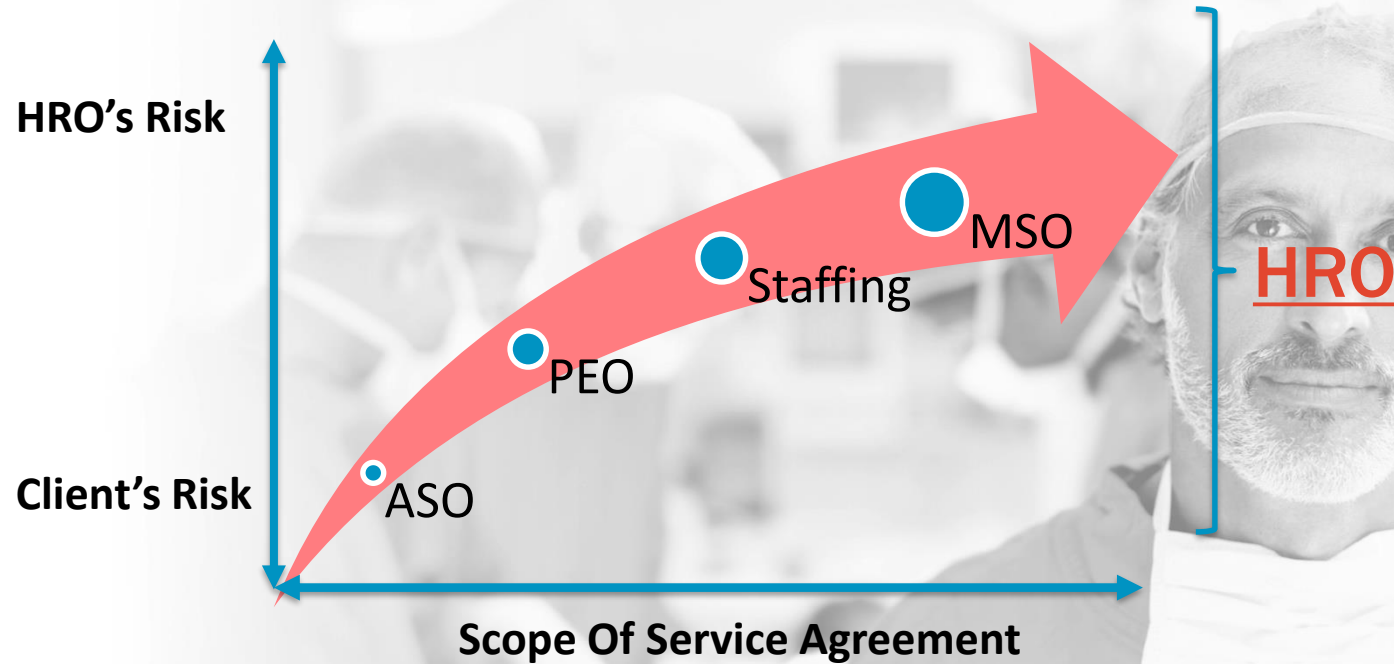




Is It Time To Outsource HR?

Many Names. Different Structures. Common Objective.



In this Presentation, we use the term, “HR Outsourcing” or HRO, we refer to characteristics that are common to all of such Firms.



HR covers a lot of territory, and there
are many opportunities to save
significant dollars in a lot of areas.



What is HRO? An efficient and robust HR solution.



401K



Health Plan



HRIS/
Automation



Worker's Comp
Insurance



Vendor
Consolidation



Open
Enrollment



Employee Relations
Risk Management



Compensation



Unemployment
Claims Management



Good Culture

What is HRO?

