

## In This Issue

[What is a PEO?](#)

[How Businesses  
Manage Rising Health  
Care Costs](#)

## What is a PEO?



Professional employer organizations (PEOs) enable its clients to cost-effectively outsource the management of human resources, employee benefits, payroll and workers' compensation.

PEOs manage your human resource functions and employer liabilities while offering your employees more attractive benefits, which enables your business to be more productive.

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# Monarch PEO Systems

Dear Paul,

Monarch PEO Systems provides its clients a comprehensive range of benefits including payroll, health insurance, life insurance, workers' compensation, and 401K administration. In this newsletter, we explore the rising costs of health insurance and the advantages of using Monarch to control costs, increase the benefits provided to your employees, and simplify your administrative processes.

## How Businesses Manage Rising Health Care Costs

### The Health Care Insurance Dilemma

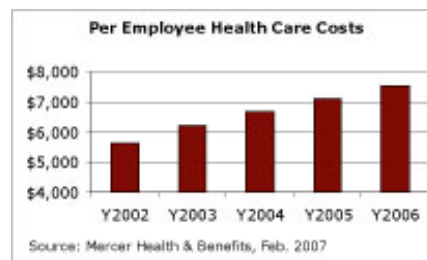


As health care costs continue to rise, business owners are faced with the dilemma of how to afford health care insurance for their employees and their own families. Soaring health care costs are a continuing headache and obstacle to business growth.

According to the National Federation of Independent Business, the small business community pays, on average, 18% more in health insurance premiums for the same benefits provided to the largest firms. Of the 46 million Americans with no health insurance, 27 million are small business owners, their employees and dependents.

### Per Employee Group Health Care Costs Have Risen 33% Over the Last Four Years

Group health care costs per employee averaged \$7,523 in 2006, up 6.1% from \$7,089 in 2005. These calculations from Mercer Health & Benefits include employer and employee premium contributions for medical and dental plans but do not include employee out-of-pocket expenses.



### Health Care Is Expected To Account For \$1 Of Every \$5 Spent In The United States By 2016

A report released in February 2007 by the economists at the Centers for Medicare and Medicaid Services predicts a steady increase in health care spending through 2016 to \$4 trillion annually. This means the cost of health insurance is projected to rise 6.4% annually, outpacing the overall economy. Today, health care costs are closer to \$1 out of every \$6 spent, or \$2 trillion.

## Businesses Are Increasingly Using Outside Services to Manage Costs

The Institute of Management & Administration surveyed hundreds of HR and benefits professionals for the annual Benefits Cost Control Survey released in January 2007. Nearly 40% of companies selected the use outside benefits firms to help control costs. More than half (52.2%) of smaller firms and 40.6% of companies with 100 to 500 employees said they will use outside services. Among industries, wholesale and retail firms (66.7%) were the highest user of outside services.

## Using a PEO Allows You to Focus on Growing Your Business

How can you deal with the health care insurance dilemma? Use Monarch PEO Systems to manage your costs, offer more benefits to employees, and simplify your administration processes.

Your needs are combined into a larger group, increasing your buying "clout", lowering your costs, and giving you access to additional options.

When you offer health care benefits to your employees, it makes your business more attractive to the best employees, allowing you to hire and retain quality employees. And, because your employees have health care benefits, they stay healthier, reducing absenteeism and increasing productivity.



Our experienced professionals are highly knowledgeable about health care insurance management. Let us be your experts, dealing with paperwork and employee issues, so you can use your extra time to focus on improving your bottom line and growing your business faster.

Please call me at (847) 342-1221 to learn more about Monarch PEO Systems and health care benefits.

If you are already using our services, thank you for your business and please feel free to call me with any questions you have.

Sincerely,

Paul Friedman  
Monarch PEO Systems

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