

LOK GROUP HUMAN RESOURCES BEST PRACTICES

There is no substitute for sound HR management practices. The value that comes with having a professional HR Department in place is both in caring for employees, and in averting liabilities that can cost tens of thousands of dollars. We pride ourselves in taking care of our employees, because it is cost effective and because it is the right thing to do. While it is just the tip of the ice berg, the following are some of our best practices to ensure you as the employer are protected:

Personnel Files- Make sure they are complete and contain all necessary and required information and documentation. Careful review must be taken to insure that HIPAA laws are met and medical and other confidential information is held in separate files.

Wage and Hour Audit -During this time of economic uncertainty and hardship, there are those that will look for any reason to file a lawsuit in hopes of collecting a large settlement. One of the most common is for an employee to file a wage and hour claim against their employer saying they didn't get their breaks or paid for overtime. Make sure you are following Federal and State wage and hour laws. If you are not, you could be exposing yourself to the potential of a costly lawsuit. Settlements can run into the tens of thousands of dollars.

Leaves of Absence and Sexual Harassment Training - Another area you can get into legal hot water. Are your supervisors getting the required sexual harassment training as required by California state law AB 1825? Do you know if you fall under FMLA and PFL leave requirements? If you do, do you have a good understanding of the law and how well do you follow the complicated maze of necessary forms, notices, letters and time tracking requirements? Again, another area where you could be in danger of having a lawsuit filed against you by an employee and fines in the thousands of dollars.

Interview Basics and Retention - Do you know what to ask, but more importantly, what NOT to ask when interviewing a job applicant? There are strict anti-discrimination laws in effect that prohibit you from asking for certain personal information from a job applicant. You ask the wrong person the wrong question, and you could get slapped with a discrimination lawsuit.

Also, a bad hiring decision can be immensely expensive: the cost of the recruitment, training costs, severance pay, loss of productivity, impact on morale and the cost of re-hiring. Studies have shown that even for low-level positions, a failed hire costs a company double the person's salary. At higher levels, the cost can be six times the salary.

COBRA Continuation Subsidy in Stimulus Update

Are you familiar with this new law (enacted on Feb 17, 2009 and retro back to September 1, 2008)? It could have major ramifications for you and your business.

The stimulus bill provides for a subsidy of 65% of what the eligible person (laid-off employee, spouse, or child) must pay to continue health coverage under COBRA.

Some highlights:

- To be eligible for the subsidy, the covered employee must have involuntarily lost his job between September 1, 2008, and December 31, 2009.
- The person receiving the subsidy pays the nonsubsidized portion (35%) of the COBRA premium to her **former employer**, health plan, or insurer, as the case may be. That entity (this could be, and most likely is, **you**) "covers" the federal government for the subsidy amount (65%) until the government reimburses it through credits against payroll taxes.
- Covered spouses (as determined per federal law) and children (as determined under the plan) of covered employees can retain COBRA coverage and obtain a subsidy.
- There are provisions for notifying those who lost their jobs before the February 17, 2009, enactment date of the stimulus package (and their spouses and children) and either didn't sign up for COBRA or did sign up but let coverage lapse. They have a second chance and 60 days to sign up for subsidized COBRA.
- **Employers** have 60 days from the date the stimulus package was enacted (February 17) to notify covered employees involuntarily terminated between September 1, 2008, and February 16, 2009, of their rights to elect COBRA at the subsidized rate.
- Employees have 60 days from receipt of the notice to elect COBRA. Subsidized coverage begins with the first period of coverage on or after February 17, usually March 1, but the COBRA period itself dates from the qualifying event.
- The COBRA subsidy lasts up to nine months, ending earlier if the employee becomes eligible for Medicare or other qualifying group health coverage.

Employment laws and employer responsibilities are constantly changing. Outside of ensuring happy employees, which ensures happy guests, your multi-million dollar business deserves a knowledgeable, pro-active Human Resource focus to help avoid some of the legal problems discussed above. For more information or if you have interest in gaining more knowledge of our Human Resource services, please contact The Lok Group.

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