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The Peoplelink Online Newsletter

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PEOPLELINK STAFFING 25 years

WHY THE BEST TEAMS MIGHT BE TEMPORARY

by David Burkus (Harvard Business Review)

When we think of high-performing teams, we often think of them as long-term allies—a band of brothers in the organizational world. It takes a while for teams to move through the traditional phases of *storming* and *norming* before they start to really perform. It's logical, then, to assume that the longer a team is together, the better they'll be at performing. But research into the inner workings of teams, particularly creative teams, suggests a different conclusion, one supported by experience from many of the most innovative companies: The best teams might temporary, with members forming around a given project and then going their separate ways to work on new projects.

The empirical evidence for temporary teams comes from an unlikely arena, but one filled with high-pressure deadlines, conflicting egos, and the need to be outstandingly creative: Broadway. Taking a musical from idea to opening night requires a large team for writing, composing, staging, lighting, and so much more. Most of the artists working on Broadway are working on more than one production in a year, sometimes more than one production at a time. As such, artists develop a broad and interconnected network of relationships and can find themselves working with lots of old colleagues or teams of whole new people. This caught the attention of researchers Brian Uzzi and Jarrett Spiro. Uzzi and Spiro wanted to know if the strength or diversity of those relationships affected the success of the show.

To find out, the duo first needed to map the network of connections in the Broadway community. They analyzed every musical produced on Broadway from 1945 to 1989, including shows that were axed before opening night. The final database cataloged 474

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From the President's Desk »

Jay Wilkinson, President and CEO

HOW MUCH EMPLOYEE TURNOVER REALLY COSTS YOU

You'll hear people talk about the high cost of turnover, but when you try to press for the actual costs they don't really know. It seems like a mysterious thing that people talk about.

And it's true – the costs are largely hidden. It doesn't hit your profit and loss statement. It's not something in the budget. There are some hard costs, like the cost to post a position on a job board, or for specialized positions, the cost of a headhunter. But, even if you recruit strictly through word of mouth and employee referrals, there are costs to losing an employee. Here are the things you're paying for.

Lowered productivity. The person who left was doing something, right? And who is doing that job now that the position is vacant? No one? That's lost productivity right there. What if you just farm out the tasks to other people? Chances are, the most important tasks will get done, but other things will fall by the wayside.

Overworked remaining staff. Can you measure this in dollars? If your employees are exempt, their paychecks remain the same, so how is this a cost? Well, as they get stretched thin, their quality of work goes down as does their satisfaction and engagement, which means that they are more and more likely to start looking for a new job and leave. And the longer they stay in their overworked roles, the harder it will be for you to regain their goodwill even after you've filled the vacancy.

Lost knowledge. A ton of people can do what your former employee did, but they don't have the specific knowledge she had. It's not just about putting numbers in a spreadsheet, writing code, or selling a product. It's about knowing the people, the traditions, the location of relevant information, what the boss likes and a million other things that come from working for a company for a long period of time. All that goes away when someone quits. And sometimes it's more than just general company knowledge. How many of your employees have their jobs documented well enough that someone could figure it out with their documentation? Do you have people cross trained? Does one person have control of the passwords?

Training costs. Paid training costs are obvious. If you have to pay $5,000 for a seminar to teach your new employee your complex internal computer systems, that's a cost noted on a spreadsheet. But, when there are no training classes to attend, there are still costs. Someone has to sit there and show him what to do. Someone has to double check work until the employee has proven himself. And that all takes the "trainer" away from her regular job. Which means you're paying two people to do one job. Costly.

Interviewing costs. If you have to pay travel expenses, that's costly. But if all your candidates are local, you still have to take the time to go through resumes, talk with numerous people, do formal interviews (which take an inordinate amount of time), talk with colleagues, and figure out who is the best employee.

What do all these costs add up to? Well how much? Estimates run as high as 150 percent of annual salary. Much less for lower level positions, but still significant enough to make retention a high priority for your business.

This doesn't mean you shouldn't fire problem employees. You should – because they aren't being productive and they encourage your good employees to quit. But, you should first try to counsel and coach and correct. And you should consider your pay scales for your good employees and give raises and bonuses when appropriate because it will cost you more to lose that good employee than the $5,000 raise you refused to give.

Turnover is expensive. Sometimes it cannot be avoided, but when it can, you should avoid it by doing the right things for your employees.

WHY THE BEST TEAMS MIGHT BE TEMPORARY

CONTINUED FROM PAGE 1

musicals and listed 2,092 artists, including Broadway legends from Cole Porter to Andrew Lloyd Webber, revealing a complex, dense network of collaborations and working relationships between producers, writers, actors, and choreographers, a fertile ground for teams to connect, collaborate, disband, and repeat the cycle. They called this a "small world network."

Next, the pair calculated the level of repeat collaborations in any given production year, a value they called "small world quotient" or simply Q. When Q was high, the teams were densely interconnected, which meant that more artists knew each other and were working together on multiple projects. When Q was low, there wasn't as much familiarity and multiple collaborations were rare. Uzzi and Spiro then compared each year's Q score to the level of financial success and critical acclaim achieved by the shows that year. Given what we know about teams, it would be logical to assume that a higher Q would produce shows that were more creative and successful. Instead, Uzzi and Spiro found that the correlation wasn't a straight line, rising in success as it rose in collaboration; the trend line looked more like an inverted-U. The most successful years had a Q score around 2.6 on a scale from 1 to 5, meaning the production teams had a good mix of old colleagues and new members. The rationale behind their findings is that old colleagues bring knowledge of the process, as well as prior norms (and awareness of past storms) from old teams while the new members bring fresh ideas that enhance the creativity of the show. Old colleagues alone wouldn't have nearly as many ideas and new members might not get out of the storming phase and see their ideas implemented.

