CalChamber Cites Need for Health Care Cost Focus

Rising Costs Main Reason Employers Can’t Provide

Jeanne Cain, CalChamber senior vice president, presented the CalChamber perspective at a February 15 hearing of the Senate Health Committee.

The committee dedicated its hearing to a look at the Governor’s health care reform proposal. Other proposals have been outlined by Senate and Assembly Democratic leaders and Senate Republicans (see January 12, January 26 and February 2 editions of Alert).

CalChamber Goals

The goal of the CalChamber has been and will continue to be supporting proposals that increase access to affordable, quality health care, utilizing all the tools of the private marketplace, and maintaining a strong and competitive economy.

The CalChamber will be measuring all proposals against these goals.

The CalChamber has repeatedly pointed out that rising health care costs are continuing to increase the burden on businesses. For those employers that don’t provide health care coverage, cost is the primary reason.

Different businesses have different perspectives. For example, some have found that a market-based approach where consumers are given choices and incentives results in decreased health care costs. For low-wage employee businesses, however, that is not a model that works.

The CalChamber shares the Governor’s goals of increasing access through improved affordability and believes that increasing access to health care services by the uninsured increases the need for increased revenue. The Governor’s plan acknowledges this fact.

Whether any plan actually achieves accessible, affordable health care is what the CalChamber seeks to learn. One question that is critical to those who currently provide health care coverage is whether any proposal stabilizes or increases their costs.

The CalChamber cautions policymakers that they need to ensure they do not substitute new cost shifts for old ones, and be careful not to damage the ability of those purchasing insurance today to continue to do so.

Questions to Consider

Noting that the Governor’s proposal makes a number of assumptions regarding the costs and savings to the system, the CalChamber raised a number of questions for policymakers to consider:

- **Cost Shift.**
  How much will health care utilization increase as a result of mandating and subsidizing insurance for what were presumably underserved populations? How will

CalChamber Supports Sunrise Powerlink Transmission Line

The California Chamber of Commerce continued to demonstrate its support last week for the Sunrise Powerlink, a 120-mile transmission line designed to meet the growing energy demand of the San Diego region. Amisha Patel, CalChamber policy advocate for energy and climate change issues, testified on February 8 before the California State Park and Recreation Commission.

**More Energy Needed**

“California’s population continues to grow, creating an increasing demand for energy,” said Patel. “Securing a reliable and affordable energy supply is crucial to California businesses and the state’s continued economic growth. If the state fails to meet this demand, California’s business climate and economy will suffer.

“The CalChamber supports the Sunrise Powerlink project because it will provide for increased generation capacity, improve grid reliability, and allow for the transmission of renewable energy into the San Diego region.”

Patel continued, “The Sunrise Powerlink will move California closer to

See Sunrise: Page 6
In California, if an employee does not call in or show up for work for three days in a row, does that meet the legal definition of “job abandonment”? While this is a very common misconception, neither California nor federal law has a legal definition for “job abandonment.” It is up to each employer to set a policy of how many days an employee may miss work without approval before the employer will consider that the employee has abandoned his job. This sometimes is called a “no-call, no-show policy.”

Establishing Policy

Sample language for a voluntary termination policy, including a definition of job abandonment, might be: “Voluntary termination results when an employee voluntarily resigns his or her employment at [the company], or fails to report for three consecutively scheduled workdays without notice to, or approval by, his or her supervisor.” The rule does not need to be exactly three days; it could be more or less, as long as the employer clearly spells it out.

Once an employee misses work without notice or approval for the specified number of days, the employer may consider that the employee has voluntarily quit his or her job.

After Voluntary Resignation

Under California law, the employer has 72 hours after a voluntary resignation to prepare a final paycheck, including all unpaid wages and all accrued but unused vacation. The employer should notify the employee, either by telephone or mail, that the employer has accepted the employee’s voluntary resignation by job abandonment and that a final paycheck is available.

However, the employer should not mail the employee’s final paycheck unless the employee specifically requests that the check be mailed.

Determine Employee Rights

Employers should use caution when enforcing a job abandonment policy. When an employer knows (or has reason to know) that an employee is ill or disabled, or that an employee’s family member is seriously ill, the employer should make reasonable efforts to contact the employee to determine whether the absences are related to the illness or disability.

