

# THE EMPLOYER CHALLENGE

## THE AMERICAN GROUP

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### Health Insurance Costs Squeeze Business

Front Page News in the *Akron Beacon Journal* and throughout the country announces: *“Insurance costs are once again rising at the rate of 18% to 60% for small businesses.”* The culprits are said to be: *“Prescription drug costs soaring at 22% vs. the prescription drug costs prior to heavy advertising budgets by pharmaceuticals of 5% to 6%.”* *“Technology costs money,”* and *you and I are going to pay. The best one-liner... “Managed care companies must increase earnings to satisfy shareholder expectations.”* No one thought that the top executives, many making in excess of \$20 M plus per year, should maybe take a realistic salary instead of just increasing our costs.

Small-to-medium-sized businesses have to be able to compete for top people within the market place. You have to attract the very best if you are going to meet your dreams and grow your business. The American Group has been able to help their clients stabilize costs and have excellent medical benefits. **Over the last six years, The American Group’s average increases have averaged 8-10%.** Why? Because there is strength in numbers. Therefore, by securing our services, you no longer are a small business. You become a business of over 6,000 employees.

As a professional employer, we know that a quality benefit program providing life insurance, medical, vision, dental, long term disability, short term disability, and a 401(k) retirement program are important to attracting and retaining quality team members, which is the key to your future growth. Each of our client team members has a choice of three medical benefit programs that range from more catastrophic to fully comprehensible. Highlighted below are three of the plans.

COVERAGE	PLAN A	PLAN B	PLAN C
Policy Lifetime Maximum	\$2,000,000	\$2,000,000	\$1,000,000
In Network Deductibles Family Maximum	\$200 \$600	\$ 500 \$1,500	\$2,000 \$6,000
In Network Office Visits Deductible Not Applied	\$15.00 Co-pay 100% of Balance	\$20.00 Co-pay 100% of Balance	\$25.00 Co-pay, then 70% of the first \$15,000 100% thereafter
Prescription Drugs Retail & Mail Order Mandatory Generic	\$15 Generic \$25 Brand	\$15 Generic \$25 Brand	\$15 Generic \$25 Brand
In Network Coinsurance Maximum Coinsurance Percentage	\$1,000 per insured \$2,000 per family 80%	\$1,000 per insured \$2,000 per family 80%	4,500 per insured \$9,000 per family 70%

### Inside This Issue

<i>Page 1</i>	Health Care
<i>Page 2</i>	The Safety Zone
<i>Page 2</i>	Financial Corner
<i>Page 3</i>	The Spot Light
<i>Page 3</i>	The Broker Perspective
<i>Page 4</i>	Message from the President

Our Medical Mutual of Ohio Preferred rate illustration	
Employee	\$104.00
Employee & Spouse	\$214.67
Employee & Children	\$185.50
Employee & Family	\$295.40

Maybe it is time for our organization to look at your organization. We also take your company out of the administrative hassles of COBRA, HIPPA, and provide both premium only 125 administration and full flex, regardless of your company’s size. You will no longer deal with any of the paperwork, plus reap the rewards that larger companies have always experienced. Call 330-668-1845.

Rates are based on client qualification. ■

# The Safety Zone...

By *The Alpha Background Investigations*



*Mike Gospodinski (Owner) & Shelly Roberts (Investigator) of Alpha Background Investigations*



It's an unfortunate fact of modern life that many applicants are falsifying their resumes, or leaving out information an employer needs to know. It has been estimated that as much as 30% of information on resumes is misrepresented. **Screening normally occurs after a company has decided that an applicant is a good prospect and wants to verify their hiring assessment.** With a program of pre-screening and credential verification, a business can **reduce its risk** of hiring the wrong employees. Businesses that pre-screen find that their profitability and productivity increase. They are able to concentrate on their business strength, instead of wasting time, energy and resources terminating bad employees, fighting lawsuits, and putting out fires. **Many businesses find that just having a pre-screening program eliminates applicants with something to hide.**

## Pre-Screening is Cost Effective!!

**The cost of an average applicant background screening usually equals the cost of a new employee on just the first day at work.** That is because the degree of screening normally increases in proportion to the position to be filled. For an entry-level employee working on a retail floor, or on a manufacturing line where there is managerial supervision, a basic screening is normally sufficient. As the positions to be screened increase in responsibility, the screening charges also increase, but so does the investment made by your company in wages, recruitment, training and most importantly, the damage that could be caused by a bad hiring decision.