Uzzi and Spiro's findings have been around for some time, but they're often misapplied to just one team at a time. Instead, it's about the whole network. The most innovative companies often function like the loose network Uzzi and Spiro found to be optimal. Consider the innovation consultancy Continuum, which hires a diverse array traditional designers, engineers, psychologists, artists, MBAs, and ethnographers. This diverse pool of talent assembles as needed around client projects, sometimes working on several projects at a time. Continuum is deliberate about securing clients from a variety of fields, so that designers are exposed to a diverse set of design and business challenges and can cross-pollinate ideas from different industries, life experiences, and cultural perspectives.

In this way, the organizational structure of Continuum has become a small world network, where teams connect, collaborate, disband, and repeat. The results speak for themselves. In the thirty years since its founding, Continuum has won more than 200 design awards, including more than 75 Industrial Design Excellence Awards, and has designed groundbreaking products including medical instrumentation, industrial robotics, the Reebok Pump, and even the Swiffer. But Continuum's most significant innovation isn't a new shoe or a different kind of mop. Instead, it's the process they've uncovered for creating the right project teams and continuously tweaking them to provide fresh insights on top of shared experiences.
The best teams might be temporary, but their company's success is enduring.

Meet **DEBBIE BEARDEN »**
Branch Manager, West Dundee, IL

» How long have you been in the staffing business? Over 10 years ago I walked into The Agency Staffing to see if they could find me a job because my company was closing. I was hired to work in the West Dundee, IL office as an account coordinator. I then did some outside sales and after several years, was promoted to branch manager.

» What was your first job? What do you remember most about it? My first real job was at General Finance (the home of Friendly Bob Adams-if anyone remembers that). I worked there after school doing collections and general office work.

» Who was the worst boss you ever had and why? When I lived in Georgia I had a boss that would lose his temper at the drop of a hat and you never knew it was coming. Thankfully I was never his victim. Now that I think of it, he was hideous. Don't know why I stayed!

» What motivates you each day to sell and service your clients? The thing that motivates me each day is that I like what I do. I like the challenge and the people I work with.

» What are some of your long-term goals? Some of my long-term goals are to get through our software conversion without losing my sanity and then work towards increasing our client base!

» What makes Peoplelink unique, from your perspective? I think the fact that Peoplelink is a business started and run by family as is The Agency Staffing. This also makes our values very similar as well as attractive to our clients.

» What makes you successful as a Branch Manager? I am successful because I do not expect anyone to do things I would not do myself. I'm determined/dedicated sometimes to an extreme and lead by example. I am not a micromanager.

» What is the best advice you could give to other Peoplelink staff members? My best advice is to enjoy what you do. Staffing can be a very stressful job and it takes a unique person to do it. Work hard, laugh a lot and be sincere to your clients.

» What is your favorite movie? My favorite movie is Baby Boom.

Book? I enjoy reading mystery novels .

Drink? I'm a wine lover.

» If you could have any car you want, what would it be? I like a nice car and have had some nice cars but it's not that important to me. As long as it has 4-wheel drive to get through the snow. .

» What is your home city? What is the greatest feature about your home city? I grew up on the northwest side of Chicago in a neighborhood where you were able to walk to all the local stores and transportation. You knew all your neighbors especially in the summer when the highlight of the evening was to sit out on the front porch. Neighbors would come by and sit and talk until dark.

» How do you unwind when you're not at the office? I am Gardener. Mostly flowers and some herbs. I enjoy being in the garden in the early morning when it is quiet and peaceful. My garden was featured in the Elgin, IL Garden walk in 2004.

» What do people like most (least) about you? I am easy going. Take responsibility, Trustworthy and reliable. **Least** - I'm a procrastinator, I try to do everything myself, I want everything perfect and expect more of myself than I can ever accomplish in a given time.

» Anything else you can think of? One last thing, I have three lovable dogs, Henry & Sophie (Cairn terriers), Cooper (Black lab) and my mom's cat Archie. My husband Art, and 91-year-old mom also live in the house.

Bright Ideas

Sustaining What We Learn, Changing What We Do

by Stephen Paskoff (Workforce.com)

How much of what we learn do we remember? And, how do we make sure that what we learn has an enduring impact on our behavior?

These are the riddles that organizations must solve as they try to measure the value of their investments in learning and the impact it has on business. Neurobiologists from the best institutions study these questions. They'll tell us that buried in our brains are pathways and chemical agents that embed memory, trigger emotions and help us develop new habits. Economists and business analysts use long-term studies to plot tangible payoffs from learning initiatives.

While such research will lead to scientific and quantitative enlightenment, here are some quick thoughts on what works and doesn't from the perspective of nearly 30 years of practical experience. Apply these principles and you'll have some ready tools you can use to improve learning and retention that build skills and change culture.

1. Define Modest Learning Goals. Don't try to teach too much. It's better to reinforce narrower lessons that can be absorbed and remembered than to saturate a population with a torrent of details which will be quickly forgotten.

2. Identify Specific Outcomes. If your organization is seeking behavioral change, then define exactly which behaviors must change. Telling people they must act with integrity is a broad statement of purpose. Telling them not to lie, fabricate information, or cover up problems gives them behaviors they can understand and consistently apply.

