



IN THE KNOW with EMPO

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Jill Porter

Vice President, HR

Carol Gilson

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Dan Baltzer

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Insight Into HR News With EMPO! November 2005



In This Issue You'll Find:

- **Pre-Employment Background Checks – Why All Employers Should Consider Using Them**
- **Cost of Employee Turnover**
- **Medicare D – What Is All the Fuss About?**

Is there a subject that you would like to know more about in a future newsletter? Please feel free to send me an email and let me know at lgoold@empocorp.com

Pre-Employment Background Checks *Why all employers should consider using them:* **Pre-Employment Background Checks – Why all employers should consider using them:**

Here are three good reasons why more and more employers are conducting pre-employment background checks on prospective employees:

1. The cost of hiring the "wrong" employee is substantial. The time involved by management to recruit, hire and train an employee continues to increase. In addition to the out-of-pocket and personnel costs, the cost of lost production when the "wrong" employee is terminated is material. Current estimates of the cost to replace an employee are anywhere from 50 to 100% of the employee's annualized salary.
2. Legal liability for negligent hiring is another reason for pre-employment background checks. An employer can be sued for actions taken on the part of an employee. "When an employer hires someone that they either knew or should have known presented a foreseeable risk of harm to a third party, then that employer is liable," says Lester Rosen, attorney and president of Employment Screening Services Inc. In some states and for some professions, pre-employment background checks are a legal requirement.
3. There is an increasing amount of misrepresentation by job applicants. "We know when you look across all industries that about 10 percent of all applicants have some sort of criminal record," says Rosen. "We know that up to 40 percent of resumes contain material omissions or fraudulent statements about credentials, education or employment."

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*The talent of **success***

is nothing more than doing what you can do well and doing well whatever you do.

-Longfellow



EMPO Corporation
3100 West Lake Street
Suite 100
Minneapolis, MN 55416

Phone
612-285-8707

Fax
612-285-8708

E-mail
lgould@empocorp.com

We're on the Web
www.empocorp.com



To support our clients, EMPO has entered into an arrangement with Verified Credentials Company, a national consumer-reporting agency founded in 1984, to provide all EMPO clients with preferred client status rates, which are approximately 50% off of retail prices. There are a wide variety of background checks to choose from depending on the position being filled.

As a business practice, EMPO conducts background checks on all employees who are hired by EMPO and we encourage our clients to do the same. It's a small "investment" into the total cost of the hiring process.

How can you sign up with Verified Credentials for background checks?

Just call your EMPO HR Representative or Account Manager!



Cost of Employee Turnover

When you consider all of the activities required to replace an employee, it is important to understand the cost of employee turnover. To help you achieve this, below are a few links to web pages containing this information. The first is a "calculator" that helps you determine your cost of turnover. The second is an article that discusses the cost of turnover. Please take a minute to browse this important information!

<http://www.uwex.edu/ces/cced/publicat/turn.html>

<http://www.isquare.com/turnover.cfm>



Medicare D – What Is All The Fuss About?

This is the first year notification to Medicare eligible participants regarding their prescription drug coverage must be provided from employers.

As an employer, you might be asking yourself, "Am I, as an employer, obligated to inform my employees?" If you answer yes to one of these questions, then you must provide credible/non-credible notice to your Medicare eligible employees:

1. Do you offer retiree coverage?
2. Do you have Medicare eligible participants on your health plan?

If you answered no to both questions you are not obligated for the 2005 requirement to notify active employees on the health plan about their credible/non-credible RX coverage. Employers will want to ask these questions on an annual basis.

If you answered yes to one of these questions, contact your Benefit Specialist or Account Manager at EMPO to stay "in the know!"

Additional resource: www.medicare.gov