- **Full Service HRO handles all day-to-day employee needs**
 - No need to spend your valuable time on setting up benefits and pension/401k plans, workers' compensation insurance, payroll services and timekeeping systems
 - You decide on which employees you want to hire, their job duties, what you're willing to pay
 - The PEO/MedHQ does the onboarding and “employer services”
- **HRO supports business owners, managers and supervisors**
 - Deliver “employer services”, including (if necessary) employee relations and discipline processing

Traditionally, HRO is 5 Things:

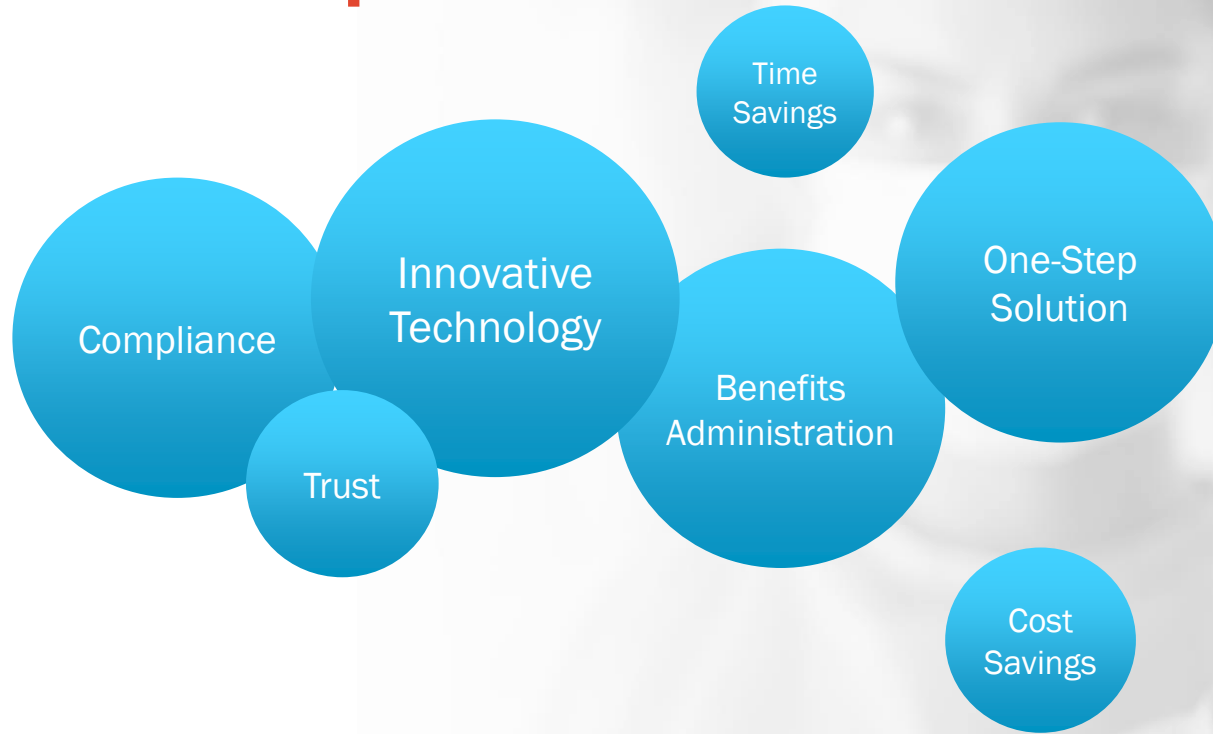
1. HR Generalists / Employee Relations
2. Vendor Management
3. HCM software and automation
4. Employee Benefits
5. Safety and Workers' Compensation Insurance