3. Repetition Works. When your organization identifies what's important, reinforce it in formal learning sessions, in what leaders do, in communications and in on-the-job shop talks.

4. What Is Done Is More Important than What Is Taught. We are more likely to absorb and apply the things we see practiced on a daily basis than to apply something that is taught annually. It's critical, particularly when dealing with communicating values, compliance expectations, or culture change, that leaders model what's important.Workplace osmosis works better than educational force-feeding in the form of required lectures or online click-throughs.

5. Don't Confuse Communicating Information with Building Skills. Many organizations fail when they treat information and skills as one and the same. Rules, processes, policies, and standards are data — information that can be stored and readily accessed. It's important for individuals to know the basics, where to access detail, and to be periodically reminded what to do or not do. How we act, how we respond, and what we do to apply knowledge requires varied skills. And, these skills are built through modeling, practice, feedback and on-the-job application.

6. Great Learners Teach. If you want adults to apply important lessons, require them to teach others what they need to know themselves. Their teaching requires them to learn and understand, if for no other reason, than they don't want to embarrass themselves in front of colleagues or mentees. Finally, most leaders don't want to be seen as hypocrites. If you require a leader to demonstrate and reinforce skills among colleagues and coworkers, for example, she will be more likely to learn them and adhere to them herself.

7. Anticipate Conceptual Resistance. Many initiatives fail because they focus on what individuals need to know rather than on the reasons they may be reluctant or opposed to changing habits they have developed over their work lives. Anticipate this resistance, and address it throughout the design so learners understand why it's important for them and not just the organization to change. Many leaders think the rules apply to others, but not them.

8. Track Results at the Team Level. Get leaders and others to track how they apply key learning on a daily basis. Ask them to limit their journaling to less than two minutes a day. When learners have to record what they have done in the past with regularity, it makes it more likely they'll continue to apply the same standards going forward.

9. Enduring Change Takes Time to Root. Behavioral change is not the result of a single event unless the event is extraordinarily powerful and clear with life-changing consequences. Tell someone they will die in a week if they continue eating an allergic substance, and you may [but not necessarily] get their attention and action. It's more likely that reminders and support from colleagues and repetition over time will lead to changes in what's done. Investment in terms of time and resources rather than a solitary budgeted line item event is what gets long-term results.

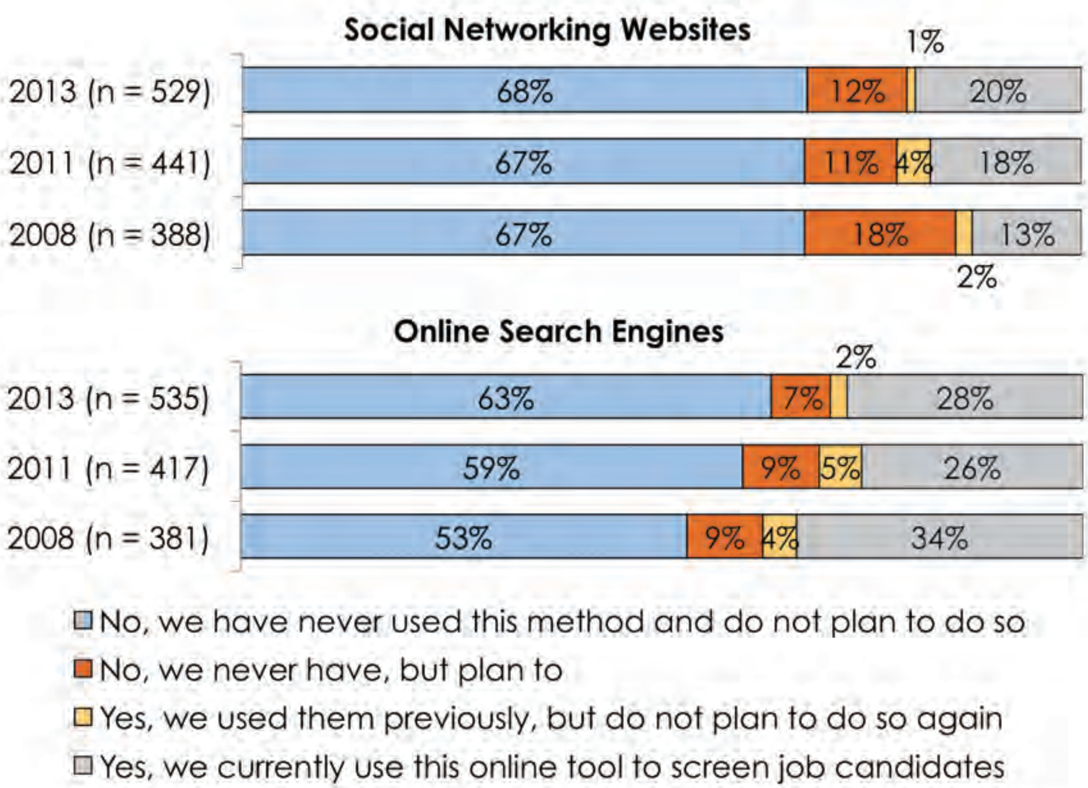
SHRM Survey Findings:
Social Networking Websites and Recruiting/Selection

Source: Social Networking Websites and Recruiting/Selection ©SHRM 2013

Organizations may want to consider whether they need policies related to recruiting and screening job candidates via social networking websites. Over the past five years, a growing number of HR professionals have been using social networking websites for recruitment. In addition, about one-quarter of organizations use online search engines or social networking websites to screen job candidates. Yet, more than one-half of organizations do not currently have a policy regarding the use of social networking websites for screening job candidates. The primary reasons HR professionals cite for not using social networking websites for recruitment and screening are the legal risks, the lack of the job-relatedness of much of the information found online, privacy concerns, and the lack of verifiable data.

