

COULD HEALTH CARE REFORM MAKE YOUR EMPLOYEES LESS PRODUCTIVE?

CONSIDER THREE COST-EFFECTIVE SOLUTIONS.



Navigating the complexities of compliance with the Affordable Care Act (ACA) is currently demanding the time and attention of nearly every department in the company from HR to legal to systems. However, the ACA is also causing concern for many employees as they wait to find out the implications for health benefits at their company. Not surprisingly, employers, focused on their own ACA issues, may not fully recognize those of their employees. Yet, the 11th Annual MetLife *Study of Employee Benefits Trends* reveals why it could be important to heed those employee concerns now, rather than later. Incorporating three strategic employee benefits initiatives into ACA strategic planning could preempt a potential productivity problem.



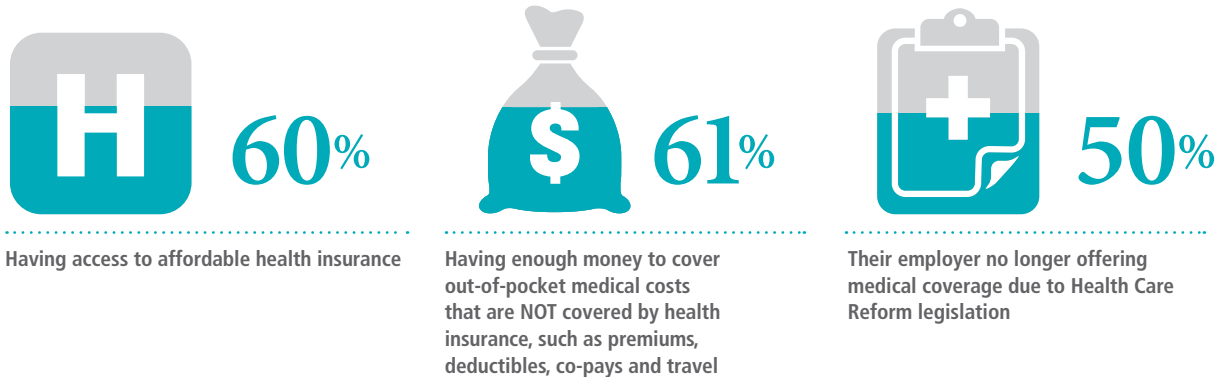
Employees who report they are very concerned about having access to affordable health insurance are also more likely to report **stress** and **distraction** at work, as well as a **decrease in the quality** of their work.

Concerns about health benefits can impact productivity

The Study reveals that employees are very concerned about their ability to obtain health care coverage and how they will meet the cost of out-of-pocket medical expenses. Given the uncertainty surrounding the effects of health care reform legislation, these apprehensions have implications for employee productivity. Employees who report that they are very concerned about having access to affordable health insurance are also more likely to report stress and distraction at work, as well as a decrease in the quality of their work when compared with those who are not as concerned (54% vs. 36%).

Overall, 79% of employees report they are concerned about one or more of the following issues.

Employees are concerned about

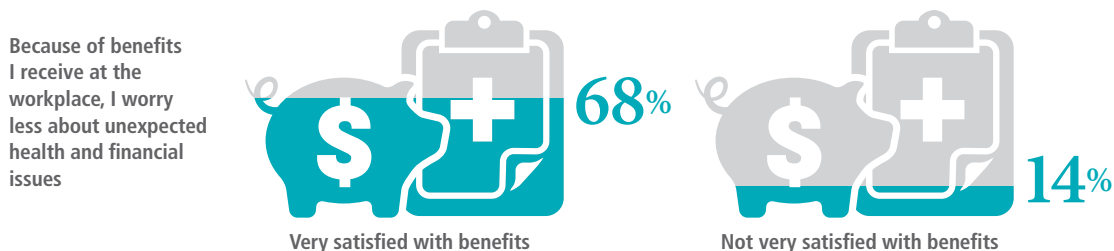


Benefits can help preserve productivity

Concerns around health care access and affordability serve to compound the general economic stress already felt by many employees. Fifty-five percent of employees report they worry about meeting their monthly living expenses and financial obligations; 58% are concerned about having enough money to make ends meet; and 53% describe themselves as living paycheck-to-paycheck.

The peace of mind that results from a benefits safety net can help reduce distraction at work over financial issues and result in improved productivity. Employees who are very satisfied with their benefits are nearly five times more likely to report that because of their benefits they worry less about unexpected health and financial issues.

Employees who are very satisfied with benefits are nearly five times less likely to worry about unexpected health care costs and can be more productive as a result.



What should you do to ease health care concerns?

1. Offer supplemental health options

Voluntary supplemental health benefits – such as accident, critical illness, dental, disability and vision coverages – are a cost-effective way to boost health care support for employees and a good strategy to help keep stress down and productivity up.

These benefits help employees cope with unplanned medical costs by providing welcome cash in hand at a time when they may be incurring extra expenses – perhaps resulting from an injury, being diagnosed with cancer or simply needing special protective eyewear for the soccer player in the family. In addition, employees find that payroll deductions for voluntary benefit premiums are convenient and easy to fit into the family budget.