If so, the employer should consider whether the employee has any right to a leave of absence, such as a family medical leave, or a reasonable accommodation, including time off.

In addition, making an effort to contact an employee after the first unexcused absence could clear up any misunderstanding related to the employee’s work schedule or whether the employee wrongly assumed that permission had been granted for the absence.

The Labor Law Helpline is a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

Seminars/Trade Shows

For more information, visit www.calchamber.com/events.

Business Resources

International Trade


CalChamber Calendar

Board of Directors:
March 8-9, Beverly Hills

California Business Legislative Summit:
May 21-22, Sacramento
U.S. Court Says Employer Must Prove Termination Unrelated to Military Service

A recent U.S. Court of Appeals ruling affecting California employers enhances the rights and job protections for U.S. military personnel. In 1994, Congress passed the Uniformed Services Employment and Reemployment Act (USERRA), which provides job protection for individuals returning to civilian employment after serving in the military.

Under USERRA, employers must reinstate the individual no matter the type and nature of military leave. USERRA supersedes former laws, as well as any office policy an individual business may have that is less beneficial.

The U.S. Court of Appeals clarified that an employer who terminates an employee protected under USERRA has the burden of proving that the termination was unrelated to the military service. The lower court dismissed the case because it found that the employee was unable to prove discrimination, but the lower court incorrectly required the employee to prove discrimination, according to the Court of Appeals.

Case Background

Carlos Velazquez-Garcia worked as marine supervisor for Horizon Lines of Puerto Rico for almost six years. While employed, he enlisted as a reservist in the U.S. Marine Corps, which required an initial six months leave for basic training, monthly weekend training sessions and annual two-week intensive trainings.

Because Velazquez was a shift employee, supervisors had to adjust his schedule regularly to accommodate the time off for military service. His supervisors frequently complained and pressured him about the difficulty of rescheduling his shifts.

Although Horizon paid Velazquez during his leaves, it required him to repay any income he received from the military to Horizon. It took almost two years for Horizon to recoup the salary Velazquez owed it. In the meantime, Velazquez started a check-cashing business for Horizon employees. He operated the business almost exclusively during off-duty hours, although he admitted to cashing “one or two” checks while on duty.

Velazquez was never provided with the Horizon policy forbidding this type of activity, nor was he ever given any warnings to cease operating his business. Nonetheless, seven months after he began his check-cashing business and about three weeks after Horizon recouped all owed salary from Velazquez, Horizon fired him. His termination letter did not state a reason, but he was verbally informed that his check-cashing business was in violation of Horizon policy.

The lower court dismissed the case because it was not persuaded by the

See Court: Page 4

Riverside Exec to Chair CalChamber Local Chamber Advisory Council

Cindy Roth, president and chief executive officer of the Greater Riverside Chambers of Commerce, has been named the new chair of the Local Chamber Advisory Council for the California Chamber of Commerce.

“Cindy Roth is one of the most respected chamber executives in the state, and under her leadership, the Riverside Chambers have done extraordinary things in representing the interests of business with government,” said CalChamber Senior Vice President Dave Kilby. “We are privileged to have Cindy leading the council and providing feedback from chambers around the state at a time when so many issues that could have an impact on the state’s business climate are being considered in the Capitol.”

The goal of the advisory council is to share ideas and improve communications with local chambers of commerce and to provide feedback on legislative priorities, special programs and services.

Roth

At the Greater Riverside Chambers, Roth oversees 16 employees and a budget of more than $1.5 million. She was the first woman to lead the organization when she became president in 1999 and has spent nearly 30 years in the chamber business.

Roth also has served as president of the Southern California Association of Chamber of Commerce Executives and as a board member of the Western Association of Chamber Executives. She graduated from the U.S. Chamber of Commerce Institute for Organization Management in 1990.

Other organizations with which Roth has been involved include the board of Congressman Ken Calvert’s Science and Technology Education Partnership, the Riverside County Workforce Development Board, The Riverside Community Hospital’s Community Advisory Council, the City of Riverside’s Economic Development Corporation and the Foundation Board of Trustees for La Sierra University.

