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[Get Yourself Out of the Rut! Rejuvenate Your Motivation with a New Mindset](#)

How often have you heard, *I've lost my motivation*, and *I'm in a rut*? Certainly, what motivates me is different than what motivates you. But lack of motivation doesn't have to be a permanent shortcoming. Rather, it is something temporary that can dominate everything we think, limiting what we do.

In his blog, Rich Hanson, Ph.D., a noted neuropsychologist, states that “the

brain is like Velcro for the negative and Teflon for the positive.” Apparently, we’re wired to spot the negative—some of us more so than others. This negativity underlies our thought patterns.

So, what can you do differently to improve your motivation?

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[Pittsburgh Business Group on Health Care Symposium](#)

We are proud to be Silver level sponsors of the 18th Annual Pittsburgh Business Group on Health Care Symposium. The topic this year is Health Care at the Crossroads: Where Opportunity and Preparation Meet. Employers face difficult and complicated decisions when it comes to choosing health care options for their employees. How do you sift through all of the information and reach the best conclusion?

At the PBGH Symposium, national thought-leaders will be giving presentations to educate and motivate you to improve your organization's health care decisions. Topics range from artificial intelligence and socioeconomics to wellness programs and lowering costs by educating your employees.

The Symposium takes place on Thursday, September 7, 2017, from 7:30 AM – 4:00 PM at the Pittsburgh Marriott City Center. Registration is open now.

[Click here for the symposium agenda and registration information.](#)

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[Industry News](#)

[Audit Reveals Pay or Play Enforcement Issues](#)

On April 7, 2017, the Treasury Inspector General for Tax Administration (TIGTA) released the results of its audit to assess the Internal Revenue Service’s (IRS)

preparations for ensuring compliance with the employer shared responsibility rules and related reporting requirements under the Affordable Care Act (ACA).

The TIGTA audit revealed a number of major system and operational problems that have hindered or delayed the IRS' enforcement of these provisions. As a result, the IRS has been unable to identify the employers potentially subject to an employer shared responsibility penalty or to assess any penalties.

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[House Republicans Pass Amended AHCA](#)

On May 4, 2017, members of the U.S. House of Representatives voted 217-213 to pass the American Health Care Act (AHCA), after it had been amended several times. The AHCA is the proposed legislation to repeal and replace the Affordable Care Act (ACA).

The AHCA needed 216 votes to pass in the House. Ultimately, it passed on a party-line vote, with 217 Republicans and no Democrats voting in favor of the legislation. The AHCA will only need a simple majority vote in the Senate to pass.

If it passes both the House and the Senate, the AHCA would then go to President Donald Trump to be signed into law.

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[IRS Announces HSA/HDHP Limits for 2018](#)

On May 5, 2017, the Internal Revenue Service (IRS) released Revenue Procedure 2017-37 to announce the inflation-adjusted limits for health savings accounts (HSAs) and high deductible health plans (HDHPs) for 2018. These limits include:

- The maximum HSA contribution limit;

- The minimum deductible amount for HDHPs; and
- The maximum out-of-pocket expense limit for HDHPs.

These limits vary based on whether an individual has self-only or family coverage under an HDHP.

The IRS limits for HSA contributions and HDHP cost-sharing will all increase for 2018. The HSA contribution limits will increase effective Jan. 1, 2018, while the HDHP limits will increase effective for plan years beginning on or after Jan. 1, 2018.

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[Taxability of Wellness Program Rewards](#)

Employer-sponsored wellness programs often incorporate rewards or incentives to encourage employees to participate. Because there are numerous legal requirements for wellness program design, employers sometimes overlook the federal tax implications of a program's rewards.

As a general rule, wellness incentives are subject to the same federal tax rules as any other employee rewards or prizes. That is, unless a specific tax exemption applies to the incentive, the amount of the incentive (or its fair market value) is included in an employee's gross income and it is subject to payroll taxes.