Typical Add-On's

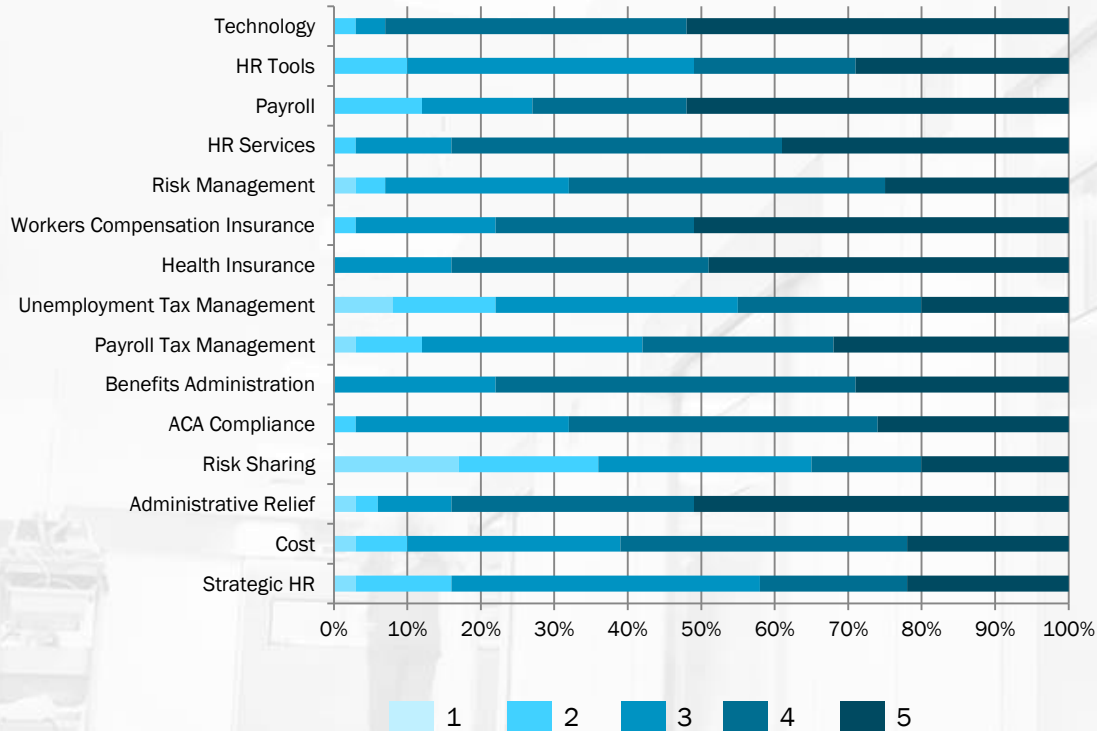
- Recruiting
- Organizational Development
- Executive Coaching
- Outplacement Services
- Performance Management Programs
- Financial Reporting and Bookkeeping

**Some PEO/HRO's Provide These.
Many Others Do Not.**

Most Important Aspects of the Value Proposition



PEO Value Proposition



Most Important

- Technology
- Administrative Relief
- HR Services
- Health Insurance
- Benefits Administration

Less Important

- Risk Sharing
- Unemployment Tax Management
- Strategic HR

What's "Included"?

- Innovative Technology
- One-Stop Solution for a plethora of issues
- Remove Headache Stay asleep at night!
- Benefits admin
- Cost savings
- Time savings

Free up time for Owners, Executives, and Managers so they can focus their time and effort on more important strategic issues.

Solve the Rising Cost of Health Insurance

MedHQ's plan:

UNDER BUDGET BY:



\$283

*per employee
per month*

\$50K

*per year for
15 employees*

HCM Software and HR Process Automation

The screenshot displays the HCM Software interface. On the left, a sidebar lists navigation options: Personal, Employment, Compensation, Job, Leave, Documents, Notes, and Attachments. The main area shows the employee profile for 'Charme'. The profile includes a placeholder image and the following details:

- Employee ID: 1202
- Job Title: Collection Specialist
- Employment Status: Full Time
- Work Phone Number:
- Work Email:

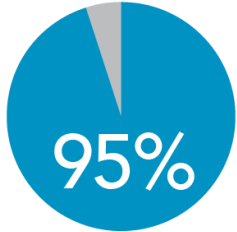
On the right, a window titled 'Charme - Attachments' is open, displaying a list of attachments. The list is organized into columns: 'Show', 'File Name', and 'Type'. The 'Show' column lists various documents, and the 'File Name' column shows the corresponding file names. The 'Type' column indicates the category of each document.