Roth received the 2006 Spirit of the Entrepreneur Award for Business Support from California State University, San Bernardino, and the 2005 Spirit of Excellence Award from California Baptist University.

She also was honored as the 2003 Woman of the Year by Assemblyman John J. Benoit and is a recipient of the 2000 Athena of the Inland Valleys Award.

Staff Contact: Dave Kilby
CalChamber Cites Need for Health Care Cost Focus

**From Page 1**
this increased utilization affect private premium payers?

What effect will the individual mandate and related public subsidies for low-wage workers have on the extent to which low-wage (or low-margin) employers will offer or continue to offer health coverage?

What will be the mechanics of ensuring that private premium payers will see the benefit of increasing hospital and physician reimbursements?

Will the charges to hospitals (4 percent) and doctors (2 percent) be passed on to private insurance payers?

Will government programs that are constrained by their appropriations be expected to absorb increased charges passed along from the physician and hospital “dividends,” or will those charges also be passed on to the private insurance payers?

Is the cost shift a result of underfunded government programs or a result of the uninsured?

What will be the economic impact of a payroll tax on small, low-wage businesses that do not today offer health insurance to their employees?

What protections are in place to prevent the imposition of further increased revenue collections from private sources if financing for the new entitlement programs proves insufficient to meet costs?

**Savings.**
Will the proposal reduce unnecessary emergency visits by the uninsured? (According to the California Medical Association, emergency room overuse is largely by people with insurance, with Medi-Cal enrollees more likely than other insured persons to have “avoidable ER” visits.)

Is the high use of emergency care in Medicaid because enrollees cannot afford the cost sharing of non-emergency-related services? Is the lack of access to office-based physicians because of low physician reimbursement rates?

Will savings in the emergency room support the costs of the increased utilization of non-emergency services by the uninsured?

How does the proposal account for the aging of the population and the associated cost pressures?

**Affordable Products.**
Will the 15 percent cap on administrative costs create a perverse incentive to increase medical costs to create a larger base upon which to charge overhead and profit?

Will the cap take away any incentive to manage health care costs?

What has been the experience in other states regarding health insurance cost or availability when “guaranteed issue” or underwriting standards have been enacted?

**Individual Mandate.**
Does the mandate bring additional resources into the health care system, or is there a disconnect between this mandate to purchase a catastrophic plan and the requirement to guarantee the issue of more comprehensive products in the individual market? What effect will the interaction of these new mandates have on the cost and availability of health care products in the individual market?

**Enforcement.**
What would be the effect on the overall financial integrity of the plan should the individual mandate turn out to be unenforceable?

How will the individual mandate be enforced with the large numbers of residents who do not have a state tax liability or who work in the underground economy?

If the tax system is deemed unreliable or inefficient, would enforcement fall on employers?

How do proponents of the individual mandate propose to mitigate the burden that workplace-based enforcement would place on employers with large numbers of employees or part-time employees?

**Revenues.**
Will the revenue generated by this plan match costs going forward?

Are the revenue sources fair and equitable and do they get the best value?

How will these revenues be treated for the purposes of Proposition 98 (the voter-approved constitutional amendment that guarantees a minimum level of funding for K-12 schools, including a share of increased state revenues)?

Will the revenue generated by the hospitals, doctors and employers enacted by a majority vote lead to further increases with a majority vote to cover costs of programs currently supported by the General Fund (for example, Healthy Families and Medi-Cal)? Will these revenue devices provide a backdoor method to create a new funding mechanism for existing General Fund expenditures without a two-thirds vote?

Will this lead to other revenue increases passed and enacted with a majority vote?

**Court: Ruling on Termination/Military Service**

**From Page 3**
employee’s evidence of discriminatory termination. The appeals court, however, emphasized that the issue under USERRA is not whether an employer is entitled to terminate an employee, but rather, would it have terminated the employee if he was not in the military.

The appeals court said the lower court was in error by requiring the employee to prove discrimination. USERRA places the burden on the employer, not the employee, to prove termination would have occurred regardless of the employee’s military status. The appeals court found that there was sufficient evidence in the record to warrant a jury to hear the case.