There is no specific tax exemption for wellness program incentives. The two main federal tax exemptions that apply to wellness incentives are the exclusions for medical care and employee fringe benefits. Cash and cash equivalents (for example, gift cards) are a common type of wellness incentive that are always taxable. Other wellness rewards, such as small gifts or reduced cost sharing under a group health plan, may be nontaxable.

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[House Passes Changes to Overtime Rules](#)

On May 2, 2017, the House of Representatives passed the Working Families Flexibility Act (also known as H.R. 1180). If approved, H.R. 1180 would authorize private employers to offer compensatory time instead of overtime pay for nonexempt employees who work more than 40 hours per week. H.R. 1180 still needs approval from the Senate and the executive branch before it becomes law.

Compensatory time off is already a common practice for many federal and state employers, but it is not currently allowed by the Fair Labor Standards Act (FLSA) for private employers. H.R. 1180 would amend the FLSA to allow this practice, if certain conditions are met.

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[Patient-Centered Outcomes Research Institute Fees \(PCORI Fees\)](#)

The Affordable Care Act (ACA) created the Patient-Centered Outcomes Research Institute to help patients, clinicians, payers and the public make informed health decisions by advancing comparative effectiveness research. The Institute's research is funded, in part, by fees paid by health insurance issuers and sponsors of self-insured health plans.

PCORI fees are reported and paid annually using IRS Form 720 (Quarterly Federal Excise Tax Return). These fees are due each year by July 31 of the year following the last day of the plan year. This means that, for plan years ending in 2016, the PCORI fees are due by July 31, 2017.

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[Meet Our Team](#)

Our team consists of 25 employees; each newsletter we take time to highlight some of our employees. To see our leadership team [click here](#); to see all employees please [click here](#).



Elliot Dinkin **President/CEO**

What's the greatest bit of advice a parent or mentor has given you?

From a mentor: People who are responsible, respectful, and ready to get started help make the day-to-day work experience a better one, not only for themselves, but also for everyone around them.

What is one of the things on your bucket list?

Play in a professional sport, such as baseball or tennis.

Lori Turner **Analyst/Administrative Assistant**

What's the greatest bit of advice a parent or mentor has given you?

Everything happens for a reason.

What is one of the things on your bucket list?

I don't have a bucket list.



Bob Crnjarich, EA, MAAA **Vice President, Retirement and Actuarial Services**

What's the greatest bit of advice a parent or mentor has given you?

My parents always said "Treat others the way you would want to be treated," and it's something I try to do all the time.

What is one of the things on your bucket list?

Being a golfer (and an amateur wine drinker), a trip to Monterey Peninsula, to golf at Pebble Beach and visit the local wineries, is something I would like to do.

Amy Crouse **Senior Analyst**

What's the greatest bit of advice a parent or mentor has given you? Trust in the Lord with all your heart, and lean not on your own understanding; in all your ways acknowledge Him, and He shall direct your paths. – Proverbs 3:5-6



What is one of the things on your bucket list?

Visit Pearl Harbor, Hawaii.

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Aletha Francis **Receptionist/Administrative Assistant**

What's the greatest bit of advice a parent or mentor has given you?

From my mother-in-law: When you're in the midst of a larger project and see a small thing that needs correcting, do the small thing; otherwise you would forget it, but will not forget to return to the bigger task.

What is one of the things on your bucket list?

Publish my memoir.

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What's Dinkin Thinkin?

Elliot Dinkin is equally comfortable whether he is in a courtroom providing testimony or in a CFO's office



providing strategic counsel. The 25-year plus veteran of the actuarial, compensation, and employee benefits field continues to make his mark.

Today, as President and CEO at Cowden Associates, Inc., Elliot provides leadership to position the company at the forefront of the industry. You can learn more about changes in actuarial, benefits, management, and compensation policies from his blog, "[What's Dinkin Thinkin?](#)" or on Twitter, [@ElliotDofCowden](#).