Show	File Name	Type
All Attachments		
Resume (Employee info)		
Application (Employee info)		
Other (Employee info)		
Administrative Forms/Actions (Employee info)	9 Form - Austin, charme.pdf	
Other (Employee info)		
License (Employee info)		
Vaccination and/or Immunizations (Employee info)		
Review (Employee info)		
Other (Employee info)		
Handbook & Policy Acknowledgeme (Employee info)	CEP Handbook Ack - Justin, Charme.pdf	
I-9 Form (Employee info)		
Identification Documents (Private) (Employee info)		
Personal Action Form (PAF) (Employee info)		
Professional Liscence & Certifications (Employee info)	se Values - Austin, charme.pdf	
Disciplinary Documents (Employee info)		
Other (Employee info)		
2013 Competencies (Employee info)		
Orientation (Employee info)		
Employee Coorespondence (Employee info)		
Benefit Confirmations (Employee info)		
Benefit Enrollment Forms (Employee info)		
Employee Coorespondence (Employee info)		
Garnishment Orders (Private) (Compensation)		
Other (Compensation)		
W4 & State Tax Forms (Compensation)		
PAF (Compensation)		
Direct Deposit & Voided Check (Compensation)		
Employee Correspondence (Compensation)		
FMLA (Benefits)		

Automate Service & Automate Compliance



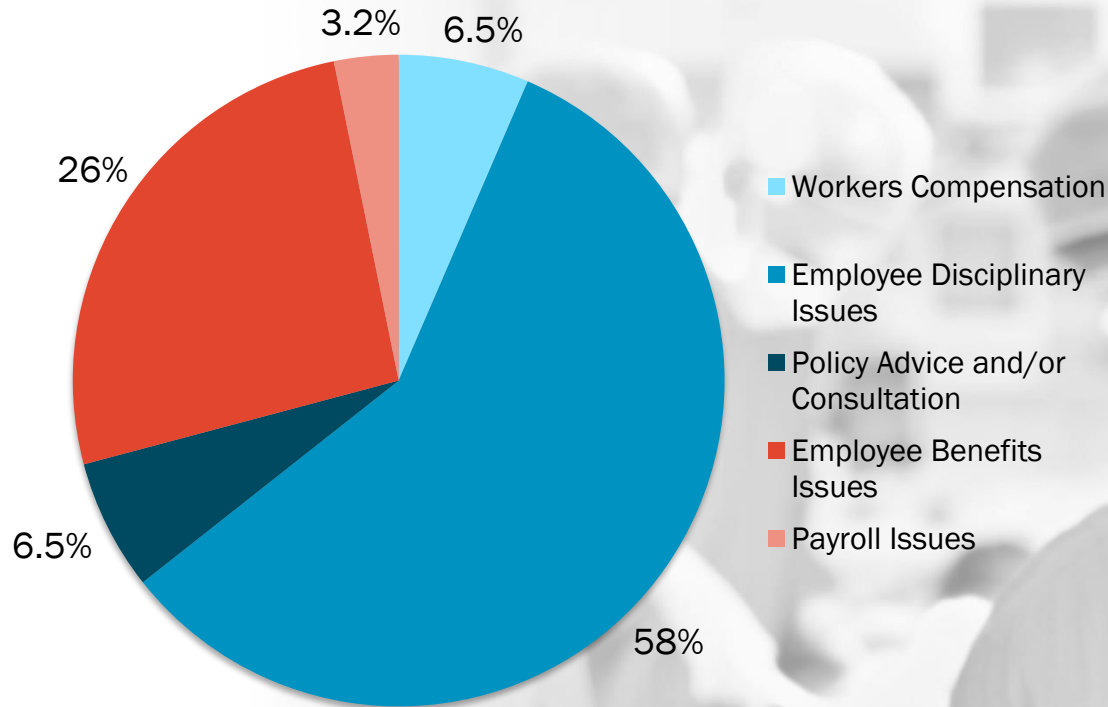
Automating back-office processes is on the rise



of all businesses outsource payroll processing



Top ASC Manager HR Concerns





Improving Physician Utilization

“We have found negative staff interactions to be one of the top reasons physicians choose not to use a particular surgery center.”