**Recommendations**
The California Chamber of Commerce recommends that employers provide employees with copies of all policies and/or employee handbooks to advise employees of company requirements for code of conduct. A 2005 amendment to the USERRA requires employers to post a new notice providing information about the rights of military service personnel to job reinstatement and other benefits. The USERRA notice is included in the CalChamber’s 2007 California and Federal Employment Poster.

To help with this difficult task of drafting an employee handbook that details business policies and supplies employees with a code of conduct, the CalChamber offers the 2007 Employee Handbook Software for California Employers. This program allows employers to create a handbook customized according to each company’s size and types of benefits offered.

**Staff Contact:** Paul Schechter
Fortune Ranks 31 CalChamber Members on ‘100 Best Companies to Work For’ List

Thirty-one members of the California Chamber of Commerce have been ranked among the “100 Best Companies to Work For” by Fortune magazine.

California-based companies had the greatest representation, with 13 among the 100 listed. Twenty-seven states, the District of Columbia and Ontario, Canada, have companies making the list.

Companies nominate themselves by going through a detailed application process. Two-thirds of each company’s score relies on a 57-question employee survey that covers such topics as employees’ attitude toward management, camaraderie and job satisfaction.

Factors such as a company’s demographics, pay and benefits make up the rest of the score.

Companies must be at least seven years old and have at least 1,000 employees to qualify. For this year’s list, 1,500 companies applied, and 446 went through the full process.

Best to Work For

The following CalChamber members made Fortune’s 2007 list of the “100 Best Companies to Work For.” Company headquarters locations are noted in parentheses.

● American Express (New York, NY). Ranked 74. Nearly one-quarter of this credit card company’s employees have worked for 15 or more years. Employees tenured 12 to 24 months can apply to rotate to a different job, even in another country.

● American Fidelity Assur. (Oklahoma City, OK). Ranked 47. On-site amenities include fitness, training and banking services. After layoffs in 2006, displaced employees were offered free classes and outplacement services and could work through the end of the year.

● Amgen (Thousand Oaks). Ranked 40. Amgen ranks in the top 10 percent of all U.S. companies for paid time off, with 17 paid holidays, vacation time and benefits for adoption and leaves of absence. The company contributes 90 percent toward the cost of health benefits.

● AstraZeneca (Wilmington, DE). Ranked 71. All prescription drugs made by the company are free to employees. Twice a year, a global employee survey is distributed to identify areas of satisfaction and of concern.

● Bain & Co. (Boston, MA). Ranked 45. Bain & Co. stresses a work-life balance with accommodations for leaves of absence and international transfers, and flexible workweeks and schedules. Vernon E. Altman, director, is a CalChamber Board member.

● Bingham McCutchen (Boston, MA). Ranked 94. Job growth has tripled in the last five years at this international law firm. Sixty-five percent of the firm’s employees are women. The firm has the highest percentage of women partners in the industry.

● Bright Horizons (Watertown, MA). Ranked 92. This company sets up child care services for various businesses. Bright Horizons offers discounted health club memberships, tuition and transportation subsidies. Employees working for the company’s child care programs also may use the program for their own children.

● Capital One Financial (McLean, VA). Ranked 84. Eleven percent of workers were promoted last year, perhaps due to the financial services company’s training budget of $48 million. Capital One also is listed on Fortune’s top 10 list for job growth in 2006.

● CarMax (Richmond, VA). Ranked 88. Women make up 25 percent of employees at CarMax, compared to the typical 2.1 percent in the used car industry. This “no haggle” auto retailer donates $10 per hour to non-profit organizations with which its employees volunteer.

● Cisco Systems (San Jose). Ranked 11. This network equipment provider offers programs and opportunities for recent college graduates and students still in school. The chief executive officer meets with new employees to welcome them as soon as they are hired.

● Container Store (Coppell, TX). Ranked 4. This retailer of storage and organizational products pays 50 to 100 percent above the industry average and offers family-friendly shifts to help employees achieve work-life balance.

● Deloitte & Touche USA (New York, NY). Ranked 76. To thank employees for helping reach record revenues, all 35,000 employees were given four extra summer vacation days, plus two extra holidays. Mark A. Edmunds, vice chairman and regional managing partner, Northern Pacific Region, is a CalChamber Board member.