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[Technology Improvements Create Challenges to Remain HIPAA Compliant](#)

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) required the U.S. Department of Health and Human Services (HHS) to develop regulations protecting the privacy and security of certain health information. Did the architects of these rules envision a world with ever changing technology, including the widespread usage of mobile devices and other systems developed to improve the speed and efficiency of using data?

By way of background, from a simplistic standpoint, what came out of the 1996 law was two basic rules – the Privacy Rule and the Security Rule:

1. The Privacy Rule (Standards for Privacy of Individually Identifiable Health Information) established national standards for the protection of certain health information.
2. The Security Rule (Security Standards for the Protection of Electronic Protected Health Information) established a national set of security standards for protecting certain health information that is held or transferred in electronic form.

Basically, the Security Rule operationalizes the protections contained in the Privacy Rule by addressing the technical and non-technical safeguards that organizations, called *covered entities*, must put in place to secure individuals' Electronic Protected Health Information (EPHI).

The HHS Office for Civil Rights (OCR), the enforcement arm for HIPAA, announced a settlement in late April, 2017, with CardioNet, a cardiac monitoring wireless device manufacturer, based on the impermissible disclosure of unsecured EPHI. OCR investigated CardioNet after CardioNet notified the agency in January 2012 of a breach of unsecured EPHI affecting approximately 1,400 individuals after the theft of an employee's laptop. The penalty includes a \$2.5 million settlement and an agreement to enter into a [corrective action plan](#), to settle its potential noncompliance with the HIPAA Privacy and Security Rules.

OCR's investigation determined the following:

- CardioNet failed to conduct an accurate and thorough risk analysis to assess the potential risks and vulnerabilities to the confidentiality, integrity, and availability of its EPHI, and CardioNet did not plan for or implement security measures sufficient to reduce those risks and vulnerabilities.
- CardioNet policies and procedures governing the receipt and removal of hardware and electronic media that contained EPHI, the encryption of such media, and the movement of these items within CardioNet facilities were in draft form and, in fact, were not implemented until March 2015, three years after CardioNet notified OCR of the breach.

The requirements of OCR's corrective action plan with CardioNet include the following:

- Conduct a comprehensive and thorough risk analysis of security risks and vulnerabilities;
- Develop and implement a risk management plan to address and mitigate any security risks and vulnerabilities found in the risk analysis;
- Review and revise its HIPAA Security Rule policies and procedures, with particular attention regarding device and media controls;
- Provide certification that all laptops, flash drives, and other portable media devices are encrypted; and
- Review and revise training programs to comply with the HIPAA Security Rule and include a focus on security, encryption, and handling of mobile devices and out-of-office transmissions.

Sweeping changes and improvements in technology, aimed at improving the efficient use and sharing of information, only heightens the HIPAA compliance issues, making them even more challenging. The correction plan cited above is

a road-map to follow in assessing this issue. In addition, this recent settlement highlights that OCR is continuing to actively engage in HIPAA investigations and enforcement, and that this settlement is the third multimillion-dollar settlement entered into this year.

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Can the Use of Prior Salary Alone Support Differences Under the Equal Pay Act?

I have written several pieces about Pay Equity issues – focusing mainly on the steps needed for an employer to assist in demonstrating that their pay practices are appropriate and reasonable, and therefore not discriminatory (see for example: EEO-1 Revisions Are Coming).

One of the factors often cited as a possible defense is the use of prior salary as a guide to setting a reasonable starting base compensation. For example, you are interviewing for a job and your salary is \$X. The potential employer provides you with a starting salary of \$X, plus 10%. This is being set without regard to the position value or incumbents' pay in similar positions, and using this fact as the sole justification.

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Cowden View

Implementing a Compensation Strategy to Attract Top Talent

A job is more than just a paycheck. While the salary range on the job listing will draw a job seeker's attention, today's workers are looking for more than just base pay. Insurance, paid time off, retirement: these are things that the top talents want more than a little extra money. Having a diverse compensation

strategy in place can help you attract the most valuable new employees and retain the ones you already have.