**More information on this service can be obtained through**

## The American Group Contracts ABI to Protect Its Clients

Alpha Background Investigations, LLC has been retained by The American Group to provide a valuable service at a discounted price to save you time and money. ABI provides pre-employment background-screening services that include:

- Criminal History Investigations
- Credit History
- Social Security Number Verification
- Workers' Compensation History
- Motor Vehicle Reports
- Employment Verification
- Education Verification
- Personal References
- Professional License Verification

## Negligent Hiring Takes a Front Seat

The law requires that all employers take reasonable steps to hire employees that are fit for the particular job. That is called "**due diligence.**" When an employer hires someone who causes injury, and the injury could have been avoided if the employer had taken reasonable steps to make sure that a safe person was being hired, the employer can be held legally responsible. The employer can be sued for "**negligent hiring.**" Moreover US businesses lose over \$100 billion per year due to employee theft. That does not mean that a person with a criminal record can never get a job. In fact, it is to everyone's best interest that a person with a criminal record be able to find employment to become a productive citizen. But there are certain jobs that just are not appropriate for certain people. A person with a criminal history showing violence, for example, is not a reasonable fit for a job that places them into a person's home.

## Why Should Businesses Do Pre-Screening?

Businesses depend upon their employees. Yet, a bad hire can be disastrous. Failure to pre-screen applicants can result in:

- Lawsuits from employees you have to terminate
- Lawsuits from third parties for negligent hiring, or from customers
- Lost business and profits
- Time wasted recruiting, hiring and training
- Theft, embezzlement or property damage
- Workplace violence, or sexual harassment suits

## FINANCIAL CORNER



We're very pleased, through our relationship with First Merit, to bring financial services to your company and employees. Our objective is to help employees better meet their financial needs through easy banking. Now our clients have group banking at their facility regardless of size. Group banking helps attract and retain quality employees. Your employees benefit by receiving:

- Free checking
- Free ATM cards
- Waived fees for MasterCard (if they qualify)
- Discounts on first and second mortgages
- Ease of payment for their mortgage and/or car loans through direct payroll deduction
- Up to ½% off on the interest rate
- Direct deposit

No longer do your employees have to rush on their lunch hour to deposit their checks or request their check prior to vacation. They know their money is waiting there for them on the designated day. Benefits to your company include preferred banking status and an immediate introduction to commercial loan officers of FirstMerit that provides easier access to your capital needs. FirstMerit, the banking connection for you and your employees; brought to you by The American Group. ■

# The Spot Light

## A Review of a Growing American Group Client



*Doug H. Beavers (left) & William J. Sagaser (right), owners of Select Machine, Inc. are pleased about how partnering with The American Group has defined and helped provide employee stability to their machine shop.*

### Sharpening A Machine-Tool Shop

Select Machine, Inc. (SMI) was founded in 1993. It is a small machine shop that has to compete with much larger competitors. Skilled machinists, who know how to operate Computer-Numeric-Controlled (CNC) tooling machines, are always hard to recruit and retain even during slow economic times. Doug Beavers and William Sagaser know that keeping their seven very skilled operators is critical to the company's success.

In 1996, Select Machine obtained their very first employee benefit—Group Medical coverage. However, being such a small firm, in very quick order, medical premium costs skyrocketed, and they were almost forced to drop their medical coverage. Luckily, their very astute insurance salesman, Lou Bologna, Sr., approached them about a new concept—Professional Employer Organizations—and The American Group (TAG).