– *Scott Christiansen, CEO, Root3 Growth Marketing*



Top 10 Risks of Being an Employer

Risk Areas	Level			Related Risk Cost			Weighing Factor	Factored Risk		
								<u>Low</u>	<u>Medium</u>	<u>High</u>
Discrimination	low	medium	high	\$25,000	\$50,000	\$100,000	1.00	\$25,000	\$50,000	\$100,000
Employee Attendance	low	medium	high	\$25,000	\$50,000	\$100,000	0.10	\$2,500	\$5,000	\$10,000
Employee Work Productivity	low	medium	high	\$25,000	\$50,000	\$100,000	0.25	\$6,250	\$12,500	\$25,000
FMLA, ADA, etc	low	medium	high	\$25,000	\$50,000	\$100,000	0.50	\$12,500	\$25,000	\$50,000
Hostile Work Environment	low	medium	high	\$25,000	\$50,000	\$100,000	1.00	\$25,000	\$50,000	\$100,000
Inappropriate Work Behavior	low	medium	high	\$25,000	\$50,000	\$100,000	0.15	\$3,750	\$7,500	\$15,000
Involuntary Termination	low	medium	high	\$25,000	\$50,000	\$100,000	0.25	\$6,250	\$12,500	\$25,000
Sexual Harassment	low	medium	high	\$25,000	\$50,000	\$100,000	1.00	\$25,000	\$50,000	\$100,000
Unemployment	low	medium	high	\$25,000	\$50,000	\$100,000	0.10	\$2,500	\$5,000	\$10,000
Work Comp	low	medium	high	\$25,000	\$50,000	\$100,000	0.20	\$5,000	\$10,000	\$20,000

Handle High Risk HR Events



*High Five strategies
& processes handle*



*of high-risk
events*

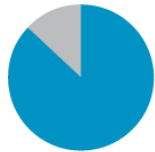
Mishandled events = **\$250K** *or more*

Managing Multi-Generations in the ASC



60%

of millennials leave their company in less than 3 years



87%

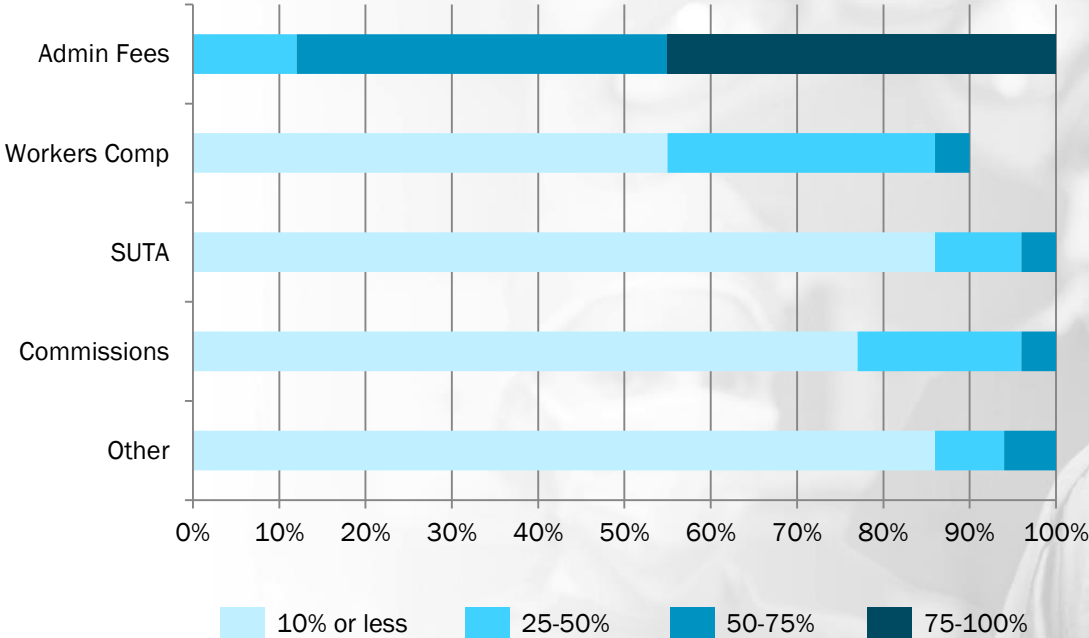
of companies report it costs between \$15-25K to replace each millennial employee they lose