● Ernst & Young (New York, NY). Ranked 25. Ernst & Young’s “People First” culture fosters an inclusive and flexible work environment. Peter H. Griffith, vice chair, Pacific Southwest, is a CalChamber Board member.

● Four Seasons Hotels (Toronto, Ontario). Ranked 53. The average tenure of senior executives and general managers is more than 15 years at this luxury hotel chain. The word must have gotten out — more than 40,000 people applied for jobs last year.

● Granite Construction (Watsonville). Ranked 56. The company pays 100 percent of employees’ health care premiums, much more than the industry standard. Chairman David H. Watts is a CalChamber Board member.

● IKEA North America (Conshohoken, PA). Ranked 96. Part timers who work 20 hours per week are offered low-premium health and dental coverage, including domestic partners and children. The furniture retailer regularly surveys employees to gauge morale and respond to issues.

● Intuit (Mountain View). Ranked 33. Employees can communicate with the...
31 CalChamber Members Among ‘100 Best Companies to Work For’

From Page 5

Chief executive officer during quarterly webcasts, with one session even leading to more vacation time for long-time employees. Tuition assistance, loans to purchase computers, product discounts and commute alternatives are all offered to Intuit staffers.

Kimley-Horn & Assoc. (Cary, NC). Ranked 28. Employees enjoy a short day on Fridays, working until 11:30 a.m. Any employee can award a $50 on-the-spot bonus to colleagues, and the engineering consultancy also is listed on Fortune’s “Top 10 for job growth” list.

KPMG (New York, NY). Ranked 97. Last year, the accounting firm more than doubled matching contributions to its 401(k) plan — now 75 cents for every $1 an employee contributes, up to 5 percent of pay. Managing Partner Philip R. Schimmel is a CalChamber Board member.

Marriott International (Washington, D.C.). Ranked 89. With 54 percent of its employers being women, Marriott is recognized as one of the best companies for working mothers. More than 3,000 current managers started as hourly employees.

Medtronic (Minneapolis, MN). Ranked 72. Every year during the holiday season, employees gather for what the chief executive officer calls the most important meeting of the year — hearing stories from patients whose lives were improved or saved by Medtronic devices.

Microsoft (Redmond, WA). Ranked 50. Last year’s added perks included free grocery delivery, dry cleaning service and valet parking. Microsoft also pays 100 percent of employee health care premiums. General Manager LaSandra Thomas is a CalChamber Board member.

Network Appliance (Sunnyvale). Ranked 6. The data-storage company also is listed in Fortune’s top 10 list for job growth, and 95 percent of employees are able to take advantage of flexible schedules. The president of the company calls 10 to 15 employees each week to thank them personally for their contributions.

Nixon Peabody (New York, NY). Ranked 49. A nationwide law firm, Nixon Peabody offers tuition reimbursement after six months of full-time employment, financing for personal computers, flex spending accounts for medical, dependent care and transportation expenses, along with bonuses and referral rewards.

Paychex (Rochester, NY). Ranked 70. The payroll specialist recently upgraded its benefits, adding two extra holidays, $4,000 in adoption aid, new flex schedules and increased tuition reimbursement. Paychex also has been recognized as a top training organization for five years.

PricewaterhouseCoopers (New York, NY). Ranked 58. This “Big Four” accounting firm helped employees hit by Hurricane Katrina by wiring $4,000 to employees’ accounts and providing food, lodging and transportation for three months.

Procter & Gamble (Cincinnati, OH). Ranked 68. To help its 100,000-plus employees feel connected, this huge company uses anonymous hotlines, blogs by executives and online question-and-answer sessions with the chief executive officer.

Standard Pacific (Irvine). Ranked 85. This home builder has experienced 25 percent job growth in the last year. The company strives to make each employee “feel encouraged to balance their work and personal life.”

Umpqua Bank (Portland, OR). Ranked 34. The community bank gives its employees 40 paid hours a year for volunteering. It also pays 100 percent of health care premiums for more than 1,400 employees.

