

Michigan Manufacturers Association

# ENTERPRISE

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Audit Act:  
A Catalyst  
for Cleanup



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# FLEXIBILITY INCREASES IN EMPLOYEE BENEFIT PROGRAMS



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In the battle for high quality talent to meet the increasing demands of the world economy, Michigan manufacturers are adopting new and flexible employee benefit programs, according to the latest survey of nearly 500 companies conducted by Management Resource Center, Inc. for the Michigan Manufacturers Association.

While media reports often speak of corporate cost-cutting, actual practices suggest that employers are looking for new ways to be "attractive" to prospective employees and retain their current staff.

For instance, manufacturers are offering more vacation time, after fewer years of service. On average, hourly employees now earn two weeks of vacation after just two years, and three weeks after seven. "Time off" now comes about 15 percent sooner than in 1993. Salaried employees earn their three weeks of vacation even earlier—at five years versus seven in 1993.

## Cafeteria Plans on Upswing

More companies are targeting insurance plans to meet the needs of their workers, as well as to reduce costs. During the last two years, we have seen tremendous growth (over 45%) in "cafeteria" benefits plans—plans that offer employees a choice of benefit plan options. There are fewer traditional insurance plans, and more Preferred Provider Organizations (55% more than in 1993) providing more "wellness" services than traditional coverage. Dental insurance is now provided by more than 70 percent of manufacturers, an increase of 20 percent over the last three years. And separate prescription drug card programs have almost doubled since 1993, now being offered by almost 80 percent of employers.

There is a growing focus on "wellness" programs for employees. In 1993, no more than 10 percent of survey participants provided "innovative" programs such as smoking cessation and nutrition management. Now, some of these

programs are offered by more than 25 percent of companies.

## Employees Absorb More Costs

While creativity in plan design has been increasing, changes in the benefits arena have not come without some cost to employees:

- More companies are requiring employees to contribute to the cost of their benefits. Fewer manufacturers now pay the full cost of insurance premiums; nearly two-thirds pay the full cost of employee coverage, but slightly less than half pay the full freight for dependent coverage. On average, employees pay about seven percent of the cost of health plan premiums for their own coverage, and just over a third of the cost for their dependants.
- Companies are reducing, or eliminating, health insurance benefits provided to retirees. Ten percent fewer companies now make benefit programs available to retirees—less than a third of all manufacturers. And, only 12 percent of all manufacturers provide benefits to retirees at the same cost as active employees.

## Benefits Report Available

A wealth of information on current benefit practices is available in the 1995-96 MMA Employee Benefits survey, including new information on the cost of health insurance coverage and a variety of new benefit options. This information is provided by industry, company size and region within the state of Michigan.

Copies of the benefits report are available from the Michigan Manufacturers Association. For more information, contact Jim Monroe, MMA vice president of membership development, at (800) 253-9039.

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