Q

Has your organization used social networking websites or online search engines to screen job candidates at any point in the hiring process, or does it plan to do so?



Note: Total may not equal 100% due to rounding. Respondents who answered "don't know" were excluded from these analyses.

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SHRM Survey Findings:

CONTINUED FROM PAGE 6

Q

Why does your organization NOT use social networking websites to screen job candidates?

Reasons for NOT Using Social Networking Websites for Screening	2008 (n = 337)	2011 (n = 461)	2013 (n = 406)
Concern about legal risks/discovering information about protected characteristics (e.g., age, race, gender, religious affiliation)	54%	66%	74%
Information about job candidates taken from these sites may not be relevant to their work-related potential or performance	36%	45%	63%
Information about job candidates taken from these sites may not be relevant to whether they are a good fit for the organization	26%	33%	61%
Concerns about invading the privacy of job candidates	40%	33%	48%
Inability to verify with confidence the information from an applicant's social networking page	43%	48%	47%
Not all job candidates have information on social networking sites	*	34%	43%
It takes too much time and effort in relation to information gained	19%	17%	18%
Job candidates might be less likely to apply if they knew the organization screened job candidates in this manner	9%	7%	11%
Other	16%	8%	6%

Note: Only organizations that do not use social networking websites to screen job candidates were asked this question. Totals do not equal 100% due to multiple response options. An asterisk (*) indicates response option was not available in 2008.

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SHRM Survey Findings:

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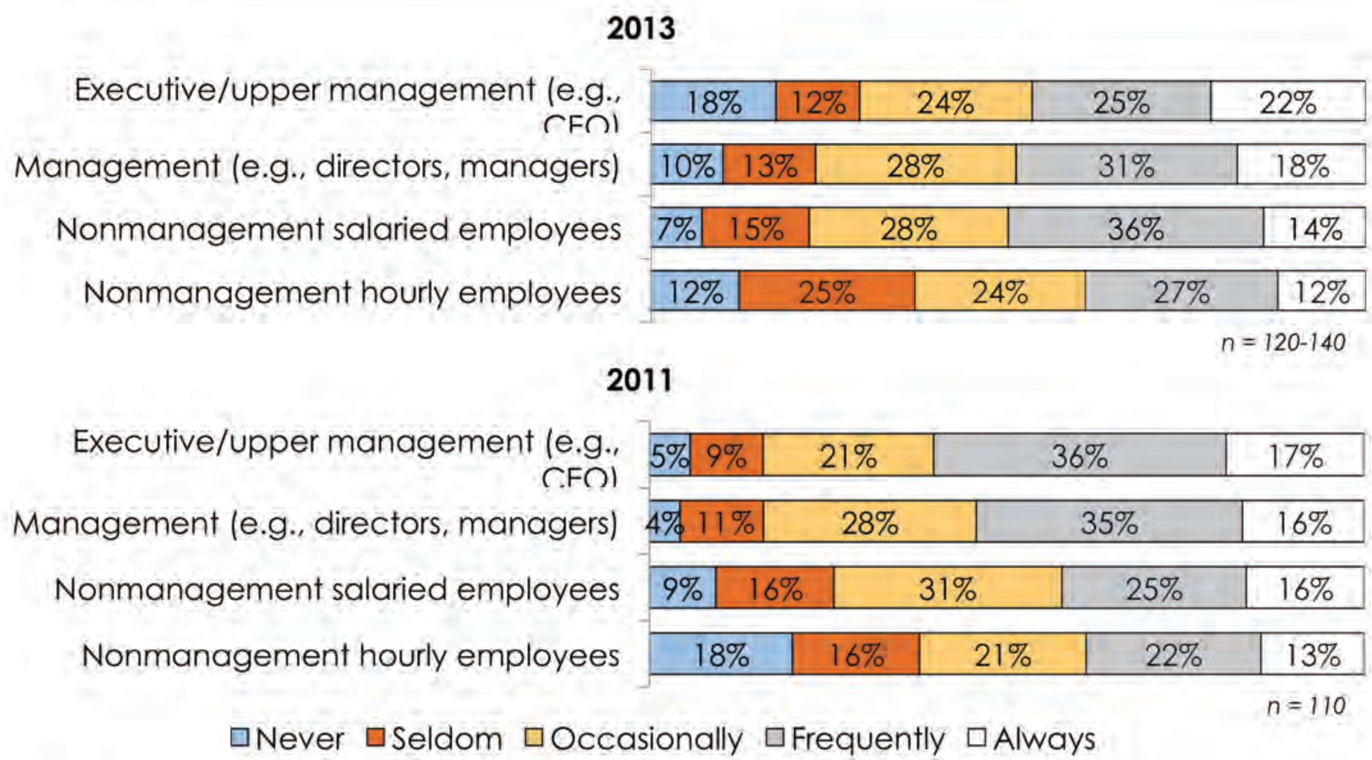
Q

How often do organizations use *online search engines* to screen job candidates at any point in the hiring process for the targeted job levels?