Partnering with TAG has not only allowed them to leverage their purchasing power, but has helped smooth its operations as well. Today, TAG handles their payroll (including all payroll tax filings). Through TAG, SMI can afford to offer a 401(k) plan, has set HR policies and procedures to avoid governmental interference and fines, and Bill and Doug have the time to concentrate on growing their business. Moreover, SMI's employees, at significant savings, can choose from a host of voluntary benefits including Dental, Vision, Life Insurance, and Short-term Disability Insurance which would not have been economically feasible in the past.

### ***The American Group Benefit***

According to Bill Sagaser, "The American Group is a real value. They are easy to work with, and their service is second to none. TAG is constantly adding new services and insight

that enhances our business and enriches the lives of our employees. Last year we added a 401(k) plan; this year we have a computerized payroll system. Although their PEA representatives are only a phone call away, they still pay us regularly scheduled visits."

"TAG has helped us define how we manage our employees. One of the most useful tools they have provided is a tailor-made employee manual for Doug and I to refer to; it sets forth our policies and keeps us legally compliant. TAG provides us the HR support we need, but couldn't afford in the past." ■

## The Broker Perspective

*Veteran Independent Insurance  
Broker Lou Bologna, Sr.  
Salesman for Select Machine.*



Lou Bologna, Sr., is an insurance salesman-hound dog. You could say it's in his blood. He has been in the business since 1957. He spent his first 35 years as a representative and manager for Prudential. In 1992 Lou went independent, representing products for eight different insurance companies.

Today, however, Lou attempts to steer as much of his group business to The American Group as possible. "My employer clients depend on me to take care of them. I know that by introducing them to the PEO concept and The American Group, they'll get better service, better pricing, a wider range of options than standard insurance carriers, even with an agency-based system, could provide."

"Utilizing TAG, my clients get less restrictive underwriting because their carriers view them as one huge group. This translates into my ability to write more business, get them preferred pricing, even for small difficult groups. Moreover, the combination of TAG's comprehensive benefits package and regular visits by their PEA department (roving HR specialists) provide services, such as individual enrollments and managing employment issues, that the competition can't touch. They're better than good, they have a 97% retention rate. After I sell, they take over and provide the service I wish I could but don't have the time except at renewal. The biggest advantage is that one company handles the entire package for my clients, instead of the 5-6 different vendors in the past." TAG must be special if it can teach an old dog, like Lou, new tricks! ■



## *A Message from...*

**Lou R. Bologna CLU, RHU**

**President**

**The American Group**

### *Business Insights*

Patience is usually lost in business, especially in small to medium businesses. Pressures on the bottom line are too great for small owners to even think about being patient. It must be done now. It is the call to arms. But patience and persistence are the key to growing your business successfully in both the short and the long run. Most entrepreneurs in the business are great salespeople, goal-oriented and driven. We all know that without sales, there is no business. Without patience, however, you will lose the business. If your business is a service business, as we are, the most important focus is having the patience to service the existing clients that utilize our services everyday 110%. The focus on their current needs nurtures the business so that our clients have the added value and our commitment to service their ever-changing needs.

Patience is recognizing that in the long run servicing client needs is more important than meeting quarterly sales goals of new clients. Many businesses focus too hard on meeting sales goals and lose the great rewards of their clients. Once you have a client, the client will grow and you grow your services by helping them grow. This creates very strong mutual respect between our organization and our client. It also reemphasizes the fact that the building of a business is the building of people. All professional interactions must have patience and compassion for the people's expectations of your service for products. Patience creates a strong character and purpose within each individual that will shine and reward you, your team members, clients, and company.

Most entrepreneurs do not have any patience when it comes to payroll, employee compliance, benefits, and Workers' Comp. We bring you the calm in these pressured areas of your business. ■

**The American Group**

**1-800-668-7720**

**330-668-1845**

[www.theamericangroup.net](http://www.theamericangroup.net)

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**Page 4**

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