Health Insurance

Health insurance benefits [account for about 8.3%](#) of the average employee's total compensation, but they are among the most important benefits that employees look for in a job. In a survey of 6,000 workers, 64% said they were drawn to their current job by the health benefits, and 65% said those benefits were a major reason why they stay with a job. In fact, 40% of employees [value benefits like health and dental insurance](#) more than pay raises.

Vacations and Paid Time Off

Employees place more and more value on work-life balance these days: 36% value vacation days and paid time off more than pay raises while 32% value sick days more. A big part of that work-life balance is family, and starting a family, in particular, requires time spent away from the office. Paid parental leave is a growing issue, with 13% of employees valuing it more than pay raises. These various forms of paid leave make up only 6.9% of the average employee's total compensation.

Retirement

Nearly one in three employees (31%) say they value retirement benefits over pay raises. Whether it's a defined benefit plan like the traditional pension or a defined contribution plan like a 401(k), employees are looking for some way to plan and save for their futures. Of course, there are [benefits to the employer](#) for setting up a retirement plan as well. In the end, retirement benefits are only 5.1% of the average employee's total compensation.

Other Perks

In addition to these three major categories, employees look for many other kinds of perks and less quantifiable benefits when considering a new job.

- 30% value a flexible schedule over a pay raise.
- 19% value office perks, like free lunches and casual dress.
- 19% value training and development programs.
- 16% even value gym memberships and wellness programs over pay raises.

As you can see, there's a lot more to attract talent than just salary. When making an offer to a top recruit, be sure to highlight the strengths of your

benefits package as part of their compensation. The best employees will know what to look for, and when they see that you offer the kinds of perks they want, they'll know they've found the right job. Making sure that your employees are satisfied from the very start will go a long way toward keeping them happy and productive for years to come. Cowden Associates can help you craft a compensation strategy that really speaks to your prospective talent. Please [contact us](#) to learn more.

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Faster, Better: Efficiency through Technology

Throughout human history, people have used innovative tools to make things that were once difficult and complicated easier and simpler. Languages, the printing press, computers, and networks: all were created to make it easier to share, store, and recall information. Today, with so much of our daily business based on managing ever larger amounts of information, we rely on these tools more than ever before.

Technology exists to help us do our jobs more efficiently, and that's as true for benefits and employee communication as it is for any other area of business. But how can you leverage technology to its full potential in these areas? Let's take a look at a few ways.

Benefits & Enrollment

While 38% of employers believe that their employees don't want to use online tools to enroll in benefits programs, [just the opposite is true](#). In fact, 68% of employees want to enroll on their computers, with only 16% preferring paper forms.

Traditional paper form-based enrollment carries with it the cost of printing and processing physical material, which can take two to three weeks longer than electronic processing. Online enrollment is processed automatically, and data enters the system immediately. It is significantly more cost-effective than using paper forms. With paper forms, human beings, who are prone to error themselves, have to check each page for mistakes, by hand. Software-based enrollment can automatically detect errors and prompt for corrections before the employee even finishes the form.

Online enrollment is becoming more user friendly and easier for employees to understand. About 50% of [employees say making benefits decisions](#) is “very stressful” and 41% say open enrollment is “very confusing.” With online enrollment tools, employers can provide more information and present it in ways employees can better understand. Information can be tailored to specific groups of employees, so everyone knows which options apply to them.

Employee Communication

Open enrollment is a small part of your benefits year. What can technology do the rest of the time to make your benefits program more efficient? It's all about that one important word: communication.

You try to give your employees all the information they need. But it doesn't always get through. Even though [43% of all employees](#) say that benefits were a major reason why they chose to work for their employer, many don't read their employee handbook or other written information. This is [even truer for younger workers](#)—43% of millennials don't read benefits information, and 36% don't even know where their handbooks are.