Note: Only organizations that use online search engines to screen job candidates at any point in the hiring process were asked this question. Percentages may not total 100% due to rounding. Respondents who answered "don't know" were excluded from this analysis.

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SHRM Survey Findings:

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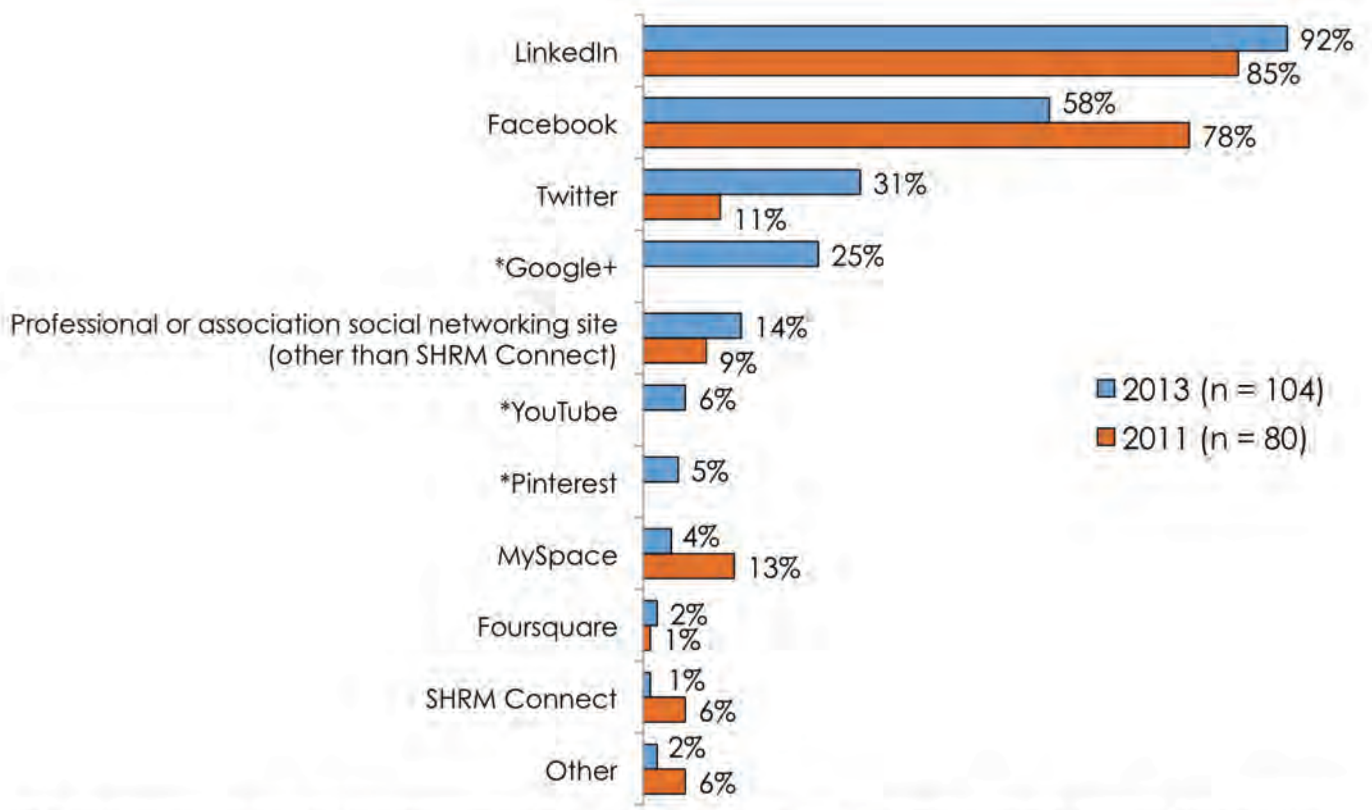
The Most Common Social Networking Websites Organizations Use to Screen Job Candidates



Note: Only organizations that use social networking websites to screen job candidates were asked this question. Total does not equal 100% due to multiple response options. An asterisk (*) indicates this response option was not available in 2011. "Second life" is not reported because no respondents selected this option.

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SHRM Survey Findings:

