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Enhancing worker benefits pays off

By RUTH BAUM BIGUS
Special to The Star

Company: The nonprofit **Truman Medical Centers** is a two-hospital system and network serving Kansas City and eastern Jackson County.

Telephone: (816) 404-1000

Address: 2301 Holmes, Kansas City, MO.

Web site: www.tmcmed.org

Employees: 3,429

Ownership/top management: The board of directors oversees TMC, with Robert Levy serving as chairman. John Bluford is president and chief executive officer, Mark Steele is chief medical officer, Catherine Disch is chief operating officer, Lewis Hughes is chief nursing officer and Jim Jenkins is human resources director.

Challenge: Enhance employee benefits to help improve retention.

Background: Like much of the health-care industry, TMC has struggled to find and keep qualified employees.

"In some parts of the hospital and some of the clinics we had 65 percent turnover," Jenkins said.

Researching the issue, Jenkins discovered that many employees were being wooed away by other health-care institutions offering better benefits, higher salaries and more options for upward mobility.

Action steps: Jenkins thought he would be able to create a better benefits package if he knew what was missing.

He conducted 75 open forums to solicit staff input. The employees'

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complaints centered on the lack of choice in the medical plan and the lack of other benefits such as flexible spending accounts. Many employees were unclear about what their existing coverage did include, while others were not sure whether the benefits were comparable to those offered at other hospitals.

Jenkins decided to look for another benefits provider that could come up with a good package with reasonable prices. He sent requests for proposals to 20 vendors in Kansas City and across the country.

Jenkins said TMC wanted to see "who could meet employee need and meet our cost constraints while giving employees some choice."

Over the course of about five months, a committee made up of senior management and several board members narrowed the list to a final four. A few committee members visited other cities to gain input on the potential vendors. In the end, RJ Dutton Inc. of Kansas City was selected in 1999 to create a new benefits package.

The new plan provided a choice of three health plans and two pharmacy plans and introduced dental coverage with two plans from which to choose.

"It was done at a cost we could afford," Jenkins said. TMC self-funds the medical plan.

The plan also includes voluntary

LUKE DAVIS/Special to The Star

Jim Jenkins (left), human resources director at Truman Medical Centers, and Ron Dutton of RJ Dutton Inc, worked together on a benefits package that Jenkins says has improved employee satisfaction.

(employee paid) benefits such as pet insurance, homeowners and renters insurance, long-term disability coverage and auto insurance. TMC had life insurance before, "but it didn't have near the payout options," Jenkins said.

TMC added flexible spending accounts to which employees can make pre-tax contributions that can be used to pay for medical bills, dependent day care and other expenses.

While the new benefits package initially went into effect in 2000, Jenkins said that since then there have been some tweaks made to its offerings.

"If we can improve a benefit without impacting the bottom line, we do it," he said. "We've changed networks of doctors and prescription coverage without (negatively) impacting employees."

Results: Jenkins said the hospital has saved money and reduced turnover.

"Over the five years, we've saved $7.5 million," he said. "We anticipate saving $900,000 for 2005-2006."

Jenkins said that in the past few years, TMC has had to switch doctors' networks and increase employee contributions on some plans. However, he said, employees have not lost any benefits, and TMC has contained its costs.

Enhancing the benefits package has helped employee retention.

"We've seen a reduction in turnover by 46 percent," Jenkins said.

Currently, Jenkins said, TMC has a 16 percent turnover rate, and he hopes to get it down to 10 percent.

Jenkins said TMC's annual human-resources survey suggests that there has been a high level of employee satisfaction with the benefits package created by Dutton.

"Employees are seeing their needs met," Jenkins said.

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