With online employee communication, you can't misplace or throw away important documents. They're always waiting on your account page, one central location where employees can look up information whenever they need it. It's available 24 hours a day, seven days a week.

If you are looking to set up or improve your online benefits enrollment and employee communication solutions, Cowden Associates can help. Based on your particular needs, Cowden can evaluate and provide options of various technology resources to meet your goals and objectives. [Contact us](#) for more information.

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[Developing a Compensation Incentive Structure for Existing Employees](#)

It's hard to know how to inspire great work from your employees. For some, engagement comes from taking on interesting challenges and pushing themselves in new areas. For others, monetary incentives can draw out greater levels of productivity. When it comes to designing an incentive compensation

plan, how do you tie rewards to performance in a way that is fair and keeps quality talent engaged and motivated?

Incentive Types

Compensation incentives differ from other forms of benefits. Not every employee may earn the same incentives, even if they are ostensibly doing the same job. Let's look at several different forms of incentive benefits and discuss which ones might be right for your company or for a particular employee.

Hiring bonuses are an [excellent way to attract top talent](#). You may have a particular set of skills or qualifications in mind when hiring, and you might offer a hiring bonus to prospects who excel in those areas or have a proven record of success.

Similar to a hiring bonus, [referral bonuses](#) encourage existing employees to find you additional valuable talent. By utilizing this network, you can lower your recruitment costs and attract workers who are more likely to stick with the company - retention rates are higher by about a third at companies that offer referral bonuses.

Profit sharing and gain sharing are programs in which a sum of money is split among employees in exchange for performance. [Profit sharing](#) obviously divides up a portion of the company's profits, before taxes. [Gain sharing](#) provides a sum based on the company's cost savings drawn from employee performance.

[Merit pay](#) is an incentive offered for individual performance, rather than company-wide goals. These awards allow you to distinguish between similarly high-performing workers. They are often designed to reward the completion of particular one-time goals - like developing a new process - rather than ongoing tasks.

Potential Problems

It is important when developing your compensation incentives to avoid the perception that a *bonus* is an entitlement, rather than a reward. If goals are too easily achieved or too ubiquitous, workers will come to assume they will receive an incentive rather than striving to earn it.

Incentives should [measure actual performance](#) and reflect value to the company. First, this value is the basis for how large of an incentive to offer. Second, it reinforces that the incentive is being given for specific performance, rather than as a matter of course.

Make your performance metrics clear, so that employees know how to meet expectations and can track their own progress. If it is too difficult to know whether they are succeeding at the expected task, many employees won't bother. If your program is clearly designed and you [communicate it properly](#), it is more likely to achieve the results you want.

Finally, incentives should reward behavior that is already part of the employee's job, to encourage them to become better at what they are supposed to be doing. You don't want your workers to be chasing a bonus at the expense of their normal responsibilities.

When developing an incentive for your employee compensation plan, you should carefully weigh the costs of such incentives against the expected gains. Cowden Associates can [help with benchmarking services](#) and incentive consultation. [Contact us](#) for more information.

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[About Cowden](#)

Cowden Associates, Inc. (Cowden) is recognized as a leading independent compensation, health and benefits, and retirement consulting firm regionally, nationally, and internationally. Cowden was established in 1996, bringing together seasoned professionals to provide client-focused advice designed to produce superior and measurable results to businesses, regardless of size or industry. Client industries include: financial institutions, governmental entities, healthcare, manufacturing, not-for-profit, school districts, and Taft-Hartley.

Cowden's exceptional interactive approach is what sets us apart from similar consulting firms. To deliver a tailored resolution to your specific needs, we first identify the overall attributes exclusive to your organization. We build an understanding of your organization by asking questions, observing, and listening. In this manner you are not merely receiving a pre-fabricated answer, but rather a unique solution for your circumstances.

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