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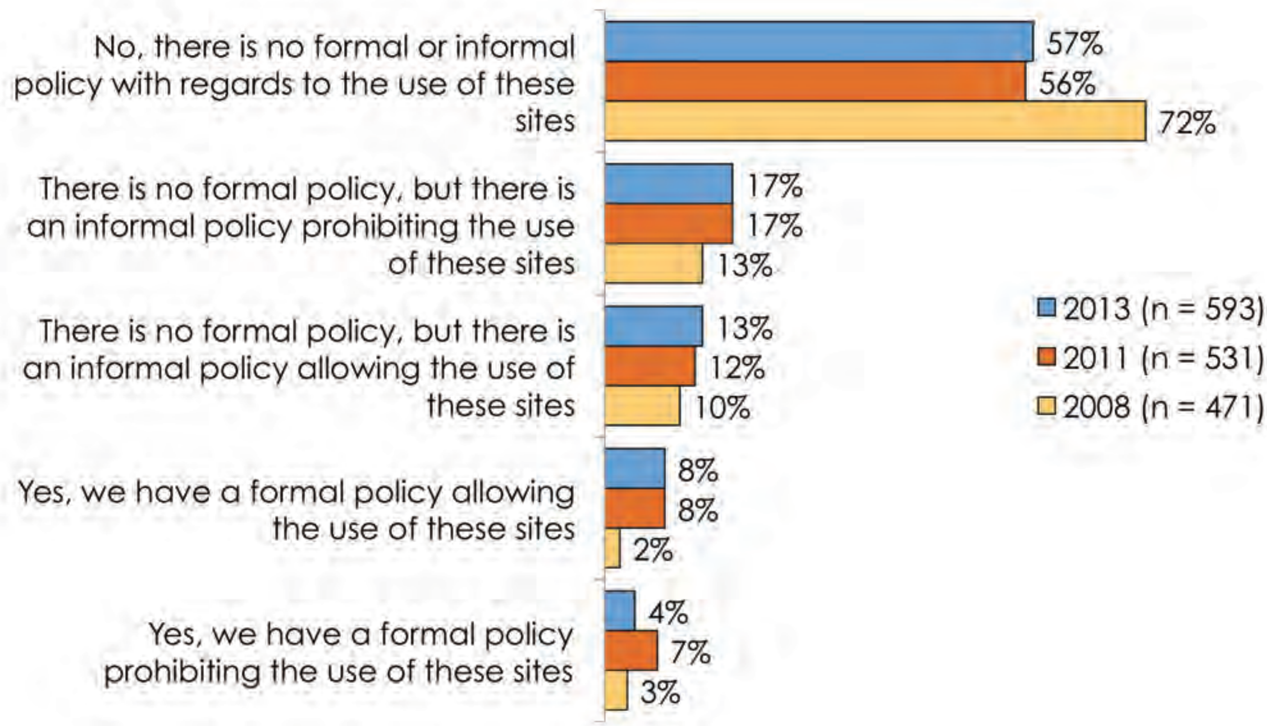
Q

Does your organization currently have a formal or an informal policy regarding the use of social networking websites to screen job candidates?



Note: Percentages may not total 100% due to rounding. Respondents who answered "don't know" were excluded from this analysis.

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SHRM Survey Findings:

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Q

Does your organization currently have a formal or an informal policy regarding the use of social networking websites to screen job candidates?

Comparisons by organization staff size

• Organizations with 1 to 499 employees are more likely than organizations with 2,500 to 24,999 employees to have no formal or informal policy with regards to the use of social networking websites to screen job candidates.

Comparisons by organization staff size: No formal or informal policy with regards to the use of these sites		
1 to 99 employees (72%) 100 to 499 employees (68%)	>	2,500 to 24,999 employees (47%)

• Organizations with 25,000 or more employees are more likely than organizations with 1 to 99 employees to have an Informal policy prohibiting the use of social networking websites to screen job candidates.

Comparisons by organization staff size: Informal policy prohibiting the use of these sites		
25,000 or more employees (31%)	>	1 to 99 employees (7%)

Comparisons by organization sector

• Privately owned for-profit and government organizations are more likely than publicly owned for-profit organizations to have no formal or informal policy with regards to use of social networking websites to screen job candidates.

Comparisons by organization sector: No formal or informal policy with regards to the use of these sites		
Privately owned for-profit (61%) Government (71%)	>	Publicly owned for-profit (44%)

Note: Only statistically significant differences are shown.

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SHRM Survey Findings:

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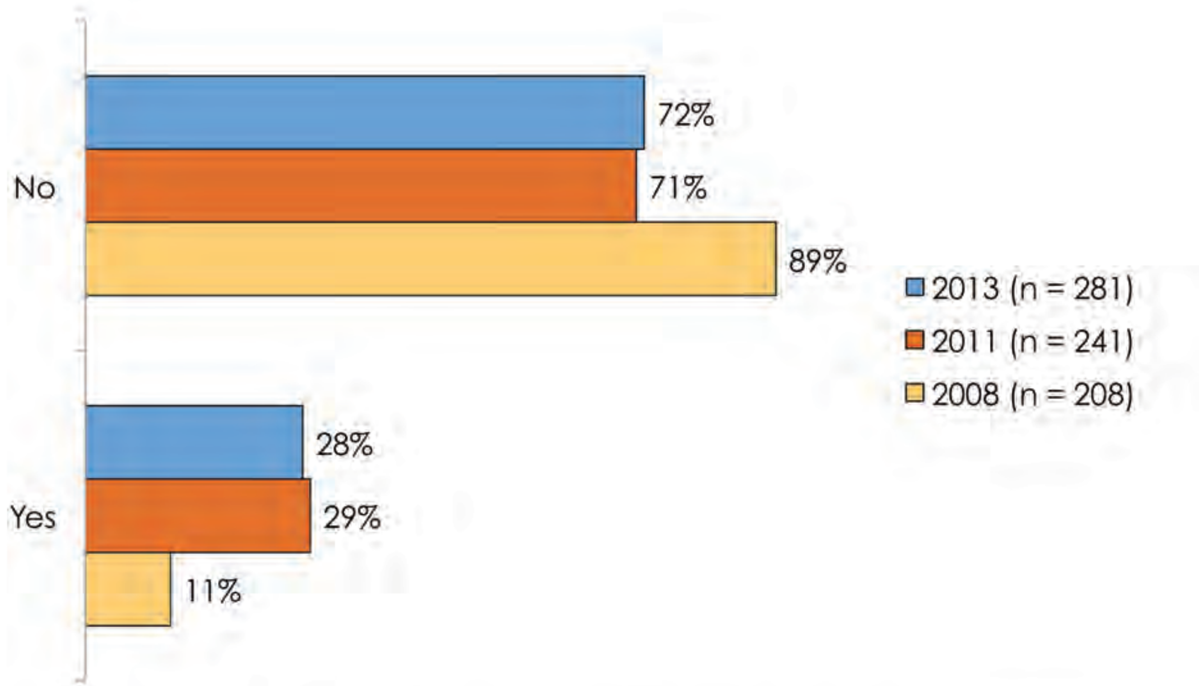
Q

Does your organization plan to implement a formal policy regarding the use of social networking websites to screen job candidates within the next 12 months?