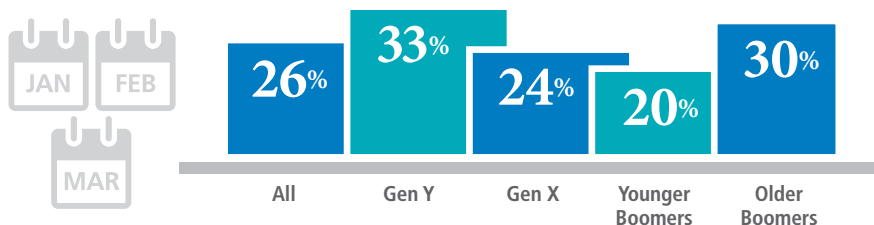
Why it will work

- **Emergency funds to cover extra medical expenses are in short supply for most employees.**

Three out of four employees who are very worried about meeting out-of-pocket medical expenses don't have a three-month salary savings cushion to tap into.

Although many employees are worried about out-of-pocket medical costs, only about one in four are prepared with a savings cushion – a problem for all generations in the workforce.¹

Employees who are very worried about paying for out-of-pocket medical costs and are prepared with a three-month savings cushion



- **Employees who own voluntary supplemental health products are nearly twice as satisfied with their benefits.**

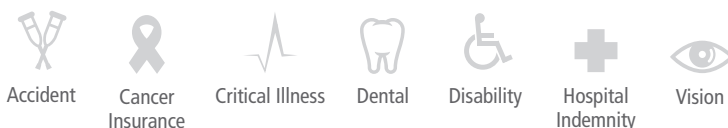
Employees recognize the value of voluntary supplemental solutions. Fifty-eight percent of employees who are very concerned that their employer may no longer offer medical insurance say that voluntary supplemental health benefits help them manage their health care costs and 50% of them also cite these benefits as a reason they remain with their employer. In addition, owning supplemental health products is associated with greater benefits satisfaction.

Owning voluntary supplemental health benefits is associated with greater benefits satisfaction.

Employees who own at least ONE voluntary supplemental health benefit

42%

■ Employees who are very satisfied with benefits



Employees who do NOT own voluntary supplemental health benefits

22%

58%

of employees who are very concerned about losing medical coverage agree that voluntary supplemental health benefits are important for managing their health care costs

- **Employees are willing to pay more for benefits rather than lose them.**

Of those employees who are very concerned their employer will reduce their benefits, about six in ten (59%) are willing to pay more of their benefits costs rather than lose them. This gives employers an opportunity to expand their benefits portfolio by adding voluntary supplemental health benefits without concern that employee contributions will create discontent that could negatively impact productivity.

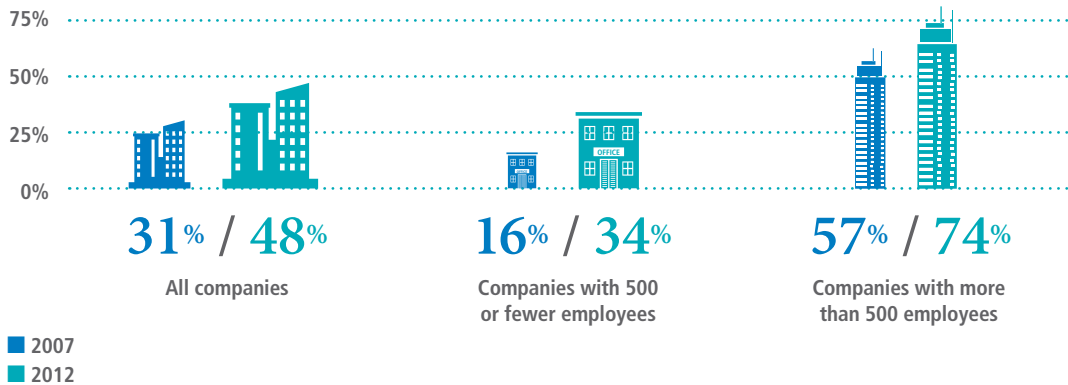
What should you do to ease health care concerns? (continued)

2. Cultivate wellness to promote productivity

Healthy employees can mean fewer costly medical interventions, absences and distractions, which translate into more productive employees. The number of companies offering wellness programs continues to grow as research data shows that wellness is effective in improving employee health. In fact, 59% of employers say that offering wellness programs to motivate healthy employee behaviors is a very important benefits strategy and 67% of these companies offer a wellness program.

The number of companies offering wellness programs has increased since 2007 – more than doubling in companies with fewer than 500 employees.

Companies that offer wellness programs



Why it will work

- **Participation in wellness programs is high when offered.**

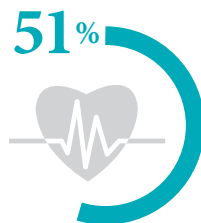
When employers offer a wellness program, 57% of employees report that they participate – including 44% of older boomers who are potentially more at risk for chronic conditions such as diabetes and heart disease that can be costly for employees and their employers.