40%

of companies currently employ 50 or more millennial workers

For a high quality PEO, please indicate the appropriate % of Gross Profit that each of the following components should represent:

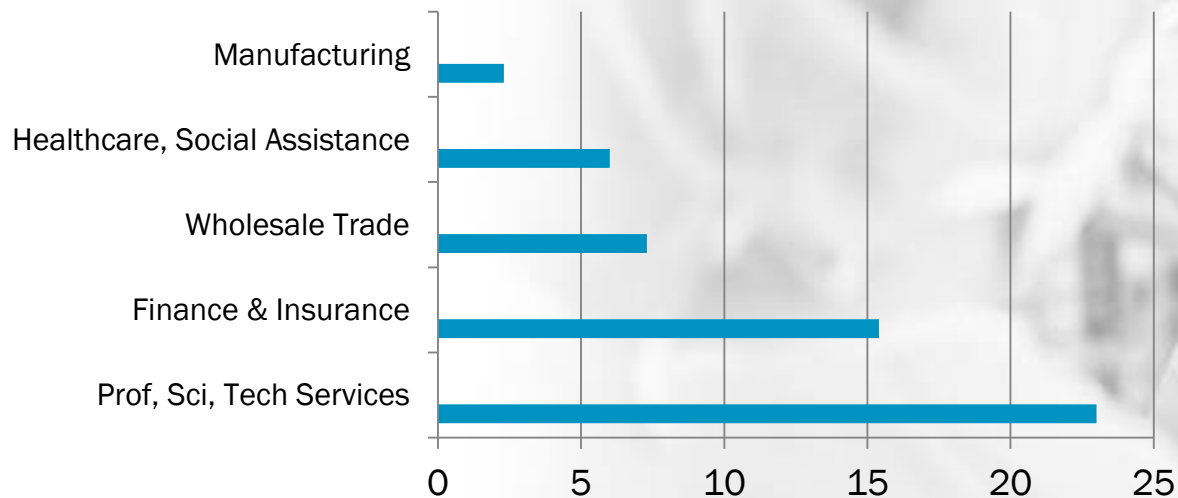


Average Net Savings

	A	B	C	D	F	G	H	I
FTE	27.9	17.9	22.7	25.5	8.3	43.2	17.9	22.2
HRIS/Automation	\$18,212	\$15,203	\$17,136	\$17,451	\$4,330	\$24,035	\$8,601	\$22,487
Workers' Comp	(\$1,555)	(\$1,522)	\$968	(\$1,997)	\$934	\$6,954	\$888	\$3,348
Vendor Management	\$5,730	\$4,450	\$5,050	\$5,210	\$3,330	\$6,900	\$4,370	\$4,840
Open Enrollment	\$7,230	\$5,950	\$6,550	\$6,710	\$4,830	\$8,400	\$5,870	\$6,340
Empl Relations/Risk	\$5,734	\$3,462	\$4,527	\$4,811	\$1,474	\$7,812	\$3,320	\$4,154
SUTA Claims Mgmt	\$1,292	\$10,920	\$4,080	\$1,084	\$332	\$1,760	\$748	\$7,488
Good Culture Counts	\$18,212	\$15,203	\$17,136	\$17,451	\$4,330	\$24,035	\$8,601	\$22,487
Savings	\$54,855	\$53,666	\$56,825	\$50,680	\$17,560	\$79,896	\$32,398	\$71,144
HRO Fee	\$33,480	\$21,480	\$27,240	\$30,600	\$9,960	\$51,840	\$21,480	\$26,640
Total Net Savings	\$21,375	\$32,186	\$29,585	\$20,080	\$7,600	\$28,056	\$10,918	\$44,504