Note: Only organizations that do not currently have a formal policy regarding the use of social networking websites to screen job candidates were asked this question. Respondents who answered "don't know" were excluded from this analysis.

2013 SHINING STAR OF THE YEAR

Amanda Rink, Peoplelink Branch Manager
South Bend, Ind.

James E. McNamara

Melody Towle, Peoplelink Senior Staffing Specialist
South Bend, Ind.

Each year, the U.S. celebrates the accomplishments of its contingent workforce during National Staffing Employee Week – September 16-21. In honor of National Staffing Employee Week, Peoplelink is happy to announce our *Shining Star of the Year*, James E. McNamara.

James is a Forklift Drive for McCormick & Company. He reports to the South Bend, Indiana Peoplelink branch. He began working at McCormick in July of last year. As a Forklift Driver, his responsibilities include keeping production areas supplied with necessary materials, loading trucks, picking shipping orders, and putting finished goods away in the appropriate place. According to Josh Burnett of McCormick's HR Department, James is one of the best temporary employees McCormick has had. He is a quick learner and is eager to expand his skill set, even taking on duties never before assigned to a temporary employee. Based on his excellent performance, McCormick & Company has offered James a permanent position.

Thank you to James for your commitment to excellence and Congratulations on being Peoplelink's *2013 Shining Star of the Year!*

HR News

Employment Confidence Drops Slightly from First Quarter 2013

By Bill Leonard (SHRM)

Slightly more than one in five employees (22 percent) are worried about being laid off before the end of 2013 — an increase of 3 percentage points from the first quarter of this year — according to a recent survey.

Each quarter, Harris Interactive conducts the ***Employment Confidence Survey*** for Glassdoor, which provides job seekers an inside look at employers. The survey examines four key indicators of employee confidence: job security, company outlook, salary expectations and rehire probability. The survey was conducted online and gathered responses from 2,084 U.S. adults ages 18 and older, of whom approximately 1,200 worked either full or part time or were self-employed.

According to the latest survey results, employees ages 45 to 54 expressed the most concern about losing their job. Nearly a third of these workers (29 percent) said they were concerned about potential layoffs, in contrast with those 35 to 44, of whom only 15 percent were worried about layoffs.

In an interesting trend, the number of employees who are concerned about their co-workers being laid off in the next six months also increased three percentage points during the second quarter of 2013 to 30 percent. Although employee confidence about their employers' business performance has increased significantly from the depths of the 2008-2009 recession, the number of respondents who predict that their companies will perform better over the next six months dropped 3 percentage points from the first three months of this year — to 42 percent. Twelve percent expect their employers' business performance to worsen over the next six months, an increase of 3 percentage points.

Perks at Work

In examining workers' attitudes about compensation and benefits programs, the survey found that most respondents (76 percent) rank medical coverage as the most important benefit. The other top-ranked benefits include holiday/vacation/sick time (72 percent), retirement plans (62 percent) and dental coverage (60 percent).

Only 21 percent of respondents considered office perks (e.g., free food and drink, casual dress and a pet-friendly policy) as important benefits. Interestingly, office perks are more important to workers in the Midwest and South (both reporting 25 percent) than to those in the Northeast (14 percent) and the West (18 percent). More women (24 percent) than men (18 percent) said that office perks are important.

Career Choices

Another Harris Interactive poll revealed that only 14 percent of U.S. workers say they have found the perfect job, while more than half want to change careers. Harris conducted the survey for the University of Phoenix in Arizona, and the results showed that the most coveted jobs are in the arts and sciences, business management, technology and health care. Younger employees are more eager to change careers than older workers. The university's online ***Working Adult survey*** received responses from 1,616 U.S. adults age 18 or older who work full time or part time or who are self-employed.

"It is not uncommon for working adults to consider several career changes," said Bill Pepicello, Ph.D., president of the University of Phoenix, in a news statement. "Choosing one path after high school or college and sticking with it for an entire career is becoming less common as the rapid pace of business and technology is quickly changing the scope of jobs and industries."

The survey revealed that nearly 80 percent of workers in their 20s said they want to change careers, followed by 64 percent of those in their 30s and 54 percent in their 40s.

Working for yourself or being a top business leader does not necessarily make a difference when it comes to job satisfaction, the survey found, with only 20 percent of business owners saying they have their dream job; 16 percent of senior-level executives reported that they are employed in the career of their dreams.

Evidence of age discrimination can be subtle but sufficient

By Joan Farrell (HR BLR)

Age discrimination in the workplace can be subtle. Yes, we're all aghast when we read about direct evidence of discrimination, like the manager who allegedly said he fired an employee because she was "old and ugly." But most age discrimination claims are based on circumstantial rather than direct evidence. Take for example the age discrimination case the EEOC recently settled with AT&T for $250,000.