- **Fostering financial wellness can reduce stress-related illness and presenteeism.**

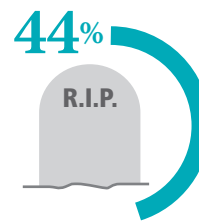
Providing protection benefits that support financial security – such as life and disability coverages as well as financial education through the workplace – can also help keep workers healthy and productive while spending less of their resources on health care costs.

Offering supplemental life and buy-up disability benefits can address concerns about financial wellness and support productivity.

Employees who are very concerned about family financial security in the event



They are no longer able to work because of a disability or serious illness



Of their premature death

54%

Over half of employers who offer voluntary supplemental health benefits believe they are very important for boosting motivation and productivity

What should you do to ease health care concerns? *(continued)*

3. Keep employees in the information loop

Health care reform is a complex issue and many employees are apprehensive about how it will affect them. Given the amount of work to be done to implement the ACA, it may be tempting to push employee communications to the back burner for a while longer. However, because employees will need to become consumers in the health care market once the exchanges are up and running, an ongoing communications plan to keep employees informed as the company considers options and makes decisions can go a long way to help reduce concerns, build trust and maintain productivity.

Benefits brokers are knowledgeable about health care reform and they expect that their clients will look to them for help in navigating the ACA maze. They can also be helpful resources when it comes to employee education.

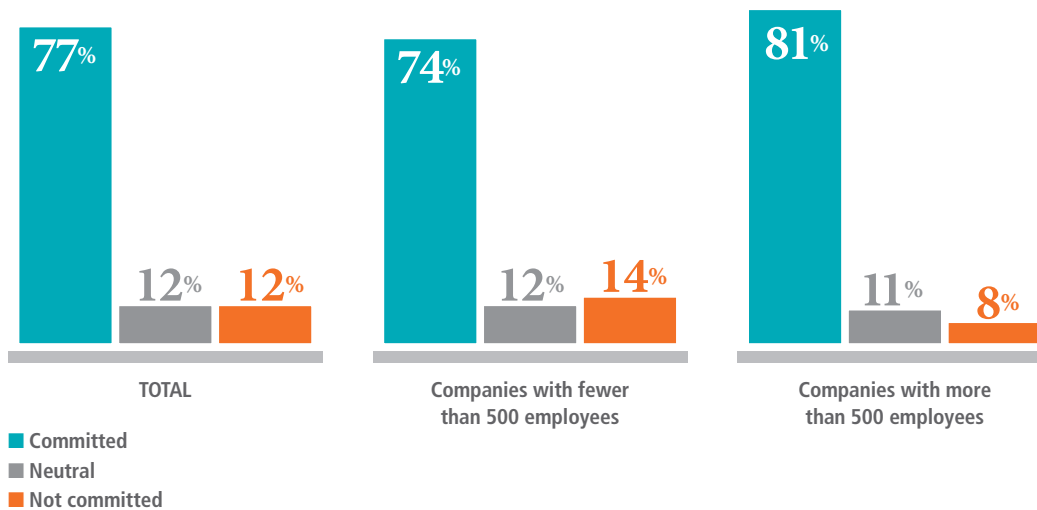
Why it will work

- **There is a disconnect between employee expectations and employer intentions.**

Fifty percent of employees are concerned that their employers will no longer provide medical insurance, yet 77% of employers report that they are committed to continuing to offer medical coverage with only 12% saying they are “not committed.” Employers can be a valuable resource by offering reassurance where possible, and by helping employees understand the options available to them.

Current expectations for employers to continue to offer medical insurance.

What is your company's level of commitment to offering/continuing to offer health insurance coverage to your employees in the foreseeable future?



Preserving productivity: Turn insights into action



Consider how to integrate voluntary supplemental health benefits into your plans for complying with the ACA.



Mitigate increases in out-of-pocket costs by offering voluntary supplemental health product options – such as accident insurance, critical illness insurance and vision products.



Support financial health with voluntary life and disability products to ensure employees can obtain adequate coverage levels and explore opportunities to deliver financial education at work. Carriers may offer financial education programs at no cost to employees and often at no expense to the company.



Work with carriers and brokers to design a cost-effective wellness program with a focus on improving productivity. Consider smoking cessation courses and support for weight loss with healthy food choices and opportunities for exercise and stress reduction activities such as yoga and meditation during the work day.



Impact wellness participation rates with effective communications. Employees who say that their benefits communications are easy to understand are more likely to participate in wellness (44% vs. 8%).



Implement employee communications explaining the ACA without waiting for DOL requirements to do so to help relieve employee concerns. Tap into brokers and carriers to help with this task.



*Benefits can play a role in preserving productivity.
Contact your benefits consultant or MetLife representative.*



For more of the latest findings from MetLife's *Study of Employee Benefits Trends*, visit BenefitTrends.MetLife.com

¹ For the purposes of the Study the generations are defined as follows: Gen Y born 1981-1994, Gen X born 1965-1980, Younger Boomers born 1956-1964, Older Boomers born 1946-1955

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