Valero Energy (San Antonio, TX). Ranked 22. The largest refiner in North America has never laid off an employee. Valero has 11 units on the list of 23 refineries designated by the Occupational Safety and Health Administration as having the best safety programs.

Vision Service Plan (Rancho Cordova). Ranked 23. On the Fortune “Top 100” list for its eighth consecutive year, this eye-care benefits company contributes up to 15 percent of pay to employees’ 401(k) plans.

Sunrise Powerlink Will Increase Energy Supply Reliability

From Page 1

Meeting its ambitious renewable portfolio standards. Current law requires utility companies to have 20 percent of the electricity they deliver come from renewable energy resources by 2017. The California Public Utilities Commission has accelerated that requirement to 2010.

“To help California reach and exceed this goal, the Sunrise Powerlink is a crucial transmission line to economically deliver renewable power to the state’s population centers.

“Also, the signing of AB 32 last year and the state’s greenhouse gas reduction goals have made projects such as this even more necessary for California. The 1,000 megawatts of renewable energy Sunrise Powerlink will bring to our grid eliminates up to 7 million tons of greenhouse gas that would be emitted if this needed energy were generated by fossil fuel.”

Safe, Reliable Energy

The Sunrise Powerlink is a new electric transmission line proposed by San Diego Gas and Electric (SDG&E) to be constructed between the Imperial Valley and San Diego.

This line will carry 500,000 volts of electricity — enough to serve the electricity needs of more than 650,000 customers — and will ensure a safe and reliable energy supply for the state’s second largest city.

Forecasts show that by the year 2010, the San Diego region will demand more power than can be generated locally or imported over existing transmission lines. A vote has yet to be taken to approve the Sunrise Powerlink, but the discussion continues to circulate through the public forum.

For more information, visit www.able-energy.com.

Staff Contact: Amisha Patel
CalChamber Creates Helpful Health and Safety Wizard for Employers

The California Chamber of Commerce has created a new online wizard to help employers assess the quality of their health and safety programs and determine if those programs are in compliance with state and federal workplace safety requirements.

CalChamber members can access the Safety Compliance Wizard by logging on to HRCalifornia.com and following the prompts.

How it Works

First, select one of the seven areas to review from the wizard menu. The CalChamber suggests that employers review each item one by one until finished.

The wizard reviews the following seven safety areas:

- **Injury and Illness Prevention Program (IIPP).** Required of every company in California. Contains a generalized plan for keeping its workforce free from work-related injuries and illnesses.
- **Emergency Action Plan.** A plan for handling emergencies, including evacuating employees, providing emergency medical attention and reporting emergencies to employees and community agencies.
- **Fire Prevention Plan.** Shows that you know what fire hazards your employees are exposed to and that you have a plan for handling fires.
- **Work Surfaces, Control Devices and Emergency Equipment.** Standards for employee-occupied areas, and set minimum safety limits for lighting, flooring, housekeeping, entrances and exits.
- **Hazardous Communication (HAZCOM).** Required communication to employees regarding workplace hazards, particularly when employees handle or may be exposed to hazardous substances during normal work or foreseeable emergencies.
- **Repetitive Motion Injuries (Ergonomics).** Repetitive motion hazards are work tasks that require repeated actions with the additional stress of improper ergonomics or work station design.
- **Other Safety Standard.** Every employer also should check these other specific standards to ensure compliance with OSHA and Cal/OSHA requirements.

After all of the questions have been answered, the wizard displays a list of clickable resource links that the employer can use to review and enhance safety programs. Employers can save the links to return to them at a later time.

Free Trial

Companies that are not currently CalChamber members can sign up for a 30-day free trial membership to access the Safety Compliance Wizard and gain access to all safety content on HRCalifornia.

Staff Contact: Terry Ulick
New products to keep your staff in the loop.

Ensure the health and safety of all those in your workplace. After all, a happy employee is a productive employee. When you know the law and can communicate those standards, everyone stays a step ahead. These new recommended products will help keep everyone up-to-date on policies in your workplace.

- Health & Safety Posters
- Sexual Harassment Minibook
- Heat Illness Prevention Minibook

Call 1-800-331-8877 or visit www.calbizcentral.com.

Order Today!