What is HR Outsourcing?

Figure 1. Differences between actual and expected employee turnover rates, PEO clients, by industry

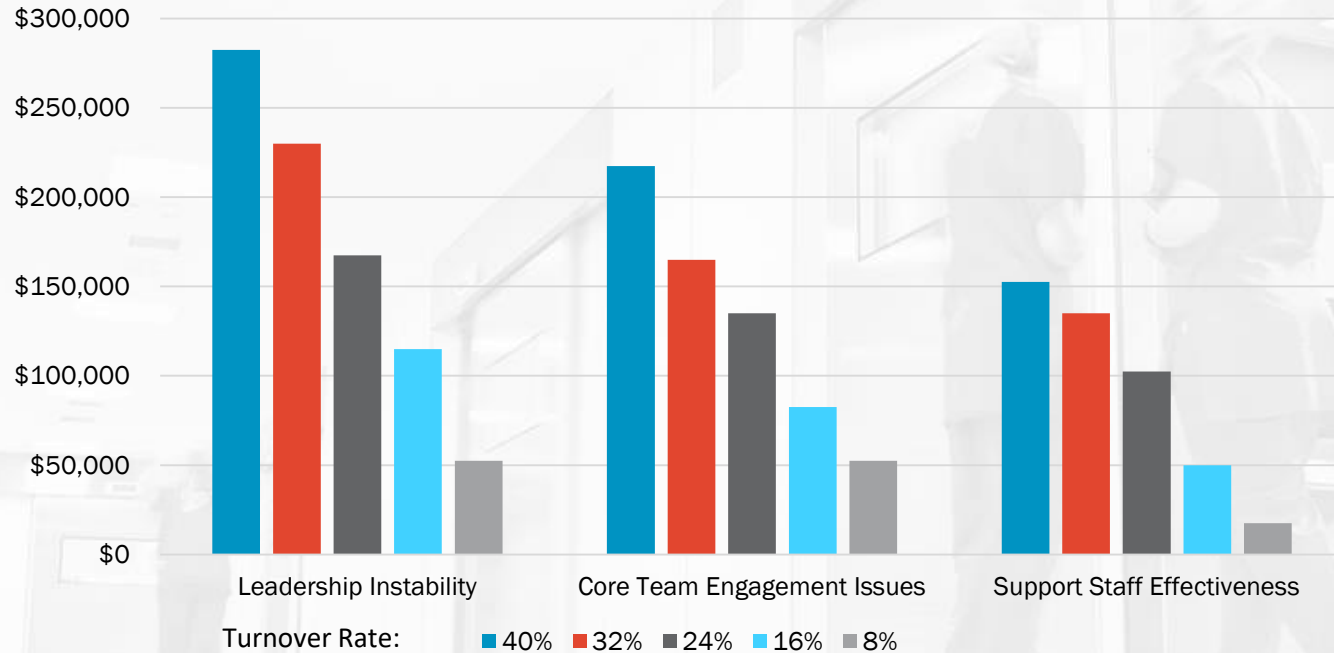


Cost of Employee Turnover

- Not All Turnover Is The Same
 - Leadership Instability
 - Core Team Engagement Issues
 - Support Staff Effectiveness

Results

The High Cost of Employee Turnover





Thank You!

MedHQ