Humana reported 139 companies representing 220,000 members on their SmartSuite platform. The latest results from 65 customers show a 9% savings compared to expected medical trend. Humana also has three years of results from implementing the SmartSuite and SmartSelect products with their 14,000 employees. The 2003-2004 experience resulted in a 9% reduction in expected medical cost with a total savings of \$5 million. The numbers are similar for 2002-2003, with an average decrease of 15% to expected trend and a total savings to Humana of \$7.8 million. "Consumerism is a major shift in the methodology of health care insurance as big or bigger than the advent of HMOs," said Jim Eldred, Chief Financial Officer, Humana of Ohio. "It's exciting because it has the potential to do much more than just lower health care costs. More informed, active health care consumers will have better medical outcomes. Of course, education and information are absolutely critical to making consumer choice work. That's why Humana has invested heavily in a vast array of tools and resources for employers and employees to determine the plans that are best for them. We're also at the forefront in developing tools and information to help employees become more informed as they manage their care with their physician."

Other studies confirm these results. Aetna's 2003 experience with 13,800 employees enrolled in their CDHP, Aetna Health Fund realized a 14.2% reduction in the expected medical trend of traditional healthcare products. The 2003 results from Lumenos, one of the pioneers in the consumer-driven health care industry, reported a 12.5% reduction for customers in a CDHP plan compared to the prior year. Lumenos also stated significant reductions in utilization with an 18% reduction in outpatient visits, a 15% decrease in pharmacy costs and a 24% drop in hospital admissions. Similar reductions in utilization have been reported by Definity Health, another healthcare company specializing in consumer directed health plans.

The early results of consumer directed healthcare plans are certainly favorable. Some argue that the experience is driven by the healthier employees that tend to enroll in these plans. Regardless, the early numbers are hard to ignore. As companies make the transition to these plans, the extent of the savings will become more evident. If these early indicators are representative of potential results from broad-based implementation over the next few years, the opportunity costs of a "wait and see" attitude may be considerable.

Leadership Minute Memo:

The Power of Words

In our everyday dealings with employees, our communication effort depends totally on our choice of words. The first group below lists the least effective words you can use in conversations with employees; the second group lists the most effective words for you.

The ten least effective: "Don't give me any excuses, just get the job done."

The nine least effective: "I'm the boss and don't you ever forget it."

The eight least effective: "Either get with it or hit the road."

The seven least effective: "I do not care what you think."

The six least effective: "We've always done it that way."

The five least effective: "You're not paid to think."

The four least effective: "Because I said so."

The three least effective: "It's company policy."

The two least effective: "That's stupid."

The one least effective: "Never."

The one most effective: "We."

The two most effective: "Thank you."

The three most effective: "I don't know."

The four most effective: "I made a mistake."

The five most effective: "Your idea's better than mine."

The six most effective: "Let's work together to do it."

The seven most effective: "What do you think should be done?"

The eight most effective: "I trust and respect you as a person."

The nine most effective: "You know more about your job than I do."

The ten most effective: "What can I do to help you fulfill your needs?"

Words – They can stimulate, inspire and encourage; but they also can deflate, discourage and damage.

Choose the words you use carefully.



2004/2005 GCCBA EVENT CALENDAR

MAY

- May 5 - 7: Spring Cert Courses (T4: Strategic Comm. & C11: Performance Mgt.), Kingsgate Marriott Conference Hotel
- May 18: Quarterly Meeting (Consultants Breakfast)
- May 21: Board Meeting, 7:30 a.m.

SEPTEMBER

- September 15 - 17: Fall Cert Course (T11: Fundamentals of Equity-Based Rewards)
- Quarterly Meeting: TBD

PLANNING AHEAD?

Bookmark the complete calendar at:

www.gccba.com/calendar/

New Members

Since we last reported to you in May, the GCCBA added 2 new members to its membership list. By joining the GCCBA, they have special member benefits including discounts on GCCBA sponsored Worldat-Work Certification Courses, Quarterly Meetings, Roundtable Discussions, and much more! **WE WELCOME THEM.**

Katie Verssen
Field Research Analyst-Compensation
Western Southern Financial Group

Amy Viessman
Manager
Human Resources at US Playing Card

Member Update



A special congratulations to Hallam Sargeant and Julie Elliott on the completion of their MBA from Xavier University!

Are good things happening?? We want to know! Please forward your recent promotion, job change, company change, or certification to the newsletter staff at newsletter@gccba.com. We will publish your announcement in the next newsletter to keep everyone up to date!

2004 Greater Cincinnati Regional Compensation & Benefits Survey Sponsored by GCCBA

Discounts offered to GCCBA members!

GCCBA is once again sponsoring the Greater Cincinnati Regional Compensation & Benefits Survey. The survey is a valuable reference tool used by Human Resource professionals, compensation personnel, business owners, prospective employers and area Chambers of Commerce to assess prevailing wage rates in the Greater Cincinnati area.

Be a participant and **save nearly 70%** on the regular purchase price of survey results!

As a GCCBA member, save an additional 10 - 20%.

Over 150 positions surveyed

Web-based questionnaire

Submission ends **June 14, 2004**, and results available **August/Sept. 2004**.

For more information please visit our website at
www.managementperformance.com/surveycb/mpi/