According to the EEOC, AT&T violated the federal Age Discrimination in Employment Act (ADEA) when it fired a 53-year old manager while it treated younger, lower-performing managers more favorably by retaining them or allowing them to transfer. More favorable treatment of younger, similarly situated employees can be circumstantial evidence of age discrimination. Other examples of circum-

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HR News

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stantial evidence include comments by an employee's supervisor or other decision maker that may reflect age bias.

For example, comments by supervisors about an employee's retirement plans can often create problems for employers. In a recent age discrimination case, an employee claimed he was denied a promotion because his supervisor said he "was ready to retire" and she wanted to fill the position "on a consistent basis for years to come." *Israel v. Geithner,* 1:12-CV-346 ENV SMG, (E.D.N.Y. Aug. 6, 2013).

Although the employee was eligible to retire based on his age and years of service, he claims he had no intention of retiring and that his supervisor's comment was evidence of age bias. The court denied the employer's motion to dismiss, so the supervisor's comment may turn out to be a costly one for the employer.

In another recent case, an older worker who was fired for yelling and swearing at his supervisor presented evidence that the employer's decision to terminate his employment was not typical of the company's policy or practice. The evidence indicated that heated arguments were relatively common in the factory and that no other employees had been fired for yelling and swearing. *Ridout v. JBS USA, LLC*, 716 F.3d 1079 (8th Cir. 2013).

In addition, because younger employees received more lenient treatment for violations of comparable seriousness, the court ruled there was sufficient evidence of age discrimination to allow the case to proceed to a jury trial.

Age discrimination claims filed with the EEOC increased significantly when the recession forced employers to lay off employees. Claims spiked to a record high in 2008. And while the numbers have decreased since then, they still hover well above pre-recession totals. The following suggestions may help employers prevent age discrimination claims:

- Make sure the company's policy against discrimination and harassment clearly states that age discrimination will not be tolerated. And make sure the policy is clearly communicated to all employees.
- Provide training on age discrimination laws to managers, supervisors, and any other employees involved in making decisions about hiring, pay, working conditions, or benefits.
- Audit your company's processes for recruiting, hiring, promoting, and firing for age discrimination or negative stereotyping of older workers.
- Make sure that job qualification standards are based on legitimate, nondiscriminatory, job-related factors.
- Before taking an adverse employment action, check to be sure the action is consistent with treatment of younger, similarly situated employees.
- If an employee is having performance problems, counsel or warn the employee before taking adverse employment action, and provide an opportunity for improvement. When documenting poor job performance, be sure to include specific, objective examples of how the employee has failed to meet established standards.
- Check state laws and local ordinances to ensure compliance. The federal ADEA covers employers with 20 or more employees and applies to those who are at least 40 years old, but many state and local laws cover smaller employers and some protect individuals under the age of 40.

Everyone has an invisible sign hanging from their neck saying, 'Make me feel important.' Never forget this message when working with people.

—*Mary Kay Ash*

NEW HEALTH REFORM REPORTING PROPOSAL UNVEILED BY IRS

by Christian Schappel (hrmorning.com)

Enforcement of the Affordable Care Act's employer mandate was delayed until 2015 to allow more time to simplify the employer reporting requirements that would make enforcement of the mandate possible. Now we've got our first look at what those rules will cover.

The IRS just released two sets of proposed reporting rules: one set for large employers subject to the employer mandate to provide coverage to full-time workers or pay a penalty — and another set for self-insured employers and insurance companies.

In total, the proposed rules take up 114 pages. But here's what they ask for in a nutshell.

The first set of rules asks for large employers subject to the employer mandate to report:

- Data about the organization — like the contact information for the company and the number of **full-time equivalent employees,** and
- A list of the organization's full-time employees and info about the insurance coverage offered to each — including the cost of individual coverage.

The second set of rules asks self-funded plans and insurers to report:

- Data about the entity providing insurance coverage — like the contact information for the company and, for self-funded employers, the number of full-time equivalent employees they have, and
- A list of covered individuals and the months during which they were covered.

These reporting requirements are meant to help the IRS determine which employers are complying with the employer mandate and help it identify individuals who may be eligible for a government subsidy to purchase coverage in a health exchange.

Although the reporting requirements won't be enforced until 2015, the IRS is encouraging insurers and employers to submit this information in 2014.

Where the simplification comes in

All of that sounds pretty straightforward. Now here's where the feds appear to be trying to simplify things.

The rules appear to be written with an eye toward avoiding the duplication of reporting efforts and the unnecessary collection of information, according to a *Health Affairs* blog post by Timothy Jost, a professor at the Washington and Lee University School of Law in Virginia.

Examples of the IRS' simplification efforts, as referenced by Jost:

- Insurers aren't required to report information about individuals covered by a health plan in an exchange, because that information can be obtained through the exchange, and
- Employers only need to report information about the lowest-cost plan offered to full-time equivalent employees, because that's all that will be needed to determine whether an individual is offered "affordable" coverage.

In the rules, the IRS also asks for employer and insurer comments on other simplification measures it's considering.

Example:

- Eliminating the need to calculate whether an individual is a full-time equivalent employee if he or she is offered "adequate" coverage regardless of their full-time status
- Allowing limited reporting by employers who offer no-cost coverage to employees and their families, and
- Allowing entities to report that the cost of coverage is zero if it costs $800 or less, because that amount would be less than 9.5% of the federal poverty line and render an employee charged this amount ineligible for a federal subsidy.

The IRS is soliciting comments on the proposed rules through Nov. 8, 2013.