

**Q&A**  
**WEBINAR: UNRAVELING THE MYSTERY OF THE CONTINGENT LABOR CATEGORY**  
**SPONSORED BY ISM INDIRECT/SERVICES GROUP**  
**March 24, 2015**

---

**1) What is a good resource to obtain clear definitions on the different labels? (contractor, temp, consultant, contingent)?**

**A:** Companies have their own nomenclature and my suggestion is work with the HR folk to identify the terms as well as definitions.

**2) What is best practice when receiving ACA (Affordable Care Act) increases from suppliers? Is it a % of wage rate or a \$ added to wage rate? What is the typical ACA charge passed to companies to incur? Is this typically negotiated?**

**A:** There should be transparency when it comes to the rates. You first need to understand who is and is not taking advantage of health benefits the firm offers and what the costs are to the firm....not the employee. If the employees are sent to the exchange then they are getting insurance on their own; if the firm provides an "allowance" for coverage that this should be easy to define and build into rates. Remember again the audit clause where some of this can be verified.

**3) Who would you consider to be the best owners of the process?**

**A:** I prefer to look at who leads and who participates. In most cases HR plays a major if not the major role. Other stakeholders should have a seat at the table. Ultimately HR is accountable for hiring, human capital and the associated policies and procedures.

**4) What in your mind is a good supplier fee as a percentage of bill rate (or profitability)?**

**A:** There are many variables to this so impossible to land on one number.

**5) Is there a standard % between bill and pay rate?**

**A:** No; there are many factors which vary state to state and sometime vary within states. One needs to understand employer statutory fees taxes and the like. Keep in mind some like FICA top out.

**6) Changing benefits landscape (ACA, min paid sick days in CA) how do we compare supplier rates to make sure they are comparable? Do we ask them to give us a break-down?**

**A:** Buyers and sellers need to create templates identifying all the costs and ratios. Make sure that you vet the formula with the tax and employment lawyers to be sure that they are all appropriate and correct.

**7) Would you provide a level of minimum benefits to make sure you compare apples to apples?**

**A:** Not necessarily, unless you have a minimal lever you want them to provide but remember not all folk will sign up; some may have their own or be covered by a spouse, partner or significant other.

**8) Are rate discounts based on volume typically achieved with suppliers?**

**A:** Yes

**9) Do MSPs provide benchmarking for labor rates?**

**A:** Some do but be careful that they are market rates and based on data other than their own. There are various sources out there like Salary.com, PeopleTicker, etc which are more independent.

**10) Can you provide an example of the formula components to calculate the bill rate?**

**A:** Unemployment taxes (rates vary by state and by company based on experience), FICA, Medicare, recruiting costs, background checks, drug testing and whether some of these costs are paid upfront in a lump sum or allocated over the term.